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National

Circulation : ABC(Apr 2013-Jun 2013)
 Avg Circ : 32486
 Net Sales : 0
 C.F.D. : 0
 Net Distr : 0
 Bulk Free : 0

50mm x 344mm
 A.V.E. = R 13 079,82

4080001-RMB Corvest

FirstRand unit takes stake in Auto Trader

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Finance Editor

RMB Corvest, FirstRand's private equity arm, is to acquire a 30% stake in digital marketing business Auto Trader SA, for an undisclosed amount, as part of a South African-based private equity consortium.

The investors said yesterday that Auto Trader, which also has a print magazine, was a cash generator and was well poised for growth in SA and the rest of Africa.

The consortium consists of management; a black-run private equity firm, Bopa Moruo, led by Boitumelo Tlhabanelo and Nthime Khoele; and Stockdale Street, an investment vehicle forming part of the Oppenheimer family interests.

"We (RMB Corvest) are taking about a 30% stake," RMB Corvest director Mike Donaldson said in an interview yesterday.

"The priority is to focus on getting the business converted to 100% digital, although the transition from print to digital is a long way down the path already.

"We want to be a niche platform for car traders. Dealerships form a big part of the business."

Mr Donaldson said the advantage of an online car sales platform was the broadened access to dealers' showrooms. He said the online platform attracted more than 1-million unique users every month. The business provided a great opportunity for further investment in technology and future growth, he said.

Bopa Moruo said it was acquiring a 25% stake in Auto Trader SA.

"Auto Trader SA is the number one marketplace for buyers and sellers of motor vehicles in SA. (It) is an attractive investment opportunity for Bopa Moruo given its strong growth prospects, high profitability and cash generation."

Commenting on other deals in the pipeline, RMB Corvest director Stephen Brown said it was looking to close six to eight deals by June next year, and sell four to five businesses in its portfolio.

It was also looking to close a deal in the information technology services sector by the end of October.

"We are also looking for education investments. Private education is becoming more important and scarce. The plan is to buy more schools as we progress."

Mr Brown said that in the first quarter of 2013, RMB Corvest invested in Maragon, a private school in Johannesburg.

RMB Corvest was also looking to invest in preschools and colleges.

On average, RMB Corvest invests between R50m and R250m of equity per deal.

"We usually don't invest in the listed market, but are always on the lookout for delisting opportunities," Mr Donaldson said.

"We like to keep the companies private because you can gear the business, sit on the board and have a significant say in how the business is run, whereas in a listed company you are just another shareholder."

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