

2021 H1

AFRICAN PRIVATE EQUITY DATA TRACKER



EXECUTIVE SUMMARY

Growth forecasts for Africa remained muted at the start of 2021, as several countries across the continent grappled with persistent outbreaks, residual socio-economic effects of the healthcare crisis and significantly reduced fiscal capacity. At the close of 2020, the IMF predicted sub-Saharan Africa would grow at a moderate average pace of 3.1% in 2021¹: a mere shadow of the double-digit growth initially expected at the start of the new decade. However, predictions for the second half of 2021 have since been revised upwards. Africa's economies have shown themselves strong, with above-expected rebounds and regained momentum. Although Africa's outlook remains uncertain, a more buoyant external environment sets the stage for continental growth of 3.4% in the tail end of 2021².

Africa's PE industry is mirroring the gradual stabilisation of Africa's macroeconomic environment as it continues to rehabilitate itself and is once again on a positive growth trajectory. In 2021 H1, the total value of African PE fundraising reached US\$1.3bn (including final and interim closes). Metier Sustainable Capital II, a US\$156mn fund managed by Metier focusing on investments in distributed energy, resource efficient businesses and small-scale utility projects, is an example of a final close held in the first half of 2021.

Investment activity has also regained momentum: 2021 H1 saw 120 deals concluded on the continent with a

total reported value of US\$2.1bn. Financials accounted for the largest share of deals reported in this timeframe by both deal volume (24%) and value (also 24%). Industrials and Utilities accounted for the second and third largest share of deals by value in 2021 H1, at 19% each. Within the Industrials sector, the largest deal was the US\$250mn investment in the drone delivery startup, Zipline, by a consortium of investors including Emerging Capital Partners.

The number of exits in 2021 H1 (16) exhibited no annual variation compared to the corresponding period last year. As more African economies rebound, the volume of exits will likely increase in the second half of the year.

Although Africa's economic recovery from the disruption caused by the pandemic is well underway, the continent's economic performance remains highly divergent both within and between regions. Covid-19 continues to cloud the outlook across 2021, but the long-term horizon remains promising. Lacklustre predictions of Africa's recovery have given way to renewed confidence in the continent amidst evidence of resilient, rebounding economies that are well on their way to reaching, and ultimately surpassing, their 2019 levels of economic growth.

AVCA's 2021 H1 African Private Equity Data Tracker provides a provisional look at half year private equity³ (PE) activity in Africa.

¹ International Monetary Fund, 2021. Sub-Saharan Africa Regional Economic Outlook: Navigating a Long Pandemic

² Ibid.

³ Please refer to methodology for definition

KEY FINDINGS: PE FUNDRAISING

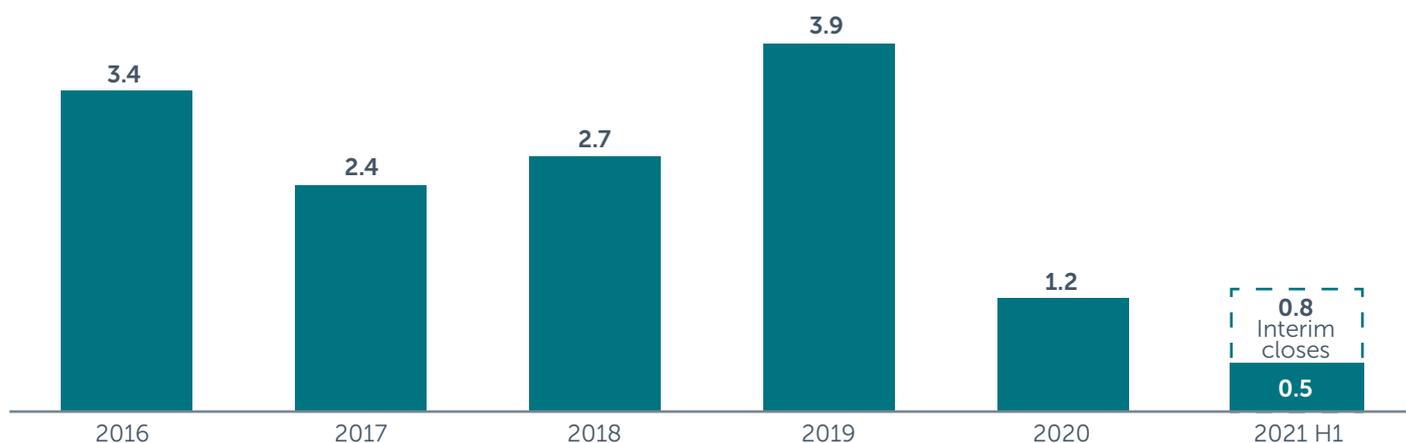
US\$1.3bn 60%

Total value of African PE fundraising in 2021 H1, including final and interim closes

In 2021 H1, more than half (60%) of the total number of funds with final or interim closes were Generalist funds; Sector specific funds represented 40% of the total number of funds raised. Within sector specific funds, Renewable Energy funds accounted for 38% of the total volume and 73% of the total value raised



Total value of Africa PE fundraising, by year of final close, US\$bn



Selection of PE funds that announced a close in 2021 H1

Fund Manager	Fund Name	Status	Reported Final or Interim Close Amount (mn)	Reported Amount Raised to Date (mn)	Regional Focus	Sector Focus
Ascent Capital Africa	Ascent Rift Valley Fund II	First Close	Over US\$100	Over US\$100	East Africa	Generalist
CDG Capital Private Equity	Capmezzanine III	First Close	US\$105	US\$105	North Africa & West Africa	Generalist
Helios Investment Partners	Helios Investors IV	Second Close	US\$50	US\$290	Pan-African	Generalist
Metier	Metier Sustainable Capital Fund II	Final Close	US\$156	US\$156	Pan-African	Renewable Energy

KEY FINDINGS: PE DEALS

US\$2.1bn

Total value of reported African PE deals in 2021 H1

120

Total volume of reported African PE deals in 2021 H1



In 2021 H1, North Africa and West Africa attracted the largest share of PE deals by volume at 23% each. Multi-region deals attracted the lion's share of deal value (50%) for the first half of the year



Financials, Consumer Discretionary, Industrials and Information Technology were the sectors with the most activity in 2021 H1, attracting 72% of the total deal volume

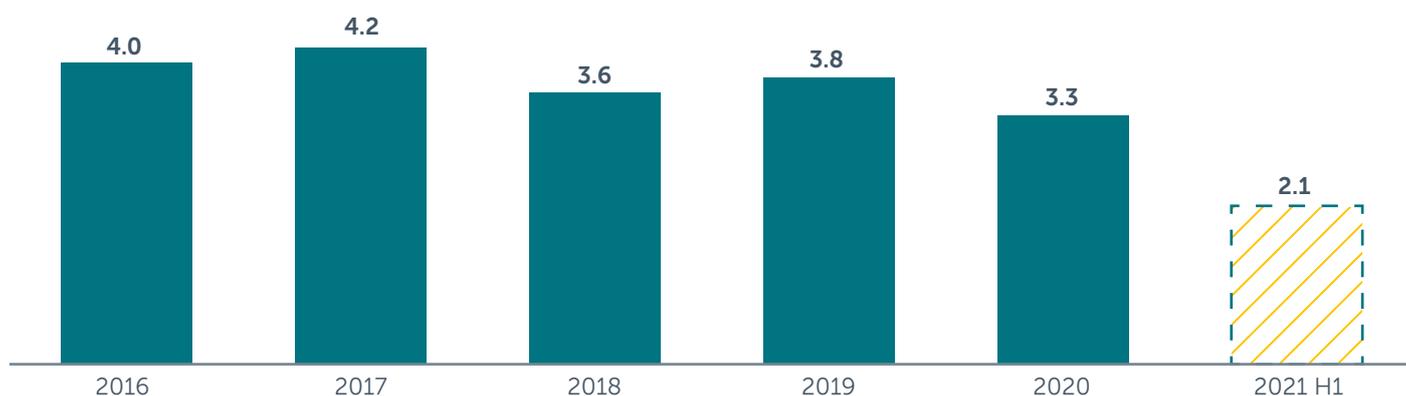


Financials, Industrials, Utilities and Communication Services were the top sectors by value accounting for 78% of the total deal value in 2021 H1



Financials accounted for 24% of the total deal volume and value in 2021 H1. This marks a marginal increase from 2020 H1, where Financials drew 20% of deal volume and 21% of deal value. Industrials' share of deal volume and value increased to 16% and 19% in 2021 H1, from 11% and 3% in 2020 H1 respectively. Within Industrials, deals in Transportation accounted for the largest share by volume and value, at 37% and 77% respectively

Total value of African PE deals, by year, US\$bn



Selection of PE deals announced in Africa in 2021 H1

Portfolio Company	Sector	Investor(s)	Region
Africa Biosystems	Health Care	Adenia Partners	East Africa
Airtel Mobile Commerce BV	Communication Services	TPG Growth	Multi-region
AppsNmobile Solutions	Financials	Oasis Capital Ghana	West Africa
BIM Morocco	Consumer Staples	Helios Investment Partners	North Africa
Compagnie Marocaine de Goutte à Goutte et de Pompage	Industrials	AfricInvest	Multi-region
Eastcastle	Communication Services	African Infrastructure Investment Managers, Adenia Partners & IFC	Multi-region
Energy Vision	Utilities	Metier	Multi-region
Jetstream	Industrials	Alitheia IDF & other investors	West Africa
Maintenance Climatisation Technique	Industrials	Adiwale Partners	Multi-region
Nouvelle Minoterie Africaine	Consumer Staples	Amethis	West Africa
Pula	Financials	Tlcom Capital & other investor	East Africa
The Maia Group	Consumer Staples	EXEO Capital	South Africa
The Raxio Group	Information Technology	Meridiam	Multi-region
Zipline	Industrials	Emerging Capital partners & other investors	Multi-region



KEY FINDINGS: PE EXITS

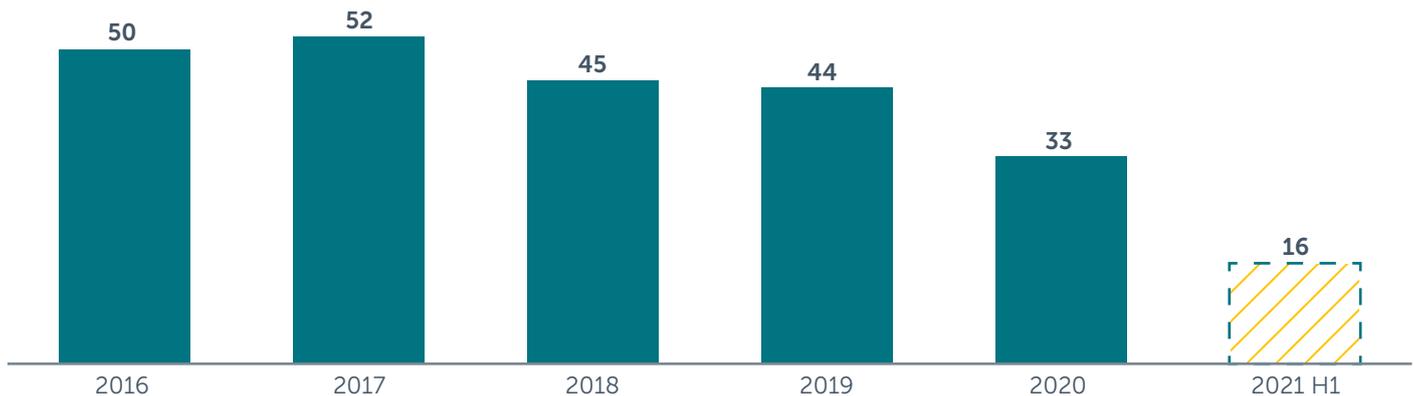
16

Number of reported African PE exits, 2021 H1



In 2021 H1, Trade Buyers was the most common exit route, representing 44% of the total exit volume, followed by PE & other financial buyers at 31%

Total volume of African PE exits, by year



*Investments are recorded as exited once fully or majority exited by the PE firm

Selection of PE exits announced in Africa in 2021 H1

Portfolio Company	Exiting PE Investor(s)	Sector	Region	Exit Route
Ademat	Adenia Partners	Industrials	West Africa	PE and other financial buyers
Bokpoort Concentrated Solar Power Project	Metier	Utilities	South Africa	PE and other financial buyers
C&I Leasing	Actis	Financials	West Africa	Trade buyers
Cape Olive	Exeo Capital	Consumer Staples	South Africa	Trade buyers
Cash Plus	Mediterrania Capital Partners	Financials	North Africa	Trade buyers
M&B Seeds and Agricultural Services Ghana	Injaro Investments	Consumer Staples	West Africa	MBOs or private sales
Orange Madagascar	Kibo Capital Partners	Communication Services	Southern Africa (excluding South Africa)	Trade buyers
Resolution Insurance	LeapFrog Investments	Financials	East Africa	Trade buyers

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. They reflect the GICS sector reclassification that was made effective in September 2018, in which the Communication Services sector (which includes the former GICS Telecommunication Services sector, as well as some sub-industries that were previously classed under Information Technology and Consumer Discretionary) was introduced.

Investments are recorded as exited once fully or majority exited by the PE firm.

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. For the latter, only the estimated (or actual if available) allocation to Africa is included in the aggregate numbers reported. Funds with a global investment remit that invest in Africa are excluded.

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