

Who's bought **what?**

BEE is now a permanent feature of the South African economic landscape. In view of the possibilities that might open up for unions, it is important to know what deals are going down when. The **Corporate Strategy and Industrial Development Research Unit** provides a brief overview of recent BEE deals.

No significant period elapses without a BEE transaction of one sort or another being announced. The nature of the transactions and some of the parties remain the same. While there have been some transactions involving a transfer of control into 'black hands', most of the transactions entail the transfer of significant influence. In the transactions involving large capitalisations, the parties tend to be the established empowerment firms and personalities with various consortia organised around them. This strategy is probably attributable to three factors:

- the perceived need by empowerment

- participants to obtain a footprint throughout the economy;
- the unavailability of capital and credit to fund transfers of control;
- the timetable which has been implicitly put in place, that approximately 25% of ownership should have been transferred by 2014.

The other driver is procurement. Most of the transactions are in sectors wherein government wields a significant amount of power through procurement, namely, services and construction. From a volume perspective mining is no longer the leading sector, the manufacturing and tertiary sectors are. But, due to the capitalisation of the concerns involved, mining remains the leader from a value perspective, with the R1.57bn merger of Patrice Motsepe's African Rainbow Minerals with Harmony Gold and Anglovaal Mining being a case in point. Tokyo Sexwale's Mvelaphanda Group Limited listed some of its assets with a reverse listing through Rebserve, a services group operating in the mining, industrial property and retail sectors. Other significant transactions in which Motsepe and Sexwale, through their respective arms and associated consortia, were the acquisitions of interests in Sanlam and ABSA, respectively.

As stated, most transactions entail the transfer of significant influence into black hands. Transactions in this category include the following: Jomo Sono, acquired a 27.6% interest in Paint Et Ladders, a manufacturer of ladders, scaffolding and paints for R25m; York International, the heating, ventilation, air-conditioning and refrigeration company has sold 25.1% of its interest in York International SA to Afro Cool; Kagiso Trust Investments acquired 25.1% of Battery Technologies, a subsidiary of Power Technologies (Pty) Ltd for an undisclosed sum; Nato Freight has established a black economic empowerment company called Nato Freight Fuel and Logistics, 26% of which will be in black hands; the J&J

Group acquired a 25.1% interest in Straita, an electronics communications company, for R4.5m; Vantage Capital Fund Managers has acquired 25.4% in Spescom for R24m; Bowman Trading has acquired 30% of the South African subsidiary of Belgian logistics group, Sarens, BD Sarens, for R80m; Khanyisa Eyecare has acquired a 20% interest FML, the holding company of optical franchise Specsavers, for R10m; Lehumo Women's Investment Holdings has acquired a 26% interest in Toll Road Concessionaires, a subsidiary of Murray and Roberts; the Tiso Consortium acquired a 25.1% interest in the industrial and chemicals group, AECL, for R401m; Kunene Brothers Holdings acquired the 25% in Fortune Beverages, which it did not already own for R165m, and thereby raising its interest in Coca Cola Fortune to 20.5%.

The transactions which involved control include the following: Kagiso Media's acquisition of a further 22.5% from New Africa Investments Limited for R70.16m increasing its interest in the Jacaranda radio station to 65%; Murphy Morobe and Max Sisulu's acquisition of a 12% interest in strategic human resources and organisational change management consulting house Resolved Group for an undisclosed amount, raised black ownership in the company to more than 50%; Safika Holdings and DEC Investments' acquisition of a 50.5% interest in Putco Ltd, the listed transport company; Nozala's acquisition of a 40% interest in Precrete, a packager and distributor of pre-mixed concrete, and GFC Construction for R22m; and Grand Bridge Trading 40 acquisition of Illovo Sugar's Gledhow sugar mill and cane-growing estates for R355m.

LB

This article was published in the Trends in Corporate Strategy and Industrial Development publication produced by The Corporate Strategy and Industrial Development research unit of the University of Witwatersrand.