



Q2
2024

Private Capital Activity in Africa

H1 2024 IN REVIEW

Large Deals Hit Hardest by Capital Squeeze

In the first half of 2024, African economies braved through yet another challenging macroeconomic environment, a global trend that has been persistent in recent years. Despite inflation stabilising in major economies such as Kenya¹ and South Africa², H1 2024 failed to live up to the projections of economic growth and recovery³. The current tight market conditions in Africa and heightened investor uncertainty continue to affect the availability of capital for Africa focused fund managers, ultimately impacting deal volume and value in H1 2024. In this context, the African private capital industry recorded 182 deals with a cumulative value of US\$0.9bn, representing a 17% YoY decline in volume and a 66% YoY decline in value. While deal volumes kept the pace at 83% of H1 2023 levels, the value of these deals fell short of the levels reported in H1 2023. Q1 2024 kicked off to a slow start, recording US\$0.5bn in deal values, which declined further by 27% in Q2 2024. Ultimately, fund managers only deployed 34% of H1 2023 values, recording the lowest deal values for a half year in the period between 2017 and 2024.

For the second consecutive year, deal values on either side of the US\$100mn threshold contracted. However, deals above US\$100mn felt the greatest pinch of the ongoing capital squeeze as they plummeted by 91% YoY. To keep the deal wheel moving, fund managers shifted focus to smaller deals, significantly

increasing their share of total deal values. In H1 2024, a striking 88% of the value of investments in Africa was funnelled into deals below US\$50mn. Notably, this is the first time since 2018 that deals below US\$50mn have accounted for more than 50% of total deal values.

Financials Sector Hits 4-Year Funding Low Amidst Decline in Fintech Funding

Financials continued to dominate investments on the continent, attracting 24% of the volume and 39% of the value of investments in H1 2024. While investor interest in Financials remains strong, the ongoing venture capital funding winter has set a deep chill within the sector. Despite deal volumes within Financials declining by a modest 4% YoY, deal values plunged by 64% YoY, triggered by a decline in venture capital funding that primarily affected the Fintech industry in Africa. Since 2023, the venture capital industry has been experiencing a slowdown, marked by the scarcity of capital and a wave of startup closures. This downturn is however not unique to Africa and reflects the volatility currently facing the venture capital industry globally.

¹ Reuters, [Kenya Central Bank Holds Benchmark Rate](#), June 2024

² Reuters, [South African Inflation Flat](#), May 2024

³ International Monetary Fund, [Regional Economic Outlook: Sub-Saharan Africa](#), April 2024

East Africa and West Africa Resilient Amidst Regional Decline

In the sluggish investment environment of H1 2024, East Africa and West Africa demonstrated notable resilience. East Africa maintained a similar volume of deals (45) to H1 2023 despite a continent-wide year-over-year decline in deal volumes, surpassing the region's 5-year H1 average of 35 deals. This performance resulted in the region attracting the largest share (25%) of deal volumes alongside West Africa, with the two regions similarly attracting the highest share (30%) of deal values each. Amidst the funding decline which affected other regions, West Africa was the only region to register an increase in deal values, albeit modest at 3% YoY.

Final Closes Hold Steady as Interim Fundraising Struggle to Stay Afloat

For the third consecutive year, Africa focused fund managers raised approximately US\$1bn in closed funds in the first half of the year. In H1 2024 however, fundraising strategies shrunk to cover Venture Capital and Buyout, which each attracted a neat half of the fundraising pie. Interim fundraising, on the other hand, struggled to stay afloat, securing only US\$0.3bn in commitments which represented an 80% YoY decline.

The first six months of 2024 were particularly challenging for First-time fund managers pursuing a final close. In contrast to trends observed in H1 2023 where funds raised by First-time fund managers represented 11% of final closes, these managers failed to achieve a final close in H1 2024. As capital continues to be scarce and investors increasingly exercise caution in their investment strategies, it remains to be seen if any First-time fund managers will close funds in the second half of 2024.

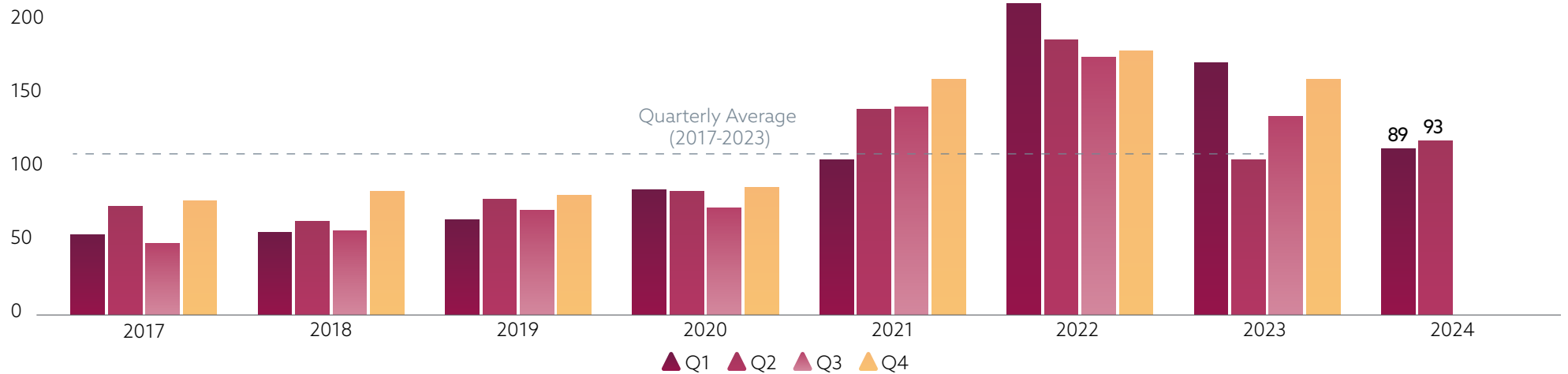
Exits Track Ahead of 2023 Mid-Year Levels

Amidst the ongoing slump in investments in Africa, the volume of exits in H1 2024 managed to surpass that of the similar period in 2023. In response to the current market dynamics, Africa focused fund managers continued to rely on exit strategies which have been tried and tested to capitalise on investments which hit their maturity wall. Exits to Trade buyers, the dominant exit route in Africa, grew 2.75x in H1 2024 when compared to H1 2023, while Sales to Private Equity and other financial buyers maintained the same level of activity observed in H1 2023.

INVESTMENTS

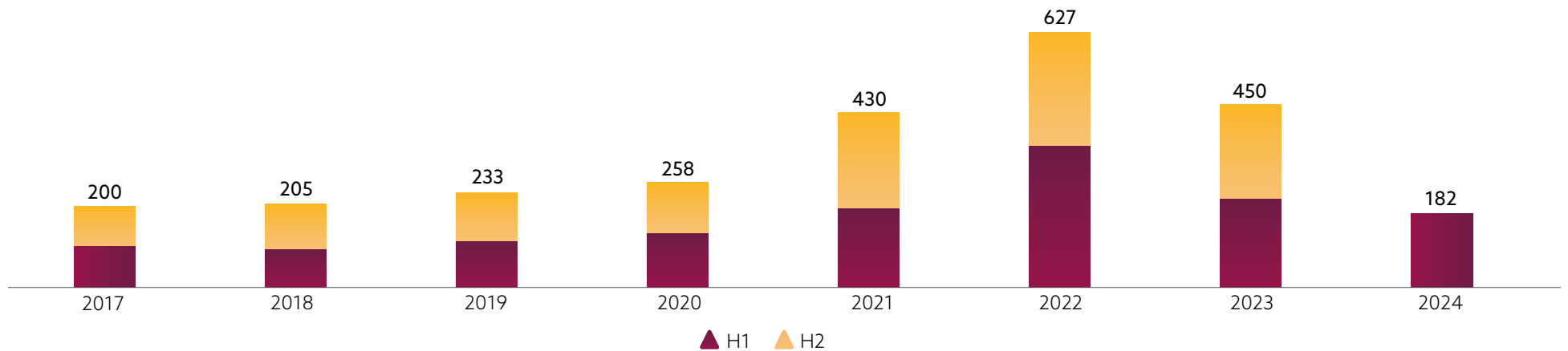
Deal Volume Robust Despite 17% Drop from H1 2023 Levels

Figure 1a: Total Volume of Private Capital Deals in Africa, by Year and Quarter



Source: AVCA

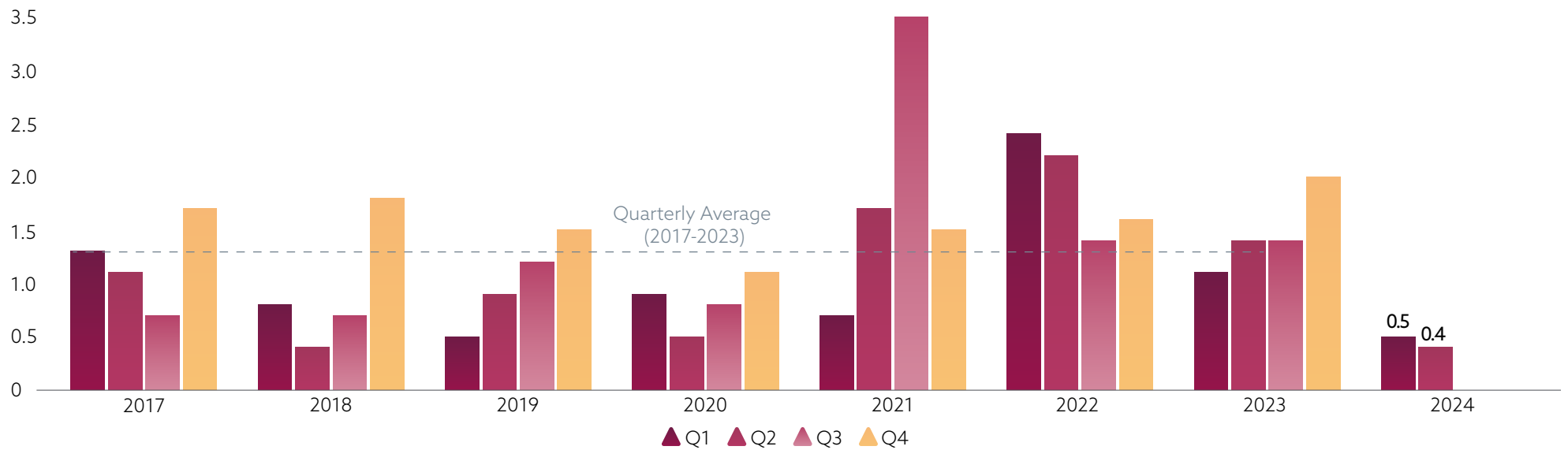
Figure 1b: Total Volume of Private Capital Deals in Africa, by Year, H1 vs H2



Source: AVCA

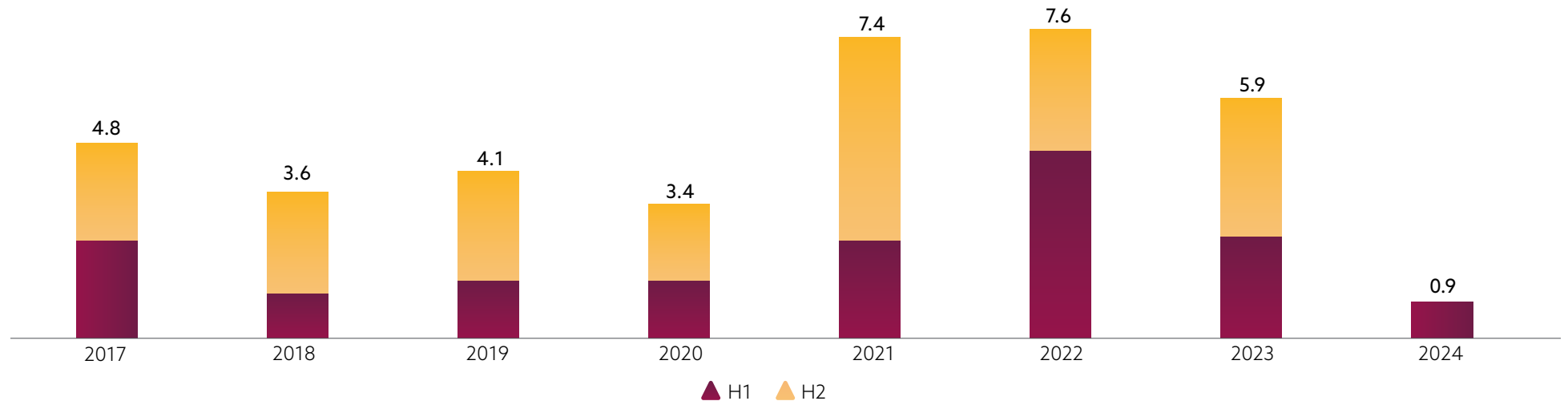
Deal Value Plummetts by 66% YoY, Marking Lowest H1 Levels in 5 Years

Figure 2a: Total Value of Private Capital Deals in Africa, by Year and Quarter, US\$bn



Source: AVCA

Figure 2b: Total Value of Private Capital Deals in Africa, by Year, H1 vs H2, US\$bn



Source: AVCA

Absence of US\$50mn+ Deals Triggers 86% YoY Plunge Within Private Equity

Figure 3: Total Volume of Private Capital Deals in Africa, by Year & Asset class

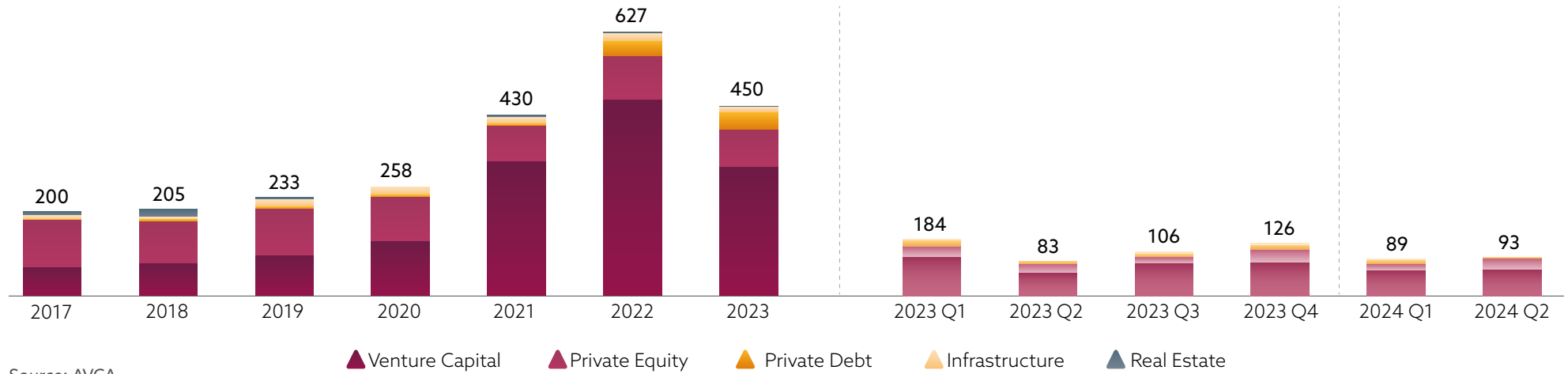
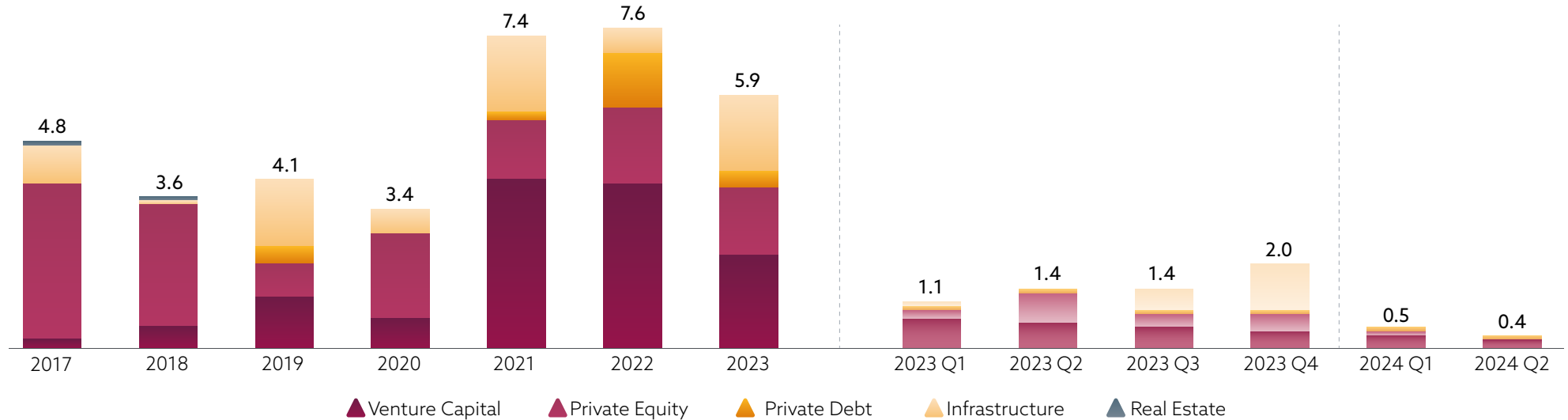
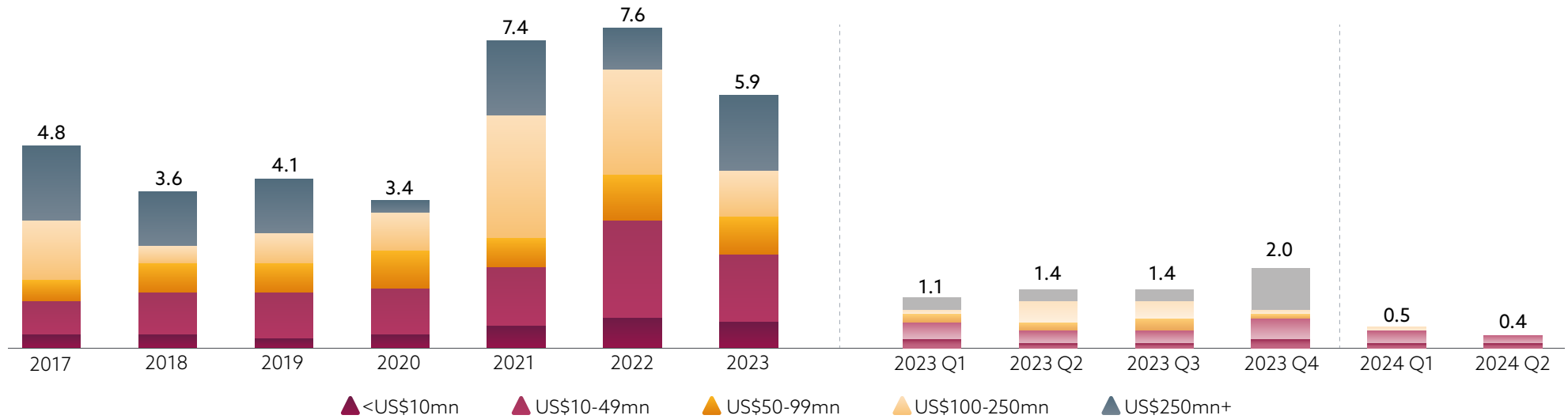


Figure 4: Total Value of Private Capital Deals in Africa, by Year & Asset class, US\$bn



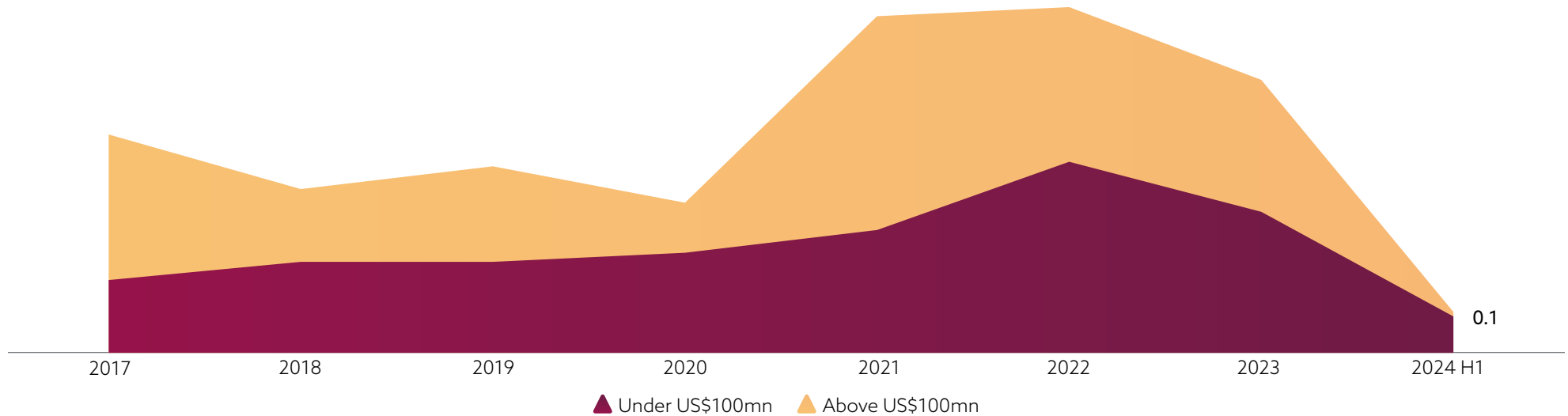
Large Deals Hit Hardest by Capital Squeeze

Figure 5: Total Value of Private Capital Deals in Africa, by Year & Ticket Size, US\$bn



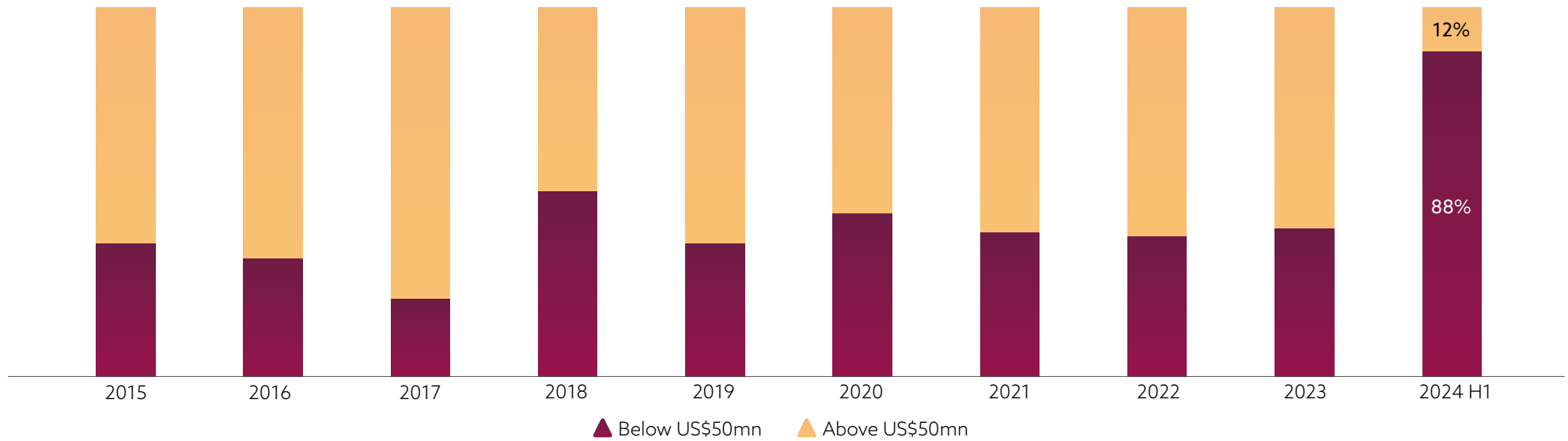
Source: AVCA

Figure 6a: Evolution of Private Capital Deals in Africa Below and Above US\$100mn, by Year, US\$bn



Source: AVCA

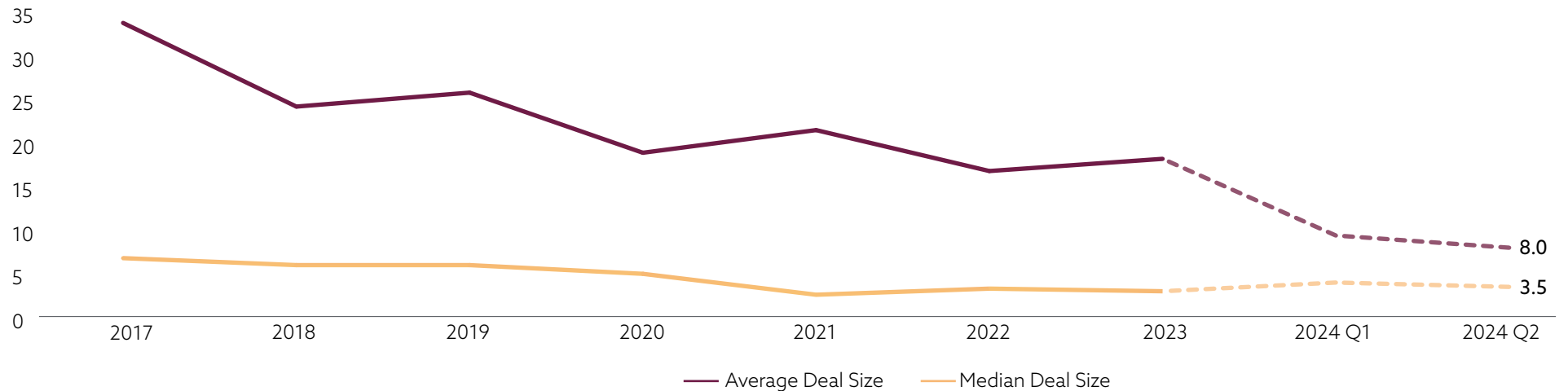
Figure 6b: **Share of Private Capital Deals in Africa Below and Above US\$50mn, by Year**



Source: AVCA

Small Deals Drive Down Average Deal Size

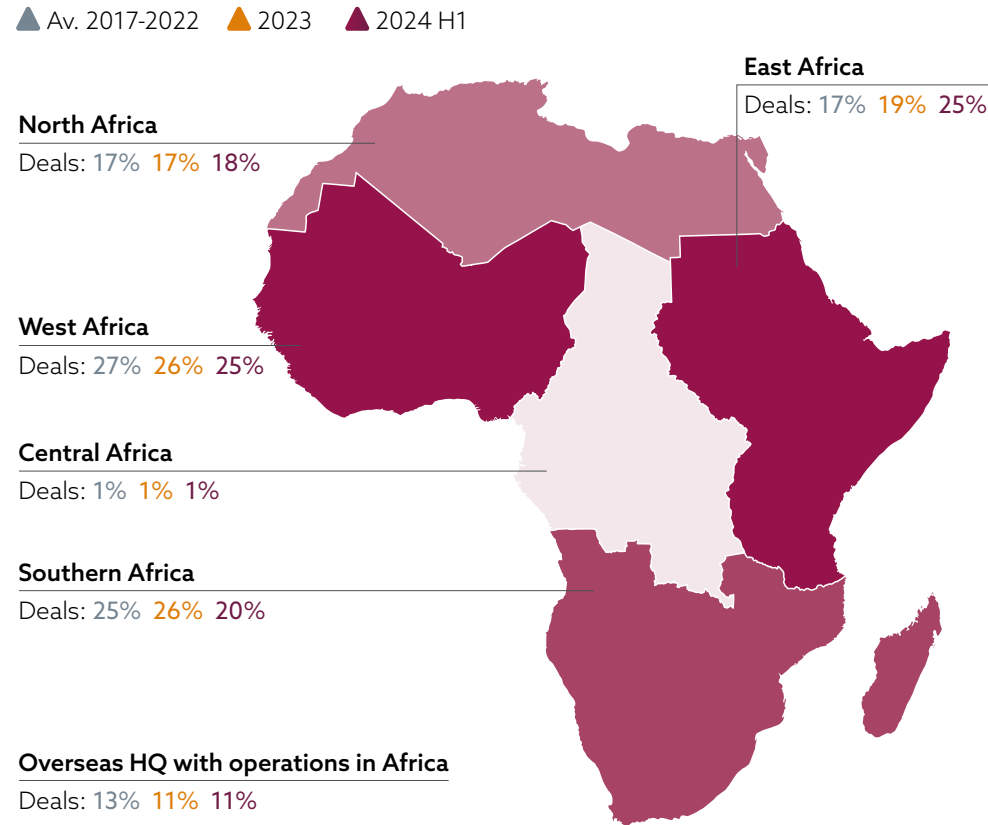
Figure 7: **Evolution of Average and Median Deal Size in Africa, by Year, US\$mn**



Source: AVCA

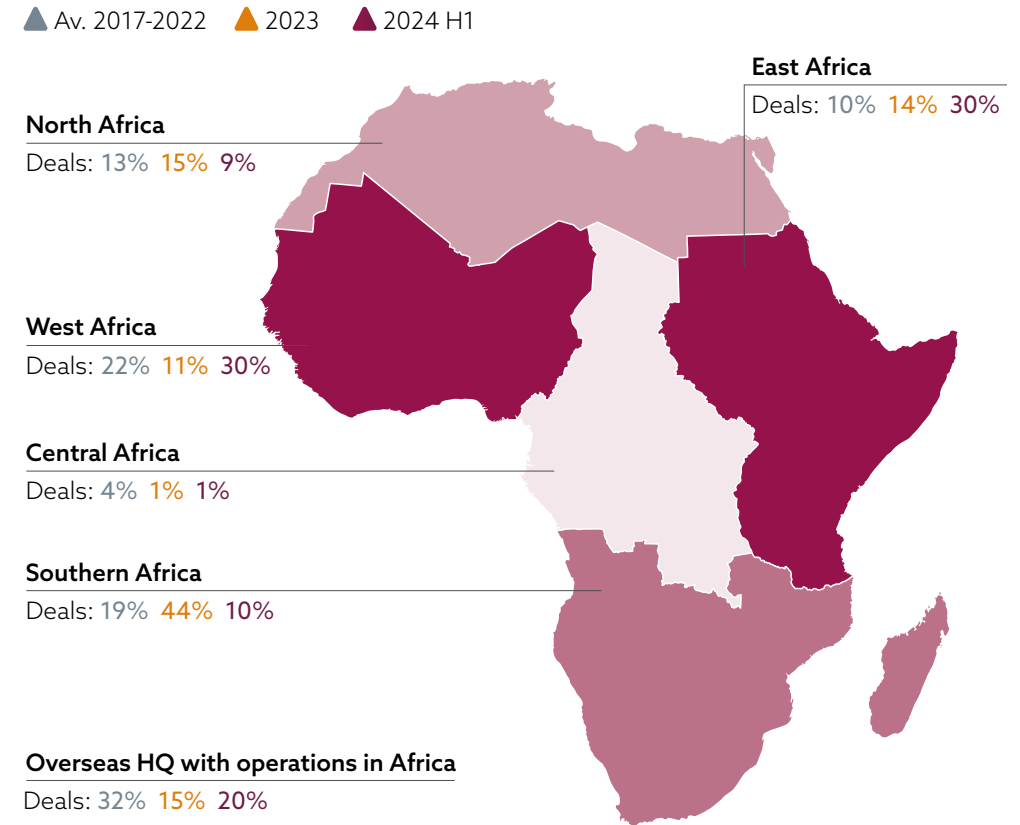
East Africa and West Africa Resilient Amidst Regional Decline

Figure 8: Share of Volume of Private Capital Deals in Africa, by Region, 2017 - 2024 H1



Source: AVCA

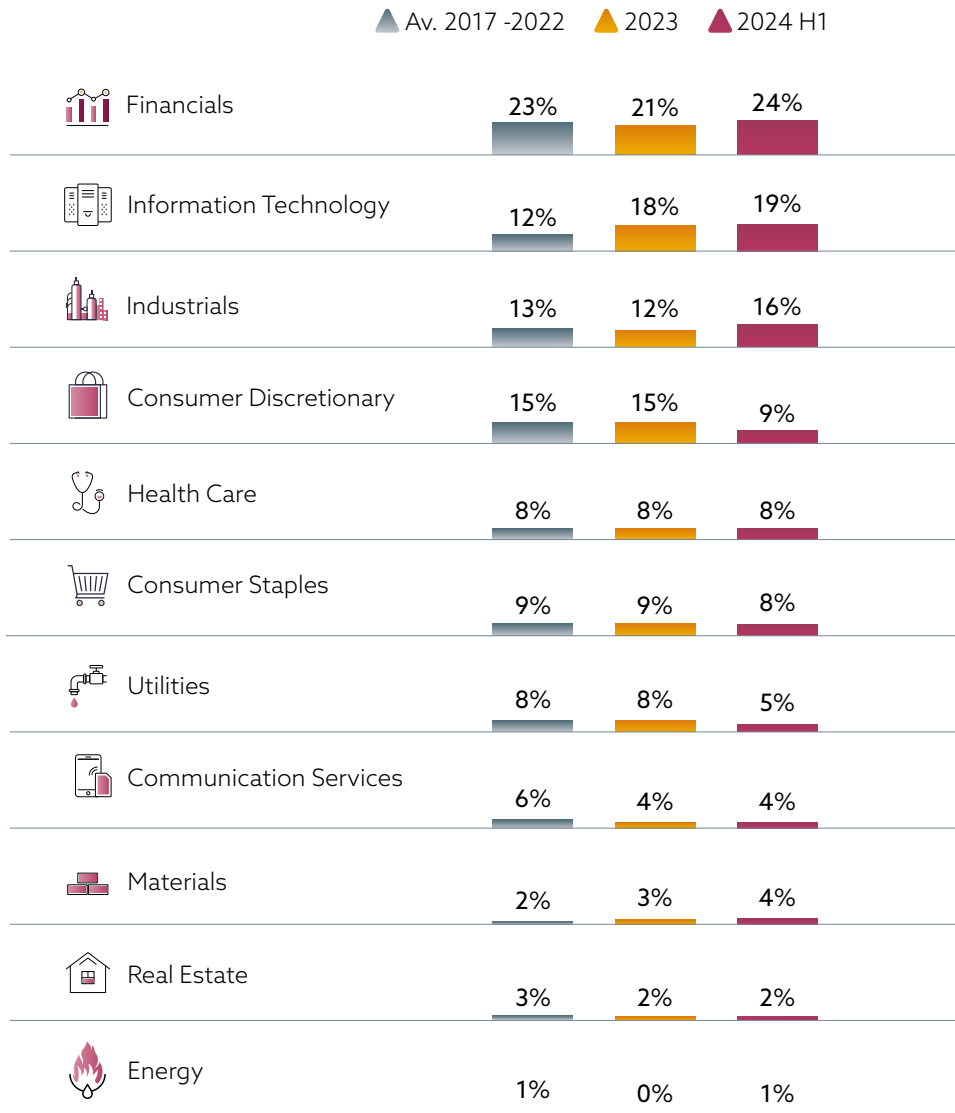
Figure 9: Share of Value of Private Capital Deals in Africa, by Region, 2017 - 2024 H1



Source: AVCA

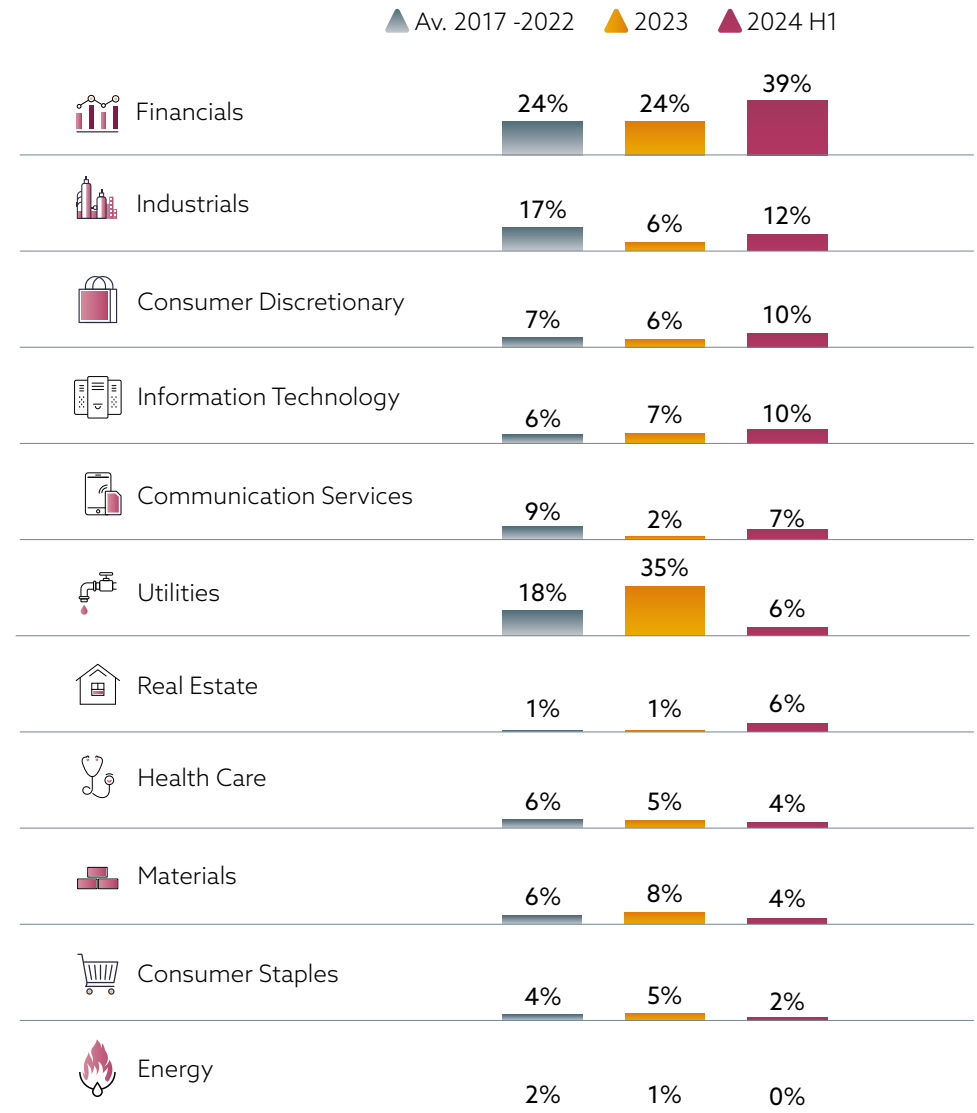
Fintech Triggers 64% YoY Dip in Financials, Leading to Lowest H1 Values Since 2020

Figure 10: Total Volume of Private Capital Deals in Africa, by Sector, 2017-2024 H1



Source: AVCA

Figure 11: Total Value of Private Capital Deals in Africa, by Sector, 2017 - 2024 H1, US\$bn

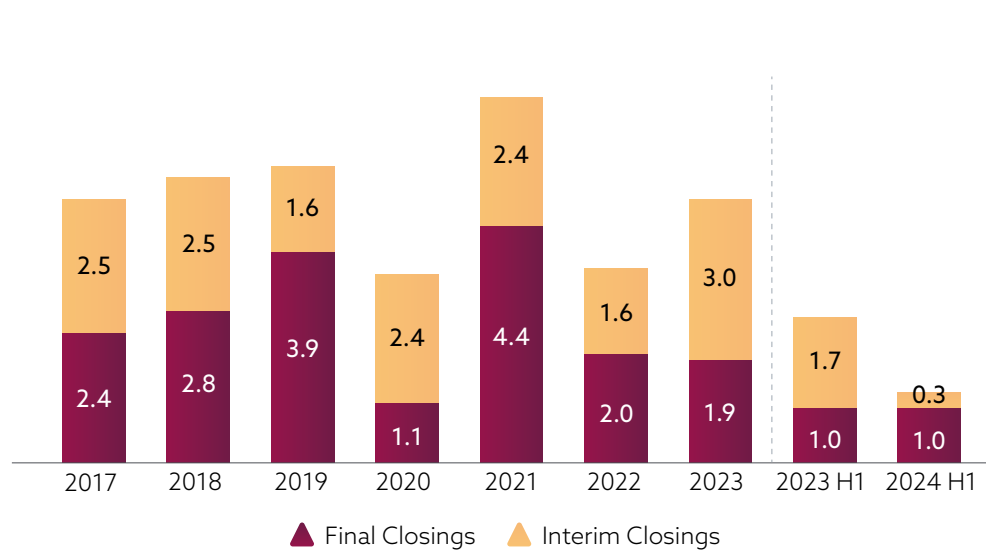


Source: AVCA

FUNDRAISING

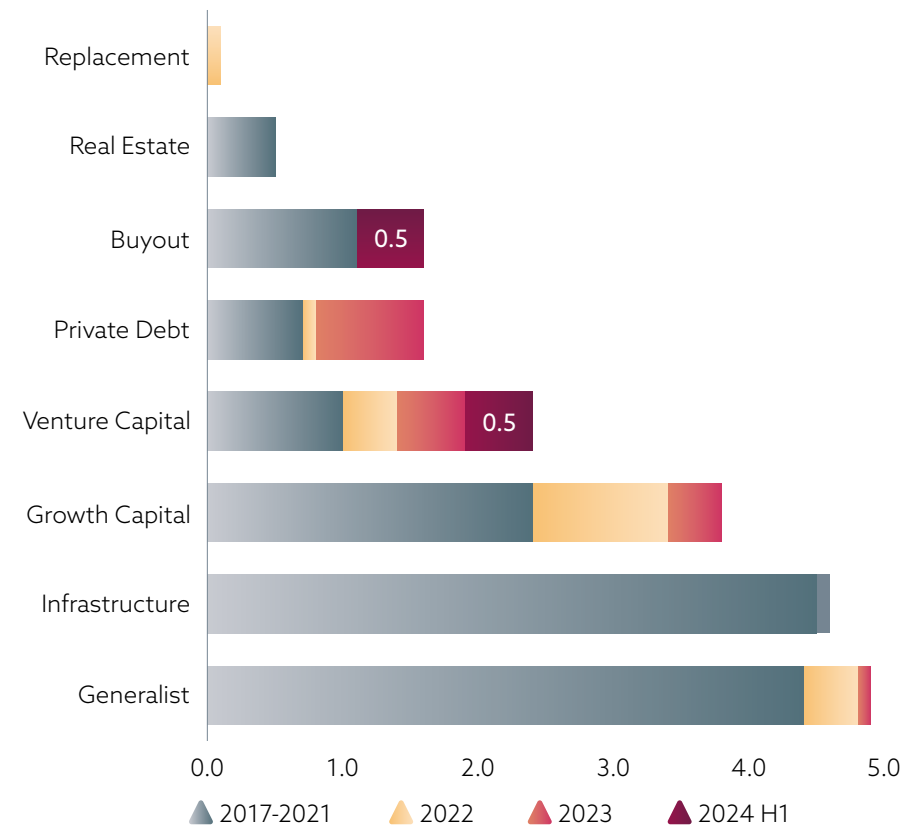
Final Closes Stay the Course while Interim Closes Pull up Short

Figure 1: Total Value of African Private Capital Fundraising, by Type of Closing & Year, US\$bn



Source: AVCA

Figure 2: Total Value of African Private Capital Fundraising, by Fund Stage Focus & Year of Final Close, US\$bn

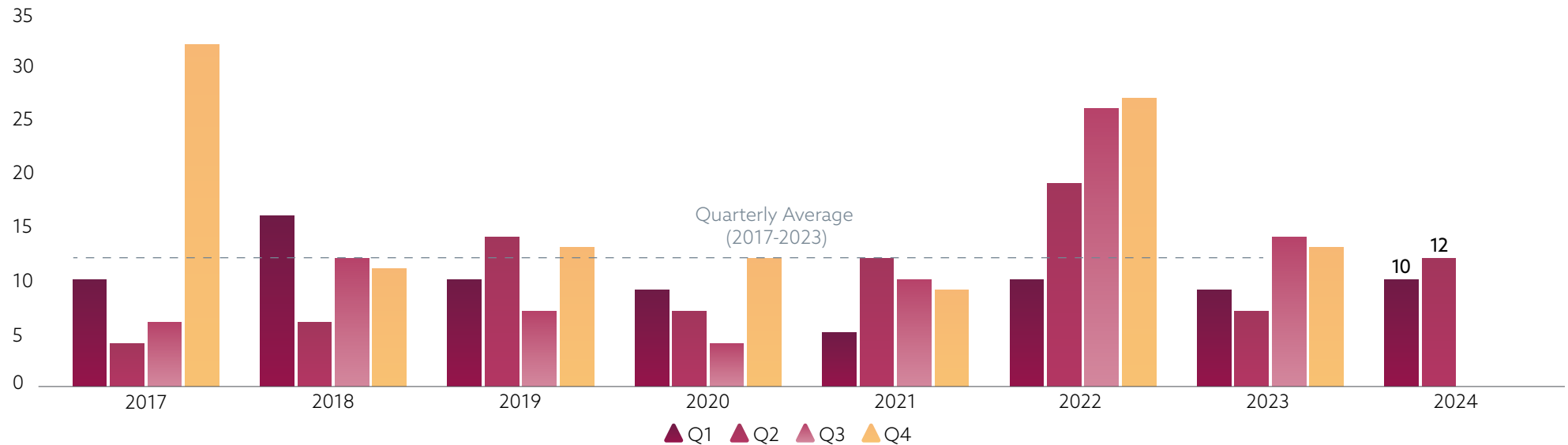


Source: AVCA

EXITS

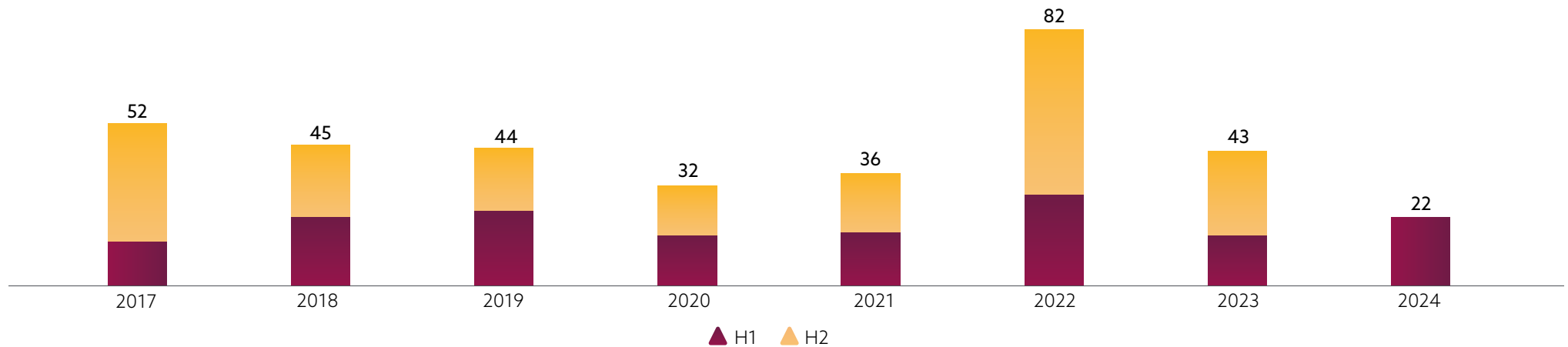
Exits Track Ahead of 2023 Mid-Year Levels

Figure 1a: Total Volume of Private Capital Exits in Africa, by Year and Quarter



Source: AVCA

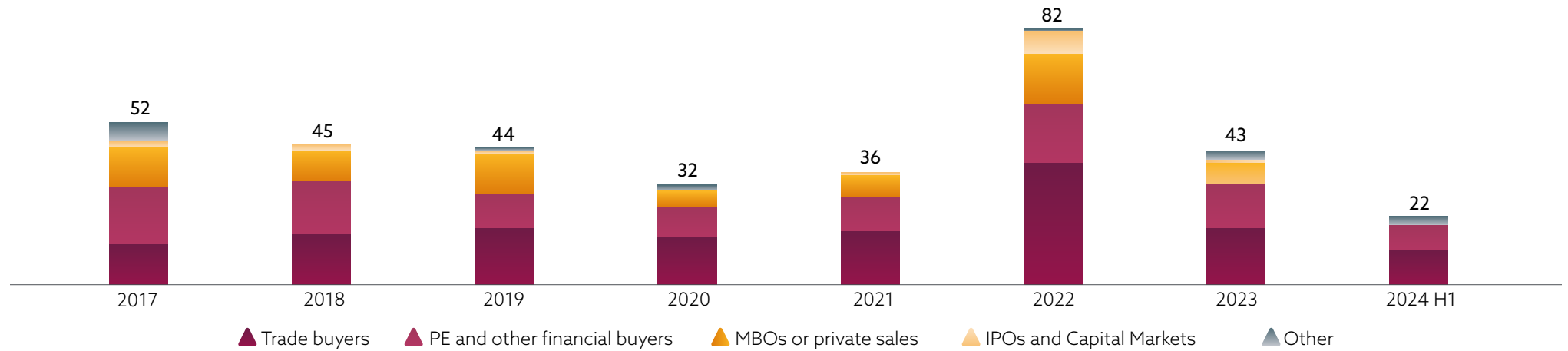
Figure 1b: Total Volume of Private Capital Exits in Africa, by Year, H1 vs H2



Source: AVCA

Sales to Trade Buyers Hold Strong at 61% of 2023 Levels

Figure 2: Total Volume of Private Capital Exits in Africa, by Exit Routes & Year



Source: AVCA

Research Methodology

This report maintains the same methodology used in the full year AVCA African Private Capital Activity Report. A detailed overview of the Research Methodology used can be accessed [here](#), on page 40.



Contact AVCA

37 North Row
3rd Floor
London W1K 6DH

E avca@avca.africa
W www.avca.africa
C www.avcaconference.com
T +44 (0)20 3874 7008

Championing Private Investment in Africa

The African Private Capital Association is the pan-African industry body which promotes and enables private investment in Africa.

AVCA plays an important role as a champion and effective change agent for the industry, educating, equipping and connecting members and stakeholders with independent industry research, best practice training programmes and exceptional networking opportunities.

With a global and growing member base, AVCA members span private equity and venture capital firms, institutional investors, foundations and endowments, pension funds, international development finance institutions, professional service firms, academia, and other associations.

This diverse membership is united by a common purpose: to be part of the Africa growth story.