Anchor Group Proposes R900m Delisting

JSE-listed Anchor Group today published an intention to buy back shares from its shareholders and delist from the Johannesburg Stock Exchange in early 2021, offering shareholders R4.25 per share.

“This is an exciting next step in the evolution of our Group,” said CEO and founder Peter Armitage. “We have built critical mass, with over 15,000 clients and over R65 billion of assets under management and administration, and we believe we will better service our clients in the long term as an unlisted entity.”

Anchor proposes to offer its shareholders the option of receiving R4.25 per share in cash, or retaining their shares in the delisted entity. This price represents an 11% premium to the 30-day VWAP at the time of publication of the offer.

“It was important for us that loyal shareholders were given the opportunity to retain their stake in the company and participate in its future growth,” said Armitage.

Anchor started from scratch in 2012, listed in September 2014 and in eight years has grown to be one of the biggest wealth managers in South Africa. Investors who participated in Anchor’s listing have earned a compound 24% per annum return since listing date (including dividends).

In the six months ending 30 June 2020, Anchor grew assets under management and advice by 13% to R64.9 billion (31 December 2019: R57.4 billion). On six-month turnover of R222 million, adjusted headline earnings increased by 9% to R40.1 million and adjusted headline earnings per share increased by 8% to 19.4 cents. At R4.25 per share, the value of the business is R922 million.

“I have been proud to watch and help drive the growth of Anchor,” said chairman Mike Teke, who also represents major shareholder Masimong. “The proposed delisting will help achieve the objectives of facilitating Anchor becoming 51%-black owned and increasing management’s stake. The new corporate structure will result in the company having three core shareholder groupings – Management, Masimong and Capricorn Capital Partners.” None of these parties will control Anchor.

The group has committed access to over R450m to facilitate the delisting. Anchor will be buying back the shares of minority shareholders who wish to sell. Anchor will be funding this with support from lender RMB, up to a maximum of R250 million. Core shareholders (management, Masimong and Capricorn) have provided an undertaking to take up any further equity required to buy out additional existing shareholders who elect to sell.

Anchor Group has been one of the top performing asset managers in SA in the last 12 months (to end September 2020), with four of its funds in the top 20 collective investment schemes in the country (out of over 1,200 funds). This includes the Anchor BCI Global Equity Feeder Fund (12-month return of 81.2%), Anchor BCI Global Technology Fund (56.8%), RCI BCI Flexible Growth Fund (53%) and the RCI BCI Worldwide Flexible Fund (29.7%) (source: Moneymate).

Armitage said the SA listed equity market has been very difficult for the last few years. Since the cost of funding is now the cheapest in decades, it made sense for the company to propose buying out shareholders (who wish to sell) at a premium to the listed price.

“We believe the SA market, particularly in the smaller company space, is not likely to attribute high earnings multiples to companies for some time to come. This has led to a number of delistings in SA, including the asset management space.”

“We are confident about our future growth prospects. As our business develops, we believe that a different corporate structure will be more appropriate, enabling management to focus on achieving its clients’ investment objectives. Key management have all committed to the business for an extended time period and are aligned to the company’s objectives,” said Armitage.

Contact:
Anchor Group: www.anchorgroup.co.za
Peter Armitage CEO (parmitage@anchorcapital.co.za)
083-6441959