

The role of Private Equity and Venture Capital in Catalysing Economic Development



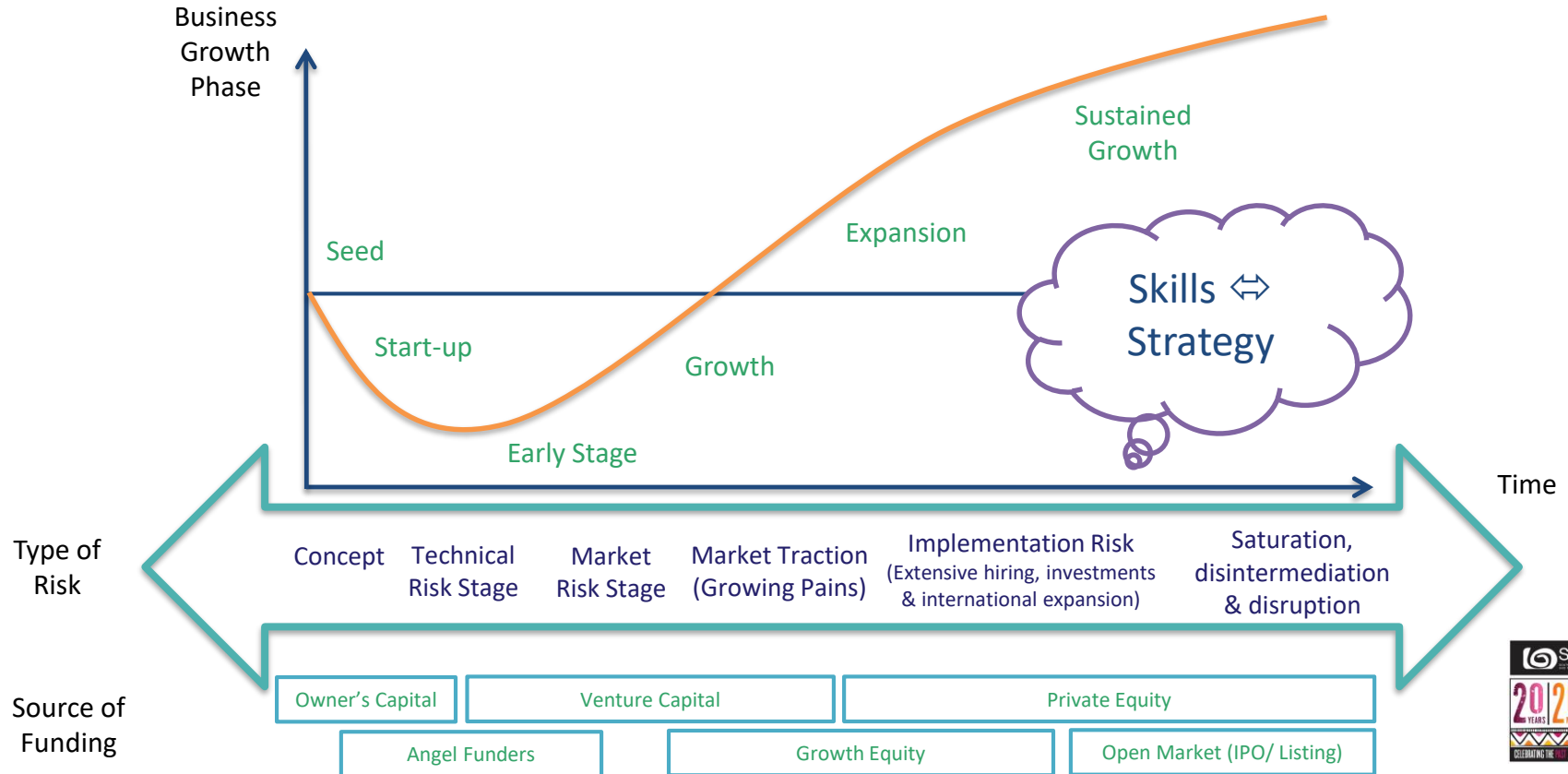
Private Equity and Venture Capital

Broadly defined, is:

A long-term, alternative asset class, which entails Fund Managers raising third-party funds from various classes of investors, to buy assets that are predominantly privately-held



Business Growth Phases



A top-down view of a desk with various art supplies. In the top left, there are three paint pots in green, red, and yellow. To the right, a box of colorful markers is open, showing shades of orange, pink, purple, blue, and yellow. In the bottom right, a black tray holds several green pencils. On the left side, there are several brushes with different handles (orange, pink, gold, and wood) and a black pencil. The background is a white sheet of paper on a wooden surface.

Overview of the Venture Capital market in South Africa

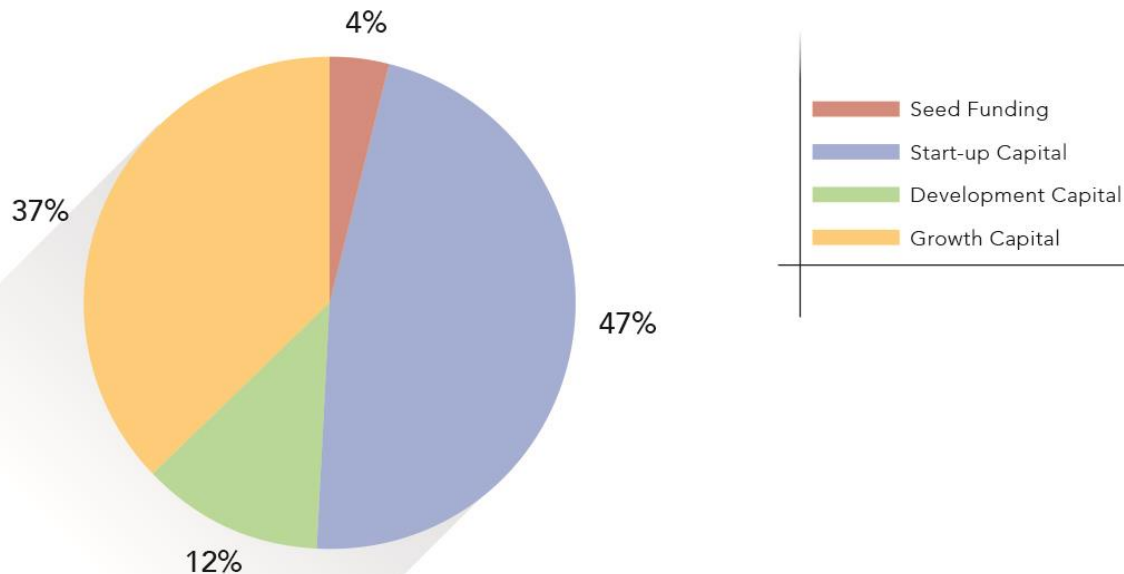
Funds under management

VC asset class end of 2016 comprise

- R3.5 billion allocated to 461 deals
- Deals managed by 53 fund managers (36 in 2015)
- Fund managers involving diversified range of operating structures and investment mandates

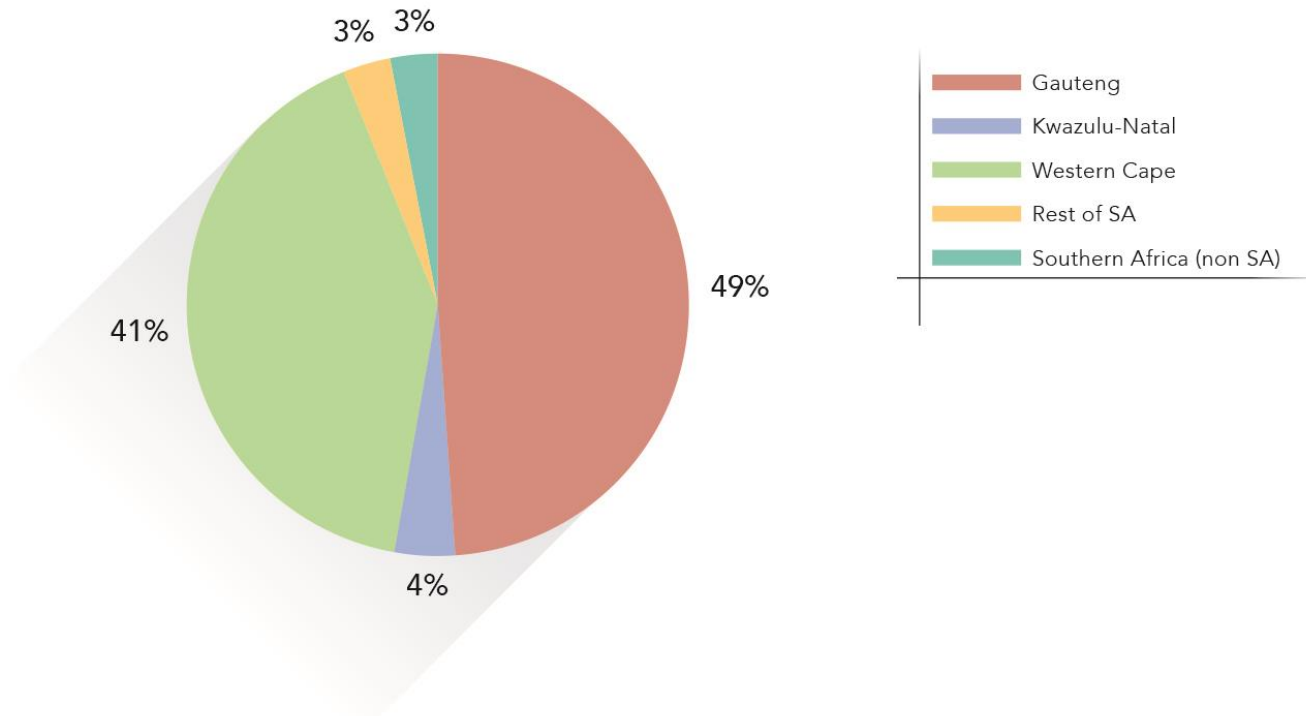
Funds under management

Fig 3a : Contribution by stage of the deal; by value of deals, all deals still invested



Funds under management

Fig 5a: Location of investee company head office; by value of deals, all deals still invested



Overview of the Private Equity Market in Southern Africa



Private Equity in Southern Africa

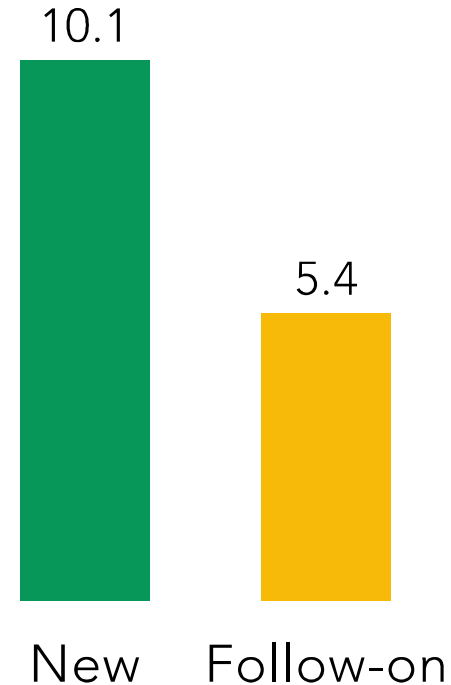
R171.8bn	R18.3bn	R15.5bn	11.6%
<i>Funds under management</i>	<i>Funds returned to investors in 2016</i>	<i>Invested into 574 deals in 2016</i>	<i>Pooled 10 year IRR as at Q1 2018</i>



Investment Activity

R15.5bn invested into 574 deals

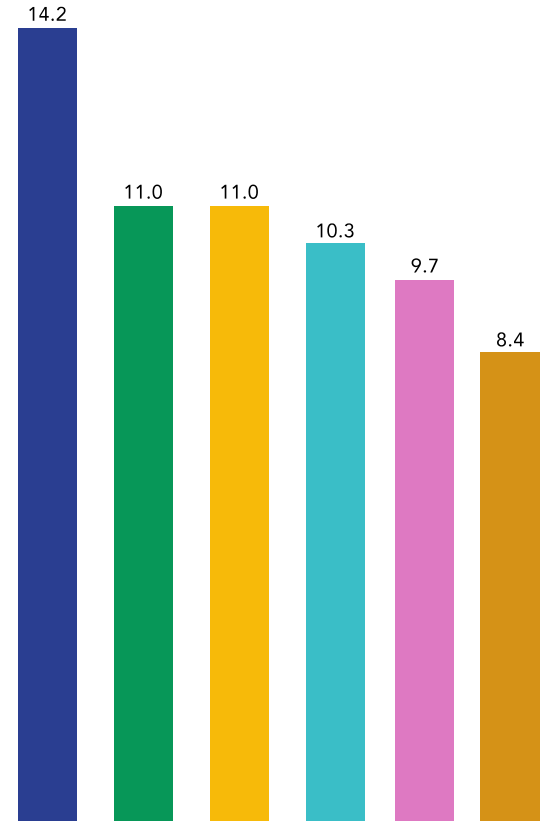
- R10.1bn new investments
- R5.4bn follow-on investments




Investment activity by sector

Top sectors by value

- 14.2% Real Estate
- 11.0% IT
- 11.0% Energy
- 10.3% Services
- 9.7% Manufacturing
- 8.4% Retail





Private Equity and Venture Capital in Action

Case 1: Grassroots Group

Company: Grassroots Group Holdings (Pty) Ltd

Investor: Acorn Agri (Pty) Ltd

Sector: Agriculture and Food

Type of investment: Expansion

Turnover growth: 44% CAGR (2010 – 2016)

EBITDA growth: 64% CAGR (2010 – 2016)

Employees: 730 (2016)

Employee growth: 5x (2011-2016)

Production capability: International standard compliant production facility, with another plant planned for Namibia

Expansion: to markets such as Europe, Iceland, US, Saudi Arabia, United Arab Emirates (UAE) and Japan



Case 2: Tsebo Solutions Group

Company: Tsebo Solutions Group (Tsebo)

Investors: Rockwood Private Equity, Nozala Investments, Lereko Investments

Year of investment: 2007

Sector: Services - facilities management solutions

Type of investment: Growth

Turnover growth: 27% (2016)

EBITDA growth: 44% (2016)

Employees: 34 000 (from 10 000 in 2007)

Expansion: Into 12 additional countries in Africa

Transformation: Facilitated B-BBEE level 1 accreditation under the new B-BBEE codes



Case 3: Spazapp

Company: Spazapp Systems (Pty) Ltd

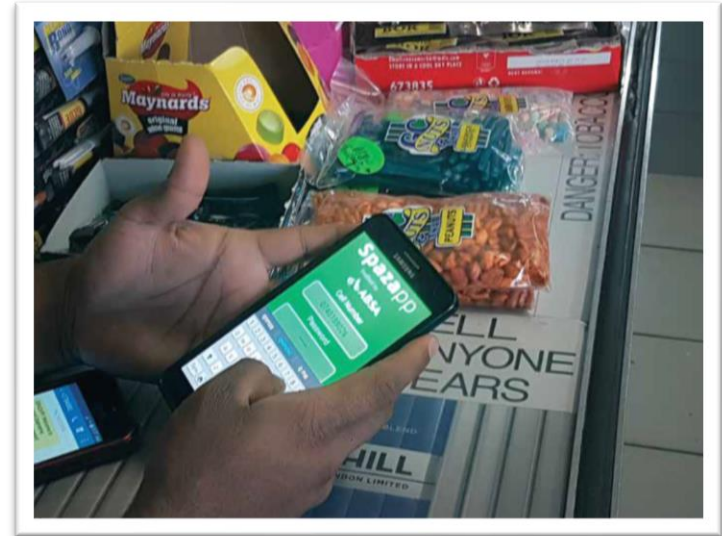
Investor: Kingson Capital

Sector: Information and communications technology (ICT) supporting the consumer goods industry

Type of investment: Start-up

Turnover growth: 378% annualised for financial year 2017

Employees: From two to eight full-time employees, as well as 250 self-employed field agents (2017)



Case 4: SweepSouth

Company: SweepSouth

Investor: Edge Growth (through the Vumela Enterprise Development Fund)

Year of investment: November 2015

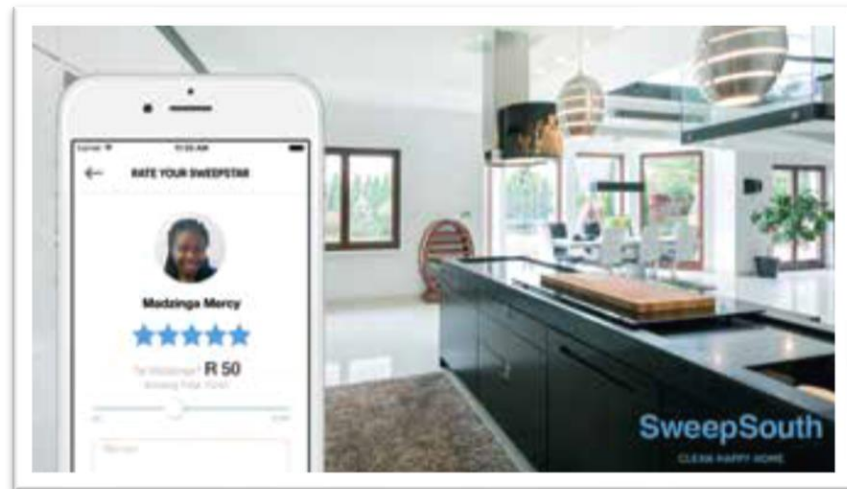
Sector: Services

Type of investment: Early Stage Growth

Employees: Five to 20 full-time staff;

approximately 3 800 registered cleaners

November 2017)





Thank You

www.savca.co.za

