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# **PRIVATE EQUITY | AFRICA**

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## **2016 Annual Review Report**

First Edition

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C H A N C E**

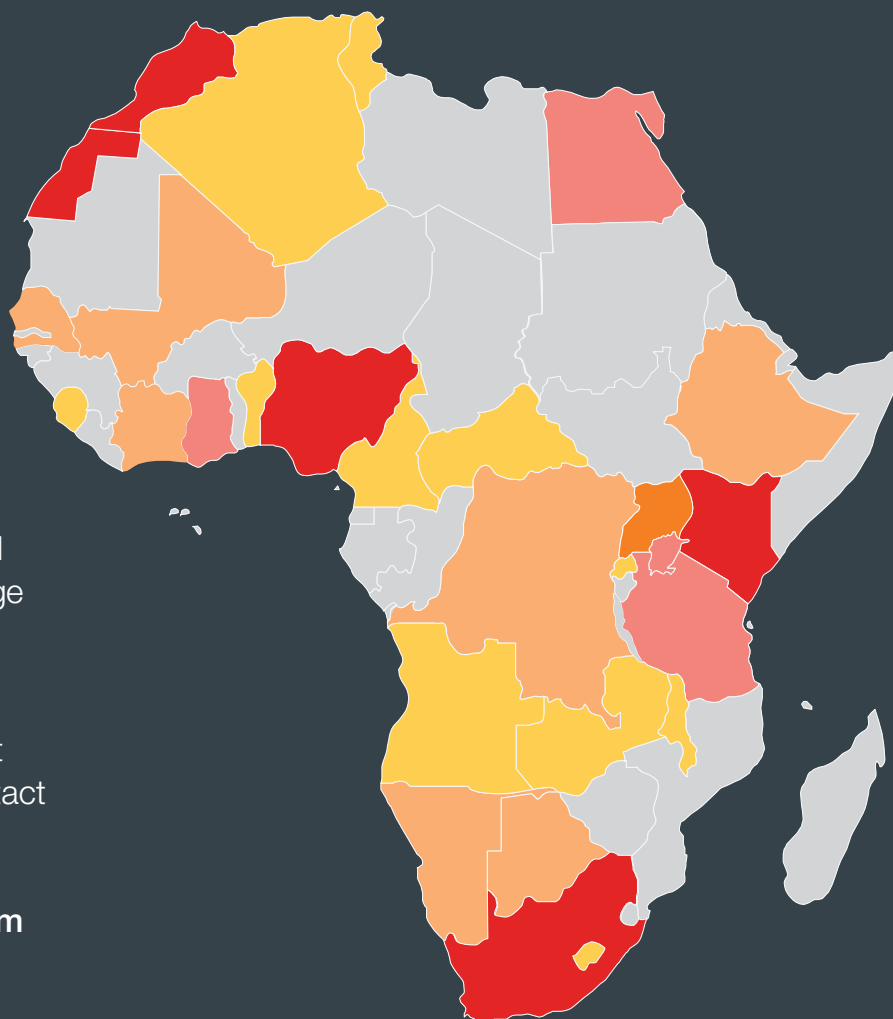
# Clifford Chance

## No. 1 for Private Equity – Globally and in Africa

Clifford Chance was involved in over 65 M&A transactions in Africa during 2016 giving us a unique overview of the market.

Clifford Chance LLP

Our 2016 heat map has seen a change in geographic and sector focus compared to 2015. M&A activity shifted from West to East Africa, with the power, agribusiness and education sectors being particularly active, and the financial services sector remaining strong.



In addition, we continue to see an increased use of bespoke and innovative investment structures and purchase price mechanisms to bridge valuation gaps and protect against key investment risks.

If you would like to talk to us about private equity in Africa, please contact Spencer Baylin, Head of Emerging Markets PE:

[spencer.baylin@cliffordchance.com](mailto:spencer.baylin@cliffordchance.com)

Award Winning

**Private Equity Africa Awards:** Overall Legal Advisor Award 2016, 2015, 2014, 2013; Deals Legal Advisor Award 2016

**Top Tier in Chambers Global 2016 for Private Equity:** Global-wide; Corporate/Commercial: Africa-wide; Projects & Energy: Africa-wide

**C L I F F O R D**  
**C H A N C E**

[www.cliffordchance.com](http://www.cliffordchance.com)

## **Global M&A Insights**

*Thomson Reuters data on global and African M&A*

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## **Global Private Equity Analysis**

*Thomson Reuters highlights key global private equity trends*

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*Private Equity Africa analyses 2016 and historic African deal-making and fundraising data*

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## **PEA Investor Rankings**

*Private Equity Africa ranks the most active investors across regions, sectors and deal sizes*

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*Africa's fund managers share thoughts on lessons learnt in 2016, and how these impact their views*

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**PRIVATE EQUITY | AFRICA**

GP & Advisor  
*Awards 2017*



1 June, London

# ENTER TO BE RECOGNISED

The Awards Gala Dinner will be held on the evening of the LP-GP Investor Summit



**Celebrating the best of African Private Equity**

[www.peafricaevents.com](http://www.peafricaevents.com)

**PRIVATE EQUITY | AFRICA**  
EVENTS

## Clarifying African Private Equity

Welcome to *Private Equity Africa*'s first edition of the Annual Review Report – our latest venture in clarifying African private equity.

*Thomson Reuters* has joined *Private Equity Africa* on this venture - by co-branding the report and providing a strong backdrop through the provision of global mergers and acquisitions (M&A) and private equity data.

Key to the report is the launch of the *Private Equity Africa Rankings*, a tool for the industry to get up to speed with which investors have been most active across the industry in the five years up to 2016. The rankings are based on volumes across key sectors, deal sizes and regions.

In this premier issue, readers get an in-depth view of how private equity in Africa links into global and emerging market trends. The *Thomson Reuters* data provides insights into aggregate global values and volumes across M&A, private equity and venture capital deal-making.

The global analysis reveals an overall year-on-year drop in both volumes and deal-making values – on the back of the uncertainty that plagued investing in 2016.

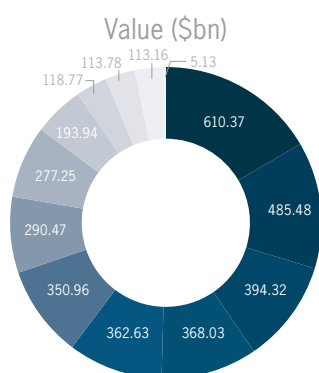
In this publication *Private Equity Africa* also analyses 2016 and historic deal-making, covering regions, sectors and key transactions.

The African fundraising data has been flavoured by emerging markets insights. In 2016 Africa suffered its worst fundraising year in recent times – and was one of the regions that dragged down overall fundraising across emerging markets – as did the Middle East and North Africa, and Latin America.

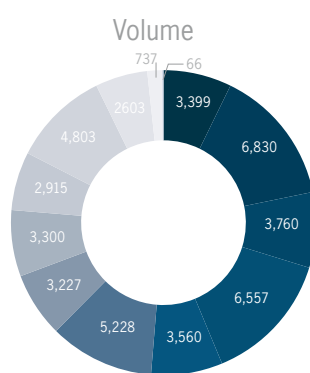
The report additionally includes views from the industry, with key investors sharing their thoughts on lessons learnt – and how they are to view the industry moving forward.

The GP views show that while Africa's sombre economic backdrop may have meant a dry spell for many – for some it has been a fertile time for treasure hunting.

## Global M&A by Target Macro Sector 2016\*



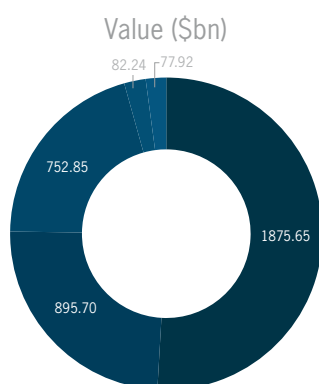
Total \$3684.36bn



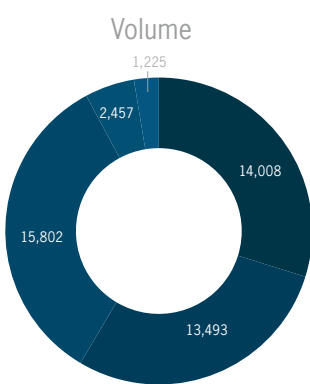
Total 46,985

- Energy and Power
- High Technology
- Materials
- Industrials
- Real Estate
- Financials
- Media and Entertainment
- Healthcare
- Consumer Staples
- Consumer Products and Services
- Retail
- Telecommunications
- Government and Agencies

## Global M&A by Target Region 2016\*



Total \$3684.36bn



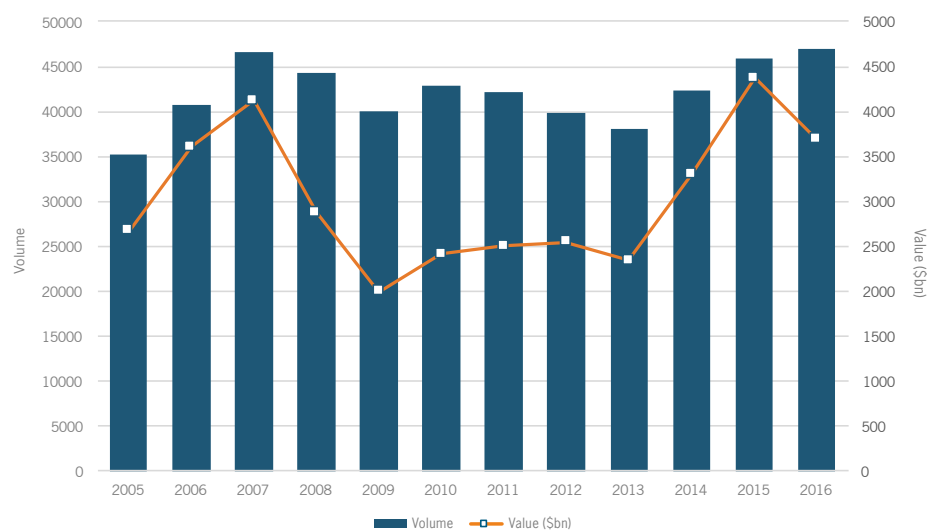
Total 46,985

- Americas
- Asia-Pacific (ex Central Asia)
- Europe
- Japan
- Africa/Middle East/Central Asia

## Global M&A 2016: Most Targeted Nations\*

Country	Volume
US	11,191
China	6,017
UK	2,585
Japan	2,457
France	2,420
Russian Federation	1,687
Germany	1,668
South Korea	1,604
Canada	1,529
Australia	1,260
India	1,118
Italy	976
Spain	890
Hong Kong	835
Sweden	707
Netherlands	664
Brazil	547
Singapore	452
Switzerland	370
Israel	137
Industry Total	46,985

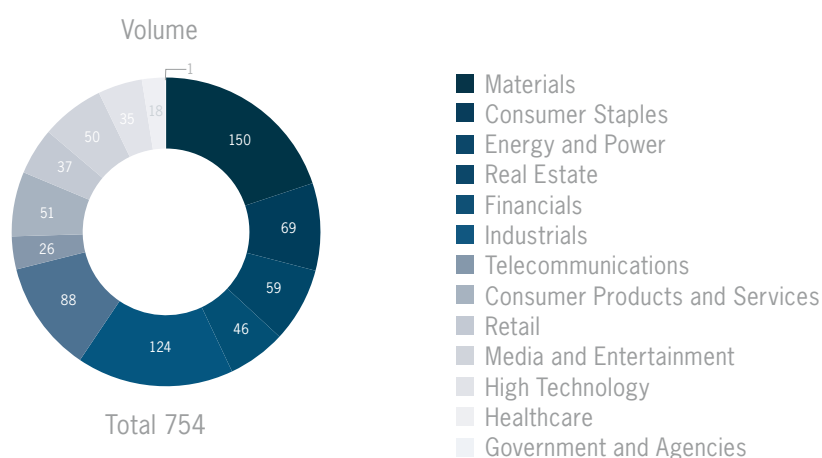
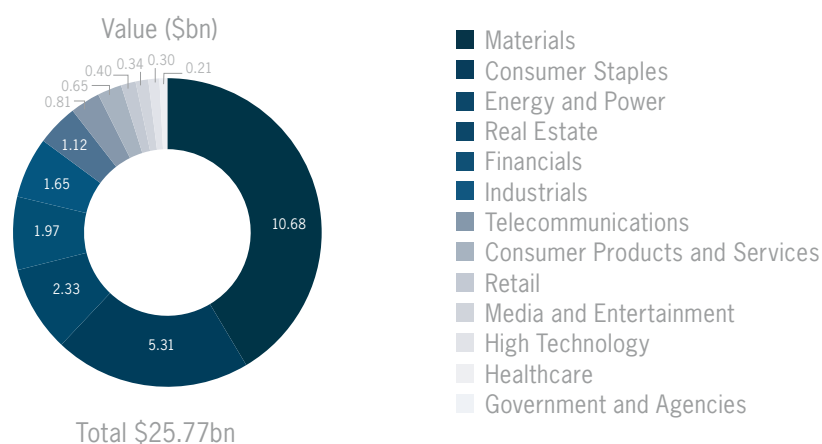
## Global M&A Volumes and Values\*



\*Announced figures only

Source: THOMSON REUTERS®

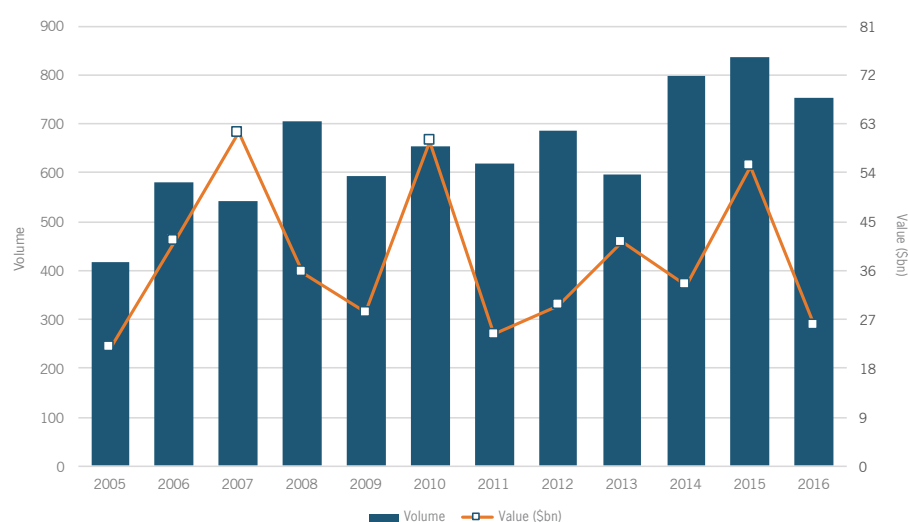
## African M&amp;A by Target Macro Sector 2016\*



## African M&amp;A by Target Nation 2016\*

Country	Volume
South Africa	308
Egypt	89
Nigeria	46
Kenya	40
Morocco	33
Mauritius	28
Tunisia	19
Ghana	14
Ivory Coast	14
Botswana	14
DRC	12
Zimbabwe	11
Algeria	10
Namibia	10
Mozambique	9
Tanzania	8
Ethiopia	6
Gabon	6
Burkina Faso	6
Uganda	6
Reunion (France)	6
Rwanda	6
Guinea	5
Zambia	5
Sierra Leone	4
Senegal	4
Angola	3
Mali	3
Benin	3
Liberia	3
Madagascar	2
Cameroon	2
Lesotho	2
Malawi	2
Seychelles	2
Swaziland	2
Somalia	1
Sudan	1
Eritrea	1
Mayotte (France)	1
Cape Verde	1
Djibouti	1
Equatorial Guinea	1
Gambia	1
Libya	1
Sao Tome and Principe	1
Togo	1
<b>Industry Total</b>	<b>754</b>

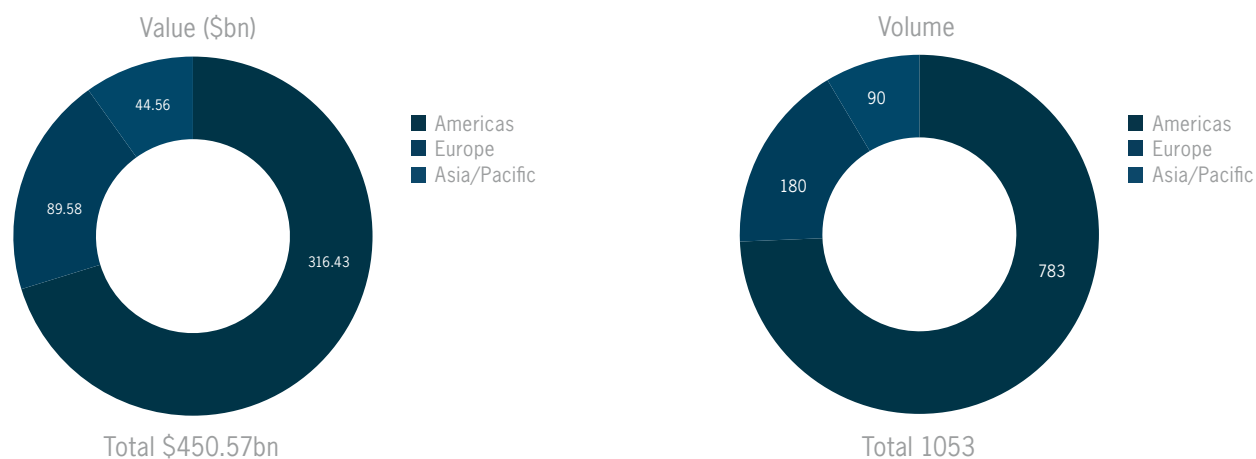
## African M&amp;A Volumes and Values\*



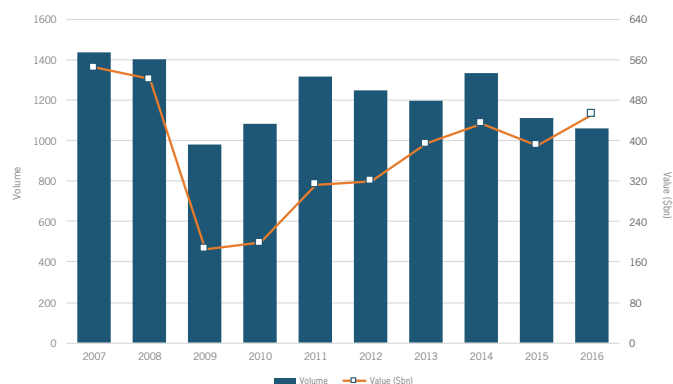
\*Announced figures only

Source: THOMSON REUTERS®

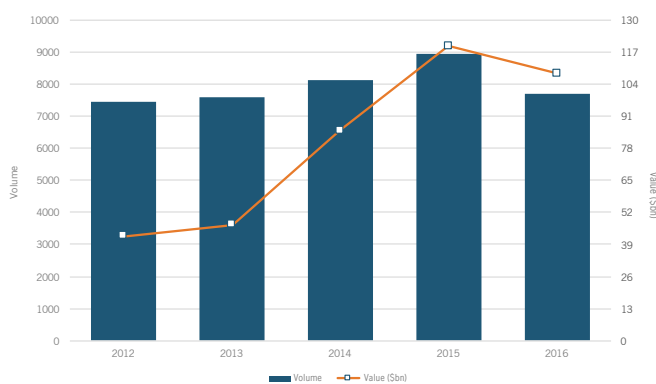
## Global PE & VC Fundraising 2016 by Fund Location\*



## Global PE & VC Fundraising 2007 - 2016\*



## Global VC Investments 2012 - 2016\*



## Global Exits 2012 - 2016\*

Exits by region 2012 - 2016

Location	Volume	No. of IPOs	Avg. Time to Exit (Years)	Proceeds Amt + Overallot Sold All Markets	Rank Value Incl. Net Debt
Americas	4,776	546	6.1	138,507.14	674,805.09
Europe	2,362	186	6.2	68,518.66	320,070.20
Asia/Pacific	1,071	458	5.6	96,377.55	121,781.19

Exits by year

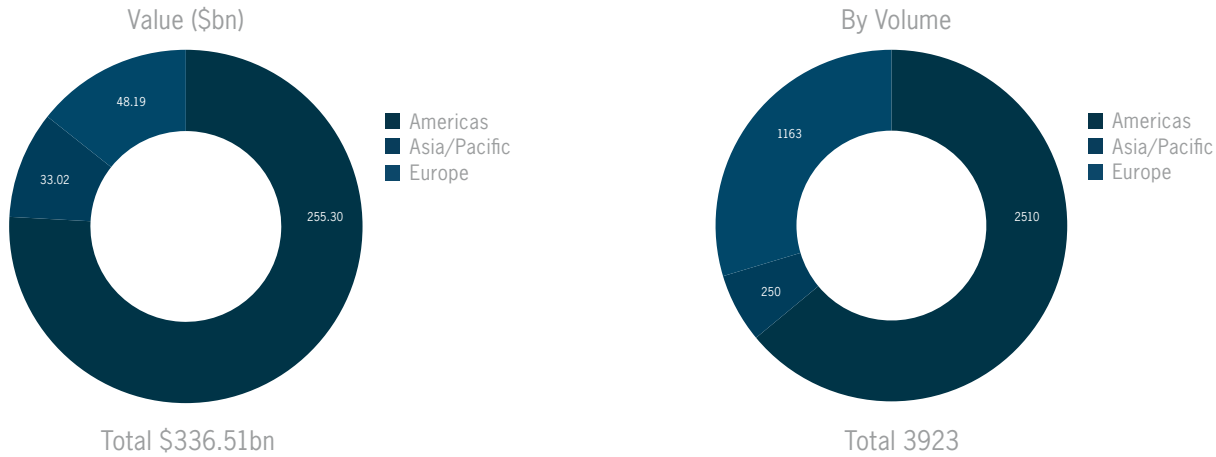
Time Period Announced	Volume	No. of IPOs	Avg. Time to Exit (Years)	Proceeds Amt + Overallot Sold All Markets	Rank Value Incl. Net Debt
2012	1,886	213	5.7	45,186.35	255,343.23
2013	1,891	291	6.0	72,035.38	181,359.93
2014	1,023	415	6.2	125,210.79	112,241.70
2015	1,873	188	6.0	40,599.70	314,145.64
2016	1,527	90	6.1	21,282.21	260,791.56

\*Announced figures only

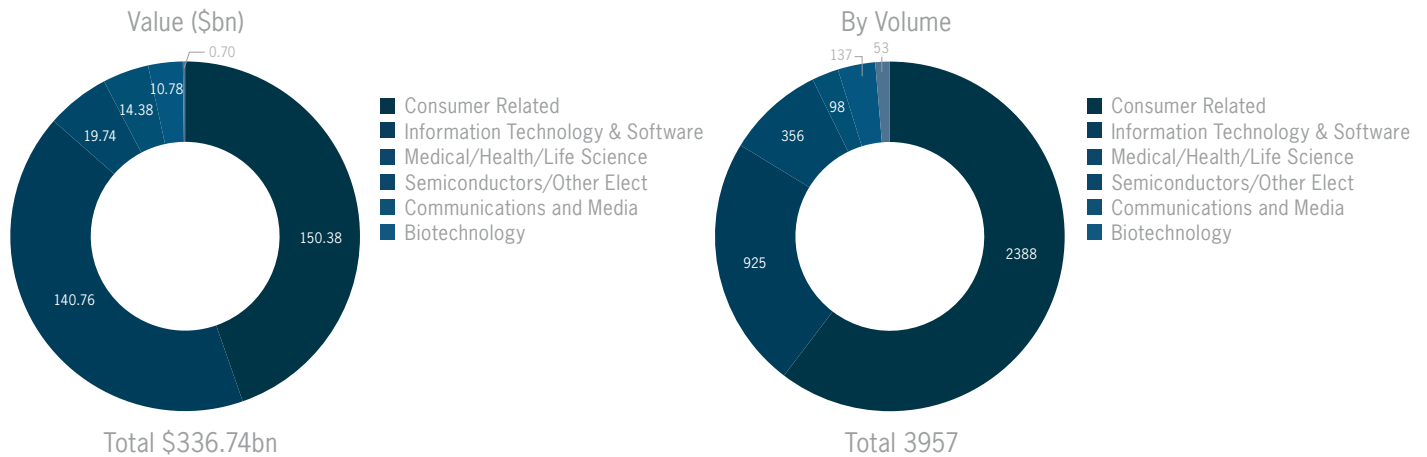
Source: THOMSON REUTERS®



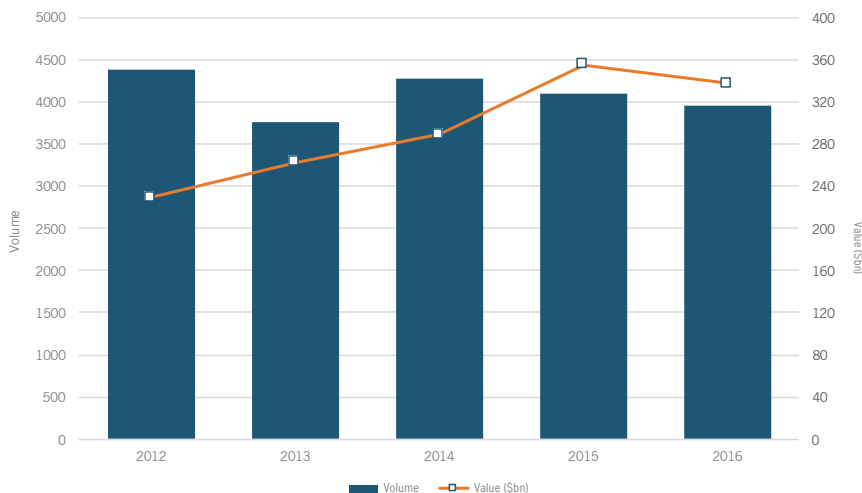
## Global PE & VC Investments by Region 2016\*



## Global Buyout Investments by Sector 2016\*



## Global Buyout Investments 2012 - 2016\*



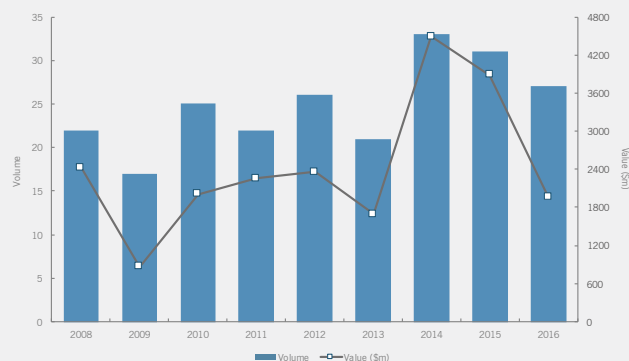
## Global Buyout Investments - Top 10 Countries 2016\*

Country	Volume	Value (\$bn)
US	2145	238.49
Australia	48	17.30
Canada	298	9.12
Netherlands	67	8.79
Germany	159	8.52
UK	270	6.07
Brazil	33	5.50
France	325	4.80
Switzerland	24	4.63
India	62	4.59

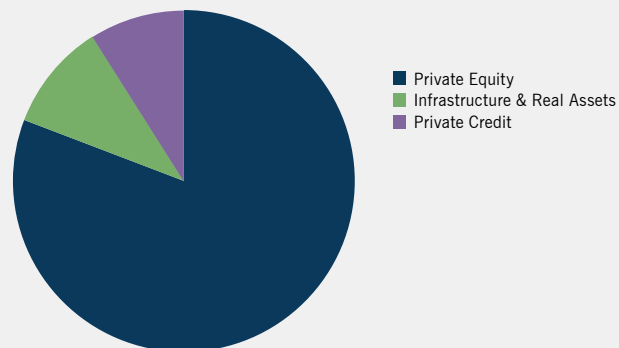
\*Announced figures only

Source: THOMSON REUTERS®

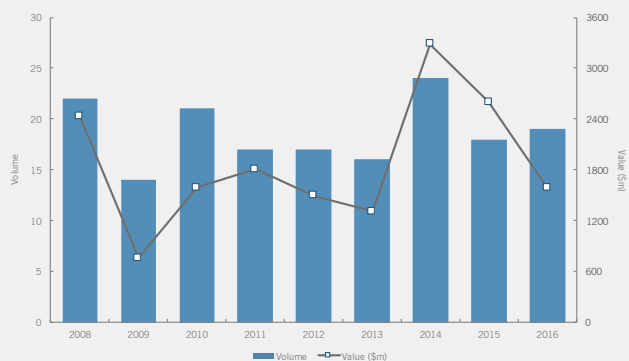
## SSA-focused Overall Fundraising: 2008-2016



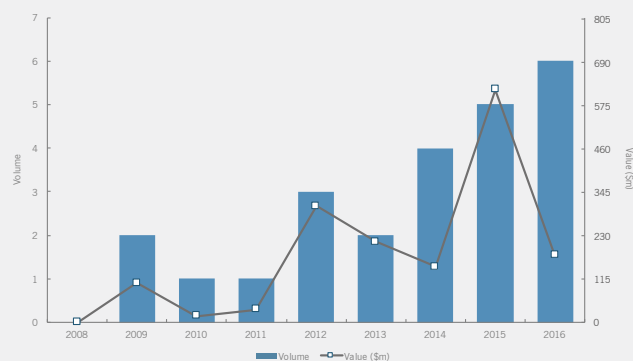
## SSA-focused Overall Fundraising: 2016



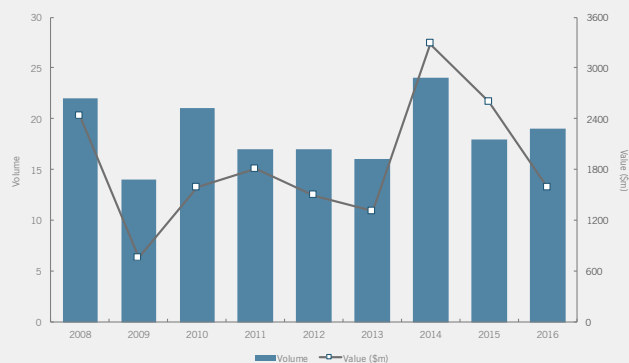
## SSA-focused Private Equity Fundraising: 2008-2016



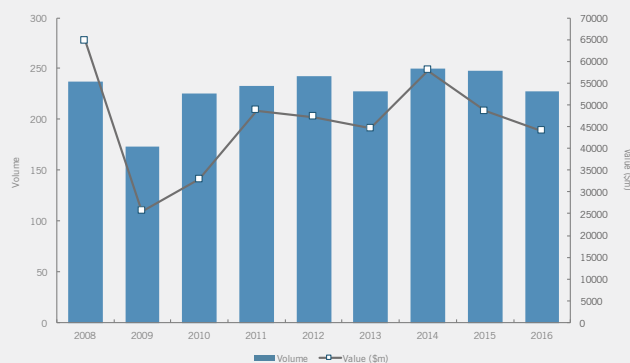
## SSA-focused Private Credit Fundraising: 2008-2016



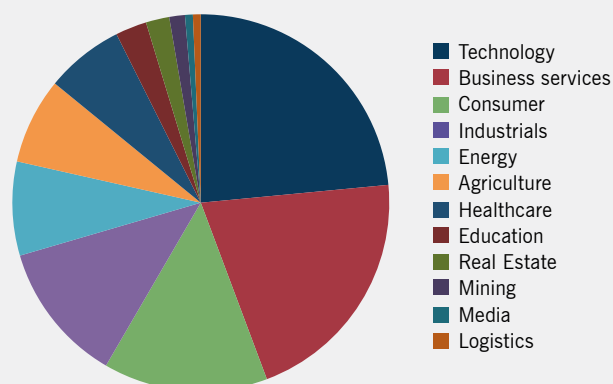
## SSA-focused Infrastructure & Real Assets Fundraising: 2008-2016



## Emerging Markets Overall Fundraising: 2008-2016



## Deal Volume by Sector: 2016



## Key African Private Equity Deals in 2016

Company	Investor(s)
Tenke Fungurume Mining	BHR Partners
Tsebo	Wendel
Oando Gas and Power	Helios
Atlantic Business International	DPI
Seven Energy	Capital International, IFC AMC, IDB, SCPE, Temasek
Beloxi Industries	8 Miles, ACA, DEG
Hygeia Nigeria	CIEL, IFC AMC, IFHA, Swiss Re
General Emballage	DEG, DPI
Value Added Network Solutions	Adlevo, Helios, IFC, InterSwitch
Legit	Metier, Retailability

## Most Active Investors in 2016\*

Investor
Abraaj
Actis
Adenia Partners
African Capital Alliance
AfricInvest
Carlyle
Catalyst Principal Partners
Development Partners International
Ethos Private Equity
Equator Capital Partners
Helios Investment Partners
Investec
Investisseurs & Partenaires
LeapFrog
Mediterrania Capital Partners
Metier
Old Mutual
Phatisa
Quantum Global
Synergy Capital Managers
TLG Capital
TPG
Vantage Capital

## Top Countries in 2016

Country	Volume %
South Africa	35.1
Nigeria	16.0
Kenya	10.7
Ghana	5.3
Tunisia	5.3
Egypt	3.1
Ethiopia	3.1
Morocco	3.1
Zambia	2.3
Algeria	2.3
Côte d'Ivoire	2.3
Madagascar	1.5
Namibia	1.5
Rwanda	1.5
Tanzania	0.8
Cabo Verde	0.8
DRC	0.8
Gabon	0.8
Mali	0.8
Mauritius	0.8
Senegal	0.8
Swaziland	0.8
Zimbabwe	0.8

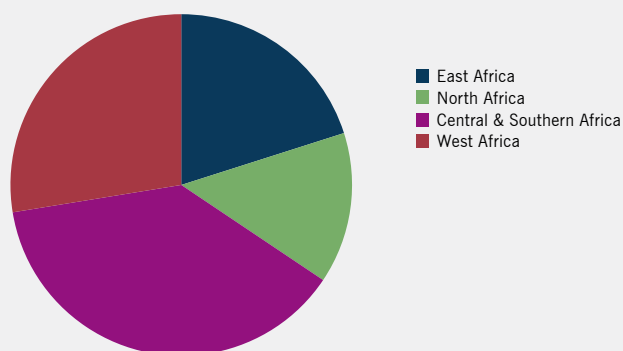
## World Bank Ease of Doing Business

Country	2016 Rank
South Africa	74
Nigeria	169
Kenya	92
Ghana	108
Tunisia	77
Egypt	122
Ethiopia	159
Morocco	68
Zambia	98
Algeria	156
Côte d'Ivoire	142
Madagascar	167
Namibia	108
Rwanda	56
Tanzania	132
Cabo Verde	129
DRC	184
Gabon	164
Mali	141
Mauritius	49
Senegal	147
Swaziland	111
Zimbabwe	161

\*Based on deal volumes. Ordered alphabetically. Only includes investors that manage third-party capital.

Source: PRIVATE EQUITY | AFRICA & World Bank

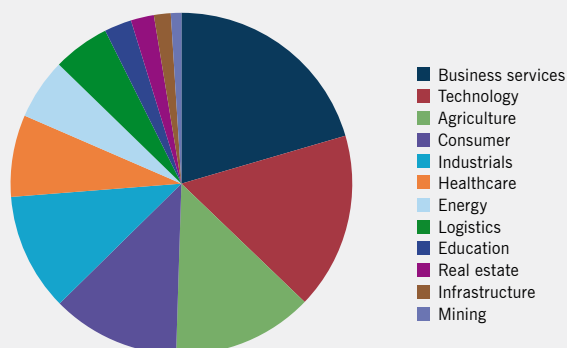
## Deal Volume by Region: 2012-2016



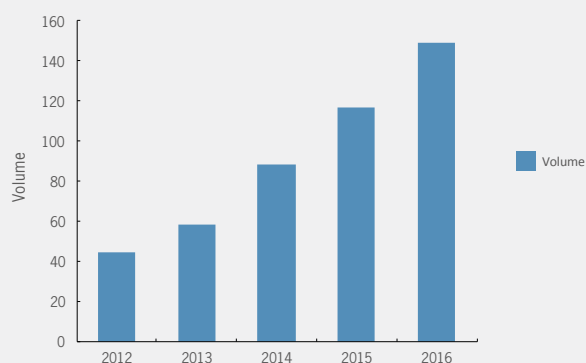
## Top Countries By Deal Volume 2012-2016

Country	Volumes %
South Africa	28.6
Nigeria	15.7
Kenya	9.2
Egypt	6.2
Ghana	6.0
Tunisia	3.4
Côte d'Ivoire	3.2
DRC	3.2
Morocco	3.2
Zambia	2.6
Ethiopia	2.2
Tanzania	2.2
Uganda	2.2
Mauritius	1.9
Algeria	1.3
Zimbabwe	1.1
Madagascar	0.9
Rwanda	0.9
Senegal	0.9
Cameroon	0.6
Mali	0.6
Central African Republic	0.4
Malawi	0.4
Mozambique	0.4
Namibia	0.4
Togo	0.4
Benin	0.2
Botswana	0.2
Burkina Faso	0.2
Cabo Verde	0.2
Congo	0.2
Gabon	0.2
Gambia	0.2
Swaziland	0.2

## Deal Volume by Sector: 2012-2016



## Africa Private Equity Deals: 2012-2016



## Key African Private Equity Deals 2012-2016

Company	Year	Investor(s)	Location	Sector
Export Trading Group	2012	Carlyle, SCPE, Pembani Remgro Infrastructure Managers	Tanzania	Agriculture
Fan Milk International	2013	Abraaj	Denmark (Africa-focused)	Consumer
Helios Towers Africa	2014	Helios, IFC, Providence, RIT Capital, Soros, Albright CM	Ghana	Technology
IHS	2014	ECP, Goldman Sachs, KIC-QIA, FMO, Wendel	Nigeria	Technology
Jumia	2014	Rocket Internet, Kinnevik	Egypt	Technology
Liberty Star Consumer Holdings	2014	Abraaj	South Africa	Consumer
North Africa Hospital Holdings Group	2015	Abraaj, DEG, EBRD, Proparco	Egypt	Business services
Oando's Downstream Business	2015	Helios, Vitol	Nigeria	Energy
Petrobras Oil & Gas	2013	BTG Pactual, Helios	Nigeria	Energy
Union Bank of Nigeria	2014	Atlas Merchant Capital	Nigeria	Business services

## MOST ACTIVE INVESTORS | Sectors by 5-Year Volumes

### Healthcare

(2012-2016)

Abraaj  
Actis  
54 Capital  
Adenia Partners  
Advanced Finance & Investment Group  
African Health Systems Management Company  
Amethis Finance  
Ascent Capital  
Catalyst Principal Partners  
Cauris Management  
CI Capital Partners  
Eos Capital  
Flint Atlantic Capital  
Kagiso Tiso Holdings  
Kibo Capital Partners  
LeapFrog Investments  
Polaris Partners  
RMB Corvest  
SQM Frontier Management  
Synergy Capital Managers  
TVM Capital  
Vantage Capital

### Consumer

(2012-2016)

8 Miles  
Abraaj  
Actis  
African Capital Alliance  
AfricInvest  
Capital Trust  
Catalyst Principal Partners  
Development Partners International  
Duet Private Equity  
Emerging Capital Partners  
Ethos Private Equity  
Investisseurs & Partenaires  
Old Mutual  
Schulze Global Investments  
XSM

### Education

(2012-2016)

Abraaj  
Actis  
Development Partners International  
Emerging Capital Partners  
Ke Nako Capital  
Mediterrania Capital Partners  
Metier  
Old Mutual  
Satya Capital  
TPG  
University Ventures

### Business services

(2012-2016)

8 Miles  
Abraaj  
Actis  
African Capital Alliance  
AfricInvest  
Amethis Finance  
Apis Partners  
Atlas Mara  
Carlyle  
Catalyst Principal Partners  
Development Partners International  
Equator Capital Partners  
Ethos Private Equity  
Helios Investment Partners  
Investec  
Kagiso Tiso Holdings  
LeapFrog Investments  
Mediterrania Capital Partners  
Old Mutual  
Satya Capital  
TLG Capital  
Wendel

### Technology

(2012-2016)

Amadeus Capital Partners  
Cauris Management  
Convergence Partners  
Emerging Capital Partners  
Helios Investment Partners  
Investec  
Rocket Internet  
Wendel  
XSM

### Agriculture

(2012-2016)

8 Miles  
Abraaj  
Agri-Vie  
Capitalworks  
Databank Agrifund Manager  
Duet Private Equity  
Fanisi Capital  
Injaro Investments  
One Thousand & One Voices  
Pearl Capital Partners  
Phatisa  
Sahel Capital  
Standard Chartered Private Equity  
XSM

### Logistics

(2012-2016)

Abraaj  
Actis  
Advanced Finance & Investment Group  
AfricInvest  
Amethis Finance  
Capitalworks  
Carlyle  
Development Partners International  
Ethos Private Equity  
Flexpoint Ford  
Helios Investment Partners  
Investec Asset Management  
Jacana Partners  
Kibo Capital Partners  
Marlow Capital  
Old Mutual  
Qalaa Holdings  
XSM

### Energy

(2012-2016)

Actis  
Advanced Finance & Investment Group  
Africa Finance Corporation  
AfricInvest  
AHL Ventures Partners  
Amethis Finance  
Carlyle  
Energy Access Ventures  
Helios Investment Partners  
Investec  
Investisseurs & Partenaires  
Israel Cleantech Ventures  
Meridiam  
Standard Chartered Private Equity  
Synergy Capital Managers  
Verod Capital Management

### Industrials

(2012-2016)

Abraaj  
Adenia Partners  
AfricInvest  
Catalyst Principal Partners  
Ethos Private Equity  
Phathisa  
RMB Corvest  
RMB Ventures  
Spear Capital  
Standard Chartered Private Equity  
Synergy Capital Managers

\*Based on deal volumes. Ordered alphabetically.  
Only includes investors that manage third-party capital.

Source: PRIVATE EQUITY | AFRICA

## MOST ACTIVE INVESTORS | Regions by 5-Year Volumes

### East Africa

(2012-2016)

8 Miles  
Abraaj  
Adenia Partners  
AfricInvest  
Amethis Finance  
Ascent Capital  
Carlyle  
Catalyst Principal Partners  
Databank Agrifund Manager  
Emerging Capital Partners  
Equator Capital Partners  
Fanisi Capital  
Fusion Capital  
Helios Investment Partners  
Investec  
Investisseurs & Partenaires  
Kibo Capital Partners  
LeapFrog Investments  
Old Mutual  
Pearl Capital Partners  
Phatisa  
Satya Capital  
Schulze Global Investments

### West Africa

(2012-2016)

8 Miles  
Abraaj  
Adenia Partners  
Advanced Finance & Investment Group  
African Capital Alliance  
AfricInvest  
Amethis Finance  
Cauris Management  
Development Partners International  
Duet Private Equity  
Emerging Capital Partners  
Helios Investment Partners  
Injaro Investments  
Investec  
Investisseurs & Partenaires  
Kagiso Tiso Holdings  
Sahel Capital  
Standard Chartered Private Equity  
Synergy Capital Managers  
Vantage Capital  
Verod Capital Management  
Wendel

### North Africa

(2012-2016)

Abraaj  
Actis  
AfricInvest  
Capital Trust  
Development Partners International  
EFG Hermes  
Mediterranea Capital Partners

### Central & Southern Africa

(2012-2016)

Abraaj  
Actis  
Agri-Vie  
Capitalworks  
Carlyle  
Convergence Partners  
Databank Agrifund Manager  
Development Partners International  
Eos Capital  
Ethos Private Equity  
Global Environment Fund  
Helios Investment Partners  
Investec  
Kagiso Tiso Holdings  
Ke Nako Capital  
Kleoss Capital  
Leaf Capital  
Marlow Capital  
Medu Capital  
Metier  
Nedbank Capital Private Equity  
Old Mutual  
One Thousand & One Voices  
Phatisa  
Remgro  
RMB Corvest  
RMB Ventures  
Spear Capital  
Standard Chartered Private Equity  
Vantage Capital  
XSML

\*Based on deal volumes. Ordered alphabetically.  
Only includes investors that manage third-party capital.

**Large-cap > \$100m**

(2012-2016)

Abraaj  
 Actis  
 Carlyle  
 Emerging Capital Partners  
 Ethos Private Equity  
 Helios Investment Partners  
 Investec  
 Old Mutual  
 Rocket Internet  
 Standard Chartered Private Equity  
 Wendel

**Mid-cap \$20m to \$100m**

(2012-2016)

8 Miles  
 Abraaj  
 Actis  
 African Capital Alliance  
 AfricInvest  
 Amethis Finance  
 Atlas Mara  
 Capital Trust  
 Capitalworks  
 Development Partners International  
 Duet Private Equity  
 EFG Hermes  
 Emerging Capital Partners  
 Ethos Private Equity  
 Helios Investment Partners  
 Investec  
 Kagiso Tiso Holdings  
 LeapFrog Investments  
 Mediterranean Capital Partners  
 Old Mutual  
 One Thousand & One Voices  
 Phatisa  
 Qalaa Holdings  
 RMB Corvest  
 RMB Ventures  
 Satya Capital  
 Standard Chartered Private Equity  
 Vantage Capital

**Small-cap < \$20m**

(2012-2016)

8 Miles  
 Abraaj  
 Adenia Partners  
 Advanced Finance & Investment Group  
 African Capital Alliance  
 AfricInvest  
 Amethis Finance  
 Ascent Capital  
 Catalyst Principal Partners  
 Cauris Management  
 Convergence Partners  
 Databank Agrifund Manager  
 Emerging Capital Partners  
 Eos Capital  
 Equator Capital Partners  
 Fanisi Capital  
 Fusion Capital  
 Injaro  
 Investec  
 Investisseurs & Partenaires  
 Kibo Capital Partners  
 Kleoss Capital  
 Leaf Capital  
 LeapFrog Investments  
 Marlow Capital  
 Mediterranean Capital Partners  
 Medu Capital  
 Nedbank Capital Private Equity  
 Pearl Capital Partners  
 Phatisa  
 Remgro  
 Sahel Capital Partners  
 Schulze Global Investments  
 Spear Capital  
 Synergy Capital Managers  
 TLG Capital  
 Triple Jump  
 Vantage Capital  
 Verod Capital Management  
 Wendel  
 XSML

Source: **PRIVATE EQUITY** | AFRICA

\*Based on deal volumes. Ordered alphabetically.  
 Only includes investors that manage third-party capital.

## Q&amp;A

Africa's fund managers share thoughts on lessons learnt in 2016, and how these impact their views moving forward

## 1 Lessons learnt in 2016

### Andrew Brown

Partner  
ECP



2016 was a year of adaptation for African PE as the divergence between Africa's oil exporters and importers was heightened. African countries, such as Nigeria and South Africa, that are particularly reliant on oil and other natural resource exports felt the impact of low crude and falling commodity prices. However non-oil dependent economies such as Kenya, Tanzania and Rwanda, became Africa's bright spots by delivering more impressive GDP growth.

### Natalie Kolbe

Partner  
Actis



On the one hand it was beneficial when big global players came and looked at Africa as it gave us a wider platform from which to redress the misconceptions many hold, in effect it made it more mainstream. However in order to succeed and deliver capital back to investors you have to be part of these markets. It is one thing to spot an opportunity but it's quite another to realise it and make it work from origination to exit.

### Papa Ndiaye

CEO  
AFIG



SSA economies demonstrated resilience in 2016. Resource-dependent economies faced headwinds leading to lower economic growth, higher inflation and fiscal imbalances, and currency depreciation. Diversified economies, like the francophone WAEMU countries, managed stronger GDP growth, lower inflation and stronger social indicators. Pipeline deals were enhanced by depressed valuations, particularly in slow-growth countries. Active engagement also saw our portfolio companies outperform peers, and generate significant alpha.

### Chad Smart

Partner  
Capitalworks



The major theme for 2016 in the African private equity industry was one of the resilience of long-term investors in the sector, a number of whom have traded through many cycles of volatility. Overall economic growth has been sluggish and global developments have added to the uncertainty experienced in various countries. This uncertainty isn't the sole preserve of emerging markets, however, with markets and mainstream commentators being surprised by developments in Britain and America, amongst others.



## 2 Opportunities in 2017

Investors with knowledge of Africa's regional markets and its distinct characteristics will continue to see promising deal opportunities in certain sectors and territories. Throughout 2016, East and Francophone West Africa, have established themselves as regional hubs. Both regions are resource-independent, share positive macro-economic fundamentals and enjoy a larger degree of trade integration across diverse countries.

We focus on opportunities where growth is driven by the rise of the middle class and their need for infrastructure, goods and services. Examples would include the secular growth we see in the financial services sector, with the shift from cash to electronic means of payment that has nothing to do with commodity prices or GDP growth. If you stick to this type of opportunity, macro-economic shocks can be absorbed and in fact give rise to an ability to take advantage of dislocations in markets.

Financial services remain of particular interest with SSA penetration among the lowest in the world. Import substitution plays in light manufacturing, and new economy deals such as solar and fintech, will also offer interesting opportunities to discerning GPs with requisite skills and networks.

We expect deal opportunities to be sourced through a combination of proprietary networks, internal research and brokered processes. The private equity industry will remain active and will continue to deploy capital at a measured pace, while also looking for opportunities to grow value in our existing portfolios.

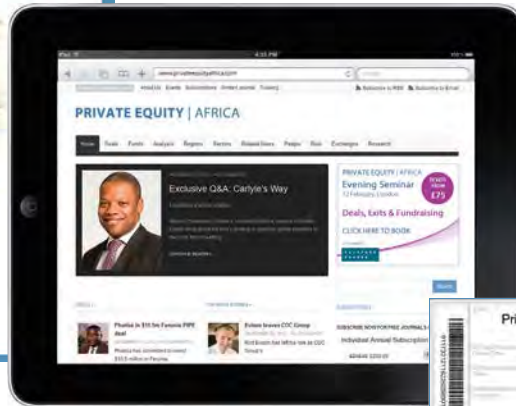
## 3 Challenges in 2017

One of the key challenges in 2017 is likely to remain Nigeria's devalued Naira and the parallel dollar market exerting further downward pressure on the Naira's value. For investors interested in investing in Africa's consumer growth, Nigeria is projected to be the region's single largest consumer market accounting for 15% of overall growth in consumer spending by 2025. A market of such size and potential cannot be ignored by investors in the medium term, but the present market conditions make it exceedingly difficult for investors to justify investments.

If there is one thing about Africa, it's that it is never constant. New challenges and opportunities spring up every year. Whilst we consider secular growth to be the best mitigant to the volatility in many African countries, there are of course key macro risks that we also have to manage. FX is one, access to foreign currency is another, and while there have been some improvements in some markets, for example, it remains an issue in many countries.

2017 looks to be a promising year for Africa as fundamentals continue to stay in line with long-term growth trends. We expect faster capital deployment after recent pipeline stress testing. Vigorous portfolio company support will be key to success, as macro risks become more complex.

On the acquisition front, the challenge is going to be pricing assets in volatile times, with low earnings visibility in many cases leading to an uncomfortable bid-offer spread. In such times there are often good opportunities to pursue an expansionary strategy in portfolio companies with the intention of creating capacity for the recovery, without over-capitalising in the event that the prevailing environment persists.



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