

Media Release

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TRADITIONAL MANAGEMENT BUY-OUT'S BACK IN VOGUE

"The current world economic environment, our innovative business model and a successful track record make it an exciting time to be in our line of business," says Jane Wiltshire, a director of Valbridge Trust (Valbridge), a Durban-based financial services company, which specialises in management buy-out's and buy-in's (BIMBO's).

"In this type of scenario, when the stock-market and PE's (price to earnings ratio) are down, big companies are looking at ways of cutting costs to affect savings. As a result, they're prepared to take hard decisions to bring their businesses 'back into the black'. These include selling off non-performing areas or divisions representing non-core assets and going back to their core competencies."

"This landscape makes conditions ideal for BIMBO'S and I anticipate the return of the traditional-style MBO/ MBI in the not too distant future," Wiltshire says. "Our model is ideally suited to take full advantage of the current situation. We are specialists in this area, with vast experience and a 100% success rate. We are the only company doing these kinds of transactions using this particular model. We don't take a retainer during the period of negotiations and only get paid on success of the deal. It seems unconventional, but it works for us."

Gearing up for the challenges ahead and wishing to strengthen their existing team, Valbridge has announced the appointment of Kevin Nel, as an executive trustee. Nel has held top positions in a number of leading multi-nationals, including Tongaat Food Products Ltd, Cerebos Salt Ltd and Nedan Oil Mills (Pty) Ltd., and brings a wealth of experience to the existing Valbridge business offering.

"Kevin's appointment brings a new dimension to our current portfolio," says Wiltshire. "As an accountant he understands pricing; he has extensive, hands-on experience at senior management level. In addition, he has been integrally involved in a successful MBO (Nedan Oil Mills), so understands both sides of the transaction."

Over the past eleven years Valbridge has successfully negotiated a number of significant management buy-out's and buy-in's, achieving a 100% hit-rate. These include the purchase of Corobrik and Denny Mushrooms from the Tongaat Hulett Group, Nedan Oil Mills and Cerebos from ABI, Enaleni Pharmaceuticals from Reckitt Benkieser, Savoury Food Industries from Unilever and CIM from CJ Petrow. The most recent acquisition of Unsgaard Packaging from Iver Unsgaard, was finalised on 1 October 2009.

Valbridge Trust's successful track record and strong credentials has facilitated strategic alliances with leading financial institutions such as Investec and Nedbank. In addition, Valbridge brings a credible BEE partner to all their deals, if required, by way of their relationship with investment holding company, Nkunzi Investment Holdings (Nkunzi).

"The road to success in this business is often long and arduous," says Kevin Nel.

"Besides the negotiations with the various parties, we (Valbridge) source and structure the financial offer; we oversee the transference of employee benefits and handle all the statutory requirements in compliance with the Labour Relations Act and CIPRO, sale and purchase documents and all legal aspects; finally we facilitate implementation."

"The relationship between management and shareholders prior to or during a transaction is very sensitive and potentially difficult with emotions running high," Nel explains. "With our experience we can assist in diffusing any negativity and get the best deal for all parties. By being involved from the outset we are able to develop the levels of trust between the parties, and prevent negotiations and relationships going sour because we are impartial and committed to getting the best outcome for both parties."