



PRESS RELEASE

Tellumat

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Tellumat acquires contract manufacturing firm Rhomco

Proudly South African ICT innovator Tellumat has acquired Rhomco, a Cape-based contract (outsourced) manufacturing firm of high-end electronic equipment. The purchase, effective at the end of March, will give a huge boost to Tellumat's own contract manufacturing division, cementing its position firmly in the top two in the Western Cape and the top five nationwide, says Tellumat CEO Rasheed Hargey.



Tellumat Contract Manufacturing designs, 'industrialises' (engineers new products for manufacturability) and offers full-turnkey manufacturing of electronic products on behalf of its customers. It also manages distribution logistics and after-sales support. The division produces a wide variety of products which amongst others include microwave radio links, GSM payphones, private branch exchanges, satellite equipment and medical products.

"Rhomco, a division of Pertec (Pty.) Ltd., is a well-established, respected firm with an impressive customer base, good production capacity, skilled staff and excellent management with experience in contract manufacturing since 1988," says Hargey. "It made great sense to conclude a deal with them".

"Having Rhomco on board will boost our output capacity by approximately 40%. They're also running the same MyData Surface Mount production equipment as we are, so the commonality of asset bases was another factor." Rhomco's other fixed assets include, amongst others, automated optical inspection equipment, vital for accurate inspection of modern electronic products that have components that are ever decreasing in size.

Another important plus is Rhomco's know-how in low-volume production, which gives Tellumat greater flexibility in its customer offerings. "Increased demand on our plant and customers' growing need for variable production runs, mean this deal couldn't have come at a better time," Hargey says. "We're



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effectively entering new market segments, because we can now service a greater diversity of manufacturing needs of a more diverse client base, ranging from the smallest to the largest customers.”

While Tellumat Contract Manufacturing’s most specialised expertise lies in RF (Radio Frequency) equipment, it manufactures all types of electronic equipment. “It wasn’t so much a case of getting new intellectual property,” says Hargey. “The value of the acquisition is in the increased flexibility of our offering, the extra capacity, the quality staff and obviously the customer base that comes with the acquisition.”

Rhomco’s operations (staff and assets) will be moved from Diep River to Tellumat Contract Manufacturing’s Tokai premises in Cape Town. “That’s another benefit,” Hargey says. “Not only can we streamline two plants into one, and combine account administration where our customer bases overlap, but each party enhances the other’s service.”