

PMG and H&A merger heralds substantial new growth

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Provantage Media Group (PMG), a leading marketing services company, has acquired 51% of end-to-end retail specialist business H&A. The merger confers PMG's 52% Black-owned, Level 1 BEE status on H&A and offers lucrative growth opportunities across Africa.



*From left to right front: Tim Edmunds: MD, H&A; Trevor Shell: Creative Director, H&A
From left to right back: Jacques du Preez: CEO, PMG; Chris Hewitt: MD, H&A; Tshegofatso Sefolo: Chairman, PMG;*

Johan Scholtz: Financial Director, PMG; Mzi Deliwé: Deputy CEO, PMG

Jacques Du Preez, CEO of PMG is confident that significant value will flow from the merger for both clients and shareholders. “Our intention is to capitalise on both companies’ continued growth trajectories and expand our market reach, whilst simultaneously leveraging our unique capabilities to enhance our client offerings. Our companies are aligned in our mission to be the leading marketing services company on the African continent and we are excited to harness the PMG footprint to geographically expand H&A offerings and continue to provide best-in-class services to clients.”

The acquisition delivers immediate value through the synergies that the two businesses bring with long-term shareholder returns on the agenda. Tshegofatso Sefolo, Chair of the PMG Board, adds that “the opportunity to expand on our investment and achieving sustained value creation on both sides was a decisive factor in the acquisition, as it allows for portfolio diversification, accelerated growth and profitability returns, now and in future”.

Two PMG directors, Du Preez and Johan Scholtz, join H&A founders and managing directors, Chris Hewitt and Tim Edmunds on the H&A board. The founding team will continue to lead and drive the H&A business in the next phase of growth and expansion.

Both Hewitt and Edmunds expect significant financial growth to flow from the merger, building on H&A’S stellar performance of 17% growth in their 2021 financial year, which followed an increase in turnover and profit in 2020.

Du Preez adds: “It is very important for us to retain the H&A brand, culture and entrepreneurial ambitions to allow for autonomy in processes and systems. We want to act as a growth enabler by way of strengthening their balance sheet, adding scale to the business and creating a notable resource pool to assist in growing and expanding their business. Our notable client network and Africa wide geographical footprint, offer many opportunities to strategically grow the H&A business.”

Enhanced market offering

As the two companies operate within the same sector, but at different ends of the same value chain, both parties agree that the merger gives rise to multiple synergies, making it a solid strategic alliance.

As retail specialists, H&A take products to market for corporate clients within the retail sector in an end-to-end process that spans conceptualising the brief; designing, engineering, and manufacturing products; all the way through to the distribution and installation in store. Longstanding members of POPAI (Point of Purchase Association International, now known as Shop Global), H&A have won scores of awards for their permanent and temporary structures, twice claiming the award for Global Best.

Du Preez notes that H&A brings several critical skillsets to PMG’s widening scope of services and innovation. Most notably their in-store product design expertise, which will add to PMG’s offering in several areas from concept, design and infrastructure integration of innovative OOH structures.



From left to right front: Chris Hewitt: MD, H&A; Jacques du Preez: CEO, PMG; Mzi Delive: Deputy CEO, PMG

From their collective offering, a wider range of services, with one point of contact throughout, opens opportunities for cost efficiencies and economy of scale through group deals and discounting.

Chris Hewitt asserts “we are excited to be a part of the growing PMG team, as H&A is now positioned to add more value to our longstanding clients by introducing them to the vast range of PMG’s offerings across multiple media formats and marketing services offerings”.

This strategic move allows H&A to bring best-in-class lean manufacturing capacity to the current media and marketing

services offerings with greater flexibility and a differentiated value proposition for customers.

Disrupting the market with design and digital innovation

H&A's comprehensive engineering and manufacturing capabilities, along with expert knowledge of the instore and trade media space, fits with PMG's drive to expand and disrupt the point-of-sale and in-store media industry.

"We are tapping into all the possibilities our merger offers to not only transform, but disrupt the marketing services industry in South Africa and African markets, through strategic innovations and R&D. This is an exciting combination of capabilities and strategic assets, their strengths and ours, which can only level up our company in a meaningful, industry-changing way" adds Edmunds.

As an example, H&A has recently engineered a smart point-of-sale unit incorporating a digital screen and media player. This innovation provides an opportunity for point-of-sale to transition to include media elements, where advertising display units become a media asset placed in store to engage consumers. Developments of this nature further entrench PMG's status as leaders in digital out of home.

Along with challenging and pushing the boundaries in terms of design, production and merchandising, the merger also forms part of the PMG vision in playing its part in transforming the media and marketing services industry. Hewitt and Edmunds note that as PMG is a black-owned entity, clients will benefit from H&A's improved BEE profile.

A potent combination

Staff reactions to the merger have been very positive. Not only do the two businesses complement and strengthen each other, their values are also well aligned. Both PMG and H&A describe the chemistry between the two companies as a sharing of values such as putting employees first, client centricity and a strong work ethic alongside harnessing an entrepreneurial spirit, building on the confidence of a successful future and profitable growth path.

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