



WIPHOLD CONSORTIUM MEDIA RELEASE

Old Mutual BEE Deal to Benefit Women's Empowerment

Women will be major beneficiaries of the Old Mutual Group empowerment transaction, thanks to the participation of the WIPHOLD consortium as black business partners. Speaking at the launch of the deal, Wipcapital CEO, Gloria Tomatoe Serobe, said that the consortium's stakes in the Old Mutual Group's South African businesses being Old Mutual (SA), Nedcor and Mutual & Federal was an indication of the increasing influence of women in the South African economy. More than 60% of WIPHOLD is owned by women.

New empowerment

Serobe said that the Old Mutual Group's conscious decision to partner the WIPHOLD consortium was a demonstration of its commitment to putting women's economic empowerment at the heart of its growth strategy for South Africa. "In the South African context, this makes tremendous business sense as women make up a significant portion of the South African population and it is they who are increasingly making the ultimate consumer spending decisions," continued Serobe. "This factor alone has set the Old Mutual Group apart from its peers".

The Old Mutual Group Transactions gives real meaning to the concept of broad-based empowerment, again shown by the choice of the WIPHOLD consortium as a partner. The consortium brings together WIPHOLD, Sphere and the WIPHOLD NGO Trust.

With 1200 direct beneficiaries and 18000 indirect beneficiaries through the WIPHOLD Investment Trust, and over 300 000 indirect beneficiaries through the WIPHOLD NGO Trust, whose constituent NGOs span all nine provinces, WIPHOLD is one of the most genuinely broad-based black empowerment companies in South Africa today. WIPHOLD is 50.3% held by black people. All shareholding is direct and unencumbered.

In a similar vein, Sphere is 74.4% held by black people and has an ownership structure that promotes broad-based black economic empowerment. Sphere believes that education is a key pillar for the sustainable development of black people and as such has reserved 17.5% of its shareholding for broad-based beneficiaries that predominantly focus on education amongst women and the youth. Currently, Ditikeni Investments (Pty) Limited (the shareholders of which are 24 NGOs spread throughout the country), and the Student Sponsorship Programme are broad based shareholders.

New partnership

At the heart of the empowerment model adopted by the parties to this deal is a recognition of the operational role that the WIPHOLD and Brimstone consortia will play in adding value to the Old Mutual (SA), Nedcor and Mutual & Federal businesses. “The WIPHOLD consortium’s investment preference is to be a value-adding operational investor, and this deal affords us the opportunity to do so”, says Serobe. “We are delighted by the underlying spirit of the Old Mutual Group Transactions, which embodies a commitment by all parties to hard work, business growth and the acceleration of transformation. This commitment is captured in measurable performance contracts, with the structure providing for a dynamic mechanism to give financial recognition to the black business partners for tangible delivery”.

“The proposed structure and funding arrangement enables the black business partners to physically acquire their respective shareholdings and pay for them over an extended period of ten years. This enables the consortia to pay for a substantial portion of their purchase consideration out of dividends generated by their underlying investment in the three businesses,” says Serobe.

The WIPHOLD consortium brings several key capabilities to the table:

Leadership and management teams

At a leadership level, Gloria Serobe, Louisa Mojela, Wendy Luhabe and Pulane Kingston collectively enjoy a business track record of over 50 years, with each of these women occupying positions of influence in the South African and international economic and political landscape.

The management teams of both WIPHOLD and Sphere Holdings comprise experienced professionals in the areas of both financial services and transformation.

Distribution

The consortium also boasts a powerful distribution arm through the WIPHOLD NGO Trust, the WIPHOLD Investment Trust and the 25 NGOs who already have a shareholding in Sphere.

New horizons

For WIPHOLD, the deal also provides the group with the opportunity for international exposure.

“Old Mutual plc is the first plc company to announce a South African black economic empowerment transaction, and we are proud to be part of such a ground breaking event”, says WIPHOLD CEO, Louisa Mojela. “The transaction structure enables the WIPHOLD and Brimstone consortia to acquire an interest in Old Mutual plc, thereby becoming shareholders in a growing global group.”

The Old Mutual element of the Group Transaction is furthermore the first BEE transaction to be implemented in its totality under the laws of another jurisdiction (the UK). WIPHOLD believes that the fact that part of the Group Transaction is subject to UK law transaction processes will enhance the international profile of the transaction and further the objectives and credibility of Black Economic Empowerment in the international community.

“Ultimately, the many BEE deals being concluded in South Africa will need to stand the test of time”, says Pulane Kingston, executive director of Sphere Holdings. “We have every confidence in the ability of this deal to do so. We are in it for the long haul and look forward to it being used ten to twenty years from now as a case study of empowerment that has worked”.

For further enquiries, contact:

Debra Marsden
Transformation & Public Affairs, WIPHOLD
Tel: 011 715 3521
Mobile: 082 4672271
Email: dmarsden@wipcapital.com