

RMB Corvest and Shalamuka Capital acquire a combined stake in Fintech

Illovo, 20 March 2012. FirstRand's private equity business, RMB Corvest and Shalamuka Capital have acquired a combined 37% stake in Fintech.

RMB Corvest and Shalamuka Capital (the private equity vehicle of the Shalamuka Foundation) have acquired a 37% shareholding in Fintech. The deal broadens RMB Corvest's extensive portfolio and secures an investment in the equipment finance industry. For Fintech, the deal facilitates and supports the company's growth aspirations.

Established in 1981, Fintech is one of the largest independent financiers of business technology in South Africa. By providing a competitive finance solution for equipment rented by its client base, it is one of the leaders in offering specialised partnerships with equipment suppliers. The company's head office is in Gauteng but it has representation in Durban and Cape Town, and currently employs 80 members of staff.

Mike Donaldson, director: RMB Corvest, explains that this opportunity became available through the retirement of former Fintech CEO, Ian Pennel, mid-2011, in tandem with the unbundling of shares held by Fintech's previous BEE stakeholder Simeka Management Services (Pty) Ltd, and a secured option to purchase additional interests held by Investec Bank Ltd. "RMB Corvest was subsequently invited to participate in the transaction and introduce a new BEE partner, hence our inviting Shalamuka Capital to come on board."

Martin Coetzee, a RMB Corvest executive, notes that Fintech's continued growth since inception, as well as its efficient administration of equipment financed made this an ideal investment opportunity. "The recent appointment of CEO Glen Christopulo, who has been involved in the company for over a decade, will not only ensure smooth leadership transition but also enable the implementation of an accelerated strategic growth plan derived from his hands-on insight into the business. Fintech's experienced management team is also sure to keep the company on its upward trajectory."

"Fintech utilises its own balance sheet and securitisation technology to originate and finance its business activities," explains Christopulo. "Since 2002, we have promoted, implemented and managed securitisation funding structures which has provided us with a reliable and ongoing source of funds for South Africa's equipment rental market. Our securitisation vehicles have been well supported by the debt capital markets and will continue to fund Fintech's growth in the future."

"Fintech has a proven track record that shows consistent growth over a considerable number of years," says Donaldson. "The business is well-established and ready to grow into other products – something which both RMB Corvest and Shalamuka Capital look forward to making possible through our collective investment."

Ends.