

FEATURE: Natalie Kolbe from Actis

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Actis, a pan-emerging market private equity firm, this month announced its acquisition of a stake in South African furnishing retailer Coricraft. SAVCA spoke to Natalie Kolbe, a partner at Actis, about the transaction.

SAVCA: This latest deal follows a number of earlier Actis deals in consumer-facing sectors. It seems you are backing the consumer-led growth story on the continent and in Southern Africa.

NK: The consumer sector remains a key focus of ours, given changing demographic trends and the rise of brand aspirational consumers. Actis has a strong track record of backing high-quality, consumer-focused businesses in Africa, including South Africa's leading independent sports retailer, Tekkie Town, fabric design company Vlisco Group, and snack food group Edita. To date Actis has invested \$1.6bn in the consumer sector. With regards to the Coricraft Group, with increasing consumer demand for home goods reflecting the changing demographics in South Africa, we believe the Coricraft Group has significant growth potential given its high quality, aspirational, value offering.

SAVCA: What are the implications of this deal for the future of Coricraft? What are its ambitions?

NK: We believe the group has significant potential for future growth, both in South Africa and in the rest of the continent. Along with an organic growth strategy of further store roll-outs and category expansion, we believe there is also an opportunity to add further acquisitions down the line. Actis' track record of building leading in-country brands into world-class companies aligns well with Coricraft's strategic growth objectives.

SAVCA: The financial terms of the deal are not disclosed, other than the reference to your stake in Coricraft being a significant minority. Is this your preferred exposure to assets? Why?

NK: The emphasis is less around the actual stake we acquire in businesses, and more around the alignment of interests between the shareholders and management. Alignment is best achieved when we are able to acquire a meaningful stake in a business. Whilst a control position is usually preferred, we are flexible in this regard. In Coricraft, we are investing alongside like-minded investors and an exceptional management team, with which we see a strong partnership going forward.

SAVCA: There is much talk about the competitiveness of the deal-making landscape in Southern Africa and across Africa. Has that been your experience?

NK: There is no doubt that the deal-making landscape has and will become more competitive as more and more capital is raised for Africa. We continue to look for proprietary opportunities where we can add value to the business and differentiate ourselves viz-à-viz other capital providers.