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RMB Corvest: Sectional Poles release

RMB Corvest partners Shalamuka Capital to invest in Sectional Poles

Private equity firm RMB Corvest, in partnership with BEE investment vehicle Shalamuka Capital, recently acquired a significant stake in Sectional Poles, a leading supplier to the local lighting and telecommunications industries.

A niche supplier of masts and poles in South Africa, Sectional Poles has been operating since 1966 and has a growing export profile across the SADC region. The company offers its new shareholders an established brand that provides a complete service-offering, from design and manufacture to product installation. The current transaction will see RMB Corvest acquire an effective 43% stake in the business whilst Shalamuka Capital and Talib Sadik, an individual investor will acquire a respective 22% and 15% interest, significantly strengthening the BBBEE scorecard of Sectional Poles.

"This deal is about expansion," explains Stephen Brown, director: RMB Corvest. "Current growth in the local market, supported by the planned development drive by government entities such as Transnet and SANRAL, in addition to infrastructural spend across the SADC region, indicates significant growth potential – where RMB Corvest is able to provide the necessary access to funding."

"The partnership with Shalamuka and Sadik will further broaden the ability to successfully tender as regards both private transactions and those in the public interest," explains Brendan Wiebols: RMB Corvest. "Sectional Poles competitively combines technical expertise with a proven track-record, enjoying a high level of repeat business in a market where barriers to entry remain considerable."

Retention of the present skilled management team is of significance: managing director, Daan van der Sijde, and technical director, Phil Koen, will remain with the business, taking up a minority stake in the new entity. "The on-going demand for services from South Africans ensures both continued expansion and the simultaneous requisite servicing of current infrastructure," notes van der Sijde. "The company is well-positioned to capitalise on these opportunities in addition to expanding its current Southern African footprint. Telecommunication providers, for example, are experiencing double-digit growth in their subscriber base: the overall need for growth is evident."

"Beyond its design, manufacturing and installation capacities, which include the provision of civil works such as foundation-laying and all corresponding electrical requirements, the business completes its exceptional service provision by maintaining a fleet of delivery vehicles supplying end-product to customers," explains Wiebols. "This level of service, in conjunction with factors such as the present demand for faster, more advanced data networks in telecommunications across the SADC region, positions Sectional Poles bullishly in the market."

Continued delivery of high quality products at competitive prices and adherence to deadlines, a notable quality regarding local infrastructural projects at present, ensure the currency of the brand. Sectional Poles boasts a broad customer base, supplying local GSM operators, in addition to other telecoms operators across the region.

"As the current book stands, the business does not have significant concentration risk to a single customer, which is an exceptionally healthy indicator," notes Brown. "Historically, the company has operated with low levels of debt and has generated high yield, adjusting to the market with relative ease considering its low reliance on CAPEX."

"With an experienced management team holding interest in the business, in addition to existing contracts with multiple major players across the lighting and telecommunications sectors – from municipalities to dominant cell-phone service providers – this promises to be an exceptionally rewarding investment," concludes Brown.

Ends.