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South Africa M&A Review Q1 2018

The following report details mergers and acquisitions activity in South Africa in Q1 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 volume and value decline in Q1 2018

Both the volume and value of mergers and acquisitions (M&A) targeting companies based in South Africa declined in the first quarter of 2018. In all, there were 143 deals worth a combined USD 6,348 million announced during the three months under review. In terms of volume, this represents a 27 per cent decline on the 195 deals announced in Q4 2017, while value dropped 10 per cent from USD 7,017 million over the same timeframe.

A decline was also witnessed year-on-year, but to an even greater extent. In Q1 2017, there were 223 deals worth an aggregate USD 9,521 million. The decline in value both quarter-on-quarter and year-on-year comes as a result of a dearth of high value dealmaking. Only one transaction announced in Q1 2018 broke the USD 1,000 million-barrier as Ivlyn No 4 picked up a 53 per cent stake in Johannesburg-headquartered Dis-Chem Pharmacies for USD 1,382 million.

Deals by volume and value

| Announced date | No of deals | Total deal value (mil USD) |
|----------------|-------------|----------------------------|
| Q1 2018 | 143 | 6,348 |
| Q4 2017 | 195 | 7,017 |
| Q3 2017 | 180 | 6,765 |
| Q2 2017 | 219 | 12,220 |
| Q1 2017 | 223 | 9,521 |
| Q4 2016 | 197 | 7,597 |
| Q3 2016 | 207 | 4,489 |
| Q2 2016 | 191 | 4,901 |
| Q1 2016 | 188 | 1,780 |



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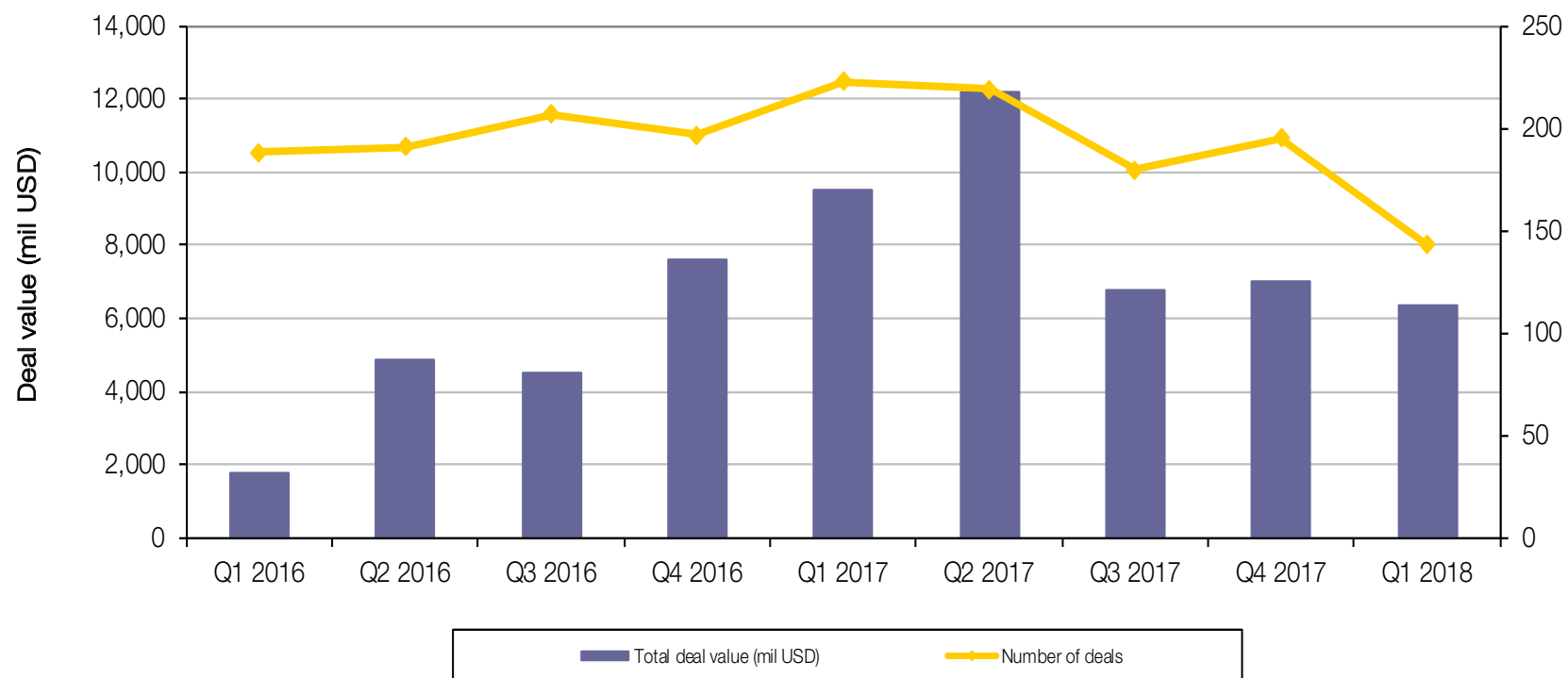


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Deals by volume and value



Top 20 deals by value with South African targets

| | Deal value (mil USD) | Deal type | Target | Acquiror | Acquiror country | Announced date |
|-----|----------------------|--|---|---------------------------------------|------------------|----------------|
| 1. | 1,382 | Acquisition 53% | Dis-Chem Pharmacies (Pty) Ltd | Ivlyn No 4 (Pty) Ltd | ZA | 13/02/2018 |
| 2. | 620 | Minority stake 13% | PSG Group Ltd | Institutional Investors | | 22/01/2018 |
| 3. | 489 | Capital Increase 3% | Sanlam Ltd | Institutional Investors | | 27/03/2018 |
| 4. | 385 | Acquisition 80% | Cartrack Holdings Ltd | One August Holdings (Pty) Ltd | ZA | 29/01/2018 |
| 5. | 364 | Minority stake 5% | Growthpoint Properties Ltd | | | 23/03/2018 |
| 6. | 308 | Minority stake 17% | Kap Industrial Holdings Ltd | Institutional Investors | | 13/03/2018 |
| 7. | 288 | Minority stake increased from 2% to 5% | Aspen Pharmacare Holdings Ltd | Harding Loevner LP | US | 29/03/2018 |
| 8. | 242 | Minority stake 6% | Truworths International Ltd | | | 23/02/2018 |
| 9. | 182 | Acquisition increased from 43% to 51% | Tsogo Sun Holdings Ltd | Hosken Consolidated Investments Ltd | ZA | 16/01/2018 |
| 10. | 142 | Minority stake increased from 10% to 11% | Bid Corporation (Pty) Ltd | JP Morgan | US | 28/02/2018 |
| 11. | 128 | Minority stake 5% | Distell Group Ltd | Coronation Asset Management (Pty) Ltd | ZA | 28/01/2018 |
| 12. | 118 | Minority stake 5% | Sibanye Gold Ltd | Exor Investments (UK) LLP | GB | 12/03/2018 |
| 13. | 109 | Capital Increase 3% | Clicks Group Ltd | Undisclosed investors | | 15/02/2018 |
| 14. | 104 | Minority stake increased from 2% to 5% | Sappi Ltd | Allan Gray (Pty) Ltd | ZA | 05/03/2018 |
| 15. | 102 | Minority stake increased from 15% to 20% | Impala Platinum Holdings Ltd | Allan Gray (Pty) Ltd | ZA | 21/02/2018 |
| 16. | 102 | Minority stake 12% | Transaction Capital Ltd | Investors | | 07/03/2018 |
| 17. | 86 | Minority stake | Fortress REIT Ltd | Coronation Asset Management (Pty) Ltd | ZA | 02/03/2018 |
| 18. | 76 | Capital Increase 8% | Blue Label Telecoms Ltd | Undisclosed investors | | 26/02/2018 |
| 19. | 72 | Acquisition 100% | Anglo American Inyosi Coal (Pty) Ltd's New Largo thermal coal project; Anglo American Inyosi Coal (Pty) Ltd's Old New Largo closed colliery | New Largo Coal (Pty) Ltd | ZA | 29/01/2018 |
| 20. | 63 | Minority stake 6% | Datatec Ltd | | | 15/01/2018 |

PE and VC volume and value down plummet

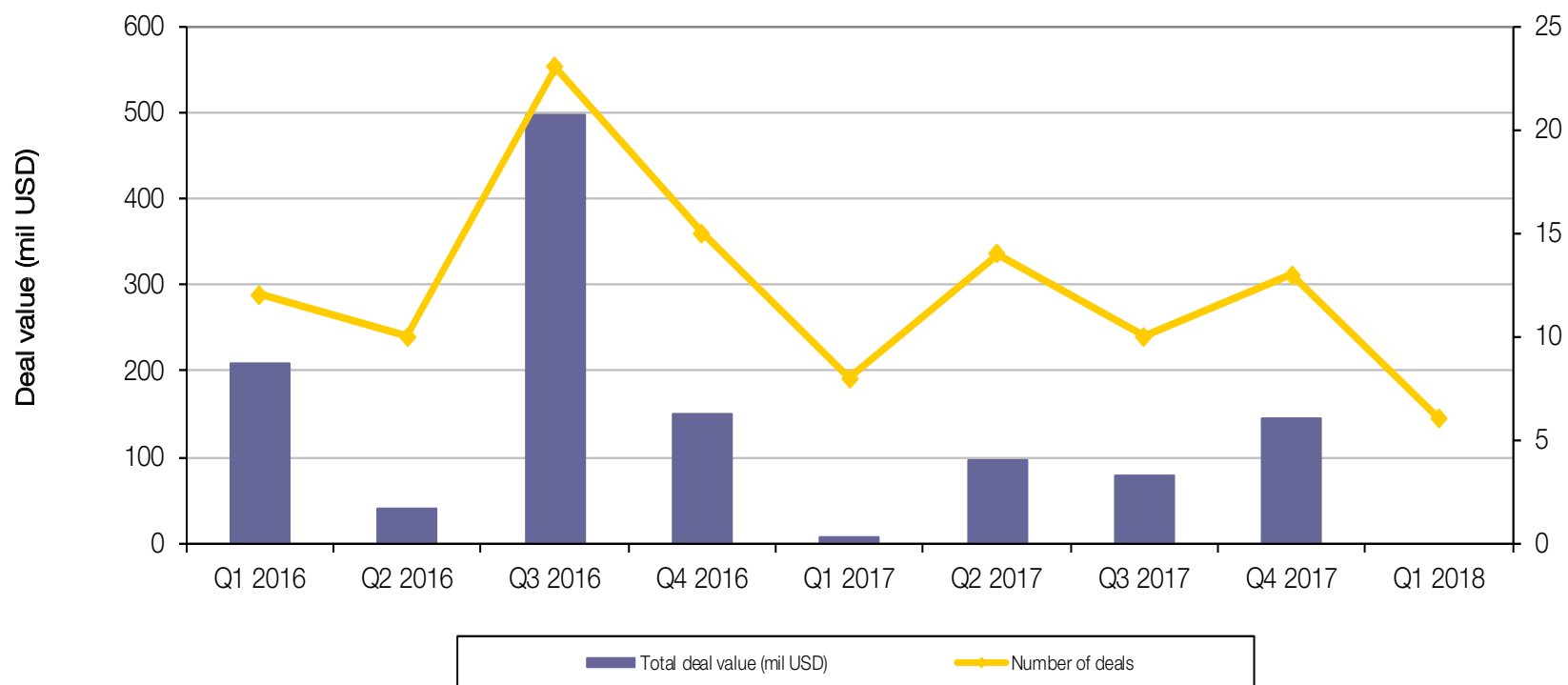
Q1 has been a disappointing period in terms of the volume and value of announced private equity and venture capital (PE and VC) deals targeting South African companies. A total of six such deals were announced over the course of the three months, but none of these had disclosed values, meaning no value was recorded for Q1. In Q4 2017, there were 13 PE and VC deals worth a combined USD 146 million, representing a 54 per cent decline by volume quarter-on-quarter.

It was the same story in a year-on-year comparison, albeit to a lesser extent, as volume and value declined from eight deals and USD 7 million, respectively in Q1 2017. In terms of volume, Q1 2018 represents the lowest quarter since the second quarter of 2015, while the last time none of the PE and VC deals signed off in a three-month period had disclosed values was in Q3 2012.

Private equity deals by volume and value

| Announced date | No of deals | Total deal value (mil USD) |
|----------------|-------------|----------------------------|
| Q1 2018 | 6 | 0 |
| Q4 2017 | 13 | 146 |
| Q3 2017 | 10 | 78 |
| Q2 2017 | 14 | 97 |
| Q1 2017 | 8 | 7 |
| Q4 2016 | 15 | 150 |
| Q3 2016 | 23 | 497 |
| Q2 2016 | 10 | 41 |
| Q1 2016 | 12 | 208 |

Private equity deals by volume and value



Target sectors by volume

| Target sector | Q1 2017 | Q4 2017 | Q1 2018 |
|--|---------|---------|---------|
| Other services | 84 | 63 | 52 |
| Wholesale & retail trade | 25 | 32 | 15 |
| Metals & metal products | 14 | 12 | 12 |
| Chemicals, rubber, plastics | 8 | 12 | 11 |
| Publishing, printing | 5 | 8 | 9 |
| Hotels & restaurants | 7 | 3 | 7 |
| Food, beverages, tobacco | 5 | 7 | 6 |
| Construction | 8 | 3 | 5 |
| Banks | 19 | 9 | 5 |
| Insurance companies | 5 | 2 | 4 |
| Transport | 1 | 5 | 4 |
| Machinery, equipment, furniture, recycling | 12 | 8 | 4 |
| Primary sector | 10 | 10 | 4 |
| Wood, cork, paper | 4 | 1 | 3 |
| Education, health | 11 | 9 | 2 |
| Post and telecommunications | 4 | 6 | 1 |
| Gas, water, electricity | 1 | 4 | 0 |
| Public administration and defence | 0 | 0 | 0 |
| Textiles, wearing apparel, leather | 0 | 0 | 0 |

Target sectors by value

| Target sector | Q1 2017 (mil USD) | Q4 2017 (mil USD) | Q1 2018 (mil USD) |
|--|----------------------|----------------------|----------------------|
| Wholesale & retail trade | 1,207 | 3,901 | 1,811 |
| Other services | 598 | 697 | 1,080 |
| Chemicals, rubber, plastics | 1,100 | 1,868 | 986 |
| Insurance companies | 56 | 0 | 492 |
| Machinery, equipment, furniture, recycling | 33 | 41 | 472 |
| Hotels & restaurants | 12 | 98 | 375 |
| Transport | 0 | 37 | 312 |
| Metals & metal products | 5,964 | 792 | 310 |
| Food, beverages, tobacco | 7 | 58 | 166 |
| Publishing, printing | 9 | 41 | 135 |
| Wood, cork, paper | 14 | 9 | 107 |
| Primary sector | 47 | 321 | 86 |
| Education, health | 1,210 | 300 | 32 |
| Construction | 46 | 24 | 30 |
| Banks | 48 | 44 | 12 |
| Public administration and defence | 0 | 0 | 0 |
| Gas, water, electricity | 0 | 351 | 0 |
| Post and telecommunications | 35 | 4 | 0 |
| Textiles, wearing apparel, leather | 0 | 0 | 0 |

Top target countries by volume

| Target country | Q1 2017 | Q4 2017 | Q1 2018 |
|------------------|---------|---------|---------|
| 1. US | 5,753 | 4,934 | 5,225 |
| 2. China | 3,411 | 4,173 | 3,397 |
| 3. UK | 1,573 | 1,566 | 1,430 |
| 4. Germany | 1,084 | 1,216 | 1,398 |
| 5. Japan | 922 | 1,015 | 1,091 |
| 6. France | 797 | 865 | 899 |
| 7. Canada | 1,187 | 918 | 774 |
| 8. Australia | 872 | 1,079 | 682 |
| 9. South Korea | 565 | 605 | 624 |
| 10. Netherlands | 559 | 583 | 607 |
| 11. Poland | 633 | 669 | 601 |
| 12. Spain | 671 | 893 | 589 |
| 13. Russia | 493 | 589 | 465 |
| 14. Sweden | 624 | 712 | 435 |
| 15. Italy | 280 | 424 | 354 |
| 16. India | 666 | 578 | 344 |
| 17. Switzerland | 352 | 301 | 304 |
| 18. Ukraine | 224 | 201 | 248 |
| 19. Singapore | 262 | 272 | 222 |
| 20. Taiwan | 176 | 182 | 208 |
| 28. South Africa | 223 | 195 | 143 |

Top target countries by value

| Target country | Q1 2017 (mil USD) | Q4 2017 (mil USD) | Q1 2018 (mil USD) |
|----------------------------|----------------------|----------------------|----------------------|
| 1. US | 341,014 | 475,508 | 419,030 |
| 2. China | 164,590 | 190,229 | 176,476 |
| 3. Germany | 31,787 | 43,246 | 115,397 |
| 4. Netherlands | 35,557 | 52,838 | 108,861 |
| 5. UK | 78,121 | 65,190 | 77,488 |
| 6. Spain | 22,749 | 67,550 | 76,842 |
| 7. Canada | 57,114 | 26,409 | 43,467 |
| 8. Cayman Islands | 12,826 | 22,574 | 39,104 |
| 9. France | 29,502 | 41,751 | 33,891 |
| 10. South Korea | 15,356 | 16,472 | 33,041 |
| 11. Bermuda | 11,218 | 9,927 | 31,075 |
| 12. India | 64,455 | 42,640 | 30,973 |
| 13. Australia | 25,187 | 52,489 | 28,694 |
| 14. Japan | 32,503 | 34,801 | 24,052 |
| 15. UAE | 3,908 | 1,481 | 19,843 |
| 16. Italy | 42,224 | 16,607 | 16,990 |
| 17. Russia | 19,697 | 27,566 | 14,895 |
| 18. Sweden | 7,873 | 15,310 | 13,983 |
| 19. British Virgin Islands | 4,792 | 17,172 | 13,518 |
| 20. Switzerland | 45,169 | 6,947 | 13,447 |
| 31. South Africa | 9,521 | 7,017 | 6,348 |

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 01/01/2018 - 31/03/2018 inclusive.