



West Africa Key Findings: 2010-2016 H1

249 Number of reported PE deals

US\$5.4bn Value of reported PE deals

83 Number of PE exits

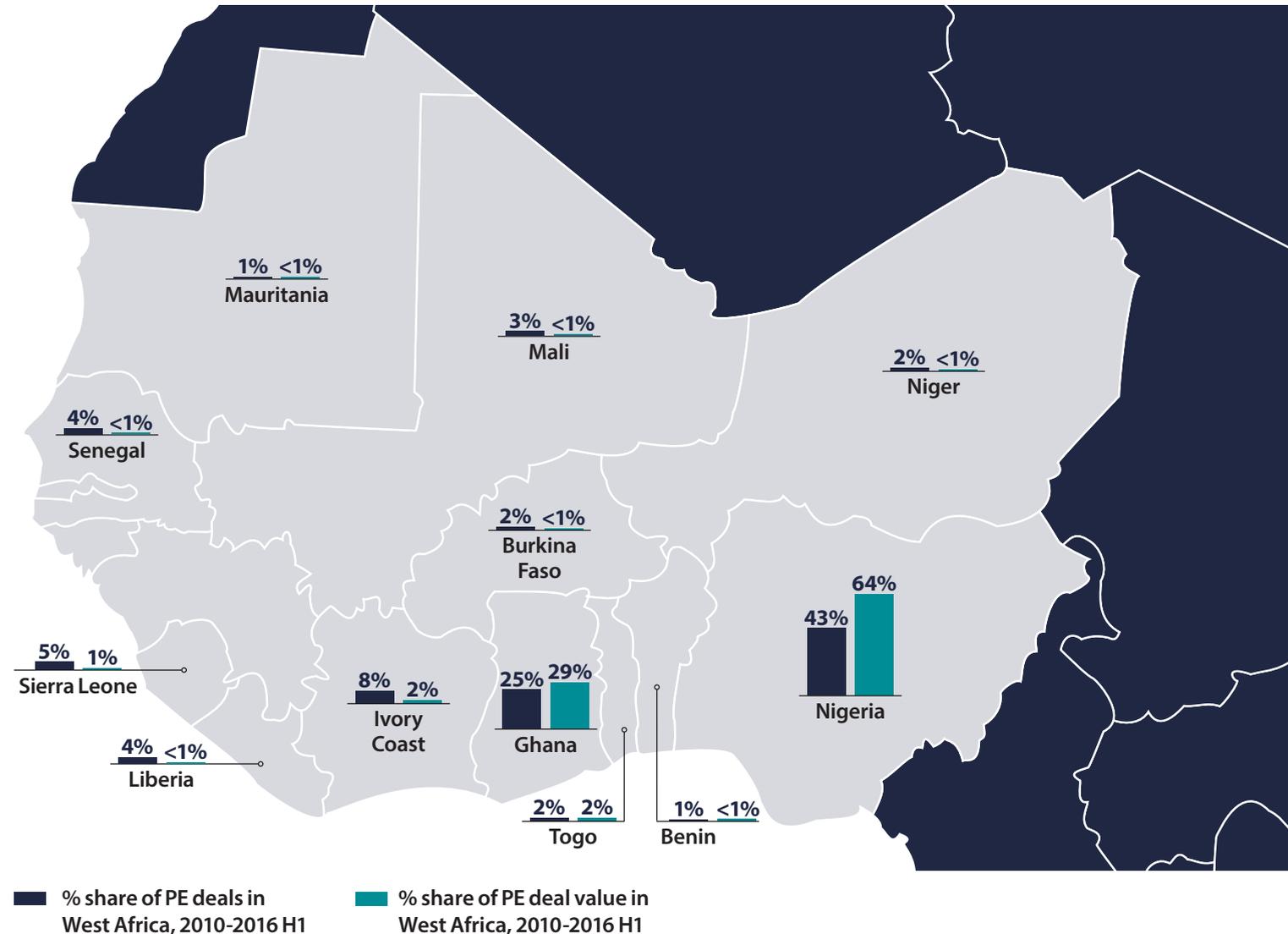
AVCA's Spotlight on West Africa Private Equity provides a summary of recent private equity ("PE") activity in the region.

Key findings:

- Between 2010 and 2016 H1, there were 249 reported PE deals in West Africa totalling US\$5.4bn
- West Africa accounted for the single greatest share of PE deals completed in Africa by number (26%) over the period 2010-2016 H1. Its share of the total reported value of PE deals was 24% over the same period
- Nigeria and Ghana are the largest markets for PE in the region, accounting for 68% of deal volume and 93% of reported deal value from 2010-2016 H1
- Overall, there were 83 PE exits in West Africa from 2010 - 2016 H1. Nigeria accounted for the greatest share (42%) of PE exits by number, followed by Ghana (17%) and Ivory Coast (14%)

Further information is available to AVCA members

Percentage share of the volume and value of reported PE deals in West Africa, by country, 2010-2016 H1





Case studies of West Africa private equity exits

Continental Reinsurance

Country: Nigeria, Ivory Coast, and 4 other countries
PE Investor: Emerging Capital Partners
Sector: Financials
Entry Date: February 2007
Exit Date: September 2015
Exit Route: Trade
Returns: Not disclosed



Key learnings from doing business in West Africa

- A regional expansion strategy across West Africa was key to creating value
- Improved corporate governance and led the recruitment of senior management, which resulted in an improved company rating of B+ (good)
- Implemented new technology and established a new business unit to improve underwriting capacity and improve collection capabilities

Research Methodology

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

Transactions cover all investments 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. It includes initial and follow-on investments.

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

Deals value includes equity, mezzanine, senior debt and significant 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.

GPs that are included have raised, or are raising, third-party PE funds from institutional investors. Qualifying funds include funds that have a sole focus on Africa or have an allocation to Africa alongside a broader emerging markets investment mandate. Funds with a global investment remit that invest in Africa are excluded.

Eau Technologie Environnement

Country: Benin
PE Investor: Cauris Management
Sector: Consumer Staples
Entry Date: October 2007
Exit Date: August 2015
Exit Route: Trade
Returns: 3.4x multiple (CFA basis)



Key learnings from doing business in West Africa

- Developing a strong partnership with management was key to improving governance and creating a sustainable expansion strategy into the region
- Unlocked substantial value by gaining market share through delivering high quality products, diversifying product ranges, strengthening of sales team, and improvement of the distribution network
- Trade buyers from North Africa are increasingly attracted to companies with growth potential into Francophone West Africa, as evidenced by the sale to a Moroccan buyer

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Ikeja Mall

Country: Nigeria
PE Investor: Actis
Sector: Real Estate
Entry Date: April 2008
Exit Date: November 2015
Exit Route: Financial Buyer
Returns: Not disclosed



Key learnings from doing business in West Africa

- Increasing formalisation of the retail market, coupled with the shortage of A-grade retail stock and strong tenant demand offered a compelling opportunity to create an international quality shopping centre in a densely-populated area, with no comparable asset in the catchment area and high barriers to entry
- Developing a quality asset is important in attracting and retaining leading African and international brands, whilst ensuring premium rentals and high occupancy
- Real estate assets across sub-Saharan Africa are increasingly attractive to institutional investors evidenced by the sale to financial buyers

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