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2025 Deloitte Africa Private Equity Confidence Survey

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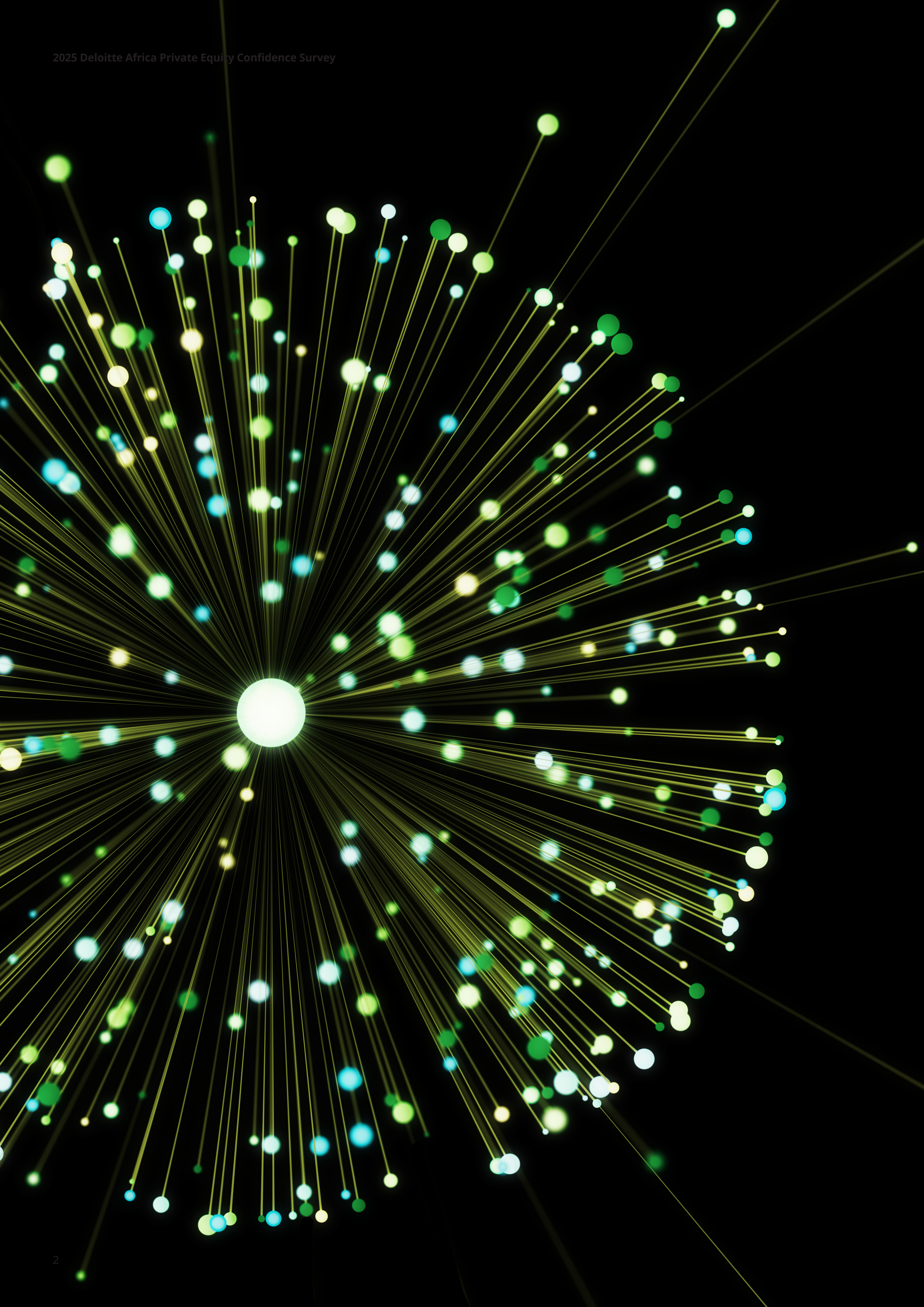
2025



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Foreword

We are pleased to present our annual Deloitte Africa Private Equity Confidence Survey. In spite of the global economic headwinds the report finds there is still optimism in the market with regards to growth in private equity (PE) activity, with over 95% respondents saying it will remain the same or grow in 2026.

Last year's report highlighted a focus on exit strategies and that has come through again in the responses this year. Increased sales to strategic buyers highlight the need for firms to enable their investments to create the right foundations for a sale to a strategic. Preparing your leadership team, leveraging new technologies and pulling the most impactful levers on working capital, this year the report brings key insights from our leaders across these areas.

We are also seeing a growth in funds of funds generated within Africa, which adds to the amount of capital raised, noting the capital raised in Africa doubled in 2024. Respondents have highlighted that investment holding periods are being prolonged, so the need for focus on value creation is key.

The changing landscape of PE in Africa can be seen as an opportunity to build resilience within the local economies rather than reliance on foreign funding, and regulators need to keep a pace and encourage this.

The hope is from this report you take away the opportunities for investment in Africa and the need to start with the end in mind to ensure successful outcomes

Finally, we would like to thank all the participants in this years survey for their time and continued dedication to their respective PE communities. Also all the contributors to this report for their thought leadership and insights on the topics that are shaping the PE landscape.

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A Word from AMIC

The private equity (PE) and venture capital (VC) industry in Morocco continues to demonstrate resilience and positive momentum, despite ongoing global and regional uncertainties. As the only professional body dedicated to PE and VC in the country, the Moroccan Private Equity Association (AMIC) plays a central role in strengthening the ecosystem, promoting best practices, and engaging with both local and international stakeholders. Since its creation in 2000, AMIC has brought together 33 active fund managers and 29 associate members, who collectively have supported more than 320 Moroccan companies, mobilising over MAD 15.7bn to date.

Morocco's macroeconomic fundamentals remain relatively stable compared to global peers. According to the International Monetary Fund, GDP growth is projected at 3.9% in 2025, up from 3.2% in 2024, while inflation is expected to ease to below 3%. The Haut-Commissariat au Plan (HCP) notes that non-agricultural sectors will account for more than 80% of growth, driven by industry and services. The OECD highlights Morocco's strong policy focus on competitiveness and sustainability, with continued fiscal and structural reforms aimed at improving the investment climate. Together, these elements have reinforced investor confidence and maintained Morocco's position as one of the most attractive PE destinations in North Africa.

Fundraising reached historic levels. In 2024, Moroccan funds raised MAD 3.9bn, bringing the total raised between 2018 and 2024 to MAD 13.8bn. A structural shift has also been observed in the investor base: domestic limited partners (LPs) now account for 53% of total fundraising, compared to 25% previously. This reflects the increasing involvement of Moroccan banks, insurers, and pension funds, alongside international development finance institutions (DFIs) such as IFC, EBRD, and Proparco. Moroccan private equity has reached a remarkable level of maturity, supported by the growing involvement of domestic institutional investors, notably after the launch of the Mohammed VI Investment Fund (FM6I), which has become a structuring catalyst for the ecosystem.

Investment activity in 2024 remained strong, with MAD 1.7bn deployed across 40 transactions, including 23 new companies. The most dynamic sectors were services, healthcare, and education. Geographically, the Casablanca-Settat region contributed 72% of investments by value, confirming its central role in the Moroccan economy.

Exit activity in 2024 reached MAD 1.1bn, with secondary transactions representing 44% of exits. Average holding periods stand at 6.2 years, consistent with broader African trends. Performance remains strong, with an average gross IRR of 12%, peaking at 23% in healthcare. These figures confirm both the financial attractiveness of Moroccan private equity and the sector's resilience.

Beyond financial returns, the impact of PE/VC on the real economy is clear. On average, portfolio companies achieved 20.5% revenue growth in 2024, compared to Morocco's GDP growth of just 3.2%. Employment grew by 15% overall, with certain sectors such as ICT, healthcare and services recording up to 30% job creation. Portfolio companies in ICT achieved 79% revenue growth, healthcare 59%, and services 9%. The fiscal impact is also significant: private equity-backed companies have contributed over MAD 3bn in cumulative tax revenues since 2000, including MAD 250m in 2024 alone. The Policy Center for the New South highlights Morocco's industrial policy shift towards renewable energy and green industries, areas increasingly attractive to private equity. The AfDB equally emphasises sustainable investment as a priority for Africa's long-term competitiveness. These alignments make Morocco a natural hub for ESG-focused and impact-driven capital. The 2024 AMIC Impact Study confirmed that ESG has become a mainstream consideration in Morocco's PE ecosystem.

Looking forward, AMIC's Strategy 2030 sets ambitious objectives for the Moroccan private equity industry: tripling fundraising volumes, doubling the number of management companies, increasing domestic LP participation to 70%, and positioning Morocco as a gateway to Africa. Despite global uncertainty and challenges in exits, Morocco's private equity industry shows sustained resilience and momentum.

Strong fundraising activity, record investments, institutionalisation of practices, and a growing base of domestic and international LPs are all positive signals. Private equity will continue to play a central role in financing Moroccan SMEs, supporting entrepreneurship, creating jobs, and contributing to sustainable and inclusive economic growth across Africa.

Mouna HASSANI
Managing Director
AMIC

A Word from ATIC

The Tunisian Private Equity Association (ATIC) is honoured to contribute to the 2025 edition of the Deloitte Africa Private Equity Confidence Survey. As the national voice of private equity and venture capital in Tunisia, ATIC brings together 47 investment institutions – SICARs, FCPRs and specialised private equity vehicles – working collectively to strengthen the role of long-term capital in accelerating enterprise growth and economic transformation.

Since its establishment in 2004, ATIC has contributed to building a more structured investment environment through policy dialogue, regulatory advocacy, market transparency, professional capacity development and the promotion of strong governance practices. In an increasingly complex macroeconomic landscape, Tunisia's private equity ecosystem continues to demonstrate resilience, depth and a notable capacity to mobilise capital toward high-potential companies.

In 2024, Tunisia raised approximately US$206m, reaffirming the market's ability to attract investors despite constrained liquidity and broader regional challenges. Echoing trends identified in this survey – where **North Africa respondents expect fundraising conditions to stabilise or improve** – Tunisia continues to rely predominantly on domestic sources of capital. Local banks accounted for over 80% of capital raised, demonstrating the strength and commitment of national financial institutions as anchors of private equity funding. While international participation remains limited, the continued growth in domestic allocations reflects a structurally robust and expanding ecosystem.

Investment activity accelerated significantly in 2024, reaching US$194m, up 51% from the previous year. Consistent with the survey's findings for the region – **where most deal sizes remain below US$25m** and fund managers maintain a preference for mid-market transactions – a Tunisia's activity continues to be driven by small and medium-sized enterprises (SMEs). A total of 149 transactions were concluded across the country, with growth capital accounting for 58% of invested amounts and restructuring and turnaround operations for 38%. This mirrors broader North African and continental trends highlighted in this report, where investors increasingly prioritise scalable business models, operational strengthening and transformative support for portfolio companies.

Tunisia's exit environment also showed positive momentum, with a 38% increase in exits in 2024, dominated by internal exits, which accounted for 90% of divestments. This aligns with the survey's observations across Africa, where **sales to strategic investors and secondary transactions remain the leading exit routes**, while IPOs continue to represent a marginal share due to market depth and liquidity considerations. Investment holding periods in Tunisia similarly follow the continental trend, where **five to seven-year cycles** have become the norm, reflecting cautious exit conditions and extended value-creation horizons.

Assets under management continued to grow, reaching US$1.6bn in 2024 – an increase of 8.6%. The average transaction ticket rose from US$1m in 2023 to US$1.3m in 2024, consistent with the rising investment needs of Tunisian SMEs and the survey finding that operational resilience and leadership capacity are now central to investment decisions.

Looking ahead, Tunisia aims to deepen its integration into regional and international private capital flows. As highlighted in the Africa-wide survey, **North Africa remains one of the regions expected to experience improved fundraising conditions** and Tunisia is strategically positioned to attract a broader mix of global LPs, DFIs, sovereign wealth funds and Middle East and North Africa (MENA)-based institutional investors. The country continues to advance regulatory modernisation, promote innovative funding vehicles and strengthen governance practices – initiatives that together contribute to a more competitive and investment-friendly environment.

ATIC remains committed to supporting the long-term development of the private equity industry through enhanced transparency, data-driven market intelligence and continuous engagement with regulators, financial institutions and ecosystem partners. Our priority is to ensure that private equity remains a catalyst for SME growth, job creation and economic resilience at a time when Tunisia's entrepreneurial landscape is rapidly evolving.

We extend our sincere appreciation to Deloitte Africa for producing this insightful edition of the Deloitte Africa Private Equity Confidence Survey, and to all investors, fund managers and ecosystem partners whose perspectives help shape a clearer understanding of regional dynamics. Together, we reaffirm our commitment to advancing an investment ecosystem capable of unlocking Tunisia's full economic potential.

Sonia Barka
Managing Director
Tunisian Association of Private Equity (ATIC)

A Word from PEVCA

The Private Equity and Venture Capital Association Nigeria (PEVCA) is pleased to contribute to the *2025 Deloitte Africa Private Equity Confidence Survey*. Our continued engagement in this survey underscores PEVCA's mandate to champion the growth and sustainability of Nigeria's private capital ecosystem, support institutional depth across the market, and build the policy and operating structures necessary for capital to flow efficiently.

This year's findings are situated within a global environment shaped by shifting trade alignments, persistent inflationary pressures, and tightening financial conditions. These dynamics have lengthened holding periods, tempered deal execution speeds, and placed greater scrutiny on investment conviction. However, Africa – and West Africa in particular – continues to demonstrate remarkable resilience anchored in favourable demographics, expanding domestic markets, and the growing strategic relevance of regional value chains. The survey highlights that **62% of respondents in West Africa expect the economic climate to improve over the next 12 months**, reflecting a cautiously optimistic outlook as macroeconomic recalibration progresses in Nigeria and Ghana.

Nigeria, the anchor market for West Africa, continues to undergo a complex, reform-driven transition. While inflationary pressures and currency volatility continue to affect cost structures, sentiment among investors is improving as reforms begin to stabilise reserves, restore pricing clarity, and reduce arbitrage distortions. **60% of respondents expect fundraising conditions in West Africa to improve**, underlining the continued relevance of development finance institutions, institutional LPs, and emerging regional funds of funds in capital mobilisation. Notably, **71% of respondents expect PE activity in West Africa to increase or remain stable**, despite the global cautionary backdrop. Deal sizes are expected to remain in the mid-market – largely below US$25m – signalling an environment where disciplined deployment, local market knowledge, and operational value creation remain defining differentiators.

Sector preferences continue to align with Nigeria's structural priorities – agriculture, manufacturing, healthcare, financial services, and energy transition pathways. These sectors offer both commercial return potential and development relevance. They represent not just areas of capital allocation, but engines of competitiveness and job creation.

The exit environment has improved marginally but remains measured. Secondary sales and strategic acquisitions continue to dominate exit routes in the region as IPO markets remain constrained. Extended holding periods, often beyond seven years, have become more common, emphasising the importance of robust governance, strong management teams, disciplined working capital practices, and operating model resilience.

The firms that will outperform in this environment are those that invest in leadership depth, institutionalisation, and capital-efficient scaling models.

Against this backdrop, PEVCA's policy engagement continues to support an environment that enables private capital to operate effectively in Nigeria. Our focus remains on fostering regulatory clarity, improving investment ease, and strengthening the conditions that allow institutional and private investors to participate confidently in the market. These efforts aim to reinforce the foundations that make long-term capital deployment viable: predictable policy, functional market infrastructure, and strong governance within investee companies. This approach aligns with the sentiment reflected in this year's PECS findings – that sustained investor confidence is best supported when reforms are steady, coordination is consistent, and value creation remains at the centre of investment strategy.

The 2025 PECS findings reaffirm that private equity continues to be a powerful catalyst for economic transformation in Nigeria. Beyond capital, PE introduces discipline, strengthens governance, expands productive capacity, and builds companies capable of competing regionally and globally.

The outlook remains one of cautious optimism – grounded in structural opportunity.

PEVCA remains committed to enabling the conditions for private capital to accelerate growth, deepen resilience, and generate long-term value for Nigeria and the region.

Anna Evi-Parker
Executive Secretary
Private Equity & Venture Capital Association Nigeria (PEVCA)

A Word from EAVCA

The East Africa Private Equity and Venture Capital Association (EAVCA) is pleased to collaborate with Deloitte Africa in presenting the 2025 edition of the *Deloitte Africa Private Equity Confidence Survey*. As the regional voice for private capital investors, EAVCA's mandate is to strengthen East Africa's investment landscape through policy advocacy, market intelligence, networking facilitation, and initiatives that expand and sustain capital mobilisation across the region. Our collaboration with Deloitte reinforces our commitment to providing investors with credible insights that guide long-term investment decisions in an evolving landscape.

Over the past year, East Africa has continued to cement its position as one of the continent's most dynamic private capital destinations. Despite a complex macro environment, the region has demonstrated stability, market depth, and diversification across multiple countries. Kenya remains the region's investment anchor, while Tanzania, Uganda, Rwanda, and Ethiopia are each making tangible strides through sectoral reforms, infrastructure modernisation, and regulatory alignment – all of which are enhancing investor confidence.

The survey shows that investors remain engaged in East Africa, though with heightened focus on governance, operational strength, and leadership capability within portfolio companies. These themes strongly mirror the discussions we continue to lead as an association. Through our advocacy work – particularly our engagements with capital markets regulators in Kenya, Uganda, and Tanzania – EAVCA has championed reforms that clarify fund domiciliation, strengthen licensing regimes, and promote transparency. Our recent work with national authorities, including the Kenya Capital Markets Authority (CMA), Nairobi International Financial Centre (NIFC) Authority, Capital Markets Authority (CMA) Uganda, Uganda Investment Authority (UIA), and regional pension industry bodies, has helped improve alignment between regulatory frameworks and the realities of private capital investing. These efforts directly support smoother deployment, risk reduction, and more predictable investment cycles for fund managers operating in the region.

Capital mobilisation has also been a key pillar of our work. In 2024 and 2025, EAVCA expanded its engagement with domestic institutional investors – particularly pension funds, insurance players, and corporate investment committees – with the aim of unlocking more local capital for private equity and venture capital. Through targeted masterclasses, roundtables, and investor education initiatives, we have seen sustained interest from regional LPs seeking diversified exposure and long-term yield. As global conditions remain uncertain, building a robust base of domestic capital is becoming increasingly essential, and EAVCA will continue to prioritise this area.

The survey's insights on deal activity, transaction sizes, and sector focus closely reflect conversations within our membership. Mid-market opportunities continue to dominate the East African landscape, with investors gravitating toward enterprise expansion, platform strategies, and capital-efficient business models. Strong activity persists in agriculture, manufacturing, healthcare, digital financial services, and renewable energy – sectors aligned with both national development priorities and investor expectations for resilient, scalable returns.

Exits remain a developing area of the East African market, and we are encouraged by the growing sophistication among fund managers in preparing assets for transition. EAVCA has also focused on improving enabling frameworks for exits through our policy dialogues on taxation, repatriation processes, and M&A regulatory approvals. These engagements are central to creating a more predictable and competitive environment for buyers and sellers across the region.

Regionally, EAVCA continues its multi-country expansion agenda. Beyond our Kenya headquarters, we now operate an active Uganda chapter, are finalising our Tanzania representative office, and are laying the groundwork for Ethiopia. This pan–East Africa footprint enables us to support investors with a more integrated view of opportunities and risks across borders – an increasingly important factor as capital allocators explore multi-market strategies.

Looking ahead, we remain optimistic about East Africa's investment outlook. The fundamentals – demographics, innovation, entrepreneurship, and progressive regulatory reform – remain compelling. At EAVCA, we reaffirm our belief that private capital is a critical driver of economic transformation in our region. It supports the growth of high-potential businesses, strengthens governance, creates jobs, and contributes to long-term competitiveness. As we continue working with governments, investors, and ecosystem partners, our focus remains clear: build an investment environment that enables private equity and venture capital to thrive and unlock the region's full potential.

We thank Deloitte for producing this timely survey and extend our appreciation to the investors whose insights shape the findings. Together, we move forward with renewed commitment to making East Africa an even more compelling destination for private capital.

Christine Maina
Chief Executive Officer
East Africa Private Equity and Venture Capital Association (EAVCA)

Key highlights

Economic climate

Africa's real GDP growth is projected to rise to 3.9% in 2025 and further to 4% in 2026. The continent is expected to remain the world's second fastest-growing region, after Asia.

Challenges relating to currency depreciations, high debt service costs, declining global aid faced by African countries, and global movements towards a protectionist stance will potentially pose risks to Africa's growth outlook.

Fundraising environment

The fundraising environment is expected to improve in East Africa and West Africa, while in the other regions respondents have split views.

Europe and the United States continue to be the most important sources of capital for PE in Africa.

Investment landscape

PE activity is expected to increase or remain the same across all regions, yet deal sizes are expected to remain smaller and below US$50m.

Investment lifecycles are expected to continue to be longer to achieve expected returns given the current economic uncertainty.

Sector focus

Agriculture/Agribusiness and Financial Services remain the key investment sectors in most regions.

Food and Beverages, Manufacturing, and Green Energy are also expected to receive increased investor focus in the next 12 months.

Economic climate:
Global and regional outlooks

The global economy has faced several challenging conditions, such as energy and food shocks, persistent inflation, adverse weather conditions, and geopolitical tensions. Additional global shocks related to trade frictions, political uncertainty, and rising trade tariffs across the globe have left the global economy limping along.

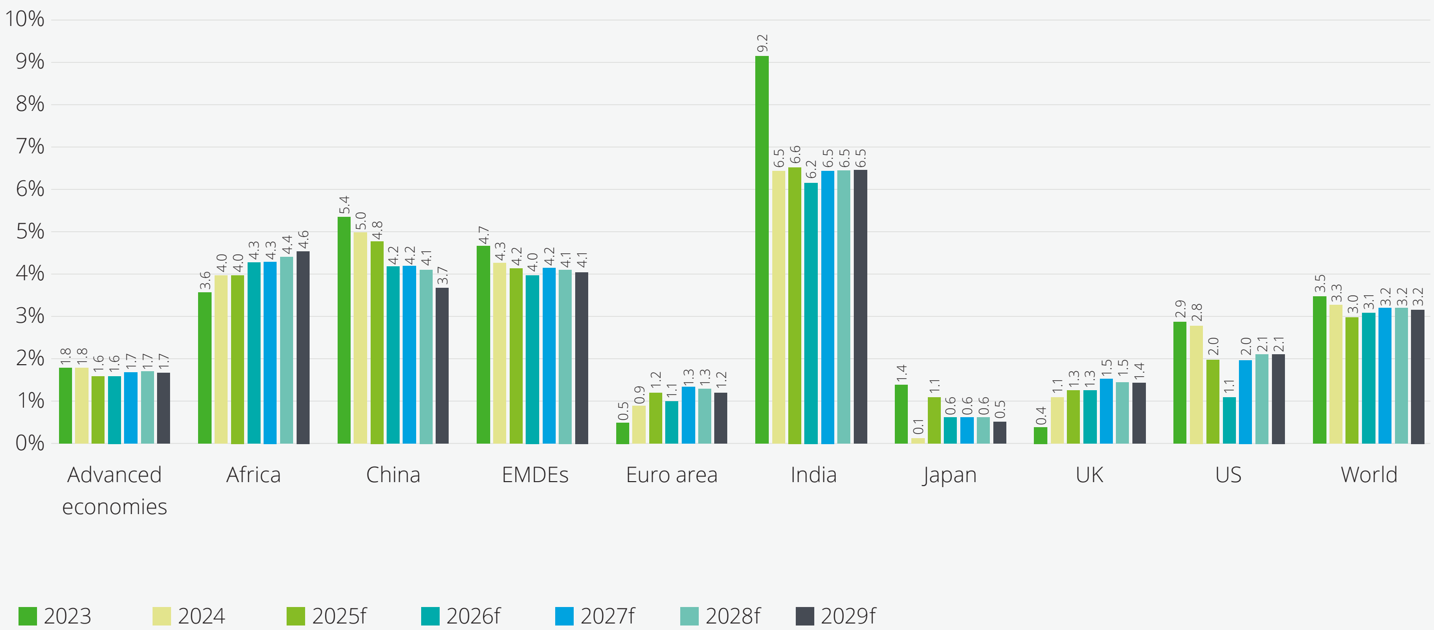
In August 2025, the United States (US) implemented reciprocal tariffs set a baseline tariff of 10% on all imports to the US, as well as additional duties on certain products or countries. These tariffs were set in efforts to rebalance the US's economic and security relations. As a consequence, these policy shifts have prompted widespread uncertainty in global markets. In 2024, global GDP growth slowed to 3.3%. Growth is forecast to remain subdued at 3.2% in 2025 and 3.1% in 2026 as global disruptions cast a shadow over investment and supply chains, leaving the world in a state of uncertainty.[1]

In the face of trade disruptions, the US and China – two of the world's largest economies – have proven to be resilient. Growth in the **US** is projected to slow from 2.8% in 2024 to 2% in 2025,[2] with higher tariffs and policy uncertainty expected to weigh on private investment and consumption. However, growth is anticipated to recover in 2026-2027 on the back of lower interest rates, which are expected to unlock private consumption and investment.[3] Considering the high tariffs in place, inflation could accelerate as companies pass on the cost of tariffs to consumers.

The Chinese economy continues to face challenging times with the slowdown in the residential property market. Augmented by recent trade restrictions imposed by the US, the economy continues to weaken with modest growth of retail sales, industrial production, and fixed asset investments.[4] **China's** economy is expected to take a knock in 2025, with real GDP growth forecast to decelerate from 5% in 2024 to 4.8% in 2025 and then slow further to 4.2% in 2026.[5]

In recent years, **India's** economy has shown remarkable resilience amid global economic headwinds, elevated interest rates, and geopolitical tensions. Despite its sizeable and resilient consumer base, a broadening investment landscape, and a digitally skilled, dynamic workforce, its economy is projected to slowdown from 6.5% in 2024 to 6.6% in 2025 in response to slow foreign direct investment inflows amid heightened risk aversion.[6]

Figure 1. Real GDP growth (%), 2023-29f



Source: Deloitte Africa analysis based on International Monetary Fund, World Economic Outlook, October 2025.

The economic outlook in the **Euro area** is expected to remain subdued owing to heightened uncertainty regarding trade tensions and the ongoing energy crisis. Real GDP growth is forecast at 1.2% in 2025, a slight increase from 0.9% recorded in 2024.[7] The marginal improvement in economic growth will be supported by lower interest rates, which will drive consumer spending, relatively stable labour market conditions and sturdy income growth.[8]

Elevated global uncertainty and ongoing geopolitical tensions could disrupt global supply chains and push commodity prices up, weighing heavily on economic activity. The current trade tensions will leave the global economy under pressure throughout 2025. Although still hampered by protective trade measures, political bottlenecks, and cautious investment sentiment, global economic recovery is still possible if policies bring confidence, preserve financial stability, and implement much-needed structural reforms.[9]

Despite global shocks and uncertainty, Africa's real GDP growth is projected to accelerate to 4% in 2025 and remain at 4% in 2026.[10] In Sub-Saharan Africa (SSA), real GDP growth is forecast to remain at 4.1% in 2024 and 2025 and then accelerate to 4.4% in 2026.[11] Growth will be bolstered by increased private consumption and investments as inflation moderates and as currencies stabilise.[12]

In addition to high debt service costs, declining global aid faced by African countries and movements toward a protectionist stance in global policy will potentially pose risk to the region's growth outlook by reducing investor risk appetite, capital flows, and business and economic activity.

The African region finds itself in a vulnerable position as major economies, including the US return to a more protectionist trade agenda. The US reciprocal tariff rates went into effect on 7 August 2025 for most of its trading partners. Out of 54 African countries, 32 received the global minimum rate of 10%, while 18 others are subject to 15%, and four other countries (Tunisia, Algeria, Libya, and South Africa) are subject to tariffs between 25-30%.[13] Duties applied to sectors impacted by these policy shifts include aluminium at 50%, automotives at 25%, and refined copper products at 50%.[14]

Figure 2. Reciprocal tariffs imposed on African countries, August 2025

Country	Reciprocal tariff rate (%)
South Africa	30%
Libya	30%
Algeria	30%
Tunisia	25%
Côte d'Ivoire	15%
Democratic Republic of the Congo	15%
Madagascar	15%
Nigeria	15%
Angola	15%
Lesotho	15%
Botswana	15%
Malawi	15%
Namibia	15%
Ghana	15%
Mozambique	15%
Zambia	15%
Egypt	10%
Morocco	10%
Ethiopia	10%
Kenya	10%

Source: Centre for Strategic and International Studies, August 2025

At the time of writing, these tariff rates suggest the potential termination of the African Growth and Opportunity Act (AGOA) under which several African countries benefitted from duty-free access to US markets in sectors such as textiles, agriculture, and light manufacturing. AGOA is set to expire in September 2025[15] and the impact will largely be felt by countries that have leveraged AGOA to diversify exports and attract investment. Some of these countries include Kenya, which exports agricultural products, textiles, and manufactured goods to the US; South Africa, which exports agricultural and automotives, including parts and accessories; Ghana, which exports apparel and agricultural products; and Nigeria, which exports light manufacturing and agro-processed products.[16]

From 2017 to 2020, the US ranked as the third-largest destination for Africa's industrial products.[17] Given Africa's heavy reliance on external markets, this shift could prompt economic instability in the region[18] through job losses, increased commodity prices and higher costs of doing business.[19] In response to this, African countries are looking to strengthen intra-African trade and accelerate the implementation of the African Continental Free Trade Area (AfCFTA) agreement to boost economic resilience through key sectors that previously benefited from AGOA, such a processed food, textiles, pharmaceuticals, and automotive components.[20]

Regional economic outlooks

East Africa

East Africa is set to be one of the fastest-growing regions in Africa. Real GDP growth is forecast at 5.8% in 2025 and expected to accelerate to 7.1% in 2026.[21] This outlook is powered by resilient growth in markets such as Ethiopia, as well as continued public investments in energy infrastructure and the agricultural sector.[22]

Real GDP growth in **Kenya** is forecast to pick up from 4.5% in 2024 to 4.8% in 2025, and 4.9% in 2026,[23] supported by recent interest rate cuts, and expectations of further monetary loosening.[24] Growth in the long run will be underpinned by structural reforms, which will spur investment and industrial expansion, broad-based digitalisation and deeper regional integration. Given Kenya's reliance on portfolio inflows, the country is vulnerable to capital flight and higher oil prices, which could severely impact macroeconomic stability. Notable downside risks to the outlook include fiscal challenges, weather shocks, and delays to the East African Crude Oil Pipeline.

Real GDP growth in **Ethiopia** is projected to slow from 8.1% in 2024 to 6.6% in 2025[25] on account of disruptions linked to the US tariff regime, high inflation, and low foreign reserves.[26] Still, real GDP growth is projected to average 7.5% per annum over the 2025-2029 period, making the country the fastest-growing African market over the forecast period. With several infrastructure projects being developed and as expansion of the Ethiopian Airlines fleet kickstarts, growth is set to be boosted by major public and private investment as well as increased government consumption. Ethiopia's high reliance on agriculture as well as possible rise in political and security instability exposes the economy to potential risks.[27]

North Africa

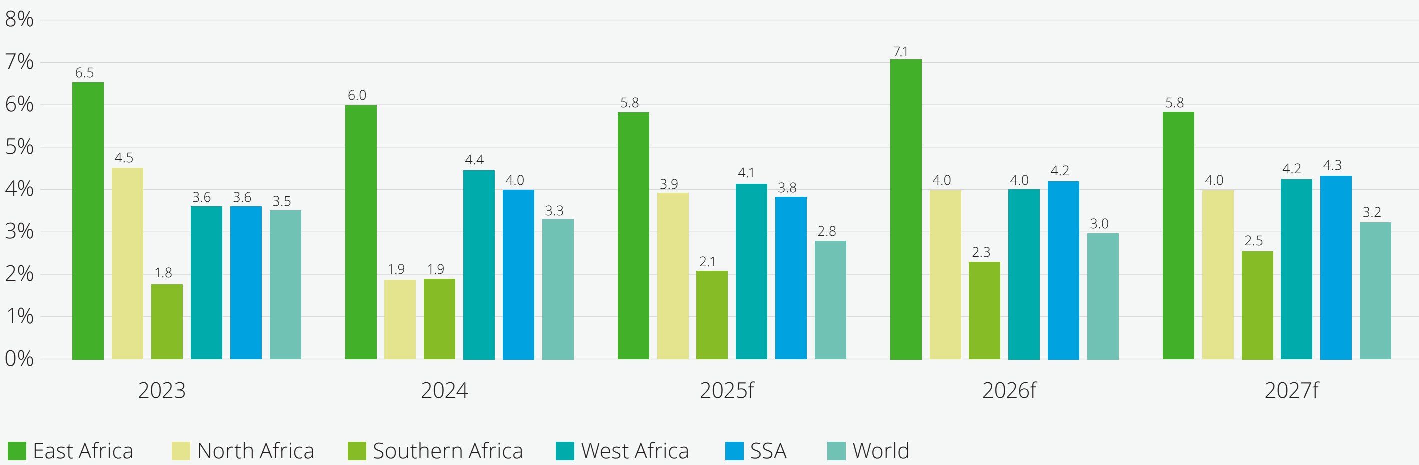
Following subdued growth of 1.9% in 2024, the region is projected to grow by 3.9% in 2025 and 4% in 2026.[28]

Real GDP growth in **Egypt** is expected to improve slightly to 3.8% in 2025 and thereafter to 4.3% in 2026, stimulated by recent efforts in enforcing currency reforms, enhanced accessibility of foreign currency as well as improved business and consumer confidence.[29] Egypt can expect increased investments in the medium- to long-term, as inflation stabilises and as developments of greenfield investment sites ramp-up.

Real GDP in **Morocco** is set to accelerate from 3.2% in 2024 to 3.9% in 2025,[30] boosted by improved weather conditions, a rebound in agricultural output, and lower global energy prices. Morocco's overall economic activity is expected to be boosted by investments in manufacturing, green energy projects, and tourism activities as the country hosts the 2025-26 Africa Cup of Nations.[31]

Tunisia is confronted with numerous hurdles related to continuous restricted access to external finance, a US tariff rate of 25%, and high tax rates. Real GDP growth is expected to remain subdued at 1.4% in 2025[32] and is forecast to remain at low levels in the medium term as interest rates remain elevated.

Figure 3. Weighted regional real GDP growth (%), 2023-27f



Source: Deloitte Africa analysis based on International Monetary Fund, World Economic Outlook, October 2025.

Southern Africa

Growth in Southern Africa is estimated at 1.9% in 2024 and is projected to marginally accelerate to 2.1% in 2025, and 2.3% in 2026 (see Figure 3).

South Africa's real GDP growth rate is forecast at 1.1% in 2025 and 1.2% in 2026 – up from 0.5% recorded in 2024.[33] Improved growth is underpinned by continued momentum from various structural reforms, including improved energy supply, increased private sector participation in ports and rail, interest rate cuts, and household withdrawals from the newly implemented two-pot retirement savings system.[34] The 30% tariff on South African goods entering the US is expected to strain businesses, private investments, and key domestic industries, particularly automotives, metals, and other exports.[35] The global tariff turmoil, rampant unemployment, and persistent logistics bottlenecks will impede growth in the second half of 2025.

Following subdued growth of 3.7% in 2024, **Namibia** is expected to grow by 3.8% in 2025, buoyed by interest rate cuts in the second half of 2024 and a recovery in agricultural activity, which is set to support private consumption and fixed investment.[36] Growth is expected in the mid-term as expansions in uranium, copper, zinc, and gold mining ramp up, and as ongoing petroleum exploration activities pick up. Developments in Namibia's green energy sector as well as efforts to develop transport infrastructure, such as the US$9.5bn Trans-Kalahari Railway, to facilitate coal exports from Botswana via Namibia's Walvis Bay port, are set to help accelerate long-term growth.[37] An ongoing slump in global diamond demand and slow growth in domestic uranium output is expected to slow down exports and government revenue. Severe weather changes, together with slow economic performance in South Africa, remain key sources of risk for Namibia's growth outlook.

A sharp cut in diamond production and exports, as well as slow global growth and trade disruptions are set to cripple economic growth in **Botswana**. As such, real GDP growth in Botswana is forecast to contract by -0.4% in 2025, from -2.9% in 2024. However, growth is expected to pick up to 2.3% in 2026 and 3.1% in 2027[38] in response to easing commodity prices and a halt in interest rate hikes, which will stimulate private consumption and boost private-sector credit extension and investment.[39] The global energy transition towards green energy is expected to boost high copper prices in the long term, thereby stimulating investment in new mine capacity. Risks to Botswana's economic outlook are associated with uncertainty surrounding US trade policies and low global diamond demand.

West Africa

Average real GDP in West Africa in 2024 was 4.55% and is forecast to rise to 4.75% in 2025 and 4.9% in 2026 (see Figure 3). The region's economic outlook will be overshadowed by global uncertainties and commodity price shocks.

Following strong economic growth of 5.7% in 2024, bolstered by a strong output in the mining, construction, and oil sectors, real GDP growth in **Ghana** is forecast to slow to 5.5% in 2025,[40] owing to a still high interest rate environment despite the reduction in the monetary policy rate, volatility in cocoa exports as well as global trade tensions. The expansion of the Bibiani gold mine is expected to continue to boost export earnings. Risks remain due to ongoing debt restructuring, high public debt, and global economic uncertainties.

Following President Bola's bold economic reform to rebase **Nigeria's** GDP data from 2010 to 2019, real GDP growth in Nigeria is expected to accelerate to 4% in 2025 and 4.1% in 2026.[41] This growth will be supported by improved consumer spending as inflation falls and interest rates are gradually reduced. However there are constraints to this projection which include slower growth in crude production, power cuts, rampant insecurity and a large infrastructure gap.

Progress in the Dangote refinery is, however, expected to boost economic growth in the medium term.[42]

Senegal has been one of the more stable economies in West Africa. Increased oil and gas production as well as ongoing investments in agriculture, gold, titanium and phosphate mining, and transport and energy infrastructure development are poised to accelerate Senegal's growth considerably.[43] As a result, real GDP growth is projected to remain steady over the 2025-29 period, averaging 5.4%.[44] While relatively strong growth is expected, the country's high public debt, together with its vulnerability to external shocks including weather shocks and volatile commodity prices, could potentially pose risks to the overall outlook.

Respondents' views on the economic outlook and focus of funds

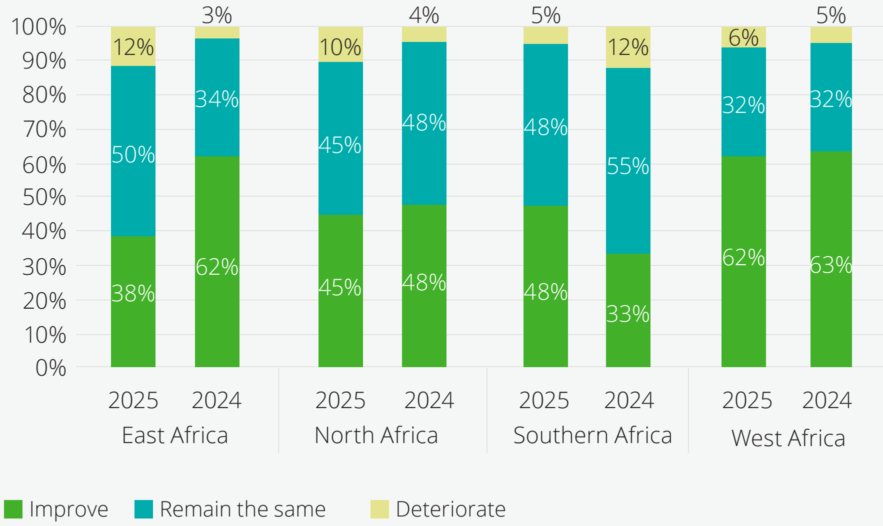
In the first half of 2025, Deloitte Africa surveyed general partners (GPs) and limited partners (LPs) to understand their views on the economic climate, the country focus of funds, the investment landscape, the fundraising environment, and the sector focus in East, North, Southern, and West Africa over the next 12 months. A summary of the results of the *2025 Deloitte Africa Private Equity Confidence Survey (PECS)* is discussed in the sections below.

In this year's survey, most respondents across Africa expect the continent's economic environment to improve. In East Africa, however, respondents anticipate that conditions will remain broadly unchanged, even as the region continues to rank among the fastest growing.[45]

A summary of the results of these views is discussed in the sections that follow.

In general, given the currency volatility and uncertainty on global policy shifts, respondents are cautiously optimistic about the region's economic climate with a majority expecting the economic climate across regions to remain the same in the next 12 months. However, sentiments in West Africa differ, where 62% of respondents expect an improvement in the region as Nigeria and Ghana recover.

Figure 4. Expected change in the economic climate by region over the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

Regional insights

In **East Africa**, 50% of surveyed respondents expect the economic climate to remain positive in the next 12 months, while 38% expect an improvement in the same period. This contrasts with respondents' views from 2024, where 62% respondents expected the economic climate to improve. Persistent concerns around public debt, currency volatility, political instability, and project delays continue to dampen sentiment.

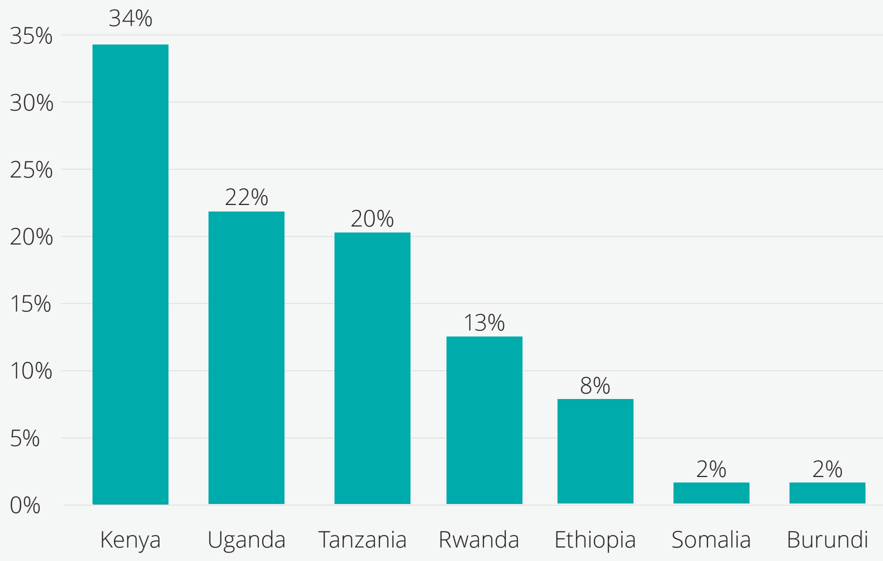
This caution remains despite positive macroeconomic fundamentals, including Kenya's economic momentum, ongoing liberalisation in Ethiopia, oil sector investments in Uganda, and major infrastructure and energy projects in Tanzania.

In **North Africa**, respondents have differing views, with 45% expecting the economic climate to improve, and 45% expecting the economic climate to remain the same. While some of North Africa's large economies face a challenging outlook in the short term, respondents are tentatively hopeful.

Similarly, in **Southern Africa**, 48% of respondents expect economic conditions to remain the same in the next 12 months, while 48% of respondents expect the economic climate to improve. South Africa continues to face challenges linked to global trade tensions, together with slow growth and structural constraints in the logistics and mining sector.

In **West Africa**, respondents share the same sentiments as last year, with 62% of respondents expecting the economic climate to improve, while 32% expect it to remain the same as growth recovery is expected in the region.

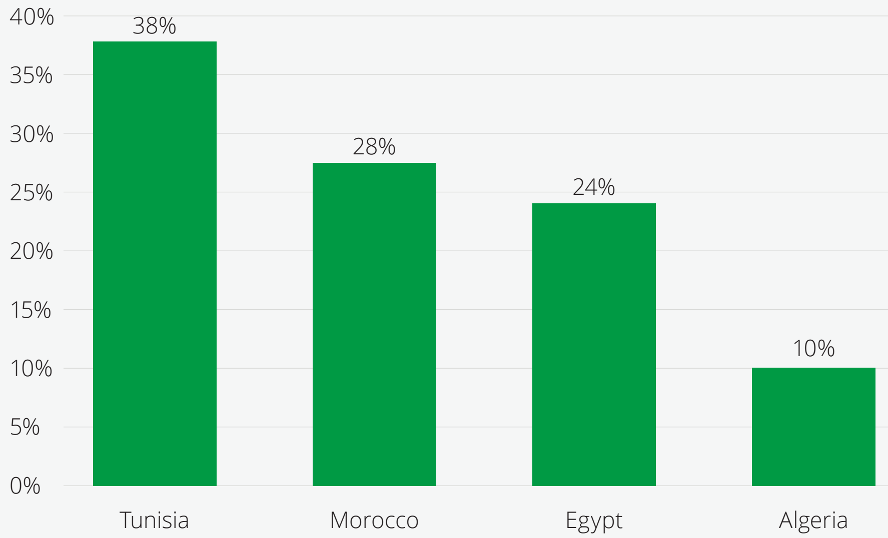
Figure 5. Countries in East Africa that funds aim to focus on over the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

In East Africa, Kenya continues to be the most attractive economy to investors, with most respondents expecting to focus their funds on East Africa's largest economy over the next 12 months. Consistent with last year's findings, the next largest focus of funds is expected be on Uganda and Tanzania. Rwanda remains the fourth largest focus for funds in the region, while Ethiopia remains in fifth place.

Figure 6. Countries in North Africa that funds aim to focus on over the next 12 months

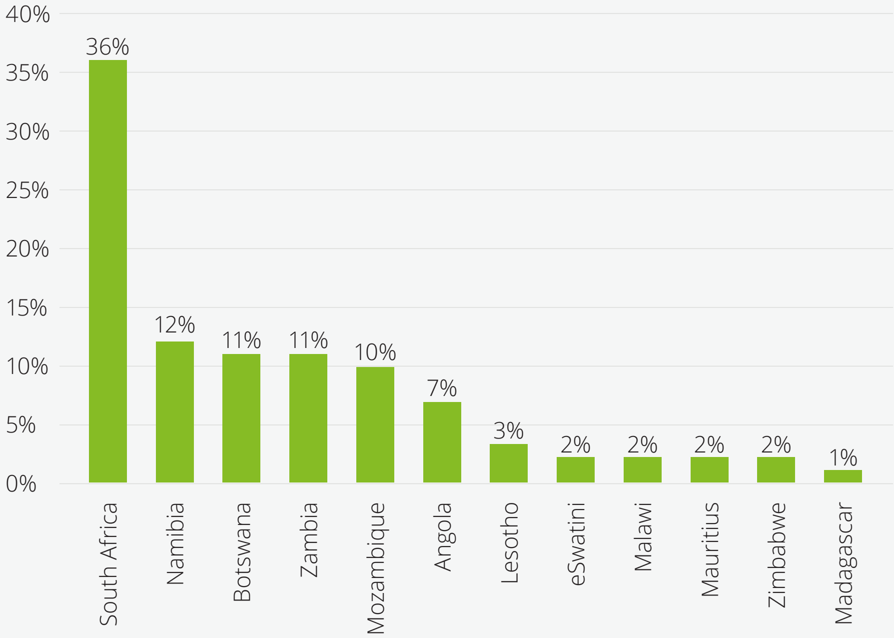


Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

Respondents view Tunisia, Morocco, and Egypt as the top three countries their funds look to focus on over the next 12 months in North Africa, with Tunisia expected to be the main focus as restricted external financing in the country persists.

South Africa and Namibia were noted as the top two countries in Southern Africa that respondents plan to focus on, given the countries' stability, resource wealth, regional connectivity and developments in Namibia's green energy sector. Botswana and Zambia jointly took third position.

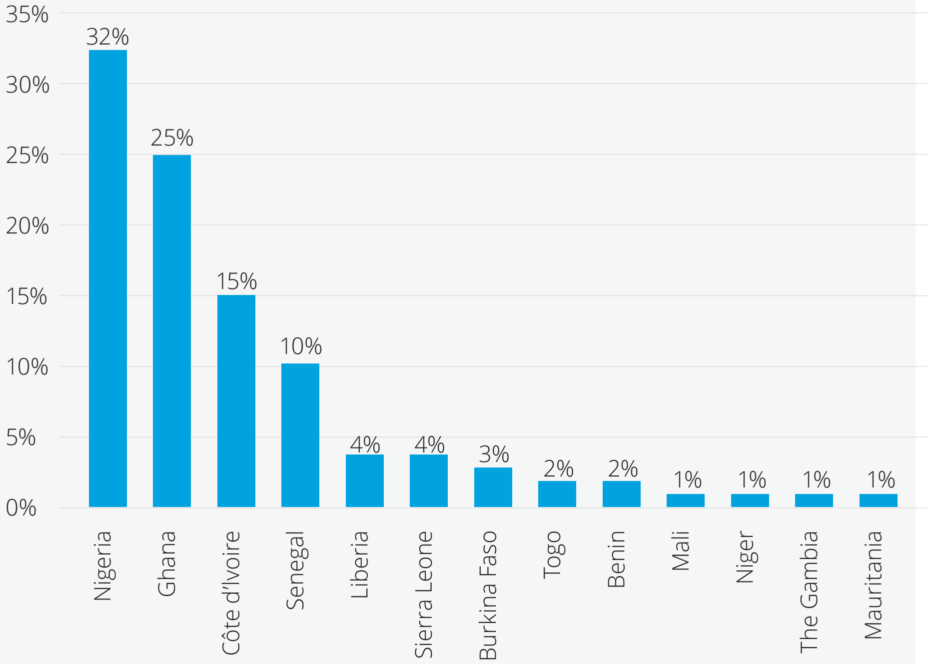
Figure 7. Countries in Southern Africa that funds aim to focus on over the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

Consistent with the previous year's findings, respondents consider Nigeria, Ghana, Côte d'Ivoire, and Senegal as the top four countries their funds aim to focus on in West Africa.

Figure 8. Countries in West Africa that funds aim to focus on over the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

Expert insights: The human factors that drive performance in African private equity

In African private equity (PE), much attention is often placed on pricing, leverage, and market timing. Seasoned PE professionals understand that, time and again, the difference between deals that succeed and those that underperform lies in the human dimension. Leadership alignment, the speed of team integration, and an organisation's ability to scale effectively are emerging as decisive factors in value creation.

As African PE professionals navigate the complexities of 2025, from geopolitical uncertainty and global trade shifts to capital access, investor confidence, and exit delays, human capital remains one of the most critical yet underutilised levers for value creation. While leadership is recognised as a key driver of performance, succession, retention, and culture are still too often overlooked in investment strategies.

Leadership assessment: an established practice with regional complexities

Globally, leadership assessment has become the most established element of the human capital agenda in investee companies, with chief executive officer (CEO) evaluation consistently prioritised during due diligence. Structured approaches, such as executive assessments, external benchmarking, and rigorous interviews, have made leadership a decisive factor in investment committee approvals.

African PE firms are increasingly recognising the importance of leadership evaluation and post-close support, but practices remain uneven and there is still progress to be made to match global peers. Regional challenges, such as transitions from founder-led to institutional models, add complexity. PE firms that prioritise and invest in CEO and leadership team development, coaching, and alignment after a deal closes are better positioned to safeguard value.

Value protection through effective succession planning and retention

Despite widespread recognition of leadership's importance, succession planning is underdeveloped in many PE-backed companies. Often described as the board's "most poorly managed responsibility," weak succession practices create significant risks of value erosion.

The financial implications are tangible. When an external CEO is appointed, replacement costs can be significant. Tangible costs, excluding wider operational disruption costs, include headhunter fees and the cost of buying out any unvested variable pay awards to which the incoming recipient may be entitled. Typically, these costs range from 50% to 150% of a CEO's Total Annual Target Remuneration (including guaranteed pay plus short- and long-term incentive opportunities). Founder-led businesses face particular exposure, as the absence of institutional leadership depth heightens key-person risk. Unexpected executive departures can affect operational continuity, customer relationships, employee morale, and strategy execution, often extending investment holding periods and reducing exit valuations.

While the importance of succession planning cannot be overstated, retention is equally critical. With exit horizons becoming less predictable, remuneration structures need to incentivise the ongoing performance of senior leaders and critical talent, rather than focusing solely on outcomes tied to a single exit event.

Culture and employee engagement as the performance multiplier

Although leadership consistently receives attention, culture and employee engagement remain largely under-measured across African PE portfolios. Misaligned cultures can delay synergy realisation by as much as 30%, especially when teams struggle to adapt to new leadership during extended holding periods.

By contrast, organisations that intentionally build resilient cultures demonstrate greater ability to navigate uncertainty and sustain performance. For PE investors, measuring and managing cultural alignment early can accelerate integration and protect long-term value.

Strategic imperative of human capital

The case for systematic investment in human capital is compelling. Research shows that companies conducting CEO readiness assessments before closing a deal are 2.4 times more likely to achieve their value creation targets within the first 18 months.[46] Similarly, organisations that evaluate cultural fit during due diligence experience significantly higher employee retention rates after an acquisition.

However, implementation remains inconsistent. The challenge is not in recognising the importance of human capital, but in developing organisational capabilities to measure and manage it consistently across portfolios.

The competitive advantage

As traditional value creation levers become commoditised across African PE markets, human capital stands out as a sustainable competitive advantage. Firms that integrate people into their deal models are already delivering superior returns. In Africa's complex and dynamic markets, the firms that systematically develop human potential will ultimately capture disproportionate value and define the next wave of performance leaders.

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Expert insights: Building resilience: private equity strategies for West Africa's recovery

The global economy has been roiled by the latest developments in US foreign trade policy, which has begun to trigger diplomatic shifts and realignments. The global trade war, coupled with ongoing geopolitical tensions, has exacerbated uncertainty in the markets.

The West African market is impacted by shocks that affect commodity prices, such as oil and gold, and may lead to a resurgence of global inflation due to supply chain disruptions. This situation could result in wider fiscal deficits for West African economies as revenues decrease, along with a risk of capital flight as investors look for safer markets. For PE investors, the region's short-term pressures create risks, but also open up long-term opportunities.

Nigeria is gradually emerging from a reform phase that has caused a cost-of-living crisis. Although inflation remains high at 18.02% as of September 2025,[47] it is declining. Interest rates are still elevated despite the first interest rate cut to 27% in September 2025, as inflation risks persist. The country's external position has improved, with gross external reserves at US$43.37bn, enough to cover 8.28 months of imports, helping stabilise the naira between NGN1,440 and NGN1,490 against the US dollar.

Investor sentiment is improving, as reflected in credit rating upgrades from Fitch[48] and Moody's.[49] Recent reforms, including the Tax Acts and the Insurance Bill, are set to enhance the business environment and boost key economic sectors.

Economic growth has been resilient, registering a 4.23% in Q2,[50] and is expected to continue through the year. However, as the country approaches the 2027 election season, a slowdown in reforms, investments, and economic activities is likely.

Ghana's macroeconomic recovery is outperforming Nigeria's. Over the past year, the Ghanaian cedi has appreciated by at least 40% against the US dollar, moving from one of the worst-performing currencies globally to Africa's best.[51]

Strong gold prices and lower fuel costs have decreased the country's import bill and helped reduce inflation to 8% as of October 2025.[52] Ghana's government has also restructured about US$2.8bn in loans and completed its fifth International Monetary Fund (IMF) programme review, receiving a total of US$2.8bn so far.

Ghana's real GDP growth rate was 6.3% in Q2 2025 and is projected to reach 5.5% for the year, indicating promising new business opportunities and favourable conditions for investment.

A West African private equity perspective

Periods of economic pressure often sharpen the focus on fundamentals. To navigate the current economic landscape and maximise shareholders' value, PE firms need to take a long-term view of the investment landscape and identify investment targets that embed three capabilities into their operating models: continuous cost discipline strategies, working capital efficiency, and technology-led innovation.

Looking ahead, companies need to have cost discipline strategies that project a clear path to profitability. Demonstrating the ability to reduce costs while maintaining product or service quality is essential for positioning companies as attractive investment opportunities.

Furthermore, non-core assets can often be a drain on resources and management attention. Companies should be hyper-focused on their core competencies. By divesting non-core assets, companies can concentrate on their core business while improving their value proposition, reducing operational overheads, and further improving profitability.

Adopting a zero-based budgeting mindset helps eliminate non-value-adding expenditure, enhances profit margins, counters inflationary pressures on margins, and funds strategic reinvestment. This encourages a culture of continuous improvement, supporting optimal business growth.

Companies need to adopt a **working capital optimisation strategy** that can significantly impact their profitability and enhance their liquidity position. To attract and sustain investment, companies should focus on a robust inventory management system, effective credit scoring, and building strong partnerships with suppliers for better pricing and payment terms. These strategies are crucial for improving cash flow and overall financial performance.

Additionally, liquidity buffers from an optimal working capital cycle help mitigate currency fluctuations and high-interest rates typical in West Africa, thereby reducing dependence on costly external financing. This contributes to building a company with greater cash resilience.

Companies that **invest in technology** tend to be better positioned to innovate and achieve a competitive advantage. Investors, including PE firms, are drawn to companies with the potential to expand their market reach and boost revenue. Key areas of focus include automating back-office functions, digitising customer interfaces, and implementing data analytics platforms to enhance operational efficiency and transparency. These efforts will accelerate decision-making and help establish measurable key performance indicators (KPIs) for management incentives and compensation.

Capitalising on opportunities

The complexity of West Africa's economic environment demands more than short-term tactical responses. Investors who adopt a long-term perspective by combining operational discipline with strategic innovation will be best placed to navigate volatility and capture enduring value. For PE, the road ahead is not about avoiding headwinds, but about using them to build stronger, more competitive portfolio companies that can thrive in any cycle.

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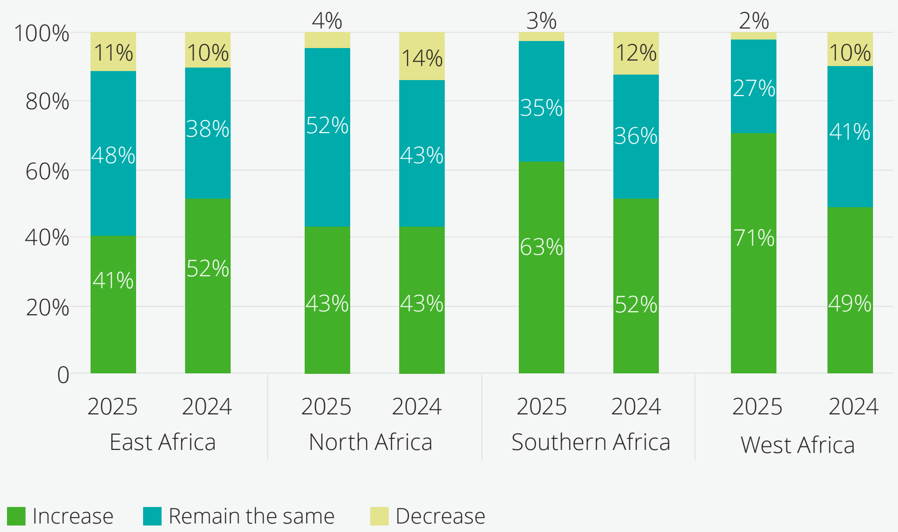
Investment landscape

Figure 9. Expected PE activity by region over the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

PE activity is expected to remain the same or increase across regions

PE activity is expected to remain the same or increase across East and North African regions over the next 12 months. Respondents in Southern Africa and West Africa expect increased PE activity in the same period. This follows on from an 8% increase in total private deal volumes in Africa in 2024.[53]

Regional insights

In **East Africa**, 48% of respondents expect PE activity to remain the same in the next 12 months, while 41% of the respondents expect an increase and 11% expect a decrease. This is a shift from last year's expectations where PE activity was largely expected to increase as economic activity and investor interest improves. Survey responses reflect a more cautious outlook on PE activity in East Africa. This tempering of expectations is largely driven by ongoing macroeconomic uncertainties, leading respondents to signal a more measured and prudent approach to the region's PE landscape.

In **North Africa**, 52% of respondents expect PE activity to remain the same in the next 12 months, while 43% expect an increase. PE activity is expected to be boosted by the region's strategic location and proximity to Europe, close ties with the Middle East and the region's large consumer base.

Most **Southern African** respondents expect PE activity to increase in the next 12 months. Resilience in PE activity is driven by mature markets such as South Africa, as well as the multiple sectors in the region and its favourable investment climate.

As **West Africa's** largest economies embark on their recovery, 71% of respondents expect PE activity in the region to increase over the next 12 months, while a further 21% expect it to remain unchanged. The increase in PE activity in the region is expected to be driven by investment opportunities stemming from a projected decline in the inflation rate and stability in the currency value of key West African economies such as Nigeria and Ghana. Furthermore, the implementation of pro-market reforms by the governments of West Africa's largest economies (Nigeria, Ghana, Côte d'Ivoire, and Senegal) and an improvement in the overall spending power of consumers are projected to make the region a viable option for investors and drive PE activity over the next 12 months.

Deal sizes are expected to remain below US$25m across regions

Most respondents expect average deal sizes to be up to US$25m over the next 12 months, while the share of deals above US$50m is expected to drop across all regions in comparison to expectations of last year.

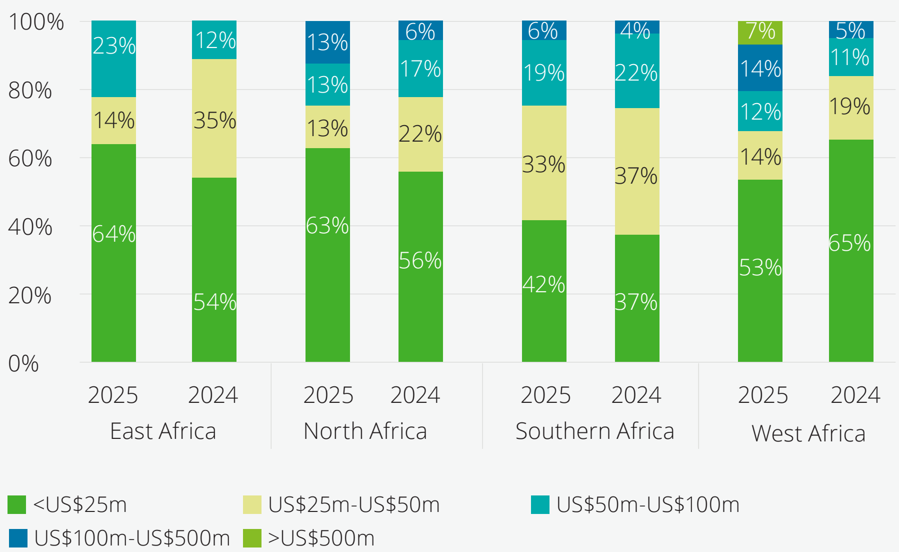
Regional insights

In **East Africa**, 64% of respondents expect deal sizes to be below US$25m, while a further 14% expect them to be between US$25m and US$50m. This compares to last year, where 35% of respondents expected deal sizes to be between US$25m and US$50m. This is largely the case as the focus of most PE firms in the region is on SMEs, hence deal sizes have remained mostly in the lower range.

This year, 23% of respondents are expecting deal sizes of US$50-US$100m, an increase from 12% recorded last year. The higher percentage of respondents anticipating larger average deal sizes could be partly driven by strong economic growth in East African countries, which can result in increased business expansion and investment opportunities, coupled with stable currencies, which encourage investors to commit to larger deals.

North Africa also mostly expects deal sizes of up to US$25m. An equal share of 13% of respondents expect deal sizes between US$25m-US$50m, US$50m-US$100m and US$100m-US$500m. The proportion of respondents expecting deal sizes above US$50m has declined compared to last year.

Figure 10. Average deal size expected by region over the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

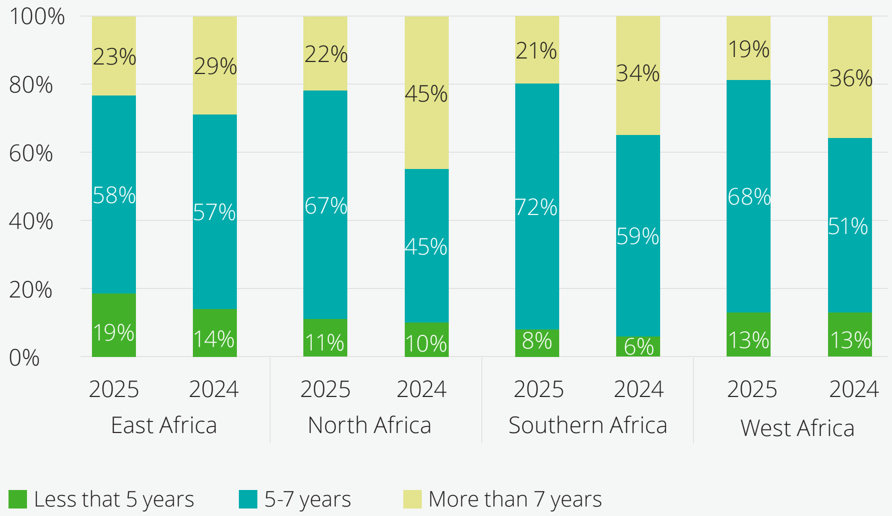
In **Southern Africa**, 42% of respondents expect average deal sizes to be up to US$25m, while 33% expect these to be between US$25m and US$50m. About 1 in 5 respondents expect deal sizes between US$50m and US$100m.

In **West Africa**, 53% of respondents expect average deal sizes in the region to be less than US$25m, and 14% of respondents expect these to be between US$25m and US$50m. Larger deal sizes of US$50m and above are expected by a minority of respondents.

Longer investment lifecycles continue

Respondents continue to expect an average lifecycle of five to seven years from initial investment to exit across all regions, which is slightly longer than international benchmarks at five to six years.[54] Across Africa, extended holding periods of seven years or more have become increasingly common, driven by slower exit markets, regulatory hurdles, and macroeconomic volatility.

Figure 11. Expected average lifecycle from initial investment to exit for investments made during the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

Regional insights

Respondents in **East Africa** continue to expect the average holding period to be longer than five years, with most expecting a holding period between five and seven years, as in previous years. Almost one in four respondents expect holding terms to be more than seven years, with some investments likely to take longer to achieve the required valuations. Extended investment horizons reflect a prudent stance, driven by global and regional macroeconomic uncertainties, which necessitate longer periods for investments to achieve scale and required returns.

In **North Africa**, 67% of respondents expect the average lifecycle of investment to be five to seven years over the next 12 months. This is an increase from last year, where 45% of respondents expected an average lifecycle of five to seven years.

Most respondents in **Southern Africa** also expect an average lifecycle of five to seven years in the next 12 months, given the delays in mergers and acquisitions (M&A) deals.

Respondents in **West Africa** expect the average investment lifecycle will continue to remain longer than five years, reflecting the impact of recent economic headwinds and ongoing challenges. One in five respondents expects holding terms to be more than seven years, which is likely the time frame needed to achieve the required returns. Over the last 12 months, the West African market has been faced with a series of challenges including growing insecurity, high rates of inflation, and widespread currency devaluation. These challenges have reinforced investors' perceptions that it will take a minimum of five years to exit the market at a value that recoups initial investment and achieves desired returns.

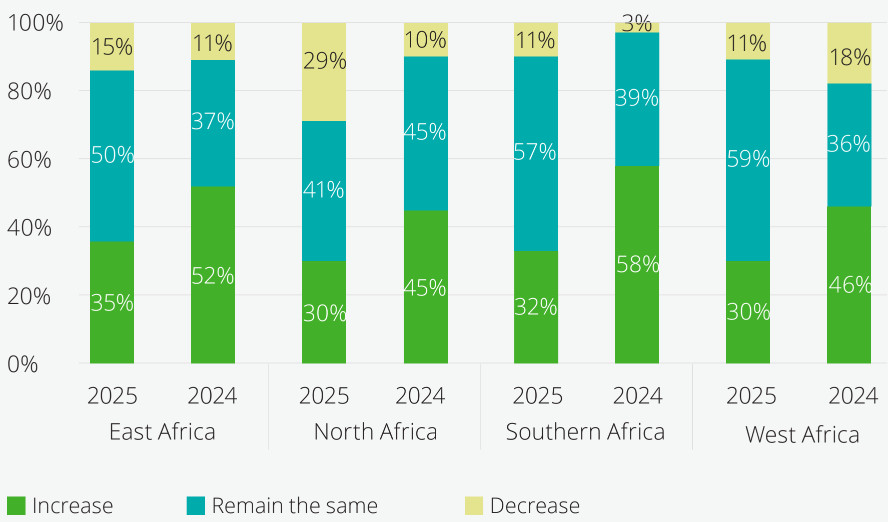
Strategies that can be implemented to mitigate the negative impact of an extended holding period of seven years or more on a Fund's IRR

Prolonged holding periods can exert downward pressure on a fund's internal rate of return (IRR), as delayed exits diminish the time value of realised gains. To address these challenges, fund managers across the continent are adopting a range of proactive strategies that balance value creation, liquidity management, and exit planning, with early preparations and ongoing engagement with potential acquirers or capital markets, ensuring readiness to seize favourable exit opportunities.

Based on survey responses, mitigating the negative impact of an extended holding period of seven years or more on a fund's IRR, requires strategies linked to implementing operational improvements, external growth strategies, and digital transformation, all aimed at enhancing exit valuations and offsetting the negative impact of time on IRR. Funds are also increasingly turning to partial exits or dividend recapitalisations, allowing for earlier capital returns and improved cash flow profiles even though the final exit is delayed. In the forefront, respondents have also seen mechanisms such as sale and leaseback transactions and strategic disposals to generate earlier cash flows and maintain IRR levels even when final exits are delayed.

Financial engineering, including refinancing and borrowing in local currency, can be applied to manage risk and enhance returns in Africa, particularly by hedging against foreign exchange volatility. Given the currency volatility in some African markets, there has been a strong focus on investing in high-growth sectors and regions that are less exposed to currency fluctuations, as well as on paying the right price at entry to maximise potential returns. In some cases, funds are incorporating listing clauses in investment agreements to facilitate future exits, and considering exits to subsequent funds or the use of self-liquidating instruments and dividend-earning assets. By combining these approaches funds can effectively safeguard and enhance IRR despite longer holding periods.

Figure 12. Exits expected by region in the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

PE exits are expected to remain the same across regions

The African Private Equity and Venture Capital Association (AVCA) reported a 47% year-on-year increase in exits in Africa since 2022.[55] The surge in number of exits came at the back of delays in exits given an uncertain economic climate and increasing demands from LPs to return capital, prompting private capital firms to pursue strategic exits across their portfolios.[56]

Regional insights

Half of respondents in **East Africa** expect the number of exits in East Africa to remain unchanged over the next 12 months, up from 37% last year. This reflects a growing consensus that exit conditions are likely to remain challenging. Limited exit opportunities are the biggest challenge facing PE fund managers investing in Africa. This concern is further heightened by ongoing global geopolitical and macroeconomic instability, as well as uncertainty around the repatriation of proceeds, all of which continue to restrict exit windows and reduce the range of viable exit options. As a result, many investors anticipate that exit activity will remain steady, with few expecting a significant increase in the near term.

In **North Africa**, 41% of respondents expect exits to remain the same in the next 12 months, while 29% expect a decrease in exits. The number of respondents expecting a drop in exits has increased from 10% in 2024 to 29% in 2025.

Exits in **Southern Africa** are anticipated to remain the same by 57% of respondents – an increase from 39% who reported this trend in 2024. In 2024, the majority of respondents (58%) expected an increase in exits, while this year 32% of respondents expect an increase.

59% of respondents expect exits in **West Africa** to remain the same over the next 12 months, while 30% expect an improvement.

Sales to strategic investors dominate exit routes in Africa

Most respondents expect sales to strategic investors to be the most dominant exit route in the next 12 months. This is in line with AVCA's findings where sales to trade buyers was reported as the primary exit route in 2024, accounting for 41% of total exit volume.[57] West Africa is the only region that expects secondary sales to PE to be the leading exit route.

Regional insights

In **East Africa**, persistent macroeconomic headwinds since the pandemic have led to prolonged holding periods and delayed exits, increasing pressure from LPs for PE firms to return capital. In response, firms are diversifying their exit strategies to unlock liquidity.

This shift in approach is reflected in the survey responses: the share of respondents expecting strategic sales to be the dominant exit route has risen from 32% to 38%. This underscores the ongoing reliance on trade and secondary sales as the principal avenues for realising value in the current environment.

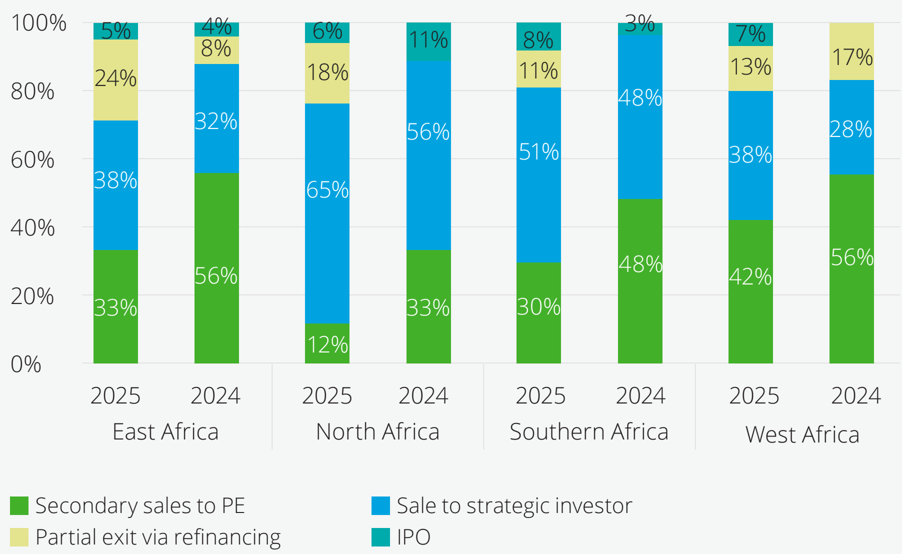
East Africa has also seen an increased preference for exit via refinancing in 2025 compared to 2024 which may reflect exit challenges in the next 12 months.

Consistent with the previous year, **North Africa** expects sales to strategic investors to be the most dominant exit route in the next 12 months, with 65% of respondents expecting this. IPOs have been the least preferred exit route in 2024, and this trend has continued to worsen in 2025.

In **Southern Africa**, sales to strategic investors are expected to be the most dominant exit route (51%) once again, largely influenced by repeat transactions among PE players due to the limited deal flow in the market.

In **West Africa**, 42% of respondents anticipate secondary sales to PE firms to be the most dominant exit route (down from 56% last year), with 38% of respondents

Figure 13. Most dominant exit routes per region over the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

anticipating sales to strategic investors as the most dominant exit route. Preference for these two exit routes in West Africa is largely driven by various factors, including the simplicity in deal structuring as well as the exit proceeds' currency consideration, which is usually not in local currency. In the previous year, IPOs were not expected to be the dominant exit route; however, in 2025, 7% of respondents expect IPOs to be one of the most dominant routes. While IPOs can be challenging due to market conditions and regulatory complexities, they remain a potential exit route if local stock exchanges show improved liquidity and investor confidence.

Expert insights: Beyond the hype: building objectivity into decision-making

Objectivity in the due diligence process is fundamental. It enables investors to form a clear, unbiased view of a target company's value, risks, and potential synergies.

The appeal of an attractive target can sometimes overshadow other considerations. Incorporating diverse perspectives into the due diligence process helps broaden the analysis, challenge assumptions, and enhance decision-making, even when a deal appears compelling on the surface.

Why objectivity matters in dealmaking

Taking an objective approach provides a stronger foundation for PE decision-making in several ways. First, it supports unbiased evaluation by ensuring that assessments are not clouded by personal or organisational bias. This is essential for understanding a target's financial health, operational capacity, and growth potential.

Second, it strengthens risk management. Objectivity enables investors to uncover potential liabilities, whether financial, regulatory or operational, that might otherwise be missed. It also provides more reliable valuation insights. By grounding valuations in factual data such as assets, liabilities, and projected cash flows, firms avoid overpaying for anticipated synergies or strategic positioning.

Third, it enhances stakeholder confidence. When investors, fund managers and insurers see that decisions are based on robust and impartial analysis, their trust in the transaction increases. Finally, incorporating different viewpoints creates greater risk awareness and supports balanced decision-making. Diversity of thought helps identify blind spots and improves engagement with stakeholders ranging from investors to management teams.

Strategies to enhance objectivity

Building objectivity into diligence requires both discipline and the right tools. Independent advisers can provide unbiased insights, reducing internal bias and bringing specialised expertise to evaluate complex targets. Data-driven analysis is equally important. Deloitte Africa's dedicated data analytics capabilities enable investors to draw on transaction-level insights and visualisations to assess performance and potential with greater precision.

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Expert insights: The hidden exit lever: working capital optimisation

African businesses and their PE backers are facing mounting pressure as global trade tensions, supply chain disruptions, and weakening consumer demand weigh on free cash flow. According to the *Deloitte Stability Index 2024*,[58] the average free cash flow to revenue ratio across listed Anglophone African companies has nearly halved from 16.1% in 2022 to 8.8% in 2024. This is the weakest showing in a decade.

In the current geoeconomic environment, cash is no longer king, it is emperor. Working capital has become one of the most overlooked levers of value creation.

Trapped cash, rising costs

Deloitte Africa's benchmarking shows that in 2024, listed companies across Anglophone Africa reveals that had R630bn unnecessarily tied up in working capital – the highest level on record. The cost of holding this idle cash has risen sharply, with borrowing costs in the region reaching 20-year highs. The impact extends well beyond balance sheets. Companies with high levels of excess working capital tend to trade on lower forward price-to-earnings (P/E) multiples, as investors discount illiquidity. In Deloitte's *2024 Restructuring Survey*,[59] African CEOs and chief financial officers (CFOs) ranked working capital optimisation as the most effective lever for maximising shareholder value, ahead of both growth and margin improvement.

The exit opportunity

For PE funds preparing for exits, this presents both a risk and an opportunity. Inefficient working capital cycles can silently erode value. Unlike topline growth or strategic repositioning, working capital can often be improved in months rather than years. This makes working capital one of the few levers that can materially enhance valuations before an exit.
Working capital optimisation tends to have the greatest impact in asset-heavy or operations-intensive sectors, such as manufacturing, fast-moving consumer goods, logistics, wholesale distribution, and agri-processing. These industries often struggle with fragmented procurement, excess inventory, and weak credit discipline and controls, all areas where targeted intervention can unlock improvement. By contrast, asset-light service sectors often operate leaner cycles, offering less upside potential.

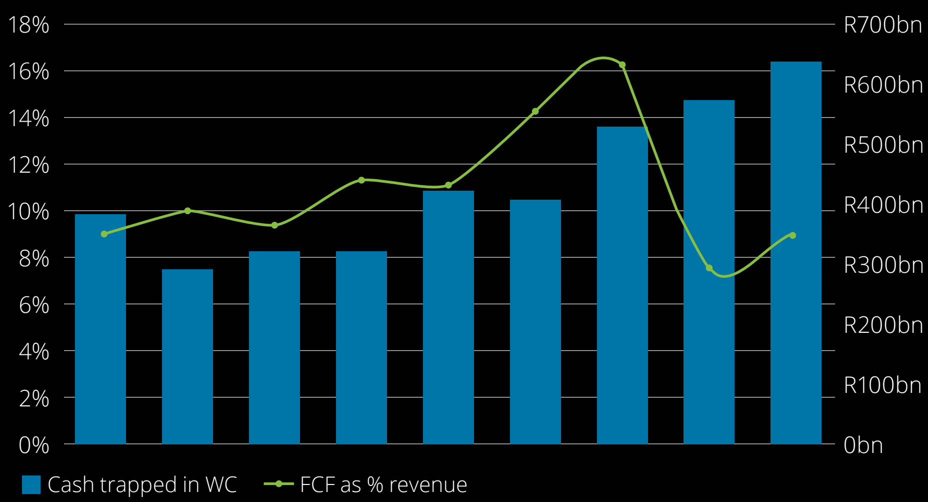
Where to find the quick wins

The most immediate gains typically lie in the order-to-cash (O2C) and procure-to-pay (P2P) cycles. In O2C, transactional data analysis often reveals gaps between customer credit risk and payment terms. Adjusting terms, segmenting customers, and enforcing stricter discipline can accelerate collections without harming relationships. In P2P, supplier proliferation is a frequent issue. Consolidating non-core suppliers and negotiating more strategic payment terms can generate immediate cash benefits.

Longer-term gains are usually found in the forecast-to-fulfil (F2F) cycle. Many African businesses still rely on intuition rather than analytics to manage demand and inventory. By applying modern supply chain mapping, coupled with predictive demand planning, companies can reduce inventory without disrupting service levels. While this is a more complex play, it has substantial upside.

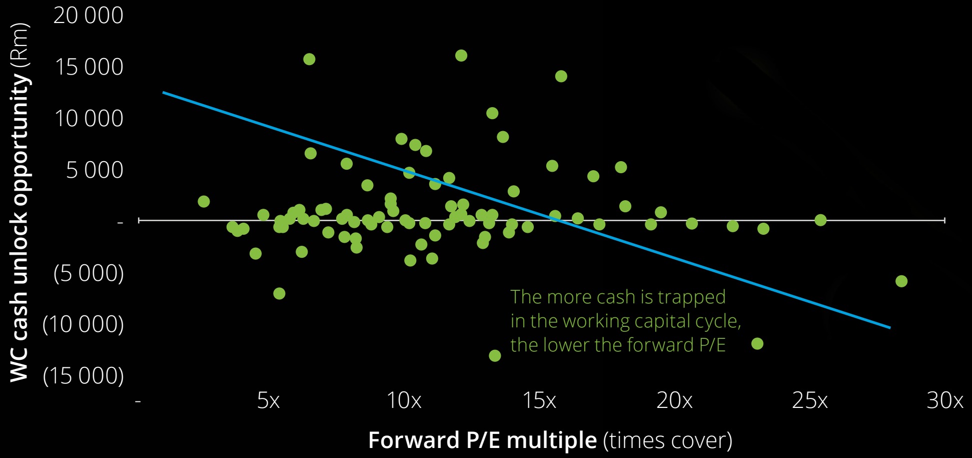
The foundation of all these efforts is data. Traditional headline measures such as days sales outstanding (DSO), days inventory outstanding (DIO) and days payable outstanding (DPO) provide useful benchmarks but can mask hidden inefficiencies. Transaction-level analytics offer sharper insights, enabling businesses to move from reactive cash management to proactive value creation.

Average free cash flow vs illustrative excess working capital in Africa



Source: Deloitte Stability Index, S&P Capital IQ

Working capital cash unlock opportunity vs forward P/E multiple for listed Afrca Companies



Source: S&P Capital IQ, Deloitte Analysis

The bottom line

For PE investors in Africa, working capital optimisation is emerging as a critical lever for protecting and enhancing value. With the right data and execution discipline, it can deliver tangible improvements within a single investment cycle. The firms that treat working capital not as a finance function but as a strategic driver, will be best positioned to improve valuations and secure strong exit opportunities.

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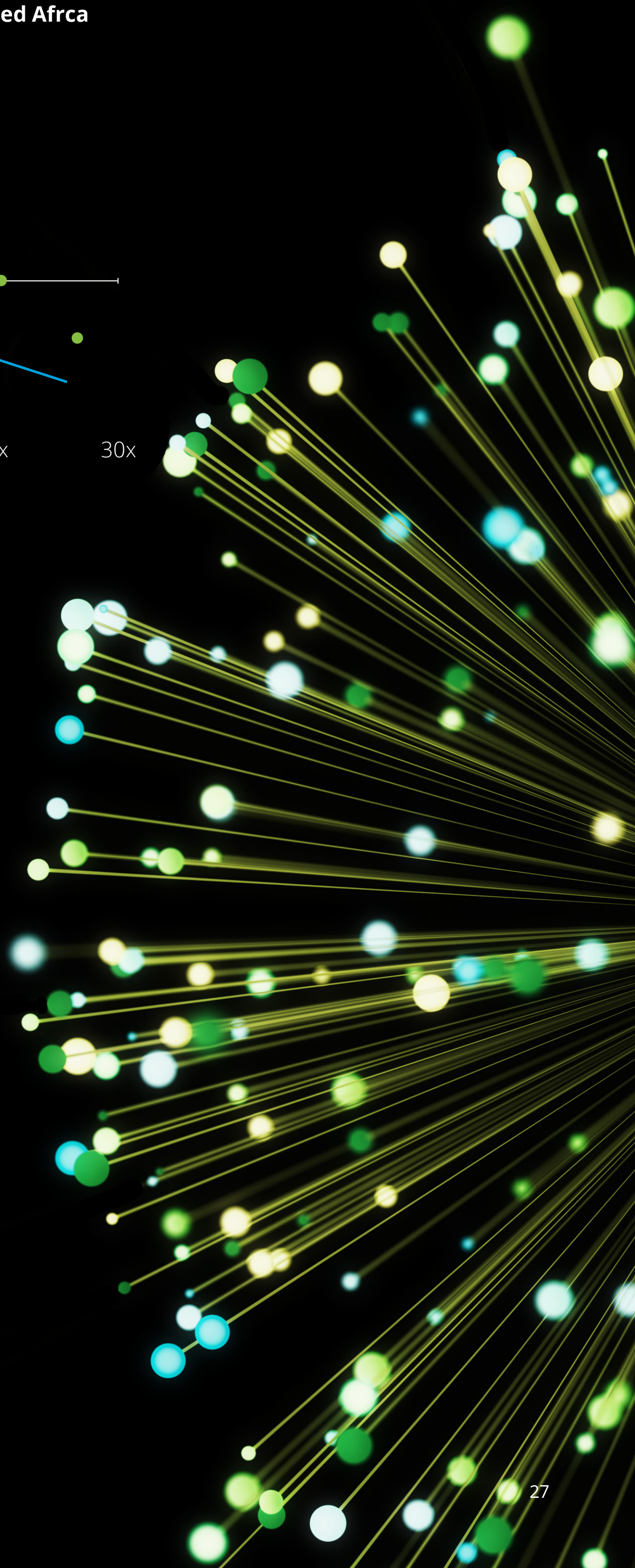


Fundraising environment

Fundraising is expected to improve in North and West Africa

Despite the global drop in PE fundraising, Africa has exceeded double the total value of fundraising in 2023, raising US$4.0bn in 2024.[60] Survey respondents have expressed a positive outlook in the fundraising environment. North and West Africa largely expect an improvement in the fundraising environment. In Southern Africa, respondents expect the fundraising environment to remain the same, while in East Africa, views are generally split between an improvement and more of the same.

Regional insights

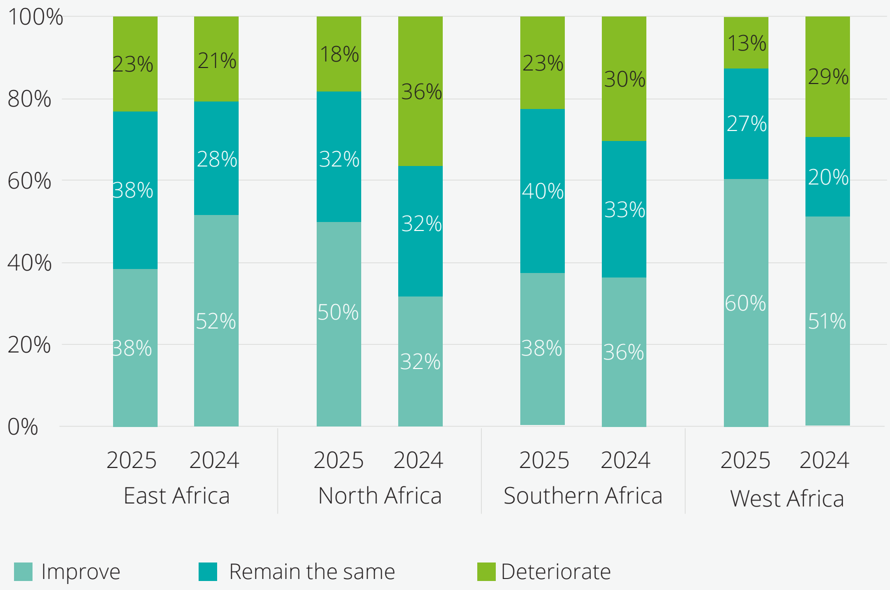
In contrast to last year, respondents in **East Africa** are cautiously optimistic, with 38% expecting the fundraising environment to improve, while another 38% expect it to remain the same over the next 12 months.

About 50% of respondents in **North Africa** expect the fundraising environment to improve, while 32% expect it to remain the same in the next 12 months. This is a positive shift in expectations from last year, where only 32% of respondents expected improvements.

In **Southern Africa**, 40% of respondents expect the fundraising environment to remain the same, while 38% expect an improvement. This is largely due to ongoing structural challenges and slow growth still seen in the region.

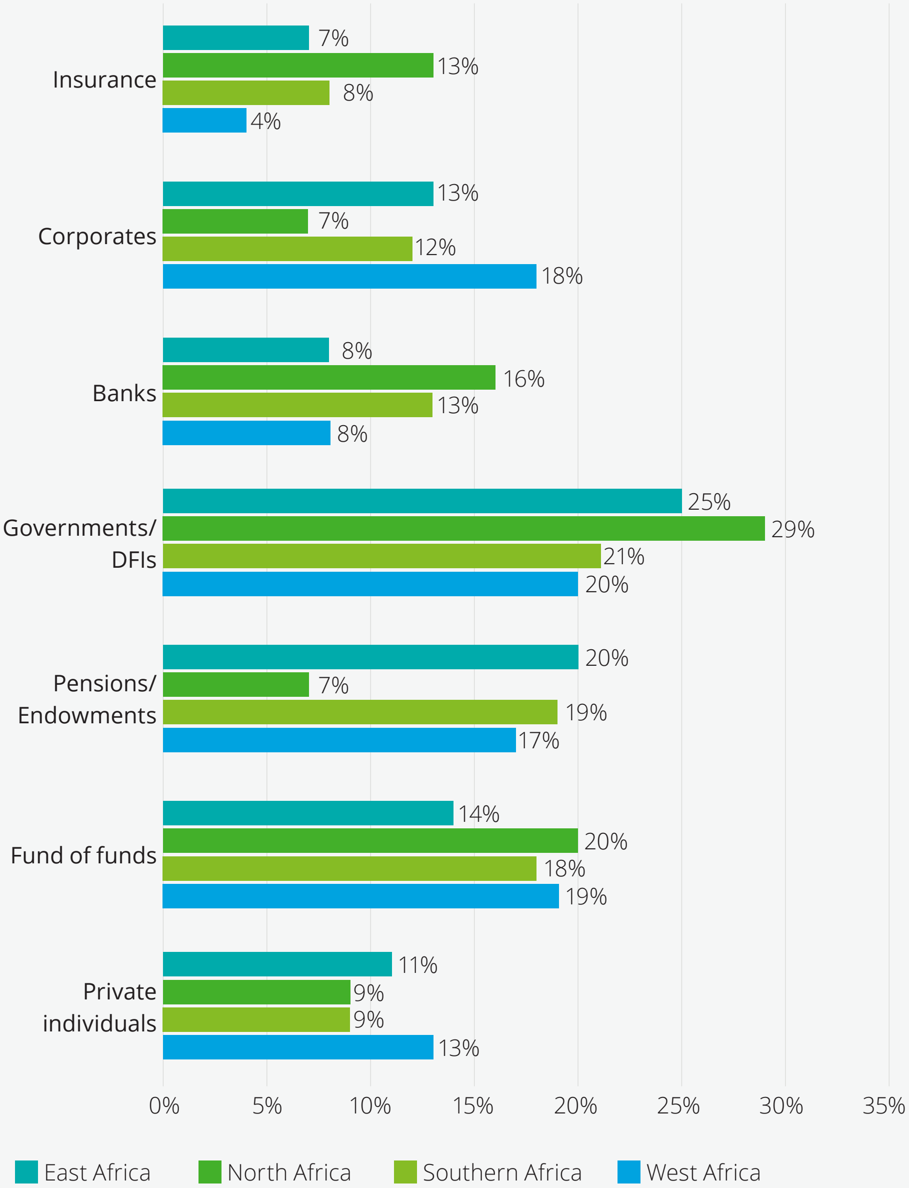
60% of respondents in **West Africa** also expect the fundraising environment to improve over the next 12 months, driven by growth expectations in the economy, with Nigeria, Ghana, Senegal, and Côte d'Ivoire estimated to record an average GDP growth of 5% in 2024.[61]

Figure 14. Expected changes in the regional fundraising environment over the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

Figure 15. Preferred third-party sources of funding to be used by region in the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

Governments/DFIs or fund of funds remain the main funding sources

Governments/Development Finance Institutions (DFIs) continue to top the charts as the most preferred third-party sources of funding in Africa. AVCA reported that DFIs dominated African private capital fundraising in 2024, remaining the largest contributors to the industry and accounting for 42% of the total fundraising value.[62]

Regional insights

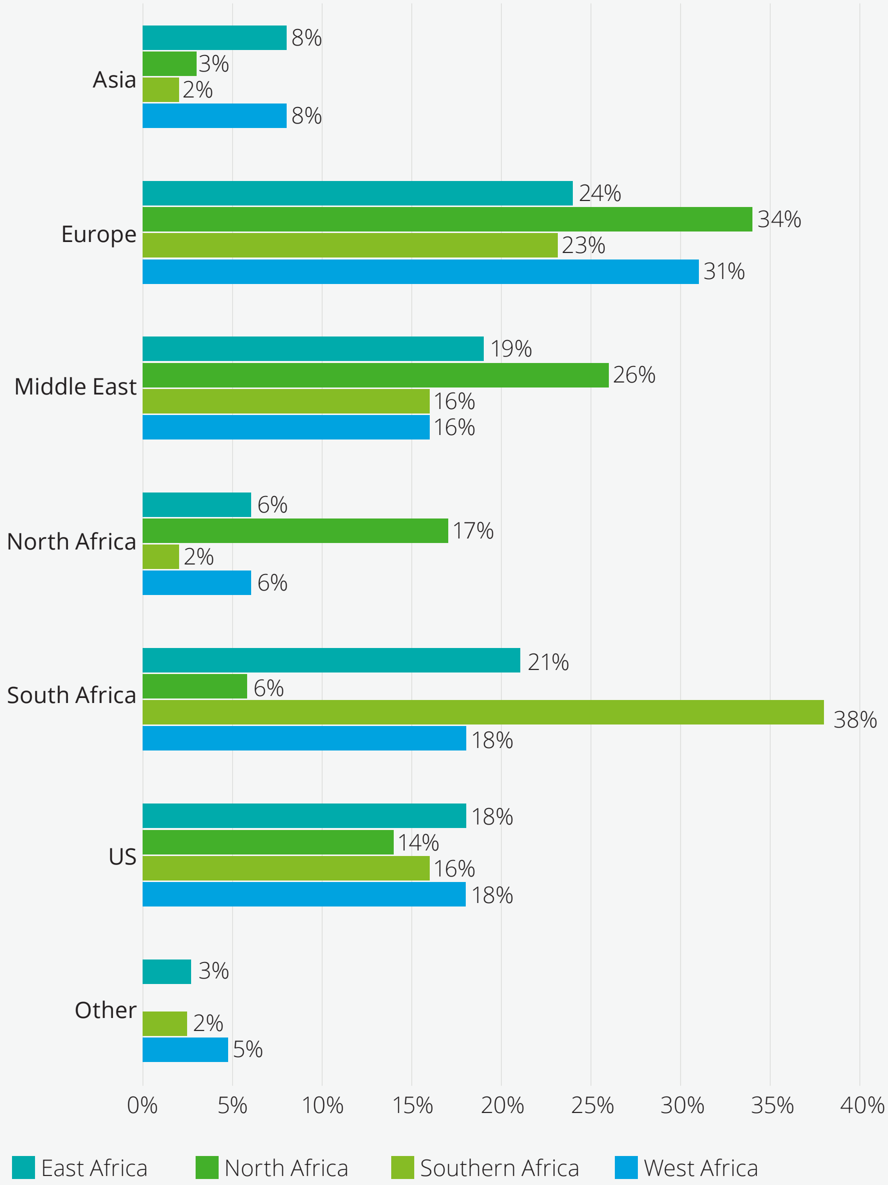
Similar to the previous year, respondents in **East Africa** foresee Governments/DFIs to remain the preferred third-party source of funding over the next 12 months. Other top preferred third-party funding sources include, Pensions/Endowments, and Fund of funds (FOF).

Perceptions in **North Africa** differ from last year. This year, North Africa sees the preferred third-party source of funding in the next 12 months as Governments/DFIs, followed by FOF, and banks.

In **Southern Africa**, the most preferred third-party source of funding is Governments/DFIs, Pensions/Endowments and FOF.

In **West Africa**, as in previous editions of this report, funding by Governments/DFIs is expected to be the main source of third-party funding over the next 12 months, as there continue to be development-focused opportunities that meet DFI investment goals in the region. FOF and corporates are some of the most important third-party funding sources, both representing a slightly higher share of funding for the region going forward, compared to 2024. Corporates were expected to play a more important role in third-party funding in 2024, and again in this edition. Corporates are expected to be the third-largest source of third-party funding – likely to be driven by increased acquisition efforts by major corporate players.

Figure 16. Geographical sources for raising capital for investment activities by region within the next 12 months



Source: Deloitte Africa analysis based on PECS 2025 results
Note: Regional totals may not add to 100% due to rounding.

Europe, the US, and the Middle East are expected to remain the top geographical sources of funding for Africa

Survey responses reveal that PE funding is anticipated to be raised from outside of Africa, particularly from Europe and the US.

Regional insights

In **East Africa**, respondents expect that Europe and South Africa will be the most important geographical sources for capital raising over the next 12 months. The Middle East and the US are likely to be important sources too.

Respondents in **North Africa** expect the top sources of capital to come from Europe and the Middle East, with North Africa itself being among the top three geographical sources of funding.

The majority of respondents expect South Africa to be the largest source for raising capital for investment activities in **Southern Africa**, with Europe coming in second place. Furthermore, 16% of respondents expect the US to remain one of the top three geographical sources of raising capital in the region.

As major economies in **West Africa** remain beneficiaries of development-focused cross-border funds, advanced economies such as the US and Europe are expected to remain key sources for raising capital over the next 12 months. However, this year, respondents anticipate that the US will be a much smaller source of funding than in previous years, with Europe expected to lead as a geographical source for funding activities. Notably, South Africa is seen as an increasingly important funding source, although on par with the US, whose importance is seen to wane from previous years. The Middle East also remains to be seen as an important funding source, while Asia's relative share is expected to decline, when compared with last year's results.

Expert insights: Finding the right deal for private equity

PE investing has always been about more than deploying capital. It is a nuanced set of skills and approaches that include finding the right deal at the right time, in the right sector, and at the right valuation. In South Africa's dynamic economic landscape, this principle is even more critical. PE investors must be highly selective and disciplined in their approach to dealmaking.

Understanding the investment thesis

The starting point for any deal is clarity of thesis. Too often, investors chase opportunities that appear attractive on the surface but do not align with their broader strategy. A sound investment thesis should identify a sector where long-term trends support growth, for instance, renewable energy, healthcare, logistics, or technology-enabled services. In South Africa, where consumer spending is under pressure and regulatory environments can shift quickly, the thesis must also incorporate resilience factors: businesses that can withstand cycles, currency volatility, and policy changes.

Deal sourcing and networks

The right deal is rarely found in a data room alone. Building trusted networks with corporate finance advisors, banks, entrepreneurs, and industry insiders is essential. Proprietary deal flow - opportunities not widely marketed - often delivers better entry valuations and stronger alignment between the investor and management. For PE firms operating in South Africa, maintaining strong relationships with development finance institutions, empowerment partners, and family businesses can open doors to transactions that larger global funds may overlook.

Assessing management and alignment

No matter how attractive the sector, the quality of management remains the single most important factor in a successful deal. PE is ultimately about partnership. Investors must evaluate not just the technical competence of management teams, but also their integrity, cultural fit, and willingness to align incentives. Structured equity ownership for management and clear governance frameworks are key to ensuring both parties are aligned.

Valuation discipline

In a competitive market, there is always pressure to pay up for quality assets. However, overpaying can erode returns and limit exit flexibility. In South Africa, where exit routes are fewer than in more developed markets, valuation discipline is even more critical. Investors must triangulate between discounted cash flows, trading multiples, and precedent transactions, while layering in realistic assumptions around growth and exit opportunities. A "good company at a bad price" rarely makes a good deal.

Structuring for success

Finding the right deal also means structuring it correctly. Optimal capital structures balance debt efficiency with resilience against shocks. Creative structuring, such as earn-outs, vendor financing, or minority stakes with governance protections, can bridge gaps between buyer and seller expectations. In South Africa, where empowerment requirements and local ownership often play a role, structuring must also be tailored to regulatory realities.

The right deals

For PE, success is not about doing more deals, but about doing the right deals. That means combining a clear thesis with strong networks, rigorous diligence, disciplined valuations, and thoughtful structuring. The best transactions are those where the investor and management share a vision for growth, and where the deal creates real, sustainable value. In an environment where capital is increasingly discerning, 'finding the right deal' is not just an art, but the very essence of PE investing.

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Sector focus

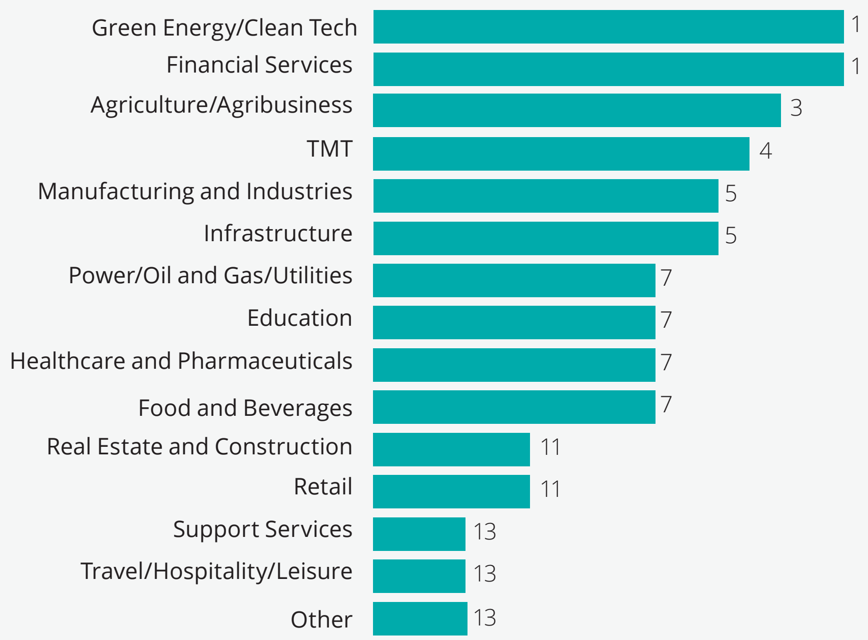
Agriculture, Manufacturing, Financial Services, Green Energy, and Health are top the sectors of focus across Africa

Agriculture/Agribusiness and Financial Services remain important investment sectors in most regions. Manufacturing, Healthcare, and Green Energy are expected to receive increased investor focus in the next 12 months.

Similar to last year, Financial Services and Agriculture/Agribusiness are once again in the top three sectors of interest over the next 12 months in **East Africa**. This year, however, the top sector alongside Financial Services, is expected to be Green Energy/Clean Tech, which was in fifth place last year. Technology, Media, and Telecommunications (TMT) is in fourth place, up from the seventh most important sector last year.

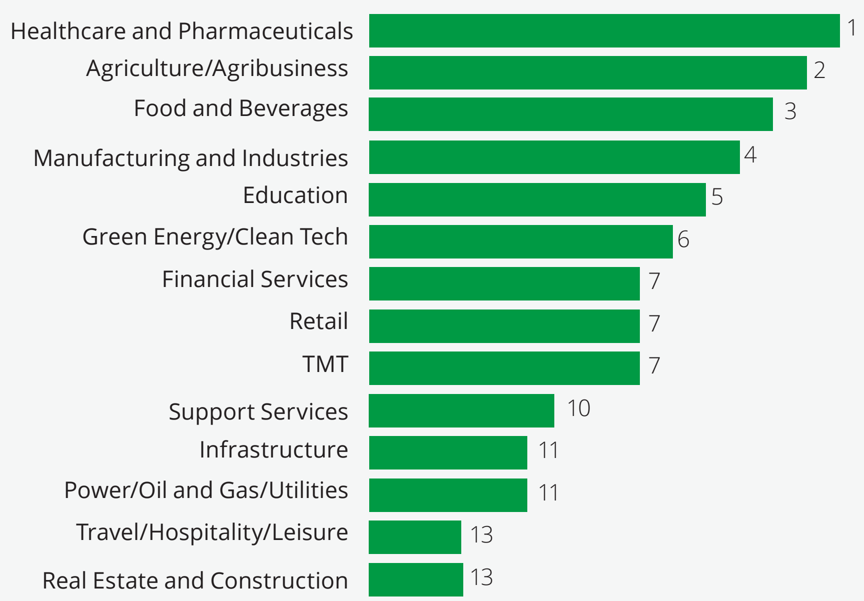
In 2023 and 2024, respondents identified Agriculture/Agribusiness, Healthcare and Pharmaceuticals, and Manufacturing and Industries as the top key focus sectors of interest in **North Africa**. This year again, Healthcare and Pharmaceuticals, and Agriculture/Agribusiness were noted as the top two sectors of interest for the next 12 months, followed by Food and Beverages.

Figure 17. Sectors of interest in East Africa (ranked)



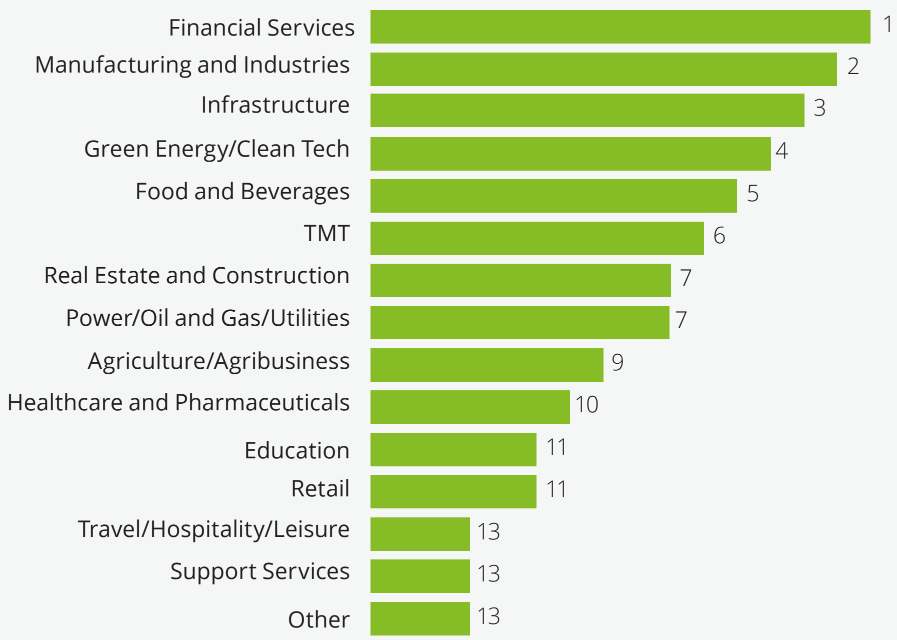
Source: Deloitte Africa analysis based on PECS 2025 results

Figure 18. Sectors of interest in North Africa (ranked)



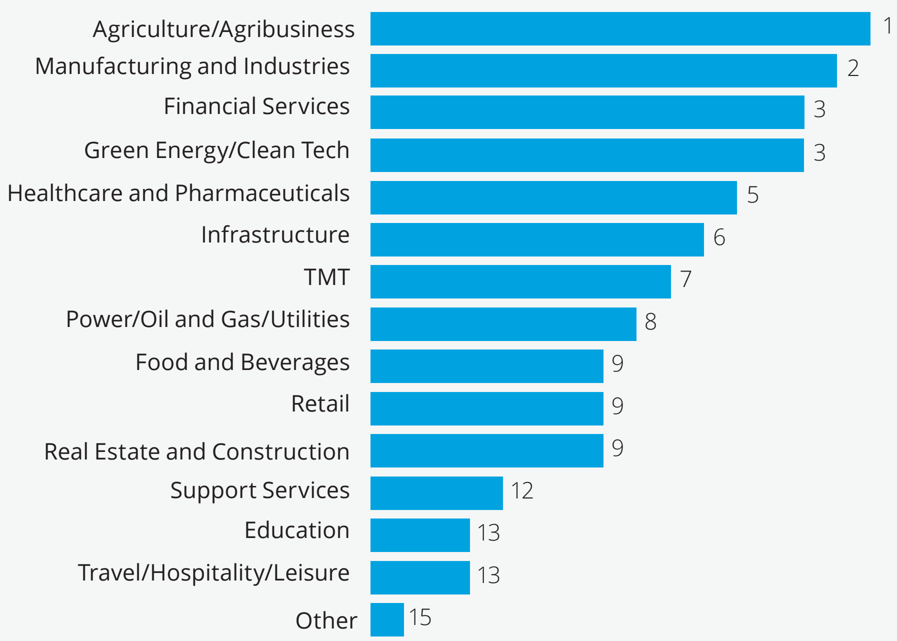
Source: Deloitte Africa analysis based on PECS 2025 results

Figure 19. Sectors of interest in Southern Africa (ranked)



Source: Deloitte Africa analysis based on PECS 2025 results

Figure 20. Sectors of interest in West Africa (ranked)



Source: Deloitte Africa analysis based on PECS 2025 results

In 2024, Manufacturing and Industries was the top sector in **Southern Africa**, followed by Green Energy/Clean Tech, TMT, and Agriculture/Agribusiness in joint second place. In this year's survey, Financial Services came in top position, followed by Manufacturing and Industries, and then Infrastructure. Green Energy/Clean Tech and Food and Beverages have now been pushed down to fourth position.

Agriculture/Agribusiness, Manufacturing and Industries, and Financial Services topped the sectors of interest in **West Africa** for PE investments for the next 12 months.

GenAI and other emerging technologies impacting portfolios, due diligence processes and deal evaluations

Generative Artificial Intelligence (GenAI) and other emerging technologies are rapidly transforming the PE landscape. Survey respondents emphasised that AI advancements are not only streamlining traditional processes but are also driving a broader digital transformation across the industry.

The adoption of AI and GenAI is most visible in the due diligence phase, where these tools are enabling investment teams to conduct faster and more thorough analyses. Tasks that once required extensive manual effort, such as deal screening, summary of opportunities, and document review, are now being handled by AI systems with efficiency. This shift allows practitioners to focus their expertise on higher-value activities, with confidence that the initial groundwork has been comprehensively covered by technology.

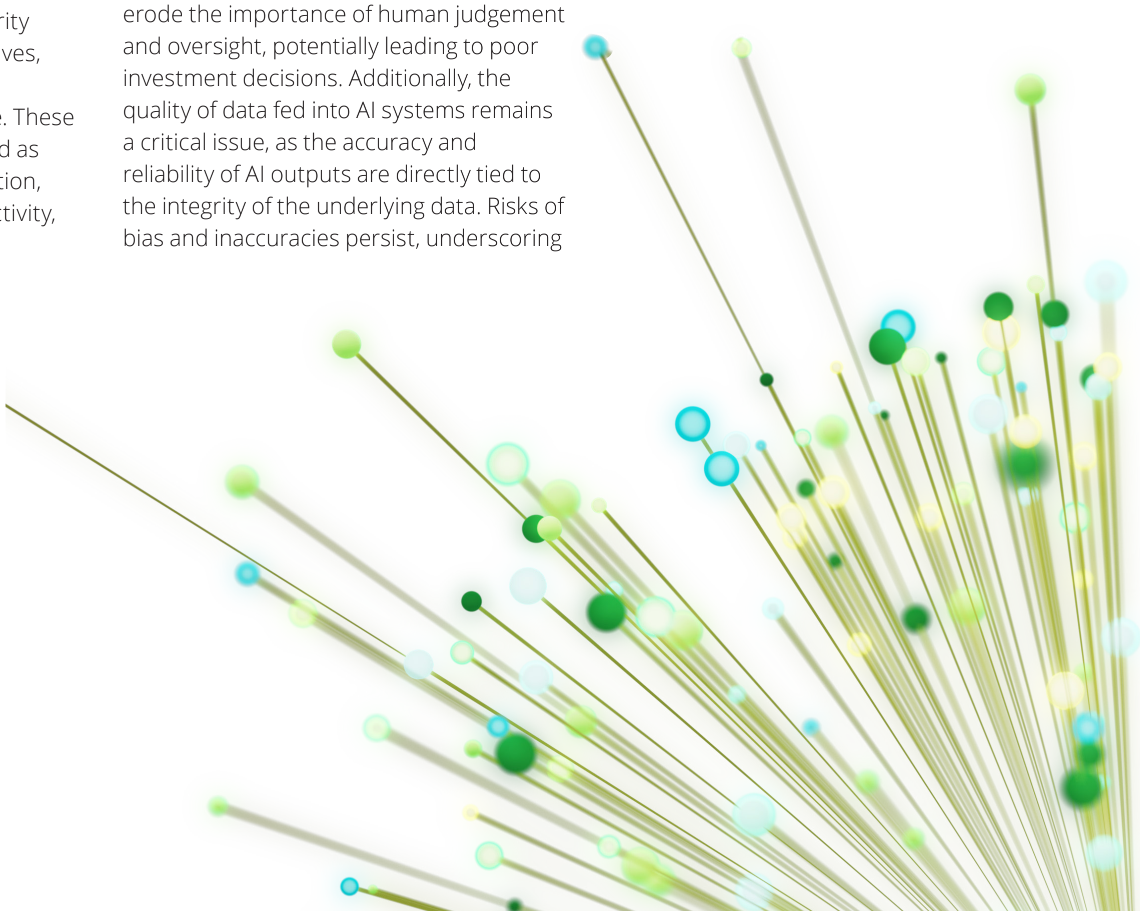
The influence of AI, however, extends beyond the initial stages of deal evaluation. Respondents emphasise that digital transformation is now a priority within portfolio companies themselves, with AI and GenAI being integrated throughout the investment lifecycle. These technologies are increasingly viewed as catalysts for operational value creation, helping companies to boost productivity, streamline operations, and uncover strategic insights that might otherwise remain hidden. AI-driven analytics are enabling real-time monitoring of portfolio performance and risk, providing information required to make proactive, data-driven decisions.

In Africa and other emerging markets, the adoption of AI remains in a developing phase. While some PE firms and portfolio companies are embracing these technologies eagerly, others are only beginning to explore their potential. The pace and depth of AI integration are often shaped by the sector in question and the overall digital maturity of the country. In regions where digital infrastructure is more advanced, AI is already being used for deal evaluation, credit risk assessment, and ongoing portfolio monitoring. Early adopters in these markets report that AI gives them a distinct competitive advantage, allowing them to identify and capitalise on investment opportunities more effectively than their peers.

Despite the clear benefits, respondents are mindful of the challenges that come with increased reliance on technology. There is a shared concern that over-automation could erode the importance of human judgement and oversight, potentially leading to poor investment decisions. Additionally, the quality of data fed into AI systems remains a critical issue, as the accuracy and reliability of AI outputs are directly tied to the integrity of the underlying data. Risks of bias and inaccuracies persist, underscoring the need for robust data governance and ongoing human involvement.

Looking ahead, survey participants anticipate that AI adoption will accelerate significantly over the next one to two years, particularly as digital maturity improves across markets and sectors. Many firms are actively exploring ways to embed AI more deeply into their investment processes, both at the manager and portfolio company levels. Respondents also note that AI is beginning to shape investment focus areas, such as health and social services, where it is seen as a valuable enhancer to traditional analysis.

While the journey towards full integration is still underway and adoption remains uneven, the prevailing sentiment among respondents is one of optimism. The current trend in Africa is leaning toward greater use of AI and GenAI, with firms expecting substantial benefits in deal evaluation, portfolio management, and value creation. As the industry continues to evolve, those who embrace these technologies are likely to find themselves at the forefront of a new era in private equity and investment management.



Preferred valuation methodologies for African portfolio companies and adjustments applied for African unlisted SME assets

Survey responses indicate that the valuation of African portfolio companies, particularly unlisted SMEs, is grounded in a pragmatic and context-sensitive application of traditional valuation methodologies. The Discounted Cash Flow (DCF) analysis emerges as a preferred approach, especially for more mature businesses with reliable cash flow projections. DCF is valued for its ability to capture the intrinsic value of a company based on future cash flows, making it particularly suitable where there is sufficient visibility on earnings.

Earnings and revenue multiples, notably Enterprise Value/Earnings Before Interest, Taxes, Depreciation, and Amortisation (EV/EBITDA) and EV/Revenue, are also widely used across the continent. Respondents highlight that EV/EBITDA is the most referenced multiple for benchmarking against both regional and global peers, providing a standardised measure of operating performance. For earlier-stage companies or those where EBITDA is not a meaningful metric, EV/Revenue multiples are preferred, allowing for valuation even in the absence of profitability.

Comparable Company Analysis and Precedent Transaction Analysis are frequently employed to triangulate value, especially for SMEs where direct comparables are available. These approaches help ensure that valuations are market-aligned and reflect prevailing transaction dynamics. For asset-heavy or turnaround businesses, Net Asset Value (NAV) and market or asset-based approaches are often used, sometimes in combination with DCF or multiples to provide a blended, more robust assessment. The cost approach is also cited, particularly for early-stage investments, where the initial investment serves as a baseline and is adjusted as the company matures and achieves key milestones.

To ensure consistency and adherence to best practice, many respondents reference established guidelines such as the International Private Equity and Venture Capital Valuation (IPEV) guidelines. Additionally, Price of Debt (POD) analysis is used to estimate appropriate discounts and adjustments, further enhancing the rigour of the valuation process.

A distinctive feature of valuing African unlisted SME assets is the range of adjustments applied to account for the unique risks and characteristics of these investments. Liquidity discounts are routinely applied, reflecting the challenges associated with exiting unlisted investments compared to their listed counterparts. Size and scale discounts are also common, as smaller companies typically face higher risks and lower marketability. In light of ongoing global uncertainty, country and currency risk premiums are factored in to address macroeconomic volatility, political risk, and currency instability. Governance and data quality adjustments are made based on the robustness of financial information, governance standards, and transparency, with premiums or discounts applied accordingly.

Survey respondents also emphasise the importance of adapting valuation methodologies and discount rates to the company's stage of development and sector-specific factors. Qualitative considerations such as scalability, resilience, the strength of local partnerships, and societal impact are increasingly taken into account, particularly for SMEs with less established financial histories. This reflects a broader trend towards pragmatism and context sensitivity, with firms often triangulating across several methods to address inconsistent benchmarks and data limitations.

The preferred valuation methodologies for African portfolio companies are rooted in established global practices but are carefully adapted to local realities. The process is characterised by a blend of DCF, multiples, comparables, and asset-based approaches, underpinned by rigorous adjustments for liquidity, size, country risk, governance, and qualitative factors. This ensures that valuations are both robust and reflective of the unique operating environment faced by African unlisted SMEs.

Expert insights: Emerging trends in AI, tech, and data shaping M&A in Africa

Africa's M&A landscape is being reshaped by the integration of hyperscale cloud infrastructure, open finance, data sovereignty requirements, and artificial intelligence (AI)-driven business models. These forces are influencing not only the types of companies being acquired but also how deals are evaluated, structured and executed. For PE professionals, technology and data are no longer secondary considerations. They are central to valuations, regulatory scrutiny, and long-term value creation.

Cloud and data-centre build-out is expanding the target universe

Africa's digital infrastructure has expanded significantly in recent years, reflecting a rapid surge in data growth. According to the International Data Corporation (IDC), over 25 new carrier-neutral data centres have launched in Africa since 2022, with an additional 15 under development. Global providers such as Google, Microsoft, Amazon Web Services (AWS), Huawei, and Oracle, have also established cloud regions in key markets such as South Africa, Nigeria, and Kenya.

This infrastructure build-out is widening the M&A target universe. Companies that enable scalable, secure, and localised data processing are now viewed as strategic assets by buyers. Notably, Equinix's US$320m acquisition of MainOne and African Infrastructure Investment Managers' US$90m investment in N+One illustrate the emerging opportunities within the region's market. The pipeline now includes more digital infrastructure targets, carve-outs from telecommunications companies, and a premium on integration expertise that combines cloud economics and power management capabilities.

Open finance is reshaping fintech

Fintech in Africa is diversifying beyond payments into adjacent sectors such as logistics, agriculture, and energy. Open finance, facilitated by application programming interfaces (APIs), partnerships, and evolving regulation, is driving this shift. In 2023, the Central Bank of Nigeria became the first regulator on the continent to issue operational guidelines for open banking, creating a framework for further regional rollouts. Recent M&A transactions, such as Lesaka's acquisition of Adumo RF in South Africa and Carbon's acquisition of Vella Finance in Nigeria, illustrate the trend toward consolidating payment services. This trend is expected to influence the M&A outlook in the region.

The appeal of consent-based data pipelines (permissioned data sharing between financial institutions and third-party firms), combined with operational synergies, is expected to sustain investor interest in fintech companies that provide embedded financial services.

Data sovereignty is now a board-level issue

Once regarded as a compliance detail, data sovereignty is now a strategic concern in African M&A. Nigeria, Kenya, and Zambia have enacted data localisation laws requiring personal data to be stored within national borders. These laws affect cloud adoption, cross-border operations, and valuation models.

For example, Nigeria's Data Protection Act of 2023 mandates that personal data be stored locally and restricts cross-border transfers unless adequate safeguards are established. Similar provisions exist in Kenya's Data Protection Act and South Africa's Protection of Personal Information Act, creating additional compliance burdens for multinational companies and increasing the strategic value of local data infrastructure companies. M&A practitioners must now evaluate data governance frameworks as part of their due diligence process, further impacting the deal structuring lifecycle.

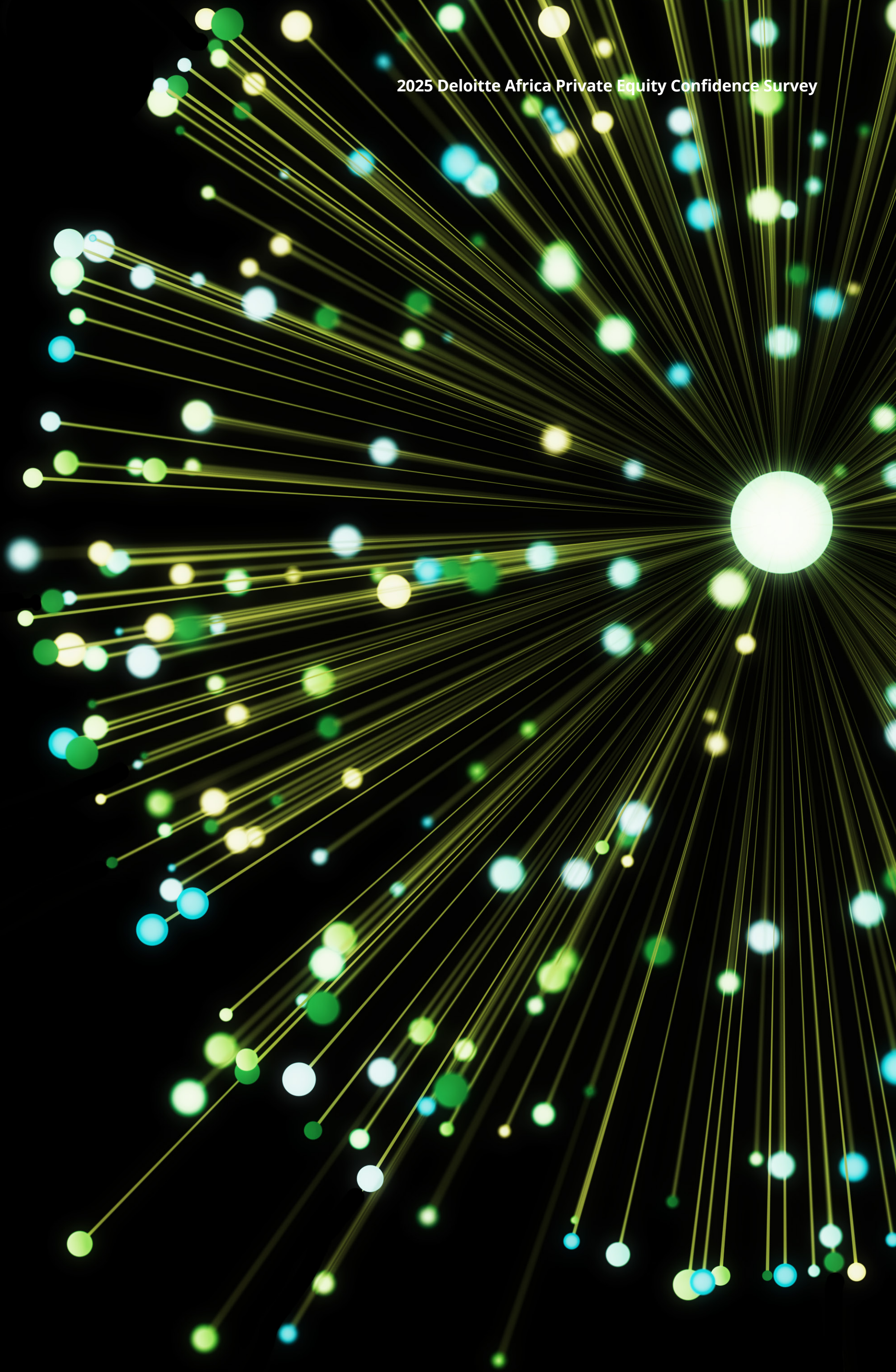
AI-native businesses create new diligence questions

AI adoption is accelerating across Africa, supported by initiatives such as the African Union's Continental AI Strategy and Nigeria's Draft National AI Strategy. Applications range from local language models to industry-specific decision-support systems.

The rise in AI adoption globally and across the African market is adding momentum for bespoke due diligence frameworks. Investors need to move beyond conventional code scans to examine training-data provenance and rights, model performance and drift, safety guardrails, and the economics of compute resources. The focus is shifting to whether AI systems are scalable, secure and deployed responsibly. These considerations are now integral to assessing both risk and value in AI-driven businesses.

How practitioners can stay ahead

To navigate this shifting landscape, M&A practitioners will need to deepen both their technical understanding and their strategic agility. Developing fluency in AI, cloud and data governance is no longer optional but essential for evaluating targets and structuring deals with confidence. Increasingly, firms are also using AI tools to strengthen their own processes, from deal sourcing and due diligence through to post-merger integration.



Regulatory engagement is becoming another priority. As jurisdictions across Africa roll out new data and AI policies, investors who build constructive relationships with regulators will be better placed to anticipate obligations and avoid compliance setbacks. At the same time, evaluating AI-native businesses requires a risk-based lens that goes beyond conventional diligence. This means testing how models are trained, monitored and governed, and assessing whether they can scale securely and responsibly.

Finally, PE firms that embed ethics and governance into their investment strategies from the outset will be more resilient in the long term. By linking cyber and data maturity to valuation, and by demonstrating responsible use of AI across portfolios, PE firms can strengthen trust with regulators, investors, and customers alike.

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Expert insights: Why conviction, not sentiment, drives successful deals

In a skittish deal environment, the key to getting deals over the line is transacting with conviction. Overreacting to shifting sentiment can cause investors to miss quality opportunities.

Transacting with conviction requires a crystallised deal thesis. A strong thesis sets out a hypothesis, is anchored by data, and incorporates risk by identifying and quantifying the target's key value drivers. Changes in sentiment should not be dismissed, but their impact needs to be assessed through the lens of the deal thesis. Decisions must be made on facts, not feelings.

For sellers, the challenge is the reverse. Telling the equity story in a clear, compelling, and credible way can have a decisive impact on the price achieved at exit.

Value is derived from three key factors: cash flows, risk, and growth.

Any change in sentiment should be considered through this lens. How does this event impact the company's ability to generate cash flows? How does it alter the risk profile of existing cash flows? And does it change the outlook for growth? Depending on the buyer, the make-up of these factors can be crucially distinct:

- The trade buyer will focus on strategic fit and post-acquisition synergies.
- The financial buyer will focus on cash flow generation, leverage capacity, and operational improvements, as well as the saleability of the asset on exit.

Price is what you pay, and value is what you get. Deals are closed based on the negotiated transaction price, and having a robust valuation model provides confidence. A robust model should be flexible enough to incorporate changes in macroeconomic, industry, and asset-specific factors, enabling decision-makers to adjust assumptions quickly and understand the implications – both positive and negative.

Confidence is not blind optimism. It is the discipline to remain focused despite volatility, anchored by rigorous analysis of value.

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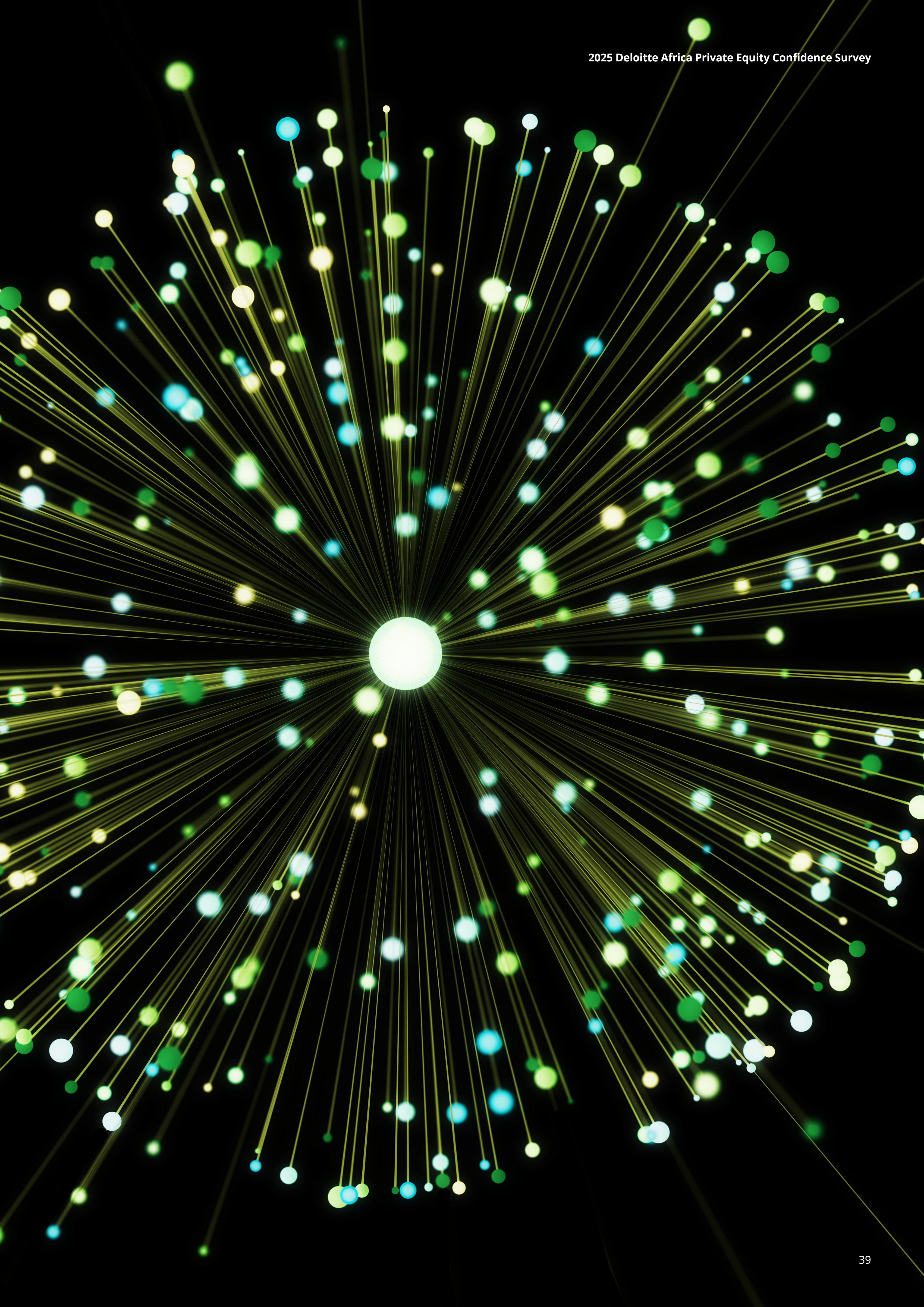
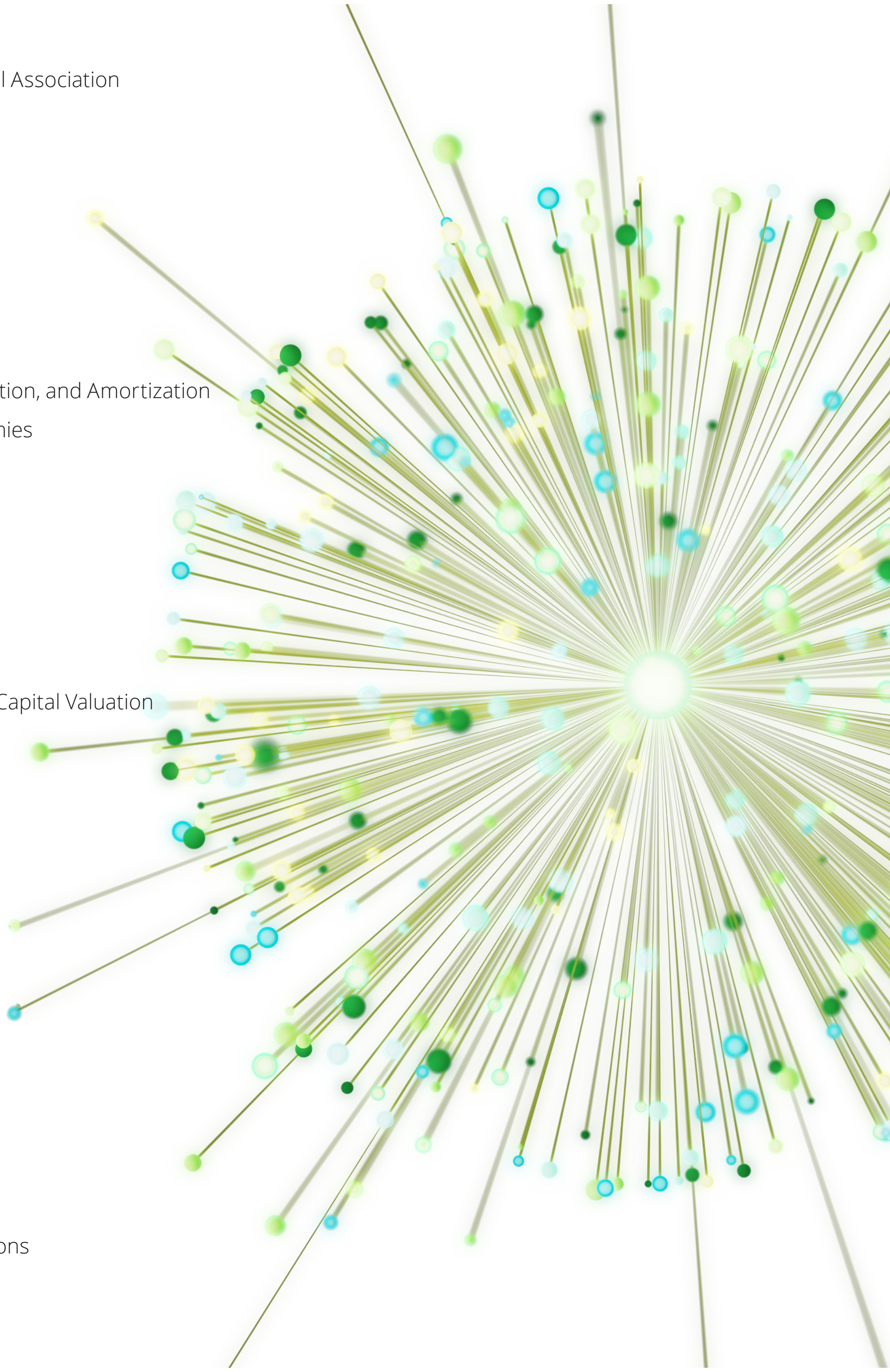
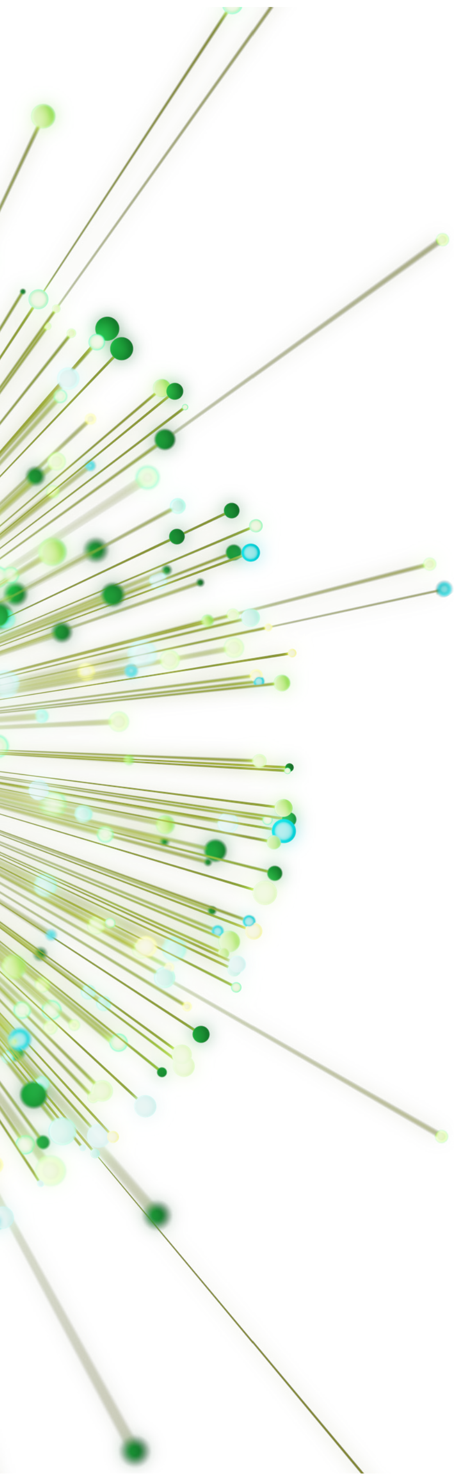


Acronyms

AfDB	African Development Bank
AI	Artificial Intelligence
AVCA	African Private Equity and Venture Capital Association
AWS	Amazon Web Services
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DCF	Discounted Cash Flow
DFI	Development finance institution
DRC	The Democratic Republic of the Congo
EV	Enterprise Value
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EMDEs	Emerging market and developing economies
F2F	Forecast-to-fulfil
FDI	Foreign direct investment
Gen AI	Generative Artificial Intelligence
GDP	Gross domestic product
GP	General partner
IMF	International Monetary Fund
IPEV	International Private Equity and Venture Capital Valuation
IPO	Initial public offering
JSE	Johannesburg Stock Exchange
KPIs	Key Performance Indicators
LP	Limited partner
M&A	Mergers and acquisitions
NAV	Net Asset Value
O2C	Order-to-cash
P2P	Procure-to-pay
PE	Private equity
PECS	Private Equity Confidence Survey
POD	Price of Debt
SME	Small and medium-sized enterprise
SSA	Sub-Saharan Africa
TMT	Technology, Media and Telecommunications
US	United States





Methodology

The *2025 Deloitte Africa Private Equity Confidence Survey* focuses on four African regions, namely East Africa, North Africa, Southern Africa, and West Africa. The country categorisation of these regions follows that of the African Development Bank (AfDB):

- **East Africa:** Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, Tanzania, Uganda.
- **North Africa:** Algeria, Egypt, Libya, Morocco, South Sudan, Sudan, Tunisia, Western Sahara.
- **Southern Africa:** Angola, Botswana, Eswatini, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, South Africa, Zambia, Zimbabwe.
- **West Africa:** Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, The Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo.

Unless otherwise noted, the report is based on responses collected from GPs and LPs across the four regions that participated in the survey between February and June 2025.

Across the regions, there was a total of 134 responses, including 82% GP responses and 12% LP responses, with several GPs and LPs able to provide views on multiple regions.

The questions posed to respondents were adapted from those asked in previous editions of the Deloitte Africa PECS.

Due to rounding, not all values will add up to 100% in the figures based on survey responses.

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