

# Rights issue to aid Imbalie liquidity

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AltX-listed salon franchisor Imbalie Beauty intends to raise nearly 40% of its market capitalisation to bolster its business amid rising competition.



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Imbalie announced a proposed rights issue on Monday to raise R15m by issuing 750million shares at 2c per share. It is the company's third rights offer since listing in 2007.

The small-cap company markets and distributes its own and independent health and beauty brands to its franchised beauty salons, as well as to large retailers, independent beauty salons and pharmacies.

It has three main salon brands: Placecol Skin Care Clinics, Dream Nails Beauty Salons and Perfect 10 Nail and Body Studios with more than 150 beauty salons nationally.

The amount to be raised in the latest rights issue equates to almost 40% of the company's market capitalisation, which is about R38m.

Imbalie CEO Esna Colyn said the capital would be utilised to fund an internal restructuring, which had resulted in retrenchments, and to reduce the company's overheads.

"It [the issue] will strengthen the company's balance sheet," Colyn said. The management was confident that the "implementation of the strategic interventions will improve and address the liquidity and cash flow position" of the group, she said.

Imbalie plans to continue investing in product and beauty salon innovation, which were the core drivers behind the previous two rights offers.

Imbalie has entered into an agreement with Edcon to open beauty stores inside some Edcon outlets. Imbalie has also expanded its products and services to other countries in Southern Africa.

Imbalie Beauty's share price was unchanged at R0.60. It has climbed 50% so far in 2018 after it closed 66.67% weaker in 2017. Imbalie Beauty ended the year 20% lower in 2016.

*Source: Business Day*

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