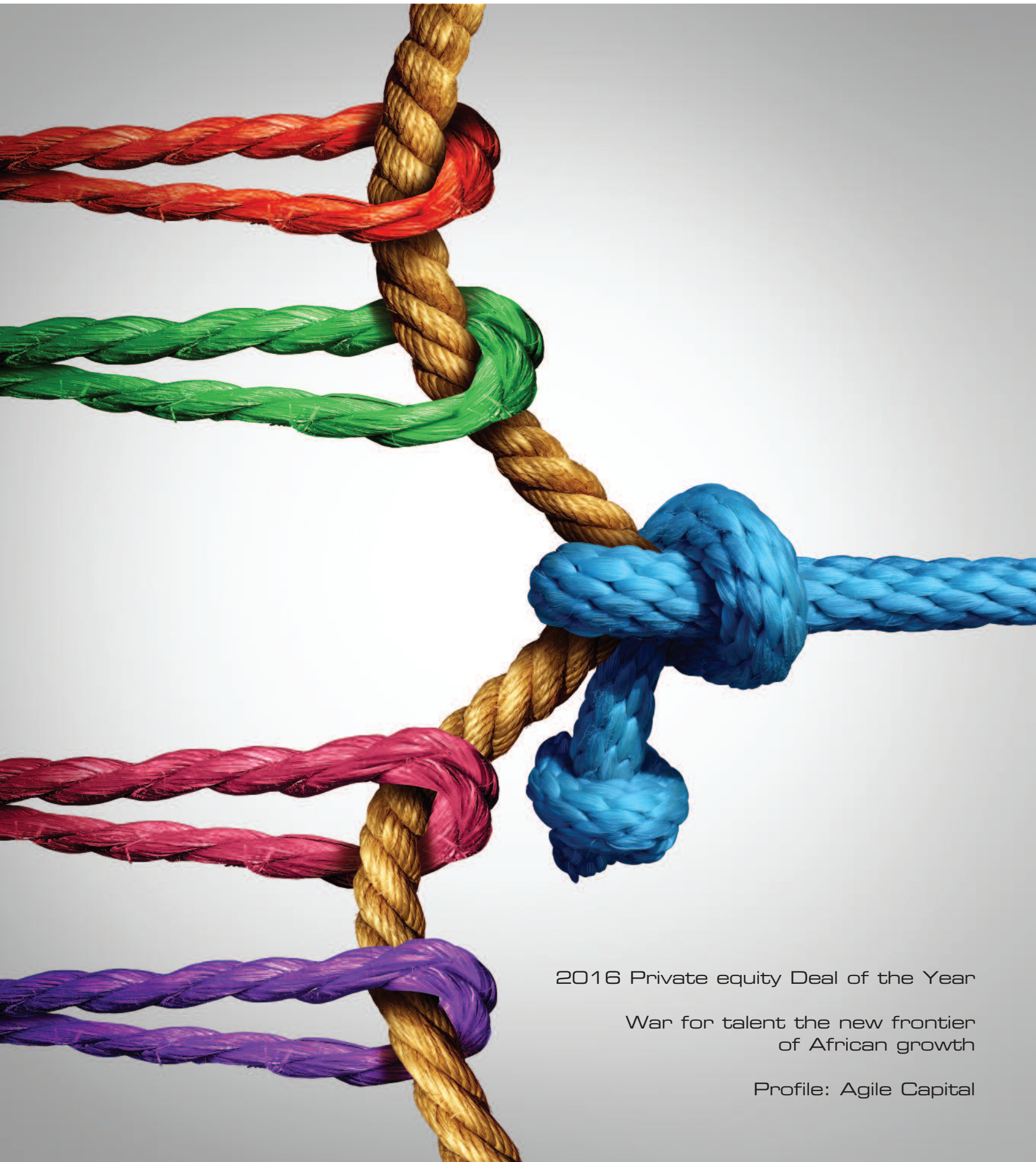


# Catalyst

SA's quarterly Private Equity & Venture Capital magazine

Vol 13 No 4  
DECEMBER QUARTER 2016



2016 Private equity Deal of the Year

War for talent the new frontier  
of African growth

Profile: Agile Capital



# Proudly championing private equity and venture capital



SAVCA is proud to represent an industry exemplified by its dynamic and principled people, and whose work is directed at supporting economic growth, development and transformation.

SAVCA was founded in 1998 with the guiding purpose of playing a meaningful role in the Southern African venture capital and private equity industry. Over the years we've stayed true to this vision by engaging with regulators and legislators, providing relevant and insightful research on aspects of the industry, offering training on private equity and venture capital, and creating meaningful networking opportunities for industry players.

We're honoured to continue this work on behalf of the industry.

# FROM THE EDITOR'S DESK

2016 will be remembered as a watershed year thanks to the Brexit vote and the election of Washington establishment outsider, Donald Trump, as the 45th United States president. Markets reacted quite violently to both events before finding some equilibrium after the dust and shock settled, but it ratcheted up the noise levels to almost deafening proportions which made dealmaking especially tough.

In an ironic twist, sub-Saharan Africa, which has always demanded a risk premium, thanks largely to political uncertainty, benefited from the rising political risk premium attached to once stable and knowable developed markets. Allied to this, during the year was the bottoming out of the commodities cycle, which bodes well for Africa and the outlook for M&A.

With all the noise and headwinds one could be forgiven for thinking that private equity dealmaking would have been muted but volumes in particular were strong, while values are yet to see a return to the heady days pre the global financial crisis.

To illustrate this Webber Wentzel's broader PE team is currently working on more than 40 live PE deals.

Statistics show a significant year-on-year increase in deal flow. In SA, deal flow has been concentrated in the consumer, industrials, healthcare and education sectors. It is rare these days to see a South African PE deal that does not involve a SSA component - most investment cases include a strategy for expansion of the SA platform into SSA jurisdictions.

A major trend set to continue in 2017 is the rise in buying opportunities, partially due to economic and political uncertainties in SA. In several deals, South African founder investors have sought to introduce a PE partner with a view not only taking their businesses to the next level, but also to diversifying their portfolio and externalising some of their wealth.

This is evidenced in the short-list for the Catalyst Private Equity Deal of the Year on page 2, which was ultimately awarded to Actis for its disposal of its 42,5% stake in Tekkie Town to Steinhoff International.

In arriving at its decision, the adjudication panel explained that Actis "beat off strong competition from other players in the industry to secure the shareholding. Less than two years later (a rather short hold period in traditional private equity) Actis and Van Huissteen have sold 100% to Steinhoff for an undisclosed amount. The business has performed very well over the two year hold period and informal indications are that Actis and Van Huissteen are pleased with the outcome, as is Steinhoff."

Indeed, my rough calculations reveal an IRR of over 60% over two years. At a time when listed equities delivered less than CPI in real terms, this once again exemplifies the extraordinary ability of the asset class to outperform through market cycles.

Actis has now won this award for a record five times since its inception, the other times being for the Compuscan transaction in 2014, Tracker in 2011, Alstom SA in 2008 and Alexander Forbes in 2006.

Congratulations to David Cook and the team at Actis for a five-for gold medal performance. ♦

**Michael Avery**

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## Catalyst

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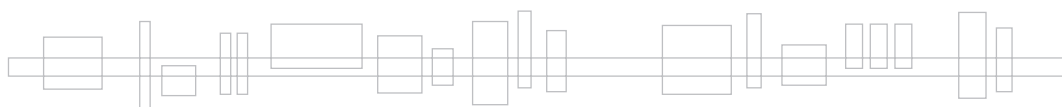
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**The catalyst Private Equity Deal of the year, now in it's 8th year, delivered a record-extending third gold medal for pan-African PE heavyweight Actis, for its disposal of a significant minority stake in Tekkie Town to Steinhoff.**

#### Private Equity Deal of the Year selection criteria

- **Asset with good private equity characteristics** – cashflow generative business and able to service an appropriate level of debt? A business model that is resilient to competitor action and downturns in the economic cycle? Strong management team that is well aligned with shareholders and capable of managing a private equity balance sheet? Predictable capex requirements that can be appropriately funded?
- **Deal size** – is a factor to filter deals but plays a limited role for acquisitions. It does carry more weight for disposals.
- **Potential/actual value creation** – Was the asset acquired at an attractive multiple? If the deal is a disposal was it sold at attractive price? What is the estimated times money back and/or internal rate of return?

There is limited information available in the public domain on the private equity deals, and even somewhat educated guess work doesn't provide all answers in all instances.

## 2016 Private Equity Deal of the Year

With all the noise and headwinds of 2016 – Trump, Brexit, US interest rates – one could be forgiven for thinking that private equity dealmaking would have been muted; but volumes in particular were strong with 73 transactions, while values are yet to see a return to the heady days prior to the global financial crisis.

The short-list for the 2016 Catalyst Private Equity Deal of the Year highlights a combination of fruitful harvests, clever structuring and parties with insatiable appetites for the deal.

Ultimately, the editorial team at DealMakers Catalyst, and

the adjudication panel, arrived at four of the best in a year where private equity dealmaking seemed to outstrip listed dealmaking activity levels pound for pound.

### Actis – Tekkie Town disposal Horses for courses

A love of horses and passion for retail business are the unlikely ingredients that led to Tekkie Town swapping global pan-emerging market private equity investor Actis for Markus Jooste's Steinhoff in September. This is the next chapter in a remarkable growth story, which has seen the small George-based value shoe business expand rapidly across the country and entertain thoughts of global expansion.

Taking a significant minority 42,5% stake in the company for R724m in November 2014, Actis backed Tekkie Town's existing management, led by founder Braam van Huyssteen, who has been the driving force behind the company's success to date, to retread growth momentum with access to its pan-African acumen.

Actis director, David Cooke, joined the Tekkie Town Board in 2014, to implement Actis active role in helping the company craft its future growth strategy and was surprised at the two-year holding period, revealing that it wasn't part of the original plan.

But Markus Jooste, Steinhoff's racehorse-loving CEO, had his eye on the rapidly expanding footwear retailer and the fact that van Huyssteen shared a mutual interest in racehorses, and an eye for a good deal, meant that the negotiations, which Cooke says started in April 2016, were concluded quickly.







David Cook



Markus Jooste

The deal is the latest in a slew of transactions undertaken by the South African holding company which began an aggressive acquisition expansion programme in 2016. The fact that Actis is exiting the stake somewhat earlier than the typical five to seven year holding period, combined with Steinhoff's determination to secure some of the other acquisition targets ahead of its grand Africa Retail strategy, has led to speculation that the integrated retailer offered an attractive premium to take control of the firm.

Back of the matchbox calculations based on analysts' valuation of Tekkie Town at R2,9bn place Actis's stake at R1,2bn, a tidy, approximate R450m profit

in two years, for an IRR of 65%. Little wonder that Cooke, who is under a non-disclosure agreement, laughs when pressed on the return profile of this deal.

His wry response is that no analyst's valuation of Tekkie Town has been exactly on the mark.

But opportunities such as this are rare. Jooste, and Steinhoff shareholder Christo Weise, clearly have a grand vision to create Africa's next Ikea and are meticulously putting all the building blocks in place. Tekkie Town's operations are a natural fit with Steinhoff, which, through its operations under Pepkor, has activities involving clothing and footwear, such as Ackermans, Pep, JD Group and Pepkor Speciality stores like Shoe City, John Craig and Dunns, which sells branded footwear.

The estimated fair value of Steinhoff Africa's retail operations is R90bn (Pepkor Africa R80bn, Iliad R1,1bn, Tekkie Town R2,9bn, JD Group R2,5bn, Steinbuild R3bn).

Steinhoff will support Tekkie Town's expansion out of South Africa with capital and expertise. At the time of the investment by Actis, Tekkie Town operated 265 stores in South Africa, 10 in Namibia and 1 in Lesotho. Today, the retailer operates a total of 302 stores, 15 of which are in Namibia and 2 in Lesotho.

Overall, Tekkie Town presents a good opportunity to the Steinhoff group to maximise supply chain benefits and add further scale and buying power to the group in footwear.

During an interview on Classic Business, Van Huyssteen ascribed the success of Tekkie Town, which started as one

store in Mossel Bay in the 1980s, to hard work, good teamwork and sound financial management.

The group has infused this culture into its young employees and is already developing the next layer of leadership to assist with the expansion into Poland firstly and then, along with Steinhoff, into the rest of Europe and Africa. So much so that one of its newly acquired warehouses in George has a Crossfit Box where employees can exercise, and there will soon be a restaurant for employees and an aftercare facility for their children.

The deal was approved by the Competition Commission in November, but it's worth noting that Steinhoff's significantly larger multibillion dollar purchase of Mattress Firm in the U.S was approved in less time. The Competition authorities in South Africa are becoming a frustrating handbrake on deal turnaround times.

### 'Comment from the Independent Adjudication Panel':

The 42% shareholding was only acquired by Actis in November 2014 from the founder Braam van Huyssteen for \$65m. The Panel understands that they beat off strong competition from other players in the industry to secure the shareholding. Less than 2 years later (a rather short hold period in traditional private equity) Actis and Van Huyssteen have sold 100% to Steinhoff for an undisclosed amount. The business has performed very well over the two year hold period and informal indications are that Actis and Van Huyssteen are pleased with the outcome, as is Steinhoff.

### Ethos - Eazi Group

## Ethos finds an Eazi margin of safety

Globally, the importance of safety compliance in several high-risk industries is no longer in question. Numerous accident and incident investigations identify the lack of compliance with regulations, rules, and governing procedures as a central contributing factor to accidents and fatalities. Most recently in South Africa the Lily Mine disaster and the Grayston Bridge collapse are high profile examples of the inherent safety risks in these two industries. And the drive towards zero-harm is part of the reason that Ethos announced a R1,6bn investment into The Eazi Group, Africa's market leader in the rental, sale and servicing of work-at-height and material handling solutions, including access platforms, telehandlers and accessories.

Ethos Fund VI acquired 65% of the business, with an investment vehicle controlled by Jonathan Beare (Buffet Investments) and founding shareholders owning the remainder.

Founded in 2003, The Eazi Group—comprising Eazi Access



Shaun Zagnoev

Rentals, Eazi Sales & Services, Eazi Africa and other subsidiaries—boasts the largest and most diverse fleet of boom lifts, scissor lifts, telehandlers and vertical personnel lifts on the African continent. The Group services customers across various sectors of economy in the construction, shipping, manufacturing, FMCG, transport,

entertainment and mining industries, by offering work-at-height and material handling solutions, including application solutions, machine training, on site project management and support. The Eazi Group has exclusive distribution rights for leading brands in South Africa, including JLG, owned by NYSE-listed Oshkosh Corporation, considered one of the world's leading mobile high access equipment manufacturers; Magni telescopic handler; and Maeda mini cranes.

"Ensuring safety is not always a given in high-risk industries. In South Africa it is evident that there is a lack of compliance with legislated safety regulations. Safeguarding and protecting employees in the workplace is non-negotiable - no matter what the costs or challenges are," says Jean du Randt, General Manager: Group Services of the Eazi Group.

In the 2014 Health and Safety statistics report for South Africa's mining sector, Minister Ngoako Ramatlhodi, who headed the Department of Minerals and Resources at the time, conveyed his condolences to the families of the 84 mine workers who lost their lives that year. While he commended the reduction in fatalities over the past two decades, the fact remains that mining is still one of the most dangerous occupations in the country, as recently seen in the accident at Lily Mine in Mpumalanga, which dominated the news in the first quarter of 2016.

Despite the dangers inherent in mining, the construction industry has surpassed the mining sector in recorded fatalities. According to the Federated Employer's Mutual Assurance Company, construction-related fatalities average 150 per year, with an additional 400 accidents occurring on average annually.

Former Minister Ramatlhodi also stated that 35% of mining fatalities are related to working at height. This statistic is echoed in the construction sector and is compounded by a lack of fall protection gear and equipment, and undoubtedly a lack of knowledge of safety requirements.

The construction boom in South Africa is rapidly driving up the demand for work-at-height solutions, and also increases the need to conform to safety governing procedures, rules and regulations. Recent changes to economic conditions also drive a need for efficiency, culminating in deployment of improved ways of working at height.

"The trend of deploying more mobile elevated work platforms to perform work-at-height duties more efficiently calls for proper instructions to operate machinery while following safety and compliance regulations. These are the prerequisites for the reduction of fatalities in high risk industries," says Du Randt.

Additionally, all driven machinery is regulated by the National Code of Good Practice and therefore has to comply with this legislation. NCOP 2015 associates mobile

elevated work platforms with a C53 license. Du Randt elaborated, "This license is currently based on the MEWP unit standard and, albeit controversial in its construct, delivers a sound basis for operating a MEWP. We found that some

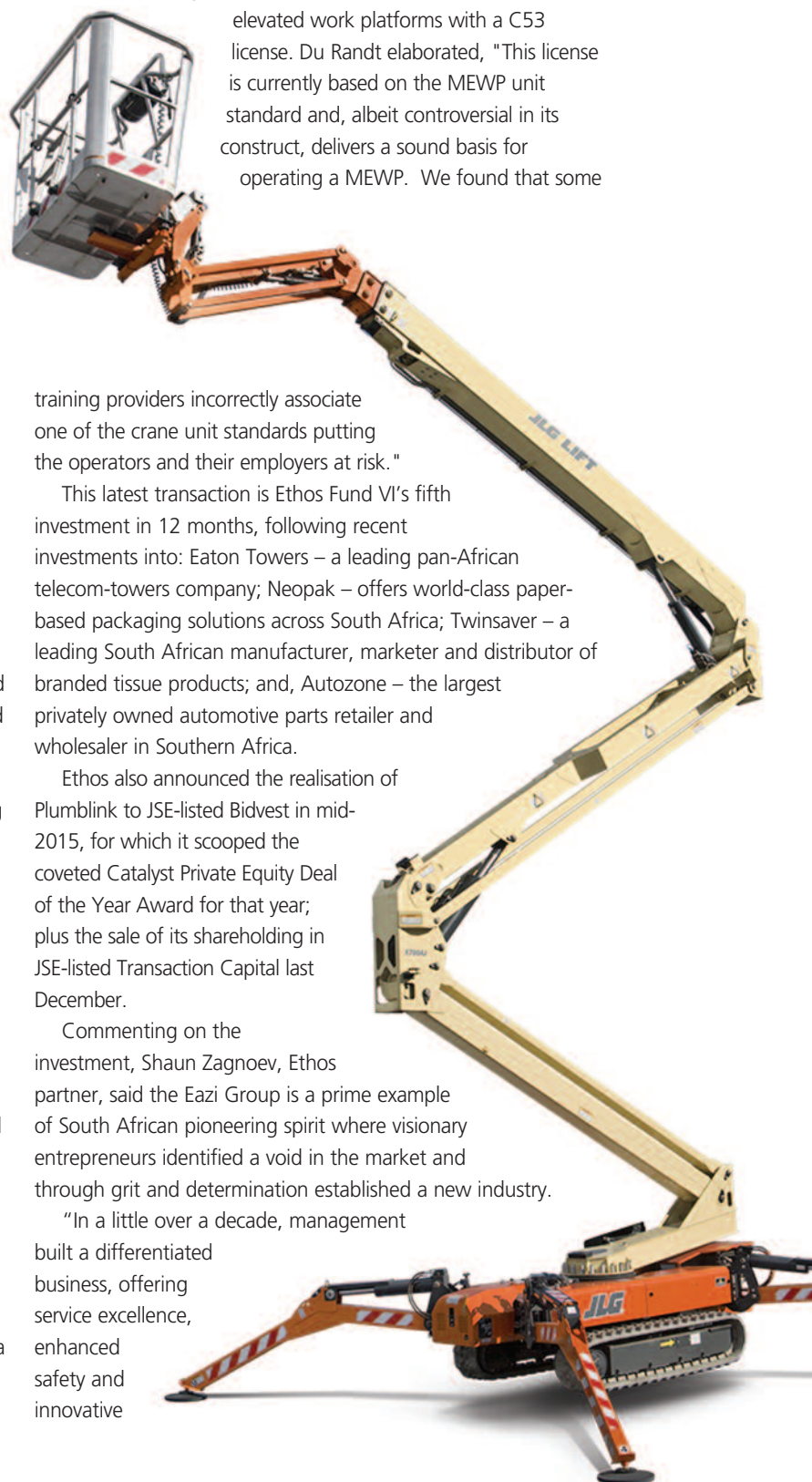
training providers incorrectly associate one of the crane unit standards putting the operators and their employers at risk."

This latest transaction is Ethos Fund VI's fifth investment in 12 months, following recent investments into: Eaton Towers – a leading pan-African telecom-towers company; Neopak – offers world-class paper-based packaging solutions across South Africa; Twinsaver – a leading South African manufacturer, marketer and distributor of branded tissue products; and, Autozone – the largest privately owned automotive parts retailer and wholesaler in Southern Africa.

Ethos also announced the realisation of Plumblink to JSE-listed Bidvest in mid-2015, for which it scooped the coveted Catalyst Private Equity Deal of the Year Award for that year; plus the sale of its shareholding in JSE-listed Transaction Capital last December.

Commenting on the investment, Shaun Zagnoev, Ethos partner, said the Eazi Group is a prime example of South African pioneering spirit where visionary entrepreneurs identified a void in the market and through grit and determination established a new industry.

"In a little over a decade, management built a differentiated business, offering service excellence, enhanced safety and innovative



cost-effective solutions to their customers. We are delighted to invest in the next phase of Eazi's journey to reach full potential," says Zagnoev.

Billion rand deals are rarely born and hatched overnight as Brett Fleming, CEO of The Eazi Group reiterates. "Ethos expressed interest in our business over many years, during which time we developed a trusted relationship. When the opportunity presented itself, Ethos—with its value-add capability and experience in partnering owner-managed businesses—was the ideal partner to cultivate our growth strategy."

Ethos is harvesting the years it has spent developing these relationships and realised with the Eazi Group that, just sometimes, regulations can actually be good for business.

#### **'Comment from the Independent Adjudication Panel':**

Ethos Fund VI made a significant R1.6 billion Rand investment to acquire a 65% stake in the access platforms, telehandler and accessories business. They will hold the investment alongside Buffett Investments (Johnathan Beare) and management. Eazi Group has managed to carve a very successful niche for itself since it commenced business in 2003. It's a large investment by Ethos and a-typical in that they've acquired control of Eazi Group.

## **Rockwood - Tsebo disposal** **Rockwood comes of age as a non-captive fund**

Rockwood Private Equity, which was spun out of Barclays in 2014 in the wave of captive fund releases by financial institutions thanks to Basel III, was involved in one of the bulkier deals by value in 2016. It sold its interests in the Tsebo Group for R5.25 billion - Tsebo is a leading Pan-African facilities services provider, employing 34 000 people across 23 countries and generating revenue of approximately ZAR6.5 billion – to Euronext-listed Wendel.

The future ownership structure of Tsebo will include a BEE consortium in South Africa that will partner with Wendel and maintain Tsebo's Level 1 BBBEE status under the BEE Codes.

Tsebo was acquired by Rockwood in 2007 in a secondary buy-out. Rockwood partnered with management and facilitated the investment of two BEE partners, Nozala Investments and Lereko Investments.

Rockwood is a prominent South African private equity fund manager and is the general partner of Rockwood Fund I.

Rockwood was established in 2013, following the sale by Barclays Africa of its private equity interests to the investment team and two international private equity investors in a first

of its kind secondary buy-out in South Africa. Rockwood is an active private equity house which focuses on taking substantial equity positions in medium to large sized companies which have experienced management teams.

Wendel is one of Europe's leading listed investment firms. The Group invests internationally in companies that are leaders in their field, such as Bureau Veritas, Saint-Gobain, Cromology, Stahl, IHS, Constantia Flexibles and Allied Universal. Wendel plays an active role as industry shareholder in these companies. It implements long-term development strategies which involve boosting growth and margins of companies to enhance their leading market positions.

Wendel is listed on Eurolist by Euronext Paris.

CEO of Rockwood, Andrew Dewar, believes that Wendel will be a great partner to Tsebo and together with management will continue to grow the business.

"During the time that Rockwood has held Tsebo it has grown from a primarily South African company with 9000 employees into a Pan-African platform with over 34 000 employees. In South Africa it has improved from a Level 3 BBBEE rating to a Level 1 BBBEE rating. We are certain that these trends will accelerate into the future with Wendel as a partner and we wish them every success."

Speaking about Rockwood's strengths, Dewar singles out the continuity of the senior leadership group as vital.

"Key to our success is the stability of our senior leadership team, all of whom were employed by Barclays Africa and were involved in the acquisition of our portfolio," explains Dewar.

Deutsche Bank acted as financial adviser and Bowman as legal adviser to Tsebo and Rockwood regarding the sale.



*Andrew Dewar*

#### **'Comment from the Independent Adjudication Panel':**

Rockwood took the asset over as part of ABSA's move to take its private equity book off balance sheet. In effect the hold period has been in the order of 10 years. Rockwood has now managed to secure a large investment of c. Euro 150m by Wendel Capital Group Private Markets to acquire its 65% shareholding. Wendel is one of Europe's largest listed investment houses.





## AR Capital – Afrimat acquisition Acquisitive deal partners ideal match

Afrimat, the listed materials supplier, celebrated its 10th anniversary on the JSE in 2016 and also consummated a Black Economic Empowerment deal with Patrice Motsepe's deal-hungry African Rainbow Capital (ARC).

Known for making transformational deals, Afrimat's recent conclusion of the BEE deal, which became unconditional in December, represents the fifth major transaction on the heels of Cape Lime, Glen Douglas, Clinker Group and Infrasons.



*Andries van Heerden*

Afrimat is a business that stands out as one of the rising stars in the resource sector, ably led by dealmaker CEO Andries van Heerden. It reported a strong performance of the mineral producing operations across all regions at its last set of results. And its net debt: equity ratio at 3,5% means it's perfectly positioned to capitalise on its strategic initiatives and future opportunities in the sector.

Motsepe's African Rainbow Capital purchased an 18,36% stake in Afrimat through the JSE-listed company's empowerment arm, Afrimat Empowerment Investments in September.

African Rainbow Capital is owned by Ubuntu-Botho Investments, which is in turn owned by Motsepe's family trust, along with a number of broad-based empowerment groupings and the Sanlam Ubuntu-Botho Community Development Trust.

Ubuntu-Botho Investments was created in 2004 with its initial main purpose of building black controlled capital through being Sanlam's empowerment partner. In addition, the vision of

Ubuntu-Botho Investments from the outset was to make a difference in the lives of ordinary South Africans by being the premier black-owned and controlled financial services entity.

The first phase of realising this vision was the accumulation of capital in partnership with Sanlam. This objective has now largely been achieved, with Ubuntu-Botho Investments holding about 14,5% of Sanlam's issued shares and valued at about R17bn at present.

The second phase currently underway will entail partially investing this capital in African Rainbow Capital, which is set to become a leading South African based, black owned and controlled financial services company.

Van Heerden said Afrimat had been 26% black-empowered since listing in 2006, and that black employees owned 22% of Afrimat Empowerment Investments in a trust, with private shareholders making up the remaining 4%.

The deal became unconditional in December after the Trust employees voted overwhelmingly in favour, which means they retain about 4% of Afrimat.

Van Heerden says it was one of the easier negotiations he's had recently, with talks taking around six months to conclude from start to finish, "because it's a very natural fit and we both had a strong appetite to conclude the transaction."

ARC brings with it three main value drivers according to van Heerden.

First, the calibre of people, with the likes of Dr Johan van Zyl, ARC Co-CEO Johan van der Merwe and Patrice Motsepe.

Second, the proprietary deal flow that ARC has access to will present further expansionary growth opportunities.

Third, given the strength of ARC's balance sheet, should Afrimat come to market to fund further expansion ARC is in a position to follow its rights and underwrite any offers. ♦

### 'Comment from the Independent Adjudication Panel':

2016 was a busy year for the newly formed African Rainbow Capital. In their acquisition trail, they acquired a 18% stake in Afrimat, the listed construction materials company, from existing BEE shareholders. The deal value was not disclosed but was at a discount to the prevailing market price at the time of R24 per share. Afrimat has delivered solid shareholder returns since its listing in the mid 2000s despite the current malaise in the construction sector.





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**In a climate of economic and political instability, private equity in Southern Africa has again had a robust year. The region still accounts for about a third of the African private equity market, with the bulk of deal activity (measured both in terms of value and volume) being centralised in South Africa.**

## South Africa still central to Southern African Private Equity Market in 2016

"The average deal size for the year across Southern Africa has been around \$250m to \$300m, which is consistent with what we saw in 2015, but still some way off the lofty pre-global financial crisis heights of \$585m," says Erika van der Merwe, CEO of the Southern African Venture Capital and Private Equity Association (SAVCA). "Statistics show a significant year-on-year increase in deal flow and a general investor philosophy that bigger is not always better."

More broadly, across Sub-Saharan Africa, the latest SAVCA Quarterly Deals Sheet, prepared in collaboration with Webber



Brian Dennehy

Wentzel, reflects 140 reported deals in the first three quarters of 2016. A third of these were in South Africa, with Nigeria, Kenya and Namibia also featuring prominently.

East Africa continues to increase its stake in private equity across Africa, led predominantly by Kenya, which has recently changed its institutional investment framework to

allow local institutions to invest up to 10% of their portfolio value into private equity.

Private equity deals continue to be spread across a wide range of sectors, with the most prevalent sectors being industrials, agriculture, technology, healthcare, education and consumer goods and services. This is consistent with the growing consumer base across the continent.

"A major theme this year has been the increased trend for auction processes on buyout transactions," says Brian Dennehy, Director at Webber Wentzel. "In our view, this reflects the increased competition for quality assets and the high levels of liquidity currently in the market. From the seller's perspective, auction processes can be beneficial in maximising the price, but they can also lead to protracted timelines and multi-phased disposal processes, given the buyer's focus on managing risk and transaction costs."

Ethos Capital debuted on the JSE in August 2016, following a R1.8bn oversubscribed public placement. The listing gives the market the opportunity to invest in a diverse pool of unlisted small to medium-sized companies through private equity funds managed by Ethos Private Equity.

Nicole Paige, partner at Webber Wentzel, notes: "There has been a growing interest from other private equity managers and investment holding companies looking to do similar transactions and access alternative sources of capital that require liquidity, which at times can be a challenge for private equity investments."

On the fund formation side, she says that managers are exploring the use of evergreen structures – particularly in relation to investments with a long-term profile and fairly consistent dividend yields.

According to Van der Merwe, all indications are that the 2016 trends will continue into 2017, with a good pipeline of deals already spilling over into the first quarter of 2017.

Private equity firms that have had some flexibility to defer realisations in light of unfavourable market conditions will now be motivated to dispose of mature investments. On the other hand, strong fundraising over the last two years has resulted in an abundance of committed capital that will be spent by Africa-focused funds. ♦

East Africa continues to increase its stake in private equity across Africa, led predominantly by Kenya, which has recently changed its institutional investment framework to allow local institutions to invest up to 10% of their portfolio value into private equity.





**Catalyst sat down with Tshego Sefolo, previously CEO of Zico, to talk about his latest venture, Agile Capital, of which he is CEO.**

## The Value of BEE Partnerships

Agile Capital recognises and supports BEE as an imperative, bringing together diverse skills to add value – thereby ensuring the holistic growth and invigoration of its targeted investment vehicles, whilst increasing returns.

Agile Capital holds a broad portfolio spanning multiple industries, focusing on businesses offering both solid operational track records and tangible potential for growth. “Beyond our current holdings, we continue to pursue investments across diverse sectors in the South African market as a key local PE player,” notes Tshego Sefolo, CEO: Agile Capital. “We are particularly interested in challenging misperceptions of BEE as a passive collection of dividends – we like to think we merely happen to be ‘black’ as we certainly bring more than a box-ticking scorecard to our transactions.”

### Identifying the right partner

The right BEE partner provides more than BEE credentials within a given transaction, instead offering precisely the list of essentials business requires of a PE partner: effectively as a coincidentally ‘black’ PE partner. “Within the ambit of PE we do, of course, have to make returns and will not be satisfied with a lazy balance sheet,” says Londeka Shezi, director: Agile Capital. “And whilst we bring the considerable benefit of BEE credentials to our ventures, our primary focus is growth and assisting the strategic direction of those businesses in which we invest.” Shezi adds that ability to add value is a key consideration which forms part of their investment evaluation matrix.

Correspondingly, the value added by the ideal PE partner is that ingredient which ensures the target business realises the growth trajectory forecast upon investment. “From our perspective, this translates into hands-on practical assistance – including business development and

leveraging the networks we offer within our extensive portfolio to effect synergies across markets, through to assisting executive management as and when required,” says Shezi.

### Mutual value in partnership: recognising embedded value in management

The ability to discern when to assist a partnered business is additionally vital. Appreciating the industry-specific knowledge embedded in existing executive management cannot be underestimated in a PE partnership. “We recognise the importance of executive management having as free a hand as possible in our investments,” notes Sefolo. “We approach assistance from a non-executive perspective whilst being ready to roll up our sleeves and contribute in diverse ways – as sounding boards for new ideas, providing legal verification, sharing our experience and expertise in labour relations, or assisting in further expansion through acquisitions and additional liquidity.”

However, each investment is unique and a blanket approach cannot be applied. The degree of participation in investment vehicles may differ depending on the sophistication and size of any given business. Greater interest equates not only to greater





"We view ourselves as strategic investors open to long term partnerships, particularly appreciating the challenges of the local economy," Shezi.

risk, but also the potential of higher return, correspondingly inviting increased levels of participation.

Further underpinning this level of PE investment is the fundamental praxis that any venture essentially functions as an ongoing relationship between the parties as opposed to a passive transaction – with a mutual sense of exchange realising an operational synergy in consequence. "Crucially, we understand our investment as a full partnership, which is the ethos behind our targeting businesses with dependable management teams that we can then propel to achieve the desired growth ambitions," says Sefolo.

#### Shifting misperceptions of time

It follows that this practice invites greater adaptability and resilience into such transactions: notably with regard to timeframes. "We want our partners to grow – and we enter our partnerships knowing that this could initially mean lower dividends over a preliminary period," explains Shezi.

Meaningful returns may require a slow and steady approach, combining calculated risk and tenacity. "We view ourselves as strategic investors open to long term partnerships, particularly appreciating the challenges of the local economy," says Shezi.



Tshego Sefolo

"As such our focus is on timing – and not on time itself."

In this regard, an additional misperception may perhaps lurk in the market: that PE is somehow exclusively focused on the short term and bound to a limited period in which to realise an investment. Shezi explains, "Whilst the very nature of PE requires

investments to be made with an exit in mind, Agile offers more flexibility as regards the open ended tenor of our investments in that we will continue to partner and develop a business until the time is right to sell."

Meaningful value: BEE applied as PE

Ultimately, and considering the very real social pressures in the country at present, superior returns can only be generated through a disciplined approach to investing that builds sustainable businesses and embraces transformation and the empowerment of others.

"Agile actively looks to enter into long-term relationships, drawing on our extraordinary talent pool of human capital to bring value to our investments," says Shezi. "And it is precisely because of this exceptional skills base that we offer in addition to much-needed liquidity – looking well beyond fulfilling a mere scorecard – that we are happy to form a consortium to ensure the best BEE deal for any partnership." ♦

**When Ethos Capital came to market CEO, Peter Hayward-Butt, revealed that it would be investing in Ethos Mid Market Fund I, a freshly minted Black-managed, mid-market focused fund in South Africa.**

## Ethos Mid Market Fund I now 'open for business'

The Ethos Mid Market Fund I announced its first close in the fourth quarter and is now ready to deploy capital via an investment strategy that will see Fund I invest in:

- Leverage buyout transactions with Enterprise Values of between R500m to R1.5bn, where R100-350m will comprise of equity;
- High-growth potential companies where Ethos believes it can create sustainable value by actively optimising strategy, operations and capital structures;
- Opportunities where BEE partnership can be leveraged for sustained growth (Ethos Mid Market Fund I provides 100% net value points on capital deployed);





Hayward-Butt explained at the time that Fund 1 will seek to be the lead shareholder or have significant influence in all its investments.

The fund will be managed by a dedicated team of experienced investment professionals, representing over 50 years combined private equity and investment experience, chaired by of Sonja De Bruyn Sebotsa.

Sebotsa has 18 years' experience and is a co-founder and principal partner of Identity Partners, an investment, advisory and financing firm. She is no stranger to large-scale BEE transactions. She was previously executive director of WDB



Sonja De Bruyn Sebotsa

Investment Holdings from 2002-2007, where she led several large BEE acquisitions including Bidvest, FirstRand, Discovery and Anglo-Coal Inyosi. She started her career in investment banking at Morgan Grenfell (later Deutsche Bank) in 1996.

Other members of the team include Arshad Essa, who joined Ethos Private Equity in 2007 and was promoted to partner in 2014; Edward Pitsi, who joined Ethos as an - associate in February 2011 and was promoted to principal in October 2013; and Titi Sekhukhune, who joined Ethos as an associate in August 2012. Since joining, she has been involved in Fund VI's acquisition of Autozone and Eazi and was part of the teams that successfully exited TiAuto and, most recently, Plumblink.

The Fund has a distinctly Mid-market focus and the team are actively looking at family-owned and/or entrepreneurial businesses, corporate spin-offs, and optimisation opportunities.

Be on the lookout for some interesting deal activity from this team in the BEE space during 2017. ♦

**The world's financial and commercial landscape has changed fundamentally over the last decade. CEO's the world over characterise today's emerging age of volatility and unpredictability as the "new normal." Accepting, however, that there is no new normal and embracing change by optimising the many opportunities that volatility presents provides the best lens through which to leverage growth in this new age.**

## The hunt for talent

*Ed Stokes*

This new reality is nowhere else more evident than in contemporary Africa's dynamic and fast growing economies where the rule book of investment, growth, profit and returns continues to be re-written every day.

Many of Africa's brave early investors who wrote cheques in excess of \$100m to access African energy, telecoms, banking and other obvious opportunities have, over the last decade, struggled to achieve significant returns. Varying combinations of currency volatility, liquidity constraint, legislative and political uncertainty and endemic infrastructural challenges have limited investors' ability to fully leverage the power of global capital markets to grow these investments. By contrast many smaller,

mid-market focused, equity investment firms have done very well. By backing African entrepreneurs, many of them rapidly growing family businesses who knew their markets intimately, measured product and regional expansion has delivered tangible, and bankable, growth. This observation has, over the last 12 months, seen the senior African leadership of several large private equity firms operating across Africa, like Carlyle, KKR, Actis and Standard Chartered, leave these big global brands to start their own mid-market focussed businesses.

In short, key staff from traditional global equity leaders are recognising that Africa's private equity landscape requires a fresh and much more dynamic approach, a much more flexible



and locally aligned focus, if they are to correctly identify, align with, and leverage Africa's abundant domestic equity opportunities.

As a head hunter I am privileged to have assisted leading African investors and CEO's build their businesses across this diverse continent. Finding the opportunity-spotters and the dealmakers that have identified and structure the financing of many of these opportunities, along with the leadership teams and technical experts capable of bringing these opportunities to life over the last 15 years has provided invaluable lessons and insights into Africa's dynamic growth landscape. The biggest learning is that there is no clear formula for success. Instead, flexibility, deep local relationships and knowledge - and close attention to how things are done on the ground - goes a long way towards replicating the dynamism of Africa's business landscape within one's own corporate structure.

A consistent determinant of success in Africa is the ability to find leadership able to drive a sophisticated accelerated business plan while remaining sensitive to local social, cultural and legislative realities. Deploying tried and tested global management models, supported by rigid corporate governance regimes, executed by experienced career executives account for much of the gap between investor expectations and CEO performance that has characterised many of the larger investments into the continent over the last decade.

This scenario contrasts strongly with many of the continents smaller, more local, private equity investment success stories. These have, invariably, been driven by self-made local CEO's at home in their ever-changing environments. This group of leadership are also committed to leaving behind a sustainable business as a personal legacy to their achievement once they exit. This is an entirely different formula and profile of leadership.

These young professionals are the future of Africa, equipped to deal with a completely new global reality, one of constant change, innovation, evolution and growth. What traditional CEO's see as crisis, insecurity and risk they see as opportunity to innovate, thrive and grow. Significantly, this group is also far less interested in the standard hefty expatriate package and perks. The opportunity to share in the growth of the business is far more important to this motivated and ambitious group, confident that the returns on growth in Africa will, over the long term, outweigh even the most generous expatriate packages.



Stokes

Fortunately, the continent's spectacular growth over the last 15 years has seen a big increase in the number of young African professionals seeking international education and experience. Every year over 5000 Africans graduate with MBA's from the top business schools, including; Harvard, Wharton, INSEAD, UCT and GIBS. Thousands more Africans also qualify as chartered accountants, engineers, lawyers, actuaries, marketers and human resource executives. Many of these young professionals find employment abroad with the leading financial institutions and consulting firms, gaining between two and ten years' experience. This "African leadership diaspora" is amongst the most well networked group of professionals in the world.

Tellingly, most of this highly motivated, networked and entrepreneurial group, Africa's next wave of business leadership, are more interested in returning to the continent to find and grow opportunities than committing permanently to predictable careers with the big consultancy, law, investment and banking majors.

While identifying the right profile leader for your investment in Africa is important, equally so is looking in the right places. Is the answer better financial analysis to anticipate the myriad of risks? Better portfolio leadership choices? Psychometric testing? Stronger, established market track record? Better access to business networks? Equally, given that the future of business is digital and that greater financial inclusion through innovative fintech and will create a new wave of new consumers, should we be looking to technology majors? The answers is a broad skills, experienced and capacity network trawling for all of the above.

Despite the new opportunistic global economy that we live in, the principle of supply and demand, when it comes to skills, will continue to apply, especially in Africa. While we certainly do need deeply experienced and ethically motivated international professionals to assist build African businesses, the current variable success of investments into the continent combined with global shareholder pressures has made a new skill set indispensable to Africa. These come at a cost. Rather than big expatriate packages, however, Africa's new generation of highly motivated, volatility-proof impact professionals seek opportunities to earn millions of dollars based on real EBITDA growth.

If you are a successful business owner in Africa with a vision to expand your business, there is an abundance of institutional leveraged debt and equity capital available and eager to support your business. Increasingly, however, investors are looking for evidence that businesses in Africa are practically able to actualise their potential. This will require more than sharing a vision with an expanded leadership team. Instead, businesses will need to attract and retain a new talent profile by correctly incentivising for a very different future business landscape. ♦

**Stokes is a director of Intrepid HR.**





# Local and International news

## National news

SAVCA CEO, Erika van der Merwe, bids the organisation farewell after several years at the helm and after continuing the exemplary work of former SAVCA CE, JP Fourie.

As the industry's primary voice, van der Merwe was instrumental in delivering a sell-out conference in 2016, a number of networking and information events (a private equity career evening, a regulatory briefing, networking for women in the industry, informal networking receptions), various training programmes (the SAVCA-GIBS Foundation Programme, which was sold out; the SAVCA-GIBS Advanced Programme, which was themed around value creation in private equity; the first training programme for back-office staff, which focused on private equity accounting and administration; and some bespoke training for stakeholders), as well as a library of research and information publications.

A search for her replacement is close to finalisation. ♦

Inspired Evolution, a South African clean energy and resource efficiency specialised fund manager, has exited a number of its renewable energy investments held in its Evolution One Fund portfolio.

Evolution One is a \$90m specialised fund that completed its final close in 2010, capitalised by local and offshore investors.

The focus was on clean energy and environment sectors, backing proven technologies and strong teams in infrastructure-type investments and related value chains.

Evolution One's stake in three of the assets was sold to an entity controlled by clients of TriAlpha Investment Management, facilitated by Gaia, an active secondary market player in the infrastructure sector.

These were the 5MW Slimsun Swartland Solar Park, the 80MW Kouga Wind Farm, and an indirect interest in Fifth Season (a black empowerment holding company) that holds a stake in the 75MW Solar Capital De Aar solar photovoltaic project.

Evolution One's indirect stake in the fourth asset, the 138.6MW Cookhouse Wind Farm, was sold to Old Mutual Life Assurance Company, the latter an existing shareholder. ♦

## International

Global Alternative Asset Manager Abraaj Group, the private-equity firm that invests across emerging markets, is interested in buying Barclays Group Plc's African business, Chief Executive Officer Arif Naqvi said.

"It's a very fine bank run by a very fine management team, and if the opportunity were to re-present itself, we would certainly be one of those that would be at the table," Naqvi said in an interview at the World Economic Forum in Davos with Bloomberg's Francine Lacqua. The two companies aren't currently in talks, he said.

Naqvi's comments may signal renewed interest in bidding for a chunk of Barclays' remaining 50,1% stake in the unit after the London-based bank said last March that it plans to sell down its 62% stake over two to three years. Abraaj and

a group of investors had previously planned to bid for a minority stake in Barclays Africa, people with knowledge of the discussions said last year, though those talks later faltered. ♦

Bloomberg Gadfly columnist covering deals and private equity, Gillian Tan, wonders how the Trump administration's potential changes to the U.S. tax code might roil the private equity industry?

While nothing has been formally proposed, a blueprint put forward by House Republicans last June offers some clues. It outlines a cut in corporate tax rates and introduces both a border-adjustment tax (designed to exempt exports and tax imports) and the immediate deductibility of capital expenditures (such as spending on plant and equipment). It also includes the scrapping of interest deductibility, a move that could severely impact returns from leveraged buyouts, which are traditionally heavily reliant on debt. ♦



# Local and International news

continued

## International

Reuters reports that the former regional heads for Africa at private equity giants KKR and Carlyle are setting up an investment firm, Arkana Partners, to target local equity investments of up to \$100m.

Kayode Akinola told Reuters in December that he was leaving KKR to join forces with Marlon Chigwende, who left his role as Africa chief at rival Carlyle in 2016, as private equity opportunities in Africa are often seen as too small for the buyout industry's titans.

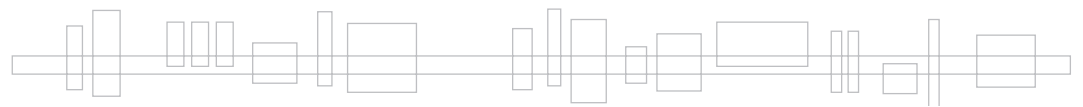
"We will be focused on the mid-cap, where we believe the bulk of opportunities are," Akinola said, adding that while the emphasis will be on private equity investments, the new firm will be flexible in its approach.

"You need to bring your entire tool bag to the market. (In Africa) you can't just say you're only going to do buy-outs or just greenfield," he said, referring to developing projects, often in infrastructure, from scratch.

The new firm will look for ventures which are ready to absorb up to \$100m but will mostly focus on opportunities requiring between \$20m and \$60m of equity, Akinola said, highlighting that what counts as "mid-cap" can vary widely in different African economies. ♦

### PRIVATE EQUITY DEALS Q1 - Q4 2016 - SOUTH AFRICA

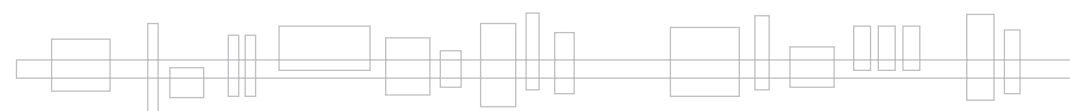
NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Disposal by	Vantage Capital and African Woman Chartered Accountants Investment to Kleoss Capital	entire stake in TrenStar		undisclosed	Jan 12
Acquisition by	Old Mutual Fund IV (Old Mutual)	significant minority stake in In2Food	Merrill Lynch; Nedbank CIB; Webber Wentzel; Cliffe Dekker Hofmeyr; Mazars	not publicly disclosed	Jan 14
Acquisition by	Ethos	65% stake in The Eazi Group	Webber Wentzel	R1,6bn	Jan 25
Acquisition by	Amadeus and MTN	undisclosed stake in Travelstart		\$40m	Feb 3
Acquisition by	Amadeus Capital Partners	stake in Hepstar		undisclosed	Feb 24
Acquisition by	Nodus Equity	undisclosed stake in Hair City	Webber Wentzel	undisclosed	Mar 1
Acquisition by	Nodus Equity	undisclosed stake in Big Save	Webber Wentzel; Cliffe Dekker Hofmeyr	undisclosed	Mar 1
Acquisition by	Medu Capital	increased stake from 27% to 100% in Elite Truck Hire	ENSafrica	R450m	Mar 9
Acquisition by	Medu Capital	Universal Coatings	Hogan Lovells (SA)	incl above	Mar 9
Acquisition by	Convergence Partners	stake in inQuba		undisclosed	Mar 9
Acquisition by	Stanlib	a partnership stake in Exeo Capital		undisclosed	Mar 15
Disposal by ■	Anglo American to consortium led by Taurus Fund Management	70% stake in Foxleigh metallurgical coal mine, Queensland Australia	Rand Merchant Bank	undisclosed	Apr 5
Acquisition by	African Rainbow Capital	18.14% stake in Metrofibre Networx	Webber Wentzel	undisclosed	Apr 11
Acquisition by	Investec Equity Partners	Idwala Industrial	Rand Merchant Bank; Investec Bank; Bowmans; Werksmans; Cliffe Dekker Hofmeyr	not publicly disclosed	Apr 12
Acquisition by	Convergence Partners and Stockdale Street	100% of e4	ENSafrica; Webber Wentzel	undisclosed	Apr 13
Acquisition by	Investec Equity Partners from management	24 034 409 Assupol shares, taking it's stake from 30.8% to 36.6%	Investec Specialist Bank; BDO; Cliffe Dekker Hofmeyr	R132m	Apr 22
Acquisition by	Investec Equity Partners from minorities	844 885 (0.2%) Assupol shares @R5.50 each	Investec Specialist Bank; BDO; Cliffe Dekker Hofmeyr	R4,6m	Apr 22
Disposal by	Masonite (Africa) through Business Rescue Proceedings to Warhorse Private Equity	plant and equipment	Investec Bank; Nedbank CIB; Norton Rose Fulbright (SA)	R 100	May 5



## PRIVATE EQUITY DEALS Q1 - Q4 2016 - SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Disposal by	WG Weame to a consortium led by Jade Industrial Holdings	Weame Precast	Exchange Sponsors; Cliffe Dekker Hofmeyr; Grant Thornton	R21,2m	May 10
Acquisition by	Harith General Partners (through its Pan African Development Fund II)	a significant stake in NOVO Energy		undisclosed	May 22
Acquisition by	Ingo Investments	stake in Bee Sweet Honey		\$60 000	May 24
Acquisition by	Fairtree Capital	The Rosevine in Cornwell, UK		undisclosed	May 31
Acquisition by	Convergence Partners	stake in Snapt	Bowmans	\$1m	Jun 1
Acquisition by	Yellowwoods Capital	stake in DataProphet		undisclosed	Jun 14
Acquisition by	Invenfin (Remgro) from major shareholder	significant minority stake in DV Artisan Chocolate		undisclosed	Jun 14
Acquisition by	Bidvest from Ethos Private Equity and management	Brandcorp	Standard Bank; Rand Merchant Bank; Investec Bank; Werksmans; Webber Wentzel	not publicly disclosed	Jun 17
Disposal by	Torre International (Torre Industries) to African Agriculture Fund and a management consortium	45% stake in Torre Equipment Africa (40%:5%)	Rand Merchant Bank; Bowmans	\$15,7m	Jun 20
Acquisition by	African Rainbow Capital	20% stake in Val de Vie Investments		undisclosed	Jun 21
Acquisition by	Nedbank Private Equity	25% stake in Consol Networks		undisclosed	Jun 28
Acquisition by	Marlin Brands (Coast2Coast Capital)	Albi	DLA Piper; Maddocks	undisclosed	Jun 29
Acquisition by	Acorn Agri	an additional 14.7% of Grassroots (total stake now 59.3%)		undisclosed	not announced Q2
Acquisition by	Leaf Capital	minority stake in Wellness Warehouse		undisclosed	Jul 4
Disposal by	South African Infrastructure Fund (SAIF) (AIIM)	60% stake in the Bakwena Platinum Corridor Concessionaire; 50 stake in Trans African Concessions and a 38% stake in N3 Toll Concession	Macquarie Capital; Cliffe Dekker Hofmeyr; Webber Wentzel	undisclosed	Jul 5
Acquisition by	WDB Investment and Grovest	57.5% (30% : 27.5%) stake in Seed Engine		undisclosed	Jul 7
Acquisition by	WEC Projects from Medu Capital	61.8% stake in Industrial Water Cooling		undisclosed	Jul 12
Acquisition by	Jacobs Capital from Courthiel Holdings	Gelvenor Textiles		undisclosed	Jul 18
Acquisition by	BoE Private Equity Investments	25% stake in Consol Networks	Cliffe Dekker Hofmeyr	undisclosed	Jul 20
Acquisition by	African Rainbow Capital	29.9 stake in CMB International (parent firm of Bravura)	Bravura; Intercontinental Trust; Werksmans; Webber Wentzel; BLC	R120m	Jul 29
Acquisition by	Kap Industrial from Rockwood Fund I GP; Thebe Safripol Investments and management	Safripol	PSG Capital; Webber Wentzel; Roodt	R4,1bn	Aug 10
Acquisition by	African Rainbow Capital	a minority stake in Colourfield Liability Solutions	Webber Wentzel ; ENSafrica	undisclosed	Aug 11
Acquisition by	Kleoss Capital GP Trust	a stake in Real Foods	Bowmans; Werksmans	not publicly disclosed	Aug 12
Acquisition by	African Rainbow Capital	30% stake in ooba	ENSafrica	undisclosed	Aug 15
Acquisition by	Kleoss Capital	significant stake in the Centre for Diabetes	Webber Wentzel	undisclosed	Sep 6
Acquisition by	Steinhoff International from Actis	Tekkie Town	PSG Capital; Webber Wentzel; ENSafrica	not publicly disclosed	Sep 6
Acquisition by	Lucid Ventures	20% stake in "Jamie's Italian" restaurant chain in SA		undisclosed	Sep 15
Acquisition by	Wendel from Rockwood Private Equity and minority shareholders	Tsebo Group	Deutsche Bank; Bowmans; Webber Wentzel	R5,25bn	Sep 20
Disposal by	Bain Capital to creditors	Edcon	Houlihan Lokey (Europe); PJT Partners; Weil, Gotshal & Manges	\$1,5bn	Sep 20
Acquisition by	Jacobs Capital and Vulindlela	a majority stake in Summit Crane Hire		undisclosed	Sep 22
Disposal by	Afrimat Empowerment Investments (Afrimat) to African Rainbow Capital	18,36% stake in Afrimat	Bridge Capital; ENSafrica	not publicly disclosed	Sep 23
Acquisition by	Carlyle Group	a majority stake in Amrod	Webber Wentzel	not publicly disclosed	Sep 26
Disposal by	Alexander Forbes to African Rainbow Capital	10% of SA and African operations	PwC Corporate Finance; UBS; Bowmans; Allen & Overy; Webber Wentzel	R753,45m	Sep 29
Disposal by	Stanlib Asset Management (Standard Bank) to Ethos Private Equity	Stanlib Credit Partners	Webber Wentzel; SizweNtsalubaGobodo	not publicly disclosed	not announced Q3
Acquisition by	Sasfin Private Equity Investment (Sasfin) from SAAB (SAAB Sweden)	45% stake in SAAB Grintek Technologies	Webber Wentzel	not publicly disclosed	not announced Q3
Acquisition by	Motilekar Holdings	Skywise		undisclosed	Oct 4
Acquisition by	Investec Asset Management	a significant shareholding in Mobisol	Bowmans	undisclosed	Oct 4
Disposal by	Naspers to private equity firms Cinven, Permira and Mid Europa	Grupa Allegro and Ceneo	Morgan Stanley; Goldman Sachs International; Macquarie Capital; Investec Bank; Webber Wentzel; Allen & Overy; Clifford Chance; Deloitte; EY	\$3,25bn	Oct 14



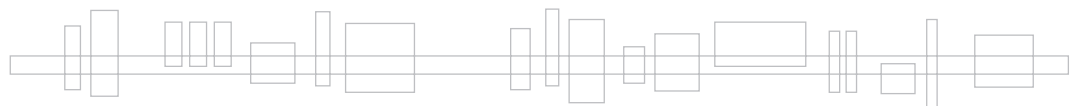


## PRIVATE EQUITY DEALS Q1 - Q4 2016 - SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	Business Ventures Investments No 1953 (IEP Portfolio 1)	Remaining stakes in Unispan, Concord Cranes, Uvundlu Investments and Prowalco	Cliffe Dekker Hofmeyr	undisclosed	Oct 18
Disposal by	Murray & Roberts to Nisela Capital	Genrec Engineering	Deutsche Securities; Webber Wentzel; Bowmans; White & Case	R185m	Oct 24
Acquisition by	African Rainbow Capital	49% stake in Sinaya Securities		undisclosed	Nov 3
Acquisition by	Nutritional Holdings from Ontario Private Equity	Venlai Strategic Solutions	PSG Capital	R9m	Nov 7
Disposal by	RMB Corvest and minorities to Electrolux	Kwikot	Rand Merchant Bank; Cliffe Dekker Hofmeyr; Webber Wentzel	R3,18bn	Nov 10
Acquisition by	RMB Corvest, RMB Ventures, MIC Investment and Unicorp management from Ethos General Partners SPV	Universal Industries	Rand Merchant Bank; Webber Wentzel; Cliffe Dekker Hofmeyr	not publicly disclosed	Nov 11
Acquisition by	Cactus Capital	stake in e-factor		undisclosed	Nov 15
Acquisition by	Clifftop Colony and other investors	stake in Iono.fm		R2,5m	Nov 16
Acquisition by	Rockwood Fund 1	additional stake in Kwikspace Modular Buildings	Werksmans	not publicly disclosed	Nov 17
Acquisition by	The Carlyle Group from Investec Equity Partners	a majority stake in CMC Networks	E&Y; Bank Street; ENSAfrica; Cliffe Dekker Hofmeyr; Webber Wentzel	undisclosed	Nov 21
Disposal by	Torre International (Torre Industries) to African Agriculture Fund and Kanthu Nkhama Capital	55% stake in Kanu Equipment	Rand Merchant Bank	\$30,9m	Nov 22
Acquisition by	Capitalworks, Tiso, IQ Group and executive partners	a significant interest in IQ Business	Werksmans; Cliffe Dekker Hofmeyr	not publicly disclosed	Nov 30
Acquisition by	African Marine Solutions (Amsol) from Royal Boskalis Westminster	Smit Amandla Marine	Webber Wentzel; Bowmans; KPMG	not publicly disclosed	Dec 1
Acquisition by	Capitalworks Private Equity from Petmin minorities	Petmin	One Capital; EY; River Group; Cliffe Dekker Hofmeyr	R860m	Dec 19
Disposal by	Alexander Forbes to Inflexion Private Equity and LCP individual partners	60% stake in Lane Clark and Peacock LLP and subsidiaries in Ireland and the Netherlands (LCP)	Stephens Europe; Rand Merchant Bank; Dickson Minto WS	£75,4m	Dec 20
Disposal by	Standard Chartered Private Equity to Acorn Equity	its stake in Afrifresh	Bowmans	undisclosed	not announced Q4
Acquisition by	Spirit Capital	an undisclosed stake in Algrobix	Werksmans	not publicly disclosed	not announced Q4

## PRIVATE EQUITY DEALS Q1 - Q4 2016 - REST OF AFRICA

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Africa	Strategic Partnership	Denham Capital and GreenWish Partners : to develop, build and finance a 600MW renewable-energy portfolio across Sub-Saharan Africa by 2020		undisclosed	Feb 22
Africa	Disposal by	Actis of Emerging Markets Payments to Network International	Morgan Stanley; Perella Weinberg Partners; Clifford Chance; Webber Wentzel; Freshfields Bruckhaus Deringer	\$340m	Mar 2
Africa	Acquisition by	Abraaj Group of Themis		undisclosed	Mar 16
Africa	Joint Venture	Africa Finance Corporation's interests in Cenpower and Harith General Partners' assets in the Pan Africa Infrastructure Development Fund (PAIDF) : new energy entity	Standard Bank; KPMG; Allen & Overy	\$3,3bn	Jun 22
Africa	Investment by	Investisseurs & Partenaires and Proparco in Enko Education		undisclosed	Aug 1
Africa	Acquisition by	Wendel from Rockwood Private Equity and minority shareholders of Tsebo Group	Deutsche Bank; Standard Chartered Bank; Bowmans; Webber Wentzel	R5,25bn	Sep 20
Africa	Acquisition by	Investec Asset Management of a significant shareholding in Mobisol	Bowmans	undisclosed	Oct 4
North Africa	Acquisition by	Mediterrania Capital Partners and Euromena III of a minority stake in BS Invest (Tunisia), CAP Retail (Morocco) and Investex Algérie (Algeria)		undisclosed	Apr 7
East Africa	Acquisition by	AfricInvest of a stake in Silafrika Plastics and Packaging International	Clyde & Co; Bowmans	undisclosed	Mar 11
Algeria	Disposal by	Mediterrania Capital Partners of its stake in Cellulose Processing to The Abraaj Group		undisclosed	Jan 11
Algeria	Acquisition by	Mediterrania Capital Partners of a 43% stake in Cieptal Cars		undisclosed	Apr 4
Algeria	Acquisition by	Development Partners International and DEG of a 49% stake in Général Emballage from AfricInvest and the original founders, the Batouche family		\$55m	Oct 2



## PRIVATE EQUITY DEALS Q1 - Q4 2016 - REST OF AFRICA

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Botswana	Acquisition by	Afinitas of a 66.66% stake in Adventis		\$2,5m	Aug 23
Burkina Faso	Investment by	Investisseurs & Partenaires in Barajji		undisclosed	Aug 1
Cape Verde	Acquisition by	Africa Finance Corporation of InfraCo Africa's remaining stake in the CabeÓlice Wind Farm		undisclosed	Feb 19
Côte d'Ivoire	Acquisition by	Amethis Finance and West Africa Emerging Markets Growth Fund of an additional stake in Pétro Ivoire		undisclosed	Feb 28
Côte d'Ivoire	Investment by	Investisseurs & Partenaires in Africa Radio		undisclosed	Aug 1
Côte d'Ivoire	Investment by	Development Partners International in Atlantic Financial Group	Euromed Advisory; Rothschild; KPMG France; PwC; Dentons; Allen & Overy	\$100m	Sep 13
Côte d'Ivoire	Acquisition by	Adenia Partners through its Adenia Capital III fund of a majority stake in Ademat		undisclosed	Sep 23
Côte d'Ivoire	Disposal by	Caris Management of its stake in Atlantic Business International		undisclosed	Sep 29
Côte d'Ivoire	Disposal by	Caris Management of its stake in Bridge Bank Group Côte d'Ivoire		undisclosed	Sep 29
DRC	Investment by	XSML in Institut Aurora		undisclosed	May 9
DRC	Investment by	XSML in Laboratoire BIS		undisclosed	May 9
Egypt	Disposal by	Abraaj Group of its remaining stake in Integrated Diagnostics Group		undisclosed	Jan 17
Egypt	Disposal by	Amwal AlKhaleej of its investment in Sarwa Capital to the Egyptian-American Enterprise Fund		undisclosed	Feb 1
Egypt	Acquisition by	EFG Hermes of a 76.7% stake in Tanmeyah Microenterprise Services from Qalaa (70%) and Tanmeyah management (6.7%)	EFG Hermes Investment Banking; Arab Legal Consultants; KPMG	EGP345m	Feb 24
Egypt	Disposal by	MENA Infrastructure of its 30.33% stake in Alexandria International Container Terminals to Hutchison Port		undisclosed	Mar 7
Egypt	Disposal by	Actis of a 7% stake in Edita Food Industries		EGP905,8m	May 31
Egypt	Acquisition by	Emerging Investment Partners of General Cable Egypt		undisclosed	Jun 22
Egypt	Investment by	Development Partners International in B.Tech	EFG Hermes; Matouk Bassiouny; Norton Rose Fulbright; Zulficar & Partners; White & Case	EGP300m	Jul 21
Egypt	Investment by	NBK Capital Partners in Kaumeya Language School		undisclosed	Dec 5
Ethiopia	Acquisition by	54 Capital of an undisclosed stake in Addis Pharmaceutical Factory	Deloitte; EY; Dentons; Mesfin Tafesse; Bowmans	\$30m	Jan 6
Ethiopia	Acquisition by	Schulze Global Investments of a 45% stake in MB Plc, the producer of Family Milk		undisclosed	Jan 22
Ethiopia	Acquisition by	8 Miles of a significant minority stake in Verde Beef Processing	KPMG; Clifford Chance; Armbrust & Brown; Harbottle & Lewis	undisclosed	Apr 26
Ghana	Acquisition by	PCM Capital Partners of a stake in Surfline Communications		€5m	Apr 12
Ghana	Investment by	Injaro Agricultural Capital in Gold Coast Fruits		undisclosed	Jun 22
Ghana	Acquisition by	Synergy Capital Managers of a stake in Vester Oil Mill Limited Ghana	The New Practice; KPMG Ghana	undisclosed	Oct 12
Kenya	Acquisition by	The Norwegian Investment Fund for Developing Countries (Norfund) of a minority stake in Freight-In-Time		\$10m	Feb 12
Kenya	Acquisition by	Kuramo Capital Management of a 25% stake in TransCentury	Francis Drummond & Company; Kaplan & Stratton	\$20m	Mar 14
Kenya	Acquisition by	Andreessen Horowitz of a stake in Branch International (Branch.co)		\$9,2m	Mar 30
Kenya	Acquisition by	Equator Capital Partners and Progression Capital Africa on a stake in Jamii Bora Bank	Bowmans	Ksh1,2bn	Apr 11
Kenya	Investment by	Kibo Capital Partners in partnership with Velogic in General Cargo Services		undisclosed	Apr 18
Kenya	Investment by	Catalyst Principal Partners in Orbit Chemical Industries	Bowmans	undisclosed	Apr 25
Kenya	Acquisition by	CDC Africa Cement (CDC Group) of a 41.66% stake in ARM Cement (share subscription 353,665,200 shares @ KES40 per share)	Tradeways; Bowmans	\$140m	Apr 30
Kenya	Investment by	Safaricom's Spark Venture Fund in mSurvey		undisclosed	Aug 26
Kenya	Acquisition by	DOB Equity of a minority stake in Twiga Foods		undisclosed	Aug 29
Kenya	Acquisition by	Apis Partners through its Apis Growth Fund I of a stake in Direct Pay Online Group (DPO Group)		undisclosed	Sep 22
Kenya	Acquisition by	Safaricom Spark Venture Fund of a stake in Eneza Education		undisclosed	Oct 5
Kenya	Disposal by	Catalyst Principal Partners of its controlling stake in Goodlife Pharmacy to Leapfrog Investments		\$22m	Nov 23
Kenya	Acquisition by	DOB Equity of a stake in Countryside Dairy		undisclosed	Dec 15
Liberia	Investment by	TLG Capital in Snapper Hill Clinic		undisclosed	Nov 30



## PRIVATE EQUITY DEALS Q1 - Q4 2016 - REST OF AFRICA (Continued)

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Madagascar	Investment by	Adenia Partners in Opham		undisclosed	May 3
Mauritania	Disposal by	I&P Développement 1 of its stake in CDS		undisclosed	Sep 26
Mauritius	Acquisition by	Vantage Mezzanine Fund III USD of a 4.33% stake in Worldwide Landmark Holding Company	Investment One Financial Services; Werksmans; Adepetun Caxton-Martins Agbor & Segun	undisclosed	Apr 12
Mauritius	Disposal by	MCB Equity Fund of 100% of Speedy France to Bridgestone EMEA	MCB Capital Markets	undisclosed	May 30
Mauritius	Disposal by	Torre International (Torre Industries) to African Agriculture Fund and a management consortium of a 45% stake in Torre Equipment Africa (40%:5%)	Rand Merchant Bank; Bowmans	\$15,7m	Jun 20
Mauritius	Acquisition by	African Rainbow Capital of a 29.9 stake in CMB International (parent firm of Bravura)	Bravura; Intercontinental Trust; Werksmans; Webber Wentzel; BLC	R120m	Jul 29
Mauritius	Investment by	Flint Atlantic Capital partners and Polaris Partners in African Healthcare Network	Cabinet Nyemb; GlobalLex Chambers	undisclosed	Nov 13
Mauritius	Disposal by	Torre International (Torre Industries) to African Agriculture Fund and Kanthu Nkhama Capital of a 55% stake in Kanu Equipment	Rand Merchant Bank	\$30,9m	Nov 22
Morocco	Acquisition by	AfricInvest of a stake in Outsourcia Group		undisclosed	Mar 29
Morocco	Investment by	Actis in Mundiapolis University		undisclosed	May 22
Morocco	Acquisition by	Mediterrania Capil Partners of a stake in MedTech Group		undisclosed	Jun 7
Morocco	Acquisition by	Mediterrania Capital Partners of a stake in Université Privée de Marrakech (UPM)		undisclosed	Oct 12
Mozambique	Acquisition by	S2 Africa (Satya Capital and Sonae Distribuição) of Extra supermarket chain from Africom Delta Corporation		undisclosed	Feb 7
Namibia	Acquisition by	Eos Capital of a majority stake in Elso Holdings		undisclosed	May 24
Namibia	Acquisition by	Eos Capital of a 35% stake in Fabupharm		undisclosed	Sep 1
Nigeria	Acquisition by	Synergy Capital of a stake in Africa Terminals		undisclosed	Feb 18
Nigeria	Acquisition by	Synergy Capital of a stake in Suburban Fiber Company		undisclosed	Mar 24
Nigeria	Financing by	Vantage Mezzanine Fund III USD to Worldwide Landmark Holding Company : 100% of Landmark Village	Investment One Financial Services; Werksmans; Adepetun Caxton-Martins Agbor & Segun	\$20m	Apr 12
Nigeria	Investment by	Singularity Investments in Slide Airtime		undisclosed	May 13
Nigeria	Investment by	Sahel Capital in Dayntee Farms		undisclosed	Aug 8
Nigeria	Acquisition by	8 Miles, African Capital Alliance and Deutsche Investitions und Entwicklungsgesellschaft of a minority stake in Beloxi Industries	Deloitte; SLR Consulting; Fros Capital; Linklaters; Aluko & Oyeboode; Detail Commercial Solicitors	\$80m	Aug 19
Nigeria	Acquisition by	Abraaj Group of a minority stake in Indorama Fertilizers		undisclosed	Oct 13
Nigeria	Disposal by	American Capital Energy & Infrastructure of its stake in Azura Power to Actis		undisclosed	Nov 10
Nigeria	Investment by	Synergy Privaye Equity Fund in MSY Analytics		undisclosed	Dec 6
Senegal	Acquisition by	Lekela Power of codevelopment rights and sole rights to invest in the 158MW Taiba Ndiaye Wind Project from American Capital Energy & Infrastructure	Clifford Chance	undisclosed	Jun 22
Senegal	Disposal by	I&P Développement 1 of its stake in Duopharm		undisclosed	Sep 26
Tanzania	Acquisition by	Catalyst Principal Partners of a controlling stake in Zenufa Laboratories		undisclosed	Oct 10
Togo	Disposal by	Caris Management of its stake in Sodigaz		undisclosed	Sep 29
Tunisia	Acquisition by	The Abraaj Group of a 49% stake in JM Holding, the majority shareholder of Société d'Articles Hygiéniques		undisclosed	Jan 18
Tunisia	Disposal by	Abraaj Group of its stake in Unité de fabrication de médicaments (Unimed) via IPO		undisclosed	May 4
Tunisia	Investment by	The Carlyle Group in Mazarine Energy		undisclosed	May 16
Tunisia	Acquisition by	Actis of a stake in Medis from Africinvest and the Boujbel family		undisclosed	Sep 2
Tunisia	Disposal by	Maghreb Private Equity Fund II (AfricInvest) of its 20,06% stake in Group Cotugrain Hortimag to BIAT Capital Risque and Mr Adel Gharani		undisclosed	Oct 28
Uganda	Disposal by	Actis of its remaining 14.3% stake in Umeme on the USE and NSE	Stanbic Bank Uganda; Clifford Chance; MMAKS Advocates; Bowmans	\$27m	Nov 7
Zambia	Acquisition by	QG Africa Hotel (QG Investments Africa Management) of 100% of the Intercontinental Hotel Lusaka from Kingdom Hotel Investments		\$35,9m	Apr 12
Zambia	Acquisition by	Inqo Investments of a stake in Bee Sweet Honey		\$60 000	May 24
Zimbabwe	Acquisition by	Capital Seven of a 75% stake in Trust Holdings		\$12,5m	Sep 16