



LGC
CAPITAL



AN OVERVIEW



Kgomotso Lekola

Brian Mbele

Chris Barker

Barry Gonin

ABOUT US

At LGC Capital, we're more than a traditional advisory firm. Rather we're an entity of experienced and specialist South African entrepreneurs with a track record, and proven ability of taking businesses from concept to strategy to successful operation and handover, in which we do the management work.

Within this scope, we have the ability to intercede in struggling businesses and help them recover, invariably through our hands-on management. With this unique capability, LGC Capital has built its own portfolio of investments.

In 2013, we successfully acquired equity in the FutureForesight Group and AfricaWeather in which we took control of management and drove a new business strategy based on entering new markets, rationalising costs and tighter cash management. Within 18 months, the strategy resulted in:

practically all major insurance companies in South Africa being customers

100% growth in profits

a seven-fold increase in the dividend yield

a three-fold increase in the value of the business.

With FutureForesight Capital, we've raised and invested more than R400m and have advised clients on assets at risk of over R2 billion. This has resulted in more than 1 000 jobs being saved in the last 36 months alone.

In 2014 the MD and founder of LGC Capital, Kgomotso Lekola was runner-up in the BBQ Business Man of the year Awards.

In 2015, we successfully negotiated the sale of 50% of AfricaWeather to Weatherzone, a subsidiary of ASX-listed Fairfax Media.



SERVICES PROVIDED

Consulting

The consulting experience of our team spans a wide variety of fields and includes:

- HIV** We pioneered thinking in SA that HIV in the workplace should be paid for the company to the company's benefit. Our models were used by McKinsey, who contracted us back in for a period to do studies such as the massive in-house HIV programme at Sasol. Our work was also used by Anglo-American to create their pioneering in-house treatment program.
- Telecoms** We modelled the SA telecoms market in its entirety. This model was used to win the BEE bid for the SNO (Neotel) and was used extensively by MTN to value country operations across the globe. Such was its impact that it was eventually adopted by Cell C as their in-house operational model for a period of time.
- Broadband** We modelled the Seacom opportunity in SA. The company's entry to SA resulted in a massive restructuring of internet pricing levels to the current benefit of all. We have also assisted Botswana Telecom with various initiatives.
- PayTV** We took over TopTV for a year and kept it alive long enough to achieve a sale to a Chinese operator.
- Insurance** We developed a model to quantify the mortality impact of HIV management. This model formed the basis for a sophisticated insurance model we built (with global reinsurer Scor) to show that it is possible to provide highly affordable life insurance cover to well managed HIV positive South Africans.



INVESTMENT ADVISORY

Our investment advisory service spans many fields (strategic, financial, economic and legal) and we have been of service to the NEF, for whom we've reviewed a number of investments:

- Delswa** A corporate clothing manufacturer whose businesses placed them under severe profitability and cash-flow pressure
- Stuffbrick** A clay brick manufacturer who we took over, turned around and then sold to Corobrik
- MBIT** An alternative building materials manufacturer which had challenges meeting key investment milestones.
- Hollywood Displays** A manufacturer of mannequins who had their product mix wrong in that there were too many imported and ancillary products which had the effect of destroying margins. We closed this business due to the working capital requirements to resurrect it in a failing market were substantive and beyond the level of risk exposure the NEF could absorb

We also:

Advised Msutho-Bulero Mining (Pty) Ltd on a mining and resources acquisition transaction in acquiring a majority stake in a coal mining company in the Witbank area valued at R170million. The transaction involved a Broad Based Black Economic Empowerment aspect.

Advised New Media (Pty) Ltd in a joint venture transaction with SP Media (Pty) Ltd in a transaction valued at R250million.



INVESTMENT ADVISORY

Advised Romach Holdings (Pty) Ltd on the acquisition of a third of the shares of Duho Drying (a chrome-drying company) and advised Duho Mining on a transaction to acquire a majority stake in Duho Drying (a chrome-drying plant) valued at R30million.

Advised Colt Energy (Pty) Ltd in a restructuring transaction of its Sub-Saharan assets valued at R22million.

Advised Colt Logistics cc on an acquisition of a minority stake in Welgemende Estate (Pty) Ltd valued at R15million.

Advised Maponya Africa (Pty) Ltd (an investment company) on an acquisition of shares transaction with Avalon Media Global valued at R15million.

Advised a group of independent black-owned transport and logistics companies (who are part of the Coal Transporters Forum with long-term service contracts with Eskom Holdings Limited) to the value of R4.5 billion, in a private placement transaction in acquiring the entire issued share capital of Pretalux (Pty) Ltd, an investment company with interests in the logistics, freight and transport sector. The transaction was valued at R35 million. We also advised the Coal Transporters Forum independent company members on the Eskom Holdings Limited 5 year term hauling contract.

Advised private investors in a private placement of shares transaction by Pule Investments (Pty) Ltd, valued at R5million.



INVESTMENT ADVISORY

Our services take a number of forms:

We help entrepreneurs and corporations realise their vision of creating new businesses by making their business ideas commercially viable.

We provide assistance in business, product and channel strategy development to businesses looking to extend their product lines and channels to market so as to increase profit and market share.

We help business leaders make strategic decisions about key issues such as mergers and acquisitions, investment and capital raising.

We build business and investment cases (as well as financial models), develop execution plans and execute them. This, through a team of experienced execution managers proficient in providing management oversight and management of the resulting projects to ensure that projects deliver in-line with our recommendations.



CURRENT INVESTMENTS

VizierMaths

VizierMaths is an online mathematics resource incorporating key features of the world-renowned Singapore Mathematics methodology. It's a business built by David van der Walt, who boasts extensive management consulting and corporate management experience (including 4 years at McKinsey & Company and 4 years as an executive at the ABIL Group). He holds a PhD in Theoretical Physics from the University of Pretoria.

OneTrueMeasure

OneTrueMeasure is a business that installs and manages smart meters. The key offering to clients is insight into how they are using power and managing their electricity spend through the optimisation of energy usage using IM-series utility grade meters (supplied by world-leaders Siemens). Clients range from domestic home users to large industrial power users.

EXITED OR PARTIALLY-EXITED INVESTMENTS

AfricaWeather

AfricaWeather is a weather risk management business providing services to 30 of the top 40 JSE listed companies. The company monitors the skies, tracks storms, picks up grounded lightning strikes and unusual weather and immediately informs its clients on how their operations or safety procedures may be affected. It also generates weather



EXITED OR PARTIALLY-EXITED INVESTMENTS

forecasts in which it predicts or estimates future weather events and trends 2-7 days in advance. With more than 1.5 million consumer clients through the web and mobile applications, AfricaWeather generates and sends in excess of 1 million messages daily and operates one of the highest throughput messaging platforms in the country.

We have sold 50% of our holdings in AfricaWeather to Weatherzone of Australia

eezifone Telecoms

eezifone Telecoms is a manufacturer and distributor of the eezifone: a simple but robust handset featuring buttons pre-assigned to dial only selected numbers (as opposed to allowing the user free dialing) through a ten-pin keypad. This offers the ultimate level of control of cellular spend since the handset user cannot dial any numbers that the owner has not programmed in – making the handset ideal for staff on the road, outdoor adventurers, cyclists, young children and the elderly.

We have recently sold 100% of our holdings in eezifone Telecoms



OUR TEAM

Kgomotso Lekola

Partner

MBA GIBS, BSc Computer Science UNISA, Dip Data Artificial Intelligence UNISA, Master of Finance and Investment (Cum Laude, Current) WITS

Operational experience:

4 years MTN (Program Manager in the office of the MD)

3 years Mutual & Federal (Senior Exec and CEO: Direct Business)

6 years LGC Capital (MD)

2 years FutureForesight (Director)

With over 17 years working experience, Kgomotso is a businessman who has held positions such as Executive Chair of the board, CEO, COO and General Manager in some of the largest and most dynamic businesses in the country. An astute crisis manager with a strong financial background, Kgomotso has developed business cases and managed to raise about R500m for different businesses he has managed during crisis times.

After working for Mutual & Federal Group from 2006 to 2008 as GM responsible for setting up of the New Markets division, Kgomotso was appointed CEO of the direct insurance subsidiary (later to be launched as Iwyze).

In 2007 he founded LGC Capital which acquired equity in technology start-up firm, Weather Intelligence. As chairman, he led the businesses' entry into the short-term insurance industry and brought all the major insurers on-board as clients.

In 2012 Kgomotso managed the turnaround of TopTv as interim COO for a period of 9 months. Within 3 months of taking over, he managed to reduce losses by 33% and raised additional funding to keep the business going until the implementation of a R1bn strategic equity deal.

During that time he designed and launched a world-first mobile phone-based prepaid pay tv solution as a payment method – something that currently accounts for a significant portion of TopTv/StarSat payments.

He has also provided advice on deal structuring, restructuring and turnaround on assets with a value in excess of R1bn.

In 2014 Kgomotso was runner up for the BBQ Hennessy Businessman of the Year Award.

He is regularly invited to accompany South African delegations to the IMF, World Bank meetings and various other trade delegations.



OUR TEAM

Brian Mbele

Partner

LLB (University of Johannesburg); LLM (University of Johannesburg); HDip (University of Johannesburg)

Operational experience:

2 years Cliffe Dekker Hofmeyr (Associate)

3.5 years SAICA (Project Director)

5 years Bran Mbele Inc (Director)

A highly accomplished attorney with more than 9 years commercial and corporate law experience (specifically in the area of mergers and acquisitions, disposals, joint ventures, corporate governance, private equity, black economic empowerment, cross border transactions and commercial contracts), Brian has experience in commercial litigation, alternative dispute resolution and regulation. This is backed up by relevant industry experience.

He served his articles with Cliffe Dekker Hofmeyr from 2007 to 2008 and in 2009, was appointed as an Associate in the corporate and commercial department.

In 2010, he established Medupe Corporate Law and Tax Advisory consultancy, a firm that was subsequently incorporated as a law firm, Brian Mbele Incorporated.

In 2011, Brian joined the South African Institute of Chartered Accountants (SAICA) as Project Director: Legal, Compliance and Discipline - a position he held for 3.5 years. While at SAICA, he served on the Johannesburg Stock Exchange Financial Reporting Investigation Panel (FRIP) and Independent Regulatory Board for Auditors Investigation Committee.

At Brian Mbele Incorporated, he advised a group of 66 independent businesses formed under the Coal Transporters Forum in respect of a long-term coal hauling contract with a value of more than R4billion with Eskom Holding Limited. He has also advised, as part of a team:

Pareto Limited in its acquisition of Old Mutual's 50% ownership interest in the letting business undertaken by Old Mutual in Menlyn Park Shopping Centre and Cavendish Square Shopping Centre for approximately R2,4 billion.

Vodacom Group in its acquisition of the data and telephony business of Gateway plc in more than 8 countries on the African continent (transaction value over \$4 billion) and advised Vodacom Group in its broad-based BEE transaction (transaction valued over \$7,5 billion).

Brian was admitted as Attorney of the High Court of South Africa in 2009 and is a member of TheLaw Society of the Northern Provinces.

He also holds a statutory position on the Independent Regulatory Board for Auditors Committee for Auditor Ethics.



OUR TEAM

Chris Barker

Partner

Bsc Mech Eng; GDE Eng; MSc Ind Eng

Operational experience:

8 years Unilever (GM)

3 years McKinsey (EM)

14 years FutureForesight (Director)

After leading FutureForesight's HIV project from the pioneering of treatment in SA to it being the world's largest treatment centre, Chris headed the winning SNO (Neotel) bid.

He then led MTN into Iran and secured lottery traffic for the organisation.

More recently, he has assumed responsibility for all the systems required for the commercialisation of weather across the African continent – as well as the development of new markets on the continent.

Although Chris' expertise lies in developing nascent environments into commercial opportunities, he also has a wealth of mining experience. Furthermore, he is adept in the building of start-ups and the turning around of businesses.



OUR TEAM

Barry Gonin

Partner

B.Comm (Acc) GCMA ACMA (CIMA – UK)

Operational experience:

2 years MTN South Africa (GM: Office of the Managing Director South Africa)

4 years Weather Intelligence Systems (Commercial Director)

1 year AfricaWeather (Chief Executive Officer Africa)

8 years FutureForesight (Director)

Having been in business for 20 years, Barry boasts an in-depth knowledge of the media and telecommunications sectors. From working his way up to executive level within MTN to a position where he assumed board and shareholder level responsibility for commercial disciplines where he was required to weigh uncertain future outcomes, unstructured market realities, funding and resource constraints and legislative and regulatory inputs with stakeholder requirements from shareholders, boards of directors, suppliers, customers and staff to determine optimum strategies, his expertise is unrivalled.

Barry's key skills lie in business development, negotiations, market assessments and value propositioning in the creation of business opportunities.

His achievements are many and varied, and range from leading MTN's drive to customer centricity and acquiring companies to support MTN's strategy of moving into broadband services to leading the delivery of Mobile Number Portability for the South African telecommunications industry. He has established sales and service channels to penetrate nascent markets whilst Commercial Director at Weather Intelligence Systems and advised various telecommunications operators on market entry strategy and business valuation for 14 countries in the EMEA region as a Director of FutureForesight.

Having been featured in a number of key industry-related publications, he is regularly invited to speak at industry functions and conferences and is held in high esteem in this regard.



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