

# Steinhoff deal tops list as acquisitions rebound

Steinhoff's R62.8bn acquisition of Pepkor was the highest-valued deal in Africa and the Middle East in 2014, a year that saw the level of global mergers and acquisitions return to post-crisis numbers.

By [Gillian Jones](#) 13 Jan 2015



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Last year, deals worth a total of 3.2-trillion were concluded, according to a report released last week by Mergermarket, a global mergers and acquisitions intelligence service. This is 44% higher than 2013's total of \$2.2trillion, and nearer to the \$3.6-trillion reached in 2007, before the global financial crisis.

## Top deals

The Steinhoff-Pepkor deal topped the list of highest-valued deals for Africa and the Middle East, while Deutsche Bank led financial adviser league tables by value for last year, said Mergermarket.

The investment bank leapt from 31st place in 2013 to top place last year, after advising on 10 deals worth a combined \$15.5bn.

Simon Denny, a director in corporate finance at Deutsche Bank SA, said yesterday the bank had advised on a number of significant deals in 2014, including Steinhoff's proposed acquisition of Pepkor.

Deutsche advised on the \$2.6bn deal in which DP World, a Middle East conglomerate, bought Economic Zones World in Dubai, the second-highest valued deal in the Africa and Middle East region.

It also advised on the sale of 34% of Alexander Forbes to Mercer, a subsidiary of the Marsh & McLennan group of companies, and the acquisition by Exaro Resources of 100% of French oil company Total's South African coal assets.

Denny said 2014 had been a "stellar year" for Deutsche Bank when it came to mergers and acquisitions, driven by the big increase in deals globally compared to 2013.

Citi was second on the financial adviser league table. It advised on 11 deals last year, valued at \$14.2bn. KPMG was third having advised on 12 deals valued at \$12.1bn.

Barclays, Investec and Rand Merchant Bank took fourth, fifth and sixth place respectively.

Consultancy EY advised on the highest number of deals in the region, 22. Investec and Rand Merchant Bank each advise

on 21 deals last year, putting them in joint second place. Barclays was fourth, having advised on 18 deals, while Standard Bank was sixth, playing a role in 13 transactions.

## **Headlining transactions**

A number of large transactions made headlines last year, including Woolworths's R21.4bn bid for Australian retailer David Jones, Vodacom's acquisition of Neotel in a R7bn deal, and Nedbank's R5bn acquisition of a 20% stake in Ecobank Transnational.

The outlook for global mergers and acquisitions this year remained strong, although activity could be slightly more volatile than last year due to looming changes in monetary policy in key global markets, said Denny. "There continues to be huge impetus in Europe and the US for mergers and acquisitions to bolster growth, and Africa and the Middle East will continue be hot spots."

## **Expansion to remain stable**

EY expects appetite for expansion by African companies to remain stable, with 23% of companies anticipating pursuits of acquisitions in the next 12 months, compared with 19% in 2013. This is according to EY's 11th biannual Global Capital Confidence barometer, a survey of more than 1,600 senior executives in more than 60 countries, released in October.

Despite its challenges, SA will continue to attract mergers and acquisitions, especially given its role as springboard to the rest of Africa. EY expects such activity in Africa to improve in the near term.

"Factors like improving gross domestic product forecasts, underpinned by a wave of privatisation programmes announced recent months, and a fast-growing, youthful middle class, are expected to attract investors' interest in the region," said EY.

Source: Business Day via I-Net Bridge

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