

Independent sells outdoor advertising unit for R1,1bn

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INDEPENDENT News & Media (SA) said yesterday it had completed the sale of its African outdoor advertising business for R1,1bn.

The buyer is a consortium led by Helios Investment Partners, a pan-African private equity group based in London, as well as private equity investors made up principally of London-based Citi Venture Capital International and RMB Corvest, part of the FirstRand Group, and MSG Afrika, an SA-based company.

According to a statement from RMB Corvest, the acquisition is one of the largest disclosed private equity transactions in sub-Saharan Africa this year.

INM Outdoor (INMO) is SA's largest outdoor advertising company and manages operations in 13 other countries in sub-Saharan Africa. INM initially invested in INMO in 2001 and took full control of the business in March last year after the acquisition of a 50% interest held by Clear Channel Communications.

INMO's management team will be led by Barry Sayer, who recently rejoined the company as CEO after three years as CEO of Clear Channel UK & Ireland. Sayer will work with MD Bazil Laurysen and the rest of INMO's management team, with whom he has a long record of success in African outdoor advertising.

MSG Afrika Investment Holdings, a black-owned investment firm, confirmed to Business Day five months ago that it had put in a bid for 25,1% of INM Outdoor, subject to shareholder approval.

As a result of MSG's investment, and a number of other broad-based black economic empowerment initiatives, INMO's South African subsidiary is expected to become a level 4 empowerment contributor and attain a procurement recognition level of at least 100%.

MSG is led by Given Mkhari and Simphiwe Mdlalose and is the empowerment partner for The Jupiter Drawing Room. It has a stake in Capricorn FM, a radio station that has quickly established itself as one of the largest commercial stations in SA.

RMB Corvest said the transaction would combine the "investor group's financial strength and experience with the management team's operational expertise", allowing INMO to build on its position as "the most experienced, operationally capable and best capitalised outdoor advertising company in Africa".

INM CEO Gavin O'Reilly said: "The proceeds of the disposal of INMO will be an important part in the delivery of the company's stated strategy to substantially reduce its debt." INM Outdoor generated operating profit of R157,8m for the year ending December 31 last year from revenues of R464,4m, and held gross assets of R1372,5m at that date.

When word of the sale emerged in August, Wits journalism professor Anton Harber described MSG as follows: "A modest-sized company that is building a good media operation. They are becoming more and more significant in the sector. The success of Capricorn radio is evidence of that."