### Trade buyer by type

Local companies continued to represent the largest proportion of trade buyers.

<table>
<thead>
<tr>
<th></th>
<th>Local</th>
<th>Regional</th>
<th>Multinational</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>42%</td>
<td>24%</td>
<td>36%</td>
</tr>
<tr>
<td>2014-2016</td>
<td>38%</td>
<td>21%</td>
<td>38%</td>
</tr>
<tr>
<td>2007-2016</td>
<td>40%</td>
<td>21%</td>
<td>36%</td>
</tr>
</tbody>
</table>

### PE / Financial buyer by type

Multinational financial investors account for the largest share of financial buyers, while interest from local financial investors has increased.

<table>
<thead>
<tr>
<th></th>
<th>Local</th>
<th>Regional</th>
<th>Multinational</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>33%</td>
<td>21%</td>
<td>47%</td>
</tr>
<tr>
<td>2014-2016</td>
<td>52%</td>
<td>29%</td>
<td>21%</td>
</tr>
<tr>
<td>2007-2016</td>
<td>23%</td>
<td>18%</td>
<td>44%</td>
</tr>
</tbody>
</table>

### Outlook for exit activity

Based on AVCA’s member outreach, PE funds views on the outlook for exits are:

- Increase in overall exit activity, and in auction processes
- Trade sales are expected to continue to dominate as an exit route, but there is hope for more exits via PE/Financial buyers as the number of PE houses is increasing
- Pressure on certain sectors may lead to mismatched price expectations

### Lessons in better preparing for exits and enhancing value creation

Based on EY’s Global Divestment Study, which included interviews with 150 PE houses, 70% of PE houses surveyed fail to adequately prepare on time for an exit. Ten key considerations for delivering better exits and enhancing value creation are:

- More rigorous portfolio reviews
- More time and focus on exit planning
- Use analytics to make faster and better divestment decisions with greater factual support for the equity story
- Developing scale that is interesting to strategic investors
- Portfolio company management needs to be well prepared and have adequate (internal and external) resources
- Use an independent exit committee
- Expand the buyer pool by consistently re-evaluating possible buyer lists
- Timing in light of macro and other market uncertainties
- Make technological change a priority consideration to improve portfolio company’s operations pre-exit
- Balance price maximisation and the ability to close a transaction with different buyers

### How private equity investors create value

**About EY**

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies around the world. We develop outstanding leaders who then lead on our promises to do what’s right for our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited (also referred to as "EY Global”), a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

**About AVCA**

AVCA is a champion of private investment in Africa. The African Private Equity and Venture Capital Association is the pan-African voice of the private equity and venture capital community on the continent.

With a global and growing member base, AVCA members span private equity and venture capital firms, institutional investors, foundations and endowments, pension funds, international development finance institutions, professional service firms, academia, and other associations. This diverse membership is united by a common purpose: to be part of the Africa growth story.

PE exits hit records highs in 2016

The number of exits achieved by PE houses in Africa has showed an upward trend with a record number of exits in 2016.

Top countries for exits, 2007-2016

Over the last ten years, the top 5 countries accounted for 70% of PE exits.

Number of PE houses exiting

The number of PE houses achieving exits in 2016 increased slightly to a new high of 31 PE houses, indicating that the African PE sector continues to mature despite recent economic headwinds which a number of African economies have experienced recently.

The regional view

The bulk of PE exits continue to be concentrated in South Africa. Exits in North Africa increased to its highest levels in 2016 and exits in West Africa also recovered in 2016.

PE exits by industry

Financial services, industrials, consumer goods and services continued to attract the highest number of PE exits between 2007 and 2016 and during the last 3 years.

Exits from the healthcare and industrials sectors continued to increase.

Average holding period by year

An increase in the average holding period confirms our view that PE houses are inclined to hold their investments in portfolio companies for longer than developed markets. The average in 2016 is also distorted by a greater number of exits of infrastructure investments with longer hold periods.

Exit route

A significant uptick in sales to PE and other financial buyers occurred in 2016 indicating a maturing and more competitive African PE industry. A marked decline in MBOs and private sales occurred in 2016.

Exits to trade buyers still represent the most common exit route.

Financials

Industrials

Consumer goods and services

Telecoms and Media

Healthcare

Business services

Resources

Construction & materials

Technology

Retail

Oil & Gas

Power & Utilities

Real Estate