

Altron announces R400m investment and corporate shake-up

JSE-listed technology group Altron has announced that it has reached agreement with Value Capital Partners Proprietary Limited (VCP) regarding a capital investment of R400 million into Altron, subject to regulatory and shareholder approval.



From left: CEO Robbie Venter, founder and chairman Dr Bill Venter and former Altron TMT CEO Craig Venter

The deal will see the company become independently managed after 51 years of Venter family control.

VCP is an investment company founded by Antony Ball, founder and ex-CEO of Brait, and Sam Sithole, ex-CFO of Brait. The capital invested by VCP will help Altron accelerate growth plans in line with Altron's stated goal to focus on its core IT operations. Altron will issue new shares to VCP which will provide VCP with an approximate 15% stake.

Growth strategy

According to Dr Bill Venter, Altron non-executive chairman, the proposed investment by VCP reflects market confidence in Altron following the implementation of its revised strategy to focus the Group in areas where it has the resources, competence and skills to leverage its competitive advantage.

"This investment is beneficial for the Altron Group as it provides us with the added flexibility to implement our growth strategy in our core IT businesses, exit the non-core manufacturing assets, and create capacity for acquisitive growth. Our discussions with VCP have been extremely positive. VCP has a collaborative approach to unlocking value and is committed to working with the Altron board, Altron management and other stakeholders to implement our strategy to the benefit of all stakeholders," he said.

Collapse of control structure

At the same time, Dr Venter and the Venter family have agreed that, should the transaction be successfully implemented, it will result in the collapse of Altron's current control structure through the conversion of the company's low-voting shares into a single class of voting shares. According to Dr Venter, he and the Venter family will remain invested in and fully committed to the company and will thus retain their full economic interest.

“Currently I and the Venter family have a 57% voting position in the Altron Group, but our economic position in the Group is approximately 17.5%. Going forward, the family will maintain its economic position and, subject to regulatory approval, a mechanism will be put in place that will afford the family a 25.1% voting position. This will remain in effect as long as the Venter family holds an economic interest of more than 10% in Altron,” Dr Venter said.

Furthermore, Dr Venter has decided that he will retire as non-executive chairman at the end of the company’s current financial year and will assume the title of chairman emeritus while remaining a non-executive director of the company. The board of directors will appoint a new independent chairman from within its ranks and will, in due course, continue with the process of recruiting a group chief executive as replacement for Robbie Venter, who will then become a non-executive director. As part of VCP’s investment, Messrs Ball and Sithole will join the board. The board is also looking to appoint new members who have a strong background in information technology.

Commenting on the appointment of a new chief executive for the Group, Robbie Venter indicated that this would take place in a phased approach as there were still a number of key projects currently underway relating to the repositioning of the Group as a focused, but smaller, IT company. This includes the sale of the non-core assets of the Group. Once this process has been effectively completed, the appointed independent leadership would be in a position to grow the business off this solid base.

“I am confident that these proposed changes will have a positive effect on Altron going forward and although more work needs to be done, the outlook is extremely positive with respect to getting the Group back on a path of profitability and growth that is sustainable,” Dr Venter concluded.

Additional relevant information with regard to the proposed transaction will be communicated to the market as and when it becomes available.

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