AVCA Member Profile: **Swicorp**

Swicorp is a financial services group offering investment banking, private equity (PE) and asset management services across the Middle East and north Africa. When Swicorp opened its doors in 1987, it began as an M&A advisory boutique servicing clients in the Gulf Corporation Council (GCC). It then enlarged its geographical footprint to encompass the broader Middle East and Africa and diversified its product offering to include PE and asset management.

To date, the firm has raised over €1bn of private equity capital and its move into sub-Saharan Africa is being led by its PE team.

Nabil Triki, co-Head of Private Equity tells AVCA about his plans.

Q: Why did you start looking beyond North Africa?

A: We took the decision to extend the geographic scope southward to sub-Saharan Africa in 2014. We are seeing increasing links between the Middle East and parts of Africa. We see this between the Maghreb region and French speaking West Africa, Egypt and East Africa, and between GCC countries and East and Southern Africa. Increasingly the companies we work with are looking to expand in these markets.

The continent is becoming more attractive to international investors because of strong macro fundamentals delivering consistent growth. Today we see a history of that growth being confirmed year after year, with many countries having gone beyond civil strife to become more conducive for private investment.

We studied the market for about 18 months and ultimately decided to complement our team with senior professionals with extensive investment experience across the African continent. We brought on board two former senior Pinebridge professionals - Andre Steyn and Tony Couloubis.

Andre and Tony have been active PE investors in Africa since the early 2000s and bring with them deep market knowledge and a wide network and a diversified track record, in terms of industries and countries.

Q: Which sectors and countries outside of North Africa interest you?

A: We are targeting three groups of sectors. The first is

General Partner Profile

Name of General Partner
Swicorp

Funds
- Intaj Capital I (2005)
- Joussour (2005)
- Intaj Capital II (2010)
- African Industrialization Fund (2015)

Regional Focus
Pan-African

production, processing & manufacturing. The second is industrial infrastructure and services. The third sector is education & healthcare.

In terms of countries, we are pursuing a pan-African investment strategy but will focus on established economies (South Africa, Kenya, Nigeria, Morocco, Tunisia and Egypt), as well as emerging industrial economies such as Ghana, Mozambique, Côte d'Ivoire and Ethiopia.

Q: How are you funding deals?

A: We will begin by leveraging our own balance sheet, and will be raising a fund in the near term which will carry out our investment strategy.

Q: Which end of the market will you operate in?

A: We are going to keep to the same types of transactions that we have done historically and, which we believe make sense in the context of emerging market economies driven by family businesses. We will target investment tickets in the US$20mn - US$40m range for growth equity transactions, strong contractual rights and downside protection.

Q: How are you sourcing deals?

A: We have our own established networks across the continent. We also conduct deep dives in sectors of interest and pro-actively approach companies that fit with our investment strategy.

Q:What about offices on the ground?

A: On the ground presence is a core pillar of our investment strategy. We will cover the continent from four different offices to begin with, in Tunis, Johannesburg, Lagos and Dubai. Further down the line, we may open an office in East Africa to supplement our presence in Dubai.

SOTIPAPIER

Success Story

Company: Sotipapier

Sector: Packaging Paper Manufacturing

Entry Date: May 2012

Investment Size: US$24mn (including acquisition debt of US$9mn)

How Swicorp Helped the Business

- Strengthened the business as a separate entity from the family group through improved corporate governance and a reinforced management team
- Achieved efficiencies on the production side through an increased annual output of testliner and flute paper of 33% and 8% respectively, while also expanding margins and reducing energy costs
- Enhanced financial performance with increases in sales and net income by 16% and 20% respectively, resulting in improved cash flows and working capital
- Paved the way for Sotipapier's Initial Public Offering (IPO) in April 2014. The offering was oversubscribed 46 times, a historic record for the Tunis Stock Exchange. Swicorp partially exited during the IPO, selling 40% of its shares and realizing an IRR of over 70% in U.S. dollars and a cash multiple of circa 3x

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