



***Nigeria Private Equity Roundtable  
September 12-13, 2011  
Lagos, Nigeria***

Private Equity in Emerging Markets & Africa

**Who is AVCA?**

# AVCA

- Not-for-profit association formally established in 2002
  
- **Association mandate:**
  - stimulate the expansion of the industry and profession
  - training and capacity building
  - information collation and dissemination
  - promotion of the industry to all stakeholders
  - advocacy
  - Promote ethical and professional standards within the industry.

# Membership

- Full membership – Africa focused VC and PE firms
- Associate membership – professional services firms, academic institutions, investors in funds



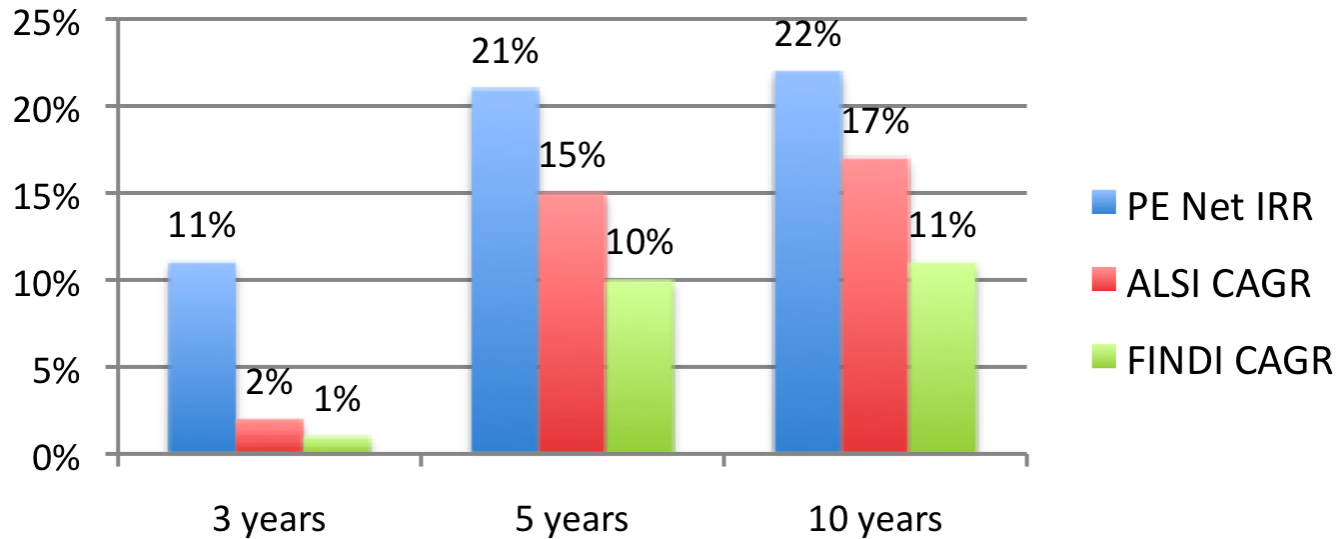
# Why Invest In PE?

# Why Invest in Emerging Market PE?

- Portfolio diversification
- Accessing growth in Emerging Markets & Africa
- Exposure to smaller mid-cap companies
- Outperformance of public markets
- Governance and control

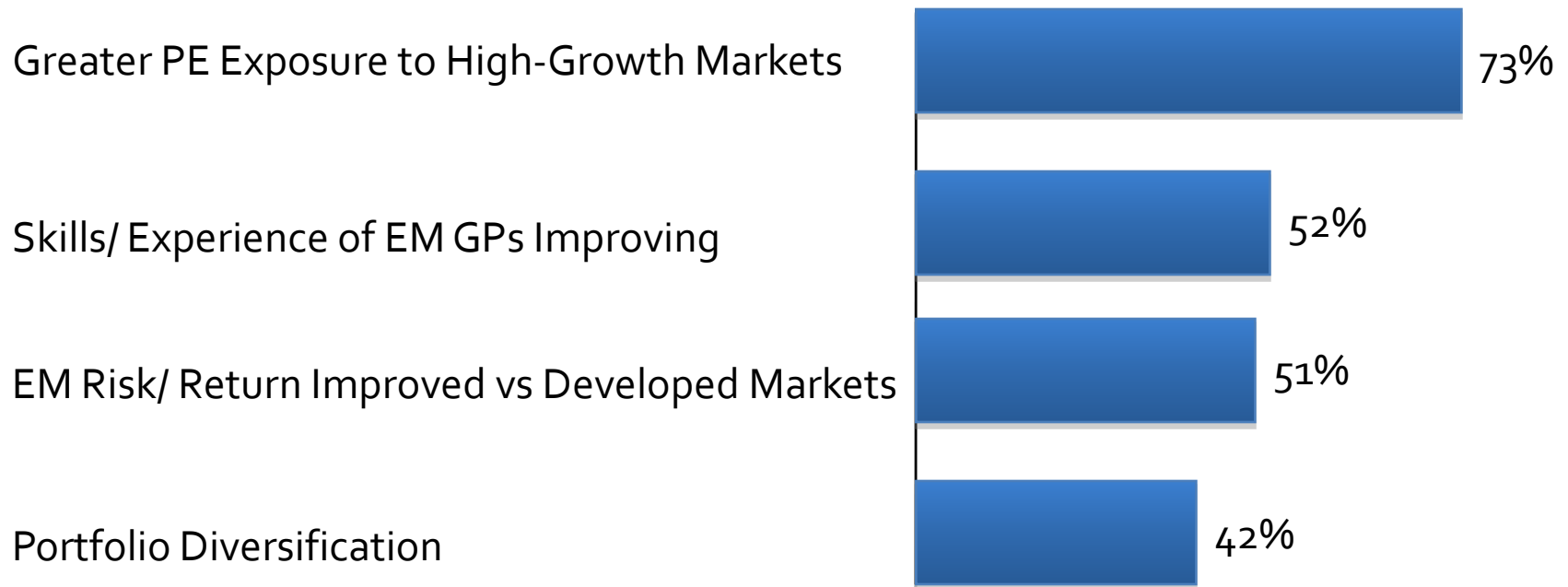
# PE - consistently outperformed public markets

## South Africa PE versus public markets performance



# EMPEA Survey Results

## LP motivation for investing in EM PE for 2011/2012

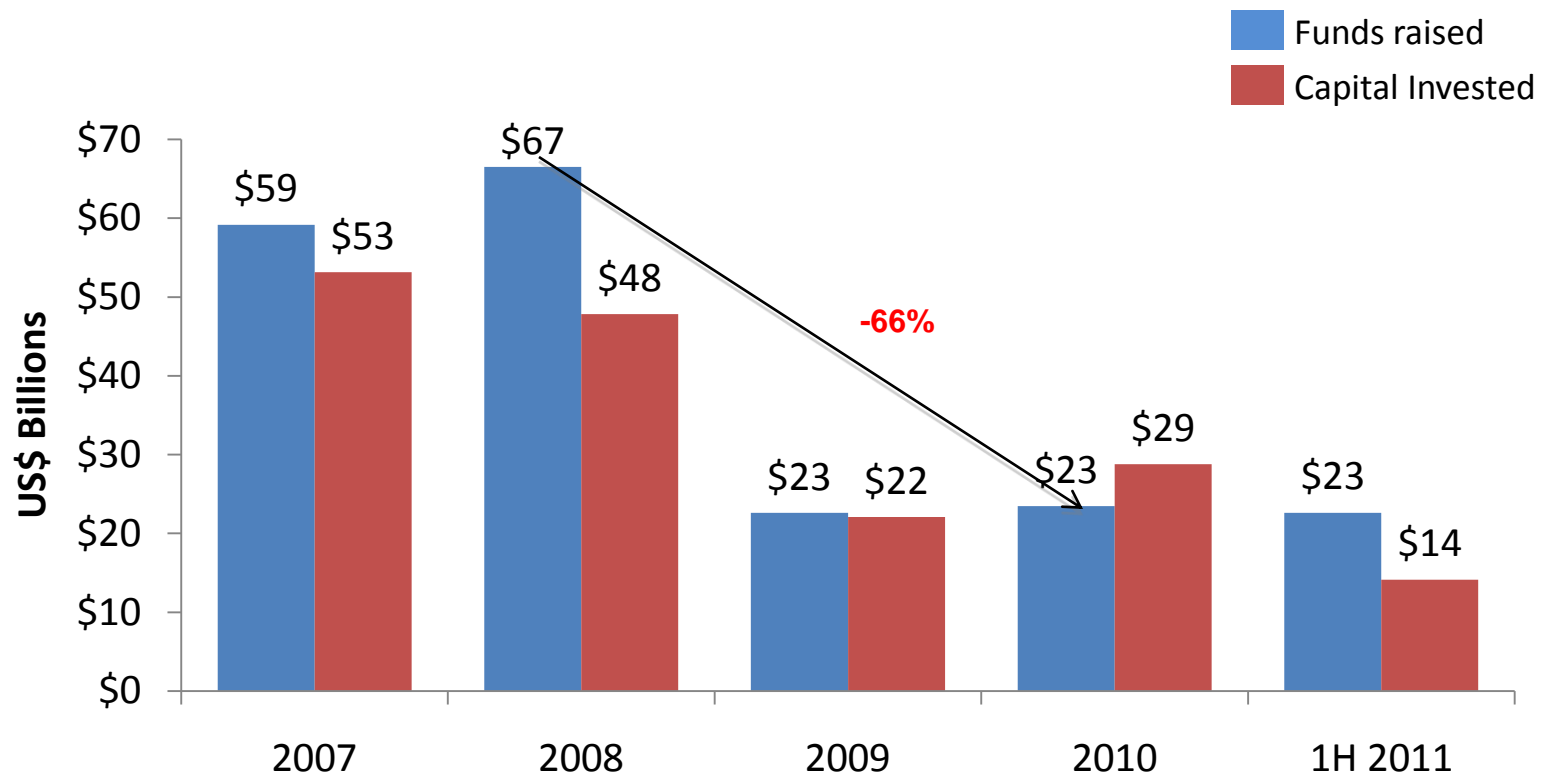




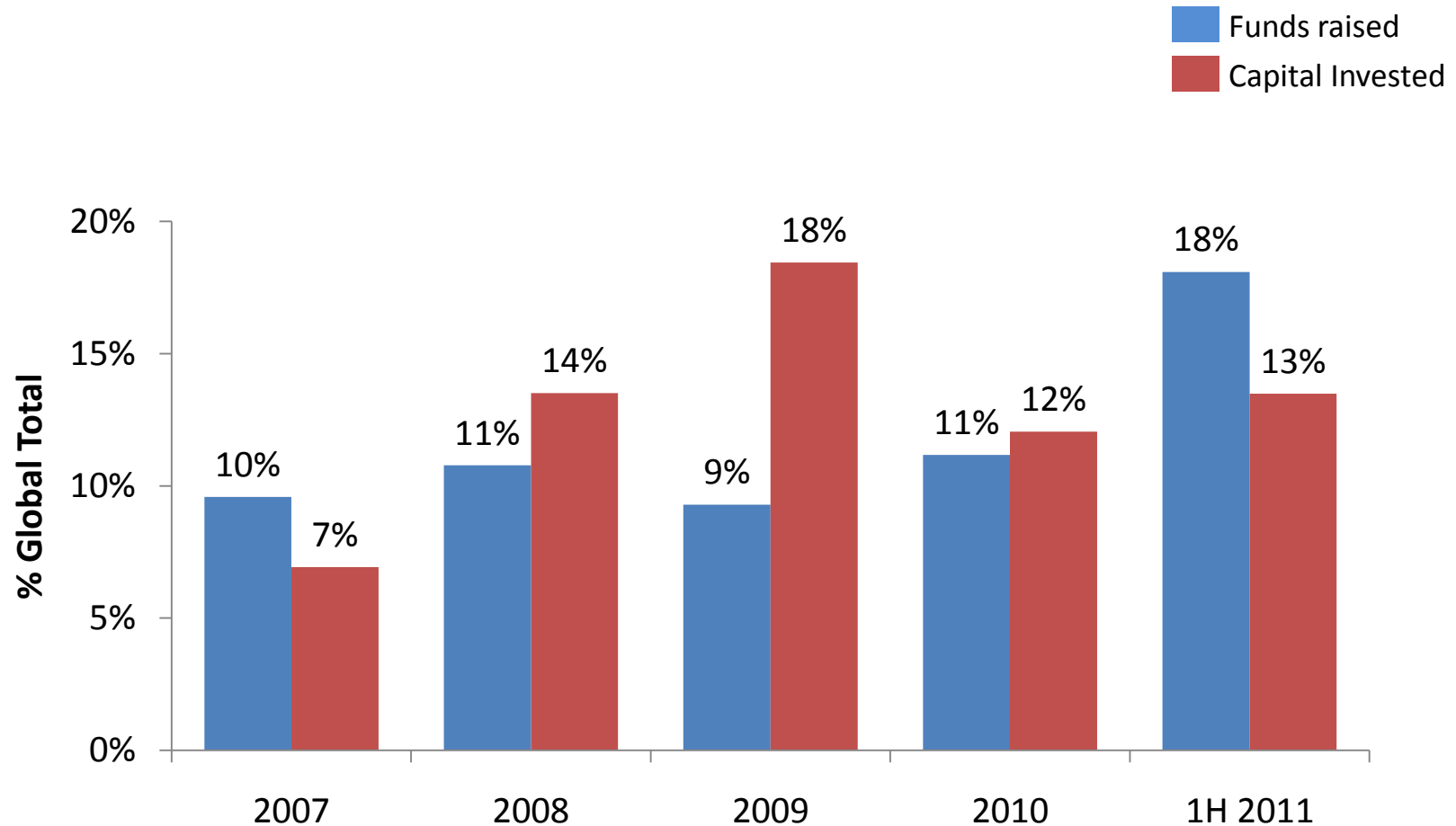
# **Developments in PE Fundraising & Investing in Key EM Markets**

# Recovery across markets

Emerging Market PE Fundraising & Investing: 2007 - 1H 2011

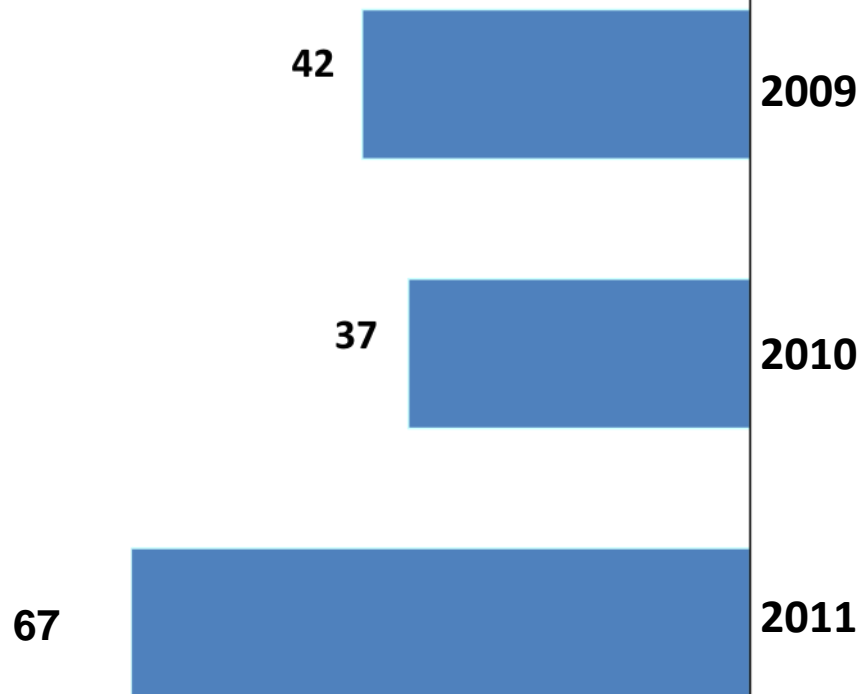


# Fundraising & Investment as % of Global Total

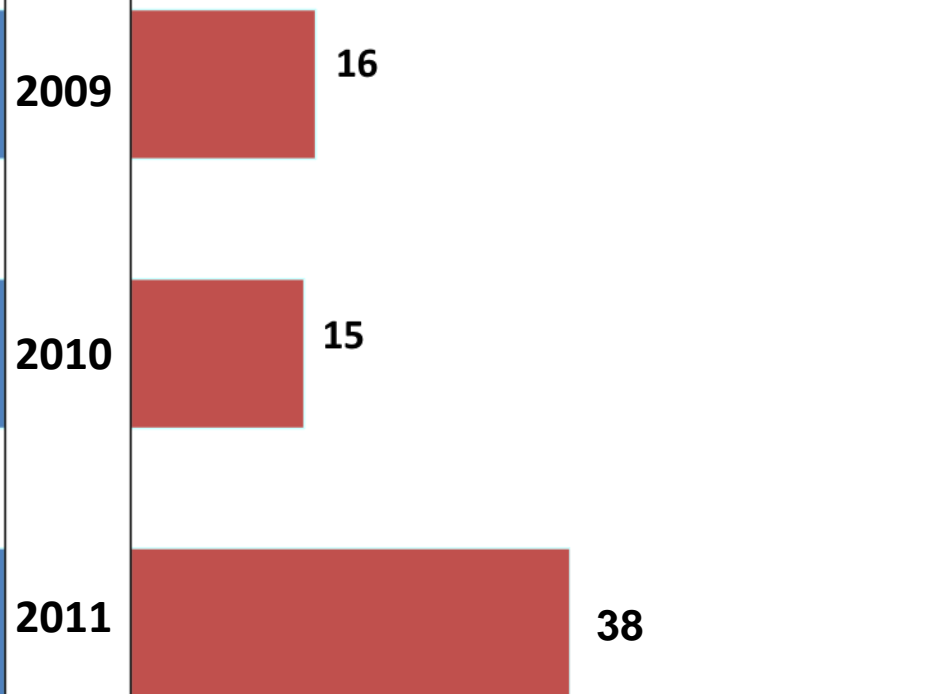


# Africa PE becoming more attractive

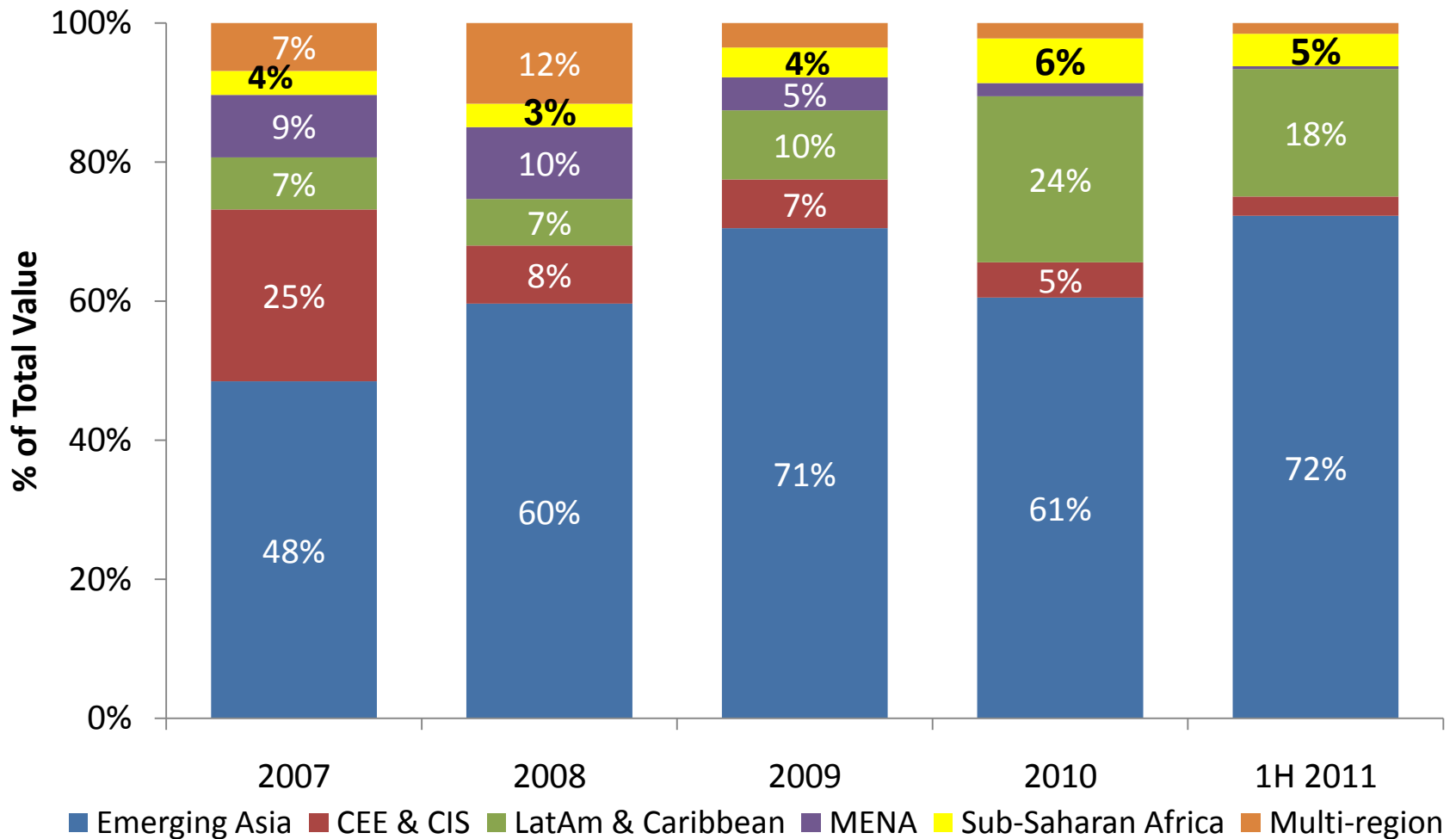
LPs Viewing Africa as “Attractive” or “Very Attractive” (%)



LPs Planning to “Begin” or “Expand” Africa Commitments (%)

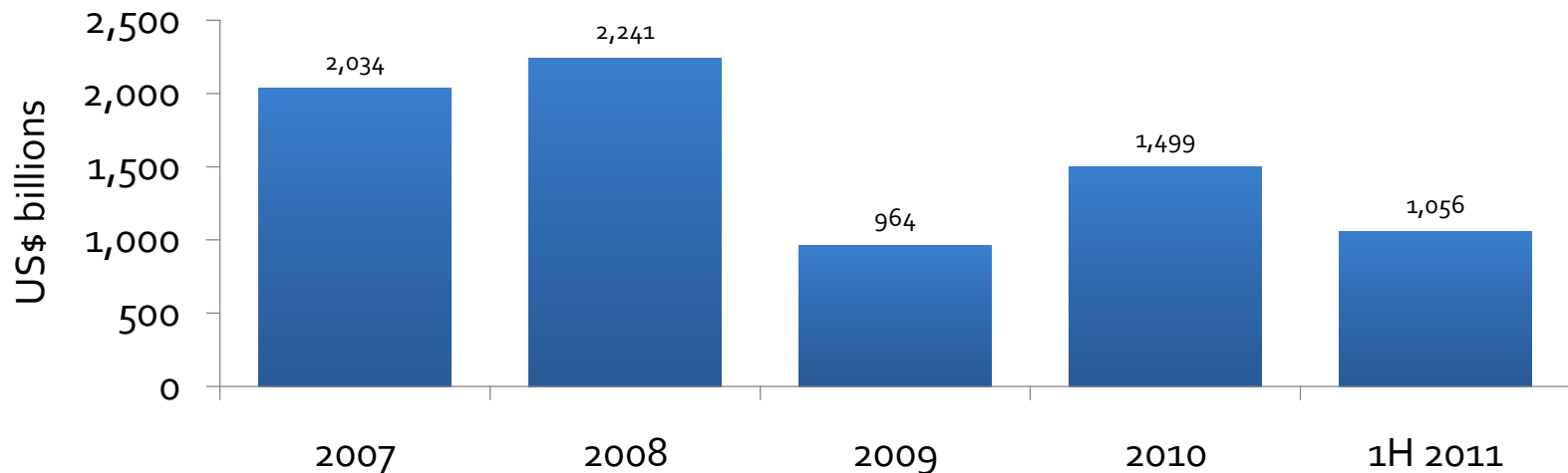


# African growth continues



# Africa continues to recover

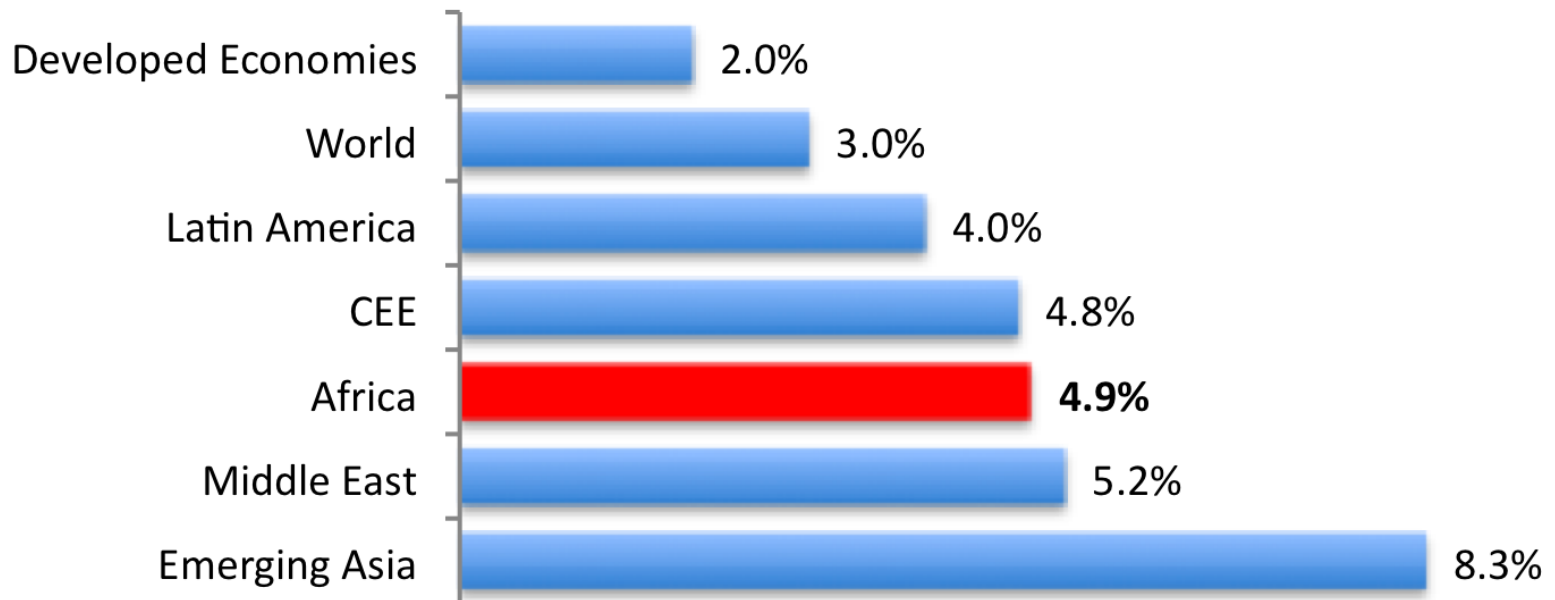
	Emerging Asia	China	India	Sub-Saharan Africa	CEE & CIS	Russia	LatAm & Caribbean	Brazil	MENA
<b>2007</b>	28,668	3,890	4,569	2,034	14,629	1,790	4,419	2,510	5,333
<b>2008</b>	39,660	14,461	7,710	2,241	5,559	880	4,461	3,589	6,875
<b>2009</b>	15,938	6,617	3,999	964	1,586	455	2,248	401	1,070
<b>2010</b>	14,206	7,509	3,268	1,499	1,192	75	5,608	1,078	448
<b>1H 2011</b>	16,361	10,285	2,456	1,056	631	60	4,148	3,000	91



# The African PE Opportunity

# African Growth: A compelling story for PE

## CAGR GDP Growth Rate 2000-2008



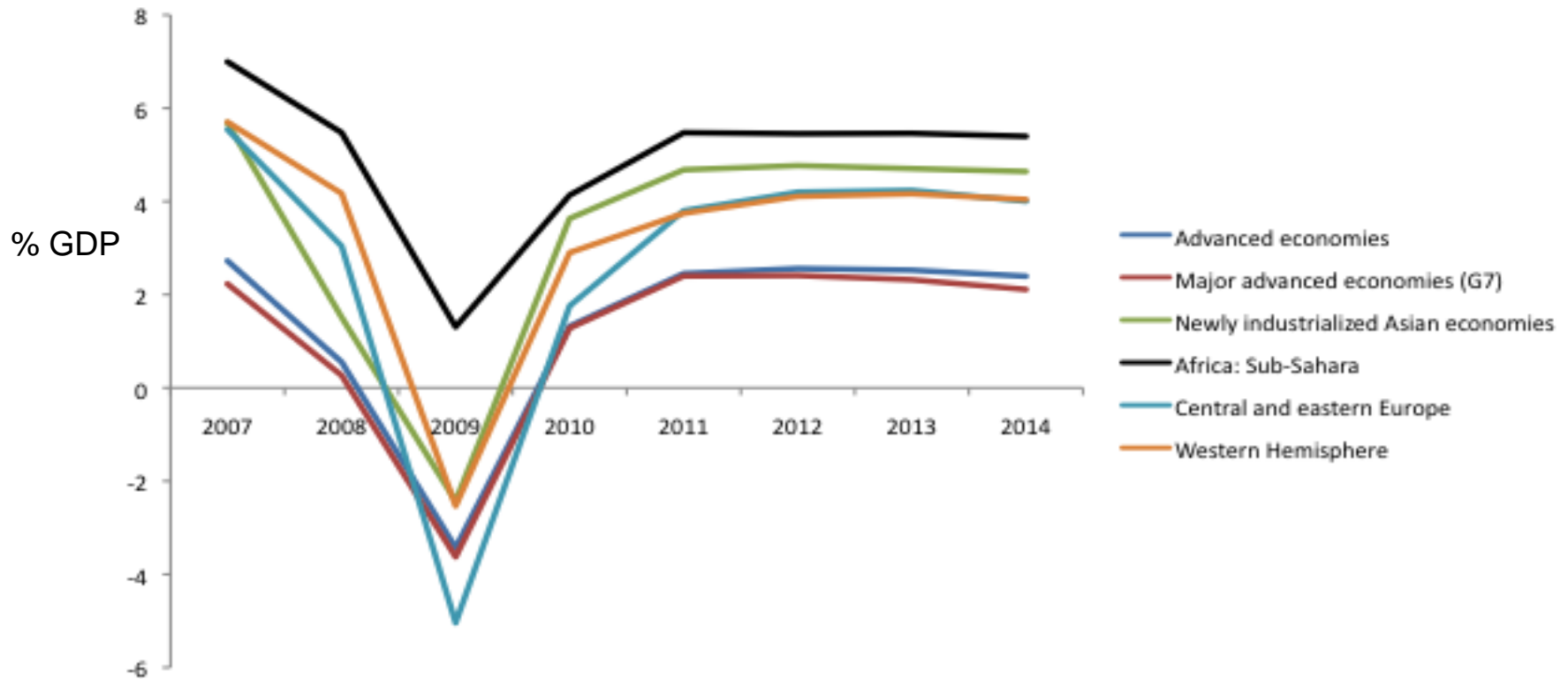


# A diversified growth story

## Sector share of change in real GDP 2000-2007



# Africa – A sustainable growth story



Source: IMF World Economic Outlook April 2010

# Key Statistics

## AFRICA 2008

- **US\$1.6 trillion** – GDP
- **US\$860bn** - Consumer spend
- **60%** - Share of world's uncultivated arable land
- **52** – number of cities with 1 million+ people
- **100+**: number of companies with turnover of US\$1bn

## AFRICA 2020 and beyond

- **US\$2.6 trillion** – GDP
- **US\$1.4 trillion** – Consumer spend
- **1.1 billion** – number of working age Africans (2040)
- **50%** - proportion of Africans living in cities by 2030
- **128 million** – number of African with discretionary income

# The Challenges: Perceived and Otherwise

- Limited knowledge of the asset class
- Markets too small and illiquid
- Corporate governance
- Too high risk
- Limited investment opportunities
- How do we access?
- Lack of commitment from local institutional investors

# Conclusion

- What is your role in capital markets and private sector development?
- Non-sustainable role of development finance institutions
- Catalytic role of local capital
- Long term outlook of local capital