

# Unlocking African Growth

Insights on Private Equity in Africa

# Agenda

I Brief introduction

II Africa – A growth opportunity

III Market environment, opportunities and trends

IV Lessons learned from an EUR Investor

V Innovative approach to accessing African Private Equity

VI Q&A





Kamerun

## Zerrieben zwischen den Konflikten

Über eine Million Binnenflüchtlinge, seit Jahren bewaffnete Konflikte: Die Hilfsorganisation NRC bezeichnet die Lage in Kamerun als die "am meisten vernachlässigte Vertreibungskrise" - und moniert fehlende internationale Gelder. Von A. Diekhans. | [mehr](#)

Epidemien

## Cholera-Ausbrüche in 23 Ländern Afrikas

23 Länder in Afrika melden Ausbrüche von Cholera. Sorge bereitet Behörden und Hilfsorganisationen nicht nur die wachsende Zahl der Fälle, sondern auch die steigende Sterblichkeitsrate. Örtliche Konflikte erschweren die Situation. | [mehr](#)

Startseite > Politik

## Krisen, Kriege, Katastrophen: Wie Journalisten ein verzerrtes Bild von Afrika zeichnen



News in-depth **African politics**

### World's oldest leader readies for another shot at power

Cameroon's Paul Biya, aiming to stay in office until nearly 100, has attended only one rally and spent part of the presidential campaign in Switzerland



VIDEO

## Flüchtlinge in Kenia hungern aufgrund massiver Kürzungen der Lebensmittelrationen



**Madagascar**

### Madagascar army unit says it has taken power after weeks of protest

Announcement comes day after President Andry Rajoelina fled to a 'secure location'





Internationale Zusammenarbeit

## Die Zukunft liegt im Süden

Internationale Krisen bedrohen Sicherheit und Wohlstand in Deutschland. Partnerschaften mit Ländern Afrikas, Asiens und Lateinamerikas können für neues Wachstum sorgen.

Junge Bevölkerung, reichlich Ressourcen: Afrika bietet beträchtliche Chancen

Logistics Manager

### DHL Group to invest €300m across Sub-Saharan Africa

DHL Group plans to invest more than €300m (£260m) in Sub-Saharan Africa, supporting goals to boost intra-African and global trade.



IWD IWD

### Freihandelsabkommen mit Afrika soll Handel stärken

Am 1. Januar 2021 ist das Abkommen zur panafrikanischen Freihandelszone in Kraft getreten – ein großer Schritt zu freiem Waren- und...

The FT View **The editorial board**

### Gen Z is the new force in global politics

The Madagascar protests highlight the powers and flaws of youth seeking a quick fix



inv Investing.com

### Coca-Cola HBC buys control of Africa bottling business for \$2.6 billion By Reuters

(Reuters) -Swiss-based bottler Coca-Cola HBC has agreed to buy a 75% stake in its African counterpart for a total of \$2.6 billion,...



Energy Capital &amp; Power

### Eni to Invest €24B in North Africa's Energy Sector, Strengthening European-African Partnerships

Eni to Invest €24B in North Africa's Energy Sector, Strengthening European-African Partnerships ... Italian energy company Eni has announced plans...

Being part of KfW group, we are the most experienced German player in Emerging Markets together with DEG

## DEG Impact – Your partner for investment advisory in Africa



### Asset Volume

- DEG Impact: c. EUR 800 m<sup>1</sup>
- DEG: > EUR 12.0 bn<sup>1</sup>



### Know-How

- Combining group's Emerging Markets expertise of 60+ years with deep Alternative Investments knowledge



### Autonomy

- Independent investment advisor on behalf of institutional investors



### Impact

- From structure to action – Impact is part of our DNA
- Own proprietary monitoring tool – powering transparency & results



### Business Support Services

- Technical Assistance for GPs & portfolio companies (ESG, Commercial Advisory)



### Our Partner



<sup>1</sup> DEG: Own Balance Sheet per 31.12.24 | DEG Impact: Assets under Advisory per 31.03.2025



# Africa – A growth opportunity



Rapid population growth and underdeveloped infrastructure drive long-term investment demand

## Africa - A growth opportunity



### Demographics

- 1.5bn people, rapidly growing middle class
- Over 60% of population under 25; massive young workforce<sup>1</sup>
- Fast urbanization



### Infrastructure and Related Industries

- Annual investment need USD 4 trillion worldwide, with around USD 100bn p. a. infrastructure financing gap in Africa<sup>2</sup>
- Lack of reliable electricity access creating demand for grid expansion<sup>3</sup>
- Telecom towers and fibre network roll-out to provide access to the internet



### Private Market Environment

- +200 Private equity fund managers across the continent (+50 venture capital managers)
- H1 2025: 129 deals<sup>4</sup>
- Africa-focused funds raised USD 1.1bn in H1 2025, with PE strategies accounting for 70% capital raised<sup>4</sup>



### PE Opportunity

- Scarcity of capital for SMEs
- Fragmented markets
- Capital needed for infrastructure, energy, digital, and consumption
- Increasing digitalisation, import substitution, and regional integration (African Continental Free Trade Area)

<sup>1</sup> Boston Consulting Group  
<sup>2</sup> UNCTAD (2025), *Leveraging the Potential of Sovereign Investors for Infrastructure Investment in Africa*

<sup>3</sup> United Nations: *Decoding Africa's Energy Journey*

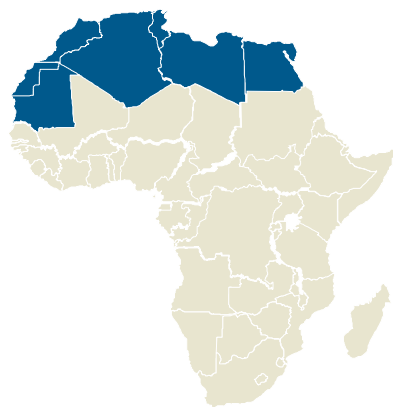
<sup>4</sup> GPCA Mid-Year 2025 Global Private Capital Industry Data & Analysis

Growth opportunities lie in Africa's regional Differences – combining various unique regions fosters real diversification

## Mapping Africa's diversity

Africa's GDP growth at 4.2% in 2025<sup>1</sup>. Easing inflation, stronger finances, and rising investments are set to boost mid-term growth across all regions.

Private capital investments increased by 110% from 24H1 to 25H1<sup>2</sup>.



**North Africa:** Recovery - GDP growth from 2.8% to 4.4%<sup>1</sup>

- **Gateway to Europe** (Nearshoring)
- Economic ties with Middle East countries
- **Less interaction with SSA**



**West & Central Africa:** Mixed GDP developments

- Rich in **resources** and hub for **international trade**
- **Strong tech ecosystem, especially in Nigeria**
- Regional growth driven by **non-resource intensive economies** (e.g. Côte d'Ivoire & Senegal)<sup>3</sup>



**East Africa:** Fastest-growing region from 4.5% to 5.4% in 2025<sup>4</sup>

- Economic proximity to **South East Asia and Gulf Countries**
- **Service sector** contributes greatly to GDP growth in the region<sup>4</sup>
- Strong momentum thanks to **EAC** boosting cross border trade



**Southern Africa:** Recovery – 2.2 to 2.5% GDP growth<sup>1</sup>

- **Most advanced and diversified** SSA region
- Positive **spillovers** from South Africa
- Mature private equity ecosystem

<sup>1</sup> IMF World Economic Outlook October 2025

<sup>2</sup>GPCA Mid-Year 2025 Global Private Capital Industry Data & Analysis

<sup>3</sup>African Development Bank West Africa Overview

<sup>4</sup>African Development Bank East Africa Economic Outlook 2024

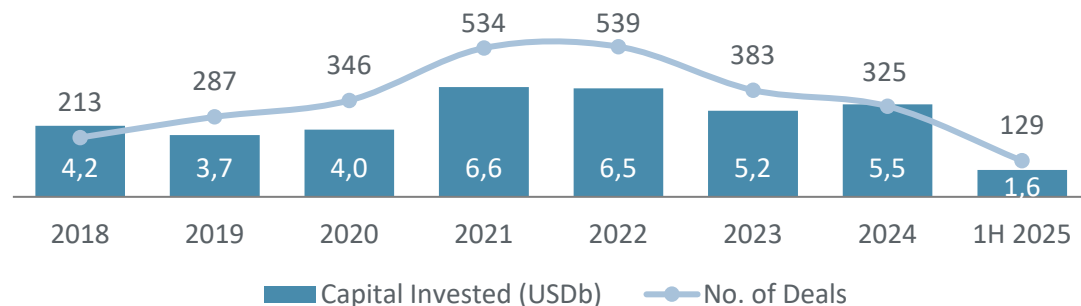


# Market environment, opportunities and trends



Ongoing shift to a more commercial investor base. Consumer, Healthcare & Infra-supply chain sectors offering bright opportunities to cover the rapid growing of middle-case induced demand

## Market environment, opportunities & trends



### Africa Investment by Industry, 2020-H1 2025 (USDm)

	2020	2024	2025 H1	Trend <sup>3</sup>
Agribusiness	99	29	21	↑
Basic Materials	50	12	-	-
Consumer Goods & Services	347	546	310	↑
Conventional Energy	125	1.479	118	↓
Financial Services	740	1.041	321	↑
Healthcare	525	56	119	↓
Industrials	938	640	96	↓
Information Technology	482	509	138	↓
Real Estate	5	55	52	↓
Renewable Energy	399	731	63	↑
Telecommunications	250	430	372	↑
<b>Total</b>	<b>3959</b>	<b>5528</b>	<b>1610</b>	↓



### Typical Investor

- Growing diversification of LP base across investor types (DFIs, SWFs, institutional investors, and family offices)
- More balanced capital allocation within the African investor landscape



### Market Environment<sup>1</sup>

- Investment down to USD 1.6bn (PE & infra weak) but VC resilient at USD 640m
- Funds raised USD 1.1bn mostly PE, despite tough environment
- Exits muted at USD 394m: driven by global strategic buyers



### Sectoral Opportunities & Trends<sup>2</sup>

- Healthcare & Pharma, Fintech & Consumer Goods, Clean Energy & Climate Finance
- Co-Investment Culture: SWFs and international funds as growth accelerators
- Barriers: few bankable projects; FX volatility/depreciation

<sup>1</sup> GPCA Mid-Year 2025 Global Private Capital Industry Data & Analysis

<sup>2</sup> UNCTAD (2025), *Leveraging the Potential of Sovereign Investors for Infrastructure Investment in Africa*

<sup>3</sup> Trend arrows indicates a growing sector from the period 2020-2024 to 2025

# Lessons learned from an EUR Investor





Exit mentality and on the ground partnerships are key! PE Mid-Market sweet spot while VC needs further time

## Lessons learned and recommendations

### Exit-First Mindset & Tailored Structuring

- Partnering with GPs that combine exit-first thinking and structuring flexibility to enhance risk-return profile and early DPI
- No secondary product market (LP-led) in Africa

### Local Presence & Partnerships

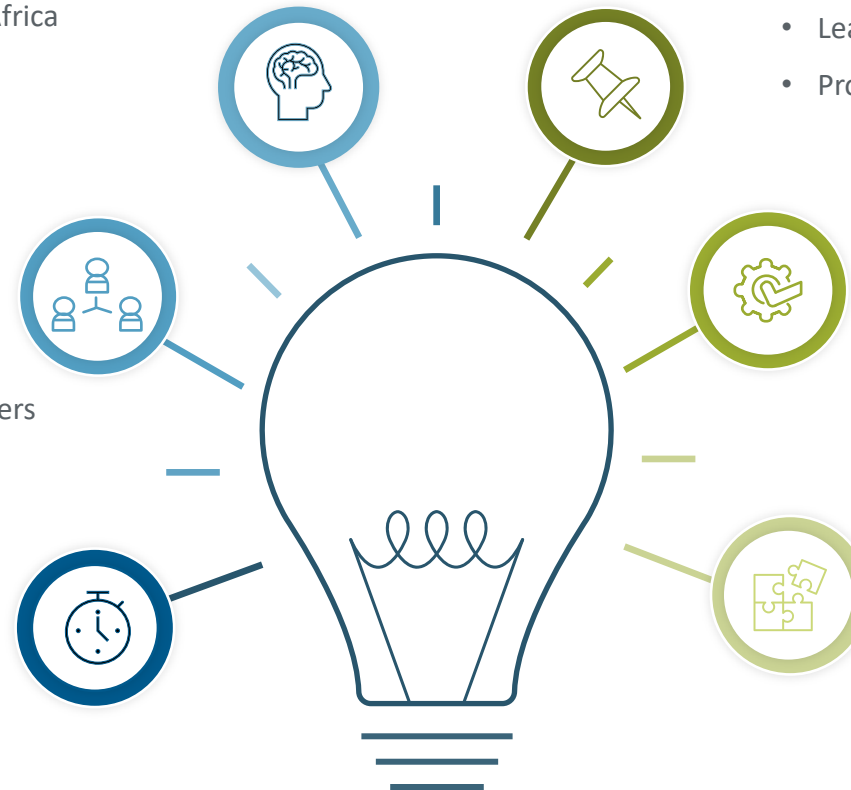
Focus on local teams:

- Strong network with proprietary deals sourcing capabilities
- Reference checks across team, portfolio and stakeholders

### Venture Capital

VC still new to the African market and success is unproven:

- No track record
- Young businesses struggle with aggressive growth cases



### Mid-Market Focus

Fund volume: **Sweetspot between 150-500m**

- Good base of experienced professional GPs
- Ticket size meets entrepreneurial needs
- Leaves sufficient room for co-investment potential
- Proven exit market (Strategic > Financial Investors > IPOs)

### Currency Management

**Mitigation of FX volatility** across African countries:

- Focus on hard currency revenue streams
- EUR-funds & hard currency-linked countries

### Conflict of Interest

Diverging mandates of DFIs and private investors

- Economic vs. development interest

## Case study North Africa: Amanys Pharma



### Exit KPIs<sup>1</sup>

IRR

17.6%  
(USD, Gross)

DPI

1.9x  
(USD, Gross)

TVPI

1.9x  
(USD, Gross)

#### Business Description

Amanys pharma, a company of the Laprophan group, is a Moroccan pharmaceutical laboratory present in Africa through several offices and representative partners. The company is a leader in Morocco in the production of penicillin-based drugs with over 20 years of experience and is also a major player in vital medications for hospital use through a range of generics and the marketing of innovative products on behalf of partners. In addition, Amanys offers solutions for the treatment of rare diseases and the distribution of orphan drugs.

#### Transaction

Indirect investment of AfricaGrow (FoF advised by DEG Impact) via North African Fund manager SPE Capital. SPE invested USD 24m in 2020 acquiring a 60% stake in the company with the rest being allotted to co-investors.

#### SDG Impact



#### Exit Story

Major value creation achievements by SPE and the consortium include:

- Expansion of manufacturing capacity also via financing of a greenfield project
- Expansion of the distribution business
- Increased export growth, especially involving several African countries like Senegal, Ivory Coast, Mauritania, Guinea and Gabon
- EBITDA margin growth
- Deleveraging
- Together with SPE Capital a strategic acquisition was initiated with Laprophan, a pioneering company in the Moroccan pharmaceutical industry.
- SPE's exit of the company took place in early 2024, four years after initial investment at **1.9x TVPI** and a **Gross-IRR of 17.6%** in USD terms.

<sup>1</sup>Past performance does not predict future returns

## Case study SSA: Naivas



**Business Description** Naivas is the market leader in the chained modern retail market in Kenya operating more than 84 stores across 20 different towns in the country and employing over 7,300 people permanently. The family-owned business was founded in 1990 and is well-known in the market for delivering value to its customers.

**Transaction** Co-Investment by DEG in 2020 of USD 10m together with Amethis Fund 2 and other institutional investors. Total mobilized capital of USD 60m in order to acquire a 30% stake in the company.

**SDG Impact**



### Exit KPIs<sup>1</sup>

**IRR**

**31.2%**  
(EUR, Net)

**DPI**

**1.95x**  
(EUR, Net)

**TVPI**

**1.95x**  
(EUR, Net)

### Exit Story

Together with Naivas management, a plan was developed to professionalize the company and seize market opportunities:

- Introduction of solid governance structures under new CEO leadership
- Modernization of existing stores and targeted expansion of the network
- Strengthening the brand as an affordable provider of staple foods
- Development of a new distribution center and IT system
- Diversification through new categories such as e-commerce and private label products
- Exit of **Naivas after two years at 1.95x TVPI and 31.2% Net-IRR** in EUR terms
- DEG joined the subsequent consortium after the divestment phase (second co-investment phase without the original GP).

<sup>1</sup>Past performance does not predict future returns



# Innovative approach to accessing African Private Equity



Fund-of-funds structured with „impact-for-hedge-swap“ as a more commercially developed approach in comparison to classic blended finance

## Common vs. innovative ways to accessing African PE

### Typical Private Equity landscape

#### Primary Funds:

- Often a mixed investor base of DFIs and commercial investors
- High entry barriers
- Deep engagement required to balance interests
- Standard risk profile

#### Blended Finance Structures:

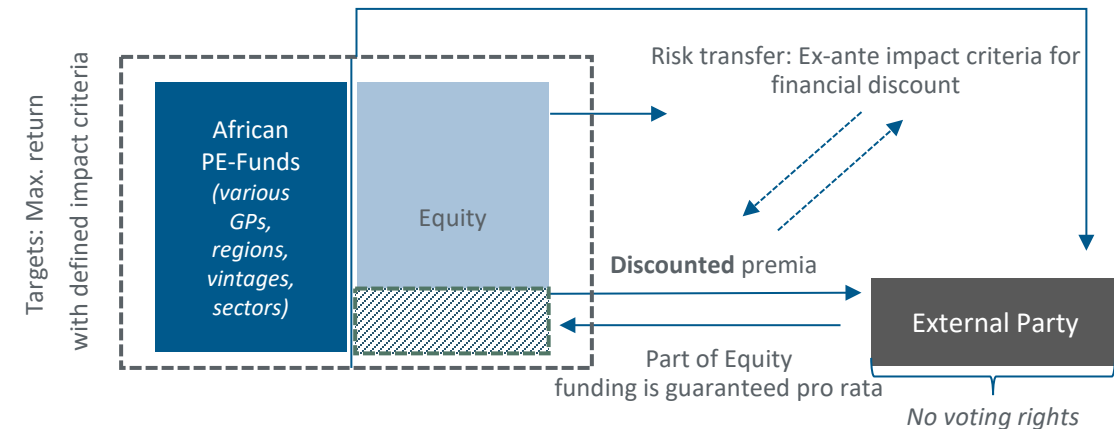
- Typically two tranches
  - Private capital with preferred waterfall
  - Development funding
- Mixed investment objectives: economically vs. sustainability driven

#### Fund-of-Funds:

- Risk mitigation through wide diversification (market size offers higher probability of picking top quartile funds)
- Low entry barriers for investors
- Deep J-curve due to the structure

New Approach

### Innovative Approach



- + Clear Governance with like-minded commercial investors
- + J-curve mitigation through „option-like“ external guarantee structure
- + Fostering of (ex ante) impact criteria subsidize guarantee costs for equity investors

THANK YOU FOR YOUR ATTENTION

**Q&A**





Do not hesitate to contact us in case of any questions or information required!

## DEG Impact: Your Key Contact



**Thomas Klein**

CEO / Managing Director

DEG Impact GmbH  
Kämmergasse 22  
50676 Köln

[Thomas.Klein@degimpact.de](mailto:Thomas.Klein@degimpact.de)



**Steffen Planert**

Senior Manager - Investments

DEG Impact GmbH  
Kämmergasse 22  
50676 Köln

[Steffen.Planert@degimpact.de](mailto:Steffen.Planert@degimpact.de)