

**Vol 6. No1**

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# Catalyst

**KPMG restructuring advisory**

**Private Equity according to Malcolm Segal**

**A sporting success with HBD Venture Capital**

**The lighter side of private equity**

**SA's Private Equity & Venture Capital  
magazine**



## From the Editor's desk

2009 is the dawn of a new age for private equity. Certainly the way in which fund managers are reimbursed through the 2/20 model is set to become a legendary tale years from now, with father's regaling sons about the "good ol' days".

Sasfin Capital's Malcolm Segal mentions the problem of the 2/20 model on page 7. As the cost of capital edges higher and fund managers strive to achieve an internal rate of return in excess of 25%, it is going to be more difficult to justify the stratospheric fees that have become the norm for the industry.

This is backed up by reports out of New York that private equity firms are trying harder to please powerful investors as dollars for new commitments become harder to come by.

Buyout firms have sent letters to investors highlighting increased communication, adjusted fees or changed management structures as they struggle to keep investors and attract new capital.

Many limited partners – the pension and endowment funds that invest in private

equity – have found themselves over-allocated to alternative investments simply because the value of their equity portfolios has plummeted. That's created what is known as a "denominator effect."

Some have been trying to get out of commitments by selling stakes in private equity funds in the so-called "secondary" market. They are also more cautious about where they put available cash, making it tough to raise new money.

That means some private equity firms have had to become more proactive about keeping investors informed on how funds are run and how portfolio companies are faring.

Meanwhile, if predictions from a private equity conference in Geneva are accurate, the private equity world is about to become a lot smaller. *The Financial Times* reports that as many as half of private equity groups will disappear, citing leading industry figures. The survivors will be forced to abandon the excessive fees and "quick flip" strategies that characterized the credit bubble, the paper said.

Shrinkage of the world's buyout firms isn't likely to be too surprising for those tracking similar industries. George Soros predicted last year that up to two-thirds of the world's hedge funds would evaporate, and Blackstone's Stephen Schwarzman said in March that young people would be less keen to enter finance because of the crisis.

South African firms must be watching the international ructions unfold with keen interest. However, local players will also be encouraged by the fact that other developing markets such as Brazil are experiencing an upswing in activity.

Nevertheless, it's not all the doom and gloom for the private equity houses, and in keeping with a bumper year for sports in South Africa, *Catalyst* has profiled a rather remarkable entrepreneurial success story in this issue, one which proves sometimes it's not about the size of ones balls but the speed at which they travel.

**Michael Avery**  
Editor

## Catalyst

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## Profile

**American essayist, philosopher and poet, Ralph Waldo Emerson, best remembered for leading the transcendentalist movement of the early 19th century, once asked “Can anybody remember when the times were not hard and money not scarce?”**

# Recession flu? Breathing new life into hard-fit businesses

His teachings directly influenced the growing New Thought movement of the mid-1800s. And in the countervailing climate of global and local economic uncertainty his rhetorical question rings truer than ever.

Fortunately, for private equity General Partners pondering over the financial health of their investee companies, the experts are close at hand. KPMG restructuring and advisory headed up by Sandile Hlophe, and ably assisted by Redeem Ngadze, offers a metaphorical general practitioner's check-up for sick and ailing companies.

“We work across a continuum whereby we place companies into categories from underperformance to stressed and distressed,” explains Ngadze. “And depending on where that company is placed we have an arsenal of products that could be relevant.”

“Within the stressed and distressed environments is where you will find financial restructuring. In times of economic slowdown you will find that companies start experiencing cash flow constraints and usually that is cause for failure because cash is the quintessential essence of business.”

Ngadze reveals that very often the business model is still viable but the company is stressed because of the economic or sector specific slowdown. “The total cash and working capital product is what we would use, which essentially looks into the company to assess how they are using and managing working capital,” says Ngadze.

In essence what KPMG is trying to ask is “how do corporates manage in a downturn?” Organisations need to understand where they are in the operational cycle.

“Either you are classified as underperforming,” explains Hlophe, “which means you have pressure on your income statement. You are still making some profits but they are declining. Perhaps your sales are staying flat but your costs are actually increasing or your sales are decreasing. Now that is typically what we classify as underperformance.”

In this category there are a number of areas that KPMG can address in order to rectify the underperformance of the ailing company. For instance, driving down costs, improving revenue, exiting some markets or shutting down some operations. The aim, according to Hlophe, being the extraction of working capital from within the company's current arsenal.

“During boom times companies hold what we call excess, be it excess stock or excess debt, properties or investments,” comments Hlophe. “We then help to identify these areas and extract value in

terms of liquidating these excesses into working capital.”

Moving further down the company health spectrum, should a company fail to be making any profits at all and if it is facing a liquidity crisis, that company is moving into the stressed category. This is where the company struggles to meet its month-end expenditure payments, has reached its maximum headroom on its overdraft and other borrowing possibilities have been exhausted.

Hlophe says some of the key signs in this category are when companies begin to pay salaries late, don't pay over PAYE to the Receiver and pension fund payments are delayed and so forth.

“Finally, we have the distressed category, in which, really, no company likes to find itself,” Hlophe says frankly. “This relates to technical insolvency, where liabilities exceed assets, the company has in all likelihood received a going concern



Redeem Ngadze and Sandile Hlophe

**Private equity firms have started to look for alternative ways of investing the money entrusted to them, including buying company debt trading at steep discounts**

qualification from its auditors and large creditors, such as banks, have placed the company in intensive care.”

This is primarily a balance sheet problem and is where KPMG will focus its attention. How does the company return to a positive balance sheet scenario?

Interventions in this category revolve around quick exits or disposals, initiating conversations with long-term creditors about converting long-term debt into equity.

Hlophe says there are some players in

the market with very deep pockets who, so long as the business model is still viable, will take up the distressed debt in a company in exchange for an equity position in the business.

To illustrate this (at the top-end of the market) it was reported in the first quarter that US Investment bank Goldman Sachs planned to spend part of its US\$20,3bn private equity fund on acquiring distressed debt.

Of the US\$9bn yet to be invested, Goldman plans to put US\$4,5bn into stressed and distressed investments, and increase purchases of debt and equity securities to 25% of total commitments from 10% currently.

Private equity firms have started to look for alternative ways of investing the money entrusted to them, including buying company debt trading at steep discounts, as the traditional leveraged buy-out market has all but ground to a halt.

“As a result of the boom times what we tended to see was companies getting into positions of overgearing,” explains Hlophe. “The share prices were looking good, the market bullish, and companies saw endless growth, meaning their appetites for debt increased. Suddenly the burden of servicing that debt in the downturn has become unmanageable.”

Hlophe adds that a mere diagnostic

evaluation of a company's health adds no real value. “We continually engage with the client from the first diagnostic meeting and walk them through the entire process from start to finish.”

Once the diagnostic assessment has been completed KPMG has a broad range of solutions that will enable the stressed or distressed company to target the weak areas. These include under the stressed category:

- Turnaround planning and implementation
- Corporate financial restructuring
- Executive management advisory
- Lender advisory

And under the distressed category:

- Executive management advisory
- Lender advisory
- Crisis cash management

Distressed companies also benefit from the broad range of advisory and research resources available within KPMG's global network.

For many General Partners who are now trying to manage companies that may have been exceptionally attractive before the global recession hit, this advisory service can complement existing attempts at stabilising an ailing business, or it may even serve to breathe new life into businesses on the brink of extinction. ♦

**With so much international sport currently being played in South Africa it is not unimaginable for the country to take the mantle of global sports capital from the current holders Australia.**

## Technology whiz-kids taking sport to new heights

Indian Premier League cricket, a surfeit of football in the form of the Confederations and World Cups, British and Irish Lions rugby and the list goes on. It also comes as no surprise then that South African Entrepreneurs are at the forefront of developing and making a viable business out of sports technology.

One such success story which is making

great strides is that of EDH. Founded by CEO Henri Johnson, leading inventor and Electronic Engineer, in 1989, in partnership with his brother COO Tom Johnson, EDH is a product development company based in Stellenbosch, near Cape Town South Africa.

EDH develops products for the military and sport markets with its core expertise

being the design and development of 3D tracking radar systems. These are used worldwide by major naval and other military establishments, and by top sports organisations, teaching academies and standards organizations.

EDH had its roots in the defence industry with its velocity-measuring radar that

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Henri Johnson

track projectiles in flight and provide accurate launch velocity and short-range ballistic measurements. This technology is used for testing of weapons and ammunition and to provide data to enhance firing accuracy.

It soon became evident that the technology could be adapted to sports, to track and measure the likes of cricket bowling speed and other ball sports. Today the company has products in multiple sports including golf, tennis, cricket, soccer, baseball and others. Typical applications include player and equipment performance testing, television broadcast enhancements, and professional sports training.

These are all sold under the FlightScope branded products which include:

■ **Golf:** FlightScope has pioneered the use of 3D tracking technology for golf, providing unsurpassed measurement of the performance of players, clubs and balls. FlightScope not only determines the launch conditions of a golf ball but also tracks the ball during its flight to provide data about the launch and the resultant ball trajectory. Using phased-array tracking technology and superior user graphics, FlightScope has become the standard choice for leading golf retailers, club fitters, and teaching professionals. FlightScope is also used in golf simulation

systems, and featured in television broadcasting or information display of the most recent South African, European, Canadian, and world long-drive championships.

■ **Tennis:** FlightScope technology is used in tennis to measure serve speed. It is the only serve speed measurement system with accuracy certified by the International Tennis Federation (ITF). EDH's handheld scoring system has become the *de facto* standard for chair umpires at all top Association of Tennis Professionals (ATP) and Women's Tennis Association (WTA) events, and also the ITF's Davis Cup and Federation Cup ties. Apart from the scoring, EDH supplies data outputs in real time to on-court scoreboards, television broadcasters, and other display media.

■ **Cricket:** FlightScope is used to measure bowling speed and is widely used at international and national events in most cricket playing countries. Certified by the SABS for accuracy, FlightScope remains the workhorse for cricket bowling-speed measurement.

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Your cash may  
be right there.  
But how do you  
get at it?



Chances are, the cash you need could be right there in your company. Lying unseen in cash management and treasury. Undiscovered in currency on the other side of the world. Hidden in receivables and inventory. Leaking out in payments processes. The fact is, there could be sources of cash in all these places and more. KPMG can help you gather it in.

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**Sandile Hlophe** on +27 11 647 5258 or  
[Sandile.hlophe@kpmg.co.za](mailto:Sandile.hlophe@kpmg.co.za)



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■ **Soccer:** A soccer kicking simulator has been produced that can be used by coaches and teams for kicking practice and performance testing. A prototype has been used as a corporate marketing tool by a major telecommunications company in the United Kingdom at several first division football matches.

EDH's military product range includes:

■ **Muzzle Velocity Radar Systems:** Since 1989 EDH developed and supplied Muzzle Velocity Radar systems for defence force use, either as test range instruments or as tactical instruments, permanently fitted to many calibres of naval or artillery guns.

■ **Ballistic Tracking:** In 1992 EDH delivered its first Doppler tracking radar to measure the characteristics of test ammunition fired at military establishments including the speed and position of a ballistic projectile at any point from launch throughout the flight.

EDH focuses on its three core technologies of microwave electronics, digital signal processing and digital image processing. Development and manufacturing are done

in-house with some strategic outsourced manufacturing to cater for larger volumes.

The company has no intellectual property dependency on any third party as the majority shareholder, Henri Johnson remains actively involved in the company providing the innovation that has given EDH its technological edge.

Mark Shuttleworth's venture capital firm Here Be Dragon's made its first investment in EDH in 2006. This, and subsequent investments provided the capital needed by EDH to step up the international marketing and selling of its products and services.

Since HBD's entry in 2006, EDH has achieved a compounded growth in revenue in excess of 33%.

EDH is a global business today, with offices in the USA, the UK, and South Africa, and distributors in major market areas in North America, UK and Europe, and the East. And the Johnson brother's had no attachment issues when considering the introduction of a private equity partner into the family business.

"The psychological barrier to allow a third party to take a stake in a business is more an emotional than rational issue," explains Tom Johnson.

"Our company undertakes substantial self-funded new product R&D, leaving limited cash for other important activities such as marketing. It took us almost no time to see that additional capital supplied by a new partner would allow expansion of our marketing and sales, as well as up-scaling our delivery capacity to serve the expanding market."

HBD continues to provide valuable strategic and operational inputs to the fast-growing operation. Focus has been on creating capacity for business development, marketing and sales with the aim of aggressive international expansion.

For the medium term, Johnson says the business development focus will be on building the FlightScope brand and expanding the marketing and sales in the US market with the help of the HBD investment.

On the technology side, the emphasis will be on development of further FlightScope applications for baseball and other sports.

The Johnson's are not the first South African brothers to excel themselves on the global sporting stage (albeit behind the scenes) and, with eager venture capital and private equity firms' keen to invest in the next big thing, they surely won't be the last. ♦

## International round-up

James Forbes, a 14-year veteran of Merrill Lynch, has been chosen to head up Bank of America Merrill Lynch's Global Principal Investment business that houses the combined companies' private equity and real estate arms.

A Bank of American spokesman confirmed the appointment, as first revealed in an internal memo reported by the *Wall Street Journal*, but would not discuss details.

Forbes previously headed the firm's global healthcare investment banking business. He will move to New York from Hong Kong, where he has worked as head of corporate and investment banking for Bank of America Merrill Lynch.

Reuters reports that the lack of big investor interest in the debut of the Federal Reserve's consumer lending program is heightening fears private capital will also shun the government's toxic-asset

plan amid public outrage over outsized executive bonuses.

The Fed's new program to resuscitate consumer credit, the Term Asset-Backed Securities Loan Facility, or TALF, received only \$4.7bn in requests for loans out of \$200bn on offer.

The lack of investor appetite could also be a problem for the U.S. Treasury's public-private investment fund plan, which will aim to buy up to \$1 trillion in assets by leveraging taxpayer and investor capital with government loans.

The South China Post sounds the possible death knell for private equity investments in China after reporting on China using its antitrust law to block Coke's purchase of Huiyuan.

Andrew Pawley, a corporate finance director at accountancy Baker Tilly, was quoted as saying: "No one talks about

abandoning the US if a takeover fails there."

And foreign private equity firms have been increasing investment on the mainland, with deal values rising from US\$2.7 billion in 2007 to US\$5.04 billion last year, according to Dealogic.

However, China Law Blog's Steve Dickinson cautioned these were mostly small investments in obscure companies.

"China, fundamentally, 100 per cent discourages foreigners from entering the market and there are only three conditions China will permit," he said. "Either the company is too small for the government to care about, or it is troubled and the foreign purchaser has agreed to improve the business, or the foreign company takes a minority stake and there is a transfer of technology or expertise or access to foreign markets."

"If you don't fit into one of these three categories you can't do mergers or acquisitions in China and that's the end of it." ♦

## INTERVIEW

**When Sasfin reported its results for the six months to end December 2008 the market consensus was that it had managed to stave off any major shocks considering financial stocks both at home and abroad were under the cosh.**

## Sasfin's Segal sanguine on private equity

The bank's main customer profile on the lending side leans towards entrepreneurs and, considering the private equity division is managed by a doyen in the local industry, Malcolm Segal, **Catalyst** decided to gauge the industry's health from Sasfin Capital's perspective.

Segal stressed that Sasfin Capital is still doing deals in the depressed market. "We are looking for good businesses where the balance sheet might show some stress. There's a massive difference between a bad business with a bad balance sheet and good business with a bad balance sheet and the trick is to try and work out the difference between the two," Segal explains.



Segal

"One needs to understand and have a good sense of entrepreneurs as a category of people. It's great for us from a private equity point of view that there is a relationship and track record with the [Sasfin]

**"There is no question that there are opportunities but capital is scarce and one deploys it cautiously"**

customers on the lending side, which we can then take over to the private equity side."

However, certain challenges still linger from the crunch of 2008. "The availability and the cost of capital has gone up significantly and one is as a consequence looking for even more aggressive returns of at least 25%."

Perhaps one defining feature of the 2008 global financial crisis is that there is a much greater realism about risks. "People have had a rude awakening and even the most hardened and long-standing businesses have been affected," says Segal.

But are there any opportunities when the bulls have been firmly supplanted by the miserly bears?

"There is no question that there are opportunities but capital is scarce and one deploys it cautiously," advises Segal. "We have a hybrid model but in the main we have been investing capital off Sasfin's balance sheet by issuing preference shares and investing the capital in private equity. However, it's not as easy as it was 18 months ago [to issue preference shares in this market] when tranches of R100m were absorbed quite easily.

"And even those independent funds that are reliant on third party capital are under some stress as the providers of their capital come under stress. Some of their commitments may not be as secure.

"Another element which is impacting significantly on the independent fund manager model is that the 2/20 formula has come under a lot more scrutiny."

The "2" of "2/20" refers to 2% of assets under management which go to the fund manager, in theory, to support infrastructure until liquidity events ensure a profit, which is the 20% or carried interest contingent on performance.

Segal believes that either businesses need to be very highly leveraged or there needs to be an exceptionally high rate of growth in that business for a fund manager to deliver attractive returns over-and-above the 2/20 fees that the manager obtains. And he says both propositions are problematic in today's market.

A private equity professional who discussed this with **Catalyst** but wants to remain anonymous puts it another way. "2% has, with larger funds, become more than just infrastructure support. Moreover, when you start seeing R5bn, R7bn and R11bn funds, 2% looks downright silly. Certainly, funds are not scaling their infrastructure up in a linear fashion after around R1bn in managed funds. That 2% looks more and more like pure "bonus money." And bonus money not contingent on performance, only on fund raising capacity.

"Suddenly, you have an incentive problem (the incentive is to raise a lot and develop only limited infrastructure) combined with a last round problem. Who

cares if the R11bn fund folds? After seven years they've pocketed up to R1,5bn just in management fees. That takes some of the sting out of being unable to raise R22bn the next year because of low IRRs."

So there you have it: deals are out there, albeit in scarce supply. But manage

risk appropriately and don't demand too much on the fee side of the business and it should be possible to keep treading water until the world returns to normality (whatever normal may mean post the financial hurricane of 2008).

Segal has one last piece of advice: "Part of our sell to people in the past has been

to advise them to diversify: in other words don't have all your eggs in one basket. Many entrepreneurs have all their cash in the business and we recommend taking some cash off the table. There are advantages to having institutional partners, not least of all diversifying your own portfolio risk." ♦

**Private equity investing for the most part depends on hours of research, prudent planning and a healthy dollop of entrepreneurial vision. Ethos, through its highly successful Technology Fund I, certainly had vision in bucketloads to back a former optometrist Peter De Villiers, in establishing his technology venture nine years ago.**

## Clickatell had the right Ethos

The story of Clickatell serves as a model for South African private equity success.

De Villiers is the CEO and one of the four co-founders of Clickatell. Starting his career in 1997 in the optometry field, he had more than nine years of sales, new business management and product development experience under his belt.

**Revenue has grown ten times resulting in a 60% annual growth rate over five years**

Then he decided to make a radical shift in his career and accepted the opportunity for a partnership offer and moved into the IT sector. He joined Micrologix in 1999 where his primary responsibilities included the identifying of internet-related opportunities and the management of its e-commerce strategy.

DeVilliers recognized early in the game the need for a single point of entry for global text delivery was essential for mar-

ket penetration and adoption of this new mobile technology. So, in February 2000, he made the decision to invest in developing mobile communication strategies and became a founding member and CEO of Clickatell.

Today, Clickatell is recognized as a worldwide leader in mobile messaging providing 'any message, anywhere' services to more than 8000 global enterprises.

Established in Cape Town in 2000, Clickatell created the world's first global SMS messaging network. Revenue has grown ten times resulting in a 60% annual growth rate over five years – far ahead of the 25% IRR's that most private equity funds benchmark for success.

Clickatell's innovative messaging solution is the value-add between approximately 770 mobile carriers globally and 3,6 billion mobile phone users. The ability to connect businesses to more people, on more devices, in more places makes Clickatell's messaging platform the global leader, capable of delivering reliable, enterprise class messaging in over 200 countries.

Customers include CNN, BBC, Standard Bank, Visa, Old Mutual, First National Bank, Fujitsu Siemens, MoneyGram, MXi, Oracle, Avaya and Visa.

The company is now primed for major expansion in Africa and the Middle East.



MacKenzie

The expansion will see Clickatell offering a range of value-added services including mobile messaging, mobile marketing and mobile banking enablement for several major banks, retailers and service providers across the region.

Clickatell's focus in developing markets will shift to enabling large and small enterprises to reach and transact with their customers via the now nearly ubiquitous mobile 'phone platform. The increasing demand for banking and money transfer services as a result of the emergence of a



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middle-class and the opportunity to provide safer, more convenient payment options in emerging markets is driving this strategic growth area.

Already Clickatell is one of the largest independent providers of enterprise-to-consumer mobile messaging in the region having relations with the major banks, insurance companies and telecommunications carriers. Clickatell's messaging solutions enable financial institutions to acquire new customers through mobile applications which allow them to transfer money or make payments via their mobile 'phone.

Private equity firm Ethos, being Clickatell's largest institutional investor, has been instrumental in supporting Clickatell's expansion plans in Africa and abroad. Commenting on this, Ethos partner Stuart MacKenzie reaffirmed Ethos' dedication to Clickatell.

"We are committed to working closely with the management of our investee companies to support them with their strategic and growth ambitions," says MacKenzie. "We have supported Clickatell in their strategic, marketing and business development activities including introduc-

tions to large South African and African corporates. Clickatell is a remarkable home grown success story with a pioneering offering."

Voted in 2008 as the "Best Value Product" by Mobile Industry Review and "Best Messaging System and Most Visionary Wireless Leader" by Mobile Village Awards, Clickatell was recognised for unsurpassed ease-of-use and rapid implementation, competing with the likes of Google Maps and other mobile industry leaders.

Ethos has also helped Clickatell realise its strategic vision through enabling a top US venture capital firm, Sequoia Capital, to co-invest for growth and expansion.

The funding and support by Sequoia is a major achievement because US venture capital funds are often prohibited by their mandates from investing in companies not incorporated in the US and Ethos was able to set up an innovative solution and motivate the benefits to South African regulators.

Sequoia's involvement is also significant because of its leading track record when it comes to support for the US technology sector, including Apple, Oracle, Cisco,

**"We are committed to working closely with the management of our investee companies to support them with their strategic and growth ambitions,"**

Yahoo!, Google to name a few.

"We are delighted to have helped Clickatell secure much needed funding and support for their internationalisation strategy," adds MacKenzie. "We hope the involvement of a firm of Sequoia's standing highlights South Africa's ability to build exciting technology companies and thus attract more venture capital funding and support to the sector." ♦

**Catalyst came across a rather novel concept motivated by the desire to educate and enlighten entrepreneurs having trouble with the emotional and psychological aspects of ceding some control of their business over to private equity. This arrived in the form of a coffee table book commissioned by Sasfin Capital entitled *Unpacking Private Equity*.**

## Helping entrepreneurs cross the emotional Rubicon that is private equity

Sasfin has granted **Catalyst** permission to republish some of the more entertaining and downright clever cartoons that have endeared the book to entrepreneurs, academics and Sasfin's clients.

Sasfin Capital's head of private equity Malcolm Segal gave **Catalyst** an inside view into the book's *raison d'être*.

"When you're in a discussion with an entrepreneur around the prospect or the thought process of entering into private equity transaction, it's a deeply personal thing," says Segal. "I'm not talking about large leveraged buyouts on the one end or venture capital on the other because the venture capital seeker quickly crosses the

emotional Rubicon in terms of understanding that without bringing in a venture capital partner, he/she won't get the business off the ground."

And at the other end of the spectrum are the large leveraged buyouts. These are generally driven around professional managers who, according to Segal, view the



*With our help you could be a king! - King Arthur*

process more dispassionately as for them it's more an exercise in financial engineering around predicted future cash flows.

"But when you come to the space which we cater for, you are dealing with passionate entrepreneurs who are gener-

ally more emotional about their decisions," explains Segal. "It's a different mindset. For them to contemplate relinquishing their equity holding and bringing in a partner is not an easy decision to make. So what we are trying to accom-

plish through the book is to try and demonstrate our understanding of their emotional dilemma through the medium of humour."

Through the book, Sasfin codifies the key questions that may be worrying the entrepreneur. In essence it says to them -- if you're not asking these questions then you should be!.

Building trust and creating rapport is central to the development of the long-term relationship between the entrepreneur and the private equity firm and Segal sees the book as one way of creating this empathy between Sasfin and its clients.

The book comprises several case studies, compiled by **Catalyst's** founding editor Jane Strachan, which succinctly set about identifying the common themes and questions that are in turn answered through the case study. Finally, these themes are beautifully woven together and illustrated by renowned cartoonist Dov Fedler, who has also provided cartoons for **Catalyst's** sister publication, legal journal **without prejudice**, for many years. ♦

## SOUTH AFRICA PRIVATE EQUITY DEALS Q1 2009

NATURE	PARTIES	ASSET	ADVISORS	VALUE	DATE
Acquisition by	Old Mutual and Ethos from Rand Merchant Bank (FirstRand)	stake in Indwala Industrial Holdings	Brink Cohen Le Roux	not disclosed	Jan 29
Acquisition by	Primedia and Capricorn Capital Partners from major shareholders (Tiso Capital Partners, Mineworkers Investment Company, Safika Holdings, Investec Bank and Investec Employee Benefits)	72,3% (3 012 102) and 79,5% (97 413 748) stakes in Nail ordinary and 'N' shares	Investec Bank; PricewaterhouseCoopers Corporate Finance; Edward Nathan Sonnenbergs	R23,8m	Feb 24
Acquisition by	Primedia and Capricorn Capital Partners from New Africa Investments shareholders	remaining 'N' and 'O' Nail shares	Investec Bank; PricewaterhouseCoopers Corporate Finance; Edward Nathan Sonnenbergs	R834 922	Feb 24
Sale by	Buildworks to Pan-African Investment Partners II (Kingdom Zephyr)	30% stake in Buildworks		\$20m	Mar 13
Investment by	African Development Partners	Q-Venture Holdings (25%-60% shareholding could result when shares are converted)	Development Partners International; Deloitte; Read Hope Phillips; Webber Wentzel; O'Melveny & Myers LLP; Appleby; Conyers Dill & Pearman	not disclosed	Feb 16
Acquisition by	Thembeke Capital	10% of Overberg Agri and 26% of Bontebok Limeworks	PSG Capital	R100m	Mar 18
Acquisition by	Marlow CapitalHed consortium from shareholders including Suez Environment	Wasteman Group	Marlow Advisers; Werksmans; Edward Nathan Sonnenbergs	R380m	Mar 26
Sale by	Medu Capital	Stake in Vitaleire	iCapital	not disclosed	not announced
Sale by	Blackstar Investments	stake in Reyapele Investments	Edward Nathan Sonnenbergs	R190m	not announced
Acquisition by	LiquidAfrica Private Equity	20% stake in Tree Organic Technology	LiquidAfrica; Edward Nathan Sonnenbergs	not disclosed	not announced