

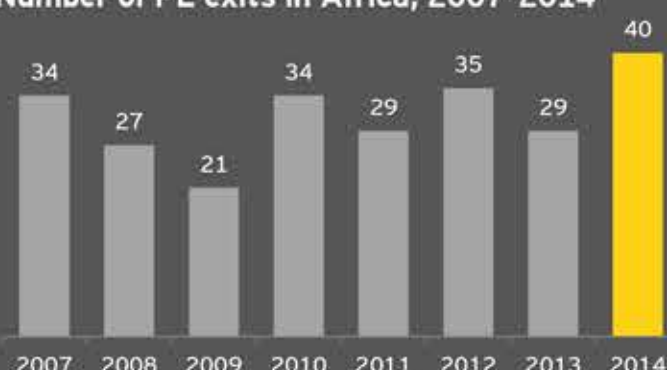
PE exits in Africa 2014

An interim update on private equity (PE) exits activity in Africa by AVCA and EY. Our interim update to last year's *Broadening horizons: How do private equity investors create value?* – a joint study of PE exits in Africa by AVCA and EY – highlights a market with increasing momentum for PE exits.

Update on PE exits in 2014

Number of PE exits in 2014 reaches an eight-year high.

Number of PE exits in Africa, 2007-2014



249

Number of PE exits in Africa between 2007 and 2014

Exits by region

While South Africa continues to lead in exits, the last few years have seen an increase in activity in East Africa and Southern Africa.

Percentage share of the volume of PE exits and investments, by region, 2007-2014

2007-2010 ▶ 2011-2014

North Africa:

Exits: 15% ▶ 6%
Investments: 17% ▶ 14%

East Africa:

Exits: 9% ▶ 14%
Investments: 13% ▶ 18%

West Africa:

Exits: 27% ▶ 26%
Investments: 22% ▶ 25%

Central Africa:

Exits: 1% ▶ 2%
Investments: 3% ▶ 5%

Southern Africa (excl. South Africa):

Exits: 6% ▶ 9%
Investments: 9% ▶ 7%

South Africa:

Exits: 42% ▶ 42%
Investments: 28% ▶ 24%

Note: multiregion investments represented 9% in 2007-2010, and represented 7% in 2011-2014

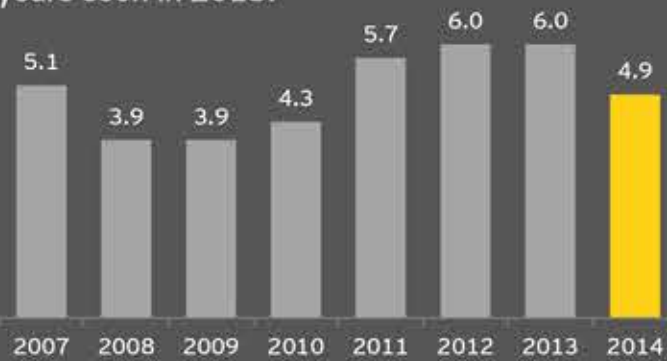
Source of investment data by region: AVCA

73

Number of PE firms exiting investments in Africa between 2007 and 2014

Hold periods trend lower in 2014

Companies exited in 2014 were held for an average of 4.9 years, versus Africa's longer-term average of 5.1 years, and down 18% from the 6.0 years seen in 2013.



77%

percentage of exits between 2007 and 2014 that were minority stakes

In July, investors including Actis and Ethos announced that they had exited a portion of their stakes in Alexander Forbes via an oversubscribed offering on the Johannesburg Stock Exchange. The 2007 US\$1.2b buyout was one of the largest and most complex buyouts ever undertaken in Africa.

US\$5.7b



Largest PE exit on record in Africa

The year also saw the largest PE exit ever recorded in Africa, when Steinhoff agreed to acquire Pepkor, one of Africa's largest retailers, for US\$5.7b. The deal provided an exit for Brait, which was a PE firm at the time of the investment, and has since transitioned from a PE to an investment holding company.

The sector view

Financial services remained the most common sector for exits in 2014. There was a large increase in the number of exits from companies in the health care sector, and to a lesser extent also in personal and household goods and retail, as increasing consumer expenditure made these sectors attractive to trade and PE buyers.

Top sectors 2014

Financial services	20%
Health care	18%
Personal and household goods	10%
Retail	8%
Telecommunications	8%

Top sectors 2007-2014

Financial services	20%
Industrial goods	10%
Telecommunications	8%
Technology	7%
Construction and materials	7%
Health care	7%

Who PE firms are selling to

While trade sales were more than half (55%) of 2014's exits, PE firms were more active than ever before as buyers of other PE firms' portfolio companies.



Trade
(corporate buyer)



PE



Private



IPO



Stock sale on
public market



Creditors



Other

2014	56%	23%	6%	3%	6%	3%	3%
2007-2014	45%	15%	18%	4%	6%	4%	8%

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