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# **South Africa M&A Review Q2 2018**

### The following report details mergers and acquisitions activity in South Africa in Q2 2018 using data from the Zephyr database.

It focuses on global deals activity by target company

Click [here](#) to access the raw data in an Excel spreadsheet.

### South Africa M&A volume and value decline in Q2 2018

Both the volume and value of mergers and acquisitions (M&A) targeting companies based in South Africa declined in the second quarter of 2018 as 142 deals worth a combined USD 5,321 million were announced, compared to the USD 6,681 million injected across 149 deals in Q1.

The result also represents a year-on-year decline, albeit to an even greater extent; in Q2 2017 there were 221 deals with an aggregate value of USD 12,219 million.

Despite the disappointing showing, there was one notable deal which broke the USD 1,000 million-barrier announced over the course of the three months. That deal saw RMI Asset Holdings (Pty) Ltd pick up a 25 per cent stake in health insurer Discovery Ltd for USD 1,733 million. This deal alone accounted for 33 per cent of total value in Q2 and was considerably larger than the second-placed transaction – a USD 401 million injection in Cape Town-based homeware retailer Woolworths Holdings by Allan Grat (Pty) Ltd.

### Deals by volume and value

Announced date	No of deals	Total deal value (mil USD)
Q2 2018	142	5,321
Q1 2018	149	6,681
Q4 2017	199	7,880
Q3 2017	185	6,793
Q2 2017	221	12,219
Q1 2017	223	9,521
Q4 2016	197	7,597
Q3 2016	208	4,490
Q2 2016	191	4,944



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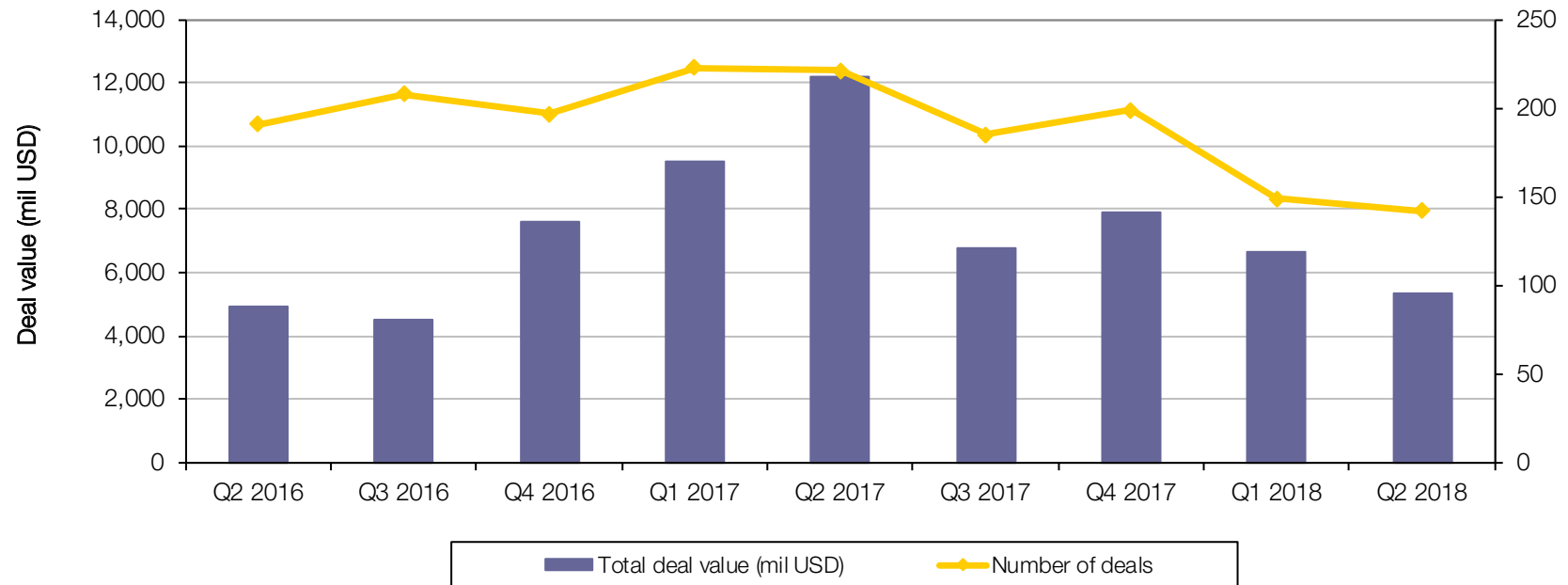


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## Deals by volume and value



## Top 20 deals by value with South African targets

	Deal value (mil USD)	Deal type	Target	Acquiror	Acquiror country	Announced date
1.	1,733	Minority stake 25%	Discovery Ltd	RMI Asset Holdings (Pty) Ltd	ZA	29/06/2018
2.	401	Minority stake 2% to 10%	Woolworths Holdings Ltd	Allan Gray (Pty) Ltd	ZA	05/04/2018
3.	343	Acquisition 44% to 100% Bid 2 – Increased bid	Murray & Roberts Holdings Ltd	ATON Austria Holding GmbH	AT	25/05/2018
4.	314	Minority stake 6%	Steinhoff Africa Retail Ltd	Institutional Investors		11/04/2018
5.	289	Acquisition 100%	Rage Distribution (Pty) Ltd	Long4Life Ltd	ZA	26/06/2018
6.	196	Minority stake 5% to 11%	AngloGold Ashanti Ltd	Van Eck Associates Corporation	US	21/06/2018
7.	142	Minority stake 2%	Bid Corporation Ltd			05/04/2018
8.	131	Minority stake 3% to 5%	Woolworths Holdings Ltd	Lazard Asset Management LLC	US	28/05/2018
9.	126	Capital Increase 20%	Sun International Ltd			08/05/2018
10.	96	Capital increase 45%	Unitrans Supply Chain Solutions (Pty) Ltd	Unitrans Express Deliveries (Pty) Ltd; Unitrans Express Logistics (Pty) Ltd	ZA; ZA	18/05/2018
11.	96	Acquisition to 100%	Unitrans Supply Chain Solutions (Pty) Ltd	Kap Industrial Holdings Ltd	ZA	18/05/2018
12.	85	Minority stake 2%	Mr Price Group Ltd			31/05/2018
13.	82	Capital Increase 11%	Harmony Gold Mining Company Ltd	Investors; African Rainbow Minerals Ltd	N/A; ZA	05/06/2018
14.	81	Minority stake 3% to 5%	Foschini Group Ltd, The	Hermes Investment Management Ltd	GB	14/06/2018
15.	78	Minority stake 4% to 6%	Mr Price Group Ltd	JP Morgan	US	20/06/2018
16.	66	Capital Increase	Dipula Income Fund Ltd			10/04/2018
17.	64	Capital Increase 3%	Hyprop Investments Ltd			08/05/2018
18.	64	Capital Increase 9%	Equites Property Fund Ltd			24/05/2018
19.	64	Capital Increase 50%	Consolidated Infrastructure Group Ltd	Shareholders		18/05/2018
20.	56	Capital Increase 3%	Investec Ltd			20/06/2018

### PE and VC volume and value increase significantly

In contrast to the M&A results, both the volume and value of private equity and venture capital (PE and VC) dealmaking improved on Q1 2018. In all, there were 15 deals worth a combined USD 61 million announced in the period under review, compared to the six deals which were announced in Q1 2018; none of those deals had a disclosed value.

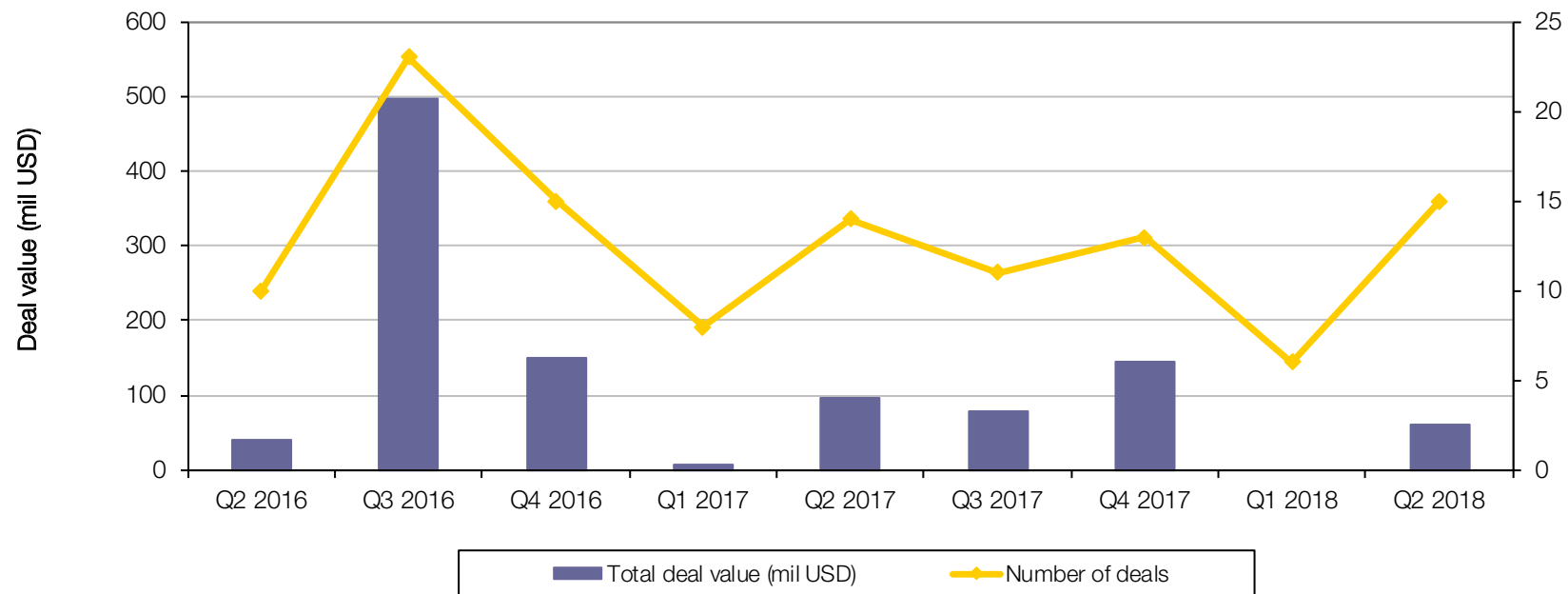
The result was less positive in a year-on-year comparison; although volume increased marginally from 14 deals in Q2 2017, value actually declined from USD 97 million over the same timeframe.

The lack of a very high value PE/VC deal held value down somewhat over the three months; the largest such deal was worth USD 29.65 million and saw Community Investment Ventures Holdings pick up a 34.9 per cent stake in fibre optic internet service provider Vumatel.

### Private equity deals by volume and value

Announced date	No of deals	Total deal value (mil USD)
Q2 2018	15	61
Q1 2018	6	0
Q4 2017	13	146
Q3 2017	11	78
Q2 2017	14	97
Q1 2017	8	7
Q4 2016	15	150
Q3 2016	23	497
Q2 2016	10	41

## Private equity deals by volume and value



### Target sectors by volume

Target sector	Q2 2017	Q1 2018	Q2 2018
Other services	65	56	46
Wholesale & retail trade	32	15	20
Chemicals, rubber, plastics	9	11	11
Metals & metal products	26	12	9
Machinery, equipment, furniture, recycling	8	5	8
Hotels & restaurants	6	7	7
Insurance companies	9	4	6
Banks	11	5	6
Primary sector	10	4	6
Publishing, printing	6	9	5
Post and telecommunications	6	1	4
Transport	2	4	4
Education, health	2	3	4
Construction	11	5	2
Food, beverages, tobacco	5	6	2
Gas, water, electricity	2	0	1
Textiles, wearing apparel, leather	0	0	0
Public administration and defence	0	0	0
Wood, cork, paper	4	3	0

### Target sectors by value

Target sector	Q2 2017 (mil USD)	Q1 2018 (mil USD)	Q2 2018 (mil USD)
Insurance companies	93	492	1,762
Wholesale & retail trade	417	1,811	1,183
Other services	952	1,124	1,163
Metals & metal products	1,290	310	324
Hotels & restaurants	407	375	273
Transport	0	636	204
Chemicals, rubber, plastics	184	952	107
Primary sector	288	86	95
Banks	7,853	12	69
Machinery, equipment, furniture, recycling	3	472	50
Food, beverages, tobacco	16	166	30
Post and telecommunications	110	0	30
Publishing, printing	21	135	7
Construction	138	30	4
Education, health	0	32	4
Gas, water, electricity	9	0	2
Wood, cork, paper	96	107	0
Public administration and defence	0	0	0
Textiles, wearing apparel, leather	0	0	0

### Top target countries by volume

Target country	Q2 2017	Q1 2018	Q2 2018
1. US	5,455	5,323	5,001
2. China	3,909	3,605	3,576
3. UK	1,472	1,503	1,590
4. Germany	1,012	1,519	1,550
5. Japan	902	1,107	857
6. Canada	1,136	815	838
7. Australia	958	730	769
8. South Korea	773	634	642
9. Sweden	613	582	616
10. France	624	996	577
11. Spain	731	622	561
12. Netherlands	571	652	559
13. Poland	849	672	420
14. India	644	401	416
15. Russia	427	489	410
16. Italy	307	366	340
17. Switzerland	377	355	308
18. Singapore	231	234	237
19. Ukraine	252	257	224
20. Cayman Islands	227	204	204
26. South Africa	221	149	142

### Top target countries by value

Target country	Q2 2017 (mil USD)	Q1 2018 (mil USD)	Q2 2018 (mil USD)
1. US	361,468	431,847	488,614
2. UK	72,940	78,202	197,697
3. China	201,865	191,323	197,651
4. Germany	75,355	123,092	105,374
5. Spain	22,881	79,004	39,405
6. Canada	28,248	45,450	37,493
7. Netherlands	40,064	109,286	31,461
8. India	18,762	32,818	28,088
9. Romania	729	795	23,314
10. South Korea	25,346	24,444	22,880
11. Czech Republic	459	1,342	22,535
12. Hungary	82	3,355	22,469
13. France	58,149	40,534	22,365
14. Singapore	6,449	8,824	22,313
15. Australia	24,594	28,230	18,387
16. Italy	20,036	17,305	18,262
17. Portugal	1,903	1,734	17,232
18. Japan	13,451	24,828	16,580
19. Switzerland	19,835	14,202	16,442
20. Cayman Islands	26,175	44,186	16,360
32. South Africa	12,219	6,681	5,321



## **Notes to editors**

Activity is based on the activity of the target company.

Deal status is announced within the time period.

The sector breakdown uses targets' activities as defined to be 'Major Sectors' by Zephyr.

The date range is 01/04/2018 - 30/06/2018 inclusive.