



Southern Africa Key Findings: 2010-2016 H1

277 Number of reported PE deals

US\$3.5bn Value of reported PE deals

139 Number of PE exits

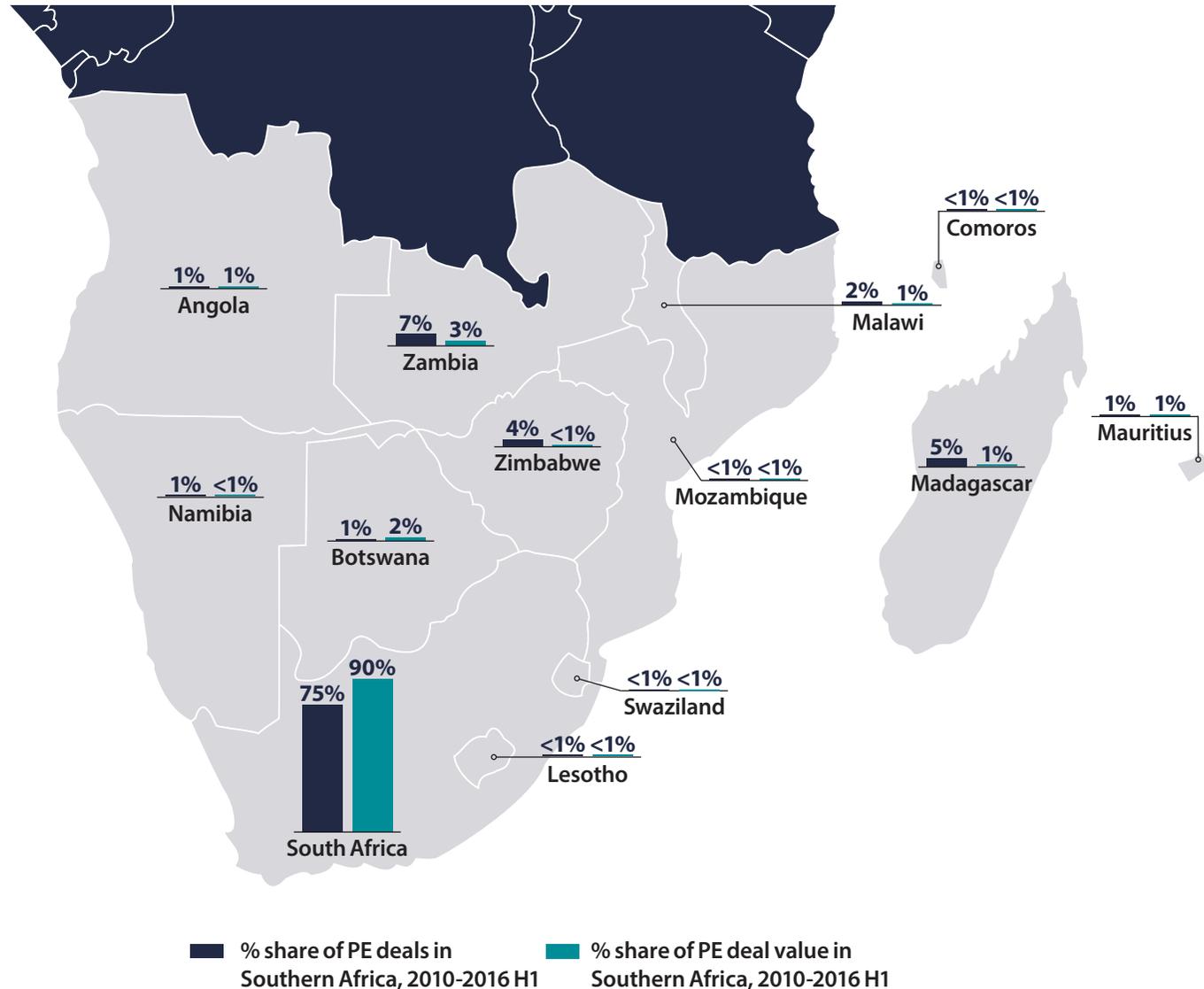
AVCA's Spotlight on Southern Africa Private Equity provides a summary of recent private equity ("PE") activity in the region.

Key findings:

- Between 2010 and 2016 H1, there were 277 reported PE deals in Southern Africa totalling US\$3.5bn
- Southern Africa accounted for 29% of the total number of PE deals in Africa for the period 2010-2016 H1. Its share of the total reported value of PE deals was 16% over the same period
- South Africa accounted for 75% of the total number and 90% of the total value of PE deals completed in Southern Africa between 2010 and 2016 H1
- Between 2010 and 2016 H1, there were 139 PE exits in Southern Africa

Further information is available to AVCA members

Percentage share of the volume and value of reported PE deals in Southern Africa, by country, 2010-2016 H1





Case studies of Southern Africa private equity exits

Continental Outdoor Media

Country: South Africa, Zambia and 11 other countries
PE Investor: Helios Investment Partners
Sector: Consumer Discretionary
Entry Date: December 2009
Exit Date: June 2015
Exit Route: Trade
Returns: Not disclosed



Key learnings from doing business in Southern Africa

- Partnering with appropriately-sized strategic BEE partners in South Africa with specific industry expertise is critical
- Technological evolution can occur more rapidly in Africa than in developed markets; recognising and capitalising on these technology trends, such as mobile advertising, is key to creating value
- Ensuring a robust regulatory framework exists across multiple countries in the region is important to create a fair and competitive market
- A geographically-diversified pan-African business anchored in South Africa attracts high quality global strategics due to the country's large addressable market and sizeable economy

Research Methodology

Private equity (PE) is defined as both private equity and venture capital.

Transactions cover all investments made by private equity firms across all sectors, including infrastructure. It excludes PIPE transactions where the PE firm was unlikely to have any influence on company strategy. It includes initial and follow-on investments.

Deals dates are taken to be the date on which the deal is announced, unless otherwise specified.

Deals value includes equity, mezzanine, senior debt and significant co-investments (where available).

Sectors for transactions are based on Global Industry Classification Standard classifications.

Vintage year of fundraising is based on year of final close, where available. If a fund has achieved a final close but the year of final close is not known, year of first close is used instead.

GPs that are included have raised, or are raising, third-party PE funds from institutional investors. Qualifying funds include funds that have a sole focus on Africa or have an allocation to Africa alongside a broader emerging markets investment mandate. Funds with a global investment remit that invest in Africa are excluded.

Louvre Hotel

Country: Madagascar
PE Investor: Adenia Partners
Sector: Consumer Discretionary
Entry Date: March 2006
Exit Date: October 2015
Exit Route: Private
Returns: Not disclosed



Key learnings from doing business in Southern Africa

- Upgrading infrastructure and scaling capacity are key to creating value in a hotel asset and meeting clientele requirements
- Disposing of non-essential assets allowed the management team to focus on growing the core business, attracting multiple strategic buyers at exit
- Improving key processes, following digital trends, and developing partnerships with booking platforms, attracted new clients and sustained average daily rates. In addition, it was a contributing factor to achieving a higher exit multiple

Disclaimer

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South Point

Country: South Africa
PE Investor: Metier
Sector: Real Estate
Entry Date: 2007
Exit Date: June 2015
Exit Route: Financial Buyer
Returns: Not disclosed



Key learnings from doing business in Southern Africa

- A growing middle class, social upliftment, rapid urbanisation, and increasing government spending to foster development is driving growth in the education sector
- A systemic shortage in student accommodation – identified by governments as a key impediment to tertiary education – occurs as many universities and colleges are situated close to inner cities with underutilised buildings available for conversion
- A strong partnership with an entrepreneurial management team is critical in defining a new market segment and achieving growth
- Real Estate is an increasingly attractive sector to investors, as evidenced by the sale to a local buyer

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