

# Aveng sells valve and pump-manufacturing subsidiary

Friday, 5 July 2019

*Aveng Dynamic Fluid Control Proprietary Limited to be sold to Copaflo Proprietary Limited for R165 million.*

**Johannesburg, 5 July 2019:** Global infrastructure and resources group, Aveng Limited, is pleased to announce the sale of Aveng Dynamic Fluid Control (DFC) to Copaflo Proprietary Limited (Copaflo).

DFC was established in 1958 and is a South African based international manufacturer and supplier of valves and pumps. DFC has some of the best known and established brands in the local and international valve industry, and penetrates global markets through its presence in USA, Australia, Finland and Brazil. DFC supplies mainly into the water, effluent and mineral processing industries.

Copaflo is a 100% black owned investment company which invests in engineering and manufacturing businesses and is part of the Fabchem Group, the second largest supplier of cable anchors in Southern Africa. Copaflo is funded by the Industrial Development Corporation of South Africa Limited.

Aveng Africa, a wholly owned subsidiary of Aveng Ltd will sell the operations of DFC in South Africa, Finland, USA, Brazil and Australia to Copaflo as a going concern. The transaction is expected to be finalised by 31 October 2019, subject to all contractual requirements being satisfied.

Sean Flanagan, Aveng Chief Executive, said: "We are confident that Copaflo is the right partner to unlock DFC's full potential and further enable its growth. Additionally, the transaction will ensure a sustainable future for employees, customers and suppliers of DFC. The sale of DFC will make a meaningful contribution to the transformation of the South African manufacturing sector. This transaction is an important milestone in terms of executing our strategy and achieving the Aveng of the future. It takes us one step further to our ambition of being an international infrastructure and resources group with a footprint in developing and fast-growing regions."

The proceeds of this transaction will go a long way to creating a more appropriate capital structure and will be applied mainly to reduce debt and to a lesser extent, for working capital requirements.

The transaction, comprising the sale of business and property, is valued at R165 million and will see all agreed DFC assets and employees being transferred to Copaflo. The property will be purchased for R36m from the associate Aveng company, Dimopoint, in which Aveng holds a 30% share.

The consideration of R165 million will be settled via R154 million in cash and R11 million via subordinated loan advanced by Aveng to Copaflo.