

## **Media coverage report for Labat Africa Limited's acquisition of Reinhardt Transport Group**

### **Online**

#### **Truck and Bus**

**26 November 2015**

#### **R560 million for Reinhardt Transport group**

Labat Africa Limited, the South African JSE-listed investment holding company, has concluded a subscription and buy-back agreement for the acquisition of a 100% interest in Reinhardt Transport Group (RTG) for a total consideration of R560 million.

Brian van Rooyen, CEO of Labat commented: "Labat's strategy has been to create a value enhancing BEE transport and logistics business through a combination of organic and acquisitive growth. This ambition is being significantly advanced with the acquisition of RTG, which is a first, and important, step in the Labat strategy. I am very happy that the RTG management team has agreed to remain within the Labat structure, which will ensure that the team's significant industry experience will be retained. Their advice and direction in terms of our future core business strategy and expansion plans will be invaluable."

This acquisition of RTG, better positions Labat as a leading logistics company providing transport infrastructure related services with operations in South Africa and across sub-Saharan Africa.

The transaction is being financed through a combination of debt and equity arrangements. Labat has secured deferred funding from a RTG vendor to the extent of R230 million, which will be used to settle a portion of the consideration.

The R330 million balance will be settled in cash by issuing up to 220 000 000 new Labat shares at 150 cents per share, of which R129 million will be subscribed for by the RTG vendors (including RTG management) and the balance of R201 million will be settled through a private share placement.

The private placement is being preferentially offered to BEE retail investors as Labat wishes to retain a strong and acceptable BEE rating post the transactions.

The acquisition of RTG by Labat is classified as a Category 1 transaction in terms of the JSE Listings Requirements. Therefore, both the acquisition and issue of shares for cash will require the approval of Labat's shareholders at a General Meeting, scheduled to take place on 18 December 2015.

Irrevocable undertakings to vote in favour of the transaction have been received from Link Private Equity and other shareholders exercising control over the voting rights of a total of 106 529 815 shares, which currently represents 41.10% of the shares in issue.

The total number of shares in issue in Labat post the acquisition and issue of shares for cash will be approximately 509 202 297 shares. A proposal will then be made to the JSE for the listing of Labat to be transferred to the Main Board.

Labat already meets the shareholder spread requirements for the Main Board with 775 public shareholders as per the latest share register dated 25 September 2015, holding 58.9% before the acquisition of RTG and 31.8% post the transaction.

All conditions precedent, with the exception of the shareholders' approval have been met, including approval from the Competition Commission.

"Labat also intends on acquiring the three RTG Properties for a total consideration of R74.5 million as well as a 100% interest in RTG Logistica for R500 000 during 2016," concludes van Rooyen.

<http://www.truckandbus.co.za/r560-million-for-reinhardt-transport-group/>

## **Engineering News**

**26 November 2015**

### **Labat concludes R560m RTG takeover deal**

JSE-listed investment holding company Labat Africa has concluded a R560-million subscription and buy-back agreement for the acquisition of a 100% interest in Reinhardt Transport Group (RTG) and its Chrome Carriers subsidiary. The acquisition, which would see empowered firm Labat acquire all RTG's assets, including a fleet of 580 trucks and seven premises, better positioned the company as a logistics company providing transport infrastructure related services with operations in South Africa and across sub-Saharan Africa. As part of the deal, Labat had also elected to terminate RTG's five-year, \$100-million equity funding facility with US-based Global Emerging Market (GEM). Labat CEO Brian van Rooyen told Engineering News Online that the company was "hellbent" on increasing profitability to R126-million next year.

In addition to its planned acquisition of a 100% interest in RTG Logistica for R500 000 during 2016, Van Rooyen revealed that Labat also had three other acquisitions in the pipeline that would expand the company's base to other sectors, including a logistics business within the fuel sector. "RTG had a specific market, but we will work on that," he said, adding that Labat was particularly focusing on securing coal trucking contracts from State-owned Eskom. In earlier years, RTG had had some coal trucking contracts, but owing to its lack of empowerment, it had lost those contracts. Van Rooyen explained that the biggest shortcoming RTG had was its black economic-empowerment (BEE) levels. "Not only did some of the customers require black ownership, it also required black-women ownership, so any drawdown from GEM would have meant that black shareholding would have to be replaced with foreign shareholding," he said. Van Rooyen further noted that every drawdown from GEM would also mean that the company would need to issue equity. Labat currently had a Level 1 BEE rating, but expected the RTG transaction to improve the rating to Level 2. RTG would now be a Level 4 BEE company, with 67% black ownership. Noting that the transaction would not need any external funding, Van Rooyen said it was being financed through a combination of debt and equity arrangements, but that the company also had other options, with a number of funds available. Labat had secured R230-million in deferred funding from an RTG vendor, which would be used to settle a portion of the consideration, while the R330-million balance would be settled in cash by issuing up to 220-million new Labat shares at 150c apiece, of which R129-million would be subscribed for by the RTG vendors, including RTG management and the balance of R201-million would be settled through a private share placement. The private placement was being preferentially offered to BEE retail investors as Labat wished to retain a strong and acceptable BEE rating post the transactions. The total number of shares in issue in Labat, post the acquisition and issue of shares for cash would be 509.2-million shares. A proposal would then be made to the JSE for the listing of Labat to be transferred to the main board. This week, Labat also renewed a three-year contract, with an option to renew, with an unnamed "substantial client".

### **Into Africa**

One of the depots that Labat would acquire through the RTG transaction was located in Maputo, Mozambique, from where RTG Group exported chrome, magnetite and other mining commodities from the region. Van Rooyen noted that, although this would be Labat's first depot outside South

Africa, it would certainly not be its last, noting that the company had planned a diversification strategy to expand further into the continent. “First, we will take the South African portfolio and expand on that, before we venture into the rest of the African market,” he said. Labat had also, for the past three months, been engaged in a pilot project to transport goods to and from Zimbabwe. “Our strategy is to look at [the region’s] corridors, but we are not going to venture into markets that we don’t know too well.”

<http://www.engineeringnews.co.za/article/labat-concludes-r560m-rtg-takeover-deal-2015-11-26>

**BDLive**

**2 December 2015**

**COMPANY COMMENT: Prescient; Labat Africa**

LABAT Africa, a JSE-listed investment holding company, has been drumming up publicity for its subscription and buyback agreement for a 100% interest in Reinhardt Transport Group for R560m.

The 30-year-old privately owned transport business moves commodities to the tune of about R1.5bn a year, using a fleet of 560 trucks.

Labat, a small black-owned and managed technology company, is led by former rugby administrator Brian van Rooyen.

The company has just booted out its former US-based funding partner after its empowerment status was threatened by dilution.

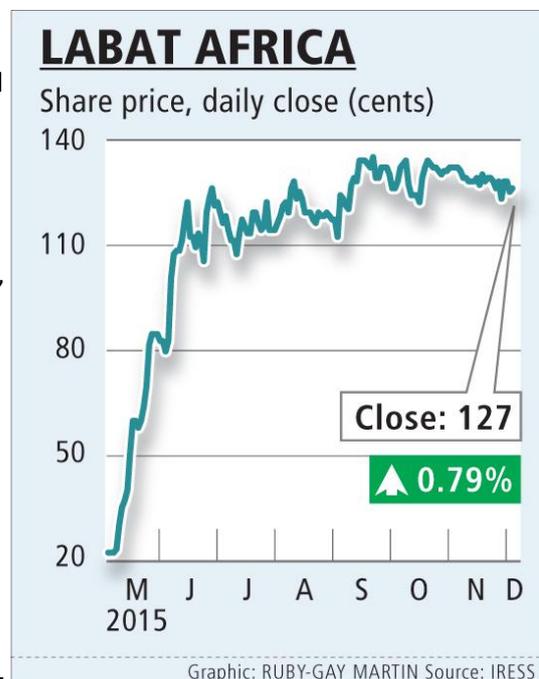
Mr van Rooyen says the main reason for the deal is that

Reinhardt has lost more than R1bn in the past few years for lack of empowerment credentials. The transaction, which still needs shareholder approval, will be financed through a combination of debt and equity.

Labat has been in the media in past years for the wrong reasons. It was used by Aurora Empowerment Systems to try to obtain a JSE listing. President Jacob Zuma’s nephew, Khulubuse Zuma, and Nelson Mandela’s grandson, Zondwa Mandela, were involved in Aurora’s failure to pay workers at Pamodzi gold mines. Aurora could not meet sale conditions and the Labat listing deal disintegrated.

Now it seems that Labat is back on track.

- Nick Wilson edits Company Comment (wilsonn@bdfm.co.za)



<http://www.bdlive.co.za/companies/2015/12/02/company-comment-prescient-labat-africa>

## **Broadcast**

**CNBC Africa**

**26 November 2015**

**Labat Africa acquires Reinhardt transport group**

Thu, 26 Nov 2015 07:40:10 GMT

Labat Africa Limited has acquired Reinhardt transport group. Joining CNBC Africa to talk more about the acquisition and some of the plans going forward for the company is the chief executive of Labat, Brian van Rooyen.

<https://www.cnbc africa.com/video/?bctid=4632464948001>

**Business Day TV**

**26 November 2016**

**Labat Africa acquires Reinhardt Transport Group**

Labat Africa CEO Brian van Rooyen speaks to Giulietta Talevi about a R560 million transaction with Reinhardt Transport Group.

<http://www.businessdaytv.co.za/shows/newsleader/2015/11/26/labat-africa-acquires-reinhardt-transport-group>