



**FOR IMMEDIATE RELEASE**

**Mergers and acquisitions exhibit remarkable resilience in Sub-Saharan Africa amid economic challenges.**

**NAIROBI 19 October 2023:** Mergers and Acquisitions (M&A) in Sub-Saharan Africa (SSA) staged a remarkable resurgence in the post-pandemic era. In contrast to global trends, SSA recorded record-breaking transaction volumes in 2022, as revealed by a KPMG report titled *Doing Deals in Sub-Saharan Africa 2023* launched today. According to the report, there were 297 deals announced in SSA last year, marking a 21% increase from 2021 and nearly doubling the deal activity observed in 2020. While total deal value fell sharply year-on-year in 2022, it remained within a range of annual aggregate values seen in the previous decade, reaching US\$19.2bn, a notable recovery from US\$8.6bn in 2020. Overall, it represents an impressive increase and reflects the dynamism and immense growth potential of SSA.

In 2022, the East Africa region enjoyed a record year for deal volume, which increased by 60% year-on-year. The standout transaction of 2022 in the region was the acquisition of Tanzania-based nickel producer Lifezone Metals by GoGreen Investments, a U.S. special purpose acquisition company, with a total value of US\$878 million. Despite this surge in deal activity, the region struggled to match the growth in deal value, consistently trailing behind other Sub-Saharan African regions.

**Key findings**

- Sub-Saharan Africa's energy, mining & utilities (EMU) sector attracted the highest aggregate deal value in 2022 at US\$7.8bn. The sector also recorded the region's highest deal volume at 64 deals in 2022, matching the total for 2021.
- A total of 86% of East Africa's respondents identified managing economic and political volatility, as well as currency risk, as the paramount challenges encountered when considering investments in the region.
- Deal makers in Sub-Saharan Africa are largely focused on private markets as opposed to listed companies with more than half the respondents (57%) indicating that their most recently acquired target was privately held. This approach is due to private companies' flexibility and fewer stakeholders involved, allowing negotiations to be conducted in a bilateral and confidential manner.



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- Tanzania (15%) ranks ahead of Kenya (14%) and Uganda (10%) as the preferred destination for investments or acquisitions in the East African region.
- More than half of strategic investors (51%) expressed a preference for investing in established, mature companies, while the majority of financial investors (62%) favor investments in companies that are in their growth stage. Only 4% of investors indicated their inclination toward investing in startups.

Interestingly, the report highlights that 25% of strategic investors are primarily driven by the acquisition of physical assets in their deals. In contrast, financial investors display a greater interest in the intellectual property and technology offered through deals in SSA, with 36% of these respondents citing it as their primary motivation for their next deal.

Speaking during the launch, **Ijeoma Emezie-Ezigbo, Partner and Head of Transactions Advisory-KPMG Africa**, said that "In an environment of rapid change and disruption, this survey report offers a comprehensive insight to help organizations make informed decisions and seize opportunities in the dynamic world of dealmaking."

On his part, **Julius Ngonga KPMG East Africa's Head of Deal Advisory** noted that, "The 2022 deal data reflect the overarching themes that define M&A in the region. Investors continue to be drawn to SSA's abundant natural resources, demand for connectivity, technology that enables access to the last mile, and sectors including healthcare, financial services, and education that are benefitting from a rapidly expanding consumer market and are key to unlocking the region's vast growth potential."

Despite a challenging macro-economic environment in SSA, deal makers are optimistic on growth prospects over the next few years with more than two-thirds (68%) of the respondents anticipating increased deal activity in the region, including 31% who expect a significant increase. This positive sentiment is supported by the fact that 67% are more likely to invest in SSA again based on their previous experience, and 68% of those based outside of SSA had a positive experience, making them more inclined to make further investments in the region.

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## **Notes to Editors**

### **About the Survey**

The ***Doing Deals in Sub-Saharan Africa 2023*** was conducted in H2-2022(July- December) and is the first one of its kind from KPMG Africa. 150 C-suite-level and other senior executives were surveyed based on their experience in dealmaking in Sub-Saharan Africa (SSA) over the last four years. The respondent group was divided equally between domestic investors (i.e., based in SSA) and international investors (i.e., based outside of SSA). Among the domestic investors, 71% were strategic investors and 29% financial investors. Among international investors, 69% were strategic and 31% were financial investors.

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