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JSE LISTING

Net1 returns to the JSE to raise profile, woo local investors



Net1 CEO Serge Belamant

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Nasdaq-listed technology company Net1 UEPS Technologies on Wednesday listed internally on the JSE, in a move to widen its investor pool.

Net1 CEO Dr **Serge Belamant** said that although it seemed a peculiar time to list, considering the financial difficulties the world was experiencing, the local listing was expected to enhance South African investors' awareness of the company, which would ultimately enlarge its potential investor base and increase trade in its shares.

"We are not here because we are raising money, and we are not here because we are listing for the first time. For us, even if this was the wrong time in the century, it would be irrelevant because we are here to engineer our South African shareholders, and to allow them to trade here."

The company would retain its current listing on the Nasdaq, and its JSE listing would therefore act as a secondary listing.

Net1 was previously listed on the JSE, but Belamant believed that a technology-based company would receive better recognition using the Nasdaq as a port of call, rather than being solely listed on the JSE.

"South Africans are still only 1% of the GDP, so we can't really believe that we are going to create a huge, world-wide multibillion dollar industry, simply from the South African market. We have to go out into the world in order to create that."

He noted, however, that with its initial delisting from the JSE, the company spent almost 18 months negotiating terms that would allow its South African shareholders to make the leap and reinvest in the Nasdaq-listed company.

After three or four years on the Nasdaq board, however, the number of South African investors started to dwindle, as they were only allowed to sell company shares. The inward listing on the JSE

would once again allow shareholders to buy stock in the company.

The local listing would also allow for some liquidity in the stock, said Belamant, as well as allowing the company to issue stock for possible acquisitions. "Right now, if we wanted to purchase a South African company, we can do so with stock. I can offer the current shareholders a deal in shares, or partially cash and partially shares."

He added that the listing would also clear up confusion around the trust through which the company currently operates. "The trust is highly complicated from the point of view of our US investors. And that has always made them worried about it. The listing eliminates that, and makes shares fully tradeable."

Another benefit to the JSE listing was to create awareness around the company. "We are quite large in Africa. We operate business in Africa, and we operate in South Africa. It is a bit silly that we have the least exposure in the country that we come from, and where we employ most of our people, and where we have 4,5-million clients."

Belamant also believed that the JSE listing would facilitate local black economic empowerment transactions, which were difficult to do while in the US.

Net1 provides a universal electronic payment system, the UEPS, as an alternative payment system for the unbanked and under-banked population of developing economies. The company says that it was the first to implement a system that could enable the estimated four-billion people who generally have limited access to a bank account, to enter into electronic transactions, through the use of the UEPS system.

The system uses secure smart cards that operate in real-time but offline, unlike traditional payment systems offered by banking institutions that would require immediate access through a communications network to a centralised computer.

Edited by: **Liezel Hill**