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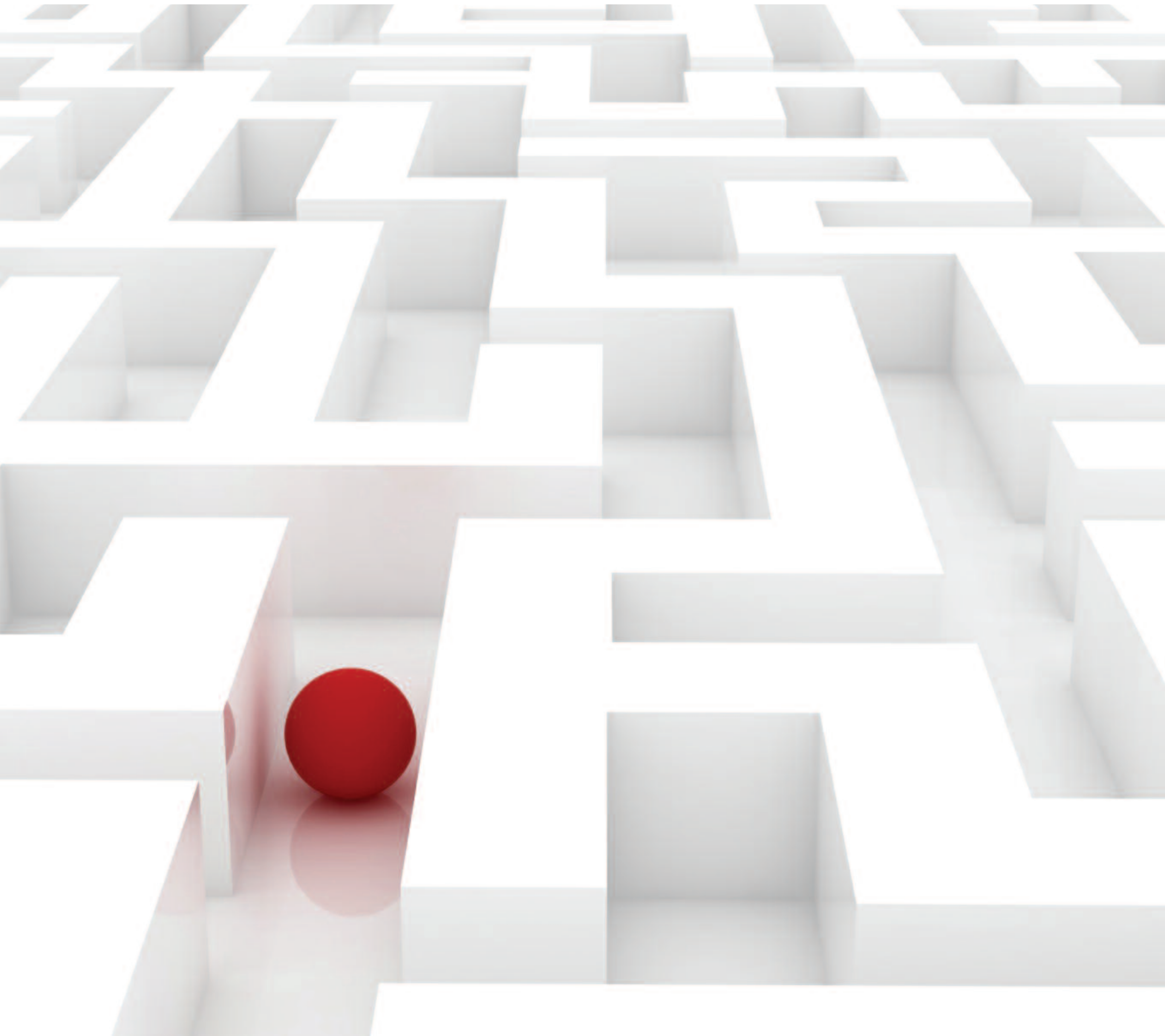

Private Equity Deal of the Year 2018

Snapt has the Right Stuff

LP Africa Survey

FROM THE EDITOR'S DESK

2018 was a brutal year for fund managers, those that were fundraising and those looking for good deals.

As Bowmans' head of private equity, John Bellew relayed to me during a panel discussion about the outlook for the year ahead, the problem with 2018 was that the market went into the year with such high hopes after the outcome of the ANC Elective Conference and it just didn't translate into South African deal activity. Although African deal activity ticked along quite nicely, Bellew said the last time he saw a year like 2018 was probably back in 1993 when everyone was concerned about the transition to democracy.

But all is not lost.

Peter Baird, the head of Investec's Africa PE business, is considerably more bullish than his colleagues.

"We invested 28% of our Fund II last year. We made a new fund level investment in South Africa in the private education space. A fantastic company, well run, been around for 28 years in a sector that we like and we got an attractive valuation. In addition, we made follow-on investments in our other two South African portfolio companies, so when I look across the continent as a whole, we put South Africa as an investment destination very near the top. We continue to see very good companies, very good valuations and very good opportunities to put risk capital to work here."

Baird pointed to the flat and very choppy public markets combined with the political and economic uncertainty and currency volatility as factors actually working in favour of the asset class. The entrepreneurs with good businesses who need capital are looking and they are finding that there's a scarcity of risk capital in the market. Many people have pulled back or are sitting on the side-lines. Natural supply and demand.

"We've seen entry valuations come down by one or two turns of EBITDA. We're seeing lots of good deal opportunities. In fact my biggest concern is that we either reach our concentration limits in South Africa or we run out of money in our fund."

And small to mid-cap companies on the JSE are trading at attractive valuations right now, due to the levels of pessimism about South Africa's growth prospects, and offer attractive free cash flow to mark them out as potential MBO targets.

2019 starts with more emphasis on the cautious side of optimism but there is a sense that if a few cards fall the right way, Eskom's restructuring and political stability chief among them, we could begin to see a real uptick in deal activity over the coming year. ◆

Michael Avery

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This is the 14th year in which the Gold Medal is awarded for the Private Equity Deal of the Year. Nominations were received from advisory firms which, together with nominations from the DealMakers editorial team, were passed on to the Independent Selection Panel who produced a short-list of three transactions.

Criteria used for the selection of the shortlist for Private Equity Deal of the Year:

- Asset with good private equity characteristics – cashflow generative business and able to service an appropriate level of debt? A business model that is resilient to competitor action and downturns in the economic cycle; strong management team that is well aligned with shareholders and capable of managing a private equity balance sheet? Predictable capex requirements that can be appropriately funded?
- Deal size – is a factor to filter deals but plays a limited role for acquisitions. It does carry more weight for disposals.
- Potential/ actual value creation – Was the asset acquired at an attractive multiple? If the deal is a disposal, was it sold at an attractive price? What is the estimated times money back and/or internal rate of return?

There is limited information available in the public domain on the private equity deals, and even somewhat educated guess work doesn't provide all answers in all instances.

2018 Private Equity Deal of the Year

CIVH's acquisition of Vumatel

Despite the pervading gloomy economic and political environment, the story of Vumatel is proof that, as founder and former CEO Niel Schoeman put it to a packed auditorium at GIBS a few years ago, "South Africa has a tremendous amount of opportunity for entrepreneurs. The country has an interesting mix of first and third-world problems, which means individuals can leverage themselves and their companies here to make an actual difference."

Fed up with the slow pace of government fibre rollout, the fibre to the home revolution in South Africa was started by Schoeman and his partners, Johan Pretorius and Richard Came, in the leafy northern suburbs of Johannesburg's Parkhurst in 2014, as a community project, and has cascaded into a country-wide land grab.

When Johan Rupert's Dark Fibre Africa (DFA), through Remgro-controlled Community Investment Ventures Holdings (CIVH), came knocking in 2018, in many ways it was seen as a natural evolution as Schoeman was working at DFA when he decided to take on Telkom four years ago.

The now ubiquitous pink brand was conceived over a few whiskies, as Schoeman recounts in an article published in *Business Day*, because pink was the only space in the colour wheel unoccupied by other competing brands.

The name comes from "vuma", which in Zulu has meanings ranging from "be willing" to "thrive", and from "woema", Afrikaans for "speed" and "get up and go".

In the four years since, Vumatel has rolled out its network coverage extensively across the key metros of Johannesburg, Cape Town and Durban, passing more than 400,000 homes in the process and expanding its subscriber base to more than 100,000 users. This rapid growth was achieved through an ambitious coverage plan that involved a significant scaling-up of installation and operational capabilities. This required substantial amounts of capital and Vantage was the first debt funder to support Vumatel's rollout plan, with a R250m expansion capital facility to Vumatel in 2016.

Pieter Uys

The Vantage mezzanine facility was structured in two equal tranches of R125m ($8,5m), drawn by Vumatel upon the achievement of certain operational and financial milestones by the company, which were achieved well ahead of target.

It could be considered the case study for mezzanine debt to play the bridging role it's ideally designed for, to help entrepreneurs raise debt ahead of the company being sufficiently established to raise senior bank debt.

Investec arrived even earlier on the equity front, purchasing an undisclosed stake in the business in 2015.

Commenting on the phenomenal growth Vumatel has been able to achieve, Luc Albinski, the Managing Partner of Vantage Capital said: "Vumatel's success is the product of a skilful management team targeting a high-growth sub-sector and raising the risk capital needed to fund their well-coordinated and rapid expansion plan. Management's vision and unparalleled execution ability has made Vumatel a very successful company and an incredible investment for Vantage Capital."

Fast forward to June 2018, Vumatel announced that CIVH (majority-owned by Remgro and New GX) would acquire the full shareholding in Vumatel in two phases, pending Competition Commission approval. Vantage provided funding to CIVH's black empowerment partner, New GX, in June 2016 and recently exited this transaction as well.

Pieter Uys, former Vodacom CEO and current head of strategic investments for Remgro, believes the synergies are compelling. Vumatel has 7 000 to 8 000 kms of fibre, and DFA has 11 000 km, so together they are passing hundreds of thousands of homes already, which is big market for Internet Service Providers (ISPs) to sell into.

Internet traffic across the world officially crossed the 'one Zettabyte' mark in 2016. That's equal to a thousand Exabytes, a billion Terabytes, or a trillion Gigabytes. If each Gigabyte in a Zettabyte were a brick, 258 Great Walls of China (made of 3,873,000,000 bricks) could be built. With data consumption almost doubling every two years, that means we're now at the four Zettabyte mark, and growing exponentially; it's little wonder that the fibre land grab continues to offer the fastest pipe of deal flow in the ICT sector.

"Pieter Uys, former Vodacom CEO and current head of strategic investments for Remgro, believes the synergies are compelling. Vumatel has 7000 to 8000 kms of fibre, and DFA has 11000 km, so together they are passing hundreds of thousands of homes already, which is big market for Internet Service Providers (ISPs) to sell into."

This has paved the way for a new era of technology which, in turn, has facilitated the creation of millions of applications for connected devices, including Internet of Things (IoT) devices, smart home applications and consumer electronics.

As these new technologies become more data-driven, the density and reach of fibre is increasing at an exponential pace, with fibre getting closer and closer to the actual point of consumption. While this brings huge opportunities for governments looking to create a Gigabit Society and service providers looking to launch new revenue-generating services, it also brings new challenges to network operation and management. And that is the space where Vumatel shines.

Comment from the Independent Panel:

Investec and others have passed the baton over to Community Investment Ventures to continue Vumatel's impressive growth in the fibre to the home market. Vumatel compliments the market position of Dark Fibre Africa's (also in the CIVH stable) strong position in the wholesale back haul and fibre to business networks. The extent of the synergies in this deal made it stand out a little more than the other two nominees. As a result, it got the Panel's vote as Private Equity Deal of the Year for 2018.

Carlyle Group acquisition of Tessara from RMB Ventures

Private equity is ideally suited to businesses looking for more than just capital. In the case of investments alongside entrepreneurial founder-shareholders, private equity partners can add value by helping the founders professionalise the business, drive succession planning and build a platform for the next level of the business' growth. Tessara, a manufacturer of preservation technologies for fresh produce, is one of these cases: an exceptional business solution backed by valuable intellectual property, with strong cash generation and hard currency earnings diversification. When news broke that RMB Ventures had decided to exit its stake to Carlyle in July, it affirmed that management not only clearly appreciated the value that private equity added but also had their eye firmly on the next phase of growth.

Muhammed Moosa and Amina Pahad, Principals at RMB Ventures, were instrumental in the first vintage of Tessara's private equity journey, when RMB Ventures co-invested in the company (Grapetek as it was then known in 2012) with founder Pieter van der Westhuyzen and members of his senior management team and black-owned private equity house Pan-African Private Equity Fund.

"We get quite excited when we see a business that has a product or service that very clearly has got a certain amount of magic and competitive advantage," Muhammed Moosa.

"This is a particular flavour of transaction that we've seen quite a number of, particularly in the last seven years," explains Pahad, "where you buy a stake in a business owned by an owner-manager/entrepreneur, providing a partial exit. In this sense it is not a classic MBO in which you would back management to buy a company."

Founded in 1985, Tessara is a well-established business with a strong brand and an international market-leading position in Sulphur Dioxide (SO_2)-based sheets for use in the preservation of fresh produce. Its flagship product is Uvasys, a SO_2-based sheet, primarily used to protect table grapes against Botrytis infection, which is responsible for almost 50% of all post-harvest agricultural loss. Uvasys also enhances transportation, export and storage of grapes. Tessara has rapidly grown its business both in South Africa and internationally with exports representing more than 65% of annual sales.

"Essentially, it's a preservation technology that releases a carefully controlled dose of gas over the fruit. When used with an effective cold chain it can prevent the germination and growth of fungal spores for up to four months. The key intellectual property is in the control of the dose. An excessive release of SO_2 gas can cause bleaching while insufficient release may not prevent the development of Botrytis," explains Pahad.

The key intellectual property behind the product design was developed during the 1980s at Stellenbosch University. The founders acquired the rights to the technology, commercialised it and began selling Uvasys in 1995.

Muhammed Moosa

Amina Pahad

"We get quite excited when we see a business that has a product or service that very clearly has a certain amount of magic and competitive advantage, in this case the IP and global market leadership" explains Moosa, "but where the business itself or the style in which it is run is still early on its evolution path and the institutional partner can help drive value creation. In many entrepreneurial businesses, key strategic and capital allocation decisions are made on instinctive basis, and areas like governance, organisational structures and financial reporting are underdeveloped. While you've got founder-owners in place that's not necessarily a terrible thing but we find with businesses like this that the founder gets to a point where they want to retire, or realise value and there's a real sustainability question that you need to ask because the organisation is very dependent on a few key people. There is not the same discipline around succession planning for example."

"Where we see a combination of great product and opportunity but also quite a bit of work that still needs to be done to allow the business to achieve its full potential, part of our DNA is helping those businesses evolve over time."

One of the key risks that RMB Ventures identified was to formalise the intellectual property, which at the time resided in the head of the veteran scientist who was already in semi-retirement.

"Documenting the IP, driving discipline around registering it, and disseminating the knowledge were key to this process. We introduced two new PhDs into the business. During our investment period we essentially supported management in creating a formal R&D Department," adds Pahad.

That development helped position the business to branch out into preservation of cut flowers, and to successfully prove the effectiveness of the technology in preserving other fruits like berries, litchis and tomatoes.

Inside a captive fund like RMB Ventures, exits are less about time constraints and more about timing and Moosa says that the market started knocking on their door around four years into their investment.

"We have the luxury in our business of being able to time exits when we think the timing is most opportune, and the strong interest from the market was telling us that the time was right to explore this," says Moosa.

Why not sell via an auction?

"We realised our investment at a time when the market for exits was and still is generally tough. In that context and with our ability to be patient, we were happy to explore appetite in the market but were wary of committing to a full-blown exit process.

"Sometimes if you run too wide an auction process we also think you don't get some of the interested parties to pay the same attention as they would if you can authentically say to them that you are exploring options with a small number of very committed potential investors.

"The business has a strong market share in South Africa, although there are competing imported products available, and the real growth opportunities are international. In the few years leading up to our exit we witnessed truly phenomenal growth in markets like India and China."

Moosa says the management team was keen to continue being owners of the business and part of Ventures' exit philosophy is around working with management to help them achieve their goals while at the same time trying to maximise value.

"The management team was keen to have another round where they could take a larger stake in the business and part of our exit philosophy is around working with management to help them achieve their goals at the same time as ours. Management told us that they had enjoyed the private equity partnership model, so there was a bit of bias towards trying to get one of the private equity buyers in."

Bruce Steen, Principal in Carlyle's Sub-Saharan Africa Fund, shares Moosa's sentiments around the prospects of the business.

"Tessara is a great business with exciting growth prospects," says Steen. "Led by an experienced, talented management team, Tessara has built an impressive reputation for its core product whilst investing in R&D and the opportunity that exists to expand the product pipeline and broaden the application of SO_2 sheets."

Funding for this investment came from Carlyle Sub-Saharan Africa Fund and while the financial terms were not disclosed, talk in the market is that Ventures cannot quibble at the multiple achieved.

Established in 2012, the Carlyle Sub-Saharan Africa Fund and its affiliates, with $698m of committed capital, have invested over $450m to date, explains Steen, across a variety of industries, including energy, financial services, TMT, retail, logistics and mining services, and across a variety of geographies, including South Africa, Gabon, Nigeria, Mozambique, Zambia, Tanzania, and the Democratic Republic of the Congo. The SSA fund makes buyout and growth capital investments in private and public companies from offices in Johannesburg, South Africa and Lagos, Nigeria.


Bruce Steen

"Very early on, Carlyle became a front-runner," says Pahad, "because of the international reach of that business. Carlyle is a good partner at this stage of the business' evolution because most of the challenges around professionalising of organisational structures and investment in management have been addressed, the business has a strong platform that Carlyle can improve further by bringing its international industry contacts and access to bear."

"We look forward to partnering with Tessara at this exciting time," says Steen, "supporting their continued growth and innovation and fuelling expansion into new products and markets, especially China and the USA."

Craig Cloete, CEO of Tessara, said: "We are delighted to partner with Carlyle as we embark on a new chapter of development. We believe Carlyle's global network, scale and experience, supporting international growth, will help us boost our sales and expand into new markets."

Carlyle was advised on the transaction by Webber Wentzel and Ernst & Young.

Comment from the Independent Panel:

Carlyle acquired Tessara from RMB Ventures, Pan African and others through a tightly managed tender sale process. Tessara's unique position in the fruit preservation market and its intellectual property make it a significant catch for Carlyle. The Panel suspects that Carlyle's global reach could lead to Tessara expanding further beyond its already impressive presence in 22 countries.

Ethos acquisition of Soft Bev for The Beverage Company

The South African beverage industry has been fizzing along despite – or perhaps because of – government's sugar-sweetened beverage tax coming into effect in 2018.

Ethos-backed, The Beverage Company, parent of Gauteng and Eastern Cape-based beverage producer Little Green Beverages, unscrewed the lid on a deal with JSE-listed Bowler Metcalf in April to acquire 100% of SoftBev from Bowler and the original founders.

The company said the final amount of the purchase consideration — after taking account of SoftBev's final net debt and working capital position — could include a deferred consideration of up to R126m.

This meant a price range for Bowler's stake of between R233m and R359m.

> "The acquisition will strengthen The Beverage Company's objective of building a truly African business of home-grown beverage brands."

Established in 2006 by entrepreneurs Lance Sheppard and Vimal Gowan, Little Green Beverages was acquired by Ethos Private Equity, Nedbank Private Equity and management in 2017. Michael Benjamin was appointed at that time as CEO to lead the management team in driving a growth vision for the company.

"The acquisition of Softbev will enable us to offer a powerful, national brand portfolio to consumers," says Benjamin. "It is our second acquisition towards realising our growth vision and will enable The Beverage Company to rapidly drive scale and efficiency. We see many opportunities from this planned acquisition, with our primary focus being to provide a greater choice of brands and wider product range. Furthermore, Softbev's trade relationships complement and augment our current footprint; coupled with the continuation of a committed partnership with Pepsi, this means that we will be better able to serve consumers."

Ethos Partner Jonathan Matthews led the deal team, and with over 12-years private equity and corporate finance experience, gained at Actis, Standard Bank, and Dresdner Kleinwort Wasserstein in London, he has an extensive South African and African private equity network, with a strong deal orientation.

He currently serves on the board of directors of Waco and The Beverage Company (previously known as Little Green Beverages).

Jonathan played key deal roles in investing in a number of companies in his 9 years at Actis, namely in Tracker, Actom, Savcio, AutoXpress, Compuscan and Pcubed.

The acquisition – which is subject to a number of key conditions including confirmatory due diligence, regulatory and Competition Commission approval – will strengthen The Beverage Company's objective of building a truly African business of home-grown beverage brands.

Speaking to the strategic outlook for the group, Benjamin is excited about the brand strength Softbev brings to the table, with the likes of Capri-Sun and Coo-ee, and the bottling of niche soft-drink brands like Jive and Pepsi.

"Little Green Beverages has successfully been integrated under The Beverage Company umbrella, complete with a new, young, dynamic and professional executive team to create a new corporate structure under which we intend to build a diverse portfolio of African heritage beverage brands together with internationally renowned brands. We are proud of our locally-grown, entrepreneurial heritage and commitment to world-class standards; we believe that the addition of Softbev builds on this legacy of nurturing local 'hero' brands and investing in innovation to meet consumer expectations. Our recent work in developing consumer-loved brands that are aligned to healthy living proves the dynamic ability of the team," added Michael Benjamin.

Commencing business in 2015, SoftBev is an innovative, 100% South African-owned company formed after the merger between two well-established businesses, Shoreline Sales and Distribution and Quality Beverages. Their well-established brands include Coo-ee, Jive and Reboost, and Capri-Sun under licence. SoftBev is also the sole licensed bottler for Pepsi and its related brands across South Africa, Lesotho and Swaziland and has distribution rights in Botswana and Namibia. Following the acquisition, these brands and trade relationships will sit alongside The Beverage Company's extensive Refreshhh! range of carbonated soft drinks, mineral water, mixers and energy drinks (all variants of the Refreshhh! brand) and private-label products for leading retailers.

Mahmood Ismail, CEO at SoftBev was delighted with the next stage of possibility saying:

"Over a good number of years we have dedicated ourselves to making quality local brands that consumers can be confident to consume and enjoy with their friends. We are delighted that our family-run business and our loyal staff will now get the opportunity to be part of an expanded, vibrant and professional business that will offer them further career growth opportunities." ◆

Comment from the Independent Panel:

Ethos and Nedbank Private Equity deserve recognition for this deal and the approach to growing the product portfolio and markets of The Beverage Company. The carbonated soft drinks market had been tough for the previous shareholder, Bowler Metcalfe, so it will be interesting to see how the strategy plays out over time for the new owners. It certainly was a bold move.

One of the more encouraging reports for the private equity asset class in Africa published in the final quarter of 2018 provides encouraging data on Limited Partners' (LP) views and expectations regarding Private Equity in 2019.

LPs love the returns down in Africa

Key findings include a majority of LPs planning to increase allocation to the continent in the short-term and just under half of LPs viewing Africa as being more attractive over the next decade than other emerging and frontier markets.

The African Private Equity and Venture Capital Association (AVCA) released its fifth annual Limited Partner (LP) Survey for 2018. The survey examines global investor views and expectations about private equity (PE) in Africa, in terms of geographies, sectors, returns, exit routes and other key data points. The LP Survey provides robust data that demonstrates the continued and increasing attractiveness of Africa as a destination for private capital.

"The majority of surveyed LPs (76%) plan to increase or maintain their allocation to African PE over the next three years, with over half of respondents (53%) anticipating increasing their allocation to the continent, contrasted with 49% for other emerging and frontier markets."

The majority of surveyed LPs (76%) plan to increase or maintain their allocation to African PE over the next three years, with over half of respondents (53%) anticipating increasing their allocation to the continent, contrasted with 49% for other emerging and frontier markets. Notably, only 5% of respondents anticipate reducing their allocation in the short-term and almost two-thirds (65%) see African PE as being more attractive than developed markets over the next ten years.

Over a quarter of respondents (26%) view African PE as being more attractive than other emerging and frontier markets over the next three years, with this number rising to 49% when looking at the next ten years. This data provides a clear indication that LPs are confident and optimistic about the African PE sector.

In terms of geographies, West Africa is viewed by the biggest proportion of LPs as attractive over the next three years, having overtaken East Africa. Specifically, the highest proportions of LPs see Nigeria, Kenya and Egypt as attractive countries over the same timeframe. Additionally, South Africa is the fourth most popular option, up from eight in 2017, with this being evidence that economic headwinds have not dampened investor confidence.

Financial Services, Consumer Goods, Agribusiness, Healthcare and Technology are selected by LPs as attractive sectors for investment. This is closely aligned with the finding from AVCA's H1 2018 Data Tracker that consumer-focused sectors continue to dominate in terms of deal volume, and reflects the growing potential of middle-class-focused businesses on the continent.

A large majority of LPs (82%) cite General Partners' (GP) track records as an important factor in evaluating PE fund managers, with operational expertise in specific sectors being the next most selected attribute, followed by the quality of GPs' networks to source, manage and support companies. Despite GPs' track records being a priority for LPs, over two-thirds (67%) of LPs would invest in a first-time African GP and over half of LPs (59%) have invested in a first-time manager over the last five years. These findings reflect the fact that new African GPs have satisfied rigorous selection criteria to gain the confidence of LPs.

As with the 2017 LP Survey, currency risk is identified by the majority of LPs (65%) as the biggest challenge when investing in African PE, followed by the limited number of established GPs and political risk. Notably, the proportion of LPs viewing a relatively long holding period for portfolio companies as an important challenge has dropped to 40% from 53% in 2017. In terms of challenges faced by GPs on the continent, LPs identify limited exit opportunities, the fundraising environment and a scarcity of talent as the most important issues.

In terms of outlook, LPs are bullish about PE returns, with almost half (48%) of respondents expecting returns to exceed 2.5x over the next ten years. Notably, the share of LPs anticipating returns of more than 3x increases over longer timeframes, rising from 7% over the next three years to almost a quarter of respondents (24%) over the next decade.

Hurley Doddy, Managing Director, Founding Partner and co-Chief Executive Officer at Emerging Capital Partners, which closed its fourth Pan African Fund this month, is encouraged by the findings.

"The robust data collected from 60 LPs across the world in this survey provides strong evidence of the continued attractiveness of African PE across several different criteria, despite economic and political headwinds in some of the continent's main economies," says Doddy.

Following the second close of FIVE and final close of MPEF IV, AfricInvest's Managing Director and co-Founding Partner and Vice Chairman at AVCA, Ziad Oueslati added his voice to the upbeat view of LPs:

"These findings of AVCA's fifth LP Survey confirm that the continent remains an appealing destination for private capital and that investors are bullish about African PE's prospects," says Ouslati. "We are particularly encouraged that over half of respondents anticipate increasing their allocation to the continent. We hope AVCA continues their efforts to shed light on African PE though evidence-based research, bringing together valuable knowledge about the industry that can help investors in their decision-making." ◆

Sanari Capital founder, Samantha Pokroy, has a way of fusing geeky tech-speak with corporate finance and wrapping it all in a bundle of disarming charm and storytelling that must make her the envy of many in the ultra-competitive world of private equity – not that anyone would admit it because, well, she's just too darn nice.

We sell boring!

Sanari Capital has carved out a niche "selling boring" to founders, owner-managers and entrepreneurs who want to get on with the sexy side of growing their businesses into scalable regional or global champions.

This value proposition was very much at the heart of the recent investment in Snapt, Inc., the disruptive – South African born and bred – application delivery controller (ADC) company.

Sanari Capital, joined leading African funders, return-investor Convergence Partners and Nedbank Venture Capital in the $3m Series A round.

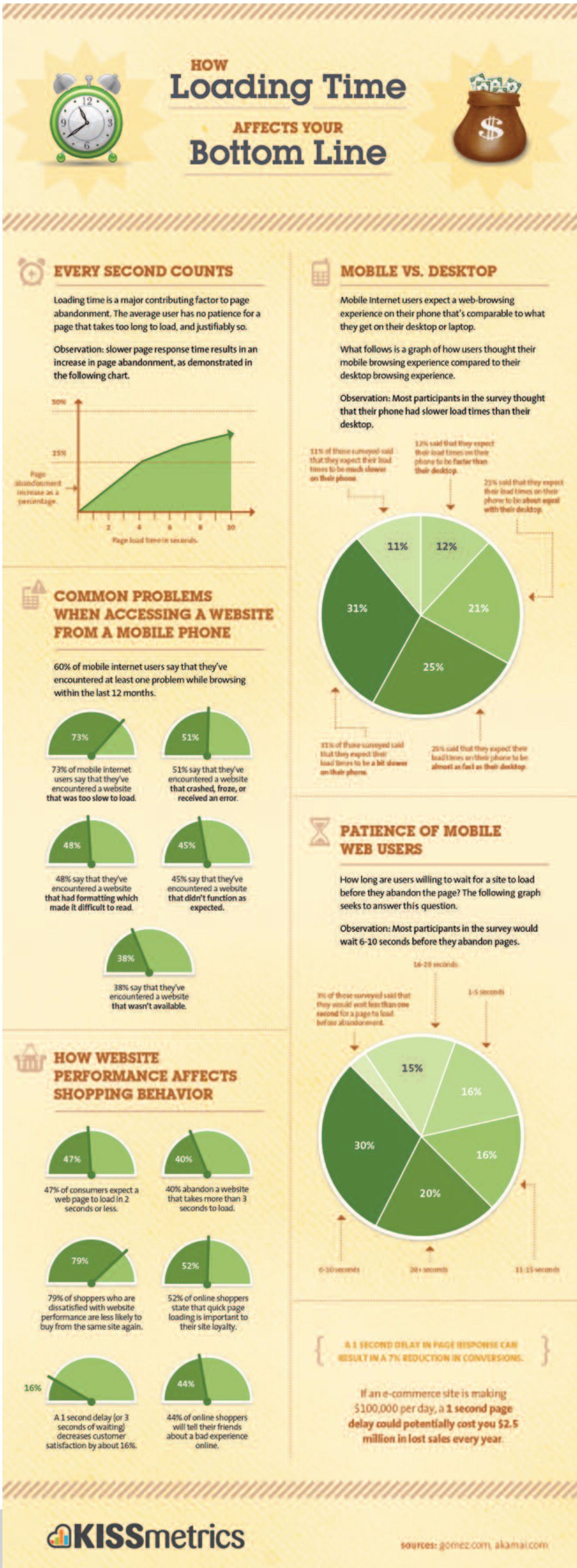
Founded in South Africa by Dave Blakey and Doug Cherry, and seed funded by 4Di Capital, Snapt will use this new investment to expand sales and marketing efforts globally, including expansion of its US presence and worldwide channel program, in addition to key research and development initiatives.

But for those who don't spend their free time reading Gartner blogs and trawling coding subreddits, what on earth is an ADC?

As Pokroy puts it, "An application delivery controller sounds like anything and it sounds like absolutely nothing."

But it is basically as old as the internet.

"Imagine your internet and your servers with pipes that run between all of them and data running up and down



these pipes. If you're sending too much data down a single pipe it's going to get slow, servers are going to fall over and your website is not going to load very quickly. Of course, we all know that when your website doesn't load quickly then your customers abandon the webpage, resulting in significant commercial loss".

In fact, 25% of online shoppers abandon a website every second after the first 3 seconds it takes to load and Amazon estimates a single second of loading time costs them $1,6bn per year in lost revenue. Snapt typically speeds websites up by 50-80%.

ADCs comprise of 3 solutions: load balancing that does exactly what it sounds like, effectively directing data traffic down different pipes; web acceleration which comprises various techniques to help speed up your website, and security firewalling. With cyber security being such an important issue, this is intrinsic to their offering."

Why is this interesting now if ADCs are as old as the internet?

Pokroy points to a Gartner report that predicted, as far back as 2009, that load balancing was dead and had become completely commoditised.

But in 2016, the world's leading ICT research and advisory company actually displayed a delightful sense of humour when it published a report in a blog article entitled *How I&O Teams Can Survive the Return of the Zombie Load Balancers*.

To paraphrase the Report, in the early 2000s, server-based load balancers evolved into complex, multifunction custom appliances from companies like F5 and Citrix NetScaler. However, today, application-centric personnel and DevOps teams are driving a return to lightweight, disaggregated load balancers, creating challenges and opportunities for Infrastructure and Operations leaders.

"... lightweight load balancers (and other functions) is an opportunity to return things to their rightful place and to transfer ownership of load balancing back to where it belongs ... to the application teams" – Gartner, 2016, *How I&O Teams Can Survive the Return of the Zombie Load Balancers*.

"And why it has made a comeback is that the legacy approach to ADC was hardware-based," adds Pokroy, "with chunky pieces of hardware in your server room that cost millions of dollars. Snapt and some others like it – but in our view Snapt has the best technology in this space globally which is why we backed them – has developed a software-only alternative and it's enormously exciting as it was locally developed and enables large and small enterprises alike to manage their networks at a fraction of the cost and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with far greater flexibility, which is in line with the new age of lightweight ICT infrastructure."

Currently used by companies ranging from start-ups to the Fortune 500, Snapt prides itself on being the leading solution for DevOps, which represents the future of ICT enablement for start-ups and enterprises alike.

> "The way the deal came onto Sanari's radar screen demonstrates the interconnected nature of South Africa's VC and private equity ecosystem and the importance of developing deep relationships, vital to deal flow."

Dave Blakey, CEO of Snapt is very excited about working with Pokroy and the other co-investors.

"Snapt is extremely fortunate to be working with such an incredible group of partners," says Blakey. "They bring new experience and guidance to help us on our journey. We are excited to build Snapt together."

The way the deal came onto Sanari's radar screen demonstrates the interconnected nature of South Africa's VC and private equity ecosystem and the importance of developing deep relationships, vital to deal flow.

"We co-invested with 4Di on our previous transaction, Sensor Networks," explains Pokroy. "4Di is in our view the best seed funder in the country and we've had such a positive experience working with them. They are great at identifying market leaders and we bring capabilities in business building at the scale-up stage."

Nedbank Venture Capital has a pre-existing relationship with Convergence Partners who are return investors. Nedbank recently launched a VC vehicle within Nedbank and have been quite forward-thinking and driven in this space.

"Our continued investment in Snapt is due to our belief in their vision that there is a software revolution happening, and that their software-based ADC helps developers take advantage of this and optimize their applications and infrastructure at the root," said Andile Ngcaba, Chairman, Convergence Partners.

"Snapt offers a new approach to the ADC market, and has made great progress building a solid product," said Johann van Zyl, Nedbank Venture Capital. "We are impressed by their strong customer traction in enterprise, and are aligned with their vision of a software-based ADC for DevOps. We see tremendous room for innovation as organisations move to the cloud and deploy containers and other new infrastructure."

Where to from here?

Samantha Pokroy

Pokroy says she is looking forward to working with the business on its scale-up plans from here – Snapt claims 10 000 active users from over 50 countries, with the likes of MTV, Lego, Fannie Mae/Freddie Mac, and IT giant Intel, as well as NASA, on its books.

There are two areas that Sanari will be focusing on.

"In my previous life at Ethos I was on the board of Clickatell when we took the company to the US, raising capital from Sequoia. That experience, to this day, is not a very common experience in our market and brings insight into the culture and practices of Silicon Valley, as well as various structuring considerations such as US-style VC structuring and South Africa's exchange controls. We help ensure that this is not a constraint on a company's growth and it's something I've been involved in for over 10 years."

Dave Blakey

"The second contribution is that we tell founders that 'we sell boring', and every time I tell them this, I expect them to run a million miles because entrepreneurs want that whole Google culture where everything is sexy and fun. And yet the companies we work with do understand the importance of building a business that is sustainable and scalable and ultimately saleable. If you haven't built the business in a very responsible and frankly quite serious way, if you haven't been deeply thoughtful about your processes and financial management, especially running a business that is global and in different time zones, those are the little things that break businesses or at least lead to unfulfilled potential and that is devastating. "

So, while Blakey and his team will be busy selling ADC as a flexible service, Pokroy and her team and the other co-investors, will continue doing what they do best, building a boring, sustainable, scalable and ultimately saleable and successful business platform. ◆

At the inaugural Southern African Private Equity and Venture Capital Industry Awards hosted in November, one was left feeling more than a little inspired.

PE Awards celebrate the "essence of entrepreneurship"

Veteran journalist and newspaper editor, Ferial Haffajee, spoke of hope during this time as the country goes through the cathartic unburdening of the various commissions established to uncover the truth around state capture. She said one might go so far as to suggest that the green shoots of optimism are cracking through our collective cynicism – that our challenges are our biggest opportunities, as Steve Jobs would no doubt have thought.

That was the clear golden thread running through the shortlisted finalists; stories of intrepid, risk-sensitive but opportunity-aware entrepreneurs, unbowed by the sluggish economy and toxic politics of the day.

Rockwood-backed Tsebo Solutions Group won in the large business category (enterprise value more than R1bn), with Investec and now CIVH-backed Vumatel taking the medium category (enterprise value between R50m and R1bn) and SweepSouth, backed by Edge Growth as manager of the Vumela Fund, swept up the small category (enterprise value less than R50m).

Nominees had to be current portfolio companies or the private equity/venture capital company must have exited in the 12 months leading up to the 31st May 2018. Only the performance of companies during the last 24 months was considered during the judging process.

Amid trade wars, increasing US interest rates, and the rise of populist parties in developed and developing markets alike; high levels of volatility have continued to plague the global landscape. While locally, South African businesses are faced with a sluggish economy and the government is experiencing fiscal slippage.

It is in the face of such economic turbulence, however, that Andrew Chananie, Head of Leverage Finance at Investec, spoke at the Awards about the vital role that entrepreneurs play in South Africa's economy. "It is during times like these that great businesses show their true mettle, and emerge much stronger than before."

> "That was the clear golden thread running through the shortlisted finalists; stories of intrepid, risk sensitive but opportunity aware, entrepreneurs."

Aisha Pandor, Kobus Viljoen & Clive Smith

History has taught us this, said Chananie, who referred to a couple of the world's greatest companies that endured severe economic downturns early on in their corporate lives. "The Walt Disney Company was only a few years old when the Great Depression struck and their most iconic productions emerged in the years that followed. Then there is Microsoft, which was started during the energy crisis in the mid 1970's – a time of high inflation and low growth.

"Despite the challenging climate experienced in both instances, each of these businesses succeeded because they had clear strategic vision, a compelling offering, a commitment to their customers and the determination to prosper – all characteristics that make up the very essence of entrepreneurship," he said.

CEO of SAVCA, Tanya van Lill, said that it is this entrepreneurial spirit that the association and its members aimed to recognise and promote through their annual Industry Awards – the first of which took place on 8 November. "The objective of the awards platform is to create an event that not only recognises the portfolio companies that have thrived from private equity and venture capital investment in the region, but also promote the significant positive impact that these thriving businesses have on the economy."

The far-reaching economic impact that has been achieved by this year's SAVCA Industry Awards' winners is testament to this, said van Lill. "Each of our three category winners, namely SweepSouth, Vumatel, and Tsebo Solutions Group, have made a real economic difference, from creating employment and upskilling new entrants into the job market, to opening internet access to schools and previously disadvantaged communities."

However, van Lill pointed out that these thriving companies had an advantage over other independent/self-funded South African companies, in that they had the support – from both a financial and strategy perspective – of private equity and venture capital investors. "Aside from the vital benefit of a capital injection that these asset classes can provide, investee companies also gain access to a wealth of experience, financial acumen and strategic foresight – all of which contribute to their success and the level of economic impact that they are able to achieve."

Nevertheless, while private equity and venture capital investment may be the key to taking these businesses to the next level, Chananie highlighted that none of this success would be possible without the entrepreneurial spirit and tenacity shown by each business founder.

He concluded by saying "This essence of entrepreneurship also serves to highlight some of the characteristics that we, as South Africans, will need to show if we are to emerge from the difficult times and achieve the ambitious growth and developmental goals that have been identified by our new president". ◆

Investors in developed economies often refer to Africa as the next frontier. The continent presents massive opportunities for infrastructure, digital and social impact investment, among others.

Venture Capitalism key to growth in Africa

Clive Smith

For established firms looking to explore venture capitalism, Africa represents a myriad of opportunities thanks to an ever-increasing number of small and medium enterprises (SMMEs) on the continent. And it is fair to say that a measured approach to venture capitalism could help Africa to realise its next phase of development.

When compared with other investment alternatives, venture capitalism has proven to be the most effective method of strengthening and growing businesses, as its small investments often yield major returns. Without venture capital, global giants such as Apple, Google, Intel, Microsoft, and Genentech wouldn't be the heavyweights they are today.

Venture capital is largely built on the foundation of people and solutions and these two elements make up an appealing blend for investors when analysing where to inject funding. Increasingly, SMMEs are seen as the answer.

In South Africa, SMMEs make up 91% of formalised businesses, provide employment to approximately 60% of the labour force and contribute roughly 34% of the GDP.

They are crucial to the success of South Africa's economy and are not only powerful catalysts for job creation, but also for growing and strengthening the country.

They represent an attractive investment opportunity for bigger firms as they often consistently increase productivity because of their hunger to find innovative solutions that will grow their businesses and penetrate new markets. Conversely, by investing in SMMEs that offer new technologies, create job opportunities and uplift communities, venture capital can help to speed up economic growth.

While it can be risky for investors to inject robust funding into small businesses, the potential for higher returns remains an appealing prospect.

Smith

With approximately six million people currently unemployed in South Africa, job creation remains one of the greatest focus areas for the country – and injecting this funding into SMMEs through venture capital has proven to be an effective way of enabling job creation. It is for this reason that venture capital has steadily grown in the country over the years.

Tsebo Solutions Group has experienced exponential growth through private equity venture capital over the past 20 years, as a result of stable cashflows and positive future earnings projections that remain consistent throughout the various business cycles.

Our commitment to investors is defined by our purpose to develop, serve and uplift society. Ensuring your investors are aligned to the core values of your business is of critical importance and will yield positive future returns, as well as increase your growth potential.

With the support of our investors, we have created approximately 5,000 additional job opportunities across 28 countries in Africa since 2016.

Recently our commitment was rewarded when we took top honours in the best large company category at the 2018 inaugural Southern African Venture Capital and Private Equity Association (SAVCA) Industry Awards. The awards serve as a platform to recognise companies who have thrived from private equity and venture capital investment in South Africa, and who have promoted positive impact for businesses and the economy.

More broadly on the African continent, venture capital also has a proven history of not only elevating the status of the country's business capital but also improving the overall conditions of its citizens, thanks to job creation and the subsequent uplifting of communities.

Venture capital continues to drive economic growth and development on the continent, yielding positive results in growing and expanding the economy, by harnessing innovative solutions through new, disruptive ideas. ◆

Smith is Group Chief Executive Officer of Tsebo Solutions Group.

Local and International news

Africa's private equity and venture capital fund managers have gotten off to a flying start in 2019, with several transactions announced during January. Sourced from Africa PE News, here are a handful of the notable deals that have been announced so far.

PRIVATE EQUITY

CDG Capital Private Equity, the private equity firm focused on growth investments in Morocco, announced the acquisition of a stake in Trarem Afrique SA (Trarem), a manufacturer and distributor of office furniture. CDG made the investment through its Capmezzanine II SCR fund. "With the expected launch of new business office spaces in Casablanca Finance City, a strong management team and our hands-on support to the company, we see the right conditions for value creation for Trarem," commented Brahim Guessous, Partner at CDG Capital.

AfricInvest and Catalyst Principal Partners have acquired a significant minority stake in Kenya-based Prime Bank. The investment was made through AfricInvest Azure, a special purpose vehicle formed by AfricInvest and Catalyst Fund II. Prime Bank offers an array of corporate and SME banking services. The bank also has a regional presence through its affiliates in Malawi, Botswana, Mozambique, Zambia and Zimbabwe, as well as operating in the insurance sector through its subsidiary, Tausi Assurance.

African Infrastructure Investment Managers (AIIM) through its AIIF3 fund, invested $31m for a minority stake in next generation utility platform BBOXX's operations in Rwanda, Kenya and the Democratic Republic of Congo (DRC). The investment will accelerate the roll-out of BBOXX's solar systems which combine solar panels and batteries with pioneering technology, available on a pay-as-you-go basis via mobile money.

Local and International news

continued

EXEO Capital announced that its Agri-Vie Fund II – a private equity fund focused on food and agribusiness investments in sub-Saharan Africa – concluded the subscription to 36.5% of South African fast-moving consumer goods (FMCG) manufacturer Jumbo Brands. Founded in 1985, Jumbo Brands has a strong focus on the manufacturing of fruit juice concentrates, squash, cordials, coffees, hot chocolate, and lemon juice. "The continued long-term growth potential of the sector, its defensive character, sound exit potential and scope to scale businesses to a regional level all bode well for a good investment opportunity," says Avril Stassen, a Senior Partner at EXEO Capital.

Advanced Finance and Investment Group (AFIG Funds), an African private equity fund manager, completed an investment in Nigerian insurance group NEM Insurance Plc, by way of its AFIG Fund II. It acquired 29.9% of shares from some existing shareholders, making it the largest equity holder in NEM.

Vectis, a private equity firm long-active in Nigeria, concluded a restructuring investment transaction of $12m into Leventis Foods Ltd, a Nigerian FMCG manufacturing company with brands of bread and snacks. Upon regulatory approval, Vectis will control a majority stake in the company. According to Vectis, rising disposable incomes and the growing popularity of quality branded snacks will be the key growth drivers, especially among the 115 million Nigerians under the age of 25.

EARLY-STAGE / VENTURE CAPITAL

South Africa-based WhereIsMyTransport – a data collection, data access and journey planning service – received an investment of $1,85m from Liil Ventures and Goodwell Investments as part of its series-A funding round.

South African venture capital firm Kalon Venture Partners invested R10m ($734,000) in local proptech platform Flow, an app that rewards tenants for good behaviour. With Flow, tenants in South Africa get rewarded for registering, adding their property details, paying their rent on time, looking after their homes, and much more.

PRIVATE EQUITY DEALS Q1 – Q4 2018 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Disposal by	Ethos Capital Partners and RMB Ventures (RMB Holdings) to Abraaj Private Equity	Waco International	Rand Merchant Bank; Webber Wentzel; Cliffe Dekker Hofmeyr	undisclosed	Jan 16
Disposal by	Gold Fields to CD Capital Natural Resources Fund III	palladium-rich polymetallic Arctic Platinum Project		$40m	Jan 24
Acquisition by	Agri-Vie Fund II (Exeo Capital)	a stake in TerraSan	Cliffe Dekker Hofmeyr	undisclosed	Feb 7
Acquisition by	Ethos Mid Market Fund I (Ethos Capital Partners)	31,2% investment in Echotel	Webber Wentzel	not publicly disclosed	Feb 28
Acquisition by	Ethos Private Equity Fund VI (Ethos Capital Partners)	additonal 9,39% stake in RTT to 54,35%	Webber Wentzel	not publicly disclosed	Feb 28
Acquisition by	Main Street 1511 (Abraaj)	Roossenekal Foods Investments (KFC franchisee owning 62 KFC stores)	Webber Wentzel; ENSafrica	undisclosed	Mar 5
Acquisition by	Ethos Healthcare Investments (Ethos Capital Partners)	Amayeza Abantu Bio Medical	Webber Wentzel	undisclosed	Mar 14
Acquisition by	Knife Capital	a minority stake in DataProphet		undisclosed	Mar 22
Acquisition by	African Rainbow Capital Investments	30% stake in Rand Mutual Holdings	Investec Bank; Webber Wentzel	not publicly disclosed	Mar 22
Acquisition by	Nedbank Private Equity (Nedbank)	stake in SBS Water Systems	Nedbank CIB	undisclosed	not announced Q1
Disposal by	Bowler Metcalf to The Beverage Company (Ethos Capital Partners and Nedbank Private Equity)	41,38% stake in SoftBev	Standard Bank; Arbor Capital Sponsors; Shepstone & Wylie; Webber Wentzel; Collins & Newmans; Mazars; KPMG	R558,64m	Apr 9
Acquisition by	The Beverage Company (Ethos Capital Partners and Nedbank Private Equity)	remaining 58,62% stake in SoftBev	Standard Bank; Shepstone & Wylie; Webber Wentzel; KPMG	R791,36m	Apr 9

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— Failed deal

PRIVATE EQUITY DEALS Q1 – Q4 2018 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	Vumela Fund and Omidyar Network	stakes in Giraffe		undisclosed	Apr 17
Acquisition by	Knife Capital	undisclosed stake in Skillup Tutors		undisclosed	Apr 23
Acquisition by	RMB Ventures (RMB Holdings) from N Chidoni and M Celine	35% stake in Gemelli	ENSafrica; Webber Wentzel	R135m	May 8
Acquisition by	Sanari Capital, The ASISA ESD Fund and 4Di Capital	Series B funding in Sensor Network	Bowmans	R13m	May 9
Acquisition by	African Rainbow Capital Investments from various parties	51% stake in Fledge Capital, 51% stake in Anglo African Finance, 51% interest in INFund Solutions	Rand Merchant Bank; ENSafrica	R314,8m	May 9
Acquisition by	One Thousand & One Voices	stake in Higher Ed Partners South Africa (HEPSA)	Bowmans; Webber Wentzel	undisclosed	May 11
Acquisition by	Uber Eats from Knife Capital	orderTalk	Cliffe Dekker Hofmeyr; Webber Wentzel; Gibson Dunn & Crutcher	undisclosed	May 23
Acquisition by	Fairtree Hospitality Real Estate Private Equity Fund	Grange Hotel, UK		£4,5m	May 23
Acquisition by	Old Mutual Alternative Investments (Old Mutual)	50% stake in Medhold	Bowmans; Cliffe Dekker Hofmeyr	undisclosed	May 24
Acquisition by	Havaic	equity stake in Aura		R2m	May 29
Acquisition by	Spectrum Security Products (Spirit Capital)	the Spectrum Security division of Connoisseur Electronics which trades as Spectrum Communications	ENSafrica; Werksmans	not publicly disclosed	May 30
Acquisition by	4DiCapital, Accion Venture Lab and Lireas (seed funding round)	stakes in Lumkani	Bowmans	undisclosed	Jun 8
Acquisition by	Community Investment Ventures (Remgro)	34,9% stake in Vumatel	Morgan Stanley; Rand Merchant Bank; DLA Piper; Cliffe Dekker Hofmeyr	not publicly disclosed	Jun 11
Acquisition by	Community Investment Ventures (Remgro)	remaining 65,1% stake in Vumatel	Morgan Stanley; Rand Merchant Bank; DLA Piper; Cliffe Dekker Hofmeyr	not publicly disclosed	Jun 11
Acquisition by	Africa Special Opportunities Capital (ASOC)	Skynet South Africa	Cliffe Dekker Hofmeyr	undisclosed	Jun 29
Acquisition by	IEP from B Mokwena-Halala and N de Klerk and other Assupol employees	1 796 257 Assupol shares	Pallidus Capital; Cliffe Dekker Hofmeyr	R19,76m	Jun 29
Disposal by	RMB Ventures (RMB Holdings) to Carlyle Group	majority stake in Tessara	Absa; ENSafrica; Webber Wentzel; EY; KPMG	not publicly disclosed	not announced Q2
Acquisition by	Futuregrowth Asset Management (Old Mutual)	Citiq Treasury and Citiq Property Services	Cliffe Dekker Hofmeyr	undisclosed	not announced Q2
Acquisition by	RMB Corvest (RMB Holdings)	Surgitech	Cliffe Dekker Hofmeyr	R16m	not announced Q2
Acquisition by	Nedbank Investments (Nedbank)	minority stake in Aerobotics	Nedbank CIB	undisclosed	not announced Q2
Acquisition by	Ethos Mid Market Fund I (Ethos Capital Partners)	60% stake in Gammatek	Rand Merchant Bank; Webber Wentzel; White & Case (South Africa); Cliffe Dekker Hofmeyr	not publicly disclosed	Jul 20
Acquisition by	Futuregrowth Asset Management (Old Mutual)	substantial stake in Symion	Cliffe Dekker Hofmeyr	undisclosed	Jul 23
Acquisition by	Eileses Capital	winemag.co.za		undisclosed	Aug 3
Acquisition by	PAPE Fund III	48,3% stake in Laser Group		undisclosed	Aug 5
Acquisition by	ARC Financial Holdings (African Rainbow Capital Investments) from Comonwealth Bank of Australia	90% stake in TymeDigital by Commonwealth Bank SA	Rand Merchant Bank; Webber Wentzel; Norton Rose Fulbright (South Africa)	not publicly disclosed	Aug 8
Acquisition by	Scatec Solar and STANLIB Private Equity Infrastructure Fund I from Norfund	21% stake in Kalkbult solar plant and 16% in each of the Linde and Dreunberg solar plants		undisclosed	Aug 30
Acquisition by	GemCap (African Rainbow Capital Investments) from Oceana Group	Linebooker (online transport management business)		undisclosed	Sep 4
Disposal by	Vantage Fund III	entire stake in New GX Capital		undisclosed	Sep 6
Acquisition by	Partech, Orange Digital Ventures, FMO, Accion Frontier Inclusion Fund and Velocity Capital	stake in Yoco	Webber Wentzel; Bowmans	$16m	Sep 6
Disposal by	Life Healthcare International (Life Healthcare) to Kohlberg Kravis Roberts funds	49,7% stake in Max Healthcare Institute	Absa; Barclays; Avendus Capital; Rand Merchant Bank	R3,9bn	Sep 19
Acquisition by	African Rainbow Capital Investments	25% stake in Moloto Capital Investments		undisclosed	Sep 20
Acquisition by	Medu Capital	75% stake in Mount Carmel Farms		undisclosed	Oct 9
Disposal by	RMB Corvest (RMB Holdings) to Mimetes	25% stake in Mimetes	Cliffe Dekker Hofmeyr	R68,4m	not announced Q3
Acquisition by	Alphabit Fund	stake in The Sun Exchange		$500 000	Oct 11
Acquisition by	IAPEF2 Education	RZT Zelpy 4472	Bowmans	undisclosed	Oct 23
Acquisition by	Ethos Fund VII (Ethos Capital Partners)	investment in Channel VAS		R700m	Nov 6
Acquisition by	Metier Capital Growth Fund II and MCGF Investments from Master Plastics minority shareholders	Master Plastics	Merchantec Capital; Standard Bank; Nodus Capital; Webber Wentzel; Cliffe Dekker Hofmeyr	R230,85m	Nov 7
Acquisition by	LUN Partners, Goodwell Investments, Shorecap III and FSD Africa	stake in MFS Africa		$14m	Nov 8

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PRIVATE EQUITY DEALS Q1 – Q4 2018 – SOUTH AFRICA

NATURE	PARTIES	ASSET	ADVISERS	ESTIMATED VALUE	DATE
Acquisition by	Grindrod Property Private Equity (Grindrod)	stake in Dunrose Investments	Cliffe Dekker Hofmeyr; Vani Chetty Competition Law	undisclosed	Nov 8
Acquisition by	Ethos Mid Market Fund I (Ethos Capital Partners) and Apex Partners from Torre Industries minority shareholders	Torre Industries	Apex Partners; Questco; BDO Corporate Finance; Rand Merchant Bank; Webber Wentzel	R771,3m	Nov 12
Acquisition by	Sanari Capital, Convergence Partners and Nedbank Private Equity	a stake in Snapt		$3m	Dec 6
Acquisition by	Experian from Actis and management	Compuscan	Webber Wentzel; ENSafrica	R3,72bn	Dec 10
Acquisition by	Odey Asset Management	stake in Jumo		$12,5m	Dec 13
Acquisition by	Naspers from Sequoia Capital	stake in Byju's		undisclosed	Dec 17
Disposal by	Orion Real Estate to Prinia Asset Management	Promenade Shopping Centre, Nelspruit	Arbor Capital Sponsors	R180m	Dec 18
Acquisition by	Medu Capital	a 32% stake in VO Connect		undisclosed	not announced Q4
Disposal by	Actis Trace (Mauritius) to Pan African Investments Management and BOE Private equity	stake in Tracker Technology	Webber Wentzel; Cliffe Dekker Hofmeyr	not publicly disclosed	not announced Q4
Acquisition by	Nedbank Private Equity (Nedbank)	stake in General Profiling	Nedbank CIB; Cliffe Dekker Hofmeyr	undisclosed	not announced Q4

PRIVATE EQUITY DEALS Q1 – Q4 2018 – REST OF AFRICA

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Algeria	Investment in	TemTem by various investors (seed funding)		$1,7m	Jul 29
Burkina Faso	Acquisition by	Oikocredit of a stake in Anatrans		€2m	Nov 14
Côte d'Ivoire	Acquisition by	Amethis of a minority stake in Afriwara		undisclosed	Jan 17
Côte d'Ivoire, Gabon, DRC	Acquisition by	Africa Infrastructure Investment Managers (Old Mutual) from the Egis Group of a 50% stake in Societe d'Exploitation et de Gestion Aeroportuaires		undisclosed	Jul 3
Cote d'Ivoire	Acquisition by	Enko Africa Private Equity Fund of a stake in Network Industry and Services		undisclosed	Sep 28
Côte d'Ivoire	Investment by	Injaro Investments in Novafrique Industries		undisclosed	Oct 26
Côte d'Ivoire	Financing by	AfricInvest Fund III of Les Centaures Routiers		€12,2m	Nov 26
Côte d'Ivoire	Disposal	Amethis and West Africa Emerging Markets Growth Fund to Pétro Ivoire and Georgas Enterprise of their stakes in Pétro Ivoire	KPMG (France); Ernst & Young (Côte d'Ivoire); Clifford Chance (Morocco); Cabinet Chauveau; Carlara International; CMS Francis Lefebvre; Emire Partners; Dentons (Morocco)	undisclosed	Dec 3
Côte d'Ivoire	Mezzanine funding by	Vantage Capital to Pétro Ivoire to fund the buy-out of PE partners Amethis and West Africa Emerging Markets Growth Fund and the introduction of a new equity partner Georgas Enterprise	KPMG (France); Ernst & Young (Côte d'Ivoire); Clifford Chance (Morocco); Cabinet Chauveau; Carlara International; CMS Francis Lefebvre; Emire Partners; Dentons (Morocco)	€19m	Dec 3
Egypt	Joint venture by	EFG Hermes and GEMS Education : K-12 Education Platform		undisclosed	May 20
Eritrea	Disposal by	Arc Minerals of of its 18,48% stake in Andiamo Exploration to AMED Funds	SP Angel Corporate Finance	$532 000	Jun 26
Ghana	Acquisition by	Old Mutual Alternative Investments (Old Mutual) of a minority stake in Amandi IPP power plant	undisclosed	Feb 5	
Ghana	Acquisition by	Peak Investment Capital of a majority stake in Dough Man Foods		undisclosed	Sep 2
Ghana	Acquisition by	Moringa SCA SICAR of a stake in B-BOVID		$5m	Oct 22
Kenya	Investment by	International Finance Corporation in Goodlife Pharmacy		$3m	Jan 31
Kenya	Disposal by	Actis of its 79,5% stake in Mentor Management to Turner & Townsend	I&M Burbidge Capital; Bowmans (Coulson Harney); Kaplan & Stratton	undisclosed	Feb 6
Kenya	Acquisition by	Ascent Rift Valley Fund in partnership with SFC Finance, of a majority stake in Auto Springs East Africa	Bowmans (Coulson Harney); Mboya Wangong'u & Waiyaki Advocates	undisclosed	Feb 12
Kenya	Investment by	Fonds Européen de Financement Solidaire (Fefisol) in Musoni Microfinance		Ksh100m	Feb 15
Kenya	Acquisition by	Uqalo of a stake in Big Square	Bowmans	$4m	Mar 7
Kenya	Acquisition by	Funguo Investments of a 51% stake in Feastfoods Processors		undisclosed	Mar 7
Kenya	Acquisition by	a Kuramo Capital Management fund of a 73,35% stake in GenAfrica Asset Managers from Centum Investment Company	Barium Capital; KN Law	Ksh2,3bn	Mar 21

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PRIVATE EQUITY DEALS Q1 – Q4 2018 – REST OF AFRICA

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Kenya	Disposal by	Centum Investment Company of its remaining 25% stake in Platcorp to Suzerain Investment		Ksh1,9bn	Mar 21
Kenya	Acquisition by	Agri-Vie and Norfund of a stake in Marginpar Flower Group		$17m	Apr 18
Kenya	Investment by	Tlcom Capital and other investors in mSurvey		$3,5m	Apr 19
Kenya	Loan by	Vantage Capital Fund III for the Rosslyn Riviera Shopping Mall	Meghraj Capital; I&M Burbridge Capital; Werksmans; Bowmans (Coulson Harney); Dentons Hamilton Harrison & Mathews	$8m	Apr 25
Kenya	Acquisition by	IFC Venture Capital, Orange Digital Ventures Africa and Social Capital of a stake in Africa's Talking (Series A Funding)		$8,6m	Apr 26
Kenya	Investment by	Kenya Climate Ventures in Sistema.bio (convertible debt)		KES35m	May 18
Kenya	Investment by	GreenTec in Bismart		undisclosed	Jul 4
Kenya	Long term debt financing	CDC and Globeleq: Malindi Solar Group (52MWp solar photovoltaic power plant)		$66m	Jul 11
Kenya	Investment by	Consonance Kuramo Special Opportunities Fund I in Pezesha		undisclosed	Aug 7
Kenya	Acquisition by	Catalyst Matress Africa (Catalyst Principal Partners) of Mammoth Foam Africa (formed through the merger of SuperFoam; Euroflex and Vitafoam)		$22m	Aug 13
Kenya	Investment by	Leapfrog Ventures in Biashara Bot		$50 000	Aug 28
Kenya	Investment by	Fanisi Capital in Kitengela International School		KSH205m	Sep 13
Kenya	Investment by	I&P Afrique Entrepreneurs 2 in African Management Initiative		undisclosed	Oct 9
Kenya	Investment by	IFC, Tlcom, the Global Agriculturals and Food Security Programme and also including previous investors Wamda Capital, DOB Equity,1776 anf Adolph H.Lundin in Twiga Foods		$10m	Nov 15
Kenya	Investment by	DOB Equity in Ten Senses Africa		undisclosed	Nov 22
Kenya	Investment by	DOB Equity in Coconut Holdings (Kentaste range)		undisclosed	Dec 11
Kenya	Acquisition by	Sokoni Retail kenya (Adenia Partners) of a majority stake in Tumaini Self Service		undisclosed	Dec 12
Kenya	Acquisition by	Actis of an 88% stake in Kipeto Energy from IFC and African Infrastructure Managers		undisclosed	Dec 18
Kenya	Acquisition by	Emerging Capital Markets of a majority stake in Artcaffé Coffee and Bakery	StratLink; Anjarwalla & Khanna	undisclosed	Dec 19
Kenya	Acquisition by	The Rise Fund (TPG Growth), Endeavour Catalyst and Satya Capital of Cellulant	Magister Advisors; DLA Piper (London); Orrick; Anjarwalla & Khanna; Iseme Kamau & Maema Advocates; n.dowuona & Company; Reindorf Chambers; ATZ Law Chambers; Minchin & Kelly; Dube, Manikai & Hwacha; Sebalu & Lule Advocates; MMAKS Advocates; Savjani & Co; Chibesakunda & Co; Musa Dudhia & Co; SAL & Caldeira Advogados Lda; ABCC; KPMG	$47,5m	May 14
Malawi	Acquisition by	Harith General Partners of a majority stake in Open Connect	Webber Wentzel	undisclosed	Sep 6
Mali	Financing by	The Emerging Africa Infrastructure Fund, Banque Ouest Africaine de Développement, FMOBanque Nationale de Développement Agricole, GuarantCo, Green AfricaPower and Akuo Energy of the Akuo Kita Solar Power Plant		€78m	Jan 29
Mauritius	Acquisition by	Vantage Fund III of a stake in Cap Tamarin	Mauritius Commercial Bank; Werksmans; BLC Roberts	$10m	Jul 5
Mauritius	Disposal by	AfricInvest Fund II of its stake in Kiboko Holdings		undisclosed	Sep 20
Mauritius	Investment by	I&P Afrique Entrepreneurs 2 in CoinAfrique		undisclosed	Oct 9
Mauritius	Acquisition by	CDC Group of a stake in Liquid Telecom	Clifford Chance; BLC Robert; Desai Law; Kalema Legal; Bowmans (Coulson Harney); K.Solutions & Partners; ENSafrica; Bowmans Tanzania; Bowmans Uganda; AB & David; Musa Dudhia	$180m	Dec 11
Morocco	Acquisition by	Brookstone Partners of AM Wind from Altus and All'in Consulting	DLA Piper Casablanca; Garrigues; Afrique Advisors	undisclosed	Aug 1
Morocco	Acquisition by	African Development Partners II (Development Partners International) of a majority stake in Compagnie Marocaine de Goutte à goutte et de Pompage from Amethis	PwC; Naciri Addocies Allen & Overy; Dentons Morocco	$100m	Sep 20
Morocco	Acquisition by	African Dvelopment Partners II (DPI) of just over a 20% stake in UNI CONFORT MAROC - Dolidol	Deloitte; West Capital Partners; Naciri & Associés Allen & Overy; Dentons	$30m	Oct 25
Mozambique	Acquisition by	Kibo Capital Partners, Amethis Fund II and Proparco of a minority stake in Merec Industries	Bellhouse Capital; KPMG; CGA Law; Anjarwalla & Khanna; ABCC; BLC Roberts	undisclosed	Jul 24
Namibia	Acquisition by	Eos Capital of majority stakes in Heat Exchange Products and Namibia Aqua Mechanica		undisclosed	Feb 15

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PRIVATE EQUITY DEALS Q1 – Q4 2018 – REST OF AFRICA

COUNTRY	NATURE OF DEAL	DETAILS	ADVISERS	ESTIMATED VALUE	DATE
Namibia	Acquisition by	PRIF Namibia (Pembani Remgro Infrastructure Mauritius Fund I and Pembani Remgro Infrastructure SA Fund) of Sedgeley Solar Management	Webber Wentzel; Engling Stritter	not publicly disclosed	Apr 26
Nigeria	Investment by	Amaya Capital, Omidyar Network and CRE venture Capital in Rensource		$3,5m	Jan 29
Nigeria	Acquisition by	Old Mutual Alternative Investments (Old Mutual) of astake in Starsight Power Utility		undisclosed	Feb 5
Nigeria	Acquisition by	Milost Global of a stake in Japaul Oil & Maritime Services		$250m	Feb 22
Nigeria	Convertible loan by	Milost Global to Japaul Oil & Maritime Services		$100m	Feb 22
Nigeria	Acquisition by	Milost Global of a stake in Resort Savings & Loans Plc (plus $150m debt funding)	Palewater Advisory	$100m	Feb 26
Nigeria	Investment by	Sahel Capital in Coscharis Farms		undisclosed	Mar 21
Nigeria	Investment by	Tlcom Capital and other investors in Terragon		$5m	Mar 26
Nigeria	Investment by	Alta Semper in HealthPlus	CardinalStone Partners; Olaniwun Ajayi; Hogan Lovells International; Banwo & Ighodalo	$18m	Mar 27
Nigeria	Investment by	EchoVC Pan-Africa Fund in Easyshop Easycook		undisclosed	Apr 30
Nigeria	Investment by	Omidyar Network, Umunthu Fund (Alitheia Capital), Bamboo Capital Partners, Tekton Ventures and existing investors Accion Venture Lab and Newid Capital in Lidya (Series A funding)		$6,9m	May 23
Nigeria	Acquisition by	Milost Global of a stake in Ibeto Cement (plus $350m debt funding)		$500m	May 28
Nigeria	Investment by	LeadPath Nigeria, Village Capital and Ventures Platform in Piggybank.ng		$1,1m	May 31
Nigeria	Acquisition by	Argentil Capital Partners of a 20% stake in Tempo Housing Nigeria	Olajide Oyewole	undisclosed	Jun 1
Nigeria	Acquisition by	Leapfrog Investments of a stake in ARM Pension Managers		undisclosed	Jun 12
Nigeria	Investment by	Huramo Capital in Green Africa Airways (Series A)		undisclosed	Jun 27
Nigeria	Investment by	Capital Alliance Private Equity IV (African Capital Alliance) in Daraju	G.Elias & Co	undisclosed	Jul 15
Nigeria	Acquisition by	Duet Private Equity of a majority stake in AJEAST Nigeria	Bryan Cave Leighton Paisner; Aluko & Oyebode	undisclosed	Aug 2
Nigeria	Investment by	Stripe, Visa, Tencent, Y Combinator, Tom Stafford, Gbenga Oyebode and Dale Mathais in Paystack		$8m	Aug 28
Nigeria	Investment by	MicroTraction in Accounteer		undisclosed	Oct 8
Nigeria	Investment by	The African Development Bank in Chapel Hill Denham Nigeria Infrastructure Debt Fund		$10m	Oct 17
Nigeria	Investment by	MicroTraction in Riby		undisclosed	Oct 30
Nigeria	Acquisition by	Enko Africa Private Equity Fund of a stake in Imperial Homes Mortgage Bank		undisclosed	Nov 2
Nigeria	Acquisition by	Actis and Westmont Hospitality Group Joint Venture of Four Points Sheraton on Victoria Island	Banwo & Ighodalo	undisclosed	Nov 12
Nigeria	Investment by	AfricInvest Fund II and Gulf Credit Opportunities Fund II in iSON Xperiences (structured loan and equity deal)		$51m	Nov 26
Nigeria	Acquisition by	International Finance Corporation (IFC) of an equity stake in Kobo360		$6m	Dec 7
Nigeria	Acquisition by	Africa Finance Corporation of a stake in Infrastructure Credit Guarantee Company		$25m	Dec 20
Nigeria	Acquisition by	The Carlyle Group of a stake in Wakanow.com	Banwo & Ighodalo	undisclosed	Dec 20
Rwanda	Acquisition by	Conrad N. Hilton Foundation, Danone Communities (Paris Stone Family Foundation (London), Africa Healthcare Fund (Singapore) Maclellan Foundation, Segal Family Foundation and NRD Capital of a stake in Jibu Co		$7m	Feb 1
Rwanda	Investment by	DOB Equity in Sarura Commodities		undisclosed	Apr 17
Rwanda	Investment by	I&P Afrique Entrepreneurs 2 in Afribon		undisclosed	Oct 9
Senegal	Acquisition by	The African Development Bank of an equity stake in the Partech Africa Fund		€7m	Oct 18
Tanzania	Investment by	LeapFrog Investments in Pyramid Group		undisclosed	Sep 26
Tunisia	Acquisition by	Mediterrania Capital Partners of a stake in Groupe Scolaire René Descartes		undisclosed	Jan 11
Tunisia	Acquisition by	Sokotra CapitaHed consortium of 100% of l'Aquaculture Tunisienne	Meziou Knani & Khlif; Crowe Tunisia	undisclosed	Aug 3
Uganda	Investment by	XSML in TMR International Hospital		undisclosed	Jul 10
Uganda	Investment by	XSML in Ecopharm		undisclosed	Nov 1
Uganda	Acquisition by	CSSAF LifeCo (Carlyle) of a 60% stake in AK Life Sciences (Abacus) from Kiboko	KPMG; Clifford Chance; Bowmans Tanzania	undisclosed	Sep 13
Zambia	Acquisition by	Agri-Vie Fund II of a stake in Capital Fisheries		$6,4m	May 21
Zambia	Investment by	Imara Private Equity in Zambezi Berry Company		$4,5m	Sep 30

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— **Failed deal**