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Shanduka Group

Making partnerships work

Change is the energy, the impulse, the driving force that powers and empowers the Shanduka Group. Founded a decade ago by Cyril Ramaphosa, whose own journey of transformation has led him from trade union activism to constitutional negotiation to parliamentary politics to BEE business, Shanduka takes its very name from the tshiVenda word for change.

That name has been given meaning and momentum by Shanduka's relentless trajectory of growth, which has seen the Group becoming a strategic role-player of note in the South African economic landscape. Today, Shanduka holds assets in a broad diversity of sectors, including resources, energy, financial services, property, telecommunications, and consumer goods.

The Group holds strategic stakes in 22 listed and unlisted companies, including Standard Bank, Shanduka Coal, Bidvest, Lonmin, Mondi, Macsteel, SeaCom, Alexander Forbes, TBWA/Hunt/Lascaris, Coca-Cola Shanduka Beverages and McDonald's South Africa. Shanduka also manages a R300m private equity fund in partnership with the Development Bank of Southern Africa, Sasria, and Sanlam. The company's current portfolio leans towards resources, with some 70% of its holdings rooted in coal, diamonds, gold, steel, and other metals.

Shanduka already is a controlling stakeholder in an award-winning Coca-Cola bottler through its subsidiary, Coca-Cola Shanduka Beverages (CCSB). This set in motion the big change in Shanduka's profile, its evolution from a BEE investment holding company to being a controller and operator of businesses, as evidenced by its acquisition this year of the majority ownership of the McDonald's South Africa chain, with its 150 restaurants across the country.

When Shanduka started out, its credibility rested on their founder and executive chairman

Cyril Ramaphosa, says Shanduka chief financial officer, David Ngobeni. "Today the company has grown to become a trusted brand in the market."

Given the Group's consistent delivery on shareholder value, does that mean it has achieved what it set out to do?

Group CEO Phuti Malabie stresses that Shanduka has "not yet arrived", but that its journey to greatness is progressing well. "We find ourselves at an interesting point in our history - that of reflection and refocusing of our strategy. We are confident that innovative ideas

Committed to creating value for its shareholders

will come out of this, with a significant impact on what happens to the business in the next five to 10 years."

"Our profile is changing," says Shanduka's young and dynamic CEO, Malabie. "We're growing from mergers and acquisitions to becoming an operating business with a strong consumer-facing interest. It's exciting and challenging for us all."

For Malabie and her team of "Shandukalites" - the in-house term for the Group's Sandton-based workforce, just under 70-strong - the milestone 10th anniversary offers an opportunity to reflect on the value of change in changing times.

Some of the executives supporting Malabie are trained lawyer, Xoliswa Mpongoshwe, the company secretary for the Group who holds a Dip Juris, a B Proc and an LLB from the

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University of the Western Cape. She is tasked with the responsibility of ensuring the Group complies with all the corporate governance matters.

"Whatever we do, we want to ensure it is for the greatest benefit of all our stakeholders. This approach is part of Shanduka's commitment to creating value for its shareholders.

One of the founding members and non-executive director of Shanduka, Kojo Mills, sums up the pervading culture at Shanduka as a seeming paradox: "Relaxed, yet dynamic." It is a combination that takes its cue from the character of the chairperson himself.

The Group has a management track record. Coca-Cola Shanduka Beverages is the Group's first majority-owned (70%) operational business. It is one of the four Coca-Cola bottlers in South Africa and has twice won Bottler of the Year accolades since its been under Shanduka.

"Looking at this bottling business, we were able to put a new management team in place, including a black CEO and CFO, and we have gone from being a Level 7 business to Level 2 according to the Department of Trade and Industry's Codes of Good Practice," says Malabie.

For Thandeka Ncube, whose title at Shanduka says it all - business transformation manager - the quest is to ensure not only that the Group meets its own empowerment targets, but to see that it lives up to its founding principle of "making a difference".

"This is a very exciting place to work," says Ncube, "but at the same time, it is a company with a conscience, and we are guided by that in our quest to help transform this country. It's not really about creating a more equal society. It's about creating a more opportune society, where people can be free to realise their potential."

"Shanduka gets involved in the identification of economic development projects under the municipal social and labour plans (IDP). The

strategy is to ensure that the mining companies we are invested in, identify and support programmes that are sustainable and will have an economic impact to improve the lives of the mining communities." Says Ncube.

A partner of choice

For Raj Govender, Head of Mergers and Acquisitions, "Shanduka is a company driven by the zest to compete, and the zeal to make a positive difference."

Shanduka means a great deal to Govender. A chartered accountant by profession, he joined the Group in 2004, helping to set up the private equity fund that provided seed capital for the initial investments.

That Shanduka has been able to broker a number of significant BEE deals under the constraints of limited capital, bears testimony to the Group's innovative approach to structuring its transactions and its ability to work with partners to find solutions, says Govender.

"We have been able to attract some really strong and well-recognised partners. Our partners have come to realise that Shanduka is in it for the long haul. We try to contribute and add value at all levels within our investee companies. And though in the beginning we were unable to contribute a significant amount of capital, that position has changed over time."

Govender describes the Group's philosophy on investment as "initially opportunistic but graduating to being focused". "Our focus now

is also on growing our current base in specific sectors. We will continue to be selective when applying our scarce capital," he says.

Looking at Shanduka's strengths, which are matched by the quality of its resources, it is clear that the Group is well-poised to realise its vision of being an "African champion", driven by expertise in deal-making.

Unearthing gems

Drawing on the power of investments in precious minerals, metals, chemicals, forestry and paper, Shanduka Resources is the Group's largest subsidiary, and the core of its growth to date. As the largest contributor to the Group's net asset value, the division is on a mission to become a geographically diverse, multi-commodity, black-owned and managed resource powerhouse, says Resources MD Cobus Loots.

Loots is now supported by Mike van Aswegen, who has 30 years' experience in local and international mineral exploration and business development, and Tony Murdoch Eaton as head of mining, previously a senior manager at Anglo Platinum. van Aswegen and Murdoch Eaton

hold postgraduate engineering qualifications in mining, geology and mineral economics.

Another member of the team is Sechaba Serote, who spent six years with Deloitte & Touche. After completing his articles in December 2007 and qualifying as a CA (SA), he was selected to stay on a short-term rotation at Deloitte LLP in Cincinnati. Thereafter, he was appointed as an audit manager with Deloitte,

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Johannesburg before joining Shanduka in February 2011.

The company is already a significant player in the mining and mining services, exploration, paper and packaging, chemicals and ferrous steel sectors. It has made significant progress in establishing itself in the mining services sector through its interests in mining services specialist DRA Mineral Projects and Minopex. Shanduka has made offers to increase its shareholding in some of the companies it has invested in and is awaiting the outcome of the deals.

In more ways than one, says Nandkishor Moharir, MD of Shanduka's Energy division, it will take copious amounts of energy for South

Africa to grow its economy and its influence as a powerhouse in Africa.

Government's Integrated Resource Plan (IRP) has set a target for the doubling of energy supply in the country over the next two decades, with more than 40% of the energy coming from renewable sources.

Shanduka Energy, with existing investments in solar heating and gas-to-power projects in South Africa and Mozambique, is stepping up its activities in these areas, and has partnered with a major European energy-player to bid for projects that will go online within the next three years.

Shanduka is one of the founding shareholders of SeaCom, which has helped to connect and empower millions of Internet users through its high-bandwidth fibre optic network along the eastern and southern coast of Africa. Shanduka also holds a small stake in MTN, the continent's most successful mobile telecommunications operator, and in Helios Towers Nigeria, which builds and leases telecom towers in Africa's most populous nation.

Such partnerships reach out and touch the lives of people, but nowhere is Shanduka more in touch with the needs and wants of consumers than in its fast-growing Food and Beverages business. With two of the world's most iconic brands, Coca-Cola and McDonald's, in its portfolio, this division sets the pace for the pursuit of new directions by the Group.

The Group is also driven by a strong focus on empowering and transforming lives in the broader communities it serves, says Malabie. The chief driver here is the Shanduka Foundation, a community investment vehicle dedicated to education and the support of emerging black entrepreneurs.

Through its Adopt-a-School Foundation, in partnership with several other SA companies, Shanduka has made a difference in the lives of 175 000 pupils in 130 schools. Shanduka Black Umbrellas is helping SA address the low

levels of successful and sustainable, medium and micro enterprises by providing those that are 100% black owned with infrastructure support, training and mentorship.

The Shanduka Foundation, established in 2004 with a commitment to spend R100 million on social investments over 10 years, is the driving force behind the Adopt-A-School Foundation, which helps to improve environments for learning in township schools, and Shanduka Black Umbrellas, an incubator and resource for emerging black entrepreneurs.

The Foundation also runs a scholarship scheme, the Cyril Ramaphosa Trust, which offer bursaries to promising students, who are then employed as company interns after graduation.

"We really do have the resources to impact positively on people's lives," says Donn  Nicol. "It's not just an ideal here. We're transforming individuals and we're transforming entire schools."

The most rewarding aspect of her job, adds Nicol, is that each and every member of the staff at Shanduka makes a voluntary financial contribution every month to the work of the Shanduka Foundation, and also lends a hand with projects at the Group's own adopted school, Olifantsvlei Primary in Gauteng.

"Being a part of Shanduka," says Nicol, "has completely changed my view of business, and what businesses themselves can do to bring about change."

Rute Moyo is the MD in the Food and Beverages division at Shanduka and has previously worked for the Coca-Cola Company in areas as diverse as human resources, operations, global strategy, and business development. In the Food and Beverages Division, he is supported by Dave Govender, strategic operations executive who joined the company in May 2011.

Dave holds an MBA from the University of Witwatersrand (Wits Business School) and is a Food Science & Technology graduate from the Durban University of Technology. He has also completed the Leadership Development programme with Connemara Consulting and the Management Advancement Programme at Wits Business School.

The brands housed in the division are McDonald's South Africa and Coca-Cola South

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Africa. Both offer vital gateways to growth for Shanduka, as the company asserts itself in the fast moving consumer goods (FMCG) sector. Through its 70% ownership of Coca-Cola Shanduka Beverages, it sells more than 34 beverage brands to a retail customer base of over 10 000 serving 2.5 million consumers.

Moyo foresees FMCG becoming an increasingly significant sector for Shanduka, balancing its weighting in Resources, and equipping the Group with a bouquet of valuable competencies in manufacturing, marketing, branding, and distribution that will serve it well for the future.

In charge of communicating Shanduka's message and brand management is Maureen Mphatsoe, group communications manager, who has worked in corporate affairs for major South African corporations including the Development Bank of Southern Africa and Sentech.

Focused on empowering and transforming lives in the broader communities

Shanduka's Energy division is led by investments executive, Nandkishor Moharir, who has over 20 years experience as a financial professional.

"We are a small team," says Yvonne Themba, the Group's director of Corporate Affairs, "Everyone at Shanduka takes ownership of and leadership in their responsibilities. We do this with the company's best interests in mind, and we have fun while doing it."

Yvonne has the oversight responsibility of the Corporate Affairs division of the Shanduka Group. This portfolio includes the management of the Corporate Communications, the Shanduka Foundation, Transformation (BEE), Stakeholder Relations and the Human Resources divisions. Yvonne holds a BA degree from the University of Botswana having majored in Economics and Accounting and also has an MBA from Wits Business School.

Epitomising that blend of down-to earth enterprise is Phuti Malabie, the Group's CEO, whose background in project financing and asset infrastructure includes a stint as vice-president at Fieldstone in New York. An activist for the empowerment of women and youth in particular, she was selected as a Global Young Leader by the World Economic Forum in 2007, and the Wall Street Journal named her as one of the Top 50 Women in the World to Watch in 2008.

The finance team is headed by David Ngobeni, an innovative investment banker with in-depth knowledge of the structuring and financing of BEE deals.

Before joining Shanduka, He spent five years at Standard Bank Corporate and Investment Banking Division and held a senior technical financial manager position in Structured Debt Finance where he originated and implemented transactions. In the Finance Division, he is supported by a few CAs and Jabu Masondo, Finance & Tax senior manager.

The Resources division of Shanduka that still holds the lion's share, and here the executive in charge is Cobus Loots, whose experience is in mining corporate finance. He is a chartered accountant and CFA Charterholder, who qualified with Deloitte & Touche and worked for the firm in SA and the US before joining Shanduka. He became a principal at Shanduka Resources in 2008 and has experience in managing both producing and exploration mining assets.

The depth and experience of Shanduka's executives illustrates that supporting Cyril is a capable team of leaders who are taking the company to the next level, says Themba