



S P H E R E

H O L D I N G S

Media release

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Jabu Mabuza to buy 10% of Sphere Holdings and joins as Executive Chairman

- Sphere to raise a R500m-R1billion 'war chest' – with a focus on mid-sized companies
- Investment strategy shifts as Sphere prioritises majority stakes and operational influence
- Deal represents a step-change for professional black business in South Africa

Sphere Holdings, the black controlled investment company, today announced that leading businessman and entrepreneur Jabu Mabuza will buy a 10% stake in the company. The purchase marks the first significant commercial foray for Mr Mabuza since he left Tsogo Sun, where he was the Chief Executive. Mr Mabuza has also taken on the role of Sphere's Executive Chairman. Mr Mabuza will have a 'hands on' role in the business with a specific focus on: capital raising, deal origination and adding value to Sphere's existing portfolio.

Sphere Holdings, which is led by co-founder Itumeleng Kgaboesele, a former investment banker and chartered accountant, was founded in 2003 and is a professional investment company with a successful track record. The company has a portfolio of interests in industrial goods and services firms such as Babcock Engineering, Babcock Target Plant Services, Pandrol and Honeywell.

Commenting on the announcement Kgaboesele said: "We are extremely delighted that Jabu Mabuza is joining us and we are humbled by the trust he is showing in us through the significant investment he is making in Sphere. He will help drive a more ambitious, acquisitive and operationally orientated Sphere as we seek majority holdings in mid-sized companies. We now have the balance sheet, the credibility and the capabilities to play a role in the transformation and diversification of the economy by building a black controlled company that is able to gain control or exercise significant influence in industrial companies."

Jabu Mabuza is a highly regarded leader widely recognised for his skill at navigating the intricacies of both the public and private sectors. As chairman of Telkom since 2012 he oversaw the dramatic turnaround in the company's fortunes. He is also the President of Business Unity South Africa (BUSA), where he has played a strong role in maintaining the organisation's credibility and relevance with key stakeholders after the Black Business Council pulled out.

Commenting on his investment and appointment as executive chairman, Mr Mabuza said: “I have followed Sphere closely over the years and have come to appreciate that their success as an investment company is built on their deep technical financial skills which results in rigour, diligence and clarity of purpose in their investment decisions. They have an experienced team of investment professionals with many years in the industry behind them and are widely known for their efficient deal structuring and execution. The leadership team has also been with Sphere since the company’s inception in 2003 – which is always a good sign.”

“Importantly, I see my involvement with Sphere as a step change for professional black business in South Africa as it represents the joining of two different generations of black business to become a force in the investment space and in South Africa’s industrialisation.”

Explaining how Sphere would deliver its strategy Kgaboesele said: “We have capital to deploy. In addition, we will look to raise R500m-R1billion in new capital to acquire majority or leading stakes in mid-size companies with an enterprise value of between R500m and R1billion. We will of course remain open to co-invest with partners and accept influential minority positions in larger businesses. We’re not going to be rigid, we’ll be strategic. We will keep a disciplined focus on our priority target sectors including: industrial, business to business services and manufacturing.”

“We believe our redefined strategy and focus places us in a very advantageous position to take advantage of the current deal climate. Sphere has the technical capacity, proven track record and capital raising ability to play a role in the creation of black controlled and influenced industrial companies. Sphere’s balance sheet means we have the equity to determine our own investment strategy”, concluded Kgaboesele.

Mr Mabuza said, “We should not under-estimate the importance of black-owned and managed firms being seen to put their money into the real economy and get their hands dirty solving operational business challenges. I think Sphere will be attractive to target companies because we have the credentials, the capital, the technical skills and the track record to add real value that will drive operational opportunities and thus greater returns. I relish the challenge of playing a formative role in this next phase of Sphere’s business.”

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