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Corvest eyes big deals in Africa

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Financial Services Editor

PRIVATE equity company RMB Corvest yesterday said it was considering a clutch of potential deals in SA and four other African countries as part of an acquisition-led growth to boost its profits.

In an interview, Mike Donaldson, a director at RMB Corvest, said the company would invest in deals from R100m up to R1bn in growth sectors such as fast-moving consumer goods.

Private equity activity has not been dramatically affected by the uncertainty in Europe, with the sector in SA still sitting on more than R34bn in capital to fund deals, according to a recent study by the professional services company KPMG.

Mr Donaldson said the market for deals, particularly in the small to medium sector, was buoyant even though deal flow in sub-Saharan Africa was not yet frenetic because investors are cautious. Large private equity companies were scouting for opportunities in emerging markets, with sub-Saharan Africa a major attraction because of high growth rates of more than 5,4% this year and over 7% in some countries, said a report by rating agency Moody's.

"We have a good healthy pipeline of deals we are considering not only in SA but in Nigeria, Kenya, Tanzania and Ghana," Mr Donaldson said.

Yesterday, RMB Corvest and Shalamuka Capital announced an empowerment deal with medical equipment supplier Respiratory Care Africa. The company was established in 1998 and has since become a leading importer and distributor of specialist medical equipment to public and private healthcare institutions.

Mr Donaldson said sub-Saharan Africa was a growth region, but one in which one had to study the market and understand the risks involved.

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