



A PROPOSAL TO COLLABORATE, ACHIEVE MUTUAL BENEFIT AND MAKE A DIFFERENCE IN THE LOCAL SME MANUFACTURING ARENA

nReachⁿ
ENTERPRISE DEVELOPMENT

nReachONE
REFRESHING TAX DEDUCTIONS. DONE.

M&A
Madala and Associates

MIH
Madala Industrial Holdings

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partners

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SOLVING A PROBLEM TOGETHER



- Make the manufacturing industry more empowered,
- And optimize the efficiencies of manufacturing businesses,
- And grow local content manufacturing and jobs.
- By using corporate SA BEE spend,
- Managed by 2 teams highly experienced in manufacturing and private equity,
- In a FSCA and SARS regulated environment (FSP47502 and VCC0052),
- Enabling up to 100% tax deductions,
- Providing a return on investment for such capital,
- With perpetuating BEE points based on a once-off investment,
- Within a registered Section 12J structure.

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Doing good whilst doing well.

SECTION 12J OF THE TAX ACT (58 of 1962)



- Promulgated in 2009
- To enhance job creation and economic stimulus by the private sector
- Gained significant traction in 2015/2016
- Offers the corporate SA investor a 100% tax deduction
- And perpetual BEE points for a once-off investment
- Together with a return on invested BEE spend
- Into qualifying companies
- Managed within a FSCA (FSB) and SARS regulated environment

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‘Almost too good to be true...’

OUR INVESTMENT THESIS

- “The real employment in our economy is happening right under our noses in the small and micro business sectors and we need to capitalise on that,” Dawie Roodt, chief economist at the Efficient Group told the *Mail & Guardian*
- Small and Medium Enterprises (SMEs) have been identified as productive drivers of inclusive economic growth and development in South Africa and around the world. Some researchers have estimated that, in South Africa, small and medium-sized enterprises make up 91% of formalised businesses, provide employment to about 60% of the labour force and total economic output accounts for roughly 34% of GDP. (Banking Association of South Africa)
- SMMEs are feted to be the future of business, representing 40 percent of all business in SA; it has been forecast by the National Development Plan that by 2030, 90 percent of all new jobs will be in SMMEs. (Talent 360)
- Investment spending in manufacturing only increased 0.6% in 2016/17.
- Manufacturing is the sector that offers the greatest potential to create jobs at respectable pay levels for unskilled and semi-skilled workers.
- Despite an increase of almost R41 billion in the value of manufactured exports in 2016, the sector recorded a trade deficit of around R300 billion.

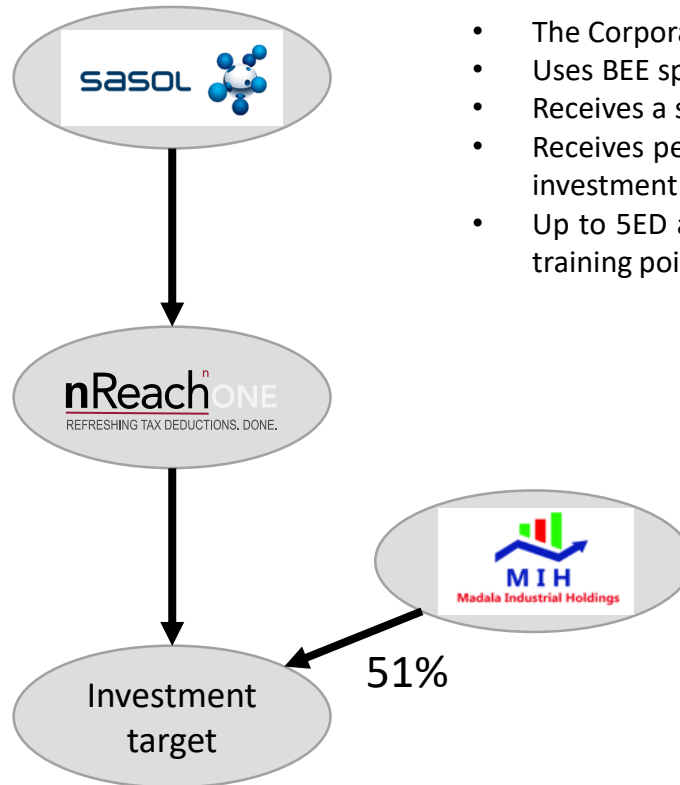


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Surely, together we can have a positive impact and change things around...?

THE SUMMARIZED INVESTMENT MODEL

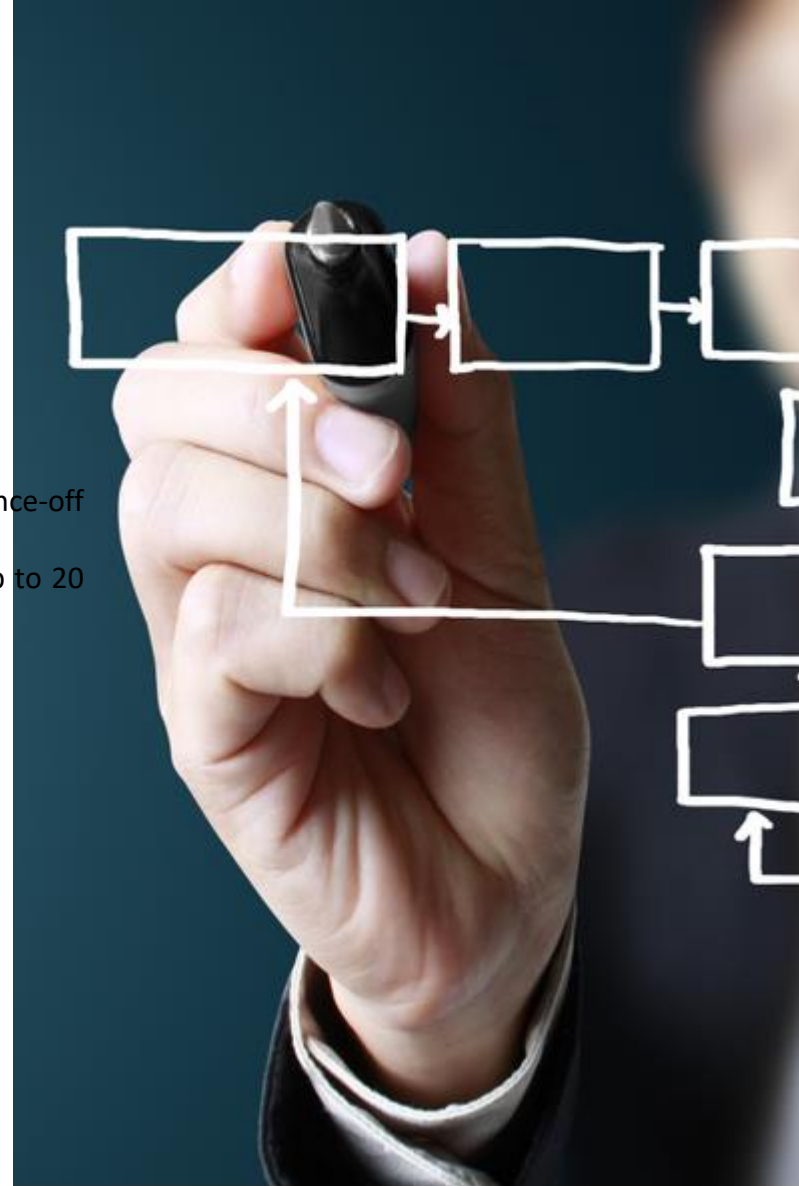
- A registered Section 12J private equity fund (FSP 47502, VCC 0052)
- Used as conduit for capital investments into 51% black owned companies in SA
- Issues the investor with a share certificate
- Issues investor with BEE certificates to claim points.
- Co-manages the growth and governance of the investment target



- The Corporate SA investor (e.g. Sasol)
- Uses BEE spend to invest
- Receives a share certificate
- Receives perpetuating BEE points for a once-off investment.
- Up to 5ED and 5SD points (potentially up to 20 training points)

- A 100% black owned SA company
- With significant manufacturing experience
- Co-manages the growth and governance of the investment target.
- Members of the nReach One investment committee for these investments

- A manufacturing company in SA
- Who needs BEE credentials and investor capital to grow
- And who meets the 12J regulation



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MIH TEAM PRINCIPALS



Vasi Naidoo:

- Primary focus: Chairman
- Secondary focus: Marketing
- Operations experience: Governance, training, Skills development, Mentoring
- Industry experience: Education, Media, Communications
- Acquisition event experiences: 2
- Start-up and business rescue event experiences: 2



Guy Imbert: CA (SA); CA (Zim)

- Primary focus: CFO-Financial optimisation
- Secondary focus: COO, Consulting, Strategy implementation, Financial DD
- Industry experience: Manufacturing, Mining, Utilities, Finance
- Operations experience: CFO, COO, Finance, IT, Operational system design, Governance, Risk, Compliance
- Acquisition event experiences: 2
- Start-up and business rescue event experiences: 5



Alex Stamp

- Primary focus: Strategic and operational due diligence
- Secondary focus: Consulting, IT, Programme management
- Industry experience: Mining, Manufacturing, Consulting
- Operations experience: MD/CEO, Strategy and Business development,, BPR, Process analysis
- Acquisition event experiences: 3
- Start-up and business rescue event experiences: 4



Angelo Kehayas:

- Primary focus: Leadership development
- Secondary focus: Mentoring, Coaching, Skills development
- Operations experience: Systems design, Business re-engineering,
- Industry experience: Manufacturing, Transportation, Financial services, International consulting
- Acquisition event experiences: 5
- Start-up and business rescue event experiences: 9



Ian Huntly

- Primary focus: Deal flow and Investment oversight
- Secondary focus: Strategy
- Operations experience: MD/CEO; Strategy, Marketing, Sales, Strategic market optimisation,
- Industry experience: Automotive, Metals, Mining, FMCG, Food value chain, PetroChem, Telecomms, Utilities
- Acquisition event experiences: 2
- Start-up and business rescue event experiences: 7



Dilley Naidoo:

- Primary focus: CEO
- Secondary focus: Business development, Deal making,
- Operations experience: Strategy formulation, Sales, Marketing, Team development
- Industry experience: Industrial, PetroChem, Telecomm, Financial services, Utilities
- Acquisition event experiences: 6
- Start-up and business rescue event experiences: 8

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>185 years business and operational experience,
>20 acquisition experiences, >35 start-up and business rescue event experiences

NREACH ONE TEAM PRINCIPALS



Dr Johann Kritzinger

- Primary focus: CEO
- Secondary focus: deal flow, portfolio management and funding
- AUM experience: \$12 mn
- Fund experience: Musa Capital, Concilium
- PE experience: Musa Capital, Concilium
- Industry experience: FMCG, Banking, Food value chain, e-commerce
- Acquisition event experiences:
- Start-up and business rescue event experiences: 7
- Liquidity event experiences: 5



Christoffel Davel

- Primary focus: CCO – Funding and investor relations
- Secondary focus: deal flow
- AUM experience: \$300 mn
- Fund experience: Dynamic Wealth
- PE experience:
- Industry experience: Financial services
- Acquisition event experiences:
- Start-up event experiences: 1
- Liquidity event experiences:



Geert Doyer

- Primary focus: CIO
- Secondary focus: deal flow and portfolio management
- AUM experience: \$150 mn
- Fund experience: Ethos and Coronation
- PE experience: Ethos and Coronation
- Industry experience: Financial services, mining, manufacturing, FMCG
- Acquisition event experiences: 25
- Start-up event experiences: 2
- Liquidity event experiences: 10



Heinrich Odendaal

- Primary focus: Investment Committee Chairman
- Secondary focus: deal flow and funding
- AUM experience: \$30 mn
- Fund experience: Creation Capital
- PE experience:
- Industry experience: Financial services
- Acquisition event experiences: 2
- Start-up event experiences: 2
- Liquidity event experiences: 1



Natie Fourie

- Primary focus: Deal flow and portfolio management
- Secondary focus: Funding
- AUM experience: \$10 mn
- Fund experience: Eventfin Capital
- PE experience:
- Industry experience: Financial services
- Acquisition event experiences:
- Start-up event experiences: 4
- Liquidity event experiences: 1



Cathy Goddard

- Primary focus: Investment Committee
- A Board member of SAVCA (South African Venture Capital and Private Equity Association)
- Experience includes:
 - Firebird Asset Managers
 - Investec
 - Vuwa Investments
 - Bridge Capital

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>50 years business and investment experience, >25 years start-up and business rescue experience, >15 liquidity events experience

OUR ADVISORY PARTNERS

Pieter van der Zwan
& Associates
Tax & IFRS advisors

 **MOLENAAR & GRIFFITHS INC.**
ATTORNEYS, NOTARIES AND CONVEYANCERS

WEBBER WENTZEL
in alliance with > **Linklaters**

 **Grant Thornton**

DSFINservices
greater heritage

ASSENT  **LEGAL**

**DUE
DILIGENCE
PARTNERS**


WERKSMANS
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