

MERGERS AND ACQUISITIONS

CLIFFE DEKKER
HOFMEYR'S
SPECTACULAR
PERFORMANCE
IN THE
MERGERMARKET
LEAGUE TABLES

WE ARE THRILLED BY OUR CLIENTS' ENDORSEMENT OF THE FIRM'S GROWING M&A BREADTH AND DEPTH OF EXPERTISE ACROSS A RANGE OF SECTORS. THANK YOU!

CLIFFE DEKKER HOFMEYR'S SPECTACULAR PERFORMANCE IN THE MERGERMARKET LEAGUE TABLES

Cliffe Dekker Hofmeyr extends its domination of the domestic South African M&A market by a spectacular performance in Mergermarket's M&A league tables for Africa and the Middle East.

Our Mergers and Acquisition (M&A) team has claimed 1st place by deal count and 4th place by deal value in the Africa and Middle East region of Mergermarket's M&A 2014 Global League Tables, released in mid-January 2015.

Our 1st place by deal count placed it ahead of the London Magic Circle firms, lead by Clifford Chance (2nd place). Our credible 4th place by deal value, places it right behind three London Magic Circle firms but, importantly, ahead of all other African (including South African) law firms.

Concluding a total of 38 deals in 2014, secured first place for our M&A team. The team's deals in 2014 had a combined value of US\$9.2 billion. According to notes in the Mergermarket report, "[t]he highest valued deal in Africa and the Middle East in 2014 saw a 92.34% stake in South Africa's retailer network Pepkor Holdings Proprietary Limited acquired by Steinhoff International Holdings Limited for US\$5.7 billion, which was also the second largest deal for the country on record". Our M&A team acted as legal advisors to Steinhoff on this deal.

Mergermarket's data used in the league tables included transactions over US\$5 million, based on the dominant geography or dominant sector of the target.

When discussing trends in Africa and the Middle East, the report stated that "the allure of flourishing new African markets with less competition is causing a number of South African corporates to cast their lines further afield to other African countries, especially in the face of difficult conditions

at home. The most common deals in 2015 are expected to be intraregional, outbound from family businesses, and an increase in inbound activity from strategic players".

In terms of trends in M&A in South Africa, the domestic market softened considerably in 2014 on the back of *inter alia*, socio-economic, labour and energy supply challenges, exchange rate pressures and regulatory uncertainty in the resources sector, which is likely to continue having a chilling effect on inbound FDI during 2015. Usefully, South Africa's *malaise* has focussed domestic corporates' attention on opportunities presented in other African markets (specifically mobile telecommunications, financial services and FMCG markets) which are likely to continue to drive outbound M&A from South Africa in the near term.

In terms of private equity deals, activity had picked up in the last year across geographies and industry sectors. We experienced the private equity market in South Africa, and more broadly in Africa, to be more active than it had been for a number of years.

We are expecting private equity deal flow to increase over the next 12 months, with investments being moved between funds by way of secondary buyouts and a strong pipeline of new investments. Targets vary in size, with co-investments becoming more common. Private equity exits, particularly in an anaemic South African economic growth environment also appear to be gaining momentum.

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