Catalyst

SA's quarterly Private Equity & Venture Capital magazine

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Investing for growth and for good (times)

Opportunity in the Eskom chaos

Zico Capital: From the frontlines of Nigeria's FMCG market

Lereko Metier is "de-risking" African entry

FROM THE EDITOR'S DESK

In the last issue I declared 2014 a vintage year for the local private equity market. In its recent Global Private Equity Report 2015, Bain and Co said about the global market, "Exits from buyouts exceeded $450bn, surpassing the all-time high by a wide margin. The flow of so much capital came as a welcome relief to LPs and GPs alike and has infused the industry with new confidence that returns from holdings acquired during the peak investment years will end up better than most industry pundits feared."

However, Bain cautions that this deluge of capital will have "knock-on effects that raise new challenges for investors in 2015 and beyond".

One such side-effect is the increasing prominence of real estate globally. There is rising speculation about what this might portent for the industry and whether this trend will find its way into the South African market.

It's being observed that some of the behemoths in the industry, such as Blackstone, are turning to real estate investments to inflate the key "assets under management" line in annual reports that are closely tracked by investors and analysts.

Business Insider reports that the assets under management game feeds into the private equity industry's fixation with "permanent capital", private equity's push to purchase and hold an investment to take full advantage of its potential for returns. Raising and running real estate funds often provides private equity firms with a longer horizon on which to return capital to their investors, as well.

In 2007, the real estate assets under Blackstone's management totalled about $26bn; at the end of last year, it ballooned to $81bn, according to its reports. Factoring in its recent $26.5bn deal for GE's real estate assets, it is likely it will also be accompanied by the news that Blackstone's real estate portion of its PE portfolio will have surpassed $100bn.

Just what this might mean for the local industry - it's too early to tell, but if a wave of private equity deal making were to wash over the country's rapidly consolidating listed Real Estate Investment Trust market, investors might question why they're paying the management fees for exposure they can secure directly. Perhaps this is why the trend is unlikely to arrive on our shores but it's worth keeping an eye on just in case.

Catalyst recorded eleven deals in the rest of Africa for the first quarter, compared with five in South Africa, clearly indicating South Africa's continued dominant role on the continent.

But it's worth noting that three of the eleven African deals were concluded in Nigeria, a market that is notoriously challenging but, as Tshego Sefolo, MD of Zico Group, points out on page 7, laden with opportunity as a result. ◆

Michael Avery

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Investing for growth. Investing for good. That was the theme of this year's annual SAVCA Private Equity in Southern Africa Conference held in the picturesque surrounds of Spier Wine Estate with its magnificent art collection.

Investing for growth. Investing for good.

The mood at this year's event was notably upbeat. That's not to say overconfident, just bristling with the possibility that comes with wide-open IPO window, pots of capital raised and waiting to be deployed, and an environment where valuations are starting to look a lot more realistic.

Catalyst caught up with the conference organiser to understand the reasons behind the theme and spoke to a few of the delegates to better gauge this mood.

"Well, it's investing for growth because private equity is an essential platform, or route, for providing expansion and growth capital for businesses based in Southern Africa, including those businesses expanding across the border into neighbouring countries," explains SAVCA CEO, Erika van der Merwe.

It's a point echoed by head of private equity at KPMG, Warren Watkins.

"Private equity is about profits, make no mistake, but there's an alignment." Watkins quickly clarifies, "There's an alignment of the investor, the pension fund component – as obviously you as a pensioner want to see good returns – and that goes through into the private equity fund and through to management as well. All of that results in growth. All of that leads to increases in employment, increases in capex, increases in tax payments, and the BEE component has been facilitated by this to a large extent; and it's all in the formal sector."

Watkins adds that all of these statistics are ahead of their equivalents on the JSE. "This is a force for good."

"It's investing for good because private equity has positive impact into the portfolio companies into which it invests. And we can say this confidently because we conducted some research into this topic which was published last year – our economic impact study – which entailed us asking the owners and managers of these businesses about the impact of private equity involvement, and it was far more than just financial, it was about providing guidance and strategic support, corporate governance and about ensuring there was job creation."

The major issue industry lobbyists have been grappling with is how to unleash the potential of this force for good to the benefit of the ailing South African economy.

Regulation 28 was supposed to be the panacea that would open the floodgates of pension fund money allowed by law to invest in the sector. But the wave has been more trickle and one could detect a real sense of frustration at this year's event. Understandably conservative pension fund trustees clearly need more time to feel comfortable investing in the asset class, and perhaps even more education needs to be carried out by the industry.

"What we've seen in the average globally for pension funds is that 4% is put into private equity," says Watkins. "But in the more mature sectors (the US and the UK) it's closer to the 10% mark. In South Africa we think it's closer to the 2% mark."

Erika van der Merwe

"Regulation 28 has helped slightly but the pension fund trustees are very cautious and are aware of their responsibilities to their members, to not lose them money. So they don't want to be seen to be getting into this risky class asset first. But an educational campaign will make them see that it's not as risky as it seems, it's highly rewarding in terms of return for pensioners and at 4% average return worldwide we are well behind the game."

At the Mining Indaba held down the road in Cape Town just days before the SAVCA conference, the usually bullish mining financiers were trumpeting 2015 as the year that private equity would cascade into the resources sector in Africa.

"Not so fast" was the response from Peter Baird, head of Private Equity Africa at Standard Chartered Bank. "In terms of private equity replacing bank debt in the mining sector it doesn't feel really likely," says Baird. "It doesn't fit well with traditional private equity. That said, there are a lot of specialist mining private equity funds run by ex-mining CEO's that have done really well in that space - think Mick Davies X funds - but I doubt there's a wave of generalist private equity funds coming into the mining sector."

So what is the next exciting trend to look out for in private equity this year?

The big change over the last year in the industry, according to Baird, is that the IPO window on the JSE is very much open now. "And that creates a lot more competitive tension for exits," says Baird.

Baird is also excited about the arrival of new entrants into the market and the early stage of the local market's development and evolution. "There's been some entry of new private equity firms and types of firms. So you had more tension from the big cheque global firms and also the secondary private equity firms so that's also creating some competitive tension on exits."

Valuation continues to create enough debate to keep a room full of dealmakers heatedly engaged for the full two days. During the first panel of the day, industry doyen Andre Roux, the founding partner of Ethos, ventured that had he been doing deals at the kinds of multiples that are being spoken of today he wouldn't have lasted very long in the game.

The market is relatively expensive right now but if you want quality assets the premium is a double-digit multiple. Gone are the single-digit multiple valuations of Roux's day.

"Whether it's a buyers' market or sellers' market, it's not even the first day. It's the morning of the first day in African private equity and there are still many good things to buy and many ways to put capital to work to generate very high returns and developing the economy," says Baird. "To say it's a sellers' market is a bit overstated."

But Baird stresses that the opportunities that are there require creativity and patience. "It's difficult to put the large Blackstone or KKR-type cheques to work, but on the other hand there is so much underlying growth in many of these African markets. Despite commodity challenges, despite currency challenges, the fundamentals of these economies are still very strong and when you combine that with entrepreneurship and access to capital you have a nice recipe for success."

Watkins feels it's notable that the market has been a in a holding pattern over the last few years. Fundraising was muted and some of the funds were maturing but hadn't yet matured so the industry was in "no man's land".

However those funds that have now matured and need to be disposed.

"We see Rockwood, we see Ethos both coming to the market over the next couple of years, using the IPO market as potentially one of the exit routes," says Watkins. "I think we're going to see a lot of deals done between private equity houses, but more importantly there's a been a great deal of new funds raised so I think it's going to be a great market for both buyers and sellers."

On the regulatory front the rules around the tax deductibility of interest have settled down and that will lead to some stability according to Watkins. "The quantums that can be used as tax deductibility are within the norms globally for private equity so it's not placing too many constraints on it. So there's clarity and certainty and the industry can move forward." ◆

As part of SAVCA's offering at this year's conference, van der Merwe unveiled a unique industry research publication entitled Three Decades: An account of the rise and establishment of South African private equity *(ed's note: if you haven't read it yet, download a copy off the SAVCA website, it's a must-read!)*.

"The research involved speaking to more than forty people. I was astonished to see how the deep the roots go," enthuses van der Merwe. "What struck me about this industry is that it's multifaceted and the people in it are multitalented. Yes, there is a deal making component but they say it's a marriage, it's a medium to long term relationship, and you have to have perfect alignment between the provider of equity and the portfolio company. They have to be able to work together not just at quarterly board meetings but literally around operational issues too."

Walking through the recently held 18th Power Africa Conference hosted at the Sandton Convention Centre, and talking to the delegates and trade show participants, one thing was clearer than Eskom's plan to get the country out of the current power crisis: The private sector is not just standing idly by and waiting for government-led solutions.

The Green X factor

The opportunities in the chaos have reenergised the innovators and some compelling concepts are coming to the fore. Catalyst caught up with the MD of one such innovation, from the stable of Vantage Capital.

"...we have now got to a point where it makes economic sense to install your own electricity generating capacity," - Alistair Campbell

Vantage GreenX Fund Advisors has established the Vantage GreenX Fund (GreenX) which invests in energy and renewable energy projects in South Africa that exhibit stable cash flows and strong defensive characteristics.

GreenX MD, Alistair Campbell, explains that GreenX provides investors with exposure to South African renewable energy projects as part of a carefully selected portfolio. This is achieved through GreenX issuing Asset Backed Notes to investors and then using the proceeds to acquire permitted investments in the form of senior debt in selected projects. The Fund has been structured in such a way that the project economics flow through to the investors, allowing for a management fee to be charged by the Advisor.

"GreenX Note I was a R2,1bn fund," says Campbell. "It was launched at the end of the 2013 and we are now fully disbursed over eight projects in our portfolio. They are round one, two and three REIPPP (Renewable Energy Independent Power Producer) projects."

GreenX seeks to capitalise on three major economic trends. Namely, the continued commitment of the South African government to reducing the country's carbon footprint through the extended rollout of a renewable energy program; the requirement that the majority of funding for these projects originate from local banks in ZAR and the foreseeable requirement for increased liquidity in the market going forward due to forthcoming statutory requirements such as Basel III; and the expansion of African infrastructure, in particular energy infrastructure, to support sustainable economic growth on the continent.

"The investors in my fund are pension and provident funds," says Campbell. "They're not regulated by Basel II so it's a lot easier for them for to put long-term funding in place without the huge and onerous capital constraints that banks would be subject to under Basel III. And so there long-term nature lends itself particularly to renewable energy funding, which is long-term. And also inflation-linked funding which ties into the indexation of tariffs (the way tariff structures are calculated over the life of the project is linked to inflation via a formula)."

But Campbell is equally, if not more, excited about the rise of distributed generation. Industry jargon for bespoke power solutions for large commercial and industrial customers looking to insulate themselves from the rolling blackouts but, more importantly, because the economics have now turned in favour of these energy solutions.

Alistair Campbell

"What we're seeing is a huge amount of interest from commercial and industrial customers looking to develop their own energy solutions. When they compare the municipal tariff, or the Eskom tariff, that they're paying we have now got to a point where it makes economic sense to install your own electricity generating capacity," explains Campbell.

"The payback on a rooftop solar solution, or smart lighting, or a heating and cooling solution within a building for example, is anywhere between three and five years depending on the tariff that you're paying. From a smart lighting perspective they last eight to ten years and from a solar panel perspective the useful life is between twenty and twenty-five years. So it's a long time to be getting energy efficient solutions after they pay themselves off within the first five years."

This also means that Eskom's revenue projections will have to be altered in this new environment, where it might not be ensured of revenue from these large commercial and industrial users in future.

The opportunity is like manna for a debt funding specialist such as Vantage.

"We see the biggest gap when it comes to developing projects in the 500kW to 20 MW range is funding (one average 1MW will power between 800 and 1000 homes so these projects range from any size shopping centre to larger industrial uses). And so we're putting together a funding vehicle that will enter into power purchase agreements with various properties – it could be a property holding company, it could be a shopping chain – and there is certainly no shortage of interest. I see at least two to three developers every week who have solutions they're trying to develop, but they just don't have the funding. So from our perspective probably the most important component and possible the largest capital requirement on these projects is the debt funding."

Campbell is targeting two to three billion rand in funding for distributed generation to go along with the R3,5bn he's targeting for the GreenX Note II fund that will play in the fifth round of the REIPPP.

Out of the chaos, opportunity and not a moment too soon for the ailing South African economy. ◆

The story of banking the unbanked across the African continent is gathering pace as an investment theme and driver. It underpinned last year's Catalyst Private Equity Deal of the Year and the market witnessed some activity in this space during the first quarter of 2015.

Explosive growth in African financial services

LeapFrog Investments, a specialist investor in financial services, with over US$500m under management, and offices in Johannesburg and Singapore, lifted the lid on a US$25m (R298m) investment in AFB Mauritius (AFB) in February.

AFB is a disruptive financial technology platform that offers life-changing financial tools to financially-excluded consumers and small businesses in sub-Saharan Africa.

Leapfrog is dedicated to tapping the growth opportunity presented by two billion emerging consumers in Africa and Asia. It aims to achieve its founding vision of Profit with Purpose through its portfolio companies which provide insurance, savings and pensions to 24.5 million people across 18 countries.

Partnering with major mobile operators and over 400 retailers, including Woolworths and Naivas, AFB has extended its reach to over a million people in sub-Saharan Africa. AFB currently has operations in four countries, including Kenya, Zambia and Ghana, with rapid expansion into adjacent geographies planned. AFB also offers branded store cards for the English Premier League football club giants Manchester United and Chelsea.

Michael Joyce

Karl Westvig

Across sub-Saharan Africa, consumer finance from formal banking channels is almost non-existent: Insurance is massively underpenetrated, and can be as low as 1% of the adult population in many African markets. Savings products also remain chronically underdeveloped and only 5% of adults source loans from formal institutions.

By contrast, retail and mobile telephony are exploding, and outstripping access to traditional banking channels. Sub-Saharan mobile penetration stands tall with 70% of people having access to a mobile phone. 130 million subscribers alone, reside in AFB's core markets. Tapping into this channel with innovative mobile products has allowed AFB to reach 300,000 customers in two months.

AFB CEO Karl Westvig explains the investment case:

"We believe everyone should have access to good financial choices. We've developed a highly scalable business model that should reshape the provision of quality financial products such as insurance, savings and credit. LeapFrog's investment, specialist expertise and rich African networks will help us to turbocharge our expansion."

Michael Joyce, who led the transaction at LeapFrog Investments, says, "AFB is connecting the dots between Africa's demand for financial services and the promise of new technologies, in a way that simply hasn't been done before. Their team has a deep socially committed heritage, founded on the premise of serving the underserved with ethically designed financial services."

The investment in AFB reflects LeapFrog's interest in innovative fintech businesses that reach the unreachable through unique distribution models. The investment follows an earlier investment in Bima, the leading mobile insurance platform reaching over 10 million emerging consumers across Africa, Asia and Latin America.

The AFB partnership marks LeapFrog's fourth investment from its US$400m fund, which has up to $200m to allocate to pioneering financial services providers in Africa. In addition to capital, LeapFrog provides its partners with deep expertise in areas such as product design and multi-country rollout. ◆

Private Equity continues its march into the New Year with The Metier Capital Growth Fund II completing its first close in mid-February, with a signed binding sale agreement and its first portfolio company already tucked away (a consumer retail chain with a presence in South Africa and the rest of the continent).

Derisking African Entry

JP Fourie, Head of Investor Relations at Metier, says the fund raised R1,2bn to first closing in February and the firm is targeting a similar size to its successor fund at roughly R3bn.

"We've used the exits of a few of our current fund's portfolio companies as a catalyst to get our existing investors reinvested in this fund – we've invested in eight companies in our current portfolio and we've sold two. With the sale of those two we've returned more than 100% of our investors' money. We've used that as an opportunity to say help us to help you and invest further capital in this emerging market growth, partnership and entrepreneur-building platform."

JP Fourie

"...it's a way of "de-risking" entry where certain factors are note as well developed in some of the sub-Saharan, and specifically SADC, countries..."

Investors include South African institutional investors and international investors Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO, the Dutch development bank) and Germany's DEG (Deutsche Investitions und Entwicklungsgesellschaft mbH).

The fund's investment theme is premised on obtaining significant exposure to South, Southern and Sub-Saharan Africa. It concentrates on mid-cap entrepreneurial businesses requiring growth capital, in sectors which demonstrate emerging market growth potential.

Metier Capital Growth Fund II is targeting exposure of 50% to Sub-Saharan Africa, excluding South Africa. This will be achieved by a 'look through' approach. Fourie explains:

"This is where we think there's a lot of opportunity. We want to invest in companies and entrepreneurs who want to grow and expand north of [South Africa's] borders into the region. Where they are able to bring skills, expertise, customer relationships, knowledge and their networks, and be able to replicate those where, in some instances, it's perhaps more difficult to make smaller, less scale investment outside of South Africa."

Fourie believes it's a way of "de-risking" entry where certain factors are not as well developed in some of the sub-Saharan, and specifically SADC, countries. These factors include some of the so-called hygiene factors, such as the ability to contract, or get forex, the relatively unsophisticated capital markets and some of the regulation which all make it difficult to execute standalone-type deals.

Investments are targeted in sectors including transport and logistics; retail; health; tourism; Fast Moving Consumer Goods; agri-processing; infrastructure services and education. These are sectors set to benefit from demographic trends such as population growth and increased urbanisation, and the accompanying consumer spend from the emerging middle class. They are sectors that the fund management team are familiar with. Fund investments are also in sectors which are advantageously exposed to the multiplier effects of rising capital spend on infrastructure and increasing intra-regional and international trade.

Paul Botha

"The Metier team has also made its own material financial commitments to the fund," says Paul Botha, Metier CEO, "and we continue to engage with several further potential investors in anticipation of a fully committed final close in approximately 12 months. At that stage the fund will have the capacity to enter into deal transactions where the equity investment requirement is in the range of R100m to R600m with expected co-investment support."

Many economies in sub-Saharan Africa are expecting GDP growth rates of around 5% per annum for the foreseeable future, and the annual African urban population growth rate up to 2030 is expected to be greater than 7%. Utilising South African businesses as a conduit to the rest of the continent, the fund will invest in companies that are well positioned to participate in the broader region's growth prospects.

"With the assistance of private equity investment, these businesses should be able to deploy their operational skills, industry expertise, customer relationships, systems, products and services, as well as governance standards, into opportunities in the broader region," says Botha.

Metier Capital Growth Fund II is targeting 8 to 12 investments, with controlling or significant minority private equity holdings. It has a ten year intended term, and makes moderate use of financial leverage. After conclusion of its retail transaction, the fund is pursuing deals in health care services, and hardware and building supplies. ◆

While investing in Africa requires a clear strategy that continuously balances risk and reward, investors moving into the continent are discovering that this youthful economy offers vast space for innovation. As such, it presents a wealth of opportunity, according to investment firm, Zico.

Africa: open and ready for business

Africa is open for business

This is the strong message the continent has been sending to the world for quite some time now, despite an ongoing climate of risks and challenges. The many boom towns springing up from Nigeria to the Congo are testament to Africa's growing urbanisation in resource-rich areas. Demand for food through to air-conditioners is being driven by development. However, development requires integrated growth on many fronts: economic, political, scientific and technological. This is the challenge that most African countries are facing, including the region's largest growing economy, Nigeria.

This makes understanding the entry level footprint imperative, according to Tshego Sefolo, MD of Zico Group. "Africa has proved time and again that this cannot be imposed but rather informed by the market. Managed risk reaps reward through keen strategic planning and managed rollout into the market. It is critical that one understands the key issues though – and moves into the continent with eyes wide open."

The challenges

Energy issues and a lack of infrastructure continue to challenge growth in most African countries, with the entire installed generation capacity of all 48 sub-Saharan countries equalling that of Spain's, at just 68 gigawatts. Aging power plants and poor maintenance are adding to this challenge – meaning that new market entrants need to set-up their own operations, or look for a way to address the opportunity in the energy space directly.


Tshego Sefolo

The region's commodity dependence must also be considered. Coupled with high-cost, structurally inefficient markets in many regions, investors must consider the impact of potential corruption, poor leadership and a lack of education. Africa's ever-changing political landscape can additionally present very real stability and market risks.

That being said, Sefolo argues that investing in Africa is about looking beyond the challenges to the natural and human resource potential the continent has to offer.

Understanding the market

Challenges always create opportunity if one understands the market and finds a way to be relevant. Because the continent is one of paradoxes, understanding the local market is critical to entry. An example of this can be seen in the high uptake of the very latest mobile phone technology across most countries, with owners extending across the income spectrum all the way through to areas where just one person in five has access to electricity in order charge the device.

With the majority of people still to enter the mainstream economy, most of Africa's markets remain informal, with bulk materials split down into manageable, cheaper amounts. As such, many communities have been lethargic in embracing new shopping malls in urban centres – yet another example of a market insight that could potentially add value to a first time investor in the continent.

Opportunity in added-value

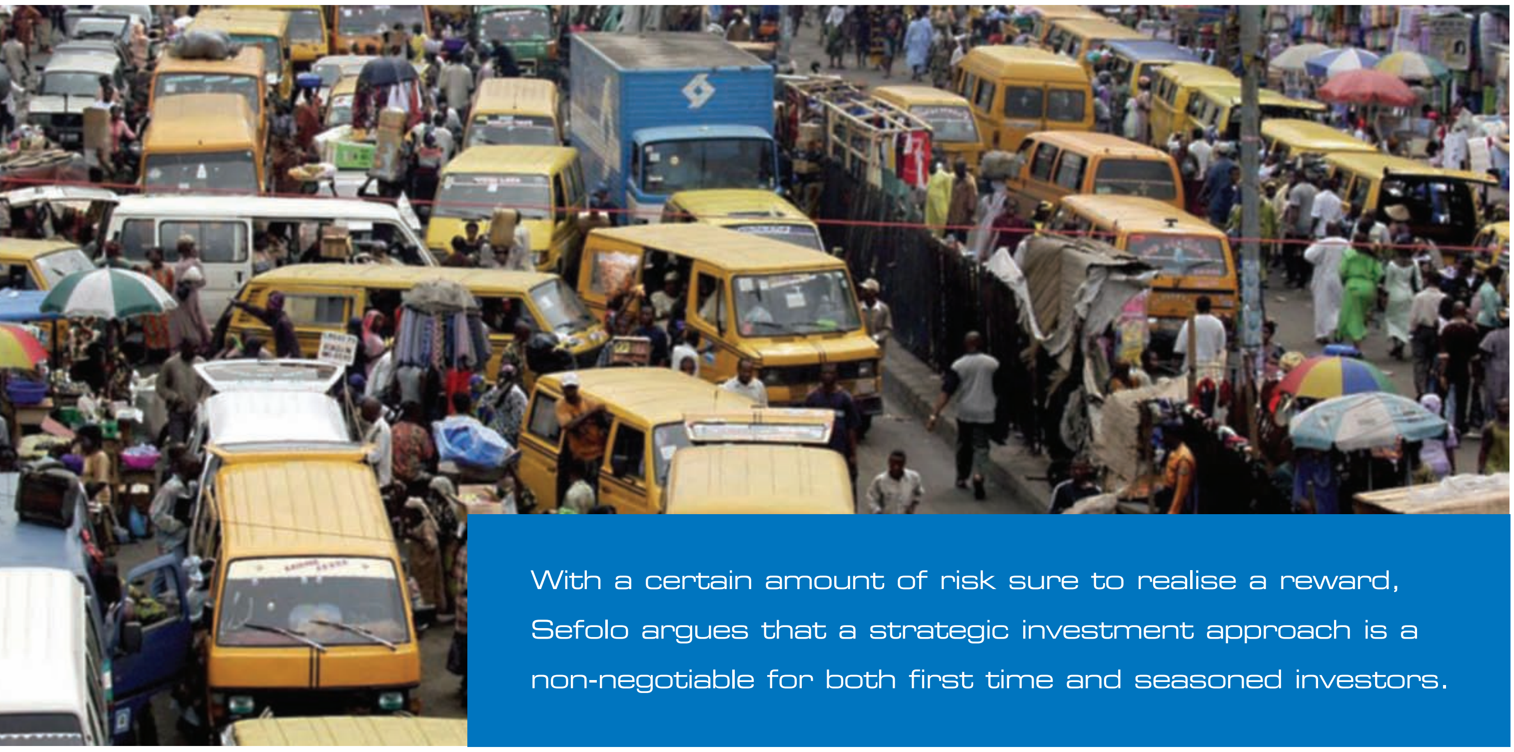
However, true opportunity is being seen in Global Value Chains (GVCs) providing structural transformation. New, quicker base products such as organic or fair-trade types of cocoa and coffee into higher quality varieties.

African buyer-driven chains are also moving to link producers and consumers directly, providing unique value add required by consumers. This is aptly demonstrated by the growing share of direct flower supplies from Kenya to retailers, bypassing the traditional auction houses. Once again, understanding the market proves key as quality standards play a crucial role in buyer-driven chains. For farmers, being smaller producers or even medium enterprises in services and manufacturing, this can prove a steep barrier to entry.

Strategic investment

With a certain amount of risk sure to realise a reward, Sefolo argues that a strategic investment approach is a non-negotiable for both first time and seasoned investors. "Experience has shown that an African expansion strategy can be realised through participation in established companies whose strengths are measurable and will contribute to future wealth maximisation," explains Sefolo.

As such, appropriate selection of sectors (such as automotive,



With a certain amount of risk sure to realise a reward, Sefolo argues that a strategic investment approach is a non-negotiable for both first time and seasoned investors.

development routes are being realised by integrating into GVCs at a specific stage. This is achieved by providing specific skills or products to international production networks.

Strong opportunity is also being realised in developing or acquiring upstream capabilities such as research, supplier services and component manufacturing. South Africa is a prime example of this trend, becoming a global supplier of components in the global automotive chain after attracting investments by leading firms in local production. Equally lucrative is the drive to expand financial and operational services) can ensure lucrative returns and allow focused investments to add real growth value.

Investors also need to come into Africa with the mindset that it will often be business unusual - especially in countries like Nigeria, for example – which is set to become one of the world's top economies by 2050.

"Adapting opportunity to challenges and strategic, calculated risk is thus key to unlocking business in Africa: a continent hungry for a stable, driven economy," Sefolo concludes. ◆

Local and International news

International

Forbes reports that capital superabundance could burn private equity investors

The continued expansion of financial assets looks to be an enduring feature of the investment environment, which private equity (PE) firms will need to reckon with for a long time to come. However, ***Forbes*** believes the very forces that rescued the boom-year investments—record low interest rates and plentiful capital—are magnifying two issues that are making it more challenging for general partners (GPs) to profit from the investments that they make today. First, asset prices are and will remain high as investors of all types wield record amounts of capital and are willing to bid up acquisition multiples to acquire assets. Plentiful low-cost debt merely adds upward pressure on prices and ensures that they will stay high.

The second area where capital superabundance pinches is the longer holding periods that will be needed to prepare fully priced assets for exits that can command decent returns. ◆

The value of private equity deals in Africa reached their second-highest level on record in 2014 as population growth and an increasingly stable political climate helped drive international interest in the continent.

The total value of deals in Africa last year was $8.1bn, just short of the $8.3bn high recorded in 2007, according to figures from the African Private Equity and Venture Capital Association (Avca).

Private equity veteran Marleen Groen estimated that more than a fifth of private equity companies are "now expressing serious interest in investing in Africa". ◆

National news

Despite the backdrop of significant volatility across all investment markets during 2014, South African private equity funds continued to offer relatively strong performances.

This is according to the findings of the fourth quarter 2014 RisCura-SAVCA South African Private Equity Performance report, which showed that private equity funds have largely bucked the mixed-fortune trend observed across most other asset classes, and continued to deliver solid returns for investors.

Particularly pleasing for private equity investors is the reported overall headline return of 19.1% for the ten years to December 2014. This outperformed major listed-market indices for the same period, including the FTSE/JSE All Share Total Return Index (ALSI TRI) and the FTSE/JSE Shareholder Weighted Total Return Index (SWIX TRI). The FINDI TRI marginally outperformed private equity.

The report also shows that, in the shorter term, the relative performance of South African private equity continues to improve, with internal rates of return over a five-year period that have outperformed the ALSI TRI over the same period, and are rapidly closing the gap on the SWIX TRI. ◆

Vantage Capital and the Netherlands Development Finance Company (FMO) have exited their R220m ($32m) investment in Safripol, Southern Africa's leading plastic polymer manufacturer. Vantage is a Pan-African mezzanine fund manager with over R5bn ($420m) of assets under management. FMO is the Dutch development bank.

In July 2007 Vantage and FMO funded Thebe Investment Corporation, one of South Africa's most prominent black economic empowerment investment companies, to acquire a stake in Safripol. Thebe has played an active role as empowerment partner to Safripol and retains its stake in the company after the exit of its original funders, Vantage and FMO. ◆

PRIVATE EQUITY DEALS Q1 2015 - SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	Old Mutual plc from The Abraaj Group, AfricInvest and Swedfund	a further 37,3% stake in UAP Holdings	Standard Bank; Merrill Lynch; Nedbank Capital; Cliffe Dekker Hofmeyr; Coulson Harney	$155,5m	Jan 26
Acquisition by	One Thousand & One Voices	a stake in RedSun Dried Nuts & Fruit		R70m	Feb 2
Disposal by	Nampak to Ethos Private Equity	its Recycling business	UBS; Webber Wentzel	R76,3m	Mar 25
Disposal by	Pioneer Foods to Libstar	shares in Maitland Vinegar	Cliffe Dekker Hofmeyr	undisclosed	not announced Q1
Acquisition by	Spirit Capital, MIC Capital Partners and management	Multiknit	Werksmans; ENSafrica	not publicly disclosed	not announced Q1

PRIVATE EQUITY DEALS Q1 2015 - REST OF AFRICA

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Cote d'Ivoire	Acquisition by	Amethis Finance and the National Bank of Canada of a 26.24% equity stake in NSIA Participations from ECP Africa III PCC		undisclosed	Mar 26
Egypt	Disposal by	Abraaj Group of its stake in ECCO Outsourcing to Saham Services		undisclosed	Mar 10
Ethiopia	Acquisition by	Ascent Capital of a stake in Medpharm Holdings Africa		$2,5m	Feb 10
Mauritius	Acquisition by	LeapFrog Investments of a minority stake in AFB Mauritius		$25m	Feb 26
Mauritius	Acquisition by	Amethis Finance of a 17% stake in CIEL Finance		undisclosed	Feb 26
Nigeria	Disposal by	Verod Capital of its 33% stake in HFP Engineering		undisclosed	Mar 23
Nigeria	Disposal by	Verod Capital of part of its stake in GZ Industries		undisclosed	Mar 23
Nigeria	Acquisition by	AfricInvest of a minority stake in Elephant Group	Standard Chartered Bank	undisclosed	Mar 24
Uganda	Acquisition by	8 Miles of a 42% stake in Orient Bank from Keystone Bank	KPMG; Clifford Chance	undisclosed	Feb 24
West Africa	Acquisition by	CDC of a stake in Miro Forestry (Ghana and Sierra Leone)		$15m	Mar 30
Zambia	Acquisition by	Enko Capital Managers of a minority stake in Madison Financial Services		undisclosed	Mar 4

“So, who was the big winner of The Banker awards?”

“Africa.”

Africa – M&A
Woolworths’ ASD2.1bn acquisition of David Jones

Africa – Infrastructure & Project Finance
Funding for USD623m Lake Turkana wind farm

Africa – Securitisation & Structure Finance
USD800m facility for INT Towers Ltd

Africa – High Yield & Leveraged Finance
Metair’s R1.4bn in Pref shares and R750m senior revolving credit facility

Africa – Islamic Finance
South Africa USD500m Sovereign Sukuk

> Corporate and Investment Banking

We’re standing tall in five of eleven categories at The Banker Deals of the Year Awards, because of our commitment to strong partnerships with clients and the sustainable growth of Africa. Whatever your opportunities or challenges, we have the local insight and on-the-ground experience to meet them with you. Isn’t that what partnership is all about?

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