

**BUSINESS**

# AAG toasts launch of new subsidiary Electrocoat

Acquisition boosts Gqeberha group's ambition of being a leading coating supplier for auto component manufacturers



**CHEERS TO GROWTH:** Lionel Arnolds, left, and Mandla Madwara at the launch of Electrocoat, Africa Auto Group's new electrocoating division, at the Boardwalk Hotel in Summerstrand on Wednesday night

Image: FREDLIN ADRIAN

With an impressive clientele list of original equipment manufacturers (OEM), closing a deal to buy Forcecore Industrial Services was a no-brainer for Africa Auto Group (AAG), which has set its sights on being a leading coating supplier for component manufacturers.

On Wednesday, AAG toasted the launch of Electrocoat, its  new subsidiary which is taking over the core business of Forcecore, a Gqeberha-based electrocoating specialist.

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Electrocoat started operating in April.

AAG director Mandla Madwara said acquiring a company with 16 years of experience was opportune because it gave the group the industry credibility which often hindered new players from penetrating the sector.

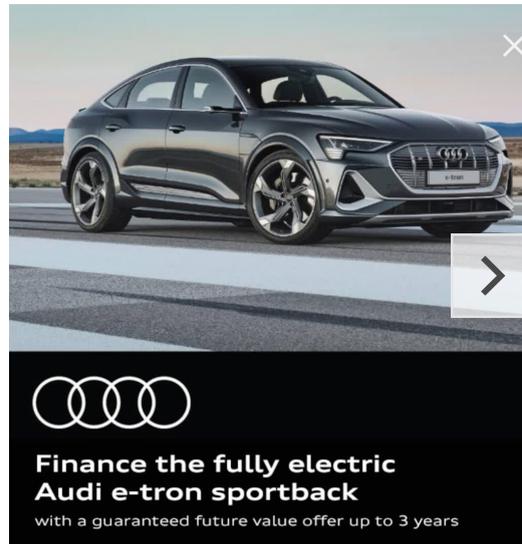
“Though we had proven ourselves capable and impressively so, it was important for us to get rid of the ‘start-up’ tag,” Madwara said.

“It also puts pressure on us because it cannot die in our hands but it’s also an opportunity to improve.”

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AAG was started in 2016 by Madwara, a former Nelson Mandela Bay Business Chamber president.

His partner and fellow director, Lionel Arnolds, is an engineer with extensive industry experience who has worked for Engen Petroleum, KMP Engineering and Coreworth Projects.

Forcecore Industrial Services was a family-owned venture. It coated parts for OEMS including Mercedes-Benz, VWSA, Ford, Toyota and Isuzu.

With AAG being 100% black-owned, Electrocoat is a Level 1 BBBEE tier 2 and 3 supplier.

The deal was backed by the Automotive Industry Transformation Fund (AITF) as the industry looks to increase domestic production of the components on vehicles driven on SA roads from about 37% in 2015 to 60% by 2035, as per the SA Automotive Industry Master Plan.

In 2021, AAG also announced it had been backed by the AITF to the tune of R550m for the commissioning of a new injection moulding and painting plant in Perseverance.

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Madwara said the acquisition of Forcecore would complement and create the skills base for the painting plant.

“To start small gaining experience is the best way to do it,” he said.

“It’s almost also like a trial run because we are talking of the scale difference of R550m and R5m between the plants.

“[With Electrocoat] we needed something related to the bigger vision because it’s all painting — one is metal parts while the other one [involves the] painting of injected moulding plastic parts.

“We chose plastic parts [for the Perseverance plant] because when we spoke to VWSA they told us they are importing parts of which 15% to 20% get damaged.

“Localising means cost reduction and job creation so the opportunity was there.

“AAG’s vision is to be one of the best quality suppliers in the auto sector,” Madwara said.

Electrocoating is an organic finishing process that uses an electric current to deposit a coating onto substrates.

It reduces volatile organic compounds and hazardous air pollutants.

Wednesday night’s launch, hosted at the Boardwalk Hotel, was attended by stakeholders from the Eastern Cape Development Corporation, the department of economic development, environmental affairs and tourism, Nelson Mandela Bay Business Chamber and the company’s OEM partners.



Deputy mayor Khusta Jack said the acquisition was a positive step for transformation in the industry.

“Having a dedicated workforce with relevant industry experience, they are in a perfect position to deliver quality service and product.

“The metro is ready to give all necessary support at our disposal to retain existing businesses and investments,” he said.

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