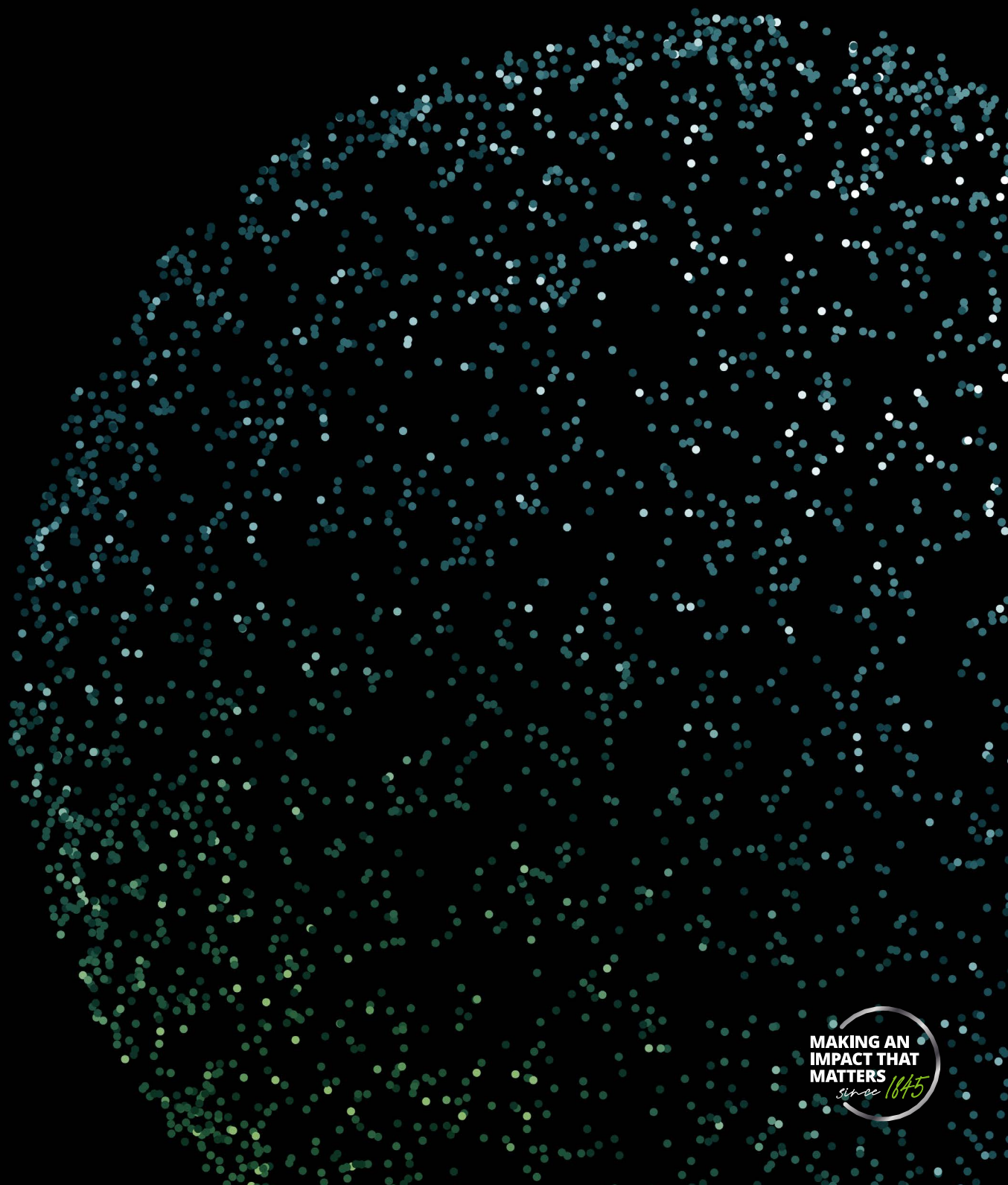




# 2021 Deloitte Africa Private Equity Confidence Survey

June 2021



MAKING AN  
IMPACT THAT  
MATTERS  
*since 1845*



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# Foreword

We are pleased to present the 2021 *Deloitte Africa Private Equity Confidence Survey* (PECS). This publication is centred around valuable insights into how fellow private equity (PE) practitioners view the African PE landscape, specifically their future expectations over the next 12 months.

To supplement the forward-looking perspectives, the publication also incorporates publicly available macroeconomic data and commentary on the current PE landscape and foreign direct investment (FDI) trends.

Prior editions of the PECS have focussed on East, Southern and West Africa. For the 2021 publication, we are excited to have extended the survey to also include North Africa.

Despite a challenging 2020 and the prevailing uncertainties around the timeframe of the pandemic, investment and economic conditions are expected to improve as countries implement a range of measures to recover from the impact of COVID-19. While there will be various headwinds and challenges to navigate, including effective vaccine roll-out strategies, growth prospects are positive.

As a proven agile asset class, the PE industry is expected to play a key role in the economic recovery and projected increase in investment activity over the next 12 months. Although investment strategy and related returns will be key, we also foresee an increased social responsibility to drive PE activity. This aligns with the survey expectation that funding will largely be obtained from development finance institutions (DFIs).

We would like to thank all those who completed the survey and thereby contributed to us being able to deliver the message of investor confidence over the next 12 months.



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# Key highlights

## Economic climate



Africa's Gross Domestic Product (GDP) growth is forecast to rebound in 2021 and 2022 after the adverse impact of COVID-19 in 2020. This is supported by a projected improvement in exports, commodity prices, and private consumption.

In line with an anticipated rebound in growth across the continent, respondents expect the overall economic climate in the four regions covered in this report – East, North, Southern and West Africa – to improve over the next 12 months.

Ghana, Kenya, Morocco, and South Africa are the expected key target investment countries in their respective regions.

## Investment landscape



PE activity is expected to increase across all regions, driven largely by the anticipated rebound in economic activity.

Most respondents expect an increase in PE investments over the next 12 months across East, North, Southern, and West Africa based on the expected recovery from the adverse economic impact of COVID-19.

Respondents expect average deal sizes to largely remain below US\$50m, in line with the growing level of mid-fund-sized deal activity across the continent.

An average lifecycle of five to seven years from initial investment to exit is expected across three of the four regions, except for Southern Africa. In Southern Africa, most respondents expect this to be more than seven years.

The number of exits is expected to remain the same over the next 12 months across the four regions. This is largely expected as current adverse economic conditions and COVID-19-related economic and commercial uncertainties impact transaction activity, valuations and the timing of exits.

Sales to strategic investors and secondary sales to PE are expected to be the favoured exit routes for all regions.



## Fundraising environment



The fundraising environment is largely expected to improve or remain the same across all four regions, based on the expected improvement in economic forecasts and increase in transaction activity.



DFIs are expected to be the most preferred third-party source of funding over the next 12 months. DFIs have played and continue to play a key role in the PE industry.



Fundraising timelines are expected to increase across all four regions, driven by an anticipated tightening of fundraising processes and related requirements.



The United States (US) and Europe are expected to be the largest sources of funding for most of the African regions. In Southern Africa, South Africa is projected to be the largest source of funding for the region.

## Sector focus



Key sectors of interest before the COVID-19 pandemic included Education and Green Energy.

The COVID-19 pandemic has highlighted the importance of and likely greater focus on certain key sectors such as Healthcare and Pharmaceuticals, Education, and Technology, Media and Telecommunications (TMT).

# Economic climate

The COVID-19 pandemic has widely tested the resilience of African economies and has severely impacted some of the continent's fastest-growing economies.

Having battled with sluggish growth since 2016, Africa's aggregated growth performance was not left unscathed by the COVID-19 pandemic. The pandemic has seen African governments prioritise emergency responses to the global health crisis, including lockdown measures, which have detracted from the pursuit of robust, inclusive, and sustainable growth strategies across all regions.

GDP growth in Sub-Saharan Africa (SSA) was recorded at 3.2% in 2019. GDP growth in SSA then contracted by -1.9% in 2020, owing to sizable direct and indirect impacts on economic activity through both demand and supply shocks.<sup>1</sup>

As economic activities have resumed in most parts of the continent, SSA growth is forecast to rebound to 3.4% and 4% in 2021 and 2022 respectively, supported by expected improved performance in exports, commodity prices, and private consumption.<sup>2</sup>

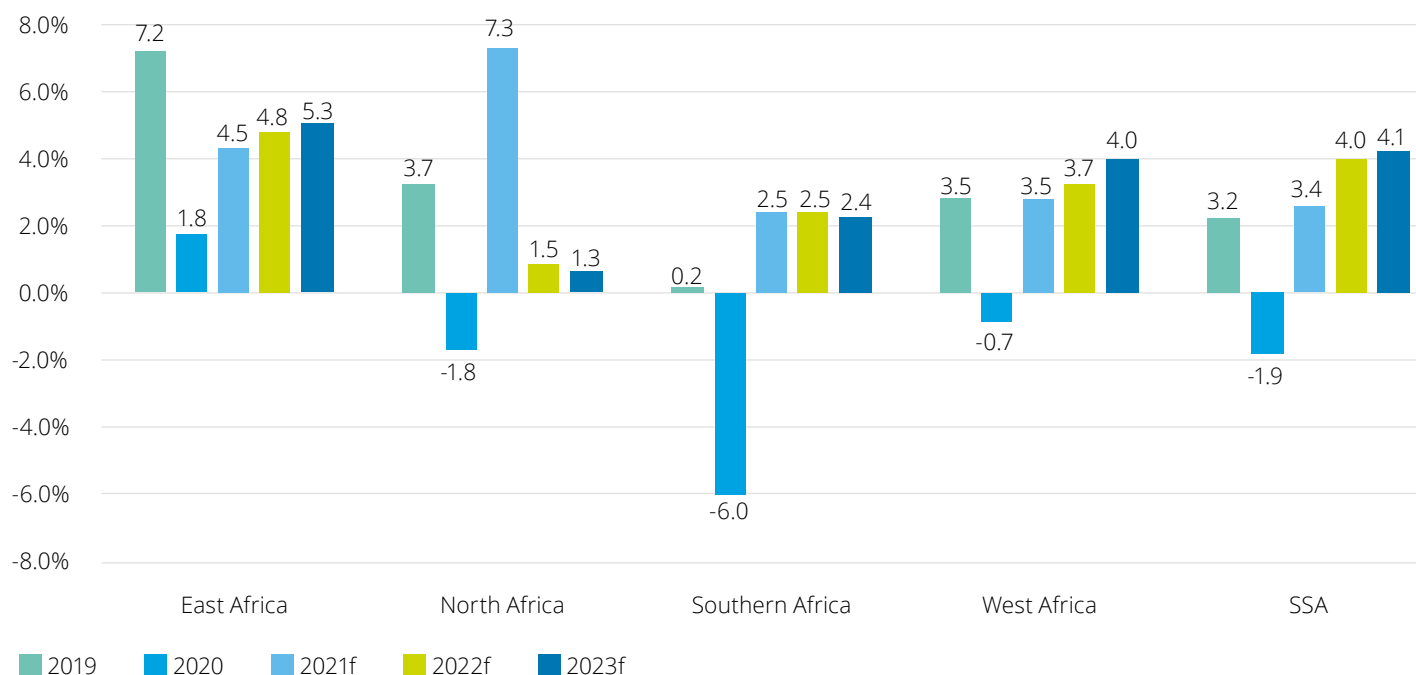
## Regional economic outlooks

**East Africa's** economic growth has been largely driven by strong public spending on infrastructure, and incentives for industrial development. The economic disruption resulting from the COVID-19 pandemic has seen the region's expected growth for 2020 drop to 1.8%, down from 7.2% in 2019, making it the only African region to record positive growth in 2020. This was supported by Ethiopia's economic performance,<sup>3</sup> public infrastructure spending, industrial development, and

increased domestic demand. East Africa's economic growth is forecast to rebound to 4.5% in 2021.

Having decreased from 9% in 2019 to 6.1% in 2020, the slowing yet still positive growth rates seen in Ethiopia in 2020 (and expected in 2021, at 2%), result from a series of economic shocks, which include the spread of COVID-19, the disruption of the global air transport sector, a worsening food security situation, and escalating violence in the Tigray region. In addition, security risks surrounding general elections scheduled for June 2021 are expected to further weigh on consumer and business activity. The country is projected to see a distinct growth recovery in 2022 to 8.7%.

**Figure 1. Weighted regional real GDP growth (%), 2019-23f**



Source: Deloitte Africa analysis based on International Monetary Fund, [World Economic Outlook](#), April 2021



Most East African economies experienced economic contractions in 2020, impacted by reduced trade flows and temporary closures of businesses. Rwanda's economy contracted by -0.2% in 2020 from 9.4% in 2019 and is expected to rebound to 5.7% in 2021. The latter is driven by an expected recovery in the services sector and a generally revamped private sector. In Kenya, the National Treasury estimated the country's growth rate to reach 0.6% in 2020, down from 5.4% in 2019.<sup>4</sup> With the country having faced a third wave of infections in March 2021,<sup>5</sup> growth recovery continues to be uncertain. A key risk to Kenya's economic performance in 2022 is the scheduled elections in the same year, which may potentially impact economic activity. Other risks include the slow vaccine roll-out and another possible wave of infections in Q3 of 2021. Growth is forecast to rebound to 6.6% in 2021<sup>6</sup> as activity is expected to resume following the COVID-19 lockdowns, boosting tax revenue and government spending.

**Southern Africa** experienced the largest contraction among its peer regions in 2020. GDP growth contracted by -6% in 2020, impacted by poor economic performance in the region's largest economies, South Africa and Angola, as well as other factors, which included supply-side constraints, weak commodity prices, eroded export growth, and constrained fiscal space.<sup>7</sup> Southern Africa's growth rate is projected to rebound in 2021 to 2.5%.

South Africa has been grappling with low growth, increased public debt, and high unemployment rates for many years.<sup>8</sup> Real GDP growth in South Africa declined from 0.2% in 2019 to -6.9% in 2020, suppressed by the above-mentioned factors which were further impacted by the country's response measures to contain the virus,

i.e. a halt in economic activity largely in Q2 of 2020. The country's growth rate is projected to rebound to 3.1% in 2021, supported by an expected recovery in household consumption and exports.<sup>9</sup>

In **West Africa**, GDP growth dropped from 3.5% in 2019 to -0.7%<sup>10</sup> in 2020, largely from the economic slowdown in Nigeria, a decline in commodity prices, reduced financial flows, and a slower recovery from the 2015/16 recession.<sup>11</sup> In 2020, West Africa was the second-best performing region after East Africa, recording the smallest growth contraction in Africa in 2020. Growth in the region is expected to rebound to 3.5% in 2021.

In the region's biggest economy, Nigeria, economic growth declined from 2.2% in 2019 to -1.8% in 2020. Nigeria is expected to see a slow recovery to its pre-pandemic levels in 2021 (2.5%) and 2022 (2.3%).<sup>12</sup> Ghana suffered from a reduction in export revenues from oil and cocoa, and from the effects of the COVID-19 pandemic measures, such as disruptions to global commodity-based supply chains, and decreased commodity exports. However, growth rates in Ghana remained positive after dropping from 6.5% in 2019 to 0.9% in 2020. Growth, although marginal, stemmed from the positive contribution of net gold exports, combined with favourable gold and cocoa prices, as well as a recovery in the Construction and Manufacturing sectors.<sup>13</sup> The country is expected to see growth of 4.6% in 2021 and a further increase to 6.1% in 2022.<sup>14</sup>

**North Africa's** GDP growth declined from 3.7% in 2019 to -1.8% in 2020. The region is projected to have a strong rebound in 2021 to 7.3%, with growth reducing to 1.5% in 2022. Real GDP growth in Egypt dropped from 5.6% in 2019 to 3.6% in 2020. The

country was the least affected by COVID-19 in the region in 2020. However, growth is expected to slow further in 2021 to 2.5% and then recover to 5.7% in 2022.<sup>15</sup>

Morocco entered a recession in 2020, owing to a drop in domestic demand, disruptions in value chains, decline in private consumption, as well as a drought which contracted agricultural value added by 7.1%.<sup>16</sup> Economic growth in Morocco saw a sharp decline from 2.5% in 2019 to -7.0% in 2020, but is expected to recover to 4.5% in 2021.<sup>17</sup>

While these forecasts currently reflect an expected economic rebound and subsequent recovery in GDP growth across regions, this outlook is subject to various risks (both domestic and external).

Projections are highly dependent on the containment of the virus, vaccine distribution, continued progress in structural transformation, leveraging initiatives such as the Africa Continental Free Trade Area (AfCFTA) agreement, commodity price developments, economies' debt trajectories on account of mounting fiscal deficits, as well as the policy measures adopted by countries in the region.<sup>18</sup>

### Respondents' views on the economic outlook and focus of funds

In early 2021, Deloitte Africa surveyed general partners (GPs) and limited partners (LPs) to understand their views of the impact of COVID-19 on the economic climate, the country focus of funds, the investment landscape, fundraising environment, and sector focus in East, North, Southern and West Africa over the next 12 months.<sup>19</sup>

A summary of the results is discussed in the sections that follow below.

#### Overall perspective

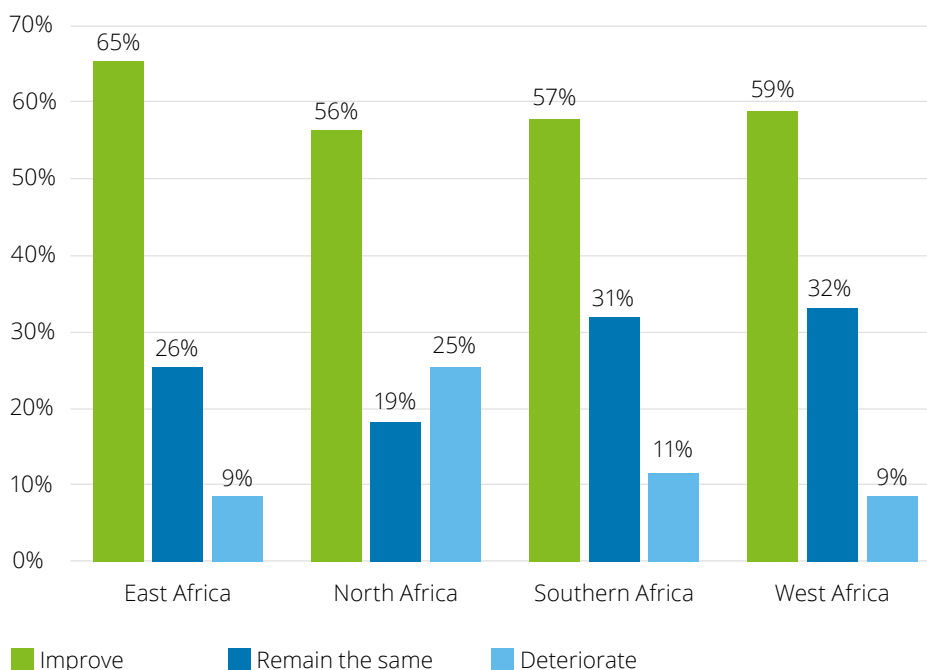
Following the onset of the COVID-19 pandemic and the resultant slump in growth across Africa in 2020, respondents expect the overall economic climate in each region to improve.

#### Regional insights

Economic growth in **East Africa** is projected to recover in 2021 and 2022. The vaccination campaigns, growing consumption, investment, and trade will be the key drivers for a projected economic rebound.

While more than half of respondents expect an improvement in **North Africa**, one in four respondents feel that the region's economic climate is likely to deteriorate over the next 12 months. Only Egypt's economic growth has been strong and resilient, despite the adverse health impact of the pandemic.<sup>20</sup> Other countries in the region contracted significantly in 2020. Effective vaccine campaigns in the region are likely to boost consumer and business confidence, consumption, and investments.

**Figure 2. Expected change in the economic climate by region over the next 12 months**

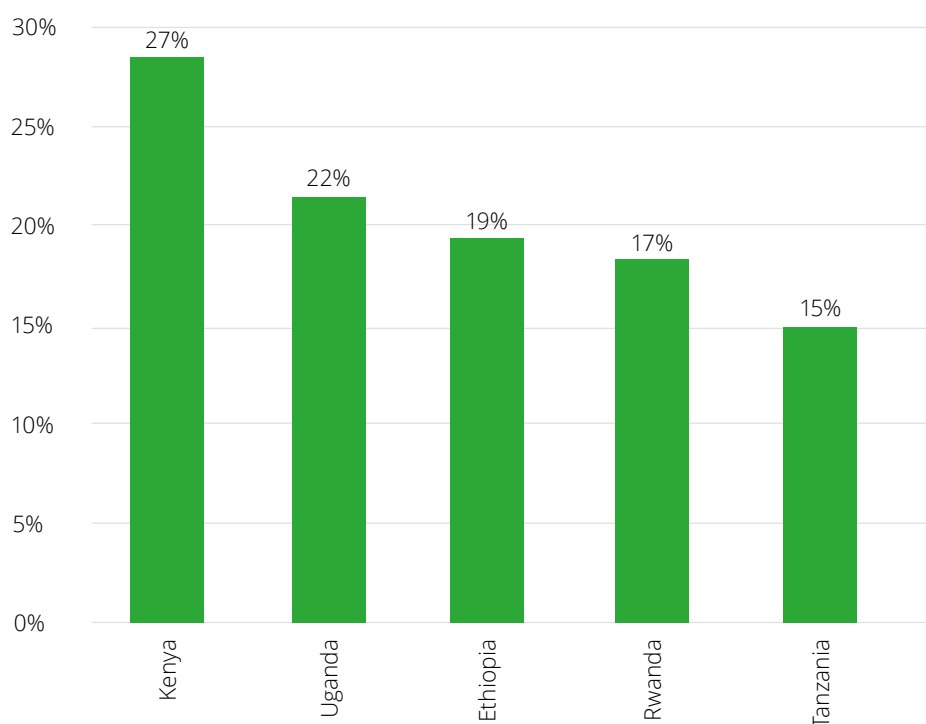


Source: Deloitte Africa analysis based on PECS 2021 results

Note: Regional totals may not add to 100% due to rounding.

The majority of respondents are optimistic regarding the economic outlook for **Southern Africa**, although a stuttering vaccine roll-out programme coupled with fears of further waves of infections as well as fiscal pressures, exacerbated by COVID-19-related costs, and tighter monetary policies, could impact on expectations. In South Africa, electricity supply shortages will remain a binding constraint on growth over at least the next two years.

The expected improvement in **West Africa** follows the anticipated continued progress in managing the pandemic, as well as the expected success of vaccine distribution in countries within the region.

**Figure 3. Countries in East Africa that funds aim to focus on over the next 12 months**

Source: Deloitte Africa analysis based on PECS 2021 results

Although **East Africa** has been a smaller PE investment destination, only attracting about 16% of deals by volume, and 8% by value over the 2014-19 period,<sup>21</sup> the region is expected to be a key investment destination going forward, owing to its attractive macroeconomic outlook.

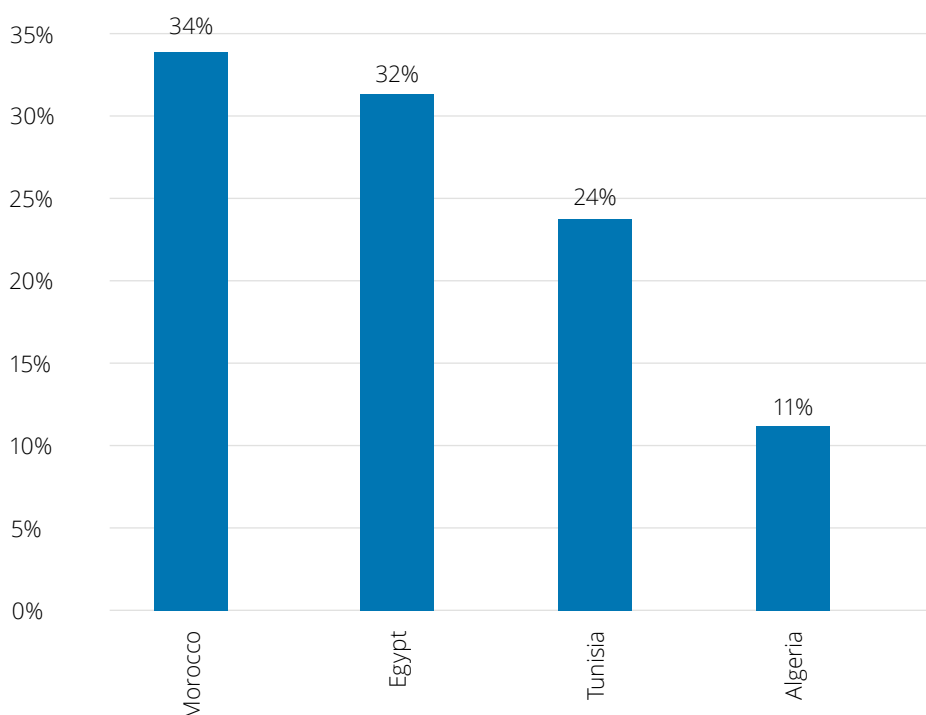
The focus of funds in East Africa over the next 12 months is expected to be on Kenya, Uganda, and Ethiopia. Ethiopia and Kenya have been key investment destinations for FDI in the region over the 2016-20 period.<sup>22</sup>

Kenya's attractiveness to international investors stems from its diversified economy and continued focus on infrastructure development, its status as the largest economy and commercial hub of East Africa, as well as supporting policies such as the *Big Four Agenda* and *Vision 2030*.<sup>23</sup>

Ethiopia has become attractive for PE and other investment owing to the current regime's economic reforms, the size of its population, and relatively high economic growth forecast. The demand for capital from the growing private sector, and local banks' inability to meet this demand, makes Ethiopia an ideal destination for PE funds. However, persistent foreign exchange shortages in the country present a major challenge to private investors.

**North Africa** has been a key investment destination for FDI over the 2016-20 period, with Egypt (1<sup>st</sup>), Morocco (4<sup>th</sup>) and Algeria (5<sup>th</sup>) among the top five recipients of FDI flows in Africa.<sup>24</sup> Morocco and Egypt are expected to be the key focus of funds in the region, having been notable destinations for deal activity prior to COVID-19.<sup>25</sup>

Despite the adverse impact of COVID-19 on Morocco's economy, respondents still consider the country to be a key focus for investment in the region. Egypt has gradually established itself as a venture capital hub, attracting multiple early-stage deals, and is likely to remain an attractive destination for PE investment in the region.

**Figure 4. Countries in North Africa that funds aim to focus on over the next 12 months**

Source: Deloitte Africa analysis based on PECS 2021 results

**Southern Africa** has been a key investment destination for PE over the years, based on the number of deals over the 2014-19 period. By value of deals, the region has been overtaken by both West and North Africa.<sup>26</sup> Similarly, it has also been the third-largest destination (20%) for FDI in Africa, after North Africa (43%) and West Africa (23%) over the 2016-20 period.<sup>27</sup>

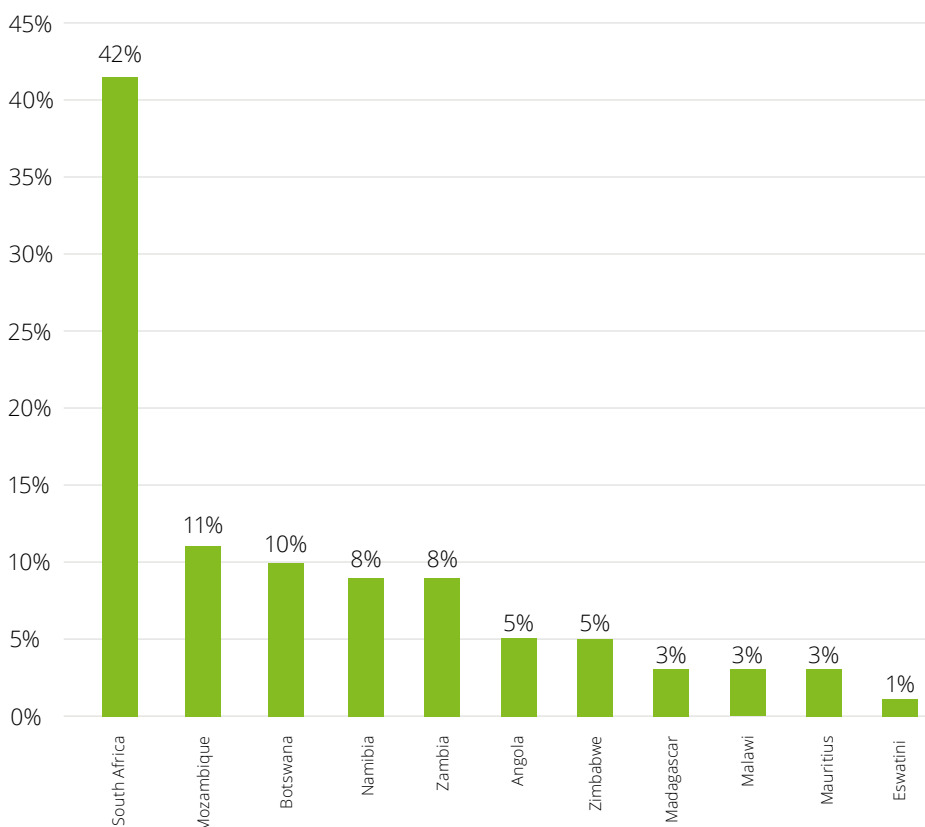
The focus of funds looking at Southern Africa is expected to remain concentrated on South Africa, followed by Mozambique and Botswana. South Africa and Mozambique have also been key destinations for FDI over the 2016-20 period.<sup>28</sup>

South Africa is the largest and most diversified economy in the region, and PE investors are expected to target quality, well-priced assets that become available in a post-COVID-19 depressed market environment. PE has proven to be an agile asset class in the region, with PE funds being able to navigate their portfolio companies effectively through the COVID-19 lockdowns and related economic downturn. This is expected to continue going forward, with PE expected to be a key investment driver in the post-COVID-19 pandemic economic recovery.

In **West Africa**, key investment countries are expected to be Ghana, Côte d'Ivoire, Nigeria, and Senegal. These four countries represent the strongest economies relative to other countries in the region, in terms of economic performance. Furthermore, these four economies are significantly more industrialised than other countries in the region.

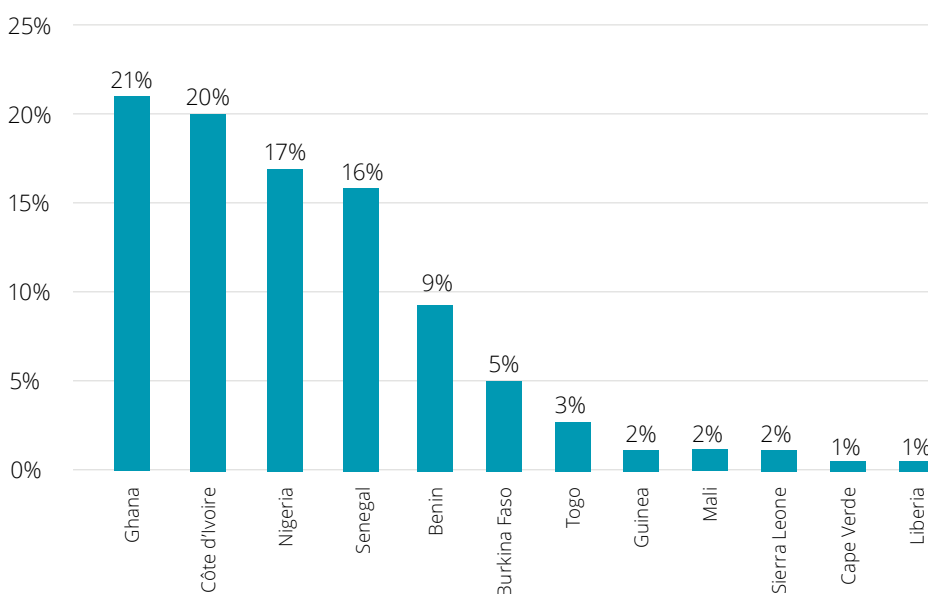
West Africa has been a strategic investment destination for funds in recent years, having been the top region for PE investment by value over the 2014-19 period. Deal activity (by value) has been largely in Nigeria, despite various macroeconomic, political, and security risks in the country, with Ghana in second place. Nigeria and Ghana both have also been key recipients of FDI in the region.<sup>29</sup>

**Figure 5. Countries in Southern Africa that funds aim to focus on over the next 12 months**



Source: Deloitte Africa analysis based on PECS 2021 results

**Figure 6. Countries in West Africa that funds aim to focus on over the next 12 months**



Source: Deloitte Africa analysis based on PECS 2021 results

# Deloitte insights: Market approach valuation post-COVID-19



The COVID-19 pandemic has had a major impact on capital markets' volatility and share prices across the globe. Market capitalisations reduced significantly in a short period, but the subsequent monetary and fiscal policy changes have helped return markets to pre-COVID-19 levels.

In the wake of this volatility, the *Deloitte Africa Valuations* team is often asked what the key considerations are with regards to applying the valuation market approach, given the observed market volatility that has been wrought by the COVID-19 pandemic. In performing a valuation based on the market approach and comparable companies, information that is applied needs to be carefully assessed, as the answer is not as straightforward as it would appear.

What needs to be considered is how valuation multiples are calculated, and how the inputs of these valuation multiples have potentially been affected by the pandemic. Valuation multiples express a ratio of market value of the company (equity value or enterprise value, which is a function of the share price times shares outstanding) with a reported financial income statement metric, such as earnings before interest, taxes, depreciation, and amortisation (EBITDA) or profit after tax (PAT).

On the one hand, equity values are a forward-looking view of the business, often informed by investor and industry sentiment. On the other hand, a company's reported financial information is a historical figure that is reported quarterly or semi-

annually. It is therefore critical that the following factors are considered when attempting to apply the market approach for valuation purposes:

- Ensure that the **earnings** base of the company is **normalised** to exclude any once-off or extraordinary items related to the pandemic. The earnings metric should reflect a sustainable level of profitability that the company could maintain into the future.
- The **reporting date** of the company should be considered, as the most recent and up-to-date information relating to the comparable company should be used in the valuation.
- **Industry multiples** observed in 2020 **may be understated** (in industries where significant share price declines were observed) **or overstated** (in industries where significant share price increases were observed), given that reported earnings at that point in time may not have reflected the future impact of the pandemic on the earnings of the business.
- The **comparability of companies** in different geographies and subsectors **should be assessed** in depth, as the pandemic did not uniformly impact all sectors of all countries across the world.
- **Forward-looking earnings** and multiples may be **volatile, given the rapidly evolving situation**. Economic activity may be impacted by unexpected lockdowns due to possible virus mutations and the outcome of vaccine roll-outs.

It may be wise to underweight the market approach and to rely more on the income approach with scenario analyses, as this method may articulate the uncertainty in the earnings potential of the company and its potential range of value more adequately.



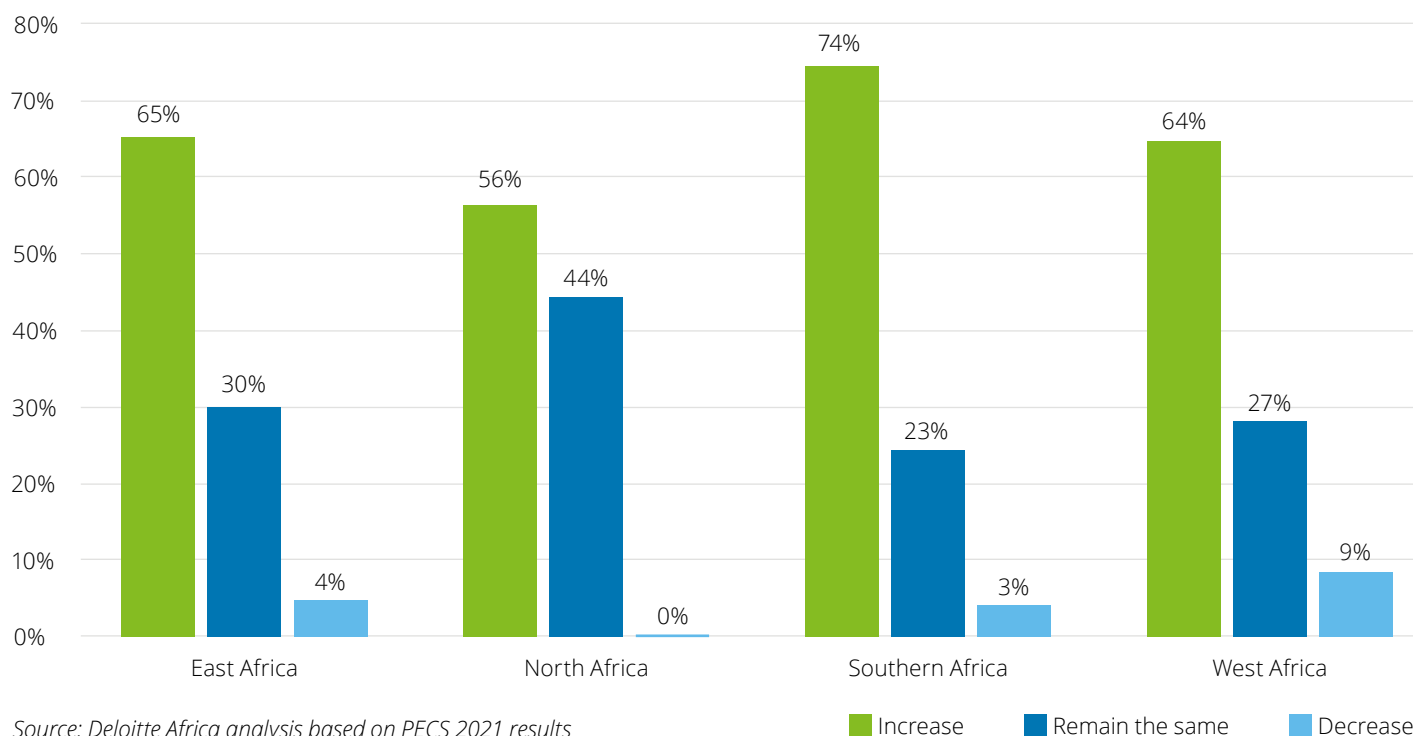
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# Investment landscape

**Figure 7. Expected PE activity by region over the next 12 months**



## Overall perspective

In line with the anticipated improvement in the economic climate, PE activity is expected to increase across all regions. Key drivers supporting the investment case in the continent include a young population driving productivity, rapid urbanisation, and accelerated technology uptake.

Furthermore, trading has commenced under the AfCFTA from 1 January 2021, which is likely to also positively impact PE activity across the continent, as it is expected to encourage greater capital flows by reducing trade barriers.

## Regional insights

Most respondents in **East Africa** (65%) expect PE activity in the region to increase over the next 12 months. This is in line with the anticipated improvement in the economic climate, as governments ease measures instituted to curb the spread

of COVID-19. Strong market activity is projected as transactions that were initiated before the pandemic are completed and those that began during the pandemic begin to pick up as economies reopen.

Distressed PE acquisitions and possible funding opportunities are likely to increase, with companies expected to fundraise to meet their working capital needs post-pandemic.

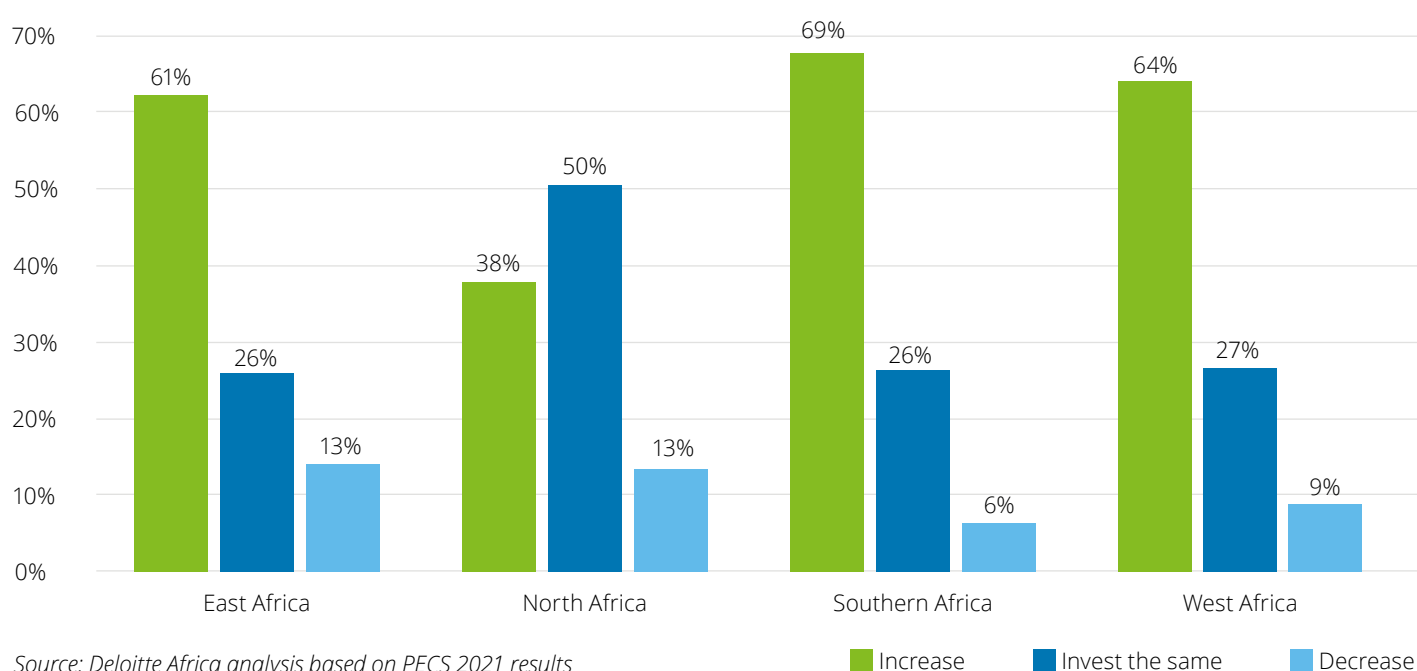
In **North Africa**, respondents are split between an expected increase in activity (56%) and activity remaining the same (44%). Deal activity is anticipated to target quality assets with strong cash flows; however, uncertainty around another wave of infections and consumer spending may result in PE firms adopting a “wait-and-see” approach for new investments and deal activity.

In **Southern Africa**, the “wait-and-see” approach adopted by many PE firms during the onset of the pandemic is expected to result in heightened PE activity in 2021 and 2022. This is highlighted by 74% of respondents expecting PE activity to increase in the region.

Funders and investment committees are requiring increased due diligence and strong deal rationale to justify investments in the current economic climate. However, investment strategies and targeted returns will require capital deployment. Therefore, increased competition in the market is expected as investors target quality assets at the right price.

In **West Africa** investors have been focusing on strategies to preserve existing investments in the current adverse COVID-19 environment. The expected increase in PE activity is anticipated to be driven by the projected economic recovery in 2021 and 2022.



**Figure 8. Anticipated investments by region over the next 12 months**

Source: Deloitte Africa analysis based on PECS 2021 results

Note: Regional totals may not add to 100% due to rounding.

### Overall perspective

Prior to the pandemic, between 2014 and 2019, PE investment activity (number of deals) was on an upward trend, yet the total annual deal value was declining.<sup>30</sup> A similar trend was seen with other investment classes, where the number of FDI projects invested in Africa annually rose, although total annual FDI in value terms declined between 2016 and 2019.<sup>31</sup> This suggests growing investor interest, but smaller average investments.

Looking forward, the results of the Deloitte PECS suggest that investment activity is expected to continue increasing, with lower average deal sizes beginning to be favoured (refer to Figure 9 below).

### Regional insights

Most respondents in **East Africa** (61%) expect an increase in PE investments over the next 12 months. This aligns with

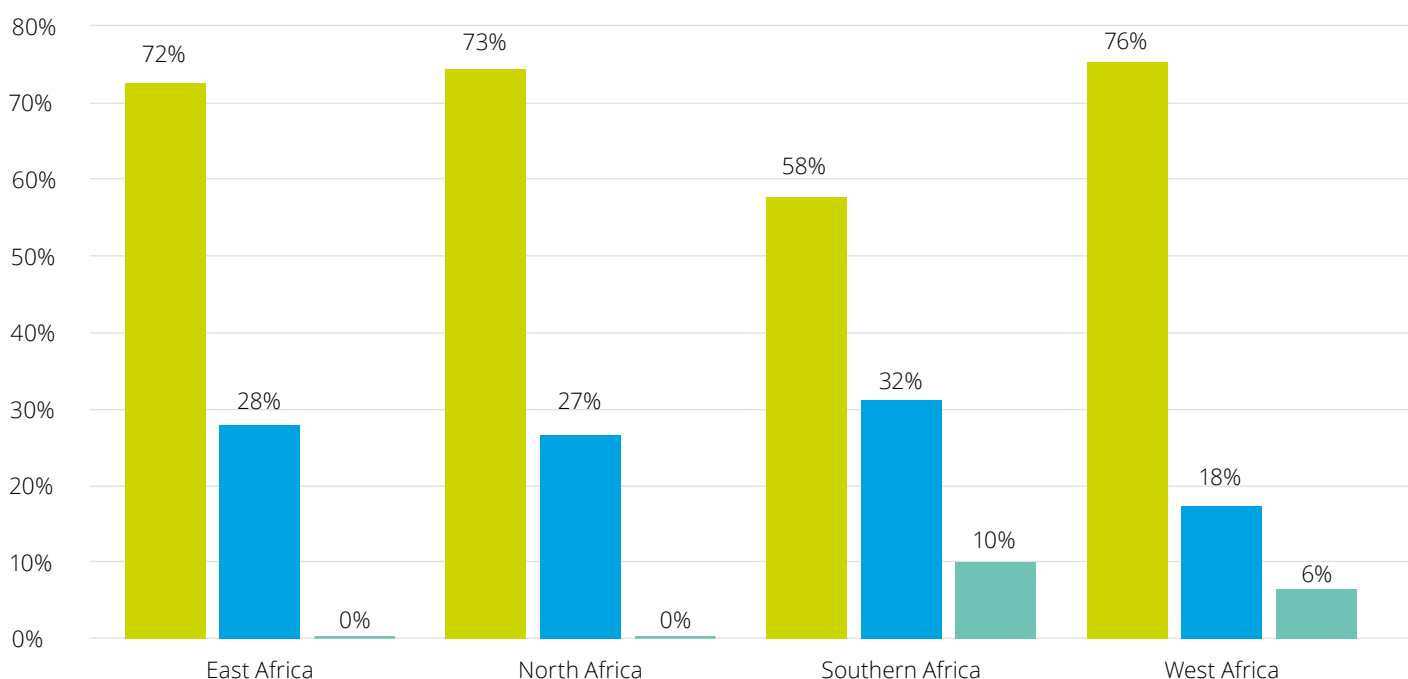
the expected improvement in economic climate and anticipated increase in PE activity, as vaccination programmes take shape and economies begin to recover.

In **North Africa**, investors are expected to invest the same over the next 12 months. In order to maintain the same level of investment, countries have implemented immediate investment policies such as the new Egyptian banking law promoting investments and financial stability in Egypt.<sup>32</sup>

In **Southern Africa**, PE firms have generally been conservative in deploying capital, both leading up to COVID-19 and during the initial phase of the pandemic. An improvement in the economic climate is key to supporting an increase in anticipated investments over the next 12 months. Given the expected improvement in economic conditions for the region, it is not

surprising that 69% of respondents expect an increase in investment activity for the region.

The anticipated increase in respondents' investments in **West Africa** is consistent with economic growth expectations for the region, which are expected to create an avenue for new investments.

**Figure 9. The average deal size expected by region over the next 12 months**

Source: Deloitte Africa analysis based on PECS 2021 results

Note: Regional totals may not add to 100% due to rounding.

■ <US\$50 million ■ US\$50 - US\$100 million ■ US\$100 - US\$500 million

### Overall perspective

As mentioned, over the past few years, average deal sizes have gradually decreased (averaging about US\$24m per deal over the period).<sup>33</sup> Participants expect average deal sizes to largely remain below US\$50m, given the relative size of the respective African regions and expected target opportunities.<sup>34</sup>

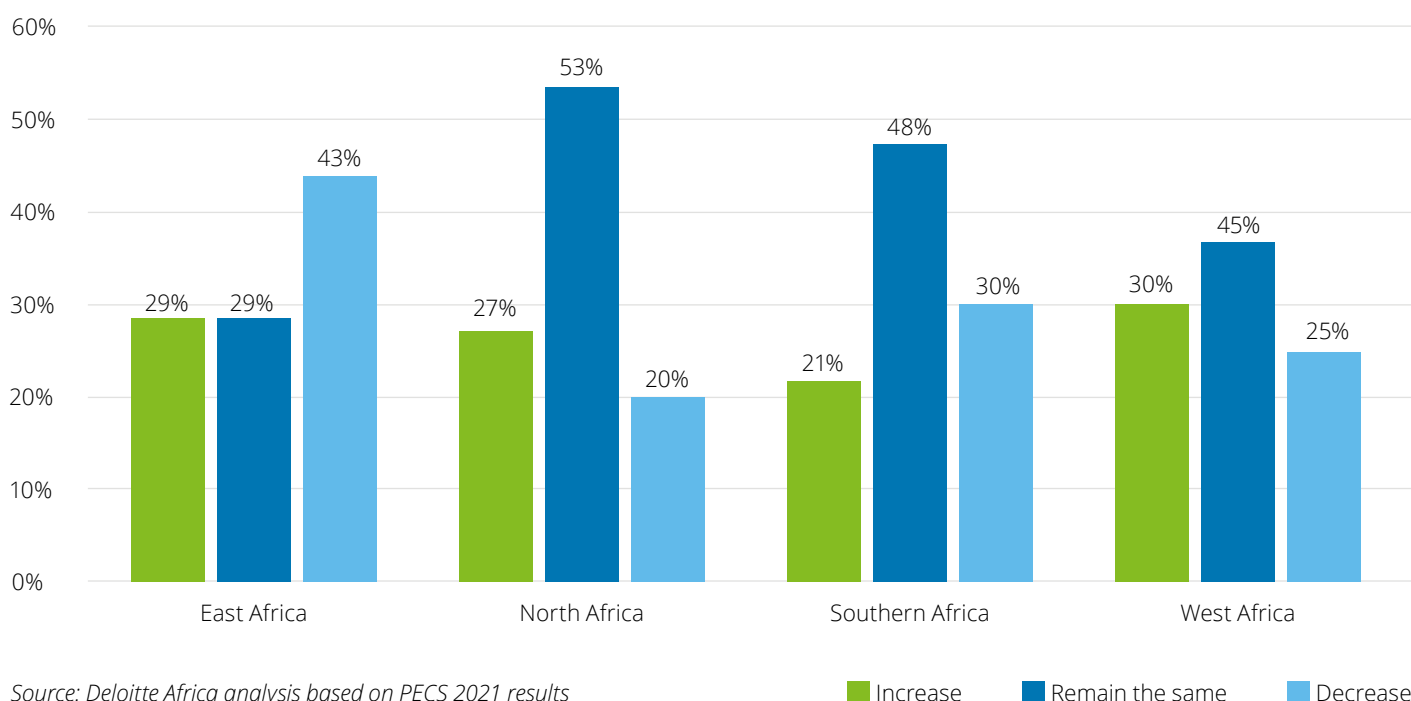
Deal sizes in **North Africa** are not expected to have been impacted by the COVID-19 crisis. Deal sizes have generally been below US\$50m as PE in the region is orientated towards SMEs with high potential of development. Greater investment tickets are observed in sectors like Telecommunication, Financial Services, Energy, and Infrastructure.

### Regional insights

The average deal size expected over the next 12 months in **East Africa** is less than US\$50m. Typically, deal sizes in East Africa range between US\$10m and US\$20m, mainly due to the relatively small size of small and medium-sized enterprises (SMEs) that PE firms invest in, as well as the number of SME businesses operating in the region.<sup>35</sup>

In **Southern Africa**, there has been a rapidly growing mid-market fund space, which targets investments of less than US\$50m. Therefore, it is expected that targeted deal sizes will mostly be less than US\$50m in the region.

In **West Africa**, the expected average deal size will largely be consistent with historical trends, i.e. less than US\$50m.<sup>36</sup>

**Figure 10. Expected entry multiples on transactions by region over the next 12 months****Overall perspective**

The presence of more PE funds on the ground in African regions and the increase in the number of qualified African executives have made it easier to identify deals and to transact. However, this has increased competition and put pressure on deal values and entry multiples. Based on survey responses, entry multiples on transactions in North, Southern and West Africa are expected to remain the same over the next 12 months.

**Regional insights**

In **East Africa**, most respondents (43%) expect entry multiples on transactions to decrease over the next 12 months. Some of the factors expected to affect asset prices include increased volatility in the

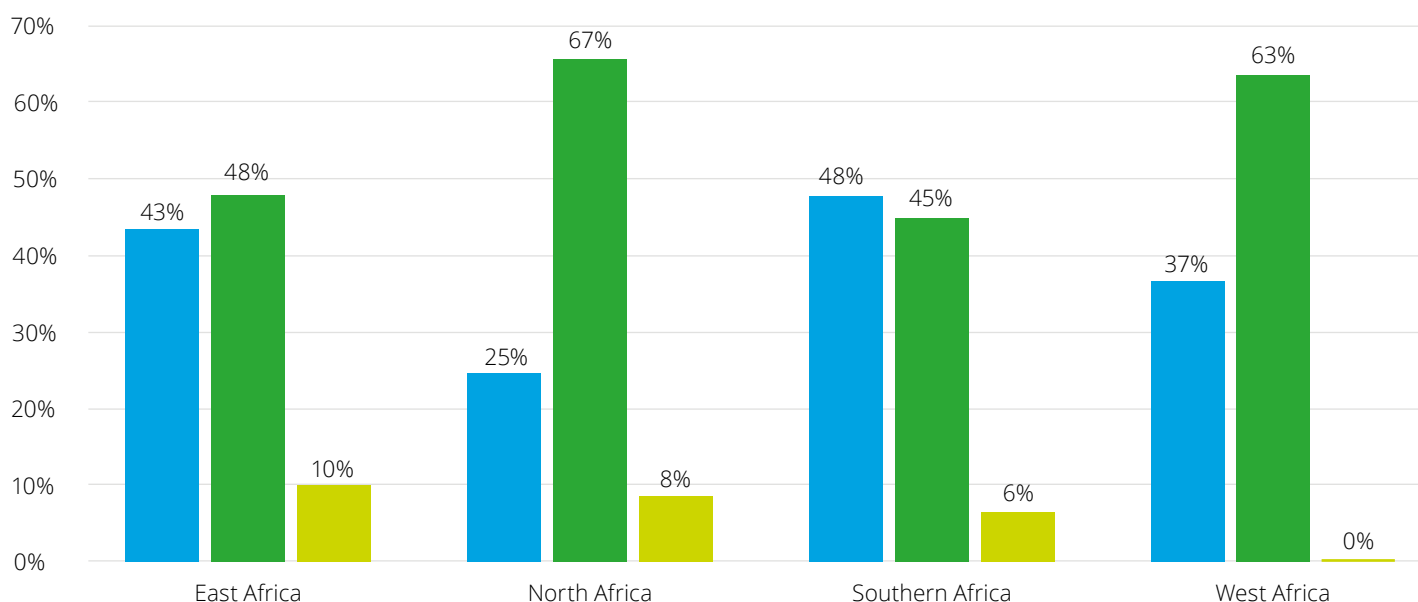
global market and higher discount rates as investors are anticipated to be more risk averse. The attractiveness of companies will also be affected, as most of them are reporting decreased earnings, as they recover from the effects of the pandemic.

In **North Africa**, most respondents (53%) expect entry multiples to remain the same over the next 12 months, as economic conditions recover.

Pre-COVID-19, transaction multiples were increasing in **Southern Africa** as PE investors competed for quality assets in a growing mid-fund space. Looking forward, respondents largely expect entry multiples to remain the same (given the increases pre-COVID-19). However, a large portion

of respondents (30%) expect multiples to decrease as there may potentially be distressed assets that offer the right investor an opportunity to acquire a business with strong trading potential at depressed prices.

Entry multiples in **West Africa** are expected to largely remain the same over the next 12 months, as economic conditions slowly recover and transaction activity resumes.

**Figure 11. Expected average lifecycle from initial investment to exit for investments made during the next 12 months**

Source: Deloitte Africa analysis based on PECS 2021 results

Note: Regional totals may not add to 100% due to rounding.

More than 7 years

5-7 years

Less than 5 years

### Overall perspective

An average lifecycle of five to seven years from initial investment to exit is expected across all regions, except for Southern Africa. In Southern Africa, most respondents expect this to be more than seven years.

### Regional insights

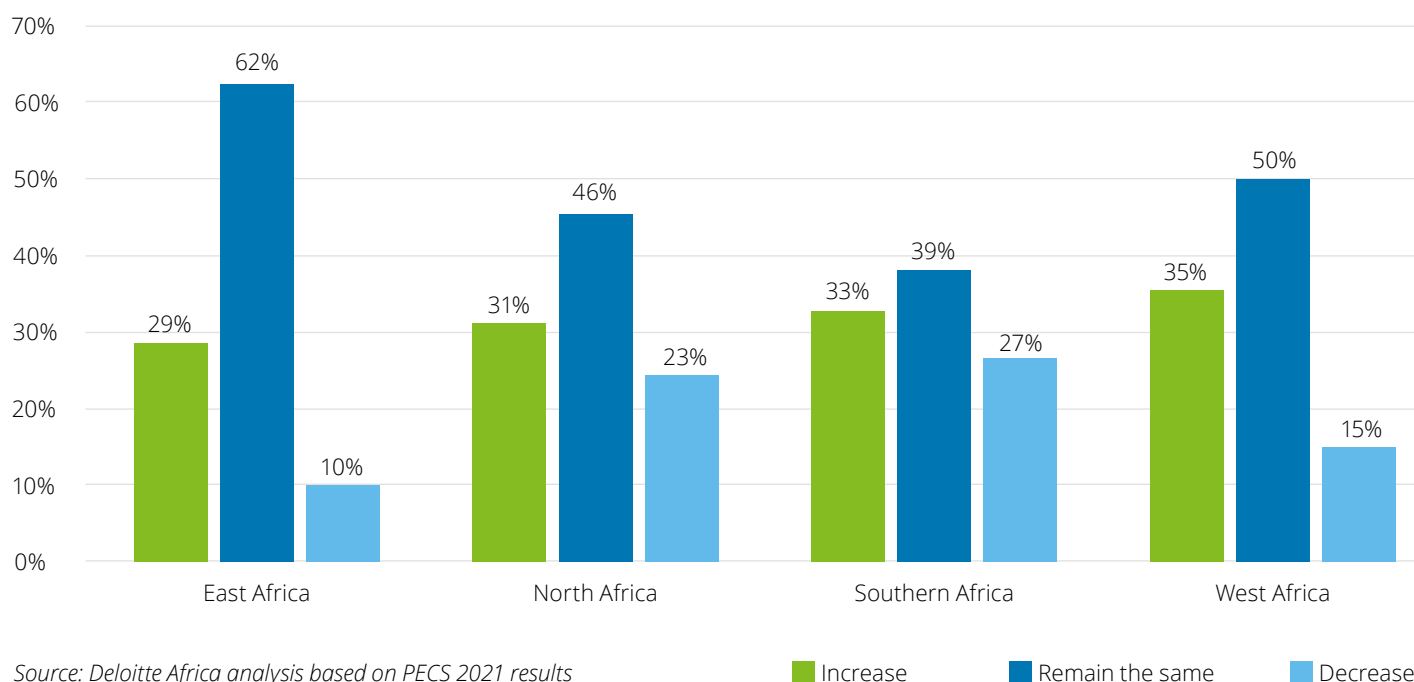
Most respondents in **East Africa** (48%) expect the holding period to range between five and seven years, while 43% expect the holding period to be greater than seven years. The region's average holding period has recently been five years.<sup>37</sup> As a result of the change in economic growth forecasts and the impact of COVID-19, it is expected that portfolio companies will take relatively longer to generate required returns.

In **North Africa**, 67% of respondents expect the average lifecycle to be between five and seven years, with 25% of respondents expecting the average

lifecycle to be more than seven years. PE professionals are expected to require a longer timeframe to control their investments and manage exits to achieve required valuations.

In **Southern Africa**, 45% of respondents expect the average lifecycle to be between five and seven years, with 48% of respondents expecting timeframes of more than seven years. Although the region is likely to see positive economic growth and increased investment activity, there are headwinds to navigate, and investors will potentially need to hold onto investments for longer to achieve required returns.

Historically, the typical average investment lifecycle of PE investment in **West Africa** has been at least five years.<sup>38</sup> This is largely expected to remain the same for the next 12 months, with 63% of respondents expecting the average lifecycle to be five to seven years.

**Figure 12. Exits expected by region in the next 12 months****Overall perspective**

A total of 278 exits were recorded across the continent over the 2014-19 period. The number of exits increased from 40 exits in 2014 to 50 exits in 2016, before dropping to 45 in 2018 and again 45 in 2019.<sup>39</sup> Based on responses, the number of exits is mostly expected to remain the same over the next 12 months across the four regions. This is largely expected as current adverse economic conditions and COVID-19-related uncertainties impact transaction activity, valuations, and the timing of exits.

**Regional insights**

In **East Africa**, the poor performance of portfolio companies resulted in the level of exits being lower in 2020 than in 2019.<sup>40</sup> One of the biggest challenges that PE investors have faced in recent months has been currency depreciation. Given that most funds are raised, invested, and need to return capital to their investors in US dollars, the depreciation of local currencies impacts on portfolio performance. As such,

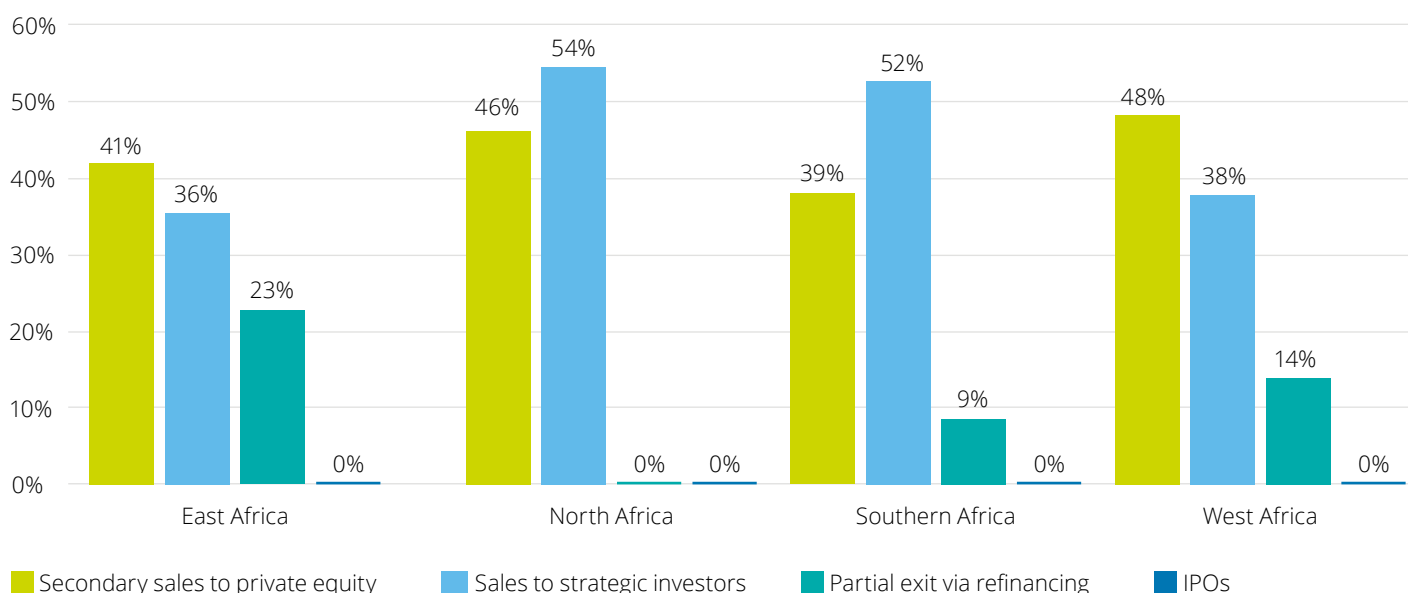
PE exits are expected to be muted over the next 12 months as businesses recover from the effects of the COVID-19 pandemic.

The majority of respondents in **North Africa** (46%) are expecting exits to remain the same, although 23% of respondents are expecting more difficulties for exits. An immediate challenge that impacts on exits is the logistical trouble with travel restrictions, which complicates the ability of potential investors to conduct the necessary due diligence.

In **Southern Africa**, economic challenges that existed pre-COVID-19 were further exacerbated by the impact of COVID-19, resulting in a number of transactions being put on hold, as sellers and buyers struggled to find common ground on valuations. Going forward, the level of exits will depend on the ability of transactions to close and investors to find quality assets at the right price, with suitable growth prospects.

The economic recovery in **West Africa** is expected to result in the restoration of investment activities, with exits in the region being influenced by typical factors such as economic and portfolio company performance.

**Figure 13. Most dominant exit routes per region over the next 12 months**



Source: Deloitte Africa analysis based on PECS 2021 results

Note: Regional totals may not add to 100% due to rounding.

### Overall perspective

Based on survey responses, sales to strategic investors and secondary sales to PE are expected to be the favoured exit routes for all regions. Initial public offerings (IPOs) are not expected to be a favoured exit route in any region over the next 12 months.

### Regional insights

In **East Africa**, secondary sales to PE are expected to be the dominant exit route for PE firms, followed by sales to strategic investors. This is likely as PE firms would realise better valuations compared to IPOs. Capital markets in East Africa are underdeveloped and have attracted only a few listings in the recent past.

In **North Africa**, sales to strategic investors are expected to be the most favoured exit route. These have historically generated high returns in North Africa.

In **Southern Africa**, the dominant exit route is expected to be sales to strategic investors, followed by secondary sales to PE. Strategic investors are expected to be key drivers of projected investment activity over the next 12 months, as the region tries to recover from the adverse economic climate and impact of COVID-19.

In **West Africa**, secondary sales to PE investors are expected to be the dominant exit route, given the number of active PE market participants and their knowledge of the market dynamics.



# Deloitte insights: Providing growth solutions to private enterprises



Privately owned businesses are the engine room of the African economy. By diversifying operations or expanding into new markets, privately held enterprises have been seeking options to grow their businesses across the continent, and will drive the continent's future growth prospects.

Crucial parts of privately held enterprises' growth strategies include, for example, business continuity, which is key to any organisation's success, and succession planning. Attracting and retaining effective senior management is vital to taking a business forward and developing its expansion strategy.

The effectiveness of management teams is a particular area of focus for PE investors. Deloitte experience has shown that having an effective management team in place, along with the growth prospects of the company and a well-structured strategy, will ensure its success and make it attractive to PE investors.

To achieve this, *Deloitte Private* works closely with privately held enterprises, to develop their corporate and business strategy, advising their management teams, and helping to drive the business and operating model that will form part of their overall growth strategy.

*Deloitte Private* also advises on the corporate as well as mergers and acquisitions (M&A) strategy of private enterprises, supports PE investors and the management teams of portfolio companies with acquisitions and buy-side opportunities (by identifying the right targets for bolt-on acquisitions and

platform growth), and portfolio exits (by identifying suitable buyers). This is done by specialist teams with extensive knowledge of M&A advisory, buy and sell-side due diligence, M&A tax, valuations, and modelling, as well as advising on the optimum funding structure that helps guide privately held entities, portfolio companies and the PE funders through complex transactions.

A key challenge, however, is that databases of privately held enterprises do not exist in most of Africa, and many of these companies, often also very profitable and fast-growing, fly largely under the radar. Although there are many opportunities for PE, it often takes time and considerable effort to identify suitable targets.

The economic challenges brought about by the COVID-19 pandemic across the African continent will not only require agile investors to navigate volatile and distressed environments, but also present several investment opportunities. Given the proven track record of PE investors as being adaptable and resilient, the asset class has a key role to play in the post-COVID-19 recovery and rebuild.

In Africa, the need for a more inclusive and sustainable development path provides numerous opportunities for investors to generate adequate returns, in addition to making a long-lasting, meaningful impact on millions of people through the rebuilding of economies. Private enterprises have a key role to play in the rebuilding process by working more closely with alternative investment classes, such as PE.



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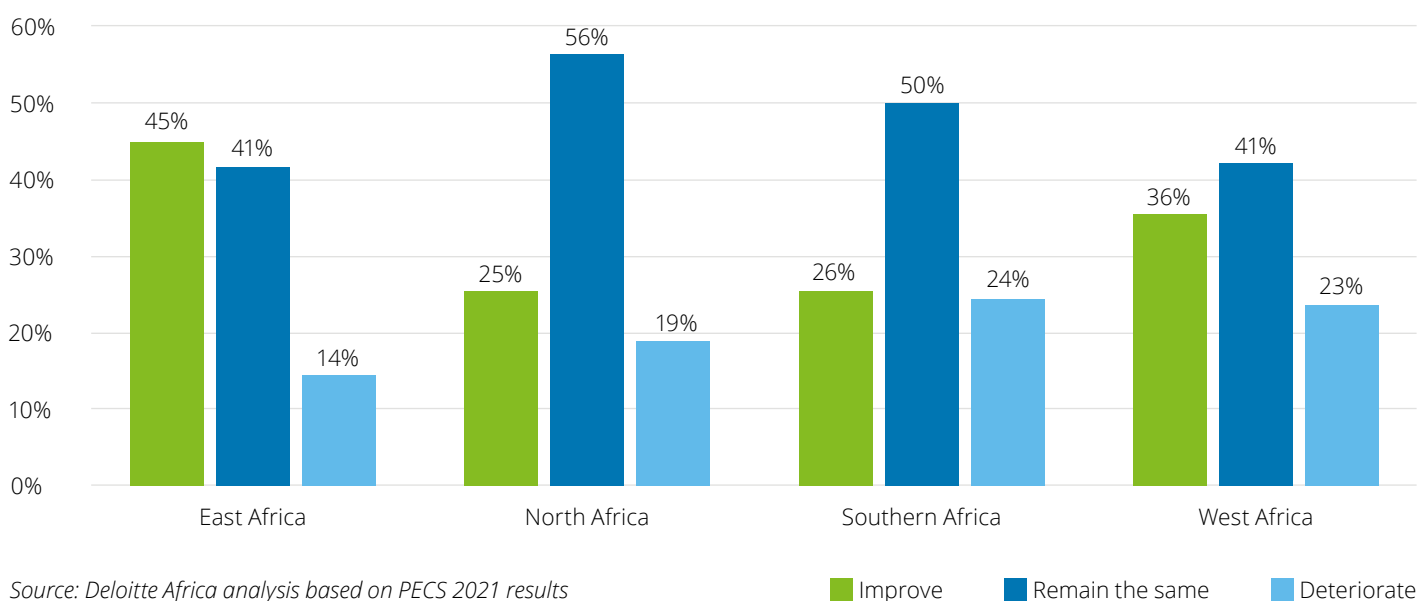


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# Fundraising environment

**Figure 14. Expected changes in the regional fundraising environment over the next 12 months**



## Overall perspective

The total funds raised since 2014 peaked in 2015, largely boosted by first-time contributions from various US and European institutional investors. Fundraising then slumped in 2017 on account of dropping commodity prices, as well as exchange rate volatility. Thanks to a rebound in oil prices and Africa's improving agricultural exports, total funds raised recovered in 2019.<sup>41</sup> Following the COVID-19 pandemic, the fundraising environment is expected to improve or remain the same across all regions. This aligns with the projected improvement in the respective economic climates and anticipated increase in PE activity.

## Regional insights

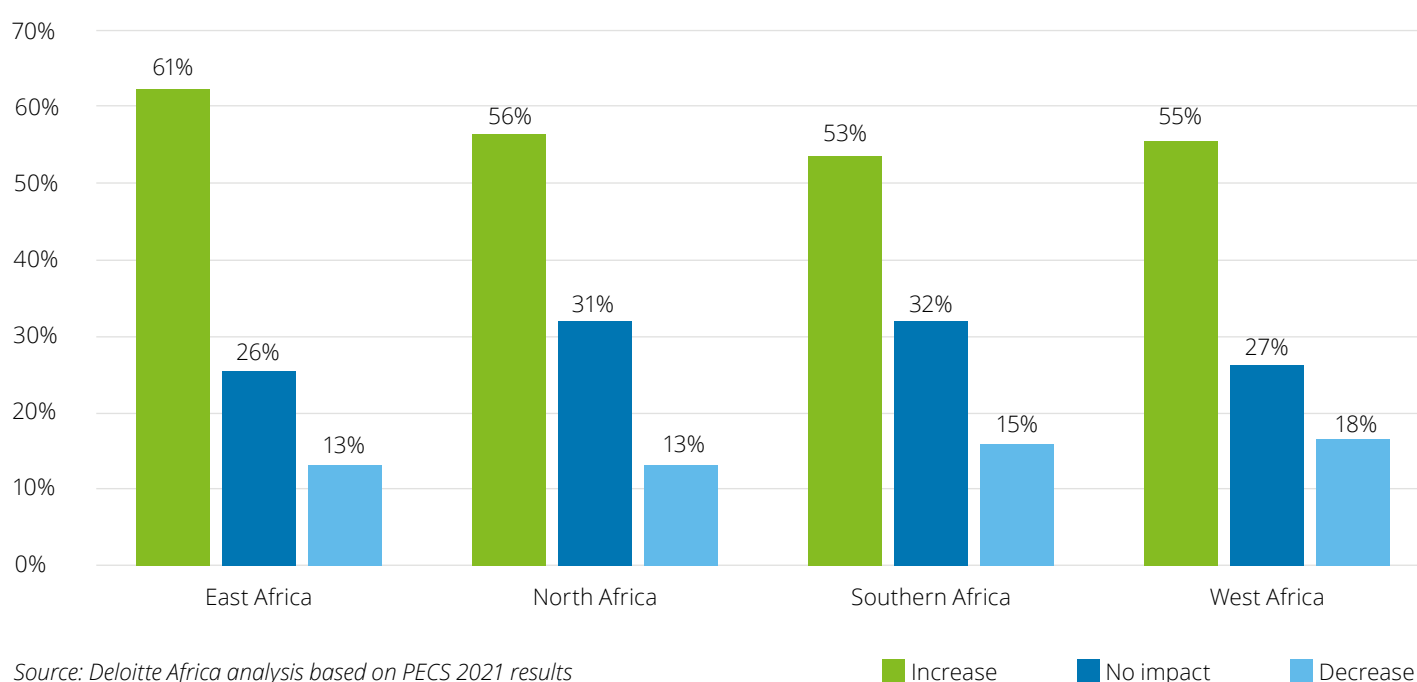
In **East Africa**, respondents expect either an improvement in the fundraising environment (45%) or no change at all

(41%). Fundraising and fund due diligence processes were prolonged, given COVID-19 travel restrictions. As such, investors shifted their focus towards stabilising existing portfolios, thereby reducing fundraising activity in 2020. As governments develop economic recovery initiatives to focus on the removal of structural barriers for private-sector-led growth, trade liberalisation, and an enabling environment for manufacturers and exporters, East Africa is expected to see a recovery in fundraising activities.

In **North Africa**, most respondents expect the fundraising environment to either remain the same or improve over the next 12 months. This is in line with the expected increase in PE activity and an improvement in economic climate over the next 12 months, demonstrating LPs' confidence in the long-term attractiveness of PE in Africa.

In **Southern Africa**, there was strong fundraising activity pre-COVID-19. Therefore, respondents are looking to drive the projected increase in PE activity mainly with funds that have already been raised. The favourable economic outlook supports the expected continuation of fundraising activities, albeit that fundraising processes are anticipated to be prolonged and to have stricter requirements.

Almost half (41%) of the respondents in **West Africa** expect the fundraising environment to remain the same. This is largely as funds were not significantly utilised over the past 12 months due to reduced rates of investment in 2020.

**Figure 15. Expected fundraising timelines by region over the next 12 months**

Source: Deloitte Africa analysis based on PECS 2021 results

Note: Regional totals may not add to 100% due to rounding.

### Overall perspective

Fundraising timelines are expected to increase across all four regions, with the anticipated tightening of fundraising processes and related requirements.

### Regional insights

**East Africa's** fundraising timelines are expected to increase. The East African PE market largely depends on US dollar-based investors. Depreciation of currencies in the region due to the impact of COVID-19, and the subsequent low US dollar-based returns, have seen revised investment sentiment towards East Africa. Consequently, some international institutional investors have exited the region or have delayed investments. This could affect fundraising initiatives over the next 12 months.

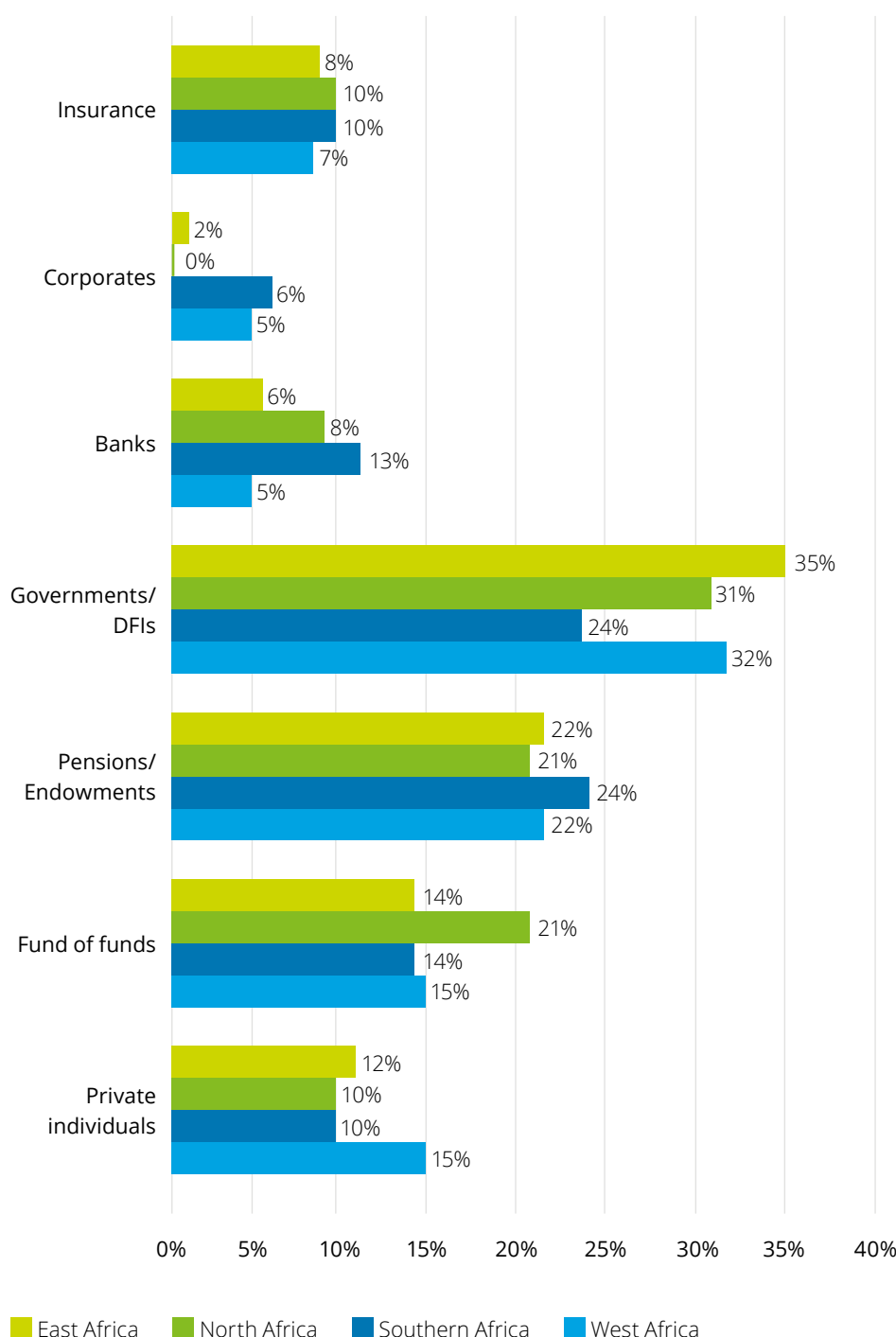
In **North Africa**, fundraising timelines are also expected to increase. The COVID-19 crisis has raised several issues, including lockdowns, travel restrictions, and liquidity problems that present obstacles to fundraising efforts in the region.

In **Southern Africa**, longer fundraising timelines may be attributed to current adverse economic conditions, travel restrictions, delayed vaccine distribution, and increased scrutiny by funders due to heightened COVID-19-associated risks.

With the regional economy still in recovery in **West Africa**, funders appear to be more cautious in making funds available and are likely to undertake a rigorous risk assessment before they can provide

funding. Furthermore, fund managers are expected to require a more robust risk management framework, which is likely to impact the typical timelines for fundraising in the region.

**Figure 16. Preferred third-party sources of funding to be used by region in the next 12 months**



Source: Deloitte Africa analysis based on PECS 2021 results

Note: Regional totals may not add to 100% due to rounding.

### Overall perspective

DFIs have played and continue to play a key role in the PE industry. This includes driving awareness of the importance of private-sector development in Africa, as well as promoting investment facilitation frameworks.<sup>42</sup>

DFIs are the largest third-party source of funding and are expected to continue playing a leading role going forward, as shared prosperity and inclusive growth are more important than ever, following the COVID-19 crisis. Based on responses, the preferred third-party source of funding to be used within the next 12 months across all regions is Governments/DFIs.

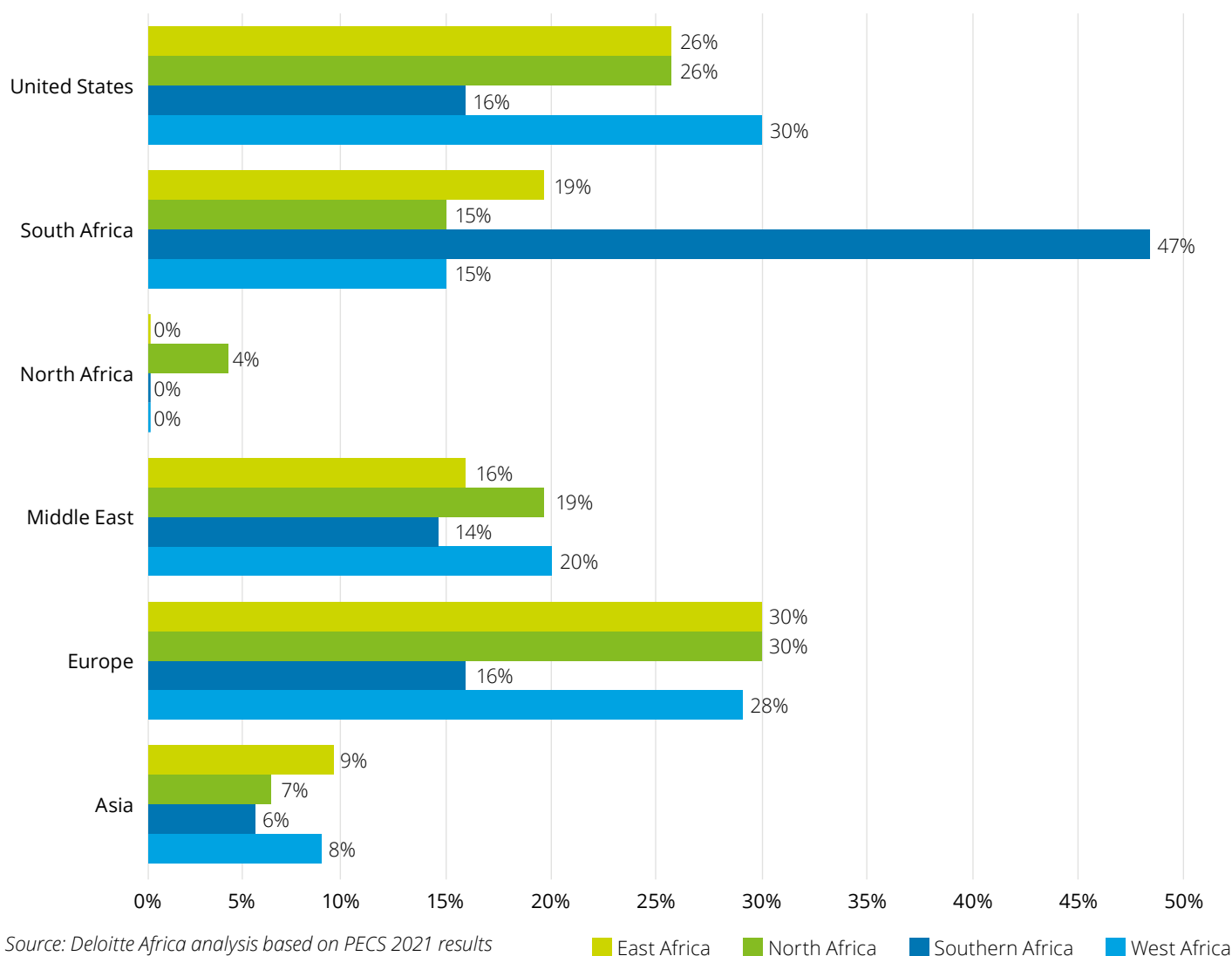
### Regional insights

Respondents in **East Africa** expect to use Governments/DFIs as the preferred third-party source of funding. The significant DFI investment in the region is likely due to COVID-19-associated risks impacting on the availability of commercial capital, as well as DFIs looking to make countercyclical investments that impact investment segments.

In **North Africa**, respondents also consider Governments/DFIs to be the preferred third-party source of funding. Fund of funds and Pensions/Endowments both represent the second-most preferred source of funding.

In **Southern Africa**, Governments/DFIs and Pensions/Endowments are expected to be the largest sources of funding, although the adverse economic climate and impact of COVID-19 may impact on fundraising, particularly from Pensions/Endowments.

DFI funding in **West Africa** is expected from various developmental opportunities that meet the investment objectives of DFIs that focus on the region.

**Figure 17. Geographical sources for raising capital for investment activities by region within the next 12 months****Overall perspective**

Key funding sources of PE in the past have been predominantly from outside of Africa, including from the US and Europe.<sup>43</sup> Although the US and various European countries have also been among the top 10 sources of FDI into Africa since 2016, it is, in fact, emerging markets such as China, Russia and the United Arab Emirates (UAE) that have been the top three sources of FDI into Africa.<sup>44</sup>

Based on survey responses, the US and Europe are expected to be the largest sources of PE funding for most African regions, except for Southern Africa, where South Africa is expected to be the largest source of funding. As liquidity challenges

persist, the need for new funding sources will intensify.

**Regional insights**

Most respondents in **East Africa** expect to raise capital from Europe and the US over the next 12 months. France has been a top M&A investor in Kenya in the 2020 financial year, while the United Kingdom (UK) had the highest deal value for inbound transactions due to the Direct Pay Online acquisition in the same period.<sup>45</sup> In addition, many East African funds have historically raised funds from European-based DFIs.

In **North Africa**, funding sources have been predominantly from outside the continent, and the largest portion of

funding is expected to be sourced from Europe, followed by the US.

In **Southern Africa** the largest portion of funding is expected to be sourced from South Africa, followed by Europe and the US. Longer-term economic fundamentals continue to attract funds to the region, given the established South African markets and possible higher returns available for funders.

Countries within the **West African** region are beneficiaries of several developmental projects that make funds available for PE investment into the region. The projects are backed by the US government, countries in Europe, and various DFIs.

# Deloitte insights: Data analytics in PE deals



Data analytics is a sector-agnostic concept, which means all M&A participants can leverage it to bolster their investment efforts and unlock value throughout the entire M&A lifecycle. PE firms stand to benefit a great deal if data analytics and data science methods are applied effectively. There are three commonly asked questions relating to data analytics in PE deals:

## 1) How does data analytics fit into the PE investment lifecycle?

Data analytics can be leveraged throughout the PE lifecycle, including, but not limited to, the following areas:

- Advanced analytics and machine-learning concepts can be used to build deal-sourcing tools to assist PE professionals to source the best investment opportunities based on multiple data sources and investment criteria.
- The due diligence process can leverage data-modelling techniques to handle and process large amounts of deal data and use visualisation tools to present key deal findings, both of which are critical for negotiating a beneficial sale and purchase agreement.
- PE firms can unlock value in their portfolio companies through investing in and leveraging financial and operational analytics to streamline processes and improve decision-making and risk management.
- When it is time to exit, a well-managed and maintained data environment will ensure sale readiness is achieved efficiently. All financial and operational data points can be packaged into a deal-

appropriate format, including focussed data packs and visual dashboards, which will drive the “equity story” of the portfolio company up for sale.

- A well-designed deal-sourcing tool can also help identify potential buyers.

## 2) How can portfolio companies benefit from concepts such as data analytics and data science?

To ensure that returns through investments in portfolio companies are maximised, it is critical that value creation is at the forefront of the investment thesis. Typically, value creation focuses on areas such as revenue and margin, cost management, effective budgeting, capex optimisation, operating models, and working capital management.

Data analytics tools can be deployed in each of these strategic areas and used effectively to transform the “office of the chief financial officer (CFO)” role, as well as improve management decision-making through data-driven reporting. Investment in the right technology, coupled with having a “digital” and “data” mindset, will set the portfolio company on the right path to unlock value for both management and the PE investor.

## 3) How can PE firms use data analytics and data science to source deals?

Being able to maximise PE fund returns starts with identifying the right investment opportunity. Increased access to third-party M&A data sources and internal deal data means that, with the right data analytics and data science expertise, robust target identification or deal-sourcing

tools can be built, tailored to PE investment policies. These tools can be enhanced by machine learning to understand items such as propensity to transact on both the sell and buy side (therefore also using data analytics to identify potential buyers on exit). Packaging this using visualisation software will give the investor a visual and dynamic snapshot of deal activity and a user-friendly interface.

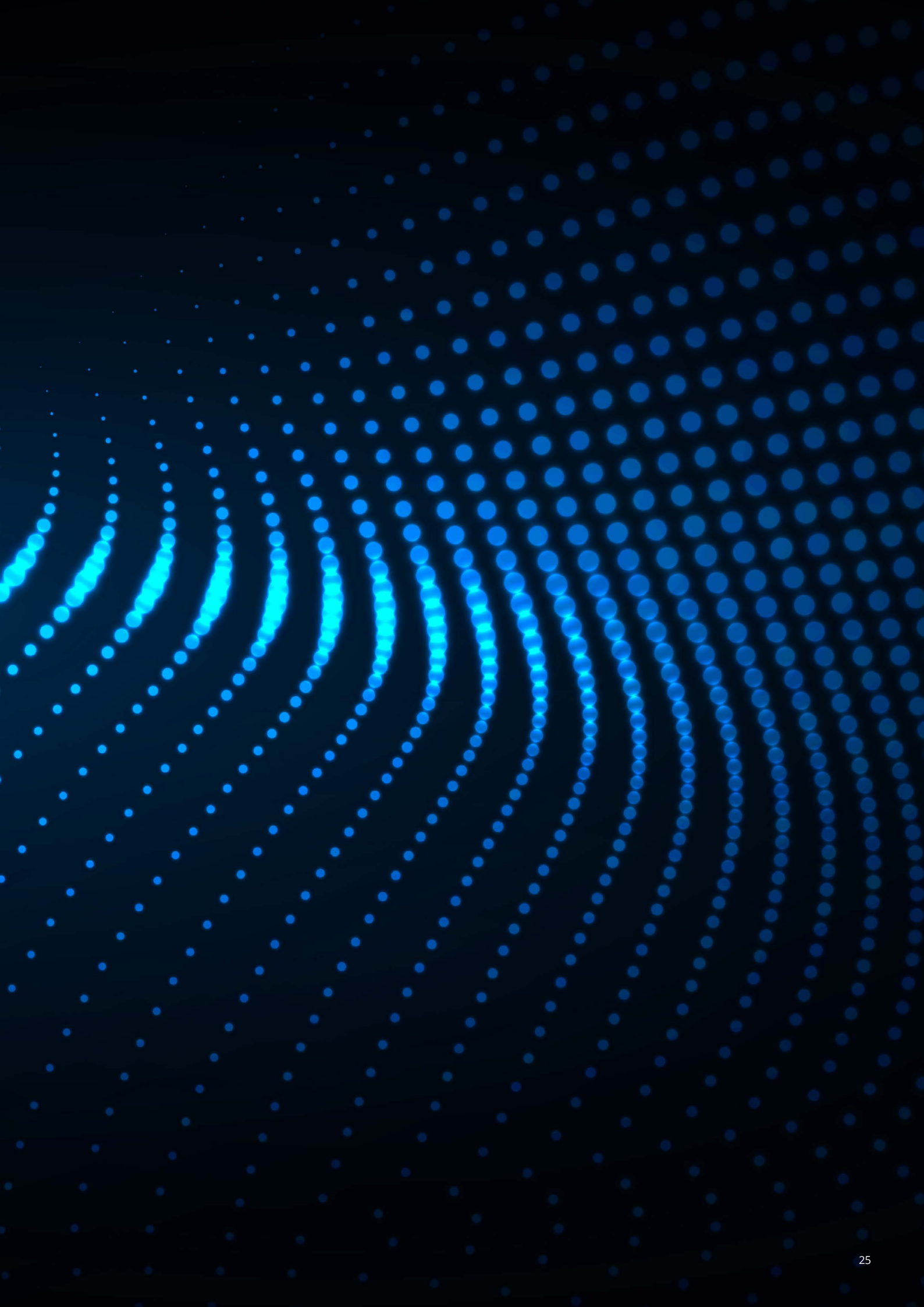


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# Sector focus

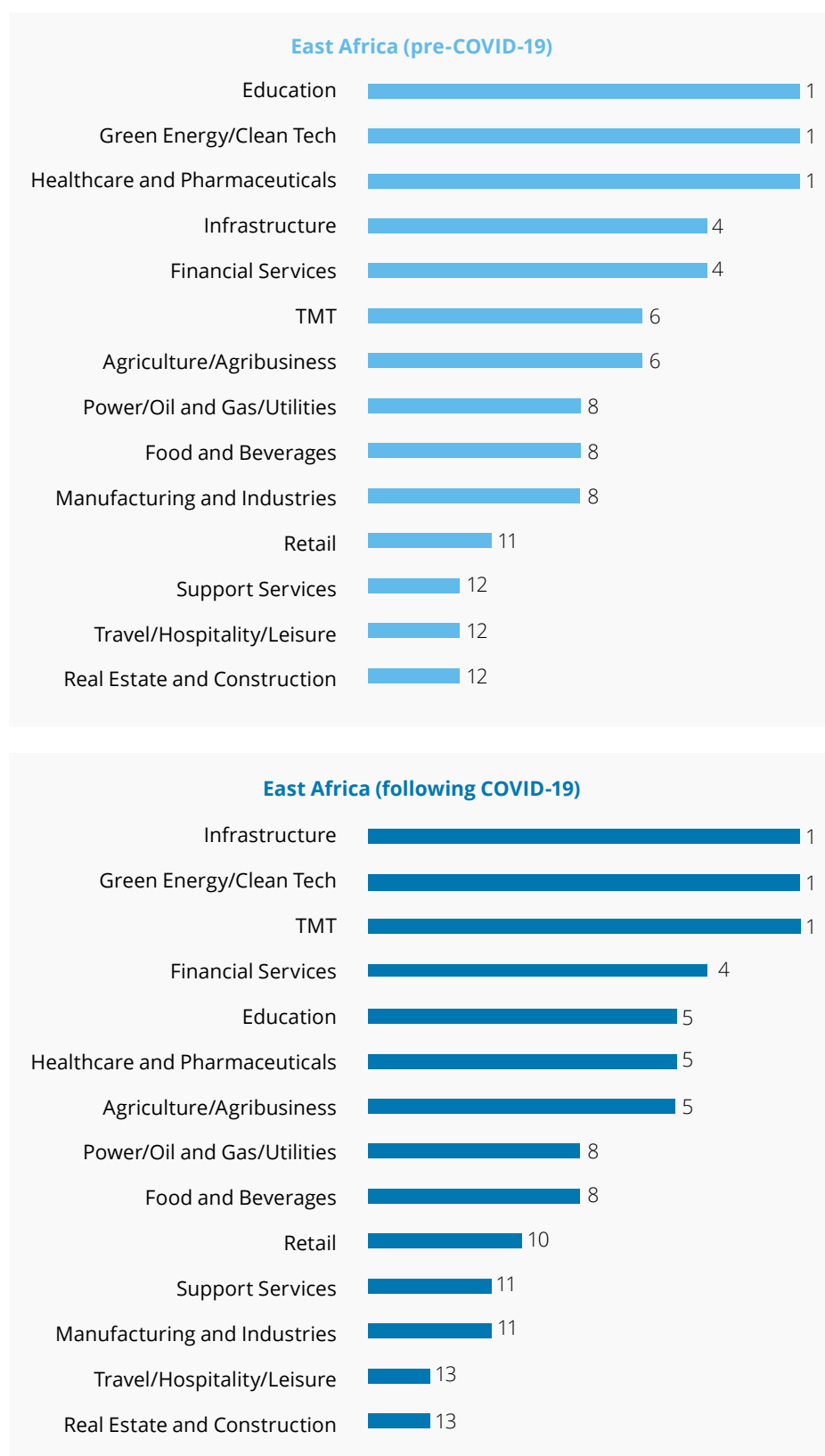
While consumer-driven industries have come to the fore in recent years, PE fund managers have diversified their strategies to invest across sectors such as Information Technology (IT), Renewable Energy, Infrastructure, and Real Estate.

Over the 2014-19 period, the largest number of deals was in the Consumer, Industrials, Financial Services, as well as IT sectors, which all link with a growing middle class. The sectors with the largest deal sizes in the same period (thus attracting a larger share of the deal value) have included Communication Services, Utilities, Energy, and Materials.<sup>46</sup>

Similar trends have been seen in terms of FDI inflows into the continent: the Energy and Resources sectors (Coal, Oil & Gas) attracted the biggest share of FDI by value over the five years to 2020. With an increase in digitalisation and the roll-out of payment solutions, the Financial Services sector has also been the most dynamic and attractive from an FDI project perspective. However, due to the lower required investment needed per project, the sector has only attracted a small share of investment inflows.<sup>47</sup>

The COVID-19 pandemic has exposed the importance of and likely greater focus on certain key sectors, such as Healthcare and Pharmaceuticals, Education, and IT/TMT, with PE houses attracted to tech-enabled businesses that can sustain growth through the current and any future regional or global disruptions.

**Figure 18. Sectors of most interest in East Africa before and following the COVID-19 pandemic (ranked)**

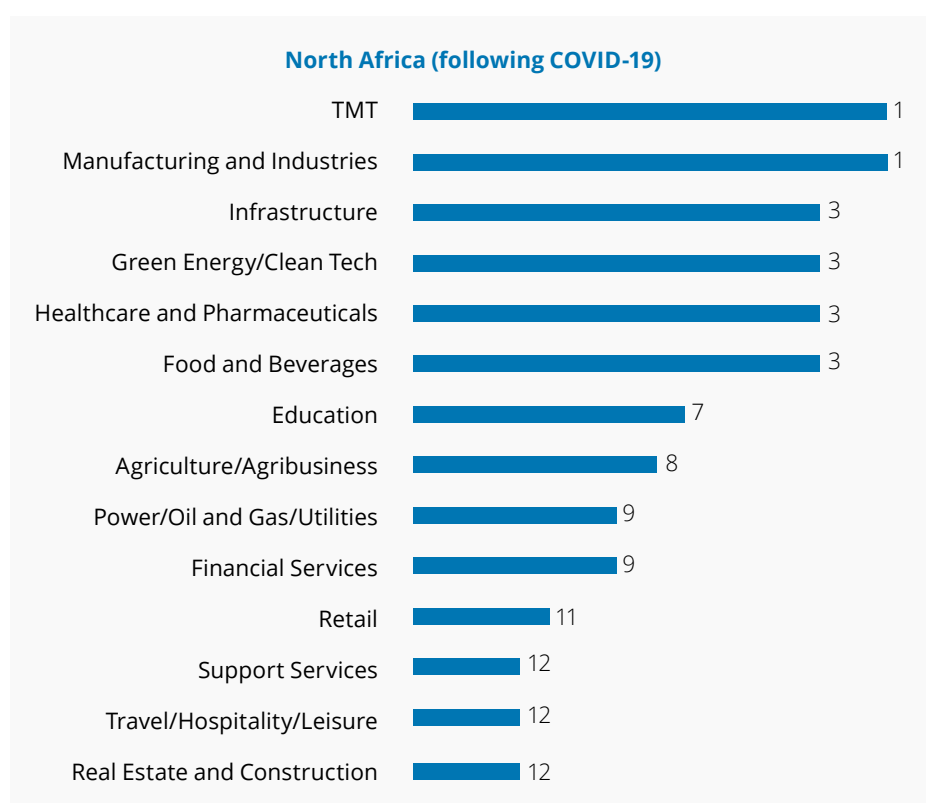
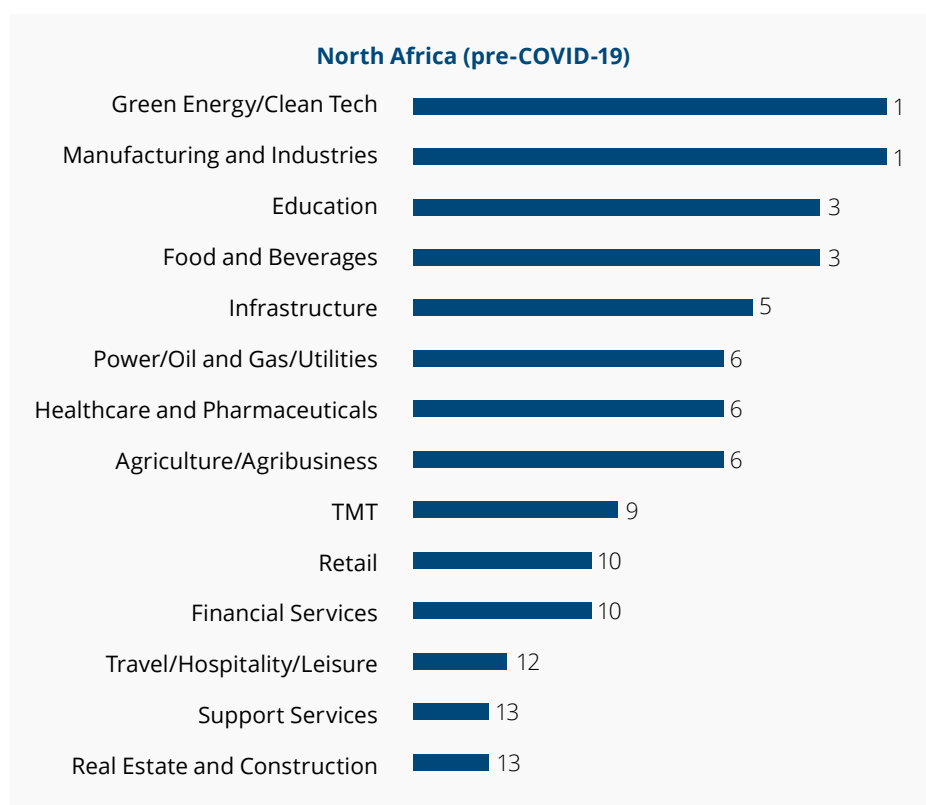


According to respondents, prior to the pandemic, sectors of most interest in **East Africa** included Education, Green Energy, Healthcare and Pharmaceuticals, followed by Infrastructure, Financial Services, and TMT. An interest in Education, and Healthcare and Pharmaceuticals was mainly driven by the increasing demand for quality education and better health services by the region's growing middle class.

East Africa has proven its potential for renewable energy (solar, wind, geothermal, and hydro). This, together with the region's limited access to energy, has spurred interest in Green Energy. The Infrastructure sector has also seen growing interest. With governments lacking adequate resources to finance key projects, the private market has shown a rising interest in infrastructure funding.

Financial Services has been viewed as a defensive sector, with attractive returns driven by good governance and innovation around online and mobile money platforms. TMT interest has been driven mainly by increased innovations and measures undertaken by various governments. For example, in Ethiopia, the liberalisation of sectors such as telecoms has attracted growing interest from investors.

The COVID-19 pandemic has adversely impacted the Entertainment, brick-and-mortar Retail, Hospitality, Leisure, and Travel sectors. As such, most PE firms are keen to diversify their investment targets in businesses that will be more resilient in the post-COVID economy. A stronger focus on Infrastructure, Green Energy, TMT, and Financial Services is expected going forward.

**Figure 19. Sectors of most interest in North Africa before and following the COVID-19 pandemic (ranked)**

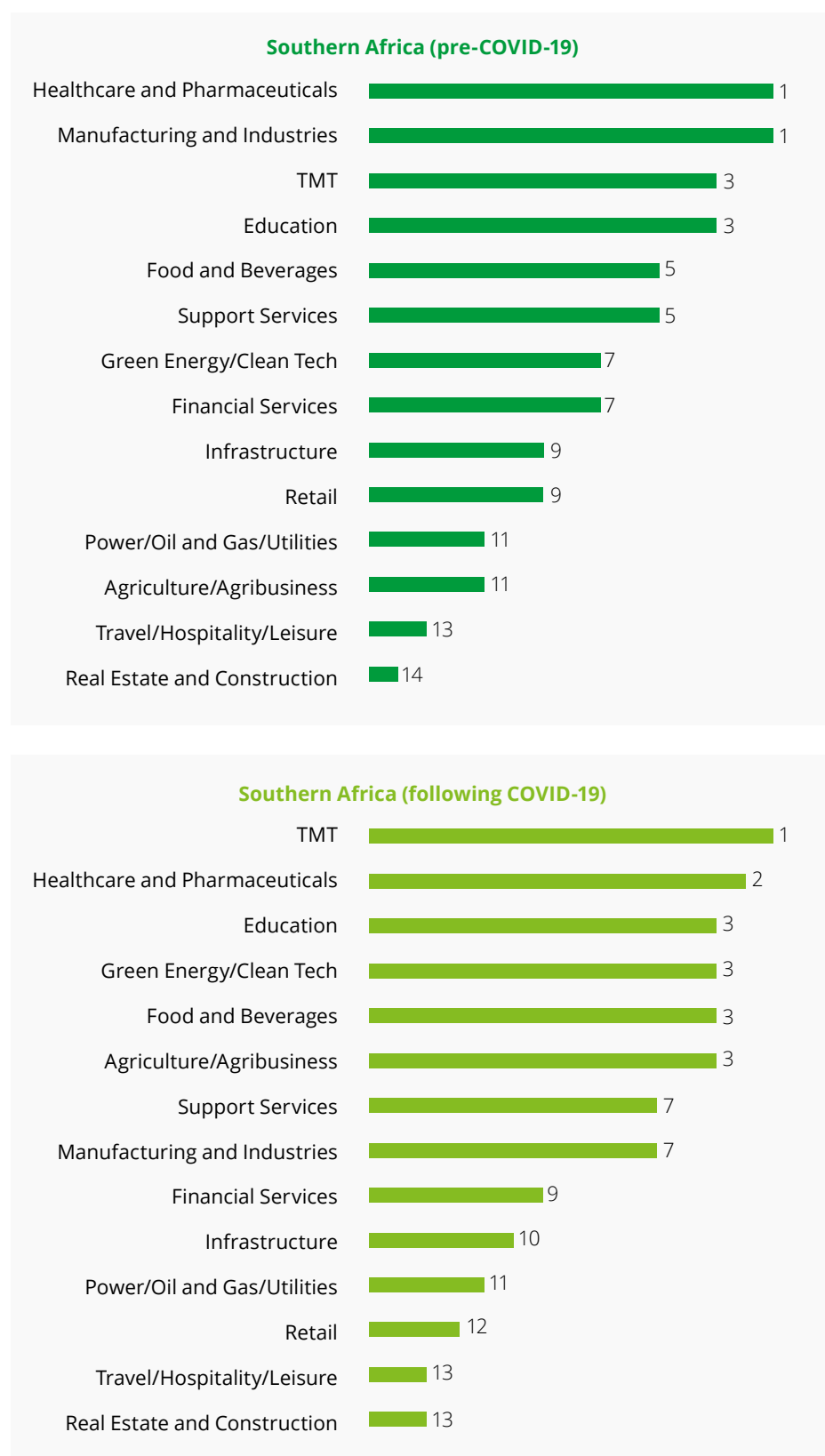
Before the pandemic, **North Africa's** top sectors of interest included Green Energy, and Manufacturing and Industries, followed by Education, Food and Beverages, and Infrastructure. With the onset of the pandemic, TMT, Infrastructure, as well as Healthcare and Pharmaceuticals, are expected to become of greater focus for PE investors.

The pandemic has revealed gaps in the healthcare systems in the region, and thus more investments are expected in the broader health ecosystem to improve access to medical equipment and healthcare facilities. A greater focus on TMT is also linked to accelerated digitalisation of economies, and the fact that technology and software companies generally outpace other industries in terms of generating value.

Based on responses, Infrastructure has become one of the top sectors of interest in North Africa following COVID-19. There has been a decline in both total number of projects under construction as well as value of projects between 2019 and 2020.<sup>48</sup> The decline in number of projects could likely create a rebounding trend for capital projects following the COVID-19 crisis. Some North African countries are strategically using the period of the pandemic to finalise Infrastructure projects in order to attract investors once their economies start recovering, as others delayed infrastructure projects owing to administrative and logistical challenges.



**Figure 20. Sectors of most interest in Southern Africa before and following the COVID-19 pandemic (ranked)**



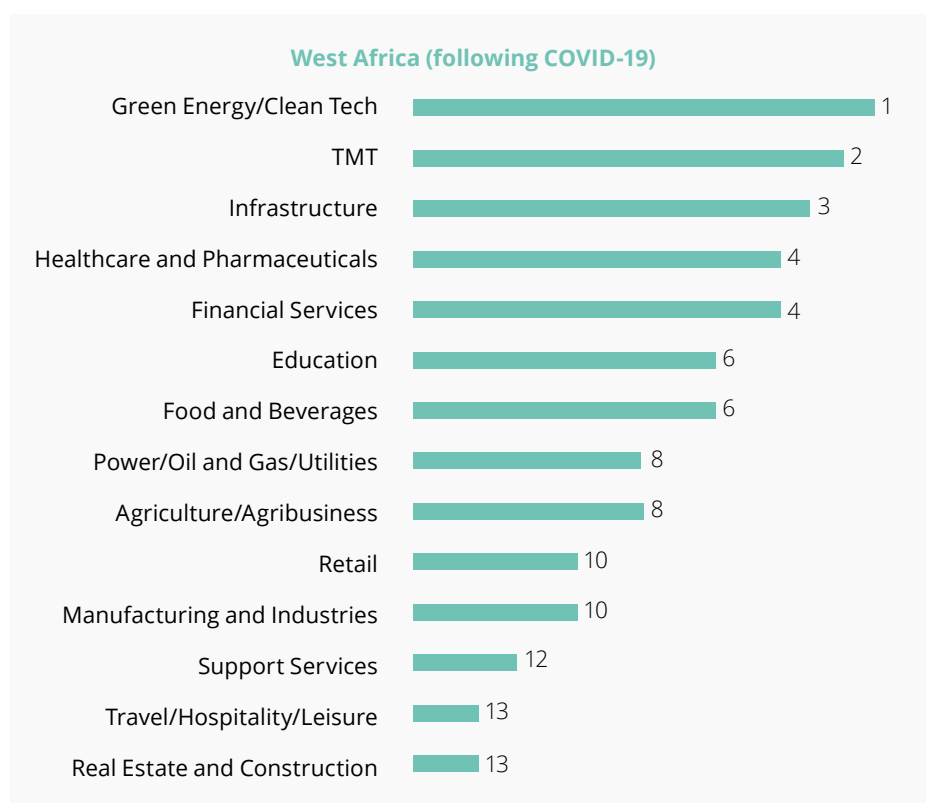
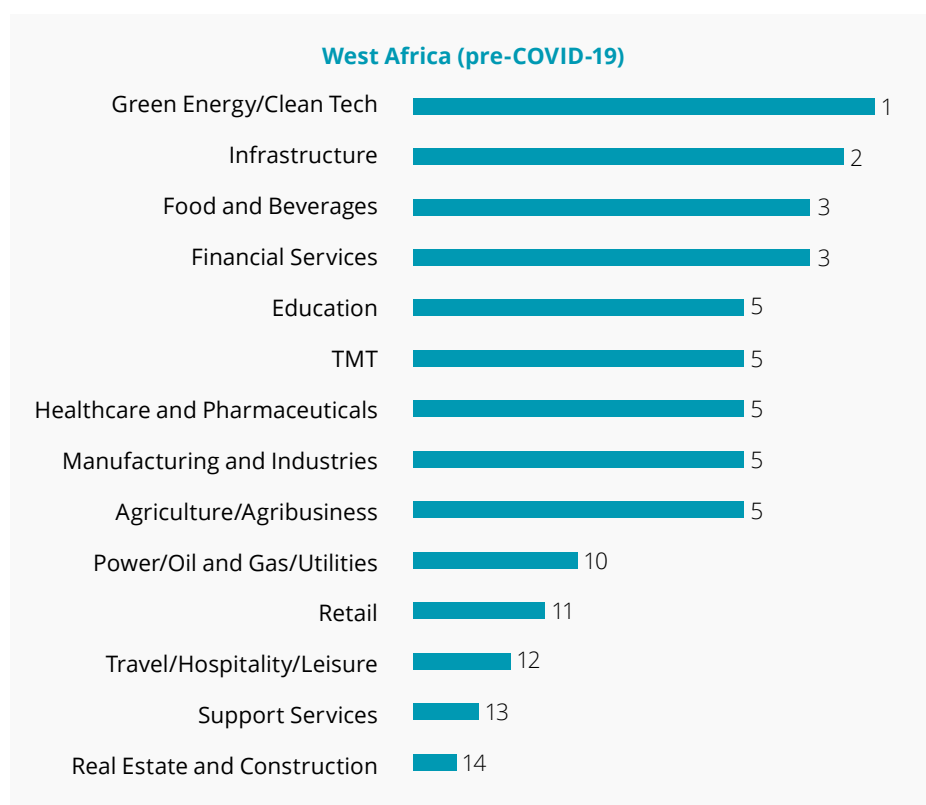
In **Southern Africa**, the shift to TMT as the primary sector of interest following COVID-19 is due to a rampant uptick in digital transformation, as companies which invested adequately in technology were less impacted by associated lockdowns and business interruption. Furthermore, TMT companies have benefitted from evolving work preferences, as organisations continue to adopt and encourage hybrid delivery (work from home and office) models.

A depleted public healthcare system in need of significant investment bodes well for interest in Healthcare and Pharmaceutical companies, which remain a key sector as a result of COVID-19.

Education also remains a key sector for PE. This is primarily as private institutions continue to benefit from the swift adoption of digital channels in private-sector education, enhancing the attractiveness of the sector.

An increasing focus on carbon neutrality and the political shift towards adopting a Green Energy component in the Southern African energy footprint has enhanced the attractiveness of the sector to PE firms.

Sectors significantly impacted by COVID-19 such as Travel and Real Estate are expected to attract the least interest from PE firms as the wider sector recovery outlook remains uncertain for businesses operating in these segments.

**Figure 21. Sectors of most interest in West Africa before and following the COVID-19 pandemic (ranked)**

Before the pandemic, respondents in **West Africa** focussed on Green Energy, Infrastructure, Food and Beverages, and Financial Services. During the pandemic, greater focus has again been placed on Green Energy, but also on TMT, Infrastructure, Healthcare and Pharmaceuticals, as well as Financial Services. This is reflective of sectors that have shown resilience through the pandemic and have the potential to achieve and sustain strong performance post-COVID-19.

Many West African countries battle with rising electricity demand and climate change impacts, resulting from fossil fuel combustion. As the region seeks to expand access to affordable electricity, combining sustainably managed hydropower plants with new solar and wind power projects is a promising option.

Measures such as working remotely have encouraged growth and interest in the TMT industry during the pandemic. Some telecoms companies have invested in improving broadband or high-speed telecoms.

# Deloitte insights:

## Early intervention can help reduce strain on underperforming portfolio companies



In March 2021, Deloitte Africa published the [South Africa Restructuring Industry Survey 2021](#) to unpack the outlook for the restructuring industry, particularly as a response to the COVID-19 pandemic.<sup>49</sup>

Unsurprisingly, 80% of respondents had experienced an uptick in restructuring activity in their portfolios over the course of the last 12 months. Furthermore, 88% of respondents were anticipating a further increase in restructuring activity over the next 12 months, especially as COVID-19 support programmes seemingly come to an end.

Similar sentiments are expressed amongst businesses in the West African region, where major economies like Nigeria have been significantly impacted by adverse macroeconomic factors that result in underperformance of businesses and financial distress. Increases in inflation rates, changes in the regulatory environment, foreign exchange and interest rate exposures are some of these macroeconomic changes that have occurred in the region within the last 12 months. Additionally, the fall in crude oil prices and the COVID-19 containment measures have negatively affected businesses in the region to varying degrees.

There are a few industries that have been spared negative financial impact, but even a well-diversified portfolio has not been shielded from widespread financial underperformance.

From a fund manager's perspective, this is of particular relevance, as underperforming

portfolio companies can impact and affect overall fund performance, through delayed exits, exchange rate volatility, and impaired valuations, which in turn leads to a challenging future fundraising environment. Equally, the requirement for additional working capital support at the portfolio company level, to manage the demand and supply-side shocks because of the pandemic, can strain the fund's cash resources, if not carefully managed and well understood.

As the recovery path for many economies is still unfolding, there are measures that fund managers can take to proactively manage the potential risks at a portfolio company level, and in turn mitigate any negative consequences at a fund level.

### **The importance of robust early-warning dashboards**

The *South Africa Restructuring Industry Survey 2021* emphasised that the most important improvement required is that of a well-functioning early-warning system. This is supported by 94% of respondents who believe that earlier intervention can lead to a successful turnaround. There is a need to ensure that the key performance indicators (KPIs) that are reported at board level include those that can identify emerging worrying trends and early warning of financial underperformance and distress. A detailed, rolling 13-week cash flow is a critical tool in understanding potential future cash constraints.

The intervention of the fund manager in providing experienced leadership at board level and interfacing between financial

institutions in funding support negotiations can be beneficial to the portfolio company. Frequent engagement with management to understand cash flow, liquidity headroom, working capital peaks and troughs, and the ability to stress-test these can provide the fund manager with meaningful insight into likely future pressure points and areas where enhanced skills are required.

Fund managers will require agility, patience, and active involvement in their portfolio companies to mitigate potential financial risk to the fund itself.



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# Acronyms

<b>AfCFTA</b>	African Continental Free Trade Area
<b>AfDB</b>	African Development Bank
<b>AVCA</b>	African Private Equity and Venture Capital Association
<b>CFO</b>	Chief Financial Officer
<b>DFI</b>	Development finance institution
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortisation
<b>FDI</b>	Foreign direct investment
<b>FT</b>	Financial Times
<b>GDP</b>	Gross domestic product
<b>GP</b>	General partner
<b>IMF</b>	International Monetary Fund
<b>IPO</b>	Initial public offering
<b>IT</b>	Information Technology
<b>KPI</b>	Key performance indicator
<b>LP</b>	Limited partner
<b>M&amp;A</b>	Mergers and acquisitions
<b>OECD</b>	Organisation for Economic Cooperation and Development
<b>PAT</b>	Profit after tax
<b>PE</b>	Private equity
<b>PECS</b>	Private Equity Confidence Survey
<b>SME</b>	Small and medium-sized enterprise
<b>SSA</b>	Sub-Saharan Africa
<b>TMT</b>	Technology, Media and Telecommunications
<b>UAE</b>	United Arab Emirates
<b>UK</b>	United Kingdom
<b>US</b>	United States



# Methodology

The 2021 Deloitte Africa Private Equity Confidence Survey focuses on four regions, namely East Africa, North Africa, Southern Africa, and West Africa. The country categorisation of these regions follows that of the African Development Bank (AfDB):

- **East Africa:** Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, Tanzania, Uganda.
- **North Africa:** Algeria, Egypt, Libya, Morocco, South Sudan, Sudan, Tunisia, Western Sahara.
- **Southern Africa:** Angola, Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia, Zimbabwe.
- **West Africa:** Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo.

Unless otherwise noted, the report is based on responses collected from GPs and LPs across the four regions that participated in the survey between February and April 2021.

Across the regions, there was a total of 78 usable GP responses and 15 LP responses, with a number of GPs and LPs able to provide views on multiple regions.

The questions posed to respondents were adapted from those asked in previous editions of the Deloitte Africa PECS.

Due to rounding, not all values will add up to 100% in the figures based on survey responses.

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