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MEDIA RELEASE FROM GOSCOR LIFT TRUCK COMPANY

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Goscor/Hulamin in Innovative Enterprise Development Initiative

Goscor Lift Truck Company (GLTC), part of the Imperial group, and aluminium supplier Hulamin, have jointly devised an innovative scheme based on the revised Broad-based black Economic Empowerment (B-BBEE) Codes of Good Practice, which oblige corporates and government entities to support SMMEs through Enterprise Development (ED).

ED is defined as a business to black business transaction, which creates structures and provides financial and other contributions that assist Small Micro medium Enterprises (SMME) entrepreneurs to achieve business sustainability.

In the Goscor-Hulamin scheme, they created a business model in which the participating SMMEs - Multi Lift, owned by Tutu Jali and Omalume Manufacturing and Projects, owned by Ngcebo Mbambo - supply Hulamin with forklifts in contracts that, together, will be worth about R11 million.

“The basic idea of the scheme,” says Hulamin group communications manager, Noma Kanyile, “is that, based on a residual model, these entrepreneurs will own the forklifts at the end of the lease period.”

She adds that Goscor’s selling price includes a 3% discount, with the cash equivalent being invested for 60 months on behalf of the entrepreneurs. This will be used to settle the residual balance at the end of the lease period. “In this way full ownership of the forklifts will pass to Multi Lift and Omalume,” says Kanyile.

“Depending on the condition of the forklifts at that time, Hulamin will then contract the services of the forklifts directly from the entrepreneurs for another two to three years, or the entrepreneurs will be able to lease them out to other end users outside Hulamin. Either way, through this model, the entrepreneurs will have been afforded an economic empowerment opportunity to acquire high-value forklifts at book value as a solid investment platform with which to generate a significant income stream with extremely low risk,” says Kanyile.

She adds that the cherry on the top is that Goscor will provide forklift and business management skills to the entrepreneurs during the lease period.

Reginald Nyandeni, Hulamin Enterprise Development leader, says that one of the strengths of this scheme is Goscor’s and Hulamin’s “shared common purpose”. He says that both companies undoubtedly see the long term economic value in creating and nurturing black enterprises within the equipment hire business.

He adds that both Hulamín and Goscor have faced difficulties at various stages of this ED process. “However due to unwavering commitment, both have managed the risks and have devised remedial actions to overcome challenges. The learning from this process has enabled Hulamín/Goscor to strengthen the development model. This show of commitment stems from the respective CEOs embracing of B-BBEE,” Nyandeni says.

“B-BBEE considerations were one of the criteria for awarding the multi-million rand forklift contract to Goscor,” says GLTC’s Michael Keats, “and it has been a pleasure working with Hulamín, Tutu Jali and Ngcebo Mbambo in the implementation of this exciting ED scheme.

He adds that Goscor has committed to use this ED model as a basis for other similar schemes at other client sites country-wide. “This will provide major economic benefits to SMME entrepreneurs in our industry across the length and breadth of South Africa,” Keats says.

The final result of this process is that Hulamín, after a long period of being supplied forklifts by another leading company, awarded Goscor the contract in January 2013 to supply Hulamín forklifts. Since then approximately 60 forklifts of various sizes -from 2.5-t to 20-t have been acquired by Hulamín from Goscor.

Goscor has been the sole distributors of Doosan forklift trucks in South Africa for over 20 years. The machines are robust, reliable and tough for the most rugged of conditions. It is well-known how operators love the equipment and their ergonomic design. Also, proven, reliable engines, transmissions and other major componentry with one of the best fuel consumptions on the market - a fact that has been measured and proven at Hulamín - have helped the Doosan lift trucks to become a market leader in South Africa.

Multi Lift is a growing forklift company that Tali bought as a going concern in 2008. Currently it leases out five small capacity forklifts to Hulamín on a short-term rental basis. Multi Lift employs 12 technicians at its Pietermaritzburg workshop who service Hulamín’s tractor and trailer fleet. As part of the Goscor-Hulamín forklift business opportunity, Multi-Lift has been earmarked to provide seven large forklifts with a contract value of about R6 million.

Mbambo’s Omalume Manufacturing and Projects was established in 2009. The company’s core business is logistics services. Omalume currently supplies Hulamín with cherry pickers and, as part of the Goscor-Hulamín forklift business opportunity, Omalume will provide six large forklifts to Hulamín with a contract value of approximately R5 million.

Between them, Jali and Mbambo have been selected to supply 20% of the total forklift fleet at Hulamín.

About Goscor

Goscor Lift Truck Company has been providing best practice industrial warehousing equipment solutions to the market for the past 26 years. Goscor carries a range of products such as Crown, Doosan and Bendi forklifts, and has become one of the leading industrial warehousing equipment suppliers in the materials handling industry in South Africa.

Caption for pic: (Goscor-Hulamin-9869)

L to R: Reginald Nyandeni – Hulamin, Ngcebo Mbambo – Omalume Manufacturing and Projects, Tutu Jali – Multi- Lift, Sandile Nzimande – Wenza- Okuhle Logistics, Mike Keats – (Director, GLTC – KZN).

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