

SAVCA 2016

Private Equity Industry Survey

**SAVCA Venture Capital and Private Equity Industry Performance
Survey of Southern Africa covering the 2015 Calendar Year**



Research Partner



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Sunset at the rock formation 'La Fenetre' near Isalo, Madagascar.

Foreword

As the industry representative of private equity and venture capital in Southern Africa, we're pleased to publish the SAVCA 2016 Private Equity Industry Survey. This report, now in its sixteenth year of production, is amongst the most comprehensive and enduring surveys of its kind for the asset class internationally, and enables SAVCA to comment authoritatively on trends in private equity in Southern Africa.

The standout theme from this survey, which covers activity during 2015, is the notable pick-up in fund raising by private equity managers: R29.0 billion was raised in 2015, up from R11.8 billion in 2014 and the highest on record for the industry (excluding allocations by South Africa's Government Employees Pension Fund to the PIC). The vast majority of this capital was sourced by independent fund managers from third-party investors for late-stage mandates.

Brisk capital raising contributed to growth in industry-wide funds under management, which totalled R165.3 billion at the end of 2015, compared to R150.3 billion at the end of the previous year (data excludes funds under management by the PIC). The industry has clocked compounded annual growth of 11.9% since the survey commenced in 1999.

Funds under management include R40.6 billion in undrawn commitments (2014: R41.6 billion), which will be called upon in the next few years as managers implement their investment strategies.

The value of investment activity during 2015 reached R10.5 billion (2014: R13.9 billion), of which R4.4 billion was for follow-on investments and R6.1 billion for new investments. By value, most of the deal activity was centred on late-stage assets in financial services, retail, infrastructure and manufacturing, reflecting the generalist nature of the Southern African private equity industry.

BEE remains a significant feature and driver of private equity in South Africa. Nearly two-thirds of the value of deals done in 2015 entailed investee companies with BEE ratings of four or better.

Realisations totalled R4.5 billion (2014: R5.6 billion), with trade sales being the most prominent exit route by value. The industry returned R8.9 billion in funds to investors in 2015 (2014: R11.0 billion), which includes proceeds from realisations, dividends, loan repayments and interest representing a times money multiple of 1.9 times (2014: 2.3).

There was an increase in the participation of the number of private equity fund managers in this year's survey: Having approached 110 potential respondents, we received completed questionnaires from 72 managers (2014: 59) representing 84 funds (2014: 76). This information was augmented through alternative sources for a further 10 managers representing 18 funds.

We thank SAVCA members for their support and involvement, which enabled us to produce this survey.

KPMG South Africa has been our research partner for this survey and was, once again, responsible for gathering, processing and analysing the very large volume of data. We are grateful to Michael Rudnicki, Bridget Blackburn and Julie Booysen for their unflagging commitment to this survey.

A handwritten signature in black ink that reads "Erika van der Merwe".

Erika van der Merwe

CEO: Southern African Venture Capital and Private Equity Association



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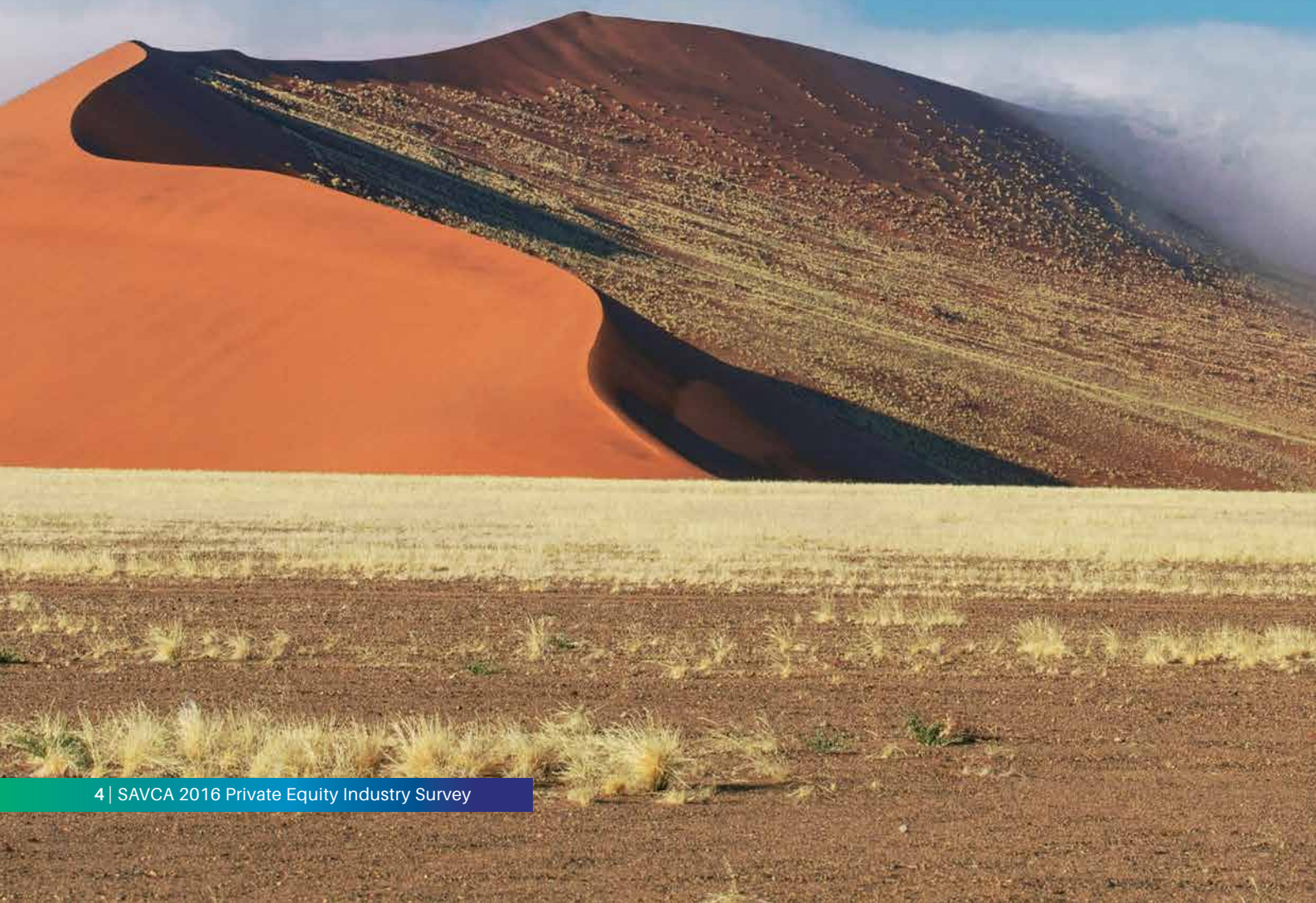
191 total deals concluded • 85 BEE deals concluded • 200 plus years industry experience

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Highlights



Highlights

- South Africa's private equity industry, including both private and government funds (excluding the Public Investment Corporation (PIC)), had R165.3 billion in funds under management (FUM) at 31 December 2015, an increase from R150.3 billion at 31 December 2014¹. This represents a compound annual growth rate of 11.9% since 1999, when the survey first began.
- Had the PIC been included in the total FUM at 31 December 2015 and 31 December 2014, and assuming that the 2015 PIC FUM remained constant with 2014, the total industry FUM would have increased from R189.9 billion in 2014 to R204.9 billion in 2015.
- Of FUM at the end of 2015, R40.6 billion were in undrawn commitments. R21.0 billion was available for future investments exclusively in South Africa and R19.6 billion for Pan Africa (the latter includes the mandate to invest in South Africa and the rest of Africa).
- Of the R40.6 billion in undrawn commitments, 85.5% is committed to Independents (R34.7 billion), 11.3% to Captives – Financial Services (R4.6 billion), 0.7% to Captives – Government (R0.3 billion) and 2.5% (R1.0 billion) to Captives – Other.
- R29.0 billion was raised in 2015, an increase from the R11.8 billion raised in 2014. The bulk of funds raised (95.9% or R27.8 billion) is for late-stage investments.
- Of funds raised during 2015, 75.8% were from South African sources (2014: 55.2%). South Africa has been the source of 54.7% of cumulative funds raised to date and not yet returned to investors (2014: 46.6%)
- Investment activity for Independents only, as a percentage of GDP, was 0.2% (2014: 0.1%). This compares with 1.9% for the UK and 1.4% for the US.
- The value of new investments totalled R10.5 billion during 2015, compared with R13.9 billion in 2014. Of the R10.5 billion invested, R4.4 billion was for follow-on investments, and R6.1 billion for new investments.
- Funds returned to investors in 2015 totalled R8.9 billion, a 19.1% decline from the R11.0 billion returned to investors during 2014.

¹ The PIC did not participate in this year's survey, and thus no 2015 data is available for the PIC. The PIC is not participating as it is the PIC's belief that the nature of their investments within private equity includes investments in assets which may not necessarily constitute private equity in the traditional sense. PIC data, previously classified under Captives-Government, has been removed from historical survey data to ensure comparability over time.



CAPITALWORKS



“A ship in harbour is safe, but that’s not what ships are for.”

John A. Shedd

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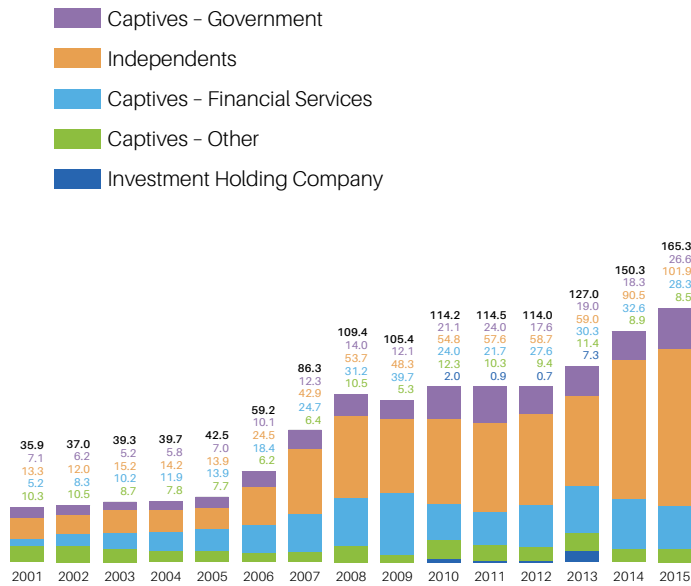
As an active private equity investor with more than USD515 million under management, Capitalworks continues to seek new opportunities across a broad spectrum of industries to add to our growing portfolio.

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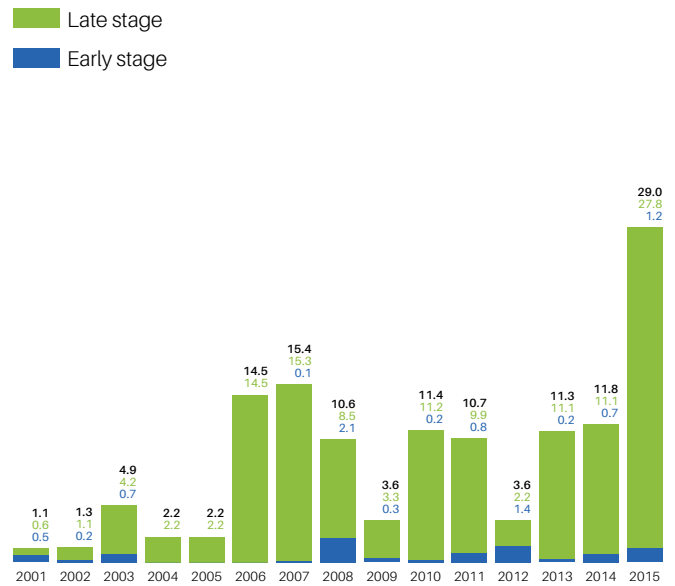
www.capitalworksip.com

Highlights

Composition of total FUM (Rbn)

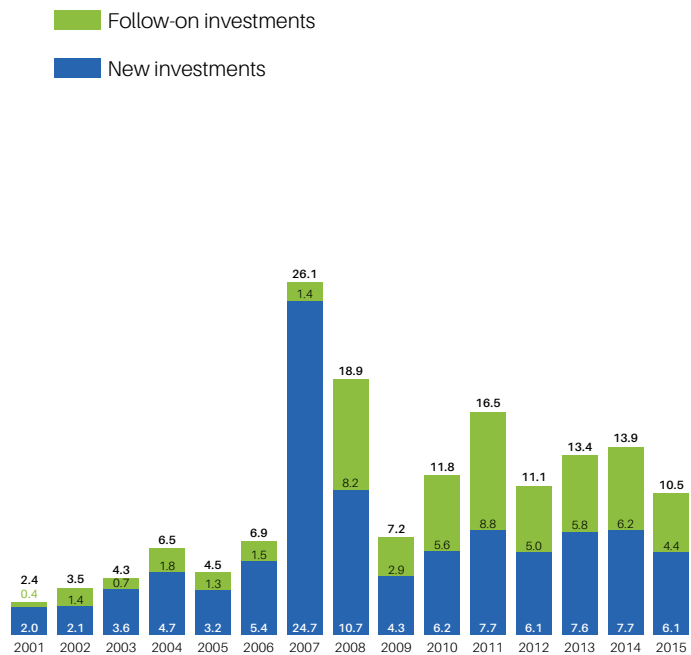


Third-party funds raised during the year, analysed by fund stage (Rbn)*

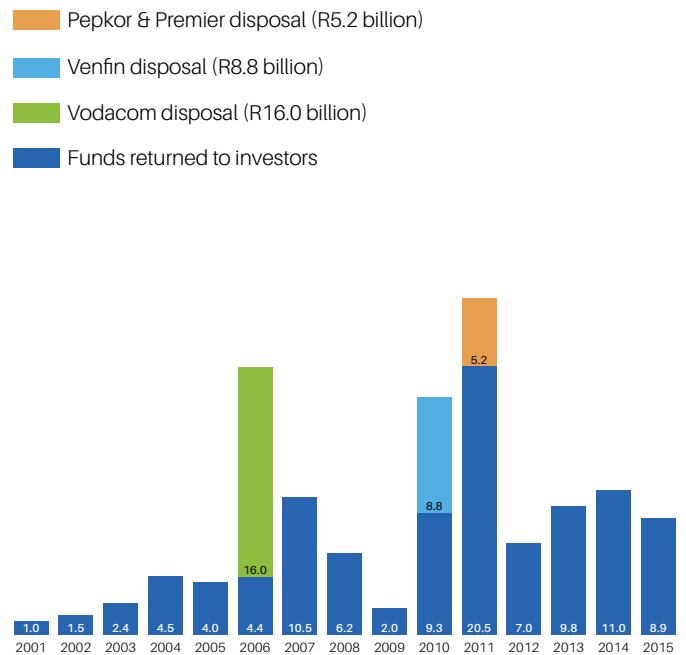


* Funds raised include funds that may be invested in South Africa or other African countries not specified.

Cost of investments made during the year, analysed by new and follow-on investments (Rbn)



Funds returned to investors during the year (Rbn)





Funds under management

2



Funds under management

- The survey reflects that the South African private equity industry has a total of R165.3 billion in funds under management (FUM). This is a R15.0 billion increase from the R150.3 billion in FUM at 31 December 2014.^{2,3}
- The industry has achieved a compound annual growth rate of 11.9% in total FUM since 1999, when the survey began.
- FUM by Independents have increased by R11.5 billion, from R90.4 billion at 31 December 2014 to R101.9 billion at 31 December 2015.
- Total FUM by Captives – Financial Services decreased by R4.3 billion, from R32.6 billion at 31 December 2014, to R28.3 billion at 31 December 2015.
- The Captives – Government category increased from R18.3 billion in 2014 to R26.6 billion in 2015.
- Total undrawn commitments at 31 December 2015 reached R40.6 billion (2014: R41.6 billion), of which R34.7 billion (2014: R35.1 billion) reflects the undrawn commitments of independent fund managers.
- Private equity fund managers predominantly have a generalist mandate, with more than two thirds of the FUM at 31 December 2015 in the category Generalist.

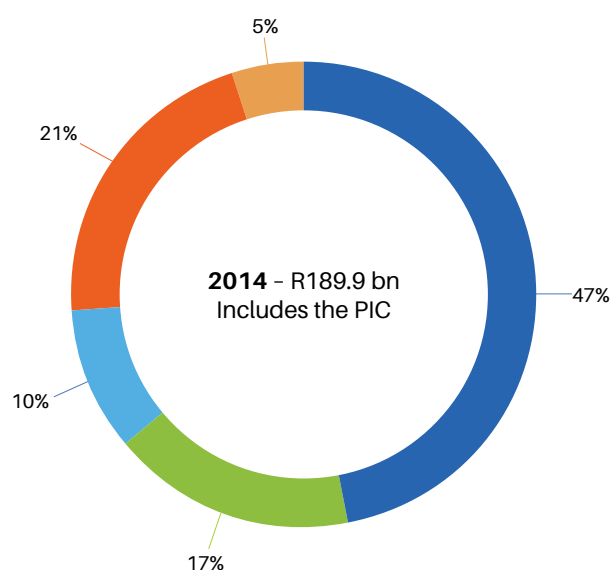
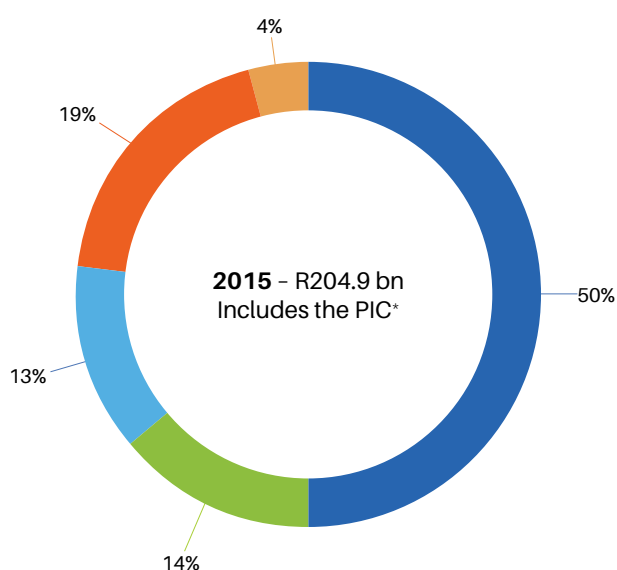
² The PIC did not participate in this year's survey, and thus no 2015 data is available for the PIC. The PIC is not participating as it is the PIC's belief that the nature of their investments within private equity includes investments in assets which may not necessarily constitute private equity in the traditional sense. PIC data, previously classified under Captives-Government, has been removed from historical survey data to ensure comparability over time.

³ The total FUM includes Pan-African funds which have an element of undrawn commitments that may be invested in South Africa or other African countries not specified.

Funds under management

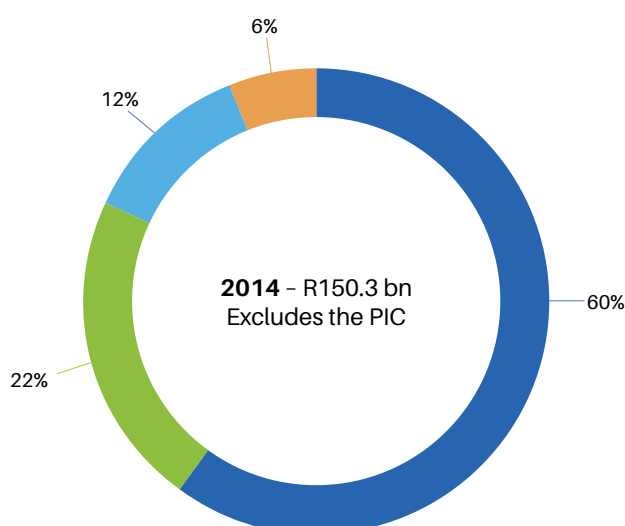
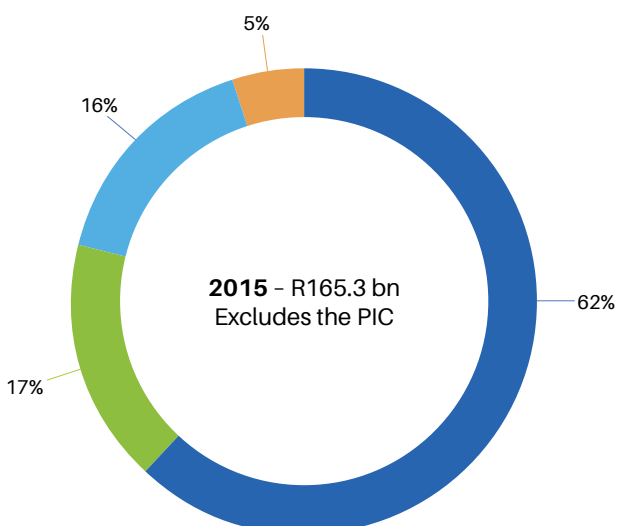
Figure 1 | Total FUM

- Independents (55 Managers)
- Captives - Financial Services (12 Managers)
- Captives - Government (4 Managers)
- Captives - Government (PIC)
- Captives - Other (6 Managers)



* Data included here for the PIC is illustrative and is based on an assumption that PIC FUM remained constant with 2014

- Independents (55 Managers)
- Captives - Financial Services (12 Managers)
- Captives - Government (4 Managers)
- Captives - Other (6 Managers)



Funds under management

Figure 2 | Composition of total FUM (Rbn)

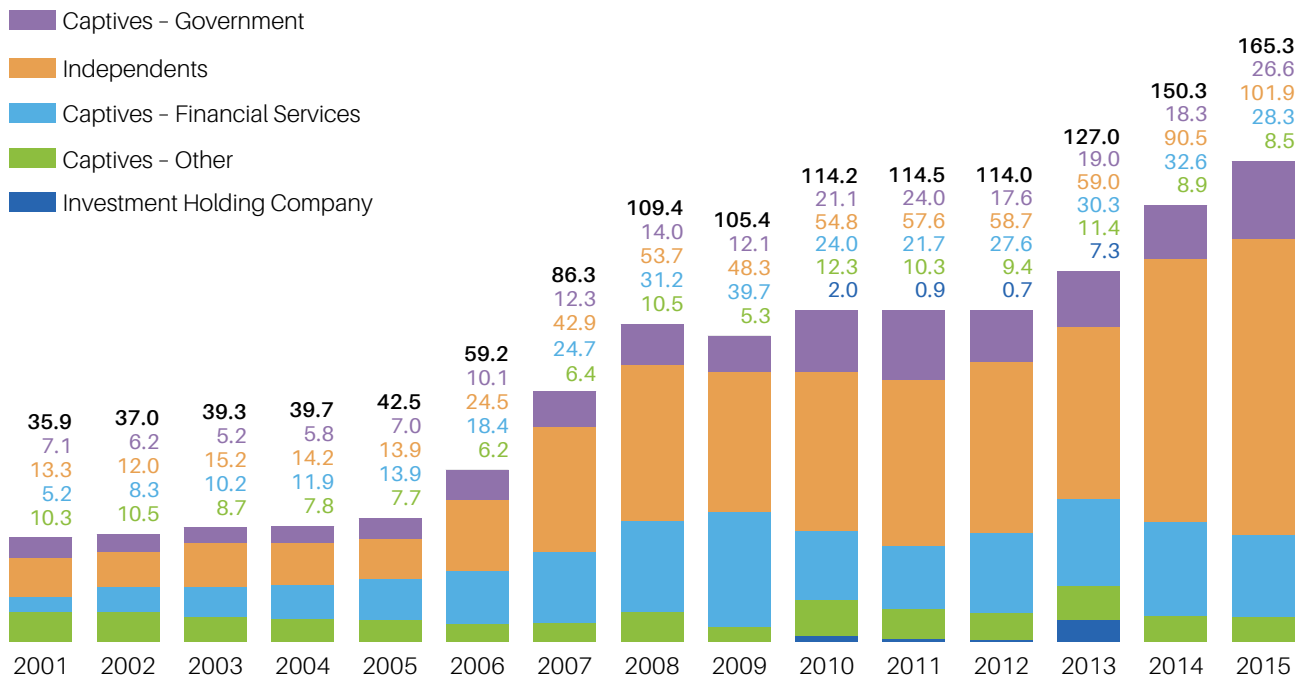
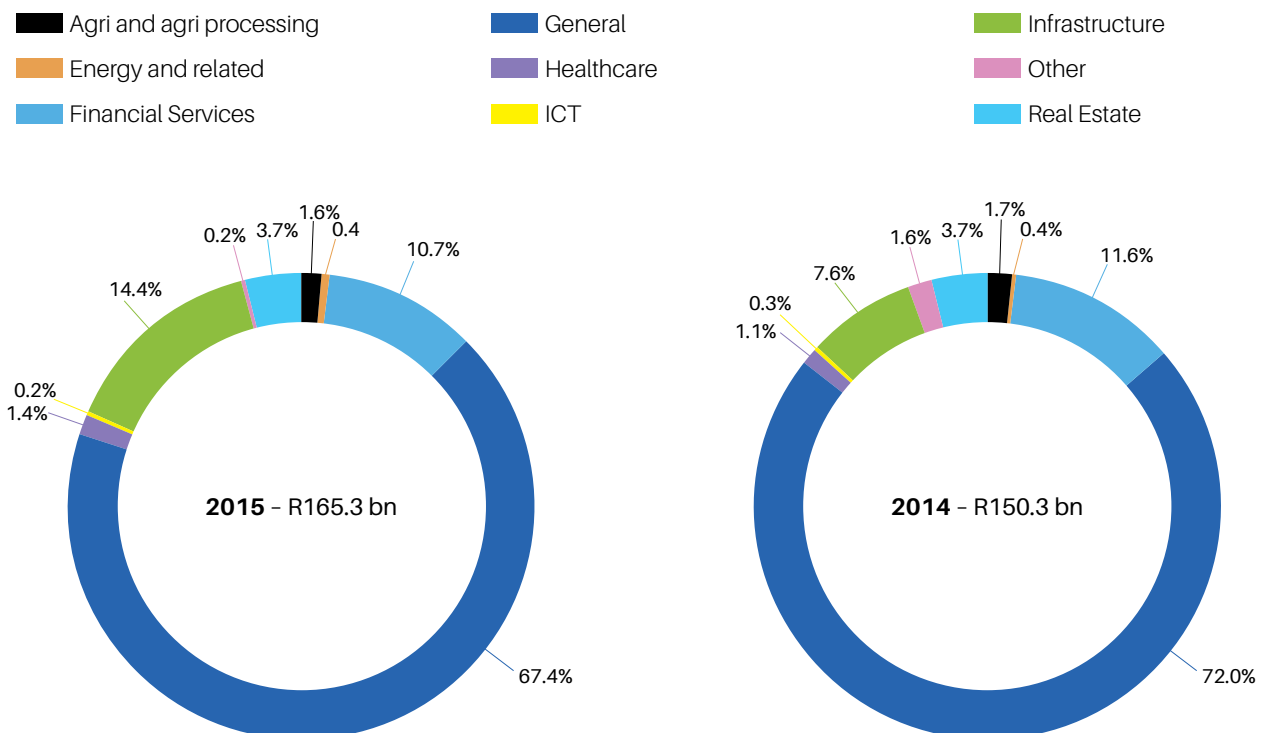


Figure 3 | Composition of total FUM at 31 December by the focus of the fund



Funds under management

Figure 4 | Total FUM at 31 December, split by undrawn commitments and investments (Rbn)

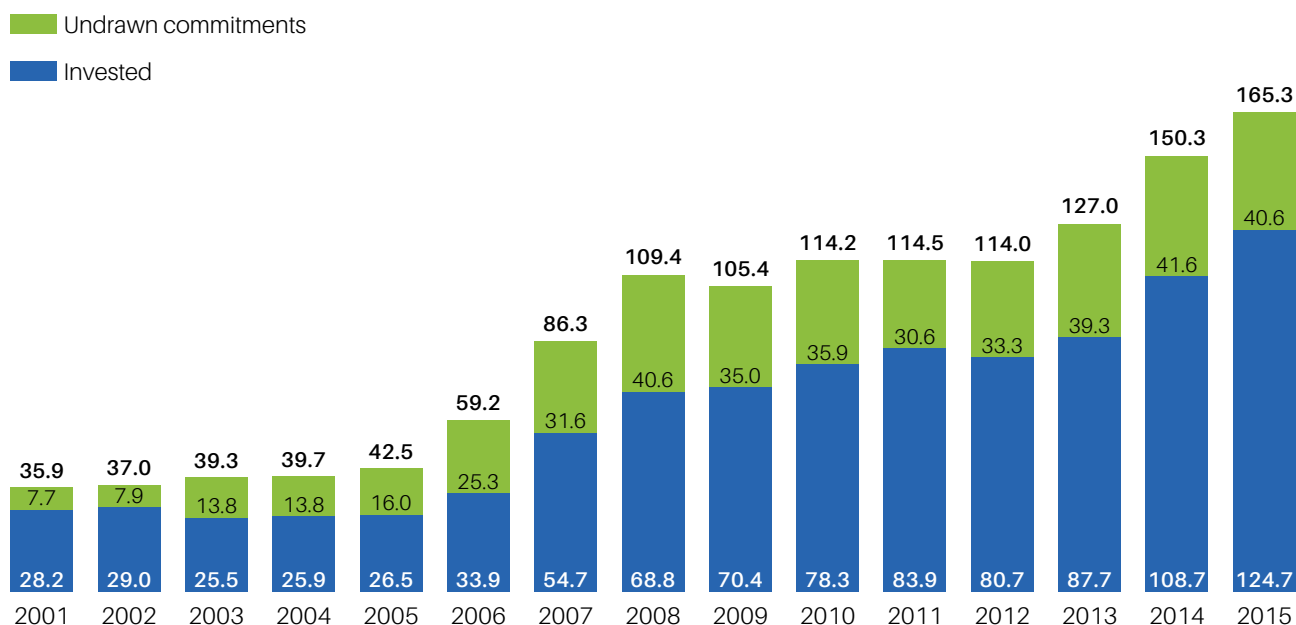


Figure 5 | Total FUM by type, split by undrawn commitments and invested (Rbn)



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Funds under management

Figure 6 | Total FUM at 31 December, split by invested and geographical undrawn commitments (Rbn)

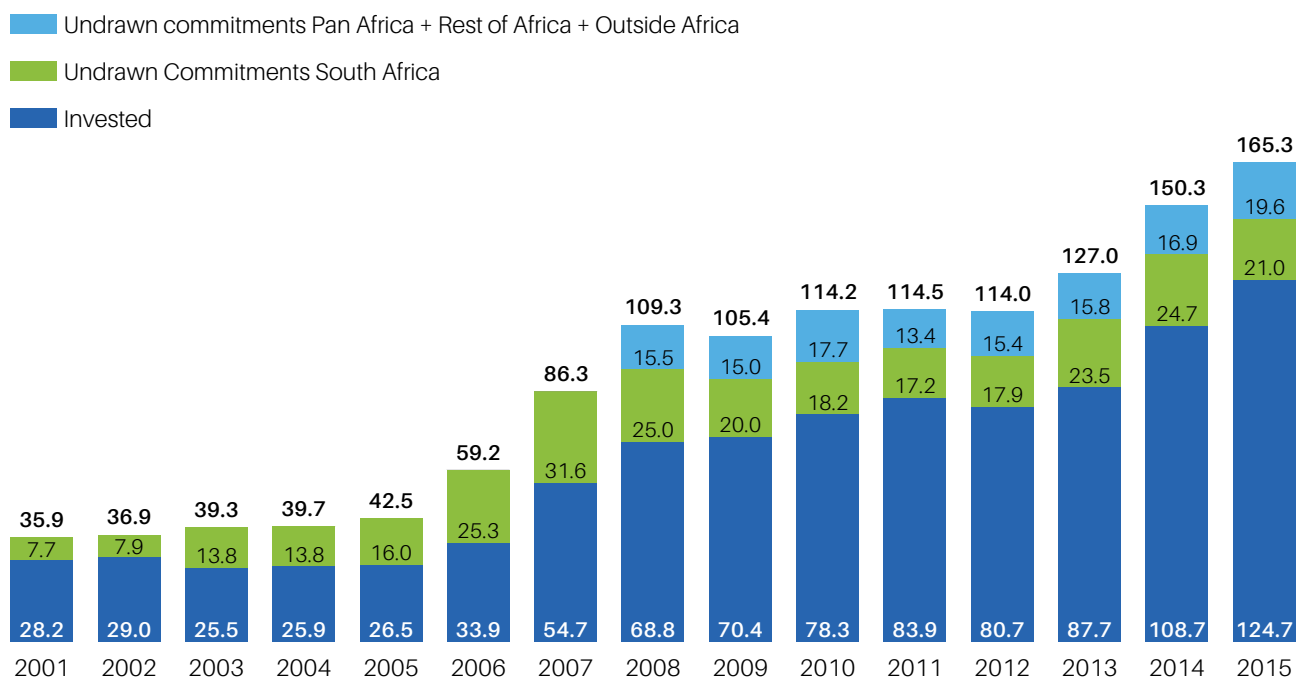
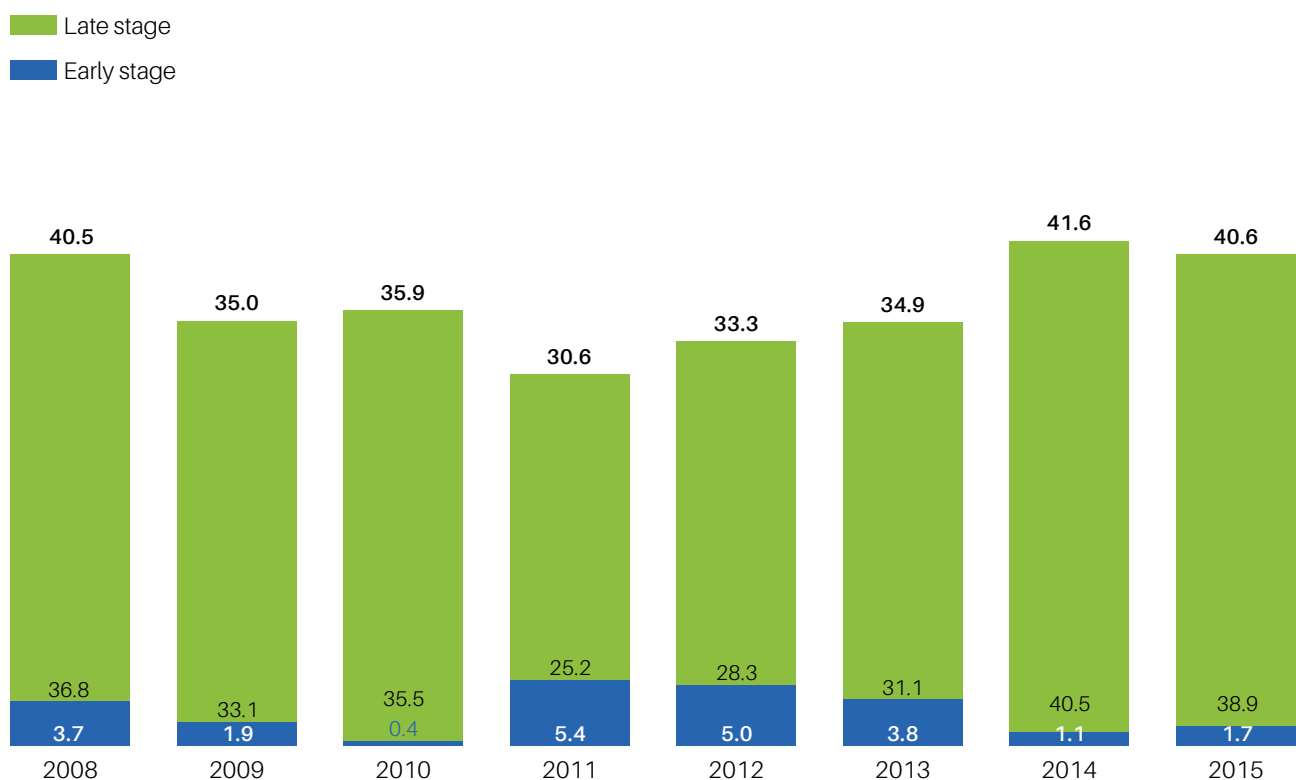


Figure 7 | Classification of undrawn commitments by stage of investments (Rbn)



Funds under management

Figure 8 | Classification of undrawn commitments by type of fund manager (Rbn)

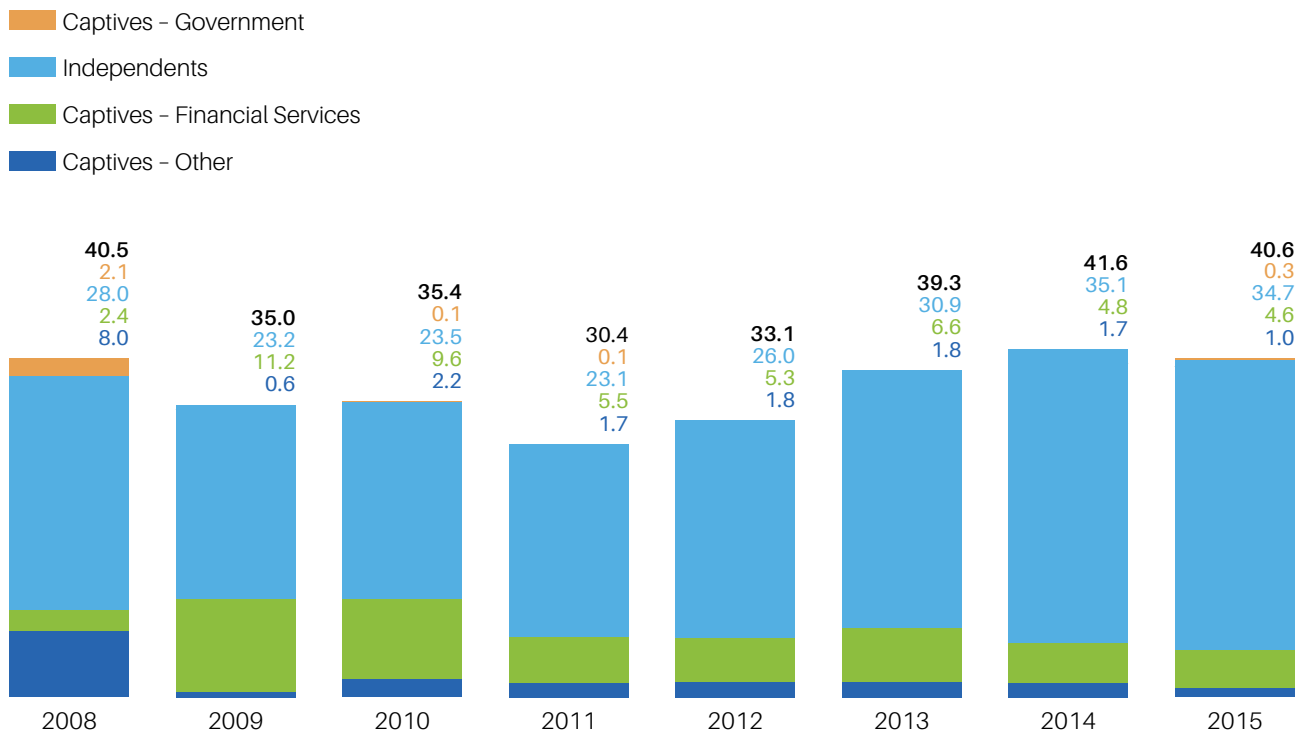
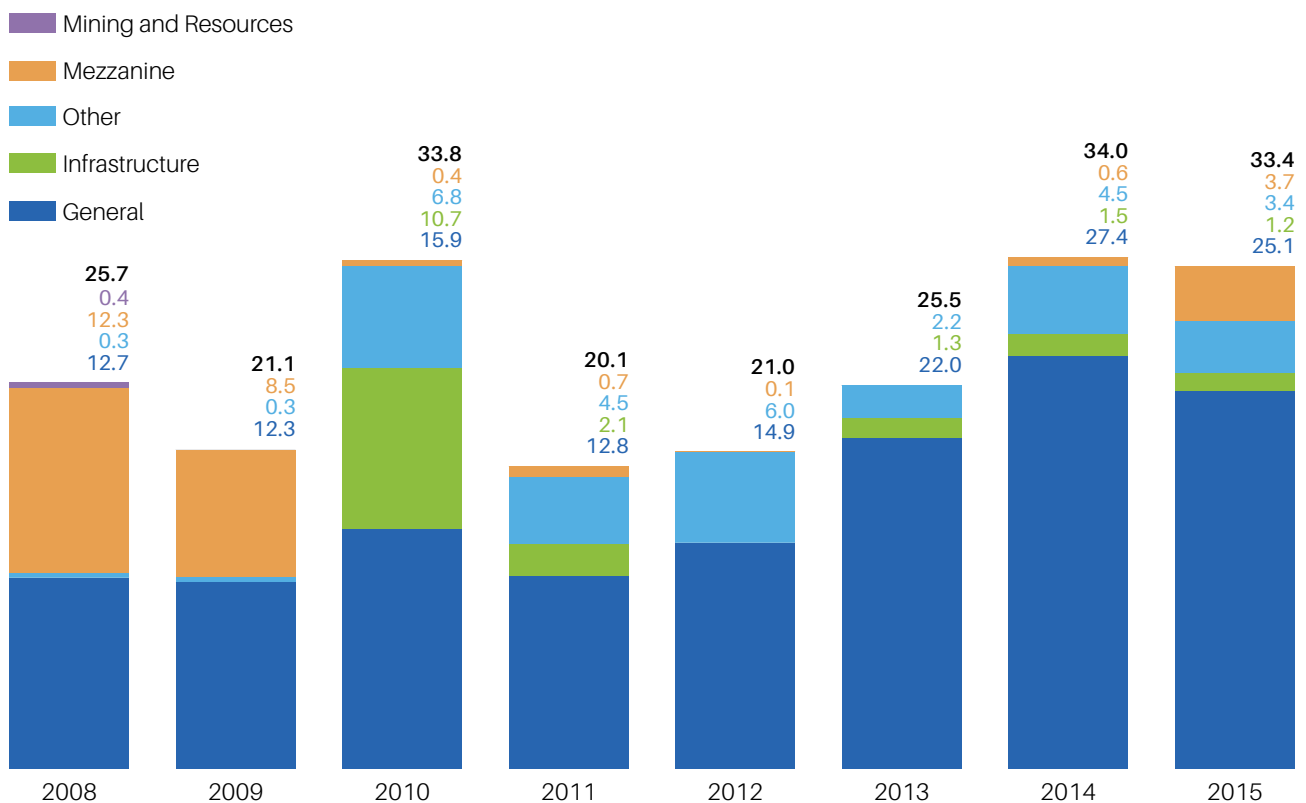
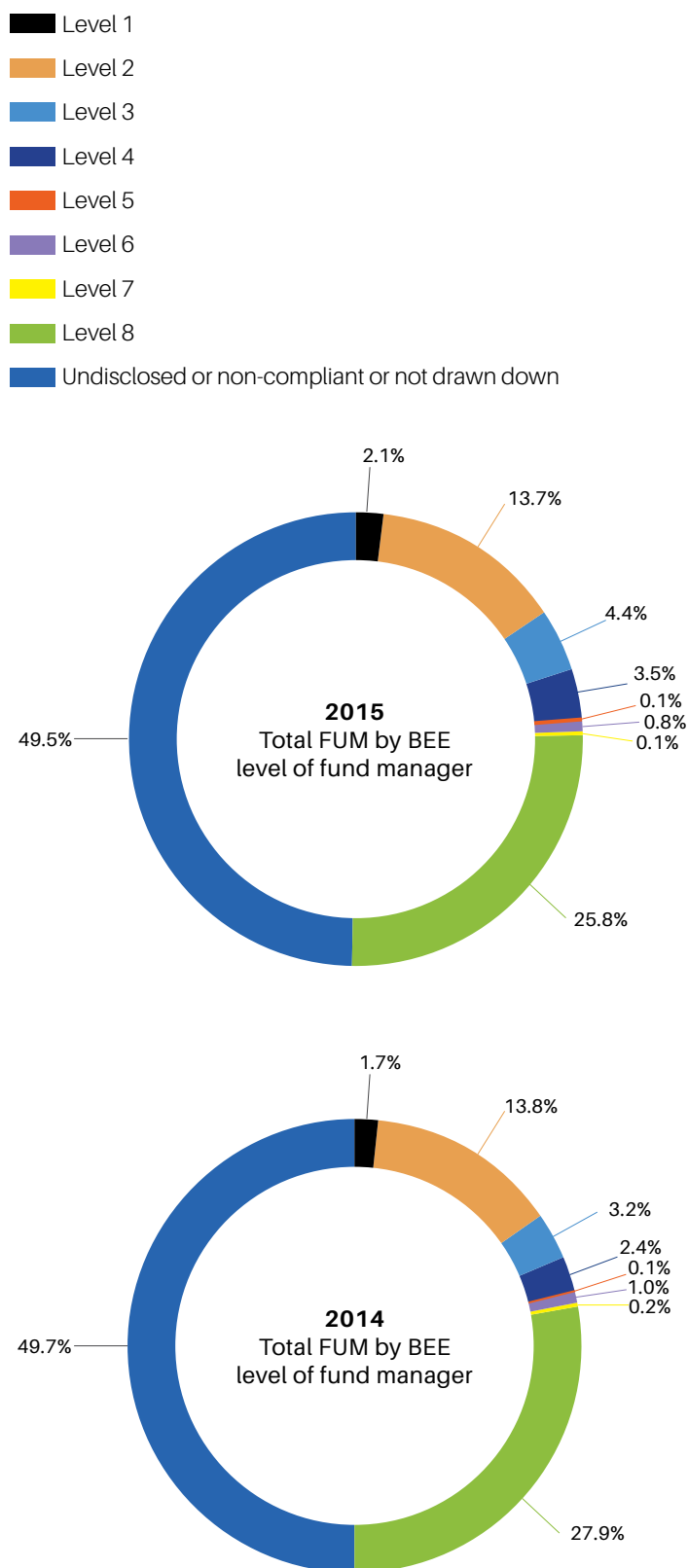


Figure 9 | Composition of late stage, independent undrawn commitments by focus of the fund (Rbn)



Funds under management

Figure 10 | Composition of FUM by BEE level of fund managers at 31 December

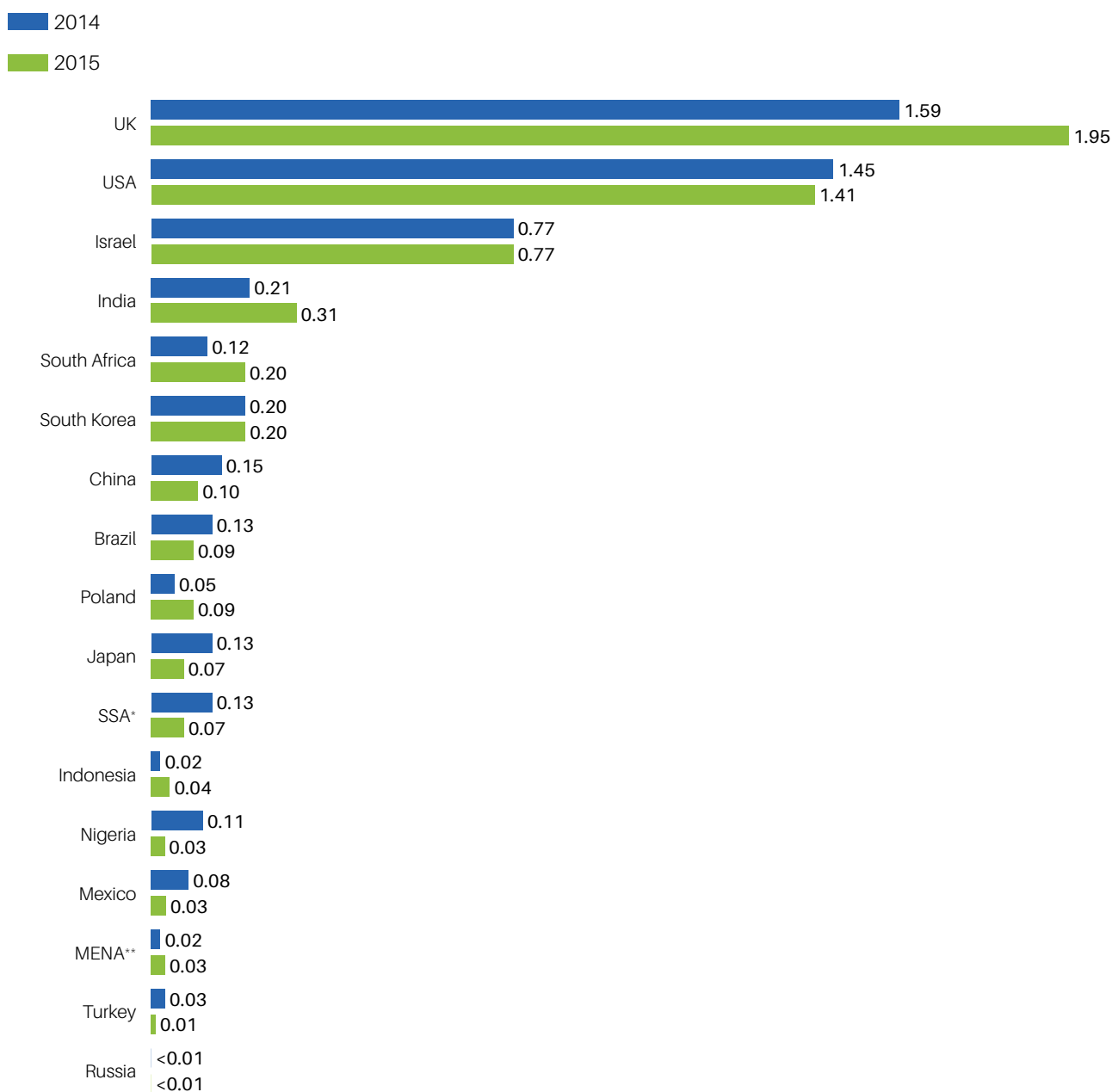


Funds under management

Comparison to the global market

- Although the South African private equity industry as a whole is relatively small in comparison to those of the US and UK, it is well established and locally significant.
- Using EMPEA information, together with survey data for South Africa, South Africa has investment activity as a percentage of GDP for 2015 of 0.20% (2014: 0.12%).


Figure 11 | Global private equity capital penetration (as a % of GDP)



* Sub-Saharan Africa

** Middle East and North Africa

Source: EMPEA Q1 2016 Industry Statistics for Emerging Markets Private Capital



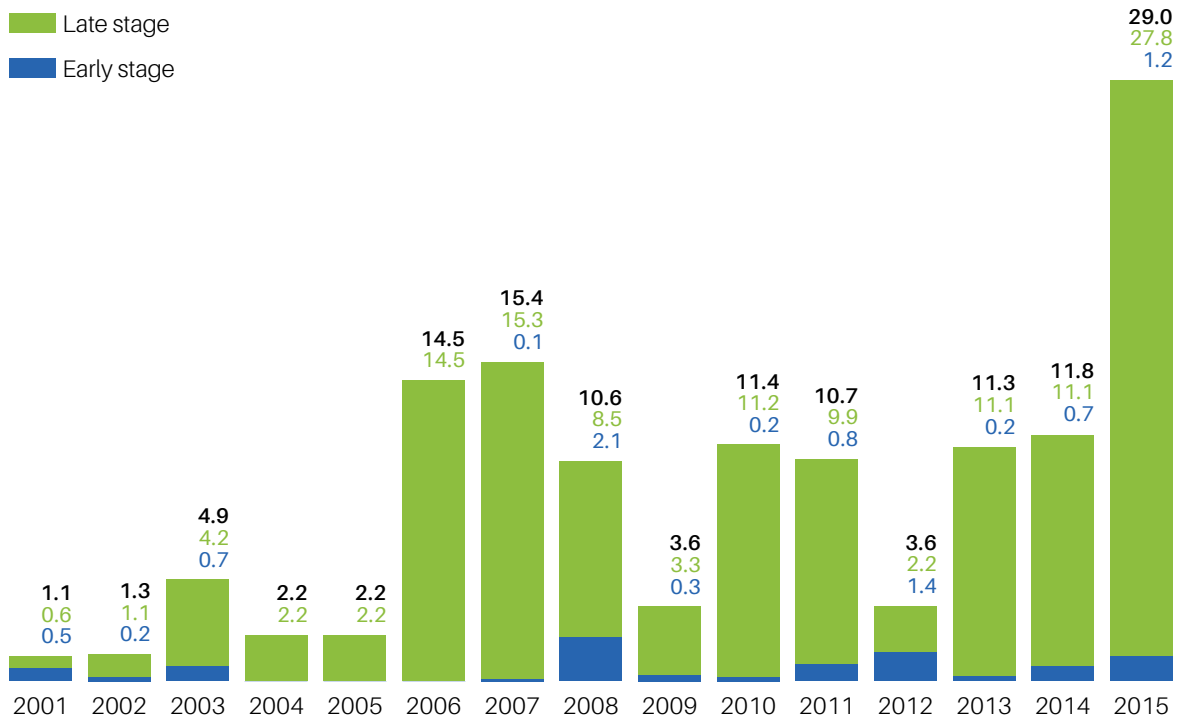
Fund raising activity

3

Fund raising activity

- The total of third-party funds raised by the industry in 2015 reached R29.0 billion, a 145.4% increase from the R11.8 billion reported for 2014.⁴
- Independents account for the majority of reported fund raising activity during 2015, accounting for 94.1% of funds raised during the year (2014: 85.4%).
- By regional source, R3.4 billion (60%) of total funds raised in 2015 was from South African sources.
- Pension and Endowment Funds were the source of 56.2% of all third-party funds raised during 2015 (2014: 25.0%). Governments, aid agencies and DFIs accounted for 24.4% in 2015 (2014: 57.7%) and private equity fund of funds made up 10.3% of funds raised in 2015 (2014: 4.4%).
- Cumulatively, of the funds raised but not yet returned to investors, South Africa is the main source of fund raising (54.7%), ahead of the UK (20.7%) and the US (9.8%).

Figure 12 | Third-party funds raised during the year, analysed by fund stage (Rbn)



⁴ Funds raised include funds that may be invested in South Africa or other African countries not specified.

Fund raising activity

Figure 13 | Source of third-party funds raised during 2015 for investment in South Africa only (Rbn)

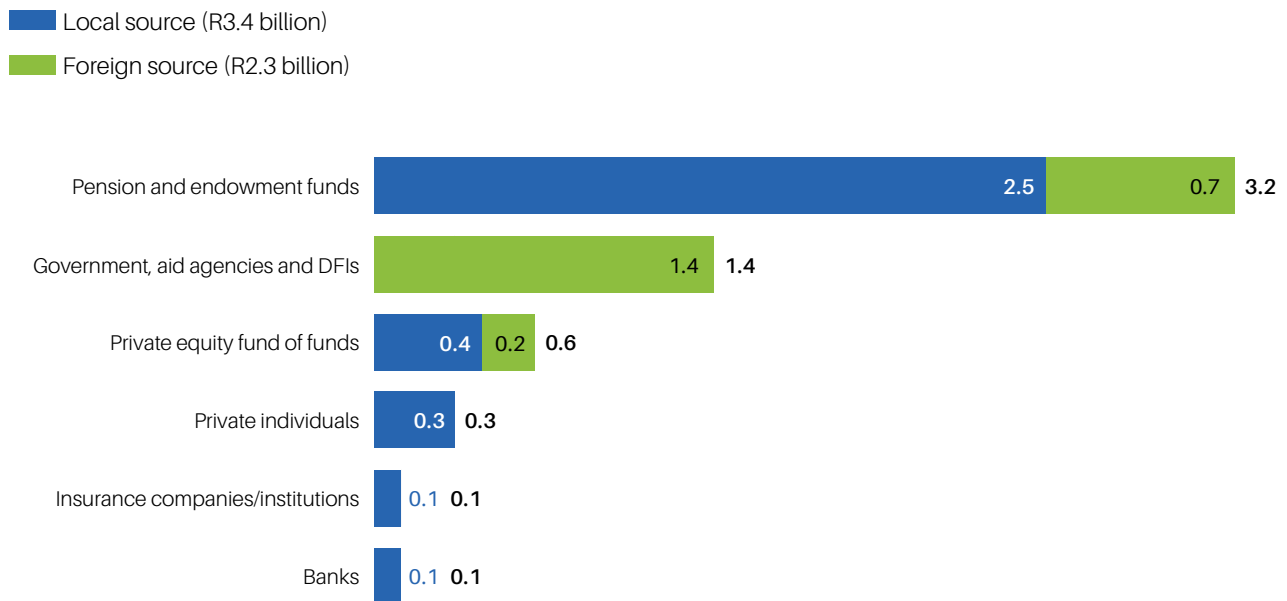
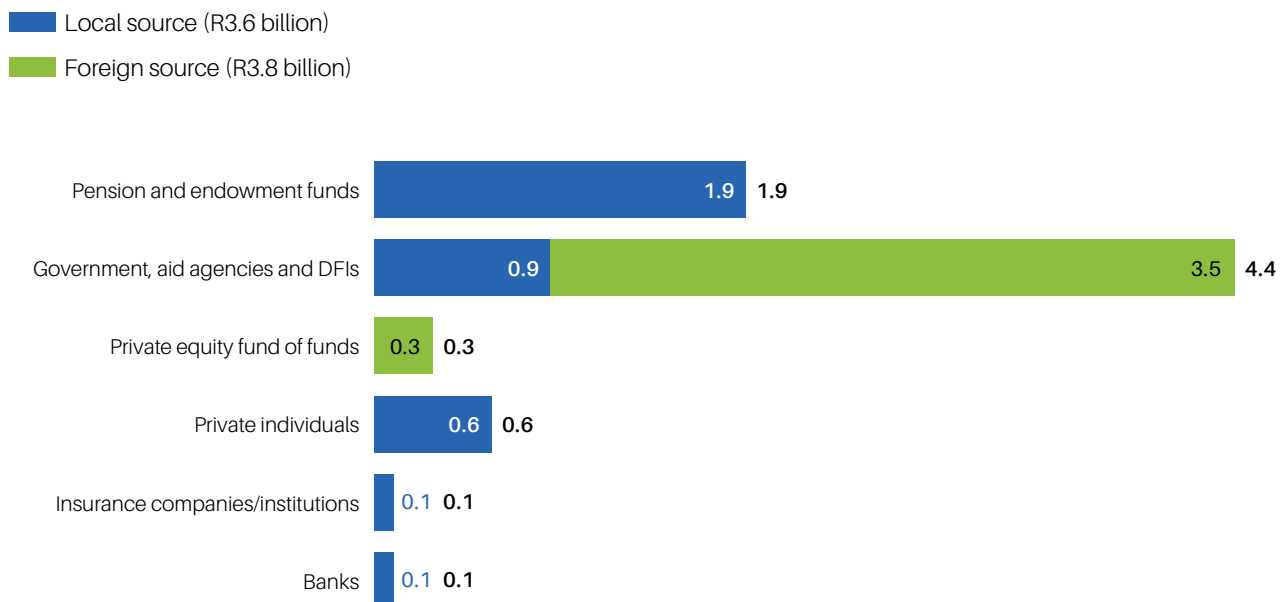
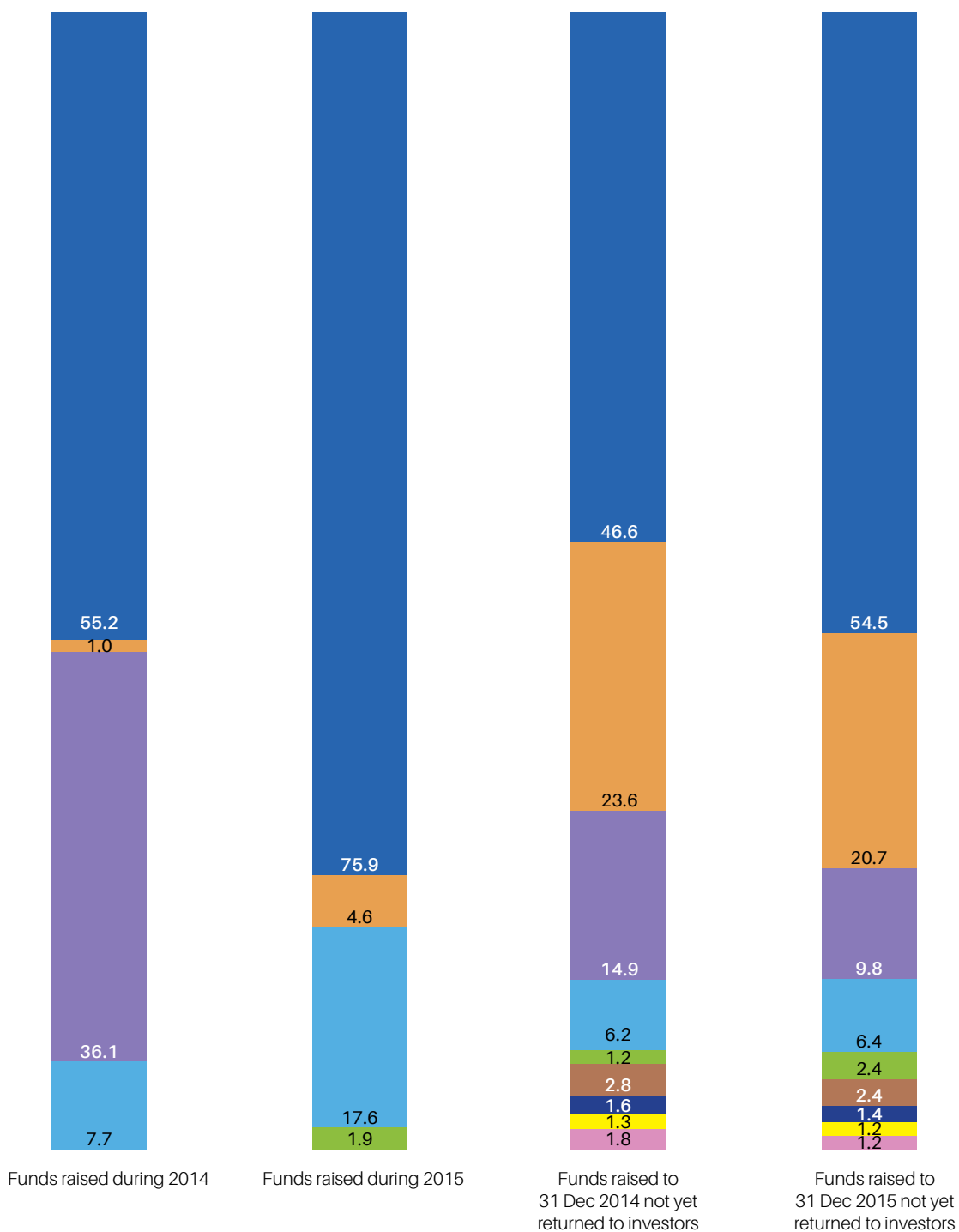
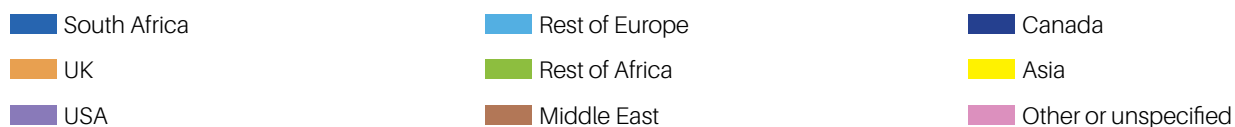


Figure 14 | Source of third-party funds raised during 2014 for investment in South Africa only (Rbn)



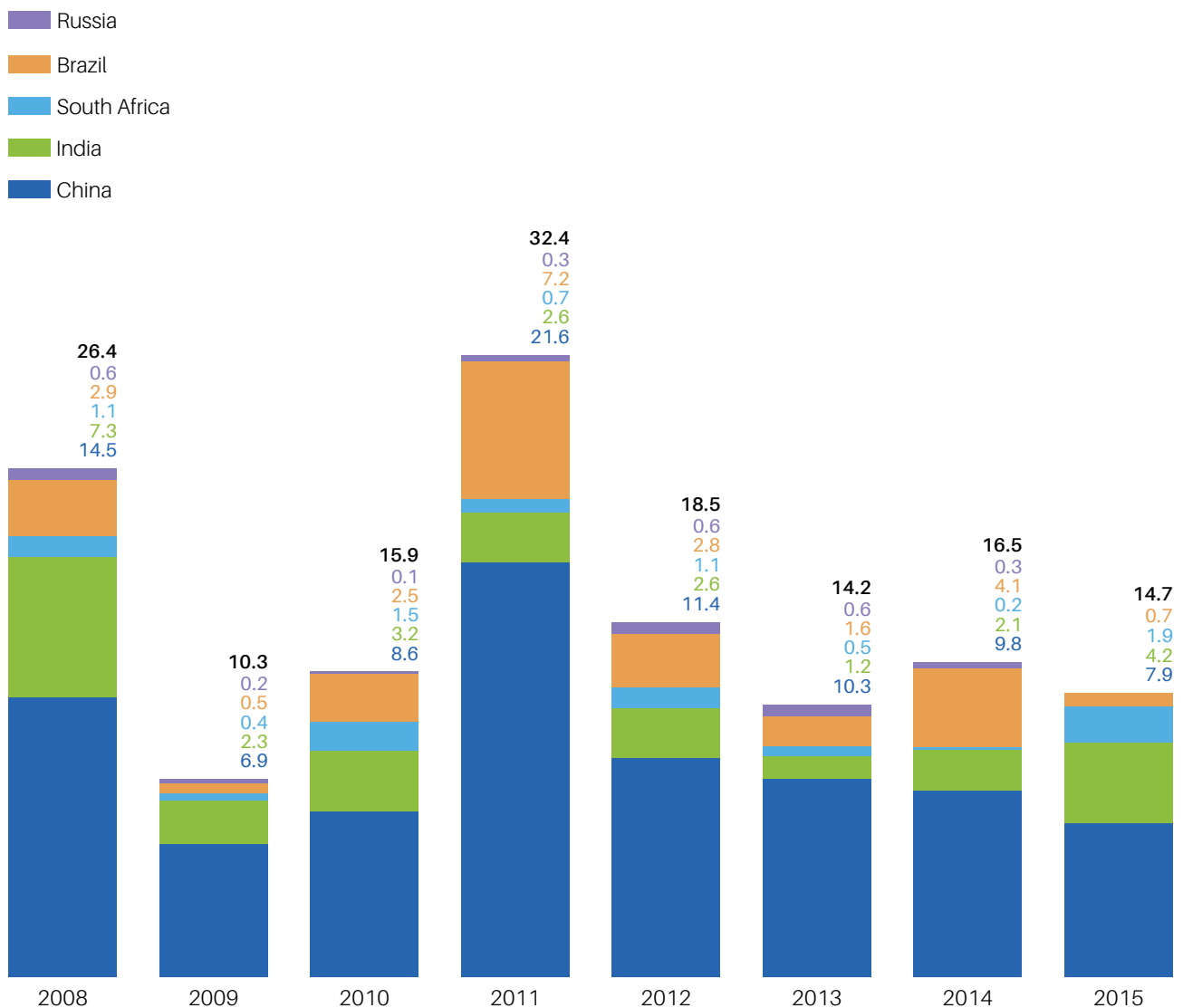
Fund raising activity

Figure 15 | Geographical sources of third-party funds raised (% of total)



Fund raising activity

Figure 16 | Emerging markets private equity fundraising totals by select markets (US\$bn)



The chart above uses EMPEA data for Russia/CIS, India, China and Brazil, with South African data collated from the survey.



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All figures as at 31 December 2015, and inclusive of the IDEAS Managed Fund, managed under licence by Old Mutual Alternative Investments (Pty) Ltd, a licensed financial services provider (FSP Number 45255) and sole shareholder of AIIM. African Infrastructure Investment Managers (Pty) Ltd (AIIM) (Reg No 2000/001435/07) (FSP 4307) is a Licensed Financial Services Provider, approved by the Registrar of Financial Services Providers (www.fsb.co.za) to provide advisory and/or intermediary services in terms of the Financial Advisory and Intermediary Services Act 37, 2002.



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A dramatic landscape photograph of a savanna at sunset or sunrise. The sky is filled with large, dark, textured clouds, with a bright sun partially visible on the right side, casting a warm orange glow. In the foreground, two large elephants with prominent tusks stand facing the viewer. In the background, a herd of elephants is grazing on the dry, yellowish grass. A large, semi-transparent white number '4' is overlaid on the right side of the image.

Investment activity

Investment activity

- The reported value of private equity investments made during 2015 is R10.5 billion (2014: R13.9 billion). The total number of investments increased by 33 to 534 during 2015 (2014: 501).
- The value of new investments during 2015 amounted to R6.1 billion (2014: R7.6 billion) and the value of follow-on investments during 2015 amounted to R4.4 billion (2014: R6.2 billion).
- The overall average investment deal size (new and follow-on transactions) decreased to R19.7 million during 2015, from R27.7 million for the 2014 year. The average deal size for new investments decreased to R22.3 million during 2015, from R27.4 million during 2014, while average deal size for follow-on investments decreased to R16.9 million during 2015, from R28.1 million during 2014.
- In terms of the number of reported investments, Business Partners, classified as Captives – Other, was again by far the most active investor in the South African private equity market, contributing 354 (66.3%) of the total number of reported investments made during 2015 (2014: 332; 66.3%). By value, Business Partners represents 7.6% of the cost of total investments made during 2015 (2014: 4.3%). The average deal size by Business Partners was R2.3 million in 2015 (2014: R1.9 million).
- Excluding the Business Partners investments, the average deal size of new investments during 2015 increases to R111.4 million (2014: R126.1 million) and the average deal size of follow-on investments during 2015 increases to R31.9 million (2014: R54.1 million) with the total average deal size during 2015 increasing to R54.0 million (2014: R78.4 million).
- Of the investments made during 2015 and classified into sectors by value, 15.9% were in the banks, financial services and insurance sectors, 15.7% in the retail sector, and 14.2% in the infrastructure sector.
- Infrastructure comprises 23.2% of the value of all unrealised investments at 31 December 2015, mining and natural resources accounts for 18.8% and manufacturing accounts for 15.4%.
- The cost of investments into seed and start-up/early-stage entities contributed 14.8% of cumulative unrealised investments at 31 December 2015 (2014: 14.7%). This represented 17.2% of the number of investments at 31 December 2015 (2014: 17.6%), which is indicative of the proportionally smaller transaction values for the early-stage types of deals.
- Expansion and development capital, as a proportion of investments made by cost, increased from 33.5% in 2014 to 38.8% in 2015. Replacement capital increased from 20.1% of investments made by cost during 2014 to 28.5% in 2015.

Investment activity

Figure 17 | Cost of investments made during the year, analysed by new and follow-on investments (Rbn)*

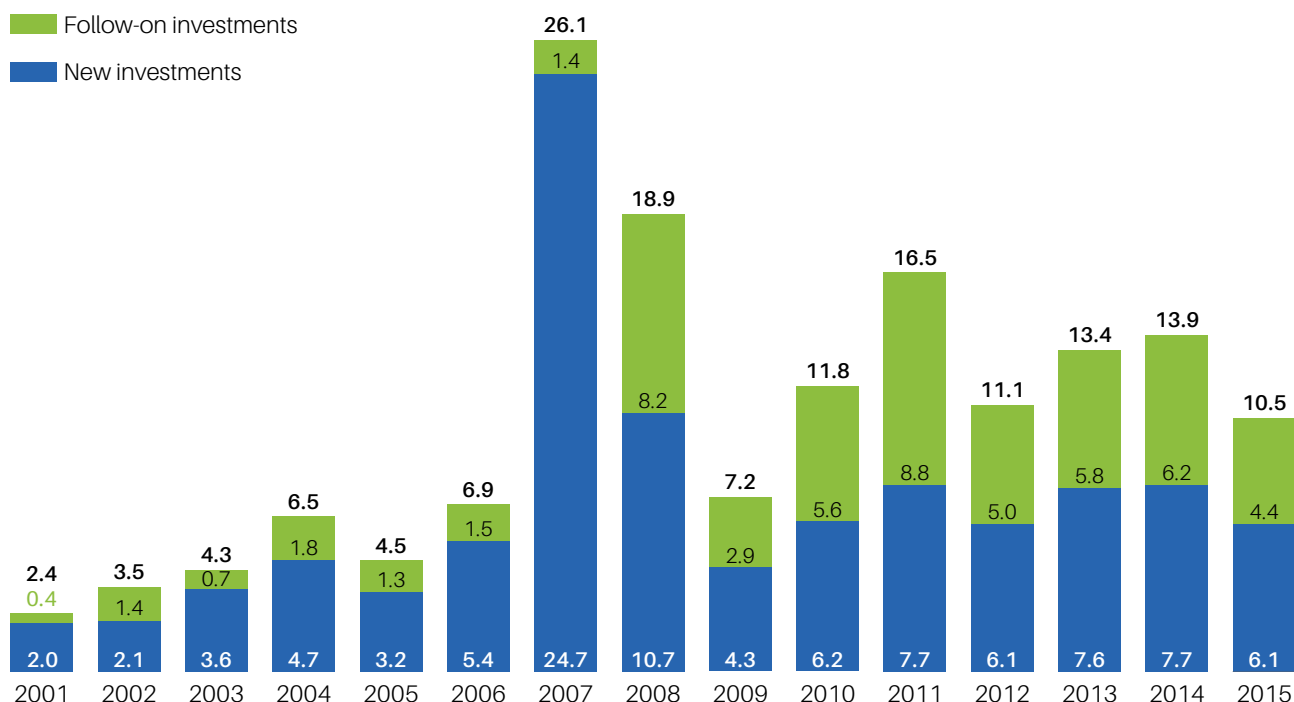
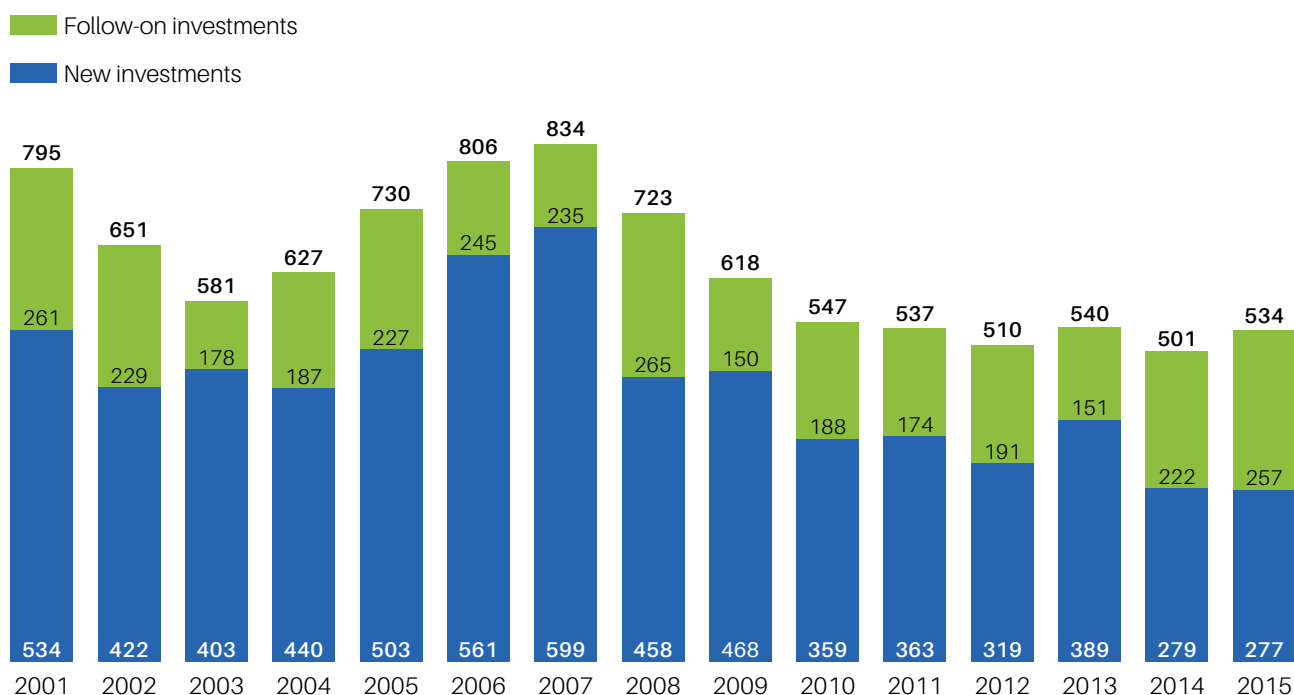


Figure 18 | Number of investments made during the year, analysed by new and follow-on investments



* For 2008, two investments are excluded owing to a lack of information; these are the acquisition by Denham Capital of shares in SA-based energy firm, Bio Therm Energy, with a transaction value of R1.5 billion, and the acquisition of a significant shareholding in Medi-Clinic Corporation by European-based private equity fund, Lehman Brothers Merchant Bank, with a transaction value of R1.3 billion. For the 2011 year the investment by Brait (as an Independent) in Pepkor and Premier Foods for approximately R5 billion is excluded.

Investment activity

Figure 19 | Cost (Rbn) and number of investments made during the year, analysed by type of fund manager*

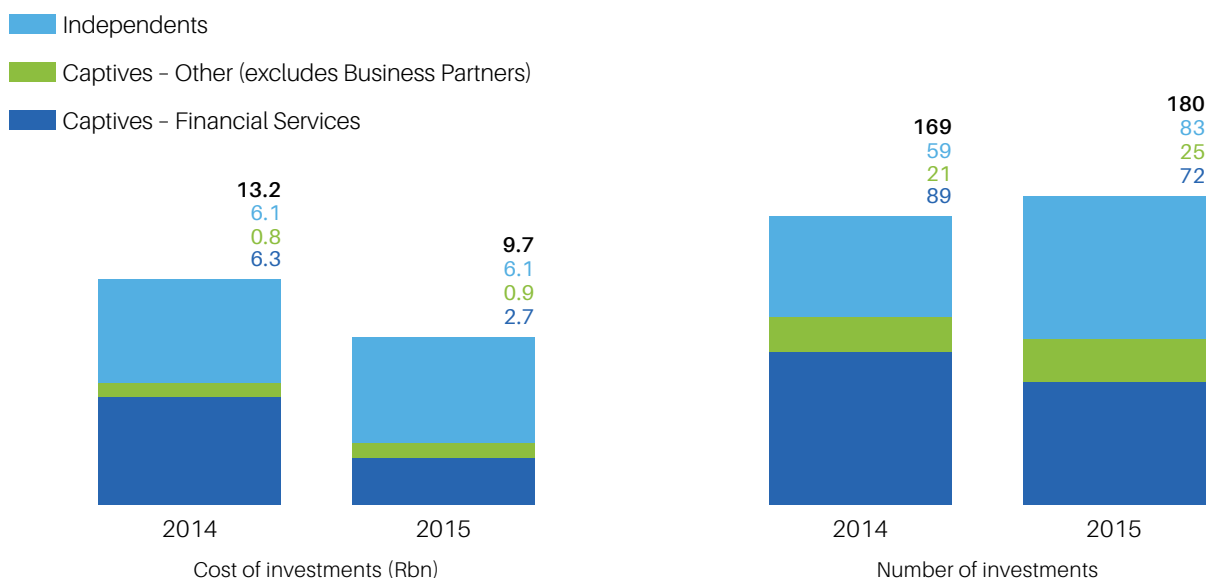
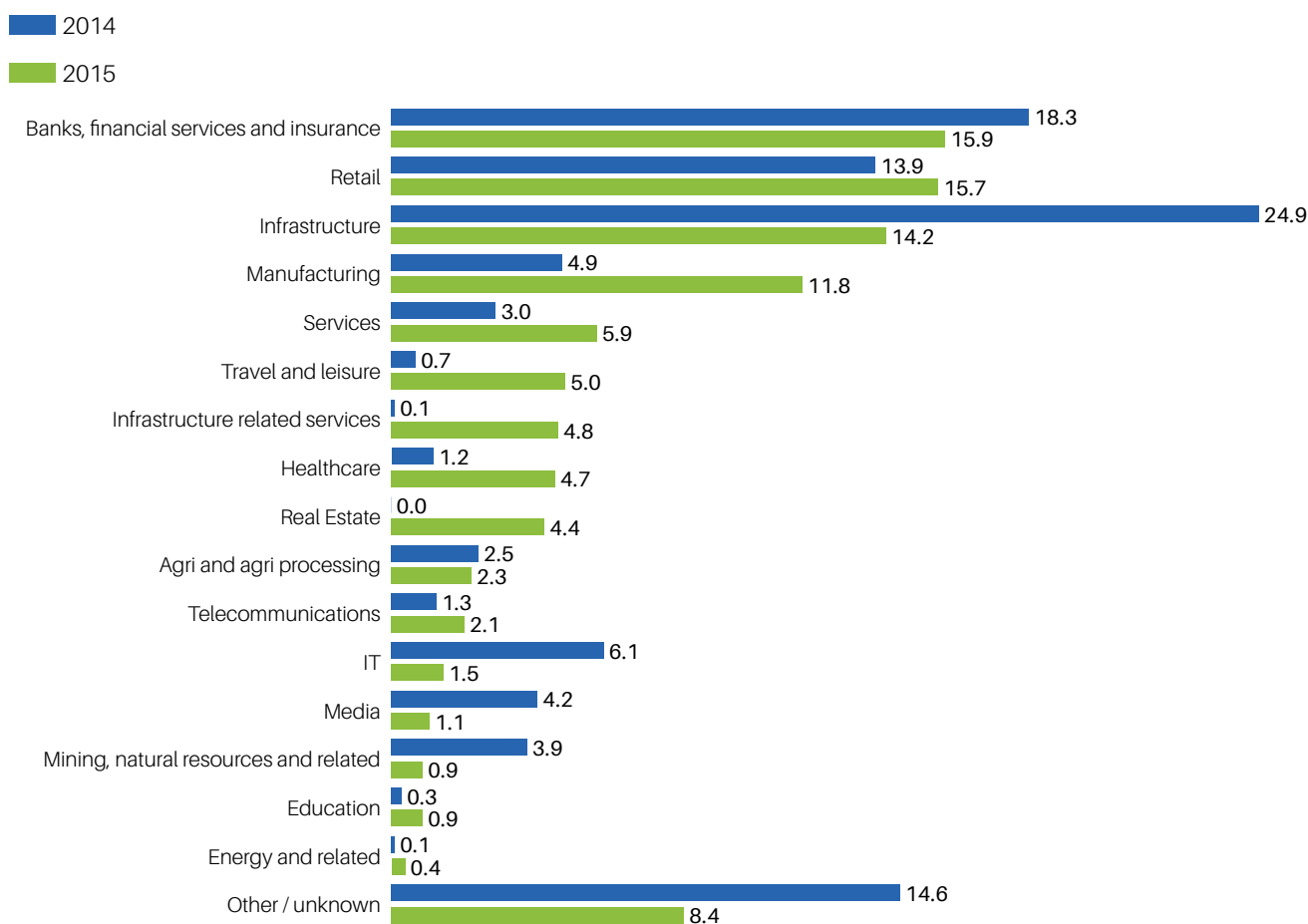


Figure 20 | Investments made during the year, analysed by sector (% of total cost)**

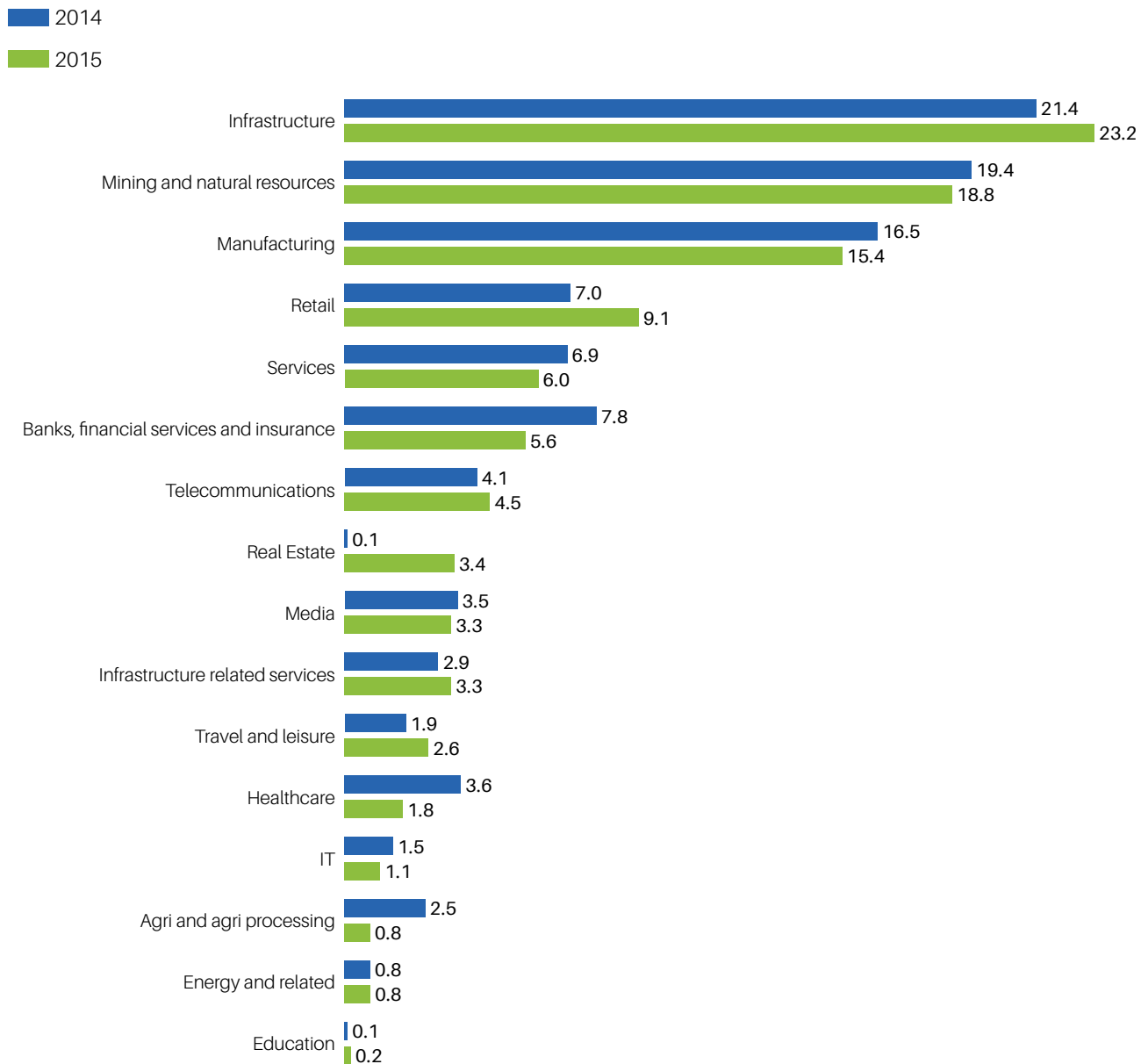


* Excludes transactions by Business Partners

**8.4% (R898 million) of investments made during 2015 was classified in the "other sector" category or not classified at all by survey participants (2014: 14.6%/R1.7 billion).

Investment activity

Figure 21 | Unrealised investments portfolio at 31 December, analysed by sector (% of total)



Investment activity

Figure 22 | Analysis of investments by stage based on cost of investments (% of total)

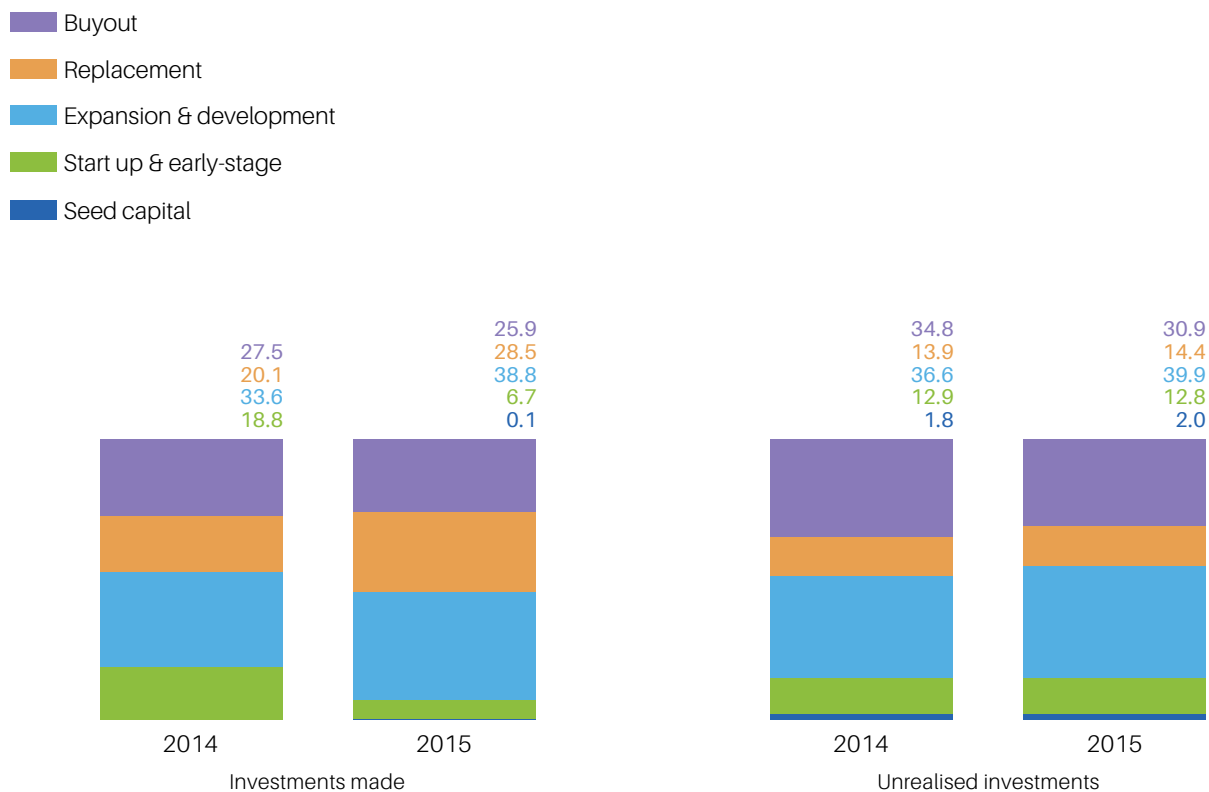
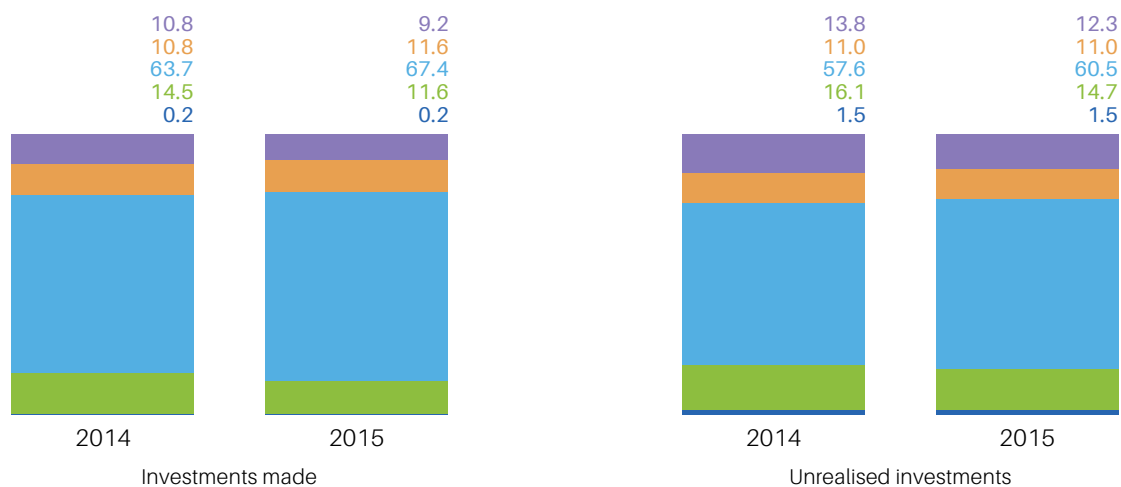


Figure 23 | Analysis of investments by stage based on number of investments (% of total)



Investment activity

Top 10 deals in 2015

Private equity fund	Investee company	Total enterprise value (Rm)	Interest	Sector focus
Metier Private Equity	Southey Holdings and Southey Mauritius	2 031	> 25%	Infrastructure related services
Vantage Risk Capital	Servest	1 670	< 50%	General
Actis Africa	Coricraft	> 1 000	< 50%	Retail
Ethos Private Equity	Neopak	863	> 50% plus 1 share	Paper and packaging
Ethos Private Equity	Twinsaver	762	> 50% plus 1 share	Industrials FMCG
Metier Private Equity	Retailability	429	< 50%	Retail
Capitalworks	Robertson and Caine	411	> 50% plus 1 share	Leisure
Kleoss Capital	TrenStar SA	305	> 50%	Mining and related services
Metier Private Equity	Astrim	189	> 50% plus 1 share	Healthcare
Metier Private Equity	Life & Brand Co	140	> 50% plus 1 share	Food services

Top 5 deals in 2014

Private equity fund	Investee company	Total enterprise value (Rm)	Interest	Sector focus
Ethos Private Equity, PIC and DPI	RTT	> 2 500	42.7%	Industrial transportation services
Old Mutual Private Equity	Tiger Automotive	1 776	38.5%	Retail
Ethos Private Equity	Autozone	> 1 000	79.6%	Consumer: aftermarket auto parts retail & wholesale
Actis Africa	Tekkie Town	606	42.5%	Retail
DPI	Homechoice	> 500	16.5%	Retail

Ata /' â•t•â/ (verb) :
A Sepedi word meaning 'to grow'
.....

Ata Capital (Proprietary) Limited is a majority black-owned and black-managed investment management company. Ata are members of the Southern African Venture Capital and Private Equity Association

Ata Capital's primary investment focus is on **non-traditional asset classes** that deliver a unique proposition and superior returns to investors.

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Ata Capital is fund raising for **Ata Fund III**. All interested parties can contact us via our telephone line or visit our website (www.atacapital.co.za)



Analysis of BEE investment

Analysis of BEE investment

- BEE participation in investments is fundamental to the South African economy and remains a significant portion of private equity activity in South Africa.
- In 2015, 66.4% (2014: 60.2%) of the value of investments made were in businesses with ratings levels 1 to 4 of the DTI BEE codes. These figures are in line with the general ratings for South African companies.

Figure 26 | Value of investment by BEE recognition level (excluding Captives - Government) (% of total)

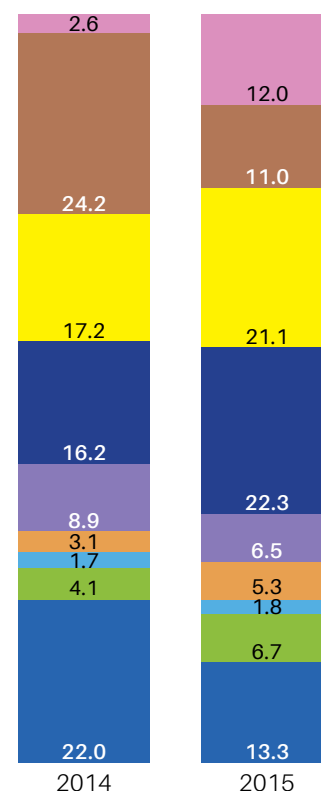
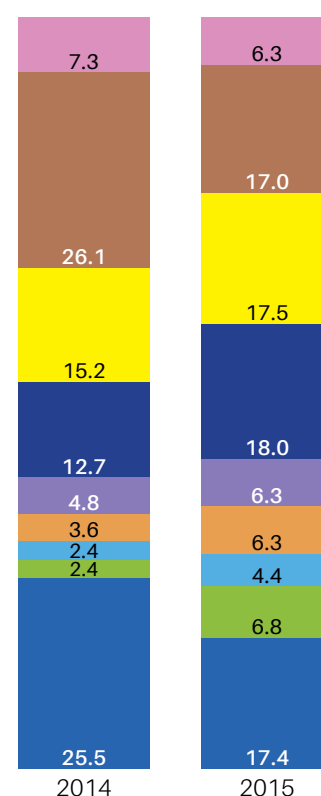


Figure 27 | Number of investments by BEE recognition level during the year (% of total)





Exits

6

Exits

- Funds returned to investors⁵ during 2015 totalled R8.9 billion, compared with R11.0 billion in 2014.
- The returns to investors in 2015 had an implied times money multiple of 1.9 times, compared with the 2.3 times reported in 2014.
- The value of disposals totalled R4.5 billion during 2015, compared with R5.6 billion in 2014.
- Disposals in the form of trade sales was the most popular in value terms. By volume, the most popular method of disposal was to management.
- The average proceeds per disposal in 2015 was R50.6 million, compared with R65.1 million in 2014.
- Seventeen investments were written off during 2015, inclusive of sales for nominal amounts (2014: 28 investments). The net loss on these investments (cost less proceeds) was R33.1 million in 2015 (R557.9 million in 2014).
- The value of committed funds that were cancelled and/or which expired during 2015 was R38 million (2014: there were no committed funds that were cancelled and/or which expired).

⁵ Funds returned represent all cash flows returned to investors including the proceeds of an asset realisation (i.e. an exit), dividends, interest and repayment of loans. The term "disposals" refers only to proceeds from the realisation of an investment.

Figure 28 | Funds returned to investors during the year (Rbn)

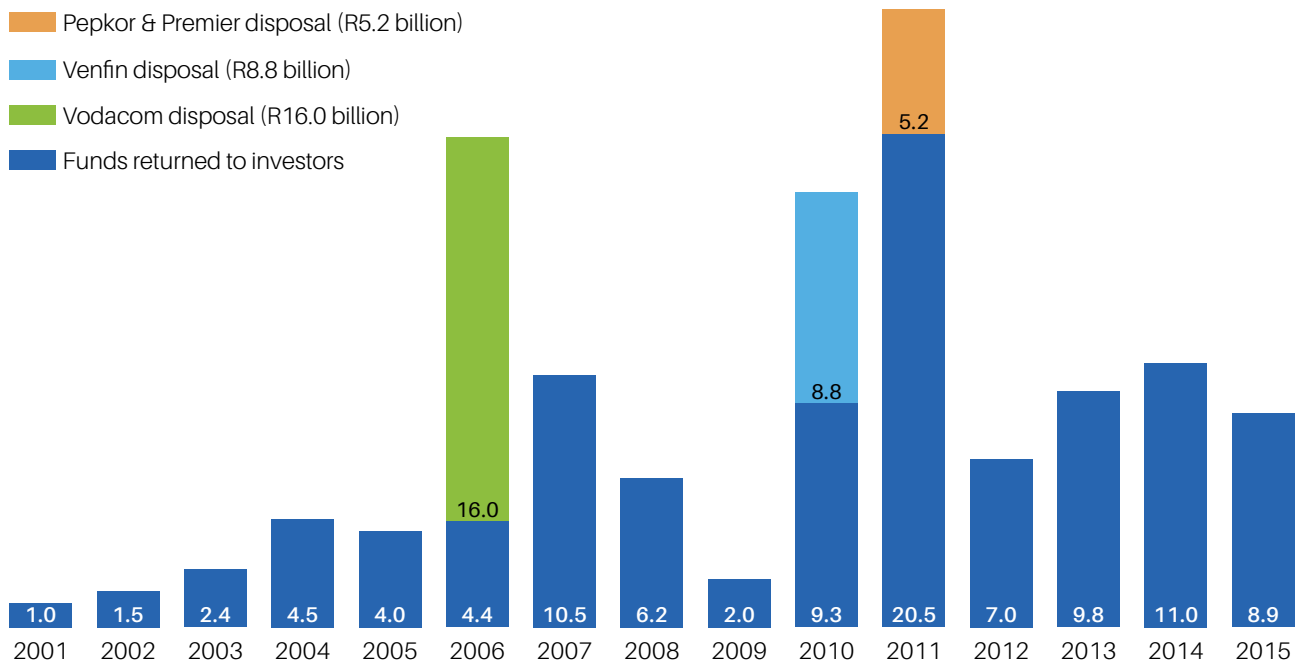
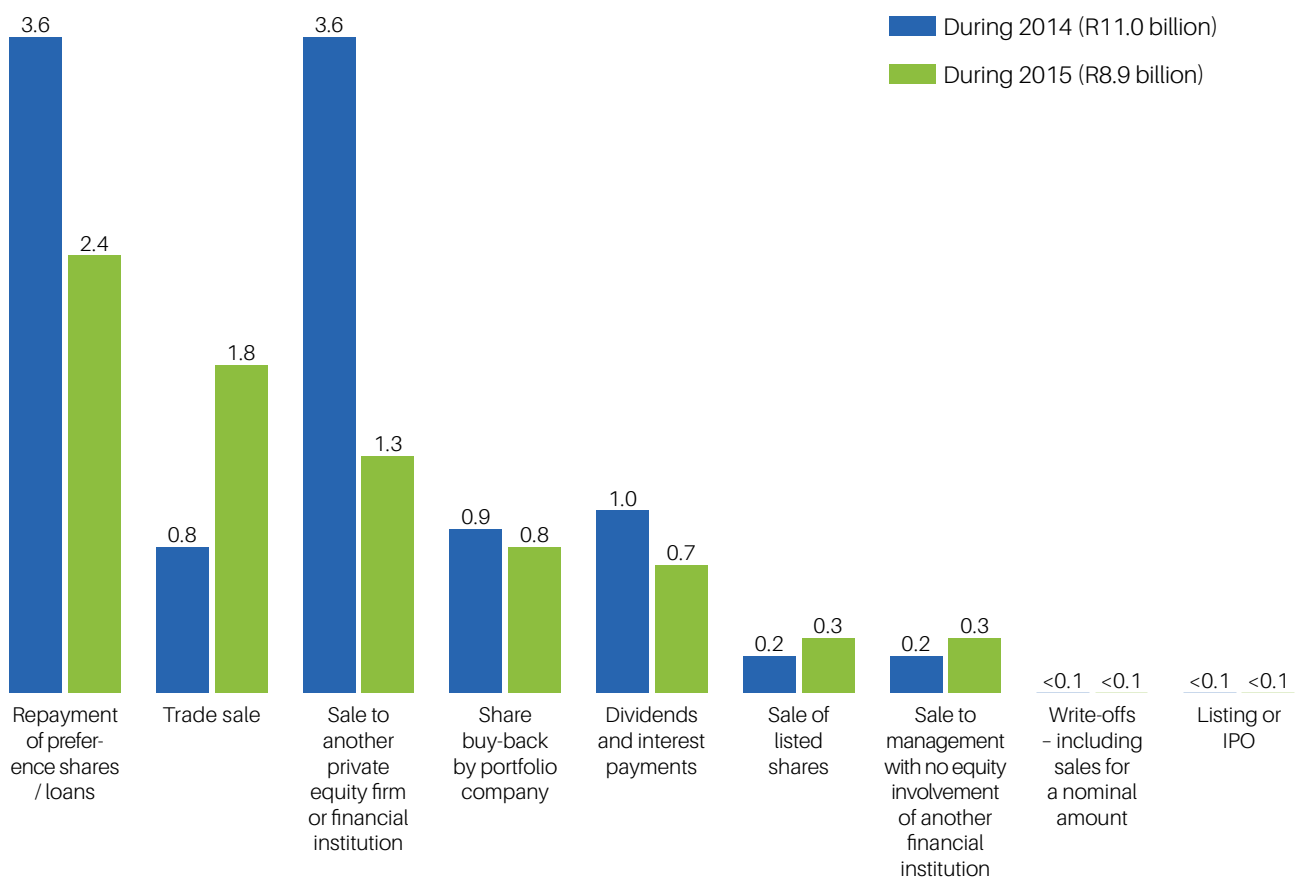


Figure 29 | Proceeds of funds returned to investors during the year (Rbn)



Exits

Figure 30 | Analysis of disposals made during the year based on proceeds (Rbn)

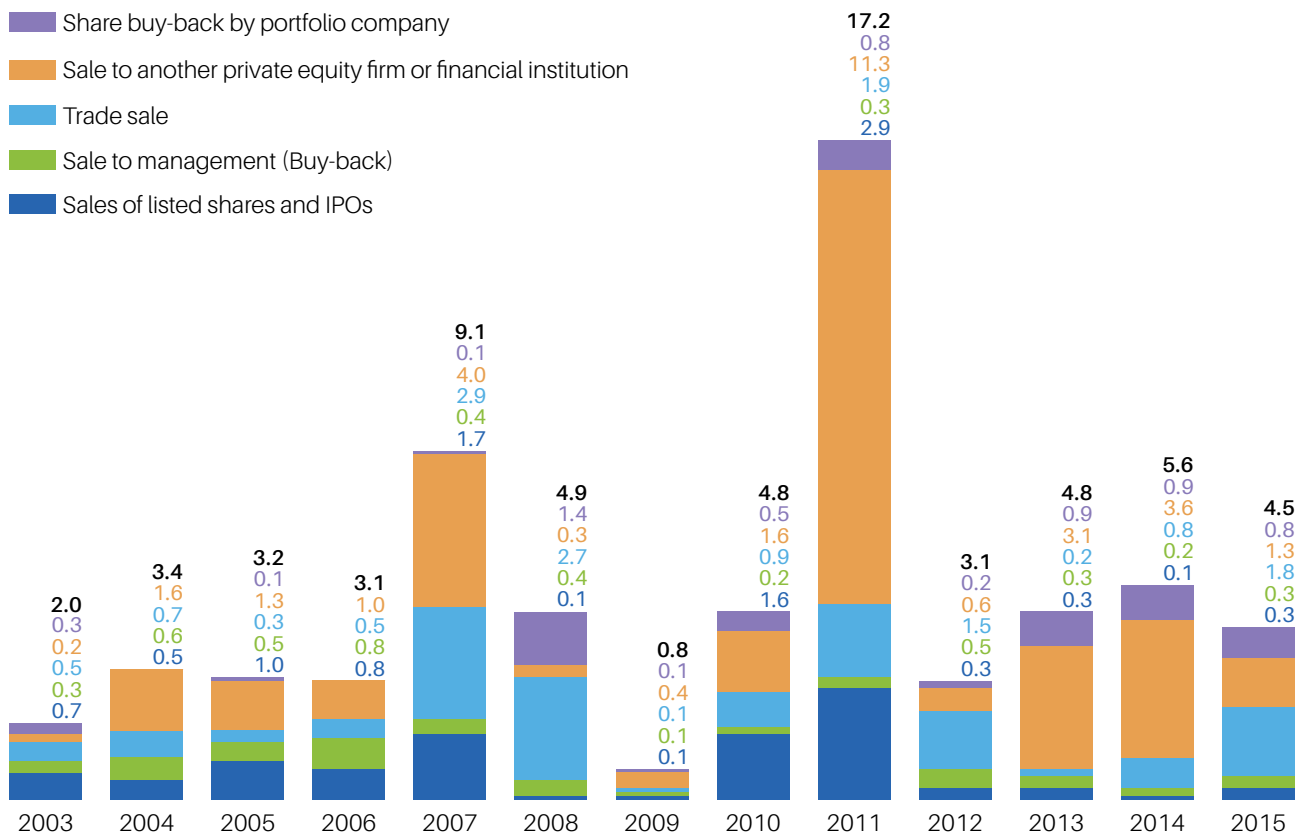
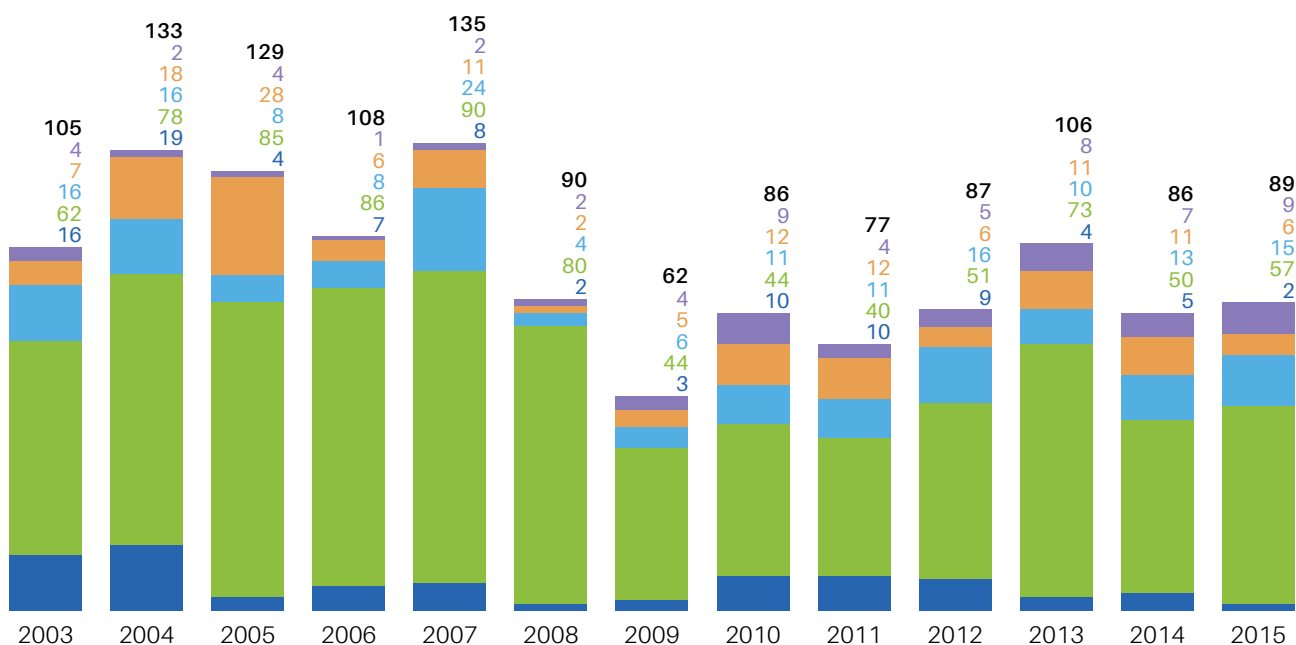


Figure 31 | Analysis of number of disposals made during the year based on proceeds*



* Excludes the Vodacom disposal during 2006, the Venfin disposal in 2010 and the Pepkor & Premier disposal in 2011

Exits

Figure 32 | Proceeds and cost of investments exited during 2015 (Rbn)

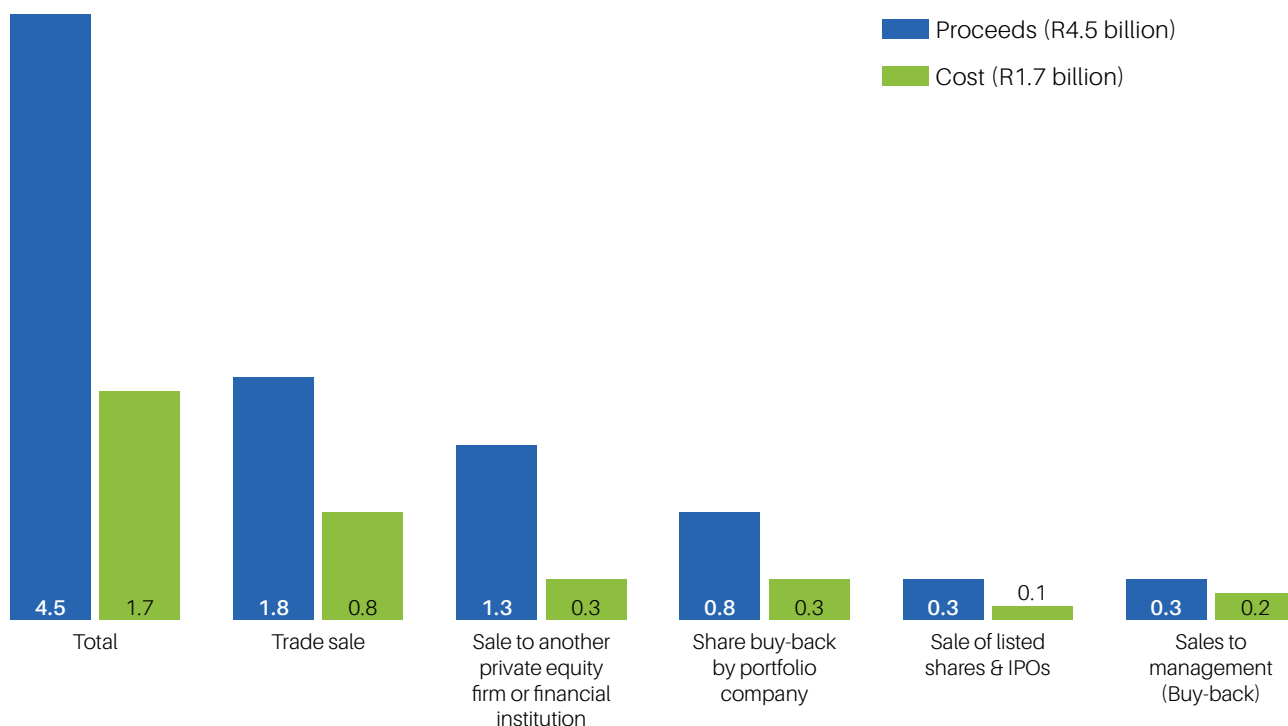
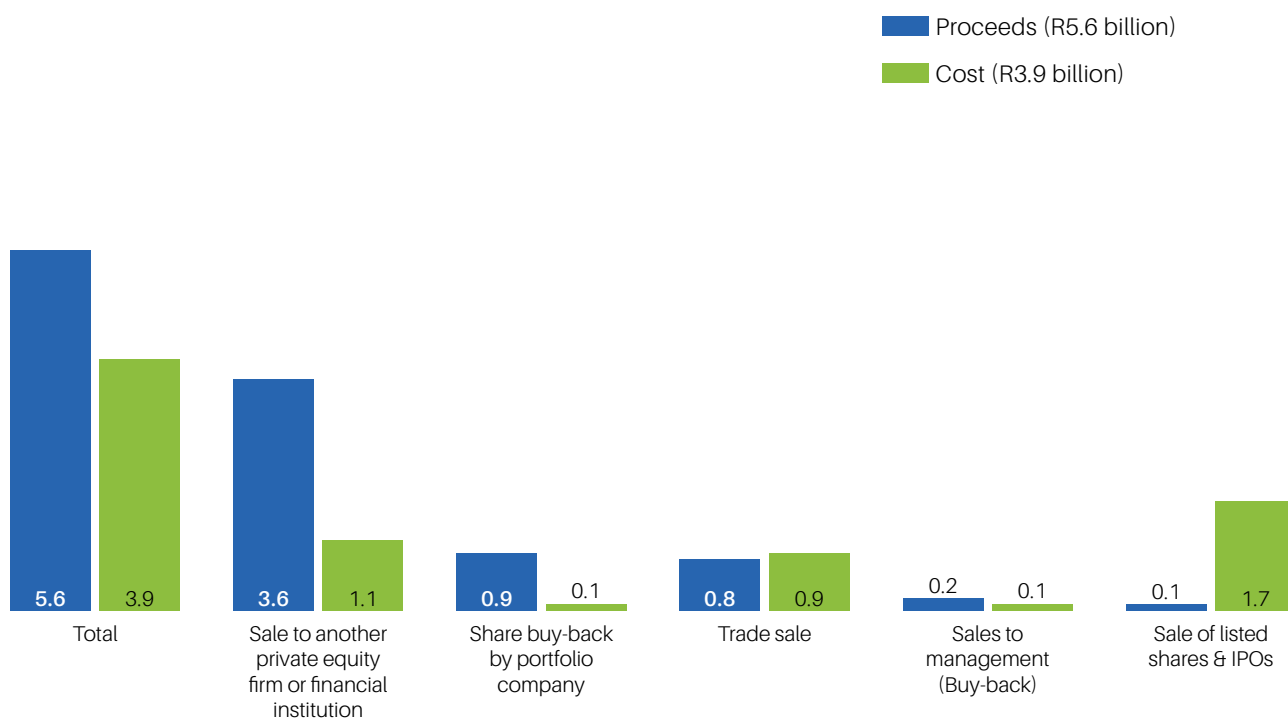


Figure 33 | Proceeds and cost of investments exited during 2014 (Rbn)



Exits

Top 5 disposals/exits during 2015

Private equity fund	Investee company	Buyer	Total enterprise value (Rm)	Interest	Sector focus
Ethos Private Equity	TiAuto	Old Mutual and Carlyle Group	1 776	> 50% plus 1 share	General
Lereko Metier Capital Growth Fund	South Point	Unemployment Insurance Fund, managed by the PIC	1 578	> 50% plus 1 share	Student accommodation
Ethos Private Equity	Plumblink	Bidvest	446	> 50% plus 1 share	General
Ethos Private Equity	Transaction Capital	Listed on the stock exchange	422	< 25%	Financial Services
Vantage Capital	Trenstar	Kleoss Capital	161	> 50% plus 1 share	Mining and related services



Performance

Performance

- The overriding principle of the International Private Equity and Venture Capital Valuation (IPEV) Guidelines is to show a fair valuation of investments to the investor. These guidelines were released during 2005 and adopted by the majority of global private equity associations, including SAVCA. This methodology is used as the basis for measuring the performance of private equity funds.
- Riscura, in conjunction with SAVCA, produce a quarterly South African Private Equity Performance Report. The latest reported private equity returns over different time periods are as follows:

Figure 34 | Returns over different time periods

Times money				
Time Period	Pooled IRR	Realised	Unrealised	Total
10 year	18.5%	1.25	0.56	1.81
5 year	14.8%	0.89	0.52	1.41
3 year	15.2%	0.63	0.7	1.33

Figure 35 | Listed equity comparison

Compound annual growth rate (CAGR)				
Year	Pooled IRR	ALSI TRI*	FINDI TRI*	SWIX TRI*
10 year	18.5%	14.1%	18.9%	14.7%
5 year	14.8%	12.9%	23.6%	14.2%
3 year	15.2%	12.2%	22.5%	12.9%

Reference: RisCura-SAVCA SA Private Equity Performance Report as at 31 December 2015

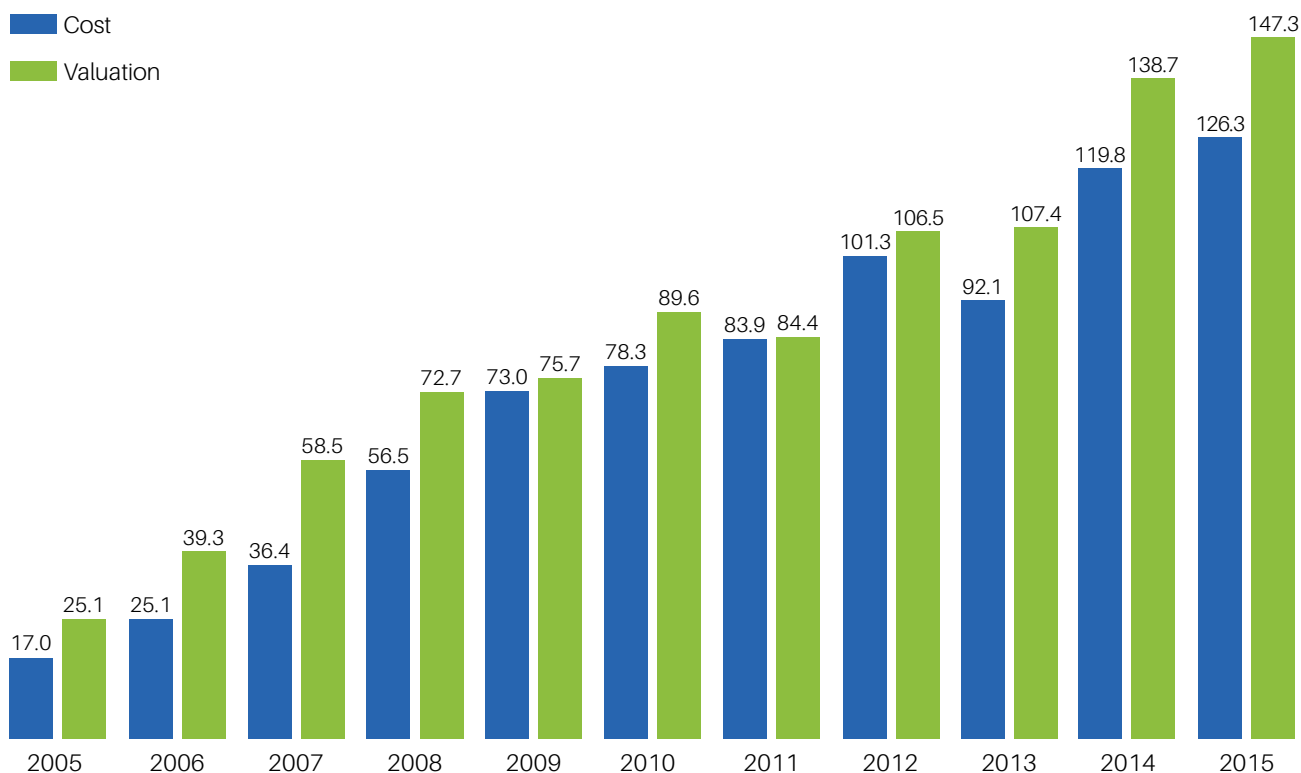
* Listed index returns are before fees; private equity returns are net of fees

Performance

Investment at latest valuation

The disclosed valuation of unrealised investments in 2015 was R147.3 billion (2014: R138.7billion), with a related cost of R126.3 billion (2014: R119.8 billion).

Figure 36 | Unrealised investments at 31 December - cost compared to valuation (Rbn)



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We are at our very best and happiest when we are fully engaged in work we enjoy, on the Journey toward the Goal we've established for ourselves. It gives meaning to our time and investments. It makes everything else in life so wonderful, and plainly worthwhile.



- Earl Nightingale



Private equity investment professionals



Private equity investment professionals

- The total number of investment professionals employed in the South African private equity industry totalled 489 in 2015, up from 467 in 2014.
- By the end of 2015, Black professionals accounted for 25.5% of the total (2014: 24.2%), Coloured professionals 4.7% (2014: 4.1%), Indian professionals 11.5% (2014: 10.6%) and White professionals 51.9% (2014: 55.0%). Of the total number of professionals, 6.3% were undisclosed (2014: 5.8%).
- At 31 December 2015, 21.7% of all professionals were female (2014: 19.7%).

Number of professionals 2015						
	Black	Coloured	Indian	White	Undisclosed	Total
Male	87	15	45	209	27	383
Female	38	8	11	45	4	106
Total	125	23	56	254	31	489

Number of professionals 2014						
	Black	Coloured	Indian	White	Undisclosed	Total
Male	80	13	40	217	25	375
Female	33	6	11	40	2	92
Total	113	19	51	257	27	467

A large, semi-transparent white number 9 is positioned on the right side of the page, serving as a section marker. The background is a scenic photograph of a sunset over the ocean, with a rocky coastline in the foreground. The sky transitions from a deep blue at the top to a warm orange and yellow near the horizon, with wispy clouds catching the low light. The foreground shows dark, jagged rocks meeting the gentle waves of the sea.

9

Data tables

Data tables

Year ended 31 December 2015					
	Total FUM at 31 December	Undrawn commitments at 31 December	Fund raising activity during the year	Investment activity during the year	Proceeds from disposals during the year
	R millions	R millions	R millions	R millions	R millions
Early-stage funds					
› Independents	9 540.4	1 349.5	1 226.9	98.5	8.1
› Captives (Financial Services)	0.0	0.0	0.0	0.0	0.0
› Captives (Government)	0.0	0.0	0.0	0.0	0.0
› Captives (Other)	19 119.0	300.0	0.0	0.0	0.0
	28 659.4	1 649.5	1 226.9	98.5	8.1
Late-stage funds					
› Independents	92 355.1	33 393.1	27 279.9	6 067.3	5 369.0
› Captives (Financial Services)	28 297.3	4 561.2	260.0	2 687.2	3 080.2
› Captives (Government)	7 486.8	0.0	0.0	0.0	0.0
› Captives (Other)	8 508.8	960.3	213.0	1 676.3	626.5
	136 648.0	38 914.6	27 752.9	10 430.8	9 075.7
	165 307.4	40 564.1	28 979.8	10 529.3	9 083.8
Year ended 31 December 2014					
	Total FUM at 31 December	Undrawn commitments at 31 December	Fund raising activity during the year	Investment activity during the year	Proceeds from disposals during the year
	R millions	R millions	R millions	R millions	R millions
Early-stage funds					
› Independents	5 249.7	1 073.9	657.3	237.0	264.3
› Captives (Financial Services)	330.0	0.0	0.0	15.0	0.0
› Captives (Government)	0.0	0.0	0.0	0.0	0.0
› Captives (Other)	18 343.1	0.0	0.0	0.0	0.0
	23 922.8	1 073.9	657.3	252.0	264.3
Late-stage funds					
› Independents	85 296.9	34 013.5	10 081.1	5 872.9	9 000.6
› Captives (Financial Services)	32 247.9	4 804.8	698.4	6 277.6	4 446.9
› Captives (Government)	0.0	0.0	0.0	0.0	0.0
› Captives (Other)	8 907.9	1 660.2	371.0	1 436.8	1 514.2
	126 452.7	40 478.5	11 150.5	13 587.3	14 961.7
	150 375.5	41 552.4	11 807.8	13 839.3	15 226.0



Participants

Participants

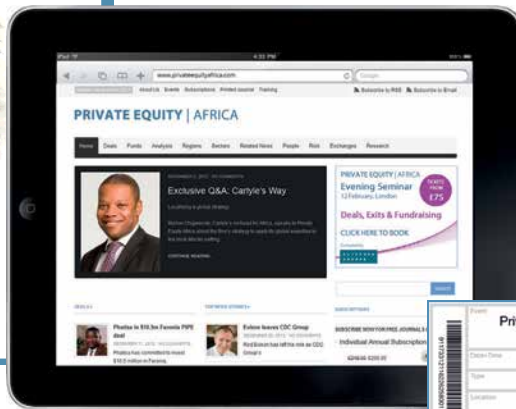
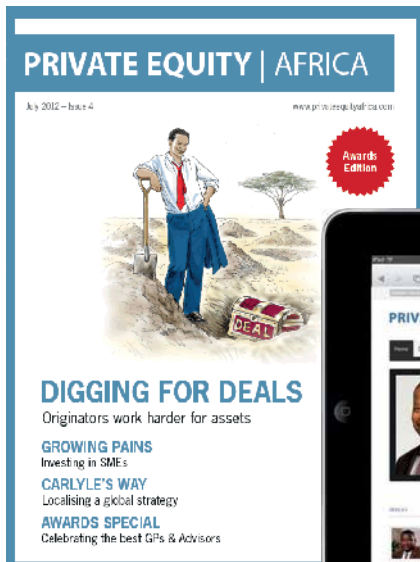
Survey participants include the below; not all participants are disclosed owing to requests for confidentiality.

Name	Min investments (Rm)	Max investment (Rm)	Contact name	Contact no.
4D Innovative Capital	R100 000	R5 million	Lungile Makhanya	021 659 2042
Abraaj Group	US\$5 million	US\$100 million	Sandeep Khanna	011 884 2066
Acorn Equity	R50 million	R500 million	Pierre Malan	021 852 2887
Actis	US\$80 million	US\$200 million/ US\$250 million	Chantal Clark	011 778 5900
African Infrastructure Investment Managers (South Africa)	R100 million	R900 million	Jurie Swart	021 670 1234
Agis-Investments	R1 million	R7 million	Rolf Endres	010 593 6440
Ata Capital		R125 million	Maredi Mampuru	011 321 1636
Bopa Moruo Private Equity Fund Managers	R25 million	R80 million	Nthime Khoele	011 784 1740
Business Partners	R500 000	R50 million	Gerrie van Biljon	011 713 6600
Capital Eye Fund Managers	US\$1.5 million	US\$20 million	Dean Sparrow	011 712 1671
Capitalworks Equity Partners	R100 million	R500 million	Garth Willis	011 301 3000
Collins Private Equity Holdings	Nil	R40 million	Bruce Chelius	031 536 8004
Convergence Partners	R5 million	No maximum	Yolande Tabo	011 550 5320
Development Partners International	R110 million	R850 million	Runa Alam	+44 207 349 5030
Enablis Financial Corporation SA	R25 000	R5 million	Ebenise Bester	021 462 4486
Ethos Private Equity	Fund VI: R750 million	Fund VI: R3 billion and greater in consortium	Chelsea Wilkinson	011 328 7400
Growth Capital Partners	R3 million	R25 million	Jamie Hollins	011 513 4049
Harith General Partners	US\$10 million	US\$100 million	Pule Molebeledi	011 384 4000
Horizon Equity	R15 million	R50 million	Richard Flett	011 502 6940
iCubed Capital	R50 000	R5 million	Ismail Kajee	011 888 0027
Industrial Development Corporation of South Africa	R1 million	Dependent on nature of transaction	Christo Fourie	011 269 3000

Participants

Name	Min investments (Rm)	Max investment (Rm)	Contact name	Contact no.
Kleoss Capital	R50 million	R150 million	Hale Matsipa	011 666 1660
Leaf Capital	R50 million	R150 million	Paul Leaf-Wright	021 657 1180
Medu Capital	R50 million	R200 million	Nhlanganiso Mkwanazi	011 268 9140
Metier	R20 million	R750 million	Paul Botha	011 268 4000
Musa Capital Fund Managers	R25 million	R100 million	Richard Akwei	011 771 6300
Nedbank Capital Private Equity	R30 million	R300 million	Clive Howell	011 294 3321
Nisela Capital	R50 million	R300 million	Richard Ngwenya	011 268 1839
Nodus Investment Managers	R10 million	R50 million	Hillie Meyer	011 327 6907
Novare Equity Partners	R77 million	R387 million	Derrick Roper	021 914 3944
Old Mutual Alternative Investments	R75 million	R2 billion	Paul Boynton	021 509 6869
Pan-African Private Equity 1 Fund Managers	R20 million	R120 million	Zuko Kubukeli	011 883 8036
Pembani Remgro Infrastructure Managers	None		Marcel Louw	011 290 0231
Phatisa	>US\$2 million	15% of fund size	Stuart Bradley	011 463 1920
RH Managers	R50 million	R200 million	Quinton Zunga	010 007 2171
RMB Private Equity, Leveraged Finance + RMB Ventures SA	R50 million	R750 million	Simon Murray	011 282 1483
Rockwood Private Equity	R250 million	R1 billion	Susan Rose	010 060 4153
Sampada Private Equity	R10 million		Nokuthula Mthombothi	011 318 0171
Sanari Capital	R10 million	R150 million	Samantha Pokroy	011 712 1449
Sanlam Private Equity	R100 million	R350 million	Alton Solomons	011 778 6613
Senatla Capital	R20 million	R40 million	Owen Maubane	011 784 5929
Sphere Private Equity	NA	NA	Aadil Carim	010 900 4200
Stanlib Asset Management	US\$10 million	US\$50 million	Elizabeth Chembe	011 448 5266
Takura Capital	US\$3 million	US\$7.5 million	Tafadzwa Nyamayi	+263 4 707 313
Trinitas Private Equity	R40 million	R150 million	Andrew Hall	011 994 9700

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Source of information

Source of information

The principal source of information for this survey was the survey questionnaire. Further sources include the SAVCA 2016 Members' Directory, discussions with private equity industry participants, and public information on private equity funds that include international surveys.

The survey questionnaire was developed by SAVCA and KPMG.

The guidelines for participation in this survey are as follows:

Participants must:

- Include investments if they are made in South Africa, regardless from where they are managed;
- Have as their principal business the management of funds (third-party and/or proprietary capital) for the provision of capital (equity or quasi equity) primarily to unlisted companies;
- Employ professionals dedicated to the management of the capital and the investments made using the capital (and capital from other providers); and
- Aim to generate returns mainly through medium to long-term returns on the sale of investments and/or social development returns.

Questionnaires were e-mailed to 110 (2014:101) funds that indicated that they would consider participating in the survey. Of these, 72 (2014: 59), representing 84 funds (2014: 76), completed the questionnaire. In addition, alternative sources were used to obtain information on a further 10 private equity firms, representing 18 funds, that did not complete the questionnaire.

Comparative data for 2014 can be restated by participants for errors or omissions. In addition, 2014 data is restated to accommodate changes in survey participation.

Other empirical data have been obtained from various sources, including:

- EMPEA Industry Statistics Q4 2015 – Emerging Markets Private Equity – Fundraising & Investment Analysis; EM PE Fundraising by Region & Country – Data as of 31 December 2015
- RisCura-SAVCA South African Private Equity Performance Report – Quarter ended: 31 December 2015
- Statistics South Africa
- Other sources specifically included in the footnotes

SAVCA reviews the document prior to its public release. SAVCA does not have access to any of the individually completed questionnaires submitted to KPMG or any other information not presented in this publication.

While care has been taken in the compilation of the survey results, SAVCA and KPMG do not guarantee the reliability of its sources nor of the results presented. Any liability is disclaimed, including incidental or consequential damage arising from errors or omissions in this report.



Glossary

Glossary

BEE	Black Economic Empowerment BEE, as defined in the Financial Sector Charter, means the economic empowerment of all black people, including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies.
Buy-out	Leveraged and/or management buy-out or buy-in
Captive funds	Funds making investments mainly on behalf of a parent or group, typically an insurance company, bank or institutional asset manager, often from an indeterminate pool of money.
Carried interest	This represents a fee enhancement for a private equity fund manager, for achieving above a benchmark return or hurdle rate. The fee is often set at 20% of the value of returns achieved in excess of the benchmark return.
Development capital	Funding for growth and expansion of a company
DFIs	Developmental Finance Institutions
Early-stage funds	Funds focused on seed capital, start-up and early-stage investments
EMPEA	Emerging Markets Private Equity Association
Follow-on investments	Investments into companies where at least one round of funding has already been made.
FUM	Funds under management
GDP	Gross Domestic Product
Independent fund	Those private equity companies, managers or funds raising and disbursing capital which has been sourced mainly from third-party investors.
IPO	Initial public offering; when a company's equity is listed on an exchange
IRR	Internal Rate of Return
Late-stage funds	Funds focused on buyout, replacement capital and growth capital
Mezzanine debt	Debt which ranks behind senior secured debt but ahead of trade credit and shareholders' funds in terms of security. Mezzanine debt is often used in higher leveraged transactions to maximise funding availability from a company's own balance sheet. It may provide for equity-like features such as attached share purchase warrants or participation in cash-flow.
PIC	Public Investment Corporation

Glossary

Pooled IRR	The pooled internal rate of return (IRR) aggregates or “pools” all cash flows and end-period net asset values to calculate a money-weighted return.
Replacement capital	Funding for the purchase of existing shares in a company from other shareholders, whether individuals, other venture-backers or the public through the stock market. Unlike venture and development capital, the proceeds of replacement capital transactions are generally paid to the previous owners of the entity.
SAVCA	The Southern African Venture Capital and Private Equity Association
Seed capital	Funding for research, evaluation and development of a concept or business before the business starts trading.
Start-up and early-stage funding	Funding for new companies being set up or for the development of those which have been in business for a short time.
Total funding	Total funds raised by all providers of capital during a transaction. This could include the purchase consideration, funds to pay advisors fees, or funds required for immediate working capital requirements. This could be in the form of equity, shareholder loans, senior, mezzanine and junior debt and working capital facilities.
Trade sale	Sale of a business to a third party.
UK	United Kingdom
Undrawn commitment	Capital committed to a private equity fund, but not yet drawn down for investment purposes
US	United States of America
Venture capital	Seed capital or capital for start-up and early stage

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Exceptional opportunities never simply glide across the skyline. They have to be identified, cultivated and – most importantly – actualised.

For a number of years, Ethos engaged with the management of The Eazi Group – Africa's market leader in the rental, sale and servicing of mobile work-at-height and material handling solutions. We recognised that, in a little over a decade, Eazi's visionary management had built a differentiated business; providing service excellence, enhanced safety and innovative cost-effective solutions for their customers.

And in the process, they established a new industry.

Crucially, we also identified that management would likely seek financial and strategic support to strengthen their business further. In a R1,6bn investment, Ethos has now acquired 65% of The Eazi Group. Buffet Investments and founding shareholders, comprising senior management, have reinvested alongside Ethos as part of the transaction. The Group—comprising Eazi Access Rentals, Eazi Sales & Services, Eazi Africa and other subsidiaries—boasts the largest and most diverse fleet of boom lifts, scissor lifts, telehandlers and vertical personnel lifts on the African continent. With customers across multiple sectors of the economy (construction, shipping, manufacturing, FMCG, transport, entertainment and mining industries), Eazi stands out as deal with unique attributes. Accordingly, the Group is well positioned to capture additional growth by increasing market penetration.


Sourcing and executing proprietary deals is paramount for long-term success in private equity. Such differentiation becomes an even greater competitive advantage in turbulent times. Ethos' record of successful investing for over 30 years—across economic and political cycles—is testament to our proven ability to identify and elevate growth platforms.

May 2016

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