



Your partner in development finance

Industrial Development Corporation of South Africa

August 2019

OVERVIEW OF IDC

- **Established:** 1940 through an Act of Parliament (South Africa)
- **Type of organisation:** Development Finance Institution (DFI)
- **Ownership:** State owned company, 100% owned by the SA government
- **Total assets:** USD 9.1 billion (31 March 2018 - group)
- **Total liabilities:** USD 3.0 billion (31 March 2018 - group)
- **Funding status:** Fund operations and growth from investments, pay dividends and income tax
- **Credit rating:** Baa3 (Moody's) in line with sovereign rating
- **Main business area:** Providing funding for entrepreneurs and projects contributing to industrialisation
- **Geographic activities:** South Africa and the rest of Africa
- **Stage of investment:** Project identification and development, feasibility, commercialisation, expansion, modernisation
- **Number of employees:** 857 (as at end March 2018)



- **Operational Footprint:**
- Head Office - Johannesburg
- 25 Regional and Satellite offices

OUR OUTCOMES ARE EMBEDDED ON THIS MANDATE



The primary mandate of the IDC is the development of domestic industrial capacity. This is done via identifying sector development opportunities aligned with policy objectives from the relevant government policies.

By developing industrial capacity the IDC achieves specific outcomes viz:

- i. Facilitating sustainable direct and indirect **employment**;
- ii. Improving **regional equity**, including the development of South African rural areas, underdeveloped provinces and economic development in the rest of Africa;
- iii. Promoting **entrepreneurial development** and growing the *SME* sector;
- iv. Promoting environmentally **sustainable growth**;
- v. Growing **sector diversity** and increased localised production; and
- vi. Supporting **the transformational impact** of communities and development of black industrialists, women and youth.

CLOTHING, TEXTILES, FOOTWEAR AND LEATHER (CTFL) BUSINESS UNIT



In addition to applying the strategic intent as noted above, the IDC identified that the CTFL sector requires specific focused strategies that addresses the:

- i. **Stabilisation** of local manufacturing capacity;
- ii. Development of **niche manufacturing** sub-sectors; and
- iii. Facilitation of **competitiveness improvements** to be competitive globally

Within the terry towelling sub-sector, the IDC sees an opportunity to grow the local manufacturing base. This is driven by the retail sectors quick response strategies that requires localisation of supply.

TERRY TOWELLING IN SOUTH AFRICA



- The South African market is estimated to consume approximately **USD 90m** equating to approximately **12 500 tonnes** per annum of terry product.
- The sales channel is split amongst **formal retailers** (ca 50%); **hospitality** (20%); and **wholesalers** (30%).
- There are **three** major terry toweling manufacturers in the country which supply ca 15% of the local requirement
 - **Colibri Towelling**
 - **Zorbatex**
 - **Glodina Towelling**
- The balance of the market is supplied via **imports** into the country.

IDC INVOLVEMENT IN TERRY TOWELLING IN SOUTH AFRICA



COLIBRI TOWELLING

- IDC is **100% shareholder** since 2012

GLODINA TOWELLING

- IDC is **100% shareholder** since September 2018

ZORBATEX

- Privately owned
- IDC is a **significant debt funder**

PRILLA 2000 (COTTON YARN SPINNER IN SOUTH AFRICA)

- IDC is the **100% shareholder since 2004**

COLIBRI TOWELLING



- Situated in the Western Cape, about **50km outside of Cape Town**
- Currently employs ca **250 people**
- Manufacturing capacity of ca **20 tonnes per week**
- Converts from yarn to final product, **no in-house spinning** capacity
- **Jacquard** as well as **Dobby** capacity
- **Yarn** as well as **Piece dye** capability
- Sewing capacity of approximately **130 000 units per week**.

GLODINA TOWELLING



- **Glodina Black Label** is an iconic South African brand in terry towels that has been in existence for over 65 years.
- Prior to its closure in 2017, it was the **largest manufacturer** of terry toweling in the country.
- The **81 000 sqm property** houses production and administration facilities.
- **Current state** of the company
 - Operations recommenced in **January 2019**
 - Currently operating at ca **30% capacity**
 - Employing ca **211 people**

GLODINA and COLIBRI PRODUCT RANGE



Everyday

The Every day range has 2 styles with distinct qualities, from **ultra luxurious** to **light weight** and quick drying.



Hospitality

Designed for the **hospitality** and **healthcare** industries. **Marathon** is snag-proof for durability and longevity.



Pool / Beach

Extra large, absorbent and **colourful** towels designed for the home and hospitality.

IDC IMPROVEMENT PROJECT



- **Glodina**
 - **Partial automation** of sewing area
 - **Warp knit** upgrades

- **Colibri**
 - **Jacquard** capacity upgrade
 - Weaving and preparation **shed modernisation**
 - **Partial automation** of sewing area

- **Merger**
 - IDC approval to **merge the shareholding** of the two companies into one holding company
 - **Joint executive management** team to oversee both operations
 - Joint **marketing and branding strategy**