

Fees for investment banking services show strong growth

Fees for investment banking services in sub-Saharan Africa totalled \$83.4m during the first quarter of 2015, up 49% compared to the same period in 2014 (\$55.9m), driven by increases across equity, debt and syndicated lending fees.



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This is according to Thomson Reuters, the source of intelligent information for businesses and professionals.

"The value of announced M&A transactions involving sub-Saharan African targets reached \$5.7bn during the first quarter of 2015, almost double the value recorded during the same period in 2014 (\$2.9bn), despite falling 65% from the previous quarter. The most targeted nation by value was South Africa, accounting for 48% of activity, followed by Nigeria (33%). South Africa was also the most active buyer in the region, while Canada was the most active foreign buyer," Sneha Shah, managing director of Africa at Thomson Reuters, said.

Equity issuance

"Equity and equity-linked issuance in sub-Saharan Africa totalled \$2.5bn during the first quarter of 2015, an increase of 141% from the value recorded during the same period in 2014 (\$1.0bn) and the highest first quarter total since 2007. Sub-Saharan African debt issuance reached \$4.1bn during the first quarter of 2015, 70% more than the value recorded during the same period in 2014, and the highest first quarter total in the region since 2011," she added.

In respect to investment banking, fees from equity capital markets underwriting increased 46% year-on year to reach \$30.3m, marking the highest first quarter total in the region since 2011. Syndicated lending fees also increased from the first quarter of 2014, growing 122% to \$10.4m, while debt capital markets underwriting fees increased twelve-fold to \$25.6m.

Fees from advisory on completed M&A transactions fell 39% to \$17.2m, marking the slowest first quarter total since 2005. Rand Merchant Bank topped the sub-Saharan African fee league table during the first quarter of 2015 with a 9% cut of the fees. Citi and Deutsche Bank followed in second and third positions, respectively.

Largest deal

As for M&A activity during the first quarter of 2015, Eroton Exploration & Production Co Ltd acquired a 45% stake in the Oil Mining Lease 18 of the Nigerian state-owned Nigerian National Petroleum Corp for \$1.1bn in March. The deal was the largest in the region during the first quarter of 2015. Boosted by this deal, Energy & Power was the most active sector during the first quarter of 2015, accounting for 29% of M&A activity. Rand Merchant Bank topped the first quarter 2015 announced any sub-Saharan African involvement M&A ranking with \$1.4bn, while Investec topped the sub-Saharan African target M&A ranking.

Equity capital markets was also active during the first three months of 2015, follow-on offerings dominated the market, with the largest from South African Aspen Pharmacare Holdings in March. 69% of deals, by proceeds raised, involved a South African issuer. The Healthcare, Financial, and Energy & Power sectors were the most active for equity issuance in the region during the first quarter of 2015. UBS and Citi shared the top spot in the sub-Saharan African Equity Capital Markets league table during the first quarter of 2015.

Debt capital markets in sub-Saharan Africa recorded the highest first quarter total in the region since 2011. South African Eskom issued the largest bond in the region so far this year. The state-run utility sold \$1.2bn in ten-year fixed-rate bonds in February. Deutsche Bank took the top spot in the sub-Saharan African debt ranking during the first quarter of 2015 with \$1.0bn, or a 26% share. Rand Merchant Bank and Standard Bank Group followed in second and third positions respectively.

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