



MICROmega

Press Release

MICROmega Holdings Limited
(Registration number 1998/003821/06)
(Incorporated in the Republic of South Africa)
ISIN code: ZAE000034435 Share code: MMG

MICROmega Holdings Limited now the leader in integrated water management systems in South Africa

07 February 2014

MICROmega Holdings Limited ("MICROmega") has acquired an 83.33% interest in Utility Systems Corporation ("USC") for a purchase consideration of R 58 million.

Dave King Chairman of MICROmega states "MICROmega's general acquisition strategy is to acquire businesses that have an immediate economic scalability with our existing businesses and that are also self-sustainable as a result of a natural demand driven environment for their products and services. Put simply, acquisitions must have an immediate "plug and play" capability plus future natural growth potential. This is designed to result in an immediate impact on growth by acquisition as well as the continued growth thereafter of the combined businesses. USC Metering has these attributes and characteristics and the financial effects below are demonstrative of the impact the business will have on MICROmega's future performance."

Over the past 10 years MICROmega has developed and acquired a number of entities associated with the provision of technology based financial management and revenue management services for Local Government in South Africa. These services include advanced meter reading and data management services to support government's vital initiative to improve revenue collection and facilitate infrastructural development programs. MICROmega presently has a client base of 102 Local Authorities utilising our services on an ongoing basis and contributing to the group's earnings on an annuity basis. MICROmega is well positioned to take advantage of the massive expenditure committed to by central and local government over the next 10 years. The Johannesburg Municipality alone has recently announced a commitment to invest R 110 billion over the next 10 years to improve infrastructure.

The acquisition of USC is an important extension and consolidation of our revenue management activities and significantly improves our offering for the critical local and global initiative to manage ever reducing water resources in a sustainable and cost effective manner. The state of the art technology that has already been developed by MICROmega fully complements USC Metering's devices and will make us pioneers of bidirectional communication between municipalities and their consumers and will eliminate the billing problems that have hitherto bedevilled the relationship between municipalities and their residents.

Our expanded product range will allow for real time monitoring, on-off switching capability, automated meter reading and, most importantly, the ability to provide an integrated demand management capability for municipalities to assess and determine where they have unwanted and avoidable leakage in their water schemes. The anticipated demand for pre-paid water meters and the need to facilitate vending is an immediately available service that MICROmega will be able to deliver. Water, and the need to manage and facilitate the effective distribution of potable water, is going to be the main priority on most municipal agendas. This acquisition entrenches MICROmega's position as a leader in the provision of demand management tools to preserve and sustain the world's priority resource.

Who are USC:

USC Metering is a South African based company with its head office in Durban, KwaZulu Natal.

Established in 2001, USC is South Africa's premier supplier of pre-payment meters and electronic water control devices. USC's manufacturing is undertaken in an ISO 9001 accredited facility where the focus is placed on producing exceptionally high quality products. USC also has a strong focus on technology innovation that is driven by a dedicated team of engineers.

The company's primary product is a Water Management Device (WMD). The WMD, and its predecessor the Flow Limiter, have been in use since 2003 and over 600 000 units have been sold locally and internationally. The WMD is an intelligent metering device that provides water service providers with the flexibility to introduce a range of metering options such as Conventional Metering, Automated Meter Reading (AMR), Advanced Metering Infrastructure (AMI), Daily or Monthly Flow Limitation, Pre-paid Metering, Bulk Metering and Leak Detection.

The USC pre-paid offering, unlike existing prepaid systems, is STS accredited and able to integrate seamlessly into existing back-end vending infrastructure.

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Notes to editors:

About MICROmega

MICROmega is a holding company with controlling interests in a number of operating subsidiaries. Our businesses are primarily focused on the provision of information technology, financial services, occupational health and safety, and labour supply services. MICROmega is a public listed company listed on the JSE under the support services sector.

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[MMG USC Metering acquisition](#)

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Core brands

