

ADENIA PARTNERS



Antoine Delaporte
Managing Partner

Adenia Partners is a private equity management firm investing in Sub-Saharan Africa. With US\$435mn assets under management, 4 funds, over 21 executed investments and 10 completed exits, Adenia has proven itself a strong partner in consistent performance.

Using the same strategy since its conception, the firm focuses on control buy-outs and growth capital investments. It also utilises a differentiated approach towards asset selection, hands-on-engagement and exit strategies.

AVCA speaks to Antoine Delaporte, Managing Partner at Adenia Partners about what to consider when investing in Africa, the firm's future focus and hopes for the industry.

Q: How did Adenia Partners come into being?

I founded Adenia in 2002 together with 3 other entrepreneurs. At that time, Adenia was like an 'investment club' and our aim was to put our own money to work by acquiring SMEs in Africa. Two of the co-founders came from the Private Equity industry and thus we naturally set up a Fund structure to make these investments together. It was easier to manage our relationships, to anticipate the exit of one or the other, etc. As this first venture was very successful, we decided to leverage our own equity and hence raise external money. This is where Adenia took off and as a result 4 successive funds were raised.

Q: How has the industry evolved in the time since Adenia Partners was set up?

In 2002, there were only a handful of generalist funds investing in Africa, most of them in South Africa. Today you have more than 100 vehicles investing in Africa, the industry has matured, there have been highs and lows, there are specialized funds by sector, by asset class, so that LPs who look to invest today in Africa have a large scope of opportunities.

Q: In your view, what are crucial factors to success when investing in Africa?

Our experience shows that quality of execution is what matters. This is why Adenia only invests in control equity investments. When you have

NAME OF PROFESSIONAL SERVICES FIRM

Adenia Partner

FIRM TYPE

General Partner

PROFESSIONALS FOCUSED ON AFRICA

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control, you have the freedom to set the strategic agenda and to implement HR changes, including the appointment of the CEO. And selling a company is much easier than selling a minority stake.

Q: How are you sourcing deals?

We are looking for change of control situations or for transmissions. All Adenia Investment executives live and work on the ground in Africa, and we are all well integrated in our local business communities. This is why entrepreneurs naturally come to Adenia. When an entrepreneur considers realizing her/his asset, he is happy to come to Adenia since we guarantee a confidential and straightforward selling process.

Q: What is your secret sauce when it comes to creating value?

People come first. We need to have the right team managing the company and we are not shy at hiring new managers or independent

directors/advisors who can bring a real sectorial expertise. The secret is to make them act and behave as real entrepreneurs, and this is why we most often partner with them as shareholders of the companies we acquire whilst they are CEOs or CFOs. This combination is very efficient to drive change and introduce new standards so that the potential of the investment can be fully exploited. Second, we develop ambitious plans to grow internationally or to expand companies scope of products/services. Mid-size companies can have leadership positions in their base country while being nothing in neighbouring countries. It is Adenia's role to provide them the network, the know-how and the right strategies to expand beyond their natural markets.

Q: What kind of exits do you aim for and how do you prepare your investments for exit?

Our plan is always to be able to sell to strategic players who are ready to pay a premium for a company which is fully compliant and shows a sustainable profitable strategy.

Q: What is your focus over the next 3 years?

For the last 18 years, Adenia's strategy has been really stable and we do not intend to change our plans. Acquiring local leaders to help them grow internationally or acquiring 'sleeping beauties' and providing them with ambition and talent will still be the axis of development for Adenia.

Q: What distinguishes Adenia Partners from other private equity firms in the market?

The majority shareholding that we always take in companies in which we invest is obviously a big differentiator. If other PE firms can also make controlled investments, Adenia's DNA of entrepreneurship and control gives us an advantage when it comes to master the intricacies of a majority shareholding.

Q: What is your outlook for the industry, and where do you think the opportunities are?

If we all agree that Private Equity will be more and more based on value creation in companies in which we invest, then opportunities are huge for our industry. Potential improvement in profitability is indeed huge in many companies across Africa, not only since they are still young and less structured but also since innovation was until recently not a key objective in most strategic agendas. Now that access to technology is largely widespread, it opens vast opportunities for most African companies. Finally, this focus on operational improvements

generates high quality returns (not correlated to macro developments) with low volatility.

Q: What notable opportunities are you seeing across the sectors you are investing in?

While the emergence of the African middle class continues to shape new consumption behaviours, sectors like FMCG and financial services are obviously the focus of attention. But other sectors also present a strong interest like agri-business, infrastructure and light manufacturing.

Q: Tell me more about some of your most recent transactions.

We have acquired a few months ago a supermarket chain in Kenya following the restructuring of the sector in this country. We have become the majority shareholder and have recruited a very strong team to lead the Company: a CEO who had the experience to run several retail businesses in Kenya, and a very seasoned chairman with international experience. One of their first actions was to implement a new ERP system, in line with international best practices. In parallel, we have developed an ambitious growth plan with the aim to become a first-tier player by doubling the number of stores in 2 years on the current format while increasing further our footprint with the acquisition of another grocery retailer. This increased size will generate significant purchasing scale economies from suppliers, amongst other benefits.

Q: How has Adenia Partners integrated ESG practises into its investment process?

Not only does Adenia considers its financial responsibility with the highest sense of ownership, but the same applies with other major responsibilities of our Portfolio companies such as the environmental and the social impact of our Investees. It is our responsibility to ensure that, in all Adenia Portfolio Companies, negative impacts can be appropriately mitigated and that positive impacts can be maximized.

Q: How does the AVCA membership benefit you?

We have been strong supporters of AVCA for many years since it helps creating a community of private equity investors on the continent and build links and bridges between all different actors. Networking opportunities are a plus, as well as intellectual development thanks to research and reports. As an African GP, it is our

responsibility to shape the industry to generate strong financial, social and environmental dividends in the countries where we invest.

Want to learn more about Adenia Partners? [Click here](#) to explore AVCA's 2019 Member Directory.

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