

West Africa Key Findings: 2007 - 2015 H1

311

Number of reported PE deals

US\$6.1BN

Value of reported PE deals

75

Number of PE exits

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

Key findings:

- Between 2007 - 2015 H1, there were 311 reported PE deals in West Africa totalling US\$6.1bn
- West Africa's share of African PE activity is rising. The region accounted for 25% of the total number of PE deals in 2007 - 2010, increasing to 28% in 2011 - 2015 H1. Its share of the total reported value of PE deals was 9% in 2007 - 2010 and 25% in 2011 - 2015 H1
- Nigeria and Ghana are the largest markets for PE in the region, accounting for 65% of deal volume and 93% of reported deal value from 2007 - 2015 H1
- Overall, there were 75 PE exits in West Africa from 2007 - 2015 H1, with sales to multinational trade buyers - in financials and consumer sectors - accounting for a significant proportion of the exits.

Further information is available to AVCA members

Figure 1: Number and value of PE deals in West Africa, by country, 2007 - 2015 H1

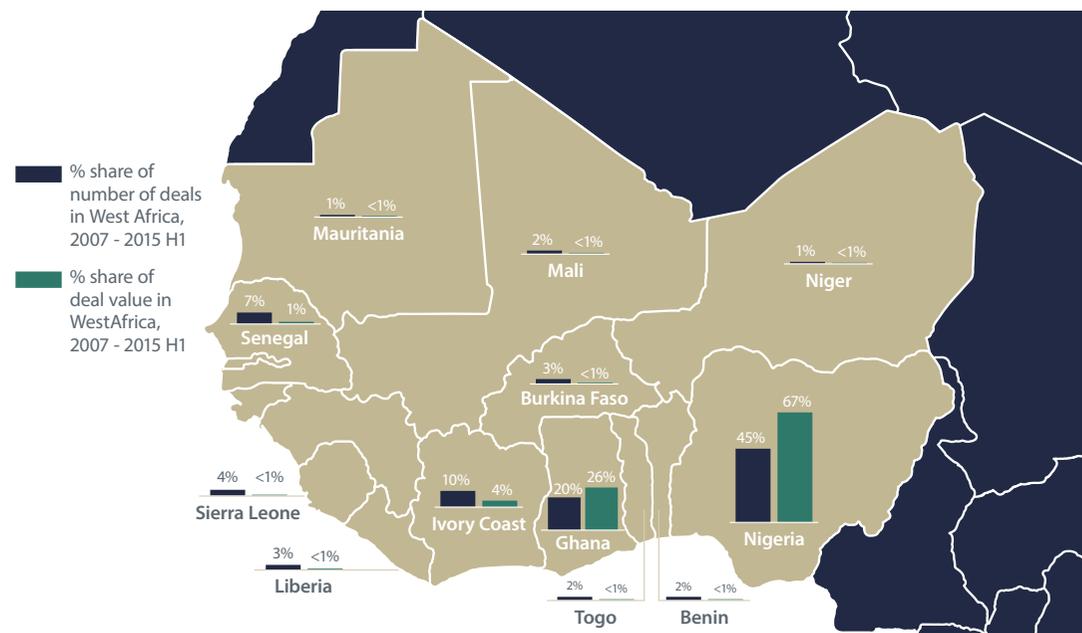


Figure 2: Selection of PE funds fundraising for West Africa

| Fund Manager | Fund Name | Targeted Close (US\$MN) | Regional Focus |
|-------------------------------------|--|-------------------------|--------------------|
| Adenia Partners | Adenia Capital IV | 220 | Sub-Saharan Africa |
| Advanced Finance & Investment Group | Atlantic Coast Regional Fund II | 300 | West Africa |
| African Capital Alliance | Capital Alliance Private Equity IV | 600 | West Africa |
| AfricInvest | AfricInvest Fund III | 220 | Pan-Africa |
| CBO Capital | CBO West Africa Growth Private Equity Fund | 150 | West Africa |
| Emerging Capital Partners | ECP Africa Fund IV | 750 | Pan-Africa |
| Enko Capital Management | Enko Africa Private Equity Fund | 150 | Pan-Africa |
| Investec Asset Management | Investec Africa Private Equity Fund II | 350 | Sub-Saharan Africa |
| Verod Capital Management | Verod Capital Fund II | 100 | West Africa |

Case studies of West Africa private equity exits

Company: Express Life

Country: Ghana

PE Investor: LeapFrog Investments



Sector: Financials

Entry Date: May 2012

Exit Date: April 2014

Exit Route: Trade

Returns: 82% Gross IRR

Key learnings

- Changing regulation in the insurance industry resulted in consolidation opportunities. In addition, the regulator is supportive of foreign investment
- Implemented innovative strategies to capitalise on synergies between portfolio companies. For example, partnering a traditional insurance provider with a mobile insurance distributor extended product reach and improved premium collection
- Shortage of key skills in insurance businesses - actuarial, IT and distribution - means private equity can add a lot of value through skills transfer to local employees

Company: Mansard Insurance

Country: Nigeria

PE Investor: AfricInvest, Development Partners International, and other investors



Sector: Financials

Entry Date: July 2011

Exit Date: November 2014

Exit Route: Trade

Returns: Not disclosed

Key learnings

- Regulatory changes coupled with under-penetration in the insurance industry fuelled sector growth
- Development of a strong bancassurance model (selling insurance products through banks) enabled and deepened the retail strategy. In addition, product diversification opened new market opportunities
- Improved governance and back office procedures were significant value creation drivers

Company: NSIA

Country: Ivory Coast and 11 other countries

PE Investor: Emerging Capital Partners



Sector: Financials

Entry Date: December 2008

Exit Date: May 2015

Exit Route: Trade & PE

Returns: 2.4x (Euro Basis)

Key learnings

- Despite the global financial crisis and political instability (in Ivory Coast), the business showed resilience due to strong fundamentals
- A regional expansion strategy across West Africa was key to creating value
- Although challenges exist in aligning different business models, private equity is able to leverage its network and operational expertise to create commercial opportunities
- Significant minority stakes in regional businesses are attractive to strategic investors

Methodology

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

Transactions cover all deals made by private equity firms across all sectors, including infrastructure. It excludes PIPE transactions where the PE firm was unlikely to have any influence on company strategy.

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

Deal size includes equity, mezzanine, senior debt and co-investments (where available).

Sectors for transactions are based on Global Industry Classification Standard classifications.

Vintage year of fundraising is based on year of final close, where available. If a fund has achieved a final close but the year of final close is not known, year of first close is used instead.

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

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