

SA earns over half of investment banking fees in sub-Saharan Africa

South Africa generated 58% of all sub-Saharan fees during the first nine months of 2021, out of an estimated \$387.5m worth of investment banking fees generated in the region. The country also earned 23% from deals in the financial sector.



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This is according to the Refintiv *Sub-Saharan African investment banking analysis for the first nine months of 2021* report.

The report found that in the region, while debt capital markets underwriting fees increased 148% to \$117.8m, the highest year-to-date period since the report began in 2000, fees from equity capital markets underwriting, Mergers & Acquisitions (M&A) advisory and syndicated lending all declined from the first nine months of 2020.

Equity fees declined 17% to \$50.7m, while syndicated lending fees declined 4% to \$148.2m.

Advisory fees earned in the region from completed M&A transactions reached \$70.8m, down three percent from last year to the lowest first nine-month total since 2013.

Standard Chartered earned the most investment banking fees in the region during the first nine months of 2021, a total of \$33.1m or an 8.5% share of the total fee pool.

Mergers & Acquisitions (M&A)

Boosted by the \$44.1bn Naspers/Prosus share swap in May, the value of announced M&A transactions with any sub-Saharan African involvement reached \$78.3bn during the first nine months of 2021.

This is more than four-times the value recorded during the same period last year and the highest first nine-month total since our records began in 1980.

The number of deals increased four percent from last year to a three-year high of 584.

M&A involving a sub-Saharan African target reached \$61.8bn, again lifted by the share swap to an all-time record first nine-month total, while the number of deals increased eight percent over last year.

Inbound deals, involving an acquiror outside of sub-Saharan Africa, increased 86% to \$9.6bn, while sub-Saharan African outbound M&A more than doubled to \$11.5bn.

With advisory work on deals worth a combined 52.1bn, Morgan Stanley held the top spot in the financial advisor ranking for deals with any sub-Saharan African involvement during the first nine months of 2021.

Equity capital markets (ECM)

Sub-Saharan African equity and equity-related issuance reached \$971.2m during the third quarter of 2021, the highest quarterly total in more than two years.

Despite the strong third quarter, total proceeds raised during the first nine months of 2021 was down 42% from last year at \$1.2bn, the lowest first nine-month total since 2005.

Pepkor Holdings, Lighthouse Capital and retail pharmacy chain, Dis-Chem Pharmacies, were among those in the region raising new equity funds from follow-on offerings during the third quarter.

There have been no initial public offerings in the region so far during 2021.

Investec and Goldman Sachs share first place in the sub-Saharan African ECM underwriting league table during the first nine months of 2021.

Debt capital markets

Sub-Saharan African debt issuance totalled \$37.2bn during the first nine months of 2021, up 149% from the value recorded during the same period in 2020 and the highest first nine-month total since our records began in 1980.

The number of issues increased 33% over the same period.

During the third quarter alone, \$15.2 billion worth of the bond proceeds were raised, with both Prosus and the Federal Government of Nigeria raising \$4bn.

Government & agency issuance accounted for 55% of proceeds raised during the first nine months of 2021, while the financial sector accounted for 24%.

Citi took the top spot in the sub-Saharan African bond book runner ranking during the first nine months of 2021, with \$6bn of related proceeds, or a 16% market share.

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