



SAVCA
2021

Private Equity Industry Survey

Insights into the Southern African private equity industry

Volume 1 - Strategic Insights

Research
partner



About the survey

The SAVCA 2021 Private Equity Industry Survey is presented by SAVCA and EY. The survey was based on responses from over 50 Private Equity firms operating in Southern Africa. The survey covers analysis of the industry's strategic priorities, investment & divestment activity, fund raising, funds under management, the impact of private equity, BBBEE and the diversity of PE investment professionals. The data is based on annual calendar year data up to 31 December 2020. SAVCA reviews the reports prior to their public release.

SAVCA does not have access to any of the individually completed surveys submitted to EY. While care has been taken in the compilation of the survey results, SAVCA and EY do not guarantee the reliability of its sources nor of the results presented. Any liability is disclaimed, including incidental or consequential damage arising from errors or omissions in this report.

01

Unpacking 2020:

What has the impact of COVID-19 been on PE activity and portfolio performance?

Extent to which COVID impacted your portfolio companies

59%

39%

2%

- Neutral
- Negative
- Positive

Assessment of the impact of COVID-19 on PE activity over the next 12 months

69%

19%

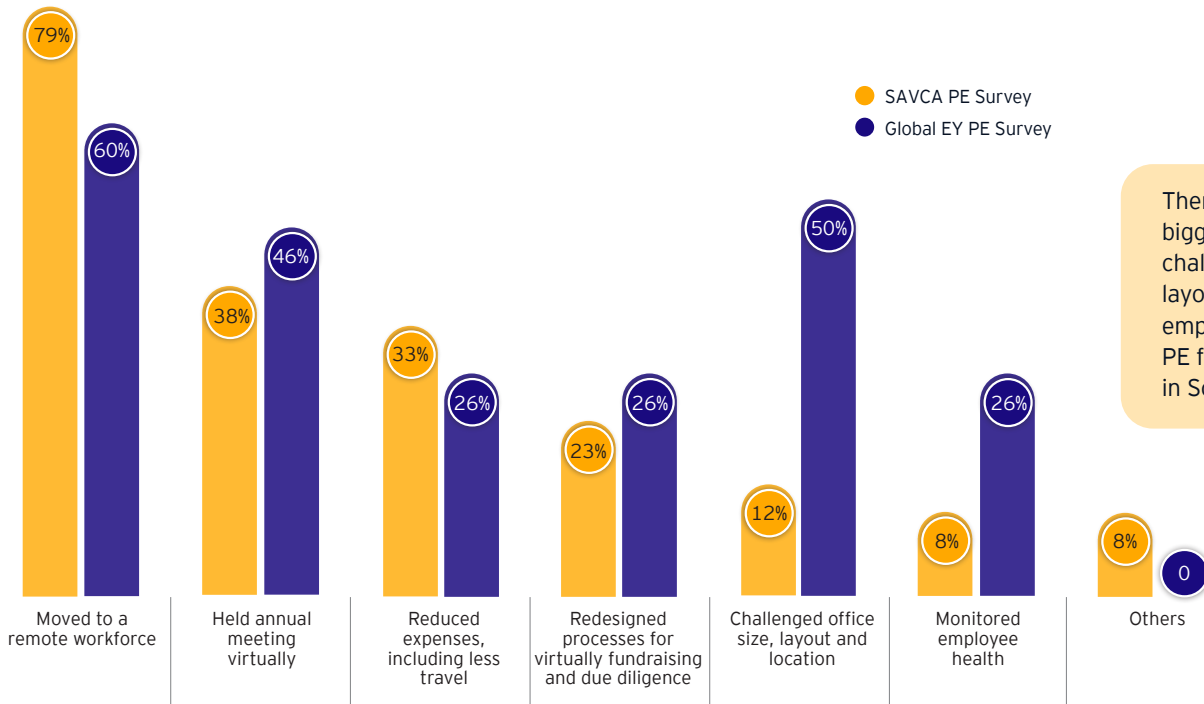
12%

- Recovery in deal activity
- Decline in deal activity
- No/Limited impact

PE firms are largely expecting a recovery in deal activity in the next 12 months.

The pandemic has mainly had a neutral or negative impact on performance of portfolio companies.

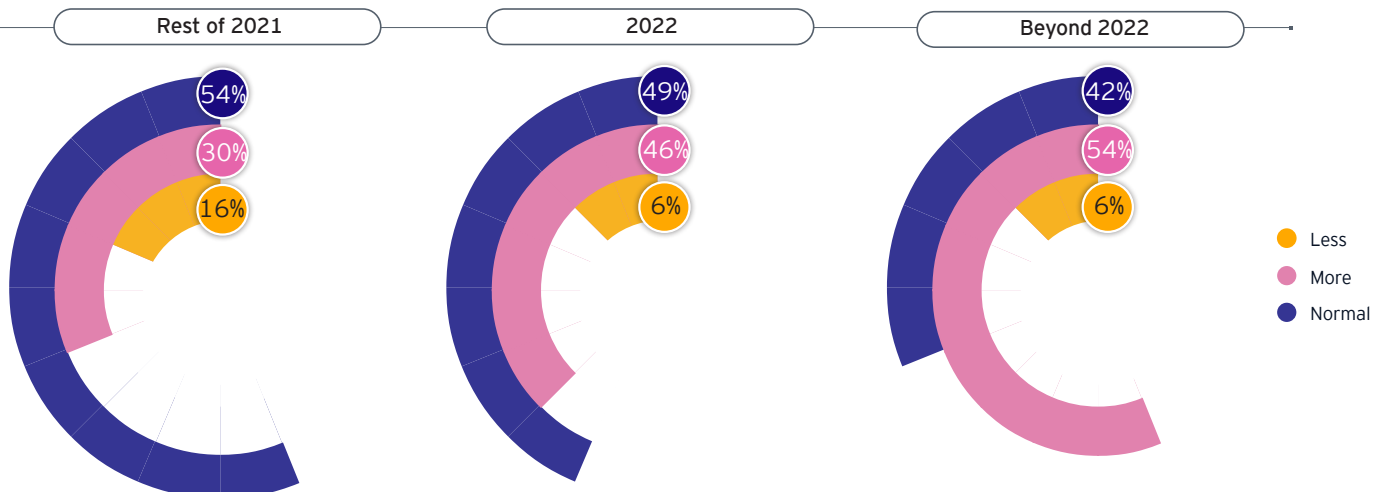
How did COVID-19 impact PE firms?



There has been a bigger focus on challenging office size / layout and monitoring employee health with PE firms globally than in Southern Africa.

Source: EY 2021 Global Private Equity Survey

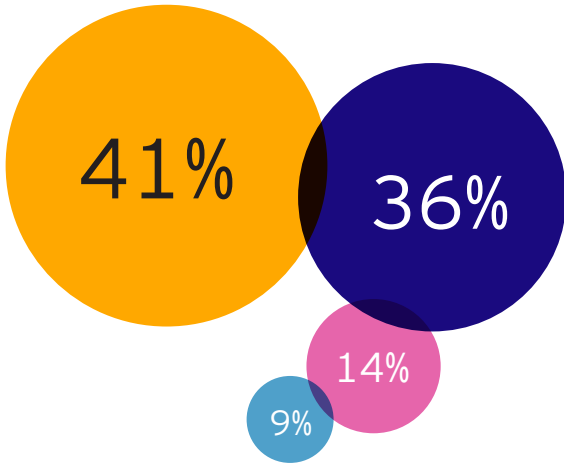
How do PE firms expect this to impact deal volume?



02

Creating resilience and priority setting for a post-COVID world:

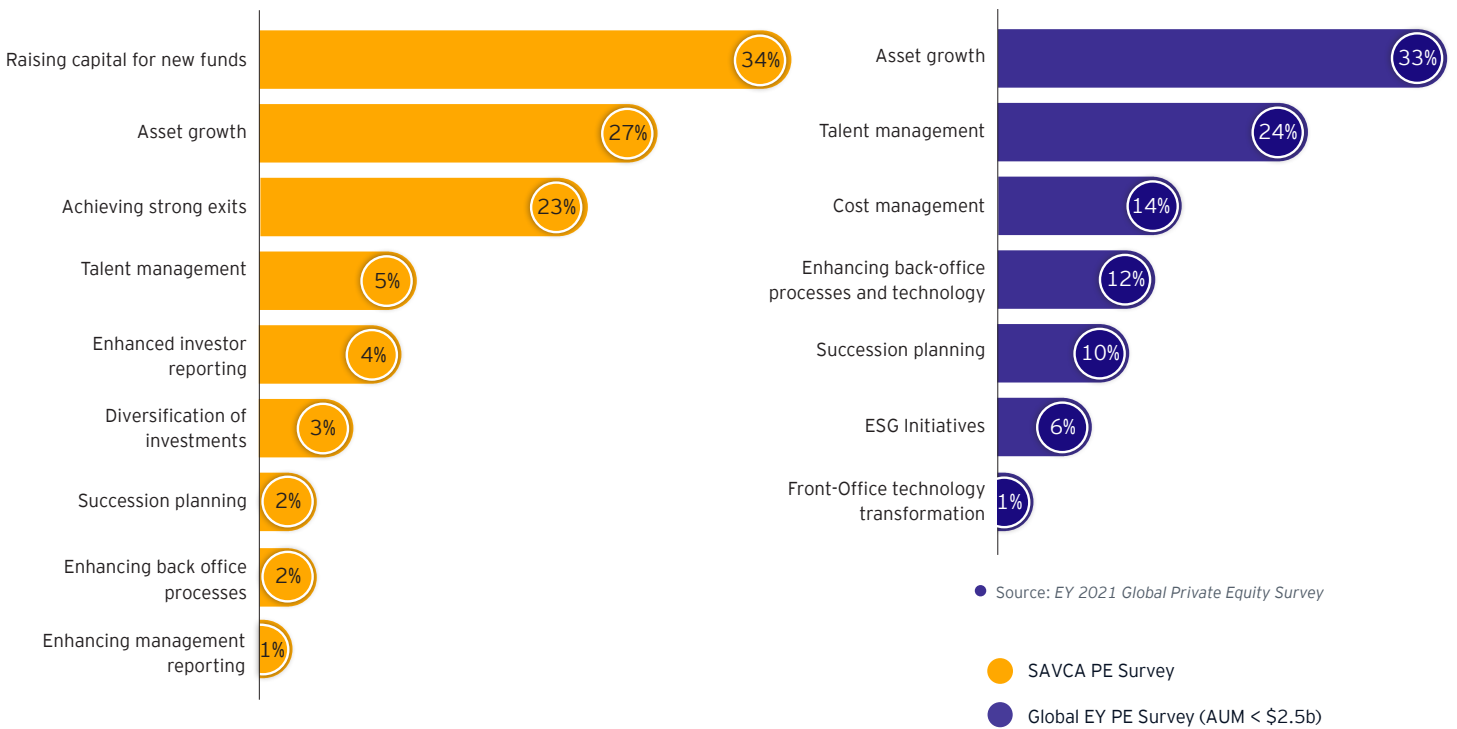
How are PE firms thinking about strategy for the next 12 months?



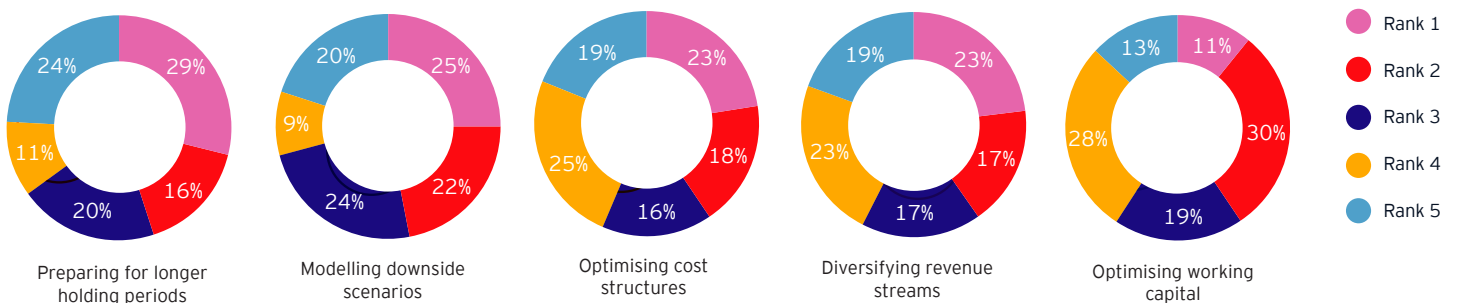
PE firms are largely **prioritising managing downside risk** in portfolio companies, and many have expressed that their strategy remains largely unchanged.

- Prioritise managing downside risk in portfolio companies
- Strategy remains largely unchanged from before the pandemic
- Focus on bolt-on and tuck-in acquisitions tailored to our portfolio companies
- Focus on opportunities involving distressed companies

How do the challenges facing PE firms shape their top strategic priorities?



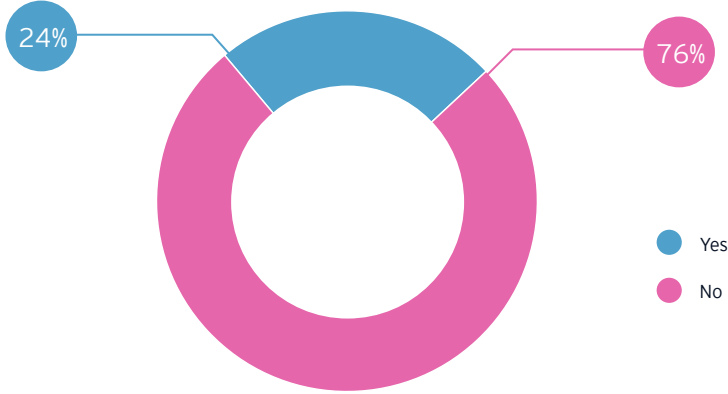
What steps has your PE firm taken to prepare portfolio companies for an economic downturn?



03

Creating agility for growth in operating models:

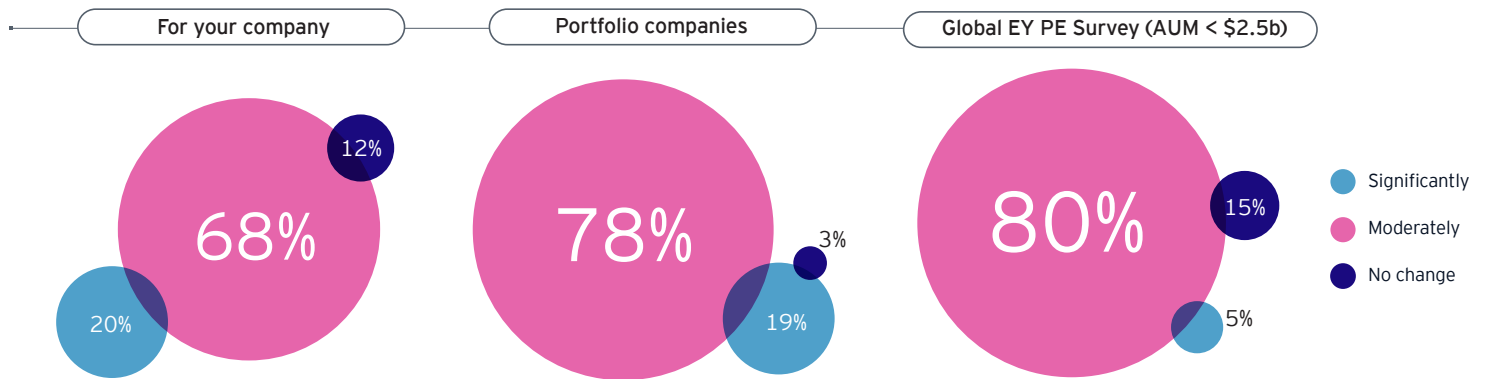
Do you expect that the uptake of technological advancements and digitalisation will be considered as a competitive differentiator in portfolio companies?



92%

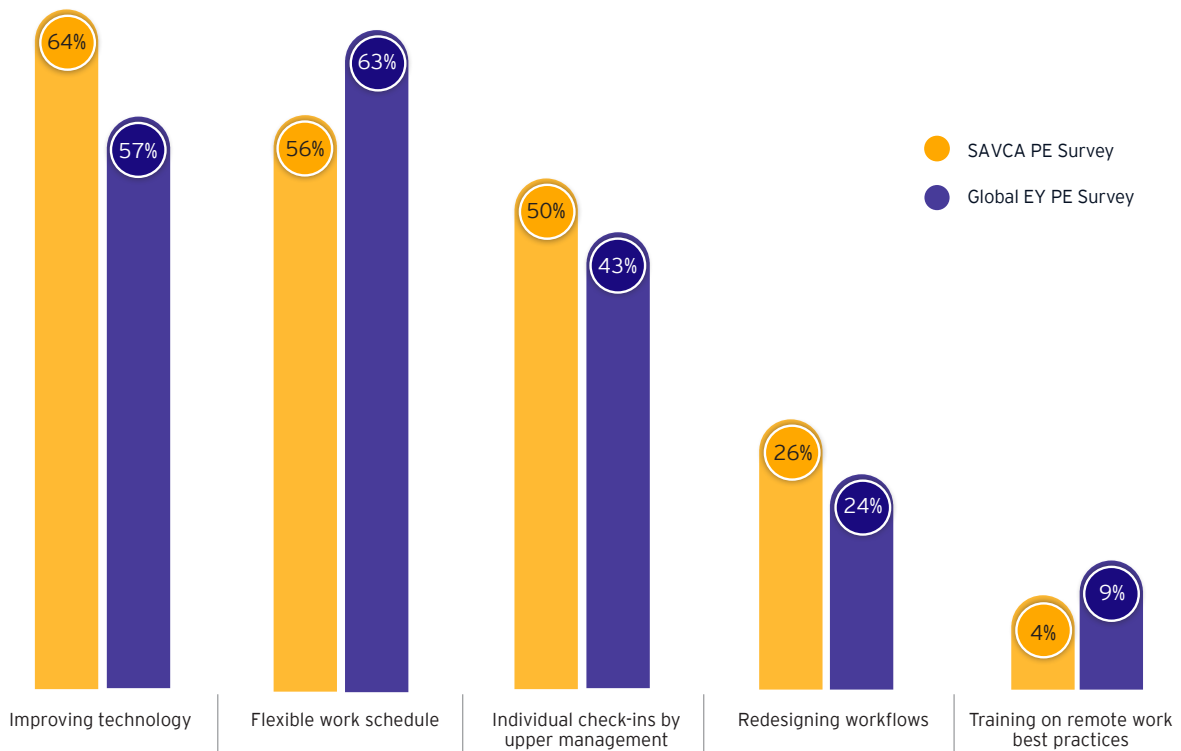
of those that indicated "No", said that they did **not expect operating models to be significantly transformed** over the next three years.

How much would you expect your operating model to transform in the next 3 years?



Source: EY 2021 Global Private Equity Survey

What steps have been taken to enable a remote workforce?



Source: EY 2021 Global Private Equity Survey

Thank you and what next?

Thank you to the private equity firms that participated, without whom the survey and its findings would not have been possible

This report is the first in a series of reports covering the key findings from the survey, with this first report being the Strategic Insights volume. In the next volume we will explore the insights around investment activity and fundraising, considering the challenges faced by PE firms and the portfolio companies. Key sector trends will be unpacked and expectations around where growth is expected will be discussed.

In the volumes to follow we will look at the role that PE firms play in shaping the transformation of the Southern African economy, diversity within PE teams, value creation and other insights.



Contact:

SAVCA
+27 11 268 0041
info@savca.co.za
savca.co.za

About SAVCA

The Southern African Venture Capital and Private Equity Association (SAVCA) is the industry body and public policy advocate for private equity and venture capital in Southern Africa. SAVCA represents about R185 billion in assets under management through 170 members that form part of the private equity and venture capital ecosystem. SAVCA promotes the Southern Africa venture capital and private equity asset classes on a range of matters affecting the industry, providing relevant and insightful research, offering training on private equity and creating meaningful networking opportunities for industry players.



EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

About EY Strategy and Transactions

EY Strategy and Transactions teams work with clients to navigate complexity by helping them to reimagine their eco-systems, reshape their portfolios and reinvent themselves for a better future. With global connectivity and scale, EY Strategy and Transactions teams help clients drive corporate, capital, transaction and turnaround strategies through to execution, supporting fast-track value creation in all types of market environments. EY Strategy and Transactions teams help support the flow of capital across borders and help bring new products and innovation to market. In doing so, EY Strategy and Transactions teams help clients to build a better working world by fostering long-term value. For more information please visit ey.com/StrategyandTransactions.

© 2021 EYGM Limited.
All Rights Reserved.

ED None

This material has been prepared for general information purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice. The information contained herein has been prepared as of the current date, is of a general nature, and is not intended to address the circumstances nor needs of all individuals or entities. No one should act upon such information without obtaining appropriate professional advice. Although we endeavor to provide accurate and timely information at the current date, there can be no guarantee that such information will continue to be accurate in the future.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

ey.com