

RMB Corvest and Shalamuka Capital conclude empowerment deal with Respiratory Care Africa

Illovo, 04 June. RMB Corvest, a private equity business in the FirstRand Group, and Shalamuka Capital have acquired a combined stake in Respiratory Care Africa (RCA), a supplier to the hospital sector in southern Africa.

RMB Corvest and Shalamuka Capital, the private equity vehicle of the Shalamuka Foundation, have concluded an empowerment deal with Respiratory Care Africa (RCA). The deal broadens RCA's BEE empowerment base, while extending RMB Corvest's portfolio in the fast-growing healthcare sector.

Established in 1998, RCA has positioned itself as a reputable importer and distributor of specialist medical equipment to public and private healthcare institutions in southern Africa. Its diversified service offering includes the supply of equipment, consumables and technical services to hospitals, as well as the provision of education and training. The business has a current staff base of 92 employees, and four regional offices in addition to its Johannesburg-based head office.

Sean Reitz, CEO: RCA, explains that the opportunity to invest in the company came about as a result of its previous empowerment partner, the Women's Private Equity Fund, needing to exit the business: "With the fund's five year investment horizon coming to an end, it was a priority for us to find a new, like-minded empowerment partner."

After being introduced to RMB Corvest by Ararat Corporate and Legal Advisory Services, all parties involved were soon convinced of the merits of the new partnership. "RMB Corvest's portfolio already extends to the healthcare industry," explains Mike Donaldson, director: RMB Corvest. "With growth in the local sector being catalysed by government's National Healthcare Insurance (NHI) strategy, RCA's established position in the market made it a very attractive investment opportunity both for ourselves and Shalamuka Capital."

Kerry Hurst, director: Shalamuka Capital, explains that Shalamuka Capital's entry provided a liquidity event for RCA's previous BEE shareholder, ensuring that the company's BEE credentials have not been affected and may, in fact, improve. "At Shalamuka, we continuously seek second-round BEE opportunities – something we are able to do thanks to our strong BEE credentials. With RCA having such a consistent track record in the market, this transaction was therefore exactly the sort of opportunity we are consistently looking for."

She notes that RCA has demonstrated significant growth and performance from inception: "Since concluding its first empowerment transaction in May 2007, RCA has grown in excess of 25% per annum, and is expecting a turnover of approximately R300 million in the 2012/13 financial year."

The company has furthermore recently expanded its product range and extended its geographical coverage. It now also offers patient monitoring, radiology and home-care solutions, and is establishing a pharmaceutical portfolio.

"RCA's commitment to focused growth and excellence extends from our products and service offering right through to our highly skilled staff," says Reitz. "It remains our intention to become a listed public entity in the future. To this end, we will continue to leverage partnerships with leading international suppliers to fuel organic growth, as well as target acquisitions in the medical device space in order to expand into new market segments. We are confident that this new partnership will add impetus and significant value both to our business and our long-term market strategy," he concludes.

Ends.