

Kagiso buys stake in Universal Print Group

Kagiso Strategic Investments (Pty) Ltd (KSI), a subsidiary of Kagiso Trust Investments (Pty) Ltd (KTI), has bought a 20% stake in the Universal Print Group (Pty) Ltd (UPG), South Africa's leading black-owned and operated commercial print company. This shareholding interest adds another dimension to the already impressive Kagiso portfolio and further contributes to the ongoing corporatisation of the Universal Print Group.

KTI is the commercial arm of the broad-based NGO, the Kagiso Trust. KSI is in turn the investment arm of KTI.

The Kagiso Trust is a leading non-governmental organisation with the purpose of financing and managing community development grassroots projects. Formed in 1986 by the European Commission and by leaders of the South African Council of Churches, the organisation has invested in excess of R1 billion in over 5000 broad-based community development projects and granted 20 000 university student bursaries over the past 20 years.

"We see this investment as a partnership for the long-term," says Afzal Patel, an executive of the Kagiso group. "It provides us with an ideal platform as we see the print media sector as a major growth area and the Universal Print Group is a leader in this industry."

The transaction is unique in that it represents one Black company buying a stake in another Black company, reflecting a vote of confidence by a traditional black institutional investor in a successful black entrepreneur.

The Kagiso group is well positioned as a long-term strategic player in the print media sector, with interests in Kagiso Media and the Bytes Technology Group (the operator of the Xerox franchise in South Africa). The transaction demonstrates a further shift in Kagiso's investment focus away from the traditional private equity model (employed by most other BEE players) to a long-term, strategic investment model with no medium term exit pressure in place.

The partnership with Kagiso Trust appeals to us because they are a recognized community upliftment organisation, with broad-based beneficial ownership," says Harish Mehta, group managing director of the Universal Print Group. "Also, the Kagiso group is no stranger to us. They have been aware of us since 1995 and have previously expressed an interest in our Group. We have had external shareholders on board for the past 11 years, including Ethos, African Legend and the Malesela Group. African Legend and Malesela (in 2001) and Ethos (in 2003) came to the end of their investment horizon and sold their equity. So this represents a continuation of the external shareholder process, but with a longer-term horizon coupled with a clear strategic intent. Kagiso will be represented on our board by Afzal Patel and Fundiswa Roji."

The Universal Print Group expects significant creation of shareholder value through networking opportunities within the Kagiso portfolio of companies, from increased business opportunities and from the overall association with the broad-based Kagiso Trust.

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