

## North Africa Key Findings: 2007 - 2014

156

Number of reported PE deals

US\$5.3BN

Value of reported PE deals

61

Number of PE exits

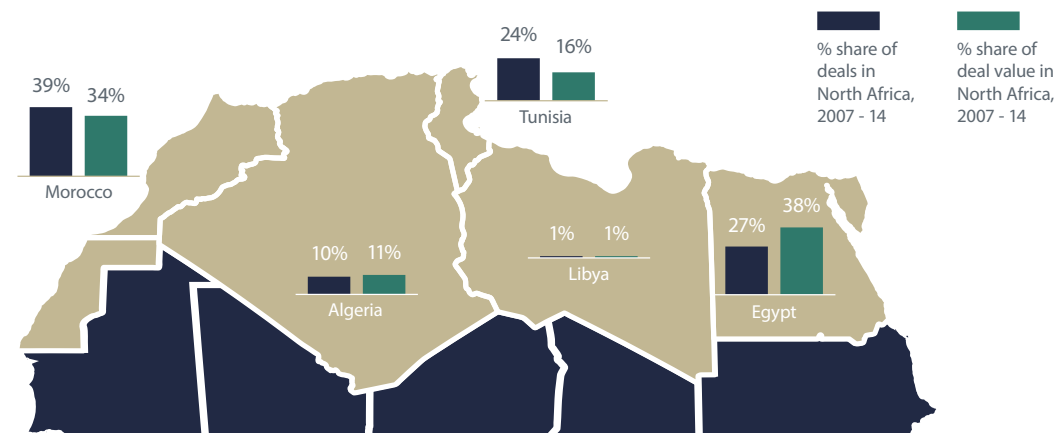
AVCA's Spotlight on North Africa Private Equity provides a summary of recent private equity ("PE") activity in the region.

### Key findings:

- PE activity in North Africa has been relatively resilient despite recent political and economic events that have occurred in the region. Between 2007 - 2014, there were 156 reported PE deals in North Africa totalling US\$5.3bn
- Overall, North Africa accounted for 15% of the deal volume and value in Africa over the period 2007 - 2014
- Morocco, Egypt and Tunisia attracted almost 90% of all deals in the region by volume and value, with Morocco taking the single greatest share of deal volume in North Africa in 2007 - 2014
- There were 61 PE exits in North Africa from 2007 - 2014, with sales to African and multinational trade buyers constituting the most significant exit route for PE firms

Further information is available to AVCA members

Figure 1: Percentage share of the volume and value of reported PE deals in North Africa, by country, 2007 - 2014\*



\*Excludes the billion dollar-plus Abraaj-led investments in Egyptian Fertilizer Company (US\$1.4bn in 2007) and Orascom Construction Industries (US\$1.6bn in 2008). They are excluded to provide a clearer view of underlying investment trends. The percentage share of the value of PE deals in North Africa by country including the two investments are: Egypt - 73%, Morocco - 15%, Tunisia - 7%, Algeria - 5%, Libya - 0.2%

Figure 2: Selection of PE deals in North Africa, 2011 - 2015 H1

Portfolio Company	Sector	PE Investor	Country	Year
Atlas Bottling Corporation	Consumer Staples	Emerging Capital Partners	Algeria	2014
Cash Plus	Financials	Mediterrania Capital Partners	Morocco	2014
Clinique La Soukra	Health Care	The Abraaj Group	Tunisia	2015
Edita	Consumer Staples	Actis	Egypt	2013
Jafara	Consumer Staples	AfricInvest	Libya	2011
La Flèche Bleue Algérienne	Industrials	The Abraaj Group	Algeria	2014
Servicom	Industrials	AfricInvest	Tunisia	2014
Sotipapier	Materials	Swicorp	Tunisia	2012
Université Privée de Marrakech	Consumer Discretionary	Development Partners International	Morocco	2014

## Case studies of North Africa private equity exits

**Company:** **Integrated Diagnostics Holdings plc**



**Country:** Egypt, Jordan and North Sudan

**PE Investor:** The Abraaj Group

**Sector:** Health Care

**Entry Date:** May 2008

**Exit Date:** May 2015

**Exit Route:** PE & IPO

**Returns:** Not disclosed

**Key learnings from doing business in North Africa**

- Although there is a degree of uncertainty around investment and tax regulations in Egypt, the government is supportive of foreign investment
- The health care industry (in Egypt) is exhibiting strong fundamentals and growth despite the political and macroeconomic environment
- Regional expansion across North Africa is crucial to achieving scale and optimising exit routes and returns
- IPO preparedness is essential when listing on the London Stock Exchange

**Company:** **Maghreb Accessoires**



**Country:** Morocco

**PE Investor:** AfricInvest

**Sector:** Consumer Discretionary

**Entry Date:** November 2001 (initial entry date)

**Exit Date:** January 2015

**Exit Route:** PE

**Returns:** 4.3x invested capital

**Key learnings from doing business in North Africa**

- Regulatory environment in Morocco is favourable and supportive of both minority and majority shareholdings
- Family businesses seeking to professionalise their management structure and improve transparency is helping to drive PE deal flow
- There is increasing diversification of exit routes, as evidenced by sale to another PE firm
- Expansion to different cities in Morocco is key to growth of portfolio companies in the country

**Company:** **Société d'Articles Hygiéniques**



**Country:** Tunisia, Algeria, Libya

**PE Investor:** Emerging Capital Partners

**Sector:** Consumer Staples

**Entry Date:** March 2008

**Exit Date:** January 2014

**Exit Route:** IPO

**Returns:** Cash multiple of 2.4x (Tunisian Dinar basis)

**Key learnings from doing business in North Africa**

- Regional expansion across North Africa is a strong driver for investment
- Despite a difficult and challenging economic climate, the consumer sector in the region is growing and profitable
- A strong partnership with company management is crucial in implementing strategic change in the region
- Oversubscribed IPO highlights a healthy demand from institutional and private investors for access to stock markets in North Africa and in other parts of Africa

## Methodology

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

Transactions cover all deals 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.

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

Deal size includes equity, mezzanine, senior debt and 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.

Qualifying funds include funds that have a sole focus on Africa or have an allocation to Africa alongside a broader emerging markets investment mandate. It excludes funds with a global investment remit that invest in Africa.

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