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South Africa M&A Review Q3 2018

The following report details mergers and acquisitions activity in South Africa in Q3 2018 using data from the Zephyr database.

It focuses on global deals activity by target company

Click [here](#) to access the raw data in an Excel spreadsheet.

South Africa M&A value at its highest level since Q2 2017

The value of mergers and acquisitions (M&A) targeting companies based in South Africa increased both quarter-on-quarter and year-on-year in Q3 2018, despite volume declining over both periods. In total, there were 105 deals worth an aggregate USD 9,475 million announced in the three months under review, representing a 28 per cent decline in volume against a 78 per cent increase in value on the 146 deals worth USD 5,323 million announced in Q2 2018. Volume also fell 43 per cent from 185 deals in Q3 2017, while value improved 39 per cent from USD 6,793 million over the 12 months.

Three deals each worth more than USD 1,000 million helped to boost value in Q3 and accounted for 45 per cent of total value for the quarter. The largest deal involved Rustenburg Platinum Mines picking up a 39 per cent stake in Mototolo joint venture company, a South African platinum mining firm, from Glencore Operations for USD 1,640 million. Merway Fifth Investments acquired casino operator Listed Investments for USD 1,472 million in the second-largest deal.

Deals by volume and value

Announced date	No of deals	Total deal value (mil USD)
Q3 2018	105	9,475
Q2 2018	146	5,323
Q1 2018	149	6,681
Q4 2017	199	7,879
Q3 2017	185	6,793
Q2 2017	221	12,219
Q1 2017	223	9,521
Q4 2016	197	7,596
Q3 2016	209	4,482



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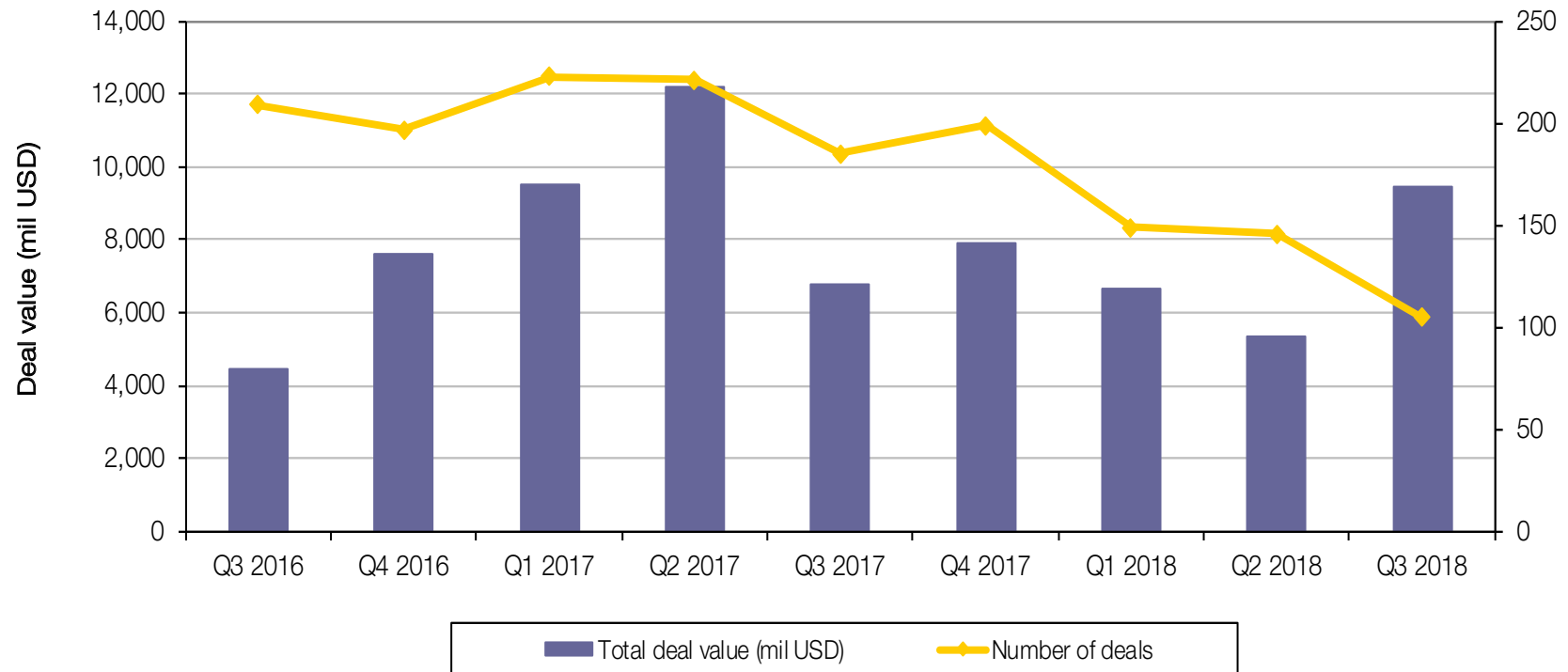


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Deals by volume and value



Top 20 deals by value with South African targets

	Deal value (mil USD)	Deal type	Target	Acquiror	Acquiror country	Announced date
1.	1,640	Minority stake 39%	Mototolo joint venture company	Rustenburg Platinum Mines Ltd	ZA	23/07/2018
2.	1,472	Acquisition 100%	Listed Investments (Pty) Ltd	Merway Fifth Investments (Pty) Ltd	ZA	09/07/2018
3.	1,110	Capital Increase 67%	Hospitality Property Fund Ltd	Tsogo Sun KwaZulu-Natal (Pty) Ltd; Tsogo Sun Casinos (Pty) Ltd; Silverstar Casino (Pty) Ltd; Tsogo Sun Newcastle (Pty) Ltd; Akani Egoli (Pty) Ltd	ZA; ZA; ZA; ZA; ZA	09/07/2018
4.	983	Acquisition 87%	Hospitality Property Fund Ltd	Shareholders		07/09/2018
5.	860	Acquisition 100%	Aspen Pharmacare Holdings Ltd's infant formula business	Groupe Lactalis SA	FR	13/09/2018
6.	677	Minority stake increased from 6% to 15%	Remgro Ltd	Allan Gray (Pty) Ltd	ZA	30/08/2018
7.	477	Acquisition increased from 50% to 100%	Poco South Africa (Pty) Ltd	Dr Andreas Seifert's entities	DE	04/09/2018
8.	326	Capital Increase 23%	Hollard Holdings (Pty) Ltd; Hollard International (Pty) Ltd	Tokio Marine Holdings Inc.	JP	07/09/2018
9.	274	Minority stake increased from 9% to 20%	Life Healthcare Group Holdings (Pty) Ltd	Allan Gray (Pty) Ltd	ZA	12/09/2018
10.	262	Minority stake increased from 3% to 10%	Sappi Ltd	Prudential Investment Managers (South Africa) (Pty) Ltd	ZA	20/07/2018
11.	235	Acquisition 100%	Cassava Investments (Pty) Ltd	Merway Fifth Investments (Pty) Ltd	ZA	09/07/2018
12.	136	Acquisition increased from 67% to 100%	Bafokeng Rasimone Platinum Mine	Royal Bafokeng Resources (Pty) Ltd	ZA	05/07/2018
13.	121	Acquisition increased from 75% to 100%	Discovery Ltd and FirstRand Investment Holdings (Pty) Ltd's Discovery Card joint venture company	Discovery Ltd	ZA	04/09/2018
14.	99	Minority stake 23%	Delta Property Fund Ltd	Cornwall Crescent (Pty) Ltd	ZA	31/08/2018
15.	93	Minority stake increased from 10% to 11%	Bid Corporation Ltd	JP Morgan	US	31/08/2018
16.	68	Minority stake 5%	Coronation Fund Managers Ltd	Allan Gray (Pty) Ltd	ZA	17/08/2018
17.	67	Minority stake	Fortress REIT Ltd	Allan Gray (Pty) Ltd	ZA	07/09/2018
18.	65	Minority stake increased from 6% to 10%	MMI Holdings Ltd	Allan Gray (Pty) Ltd	ZA	12/09/2018
19.	56	Acquisition increased from 24% to 56%	Dipula Income Fund Ltd	Coronation Asset Management (Pty) Ltd	ZA	05/07/2018
20.	51	Minority stake increased from 9% to 10%	Bid Corporation Ltd	JP Morgan	US	08/08/2018

Both the volume and value of PE and VC investment decline in Q3

The volume and value of private equity and venture capital (PE and VC) investment in companies based in South Africa declined to 8 deals worth an aggregate USD 18 million in Q3 2018. While the result represents a quarter-on-quarter decrease of 47 per cent by volume and 70 per cent by value (Q2 2018: 15 deals worth USD 61 million), value was not completely stripped away as Q3 remains higher than Q1 2018, when no value was disclosed, and Q1 2017 (USD 7 million).

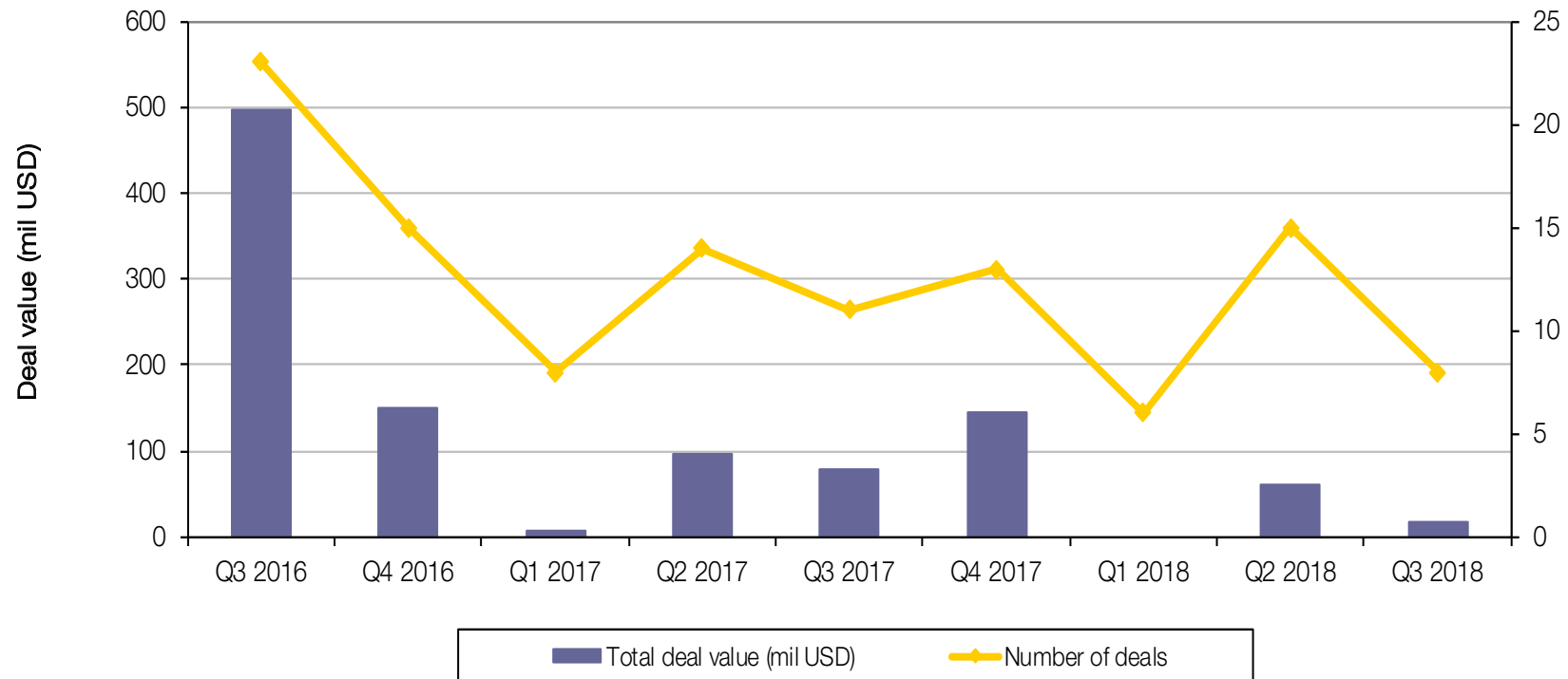
On a 12-month comparison, volume declined at the slower rate of 27 per cent, while value fell more steeply, by 77 per cent (Q3 2017: 11 deals worth USD 78 million).

The lack of a large individual transaction largely accounts for the decline in value as no single deal exceeded USD 20 million in the three months under review. The largest was worth just USD 16 million and involved mobile-based electronic payment services provider Yoco Technologies raising cash in its series B round of funding from Partech Partners and Velocity Capital, among others. This deal accounted for 89 per cent of total PE and VC value in Q3 and was worth significantly more than the second-largest deal, which involved agricultural data processing group Aerobotics raising USD 2 million in a series A round of funding.

Private equity deals by volume and value

Announced date	No of deals	Total deal value (mil USD)
Q3 2018	8	18
Q2 2018	15	61
Q1 2018	6	0
Q4 2017	13	146
Q3 2017	11	78
Q2 2017	14	97
Q1 2017	8	7
Q4 2016	15	150
Q3 2016	23	496

Private equity deals by volume and value



Target sectors by volume

Target sector	Q3 2017	Q2 2018	Q3 2018
Other services	90	47	38
Metals & metal products	6	9	12
Banks	4	6	11
Wholesale & retail trade	18	21	9
Hotels & restaurants	4	8	8
Education, health	7	4	5
Chemicals, rubber, plastics	7	11	4
Primary sector	6	7	3
Transport	5	4	3
Wood, cork, paper	1	0	2
Food, beverages, tobacco	8	2	2
Insurance companies	3	6	2
Gas, water, electricity	3	1	2
Publishing, printing	7	5	2
Public administration and defence	2	0	0
Construction	4	2	0
Machinery, equipment, furniture, recycling	7	8	0
Post and telecommunications	5	4	0
Textiles, wearing apparel, leather	1	0	0

Target sectors by value

Target sector	Q3 2017 (mil USD)	Q2 2018 (mil USD)	Q3 2018 (mil USD)
Other services	1,843	1,163	3,347
Hotels & restaurants	108	273	1,895
Food, beverages, tobacco	1,181	27	898
Wholesale & retail trade	836	1,183	509
Insurance companies	4	1,762	328
Education, health	14	4	283
Wood, cork, paper	2	0	264
Metals & metal products	461	324	184
Chemicals, rubber, plastics	109	107	50
Banks	142	69	41
Primary sector	451	129	30
Transport	207	174	9
Textiles, wearing apparel, leather	0	0	0
Public administration and defence	12	0	0
Construction	15	4	0
Publishing, printing	60	7	0
Gas, water, electricity	86	2	0
Post and telecommunications	1,289	30	0
Machinery, equipment, furniture, recycling	10	50	0

Top target countries by volume

Target country	Q3 2017	Q2 2018	Q3 2018
1. US	5,203	5,171	4,440
2. China	4,236	4,145	3,575
3. Germany	1,117	1,621	1,504
4. UK	1,485	1,630	1,434
5. Japan	1,007	891	925
6. Australia	976	845	901
7. France	758	858	809
8. Canada	835	876	749
9. Spain	691	653	653
10. South Korea	746	691	616
11. Netherlands	582	611	598
12. India	695	459	546
13. Sweden	344	751	436
14. Italy	327	372	425
15. Russia	473	440	390
16. Switzerland	318	334	302
17. Singapore	272	264	276
18. Vietnam	116	55	212
19. Cayman Islands	229	237	203
20. Malaysia	250	210	197
32. South Africa	185	146	105

Top target countries by value

Target country	Q3 2017 (mil USD)	Q2 2018 (mil USD)	Q3 2018 (mil USD)
1. US	343,440	492,938	355,351
2. China	203,220	209,025	171,914
3. UK	76,701	154,045	120,072
4. Germany	29,105	105,332	53,038
5. Australia	30,754	16,844	46,345
6. Canada	23,705	37,550	33,253
7. Spain	40,489	44,190	33,245
8. Russia	17,096	14,936	33,059
9. France	38,802	28,442	28,946
10. Japan	49,765	17,252	26,278
11. Netherlands	25,380	37,055	20,929
12. Italy	17,766	18,781	19,479
13. India	24,765	28,651	18,982
14. Cayman Islands	17,602	17,212	18,266
15. South Korea	20,187	23,565	14,456
16. Bermuda	6,090	2,967	13,825
17. Hong Kong	12,650	11,041	9,720
18. South Africa	6,793	5,323	9,475
19. Indonesia	7,365	4,292	9,282
20. Brazil	14,540	4,751	8,771

Notes to editors

Activity is based on the activity of the target company.

Deal status is announced within the time period.

The sector breakdown uses targets' activities as defined to be 'Major Sectors' by Zephyr.

The date range is 01/07/2018 - 30/09/2018 inclusive.