



Industry Statistics 1H 2018

Emerging Markets Private Capital Fundraising and Investment

About EMPEA

EMPEA is the global industry association for private capital in emerging markets. An independent, non-profit organization, the association brings together 300+ firms—including institutional investors, fund managers and industry advisors—who manage more than US\$5 trillion in assets across 130 countries. EMPEA members share the organization's belief that private capital can deliver attractive long-term investment returns and promote the sustainable growth of companies and economies. EMPEA supports its members globally through authoritative research and intelligence, conferences, networking, education and advocacy.

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Announcements & Acknowledgements

Important Update to EMPEA's Research Methodology

Please note that this release incorporates several changes to EMPEA's research methodology. Afghanistan and Pakistan are now included in Emerging Asia, rather than MENA, regional totals. In addition, unless otherwise specified, EMPEA's data and statistics now include expanded coverage of private infrastructure and real assets and private credit funds, in addition to previously reported private equity activity.

For more information, please see our full Research Methodology at the end of this report or click here: <https://empea.org/data-methodology/>.

Acknowledgments

EMPEA would like to acknowledge Industry Partners who have been consulted during the compilation of the current and past editions of our Industry Statistics: the African Private Equity and Venture Capital Association (AVCA), Asociación Mexicana de Capital Privado (AMEXCAP), Associação Brasileira de Private Equity & Venture Capital (ABVCAP), Association Marocaine des Investisseurs en Capital (AMIC), Czech Private Equity & Venture Capital Association (CVCA), Hong Kong Venture Capital & Private Equity Association (HKVCA), Latin American Private Equity & Venture Capital Association (LAVCA) and the Polish Private Equity and Venture Capital Association (PSIK). We thank these Industry Partners for their support.

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Contact Us

For additional information, inquiries or questions, please contact us at research@empea.net or call +1 202 524 6113.

Looking for Additional Data?

- EMPEA Members receive exclusive access to detailed reporting and analysis, including:
 - Fundraising and investment by region, sub-region and country;
 - Fund size distribution;
 - Listing of fund managers, funds, investments and exits;
 - Investment size distribution by region;
 - Investment by strategy and sector; and,
 - Cambridge Associates fund performance data.
- For additional information, please email the research team at research@empea.net or call +1 202 524 6113.

EMPEA Research Methodology

EMPEA's research methodology has been updated as of 2 November 2016. Afghanistan and Pakistan are now included in Emerging Asia, rather than MENA, regional totals. For any questions, please contact research@empea.net or +1 202 524 6113.

EMPEA's industry data and statistics provide an overview of fundraising, investment and exit activity among private alternative asset managers active in the emerging markets of Africa, Asia, Europe, Latin America and the Middle East. Unless stated otherwise, the information presented in EMPEA reports and data products is drawn from EMPEA's proprietary research database, FundLink, and is based on data obtained from surveys of industry participants, direct communications with fund managers, press releases, trade publications and exchanges with regional and local venture capital associations. Fundraising, investment and exit amounts in EMPEA reports have been confirmed wherever possible directly by fund managers. EMPEA updates historical data on a quarterly basis as new data from fund managers and other sources is compiled in FundLink. Any discrepancies between the aggregate statistics published by EMPEA and the constituent data on individual funds and transactions included in tables and raw data files can be attributed to confidential information that has been omitted from public reporting.

EMPEA's reporting covers activity by *long-term, fixed-life, private, direct* investment funds backed by institutional investors across the following three asset classes: private equity, private credit and private infrastructure and real assets—collectively "private funds" or "private capital". EMPEA data and statistics exclude activity from real estate funds, funds of funds, secondaries funds, traditional investment holding companies, corporate strategic investors, government-owned or -managed entities and captive investment vehicles, as well as funds investing primarily in publicly-traded equity or debt securities.

Funds

Reported fundraising totals reflect only official closes (interim and/or final) as reported in primary and secondary sources or directly by fund managers. Capital commitments accruing prior to or between official closes are not included in reporting.

Investments

EMPEA classifies investments into one of three asset classes—private equity, private credit or private infrastructure and real assets—and into one of the following deal types: buyout, growth, venture capital, PIPE, mezzanine or debt. Venture capital includes seed, early-stage and late-stage investments. When determining how an investment should be classified, EMPEA takes into account the typical investment strategy of the fund manager(s) involved, the type of security acquired, the reported round number or type of transaction, the development stage of the company at the time of investment, the company's business model and the type of product or service that the company provides. Secondary investments (both traditional and direct) are excluded from reporting. In addition, wherever possible, bank (acquisition) financing and co-investment from excluded entities (as defined in the first section of this note) are excluded from reported investment values, both to ensure continuity across regions and to provide a more accurate picture of the scale and pace of capital deployment by the funds that are the primary focus of EMPEA's research.

EMPEA Research Methodology *(continued)*

Exits

EMPEA does not publish aggregate statistics on exit activity due to significant selection bias in the reporting of these transactions. Accordingly, exit data included in EMPEA reports and data products should not be treated as a comprehensive picture of all emerging markets exit activity, but as a sampling of exits from a given market or time period.

Sectors

EMPEA's fund and company sector classifications are based on the Industry Classification Benchmark (ICB), which is owned by FTSE International Limited (FTSE). FTSE® is a trademark of the London Stock Exchange Group companies and is used by FTSE under license. FTSE does not accept any liability to any person for any loss or damage arising out of any error or omission in the ICB.

Abbreviations commonly used in EMPEA reports

EM – Emerging markets
PE – Private equity
VC – Venture capital
GP – General partner (fund manager)
LP – Limited partner (fund investor)

In some exhibits in EMPEA publications, percentage labels may not sum to 100% due to rounding. In all tables in which it appears, "N/A" denotes a confidential or otherwise undisclosed value.

Geographies

EMPEA data and statistics are compiled based on the "market" approach. Fundraising activity is categorized based on the countries, sub-regions or regions in which fund managers intend to invest, while investment activity is categorized based on the country headquarters of investee companies. For companies registered in offshore financial centers or developed markets but operating exclusively or predominantly in emerging markets, investment activity is categorized based on the geographic footprint of the operations of investee companies. In the case of global or multi-regional funds, only those funds investing primarily in emerging markets are included in fundraising totals (e.g., pan-Asia funds with a significant portion of capital intended for investment in China and India). Country-dedicated fundraising data and statistics reflect only those funds with a single-country strategy or mandate. Target allocations to individual markets within a broader global or regional fund are not attributed to single-country fundraising totals.

Regions in this report

- **Emerging Asia:** Asia Pacific, excluding Japan, Australia and New Zealand.
- **Central and Eastern Europe (CEE) and Commonwealth of Independent States (CIS):** European Union accession countries (2004), Southeastern Europe (excluding Greece) and Turkey, as well as Russia and other CIS countries.
- **Latin America:** Mexico, Central and South America and the Caribbean (excluding Puerto Rico and other overseas territories and departments).
- **Middle East and North Africa (MENA):** Gulf Cooperation Council (GCC), Iran, Iraq, Jordan, Lebanon, Palestinian Territories, Syria and Yemen, as well as North Africa (Algeria, Egypt, Libya, Morocco, Sudan and Tunisia).
- **Sub-Saharan Africa:** Africa, excluding North Africa as defined above.

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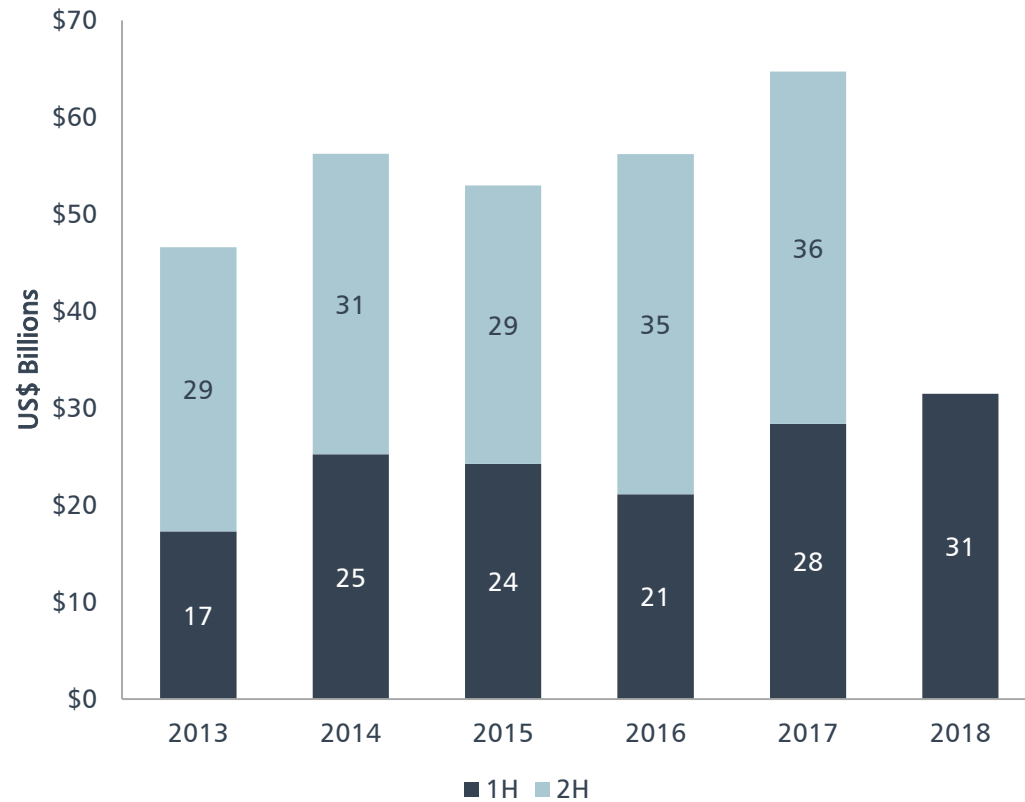
1H 2018 Industry Statistics | Emerging Markets Private Capital

Highlights

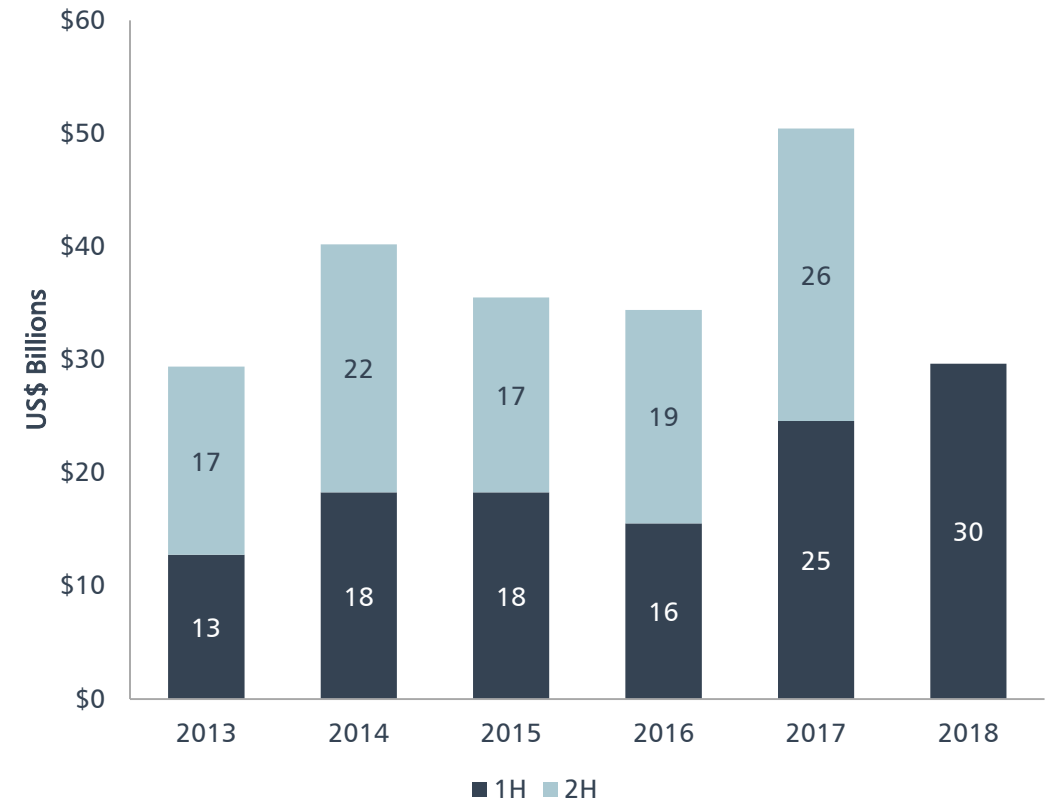
1. EM Overall

Funds raised and capital deployed increased by 11% and 21%, respectively, year-on-year

Emerging Markets Fundraising by Half-year, 2013-2018 (US\$B)



Emerging Markets Investment by Half-year, 2013-2018 (US\$B)

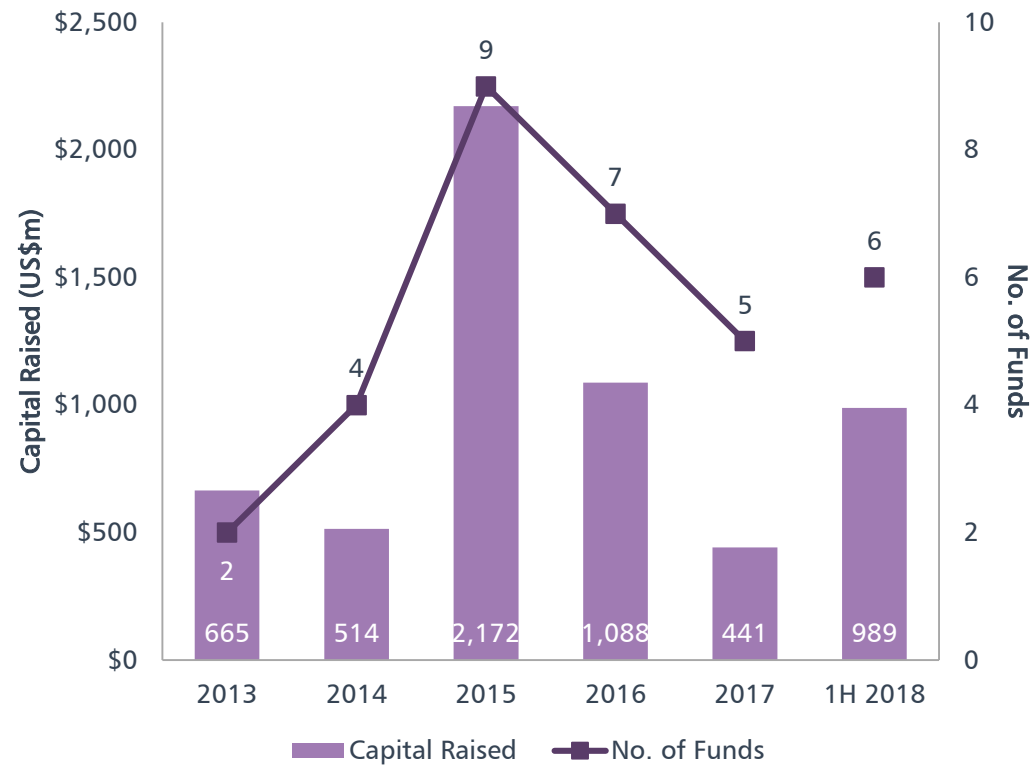


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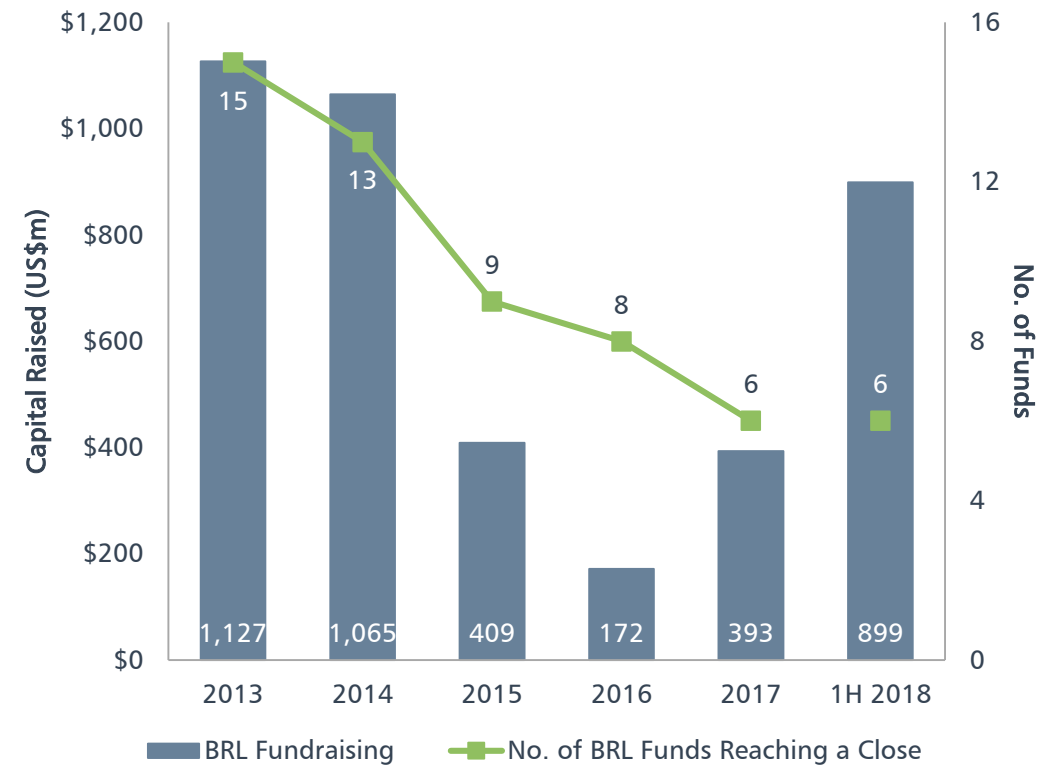
2. Latin America

In the absence of large regional growth and buyout funds, private credit and local Brazilian vehicles accounted for the majority of capital raised in 1H 2018

Latin America Private Credit Fundraising, 2013-1H 2018



Brazil Fundraising, 2013-1H 2018 – BRL-denominated Vehicles



Data as of 30 June 2018. Published 27 August 2018.

3. CEE and CIS

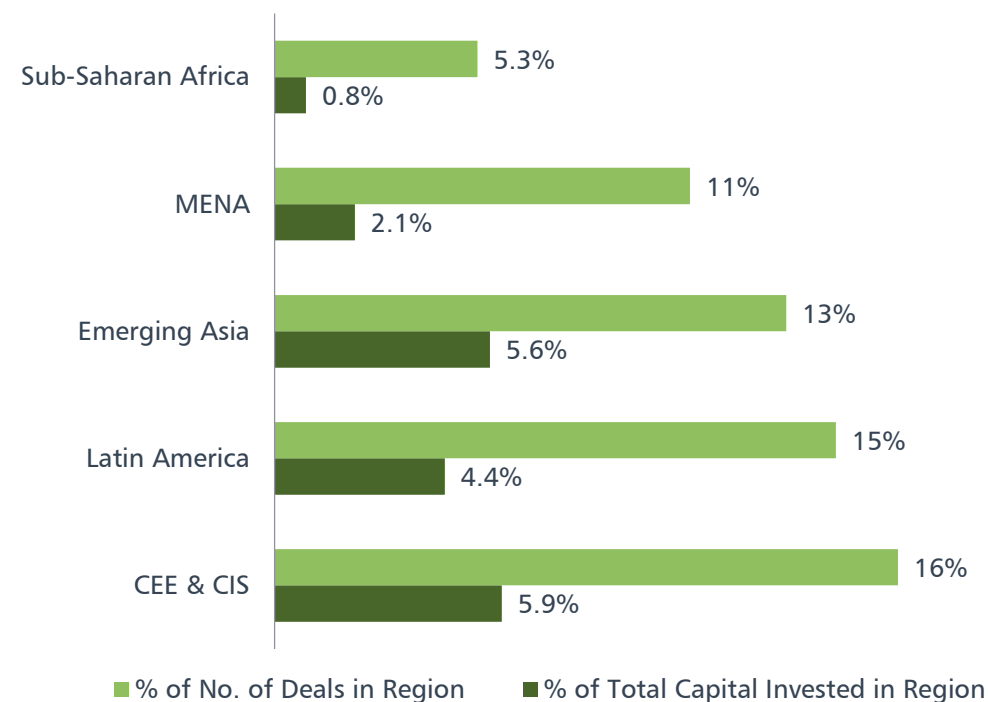
The May IPO of Czech Republic-based AVAST Software highlights the region's strengths in pure-play software & computer services, which has garnered a higher percentage of capital invested and overall deal count than in all other EM regions since 2008

Sampling of Exits and IPOs for Technology Companies in CEE and CIS, 2017-1H 2018

Fund Manager(s)'	Company	Country	ICB† Subsector	Exit Type	Disclosed Exit Amount (US\$m)	Exit Date
CVC Capital Partners, Summit Partners	AVAST Software	Czech Republic	Software	IPO	226	5/10/18
3TS Capital Partners, Empower Capital	MammothD B	Bulgaria	Software	Strategic Sale	N/A	3/28/18
C5 Capital	BalaBit	Hungary	Software	Strategic Sale	N/A	1/17/18
Axxess Capital	BitDefender	Romania	Software	Secondary	180	12/1/17
Clarion Capital Partners	Moravia	Czech Republic	Computer Services	Strategic Sale	N/A	11/7/17
Point Nine Capital	Infogr.am	Latvia	Software	Strategic Sale	N/A	6/15/17
Enterprise Investors	ItWorks	Poland	Computer Services	Strategic Sale	N/A	1/1/17

Data as of 30 June 2018. Published 27 August 2018.

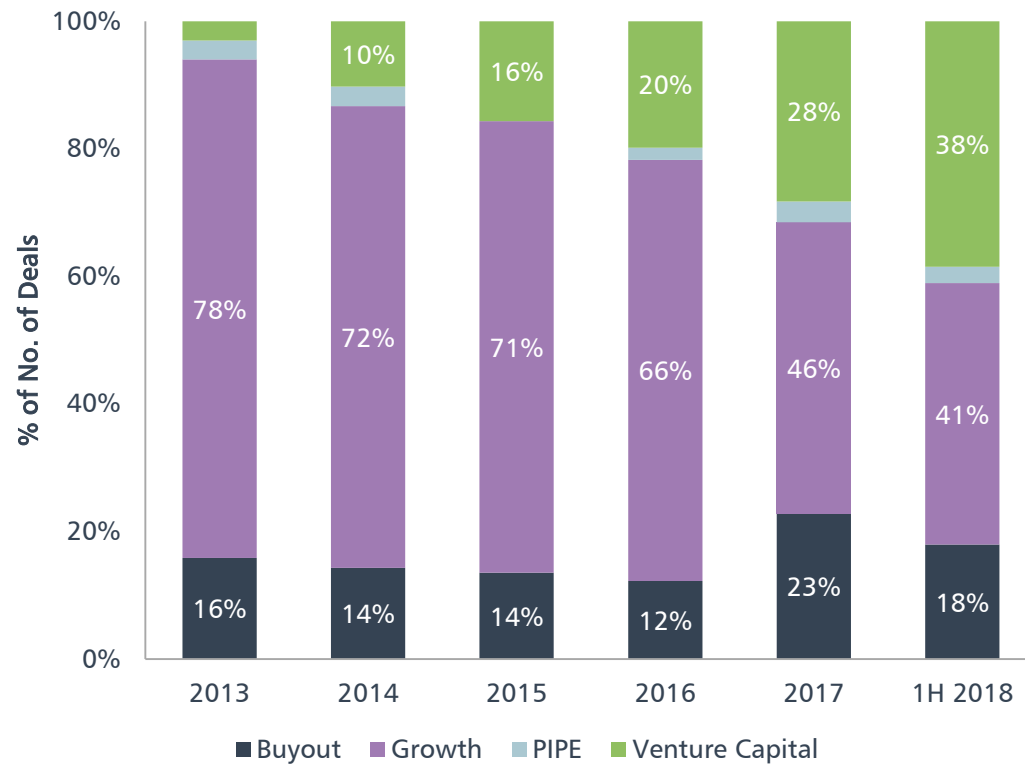
Software & Computer Services Investment by Region, 2008-1H 2018



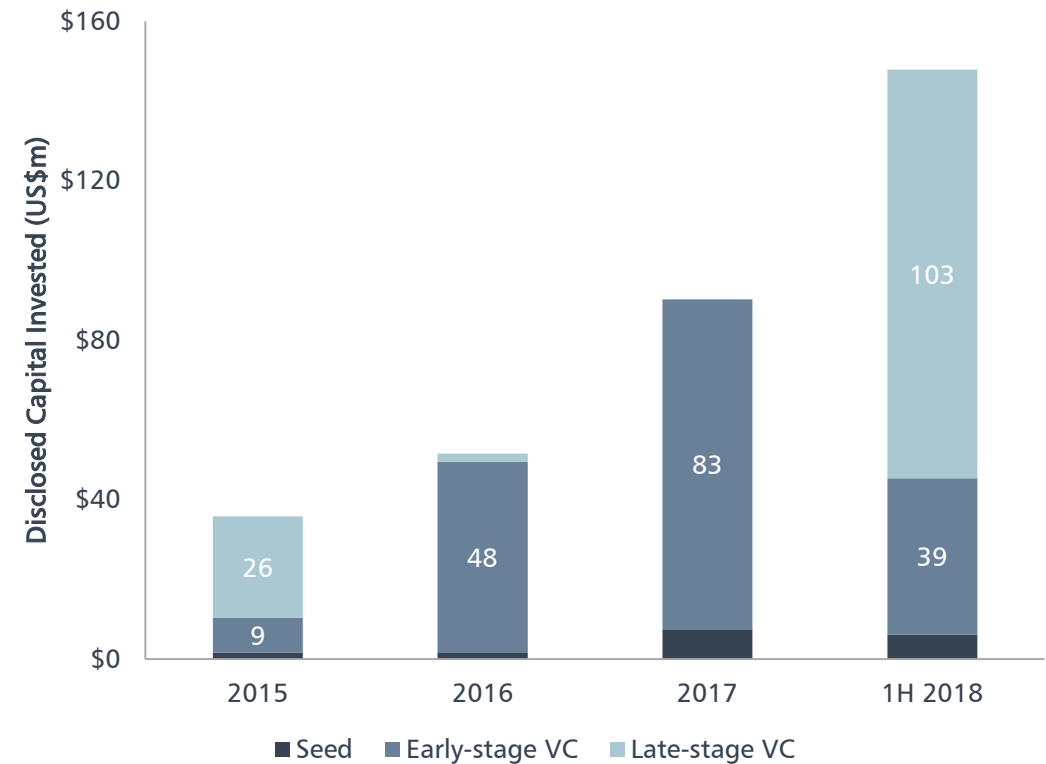
4. Sub-Saharan Africa

Venture capital deals continued to gain ground as a share of all private capital activity; late-stage funding for VC-backed companies in the region has reached a new high

Sub-Saharan Africa PE Investment by Deal Type, 2013-1H 2018



Sub-Saharan Africa VC Investment by Stage, 2015-1H 2018

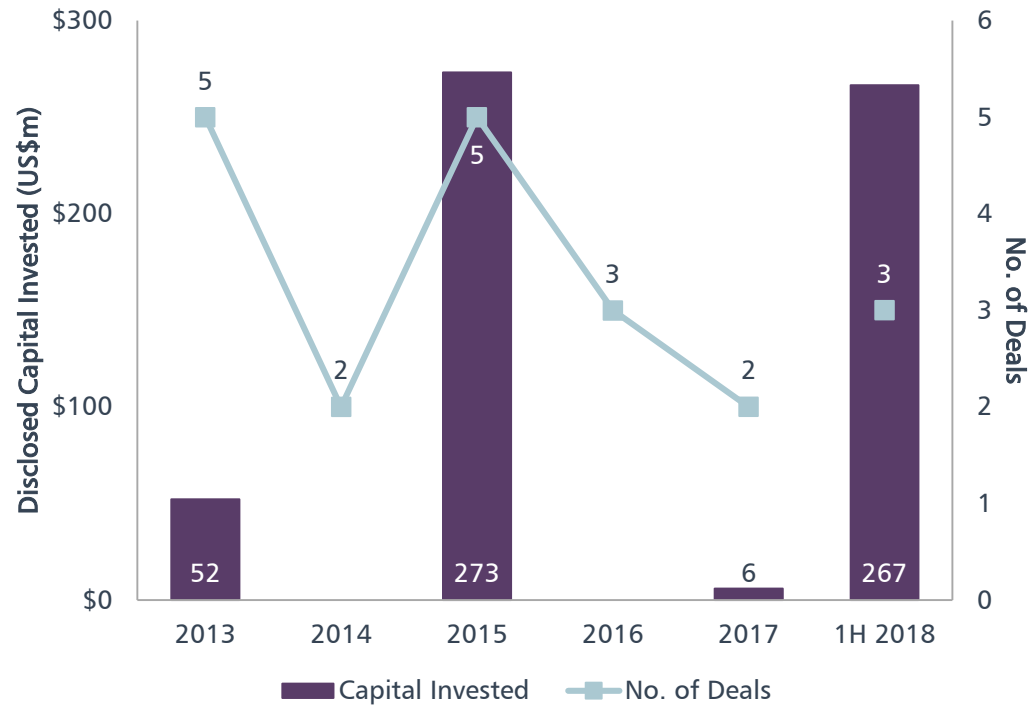


Data as of 30 June 2018. Published 27 August 2018.

5. MENA

Gulf Capital's investment in Saudi Arabia-based Geidea is the largest disclosed transaction in the MENA region since 2016; the deal highlights opportunities within fintech and professional services in the country, which the government is keen to promote

Saudi Arabia Investment, 2013-1H 2018



Data as of 30 June 2018. Published 27 August 2018.

Largest Disclosed Investments in MENA, 2008-1H 2018

Fund Manager(s)	Company	Country	ICB† Sector	Investment Type	Investment Amount (US\$m)	Investment Date
CHAMP Private Equity, Castle Harlan, Lime Rock Partners	Shelf Drilling	United Arab Emirates	Oil & Gas Producers	Buyout	855	Nov-12
Warburg Pincus	Apex International Energy	Egypt	Oil & Gas Producers	Growth	500	May-16
The Carlyle Group	Mazarine Energy	Tunisia	Oil & Gas Producers	Growth	500	May-16
Gulf Capital	Geidea	Saudi Arabia	Support Services	Buyout	267	May-18
Macquarie Infrastructure and Real Assets (MIRA)	ZonesCorp	United Arab Emirates	Construction & Materials	Growth	188	Feb-09
Invest AD, Delta Partners Capital	Mobiserve (OrasInvest)	Egypt	Mobile Telecommunications	Buyout	180	Dec-08
IFC Asset Management Company (AMC)	Bank Muscat	Oman	Banks	Debt	170	Jan-12

6. Emerging Asia

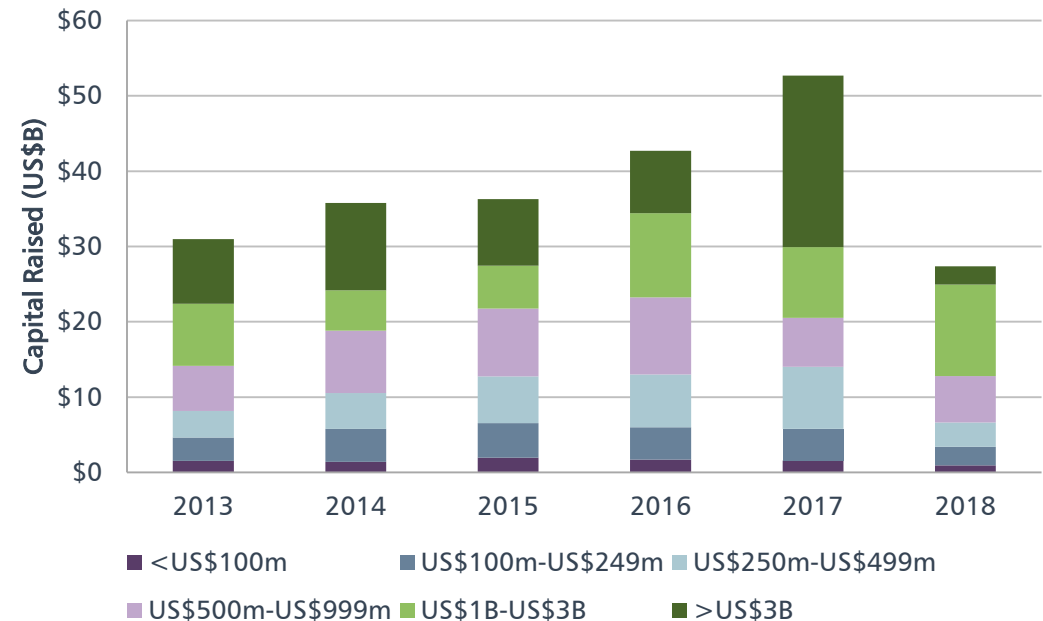
The Carlyle Group announced the final close of its fifth regional fund at US\$6.55B in June, the second-largest ever raised for Emerging Asia; commitments to US\$1B+ funds accounted for most of the growth in regional fundraising from 2015 to 2017

Largest Emerging Asia-focused Funds with Closes, 2006-1H 2018

Fund Manager	Fund Name	Fund Type	Geographic Focus	Total Capital Raised To Date (US\$m)	Most Recent Close
KKR	KKR Asian Fund III	Buyout	Asia	9,300	Jun-17
The Carlyle Group	Carlyle Asia Partners V	Buyout	Asia	6,550	Jun-18
Affinity Equity Partners	Affinity Asia Pacific Fund V	Buyout	Asia	6,000	Dec-17
KKR	KKR Asian Fund II	Buyout	Asia	6,000	Jul-13
RRJ Capital	RRJ Capital Master Fund III	Buyout	Asia, China, Southeast Asia	4,500	Sep-15
Hillhouse Capital Management	Hillhouse Capital Private Equity Fund III	Growth	Asia	4,200	Jul-16
CVC Capital Partners	CVC Capital Partners Asia Pacific III	Buyout	Asia	4,120	Jan-08
MBK Partners	MBK Partners IV	Buyout	East Asia	4,100	Dec-16
KKR	KKR Asian Fund	Buyout	Asia, Australia, China, Japan	4,000	Jul-07
Baring Private Equity Asia	Baring Asia Private Equity Fund VI	Growth	Asia	3,988	Feb-15

Data as of 30 June 2018. Published 27 August 2018.

Emerging Asia Fundraising by Fund Size, 2013-1H 2018

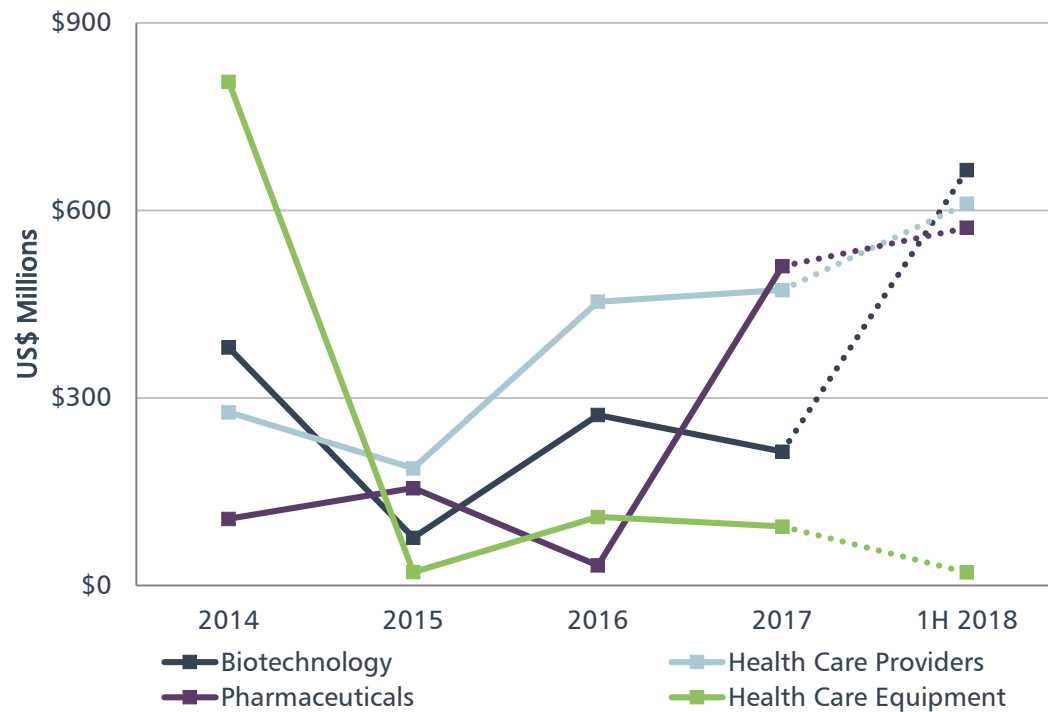


Note: For funds currently raising capital, fund target is used for fund size. Excludes funds for which target is unknown.

7. China

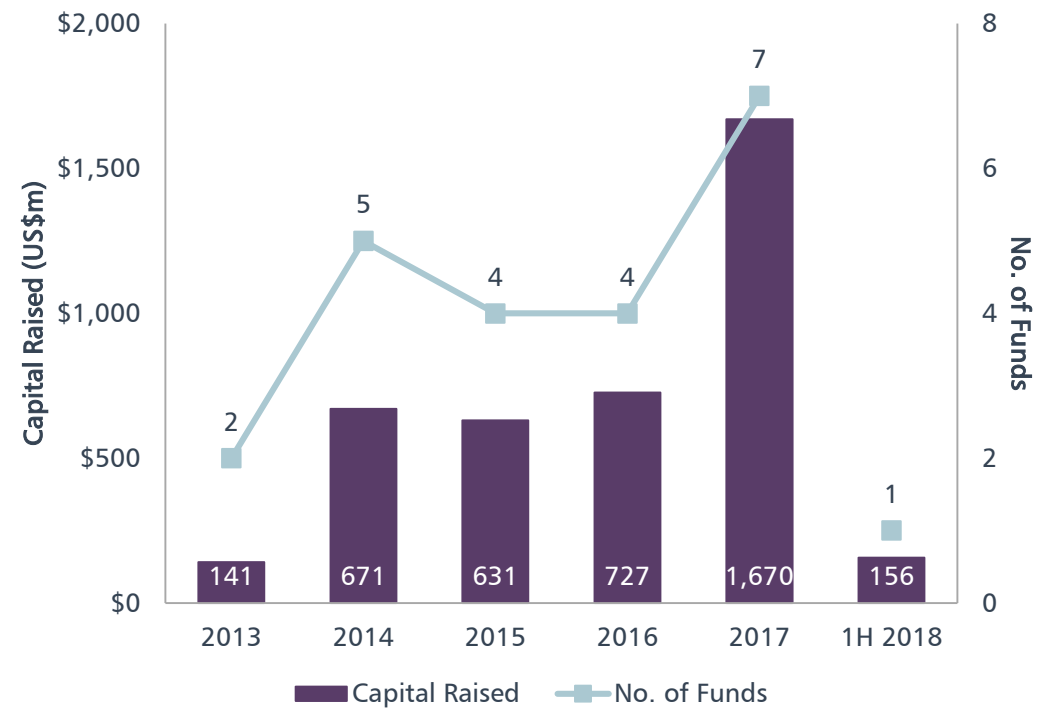
Capital invested in the health care sector has grown across multiple segments; the uptick in investment activity follows the emergence of health care-dedicated GPs in Asia's largest market

China Health Care Investment by ICB† Subsector, 2014-1H 2018



Data as of 30 June 2018. Published 27 August 2018.

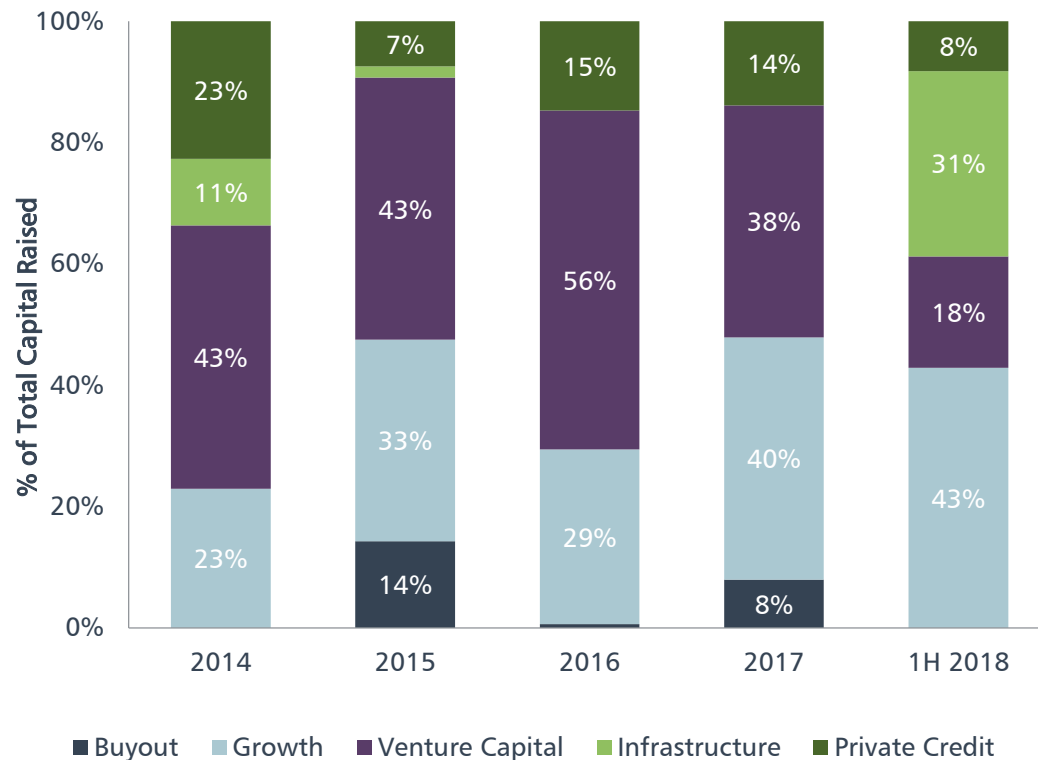
China Health Care Fundraising, 2013-1H 2018



8. India

After two years with no reported closes for India-focused infrastructure funds, GPs secured US\$651 million for the strategy across two vehicles in 1H 2018

India Fundraising by Strategy, 2014-1H 2018



Largest India-focused Infrastructure Funds with Closes, 2006-1H 2018

Fund Manager	Fund Name	Fund Currency	Total Capital Raised To Date (US\$m)	Most Recent Close
3i Group	3i India Infrastructure Fund	USD	1,200	Apr-08
Macquarie Infrastructure and Real Assets (MIRA)	Macquarie SBI Infrastructure Fund (MSIF)	USD	1,170	Mar-11
IDFC Alternatives	India Infrastructure Fund I	USD	927	Jun-09
IDFC Alternatives	India Infrastructure Fund II	USD	895	Oct-14
Everstone Capital	Green Growth Equity Fund*	GBP	343	Apr-18
Edelweiss Alternative Asset Advisors	Edelweiss Infrastructure Yield Plus*	INR	307	Mar-18
Olympus Capital Asia	Asia Development Partners III	USD	300	Dec-11

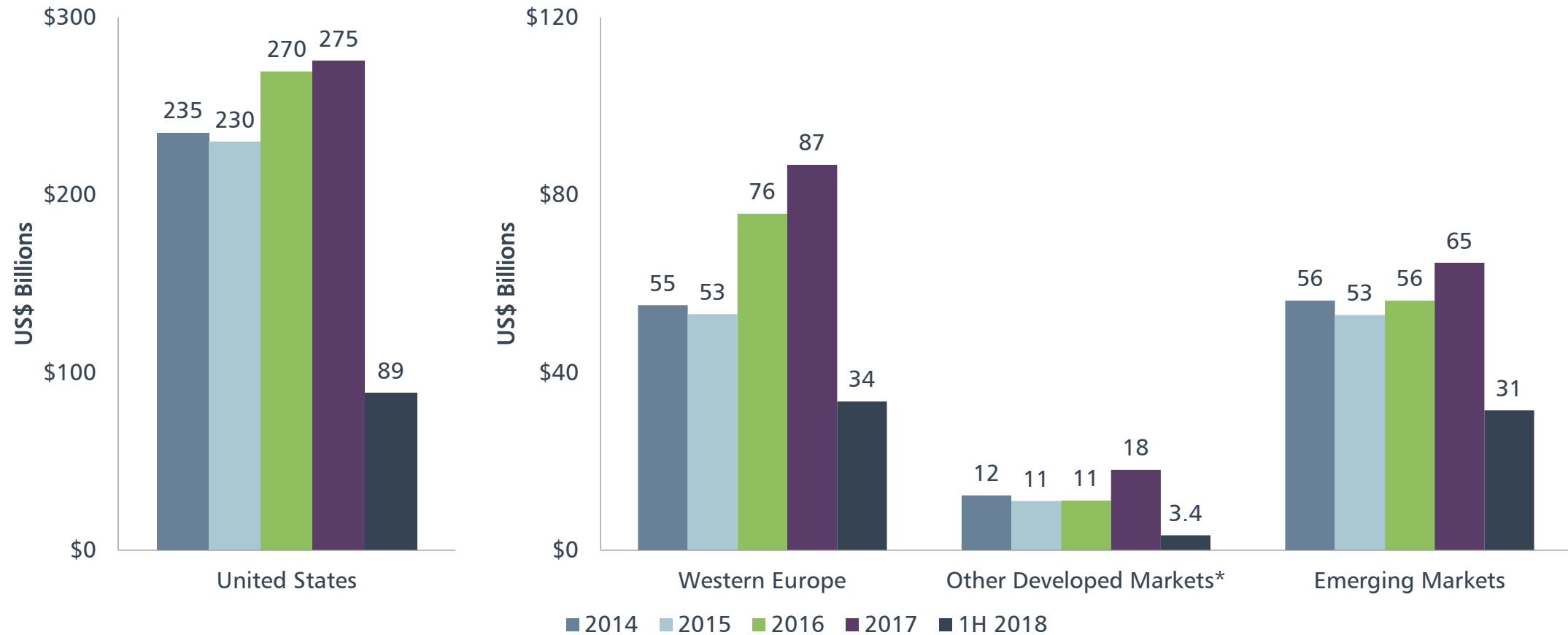
*Fundraising as of 30 June 2018. Data as of 30 June 2018. Published 27 August 2018.

1H 2018 Industry Statistics

Global Private Capital Overview

Global Fundraising

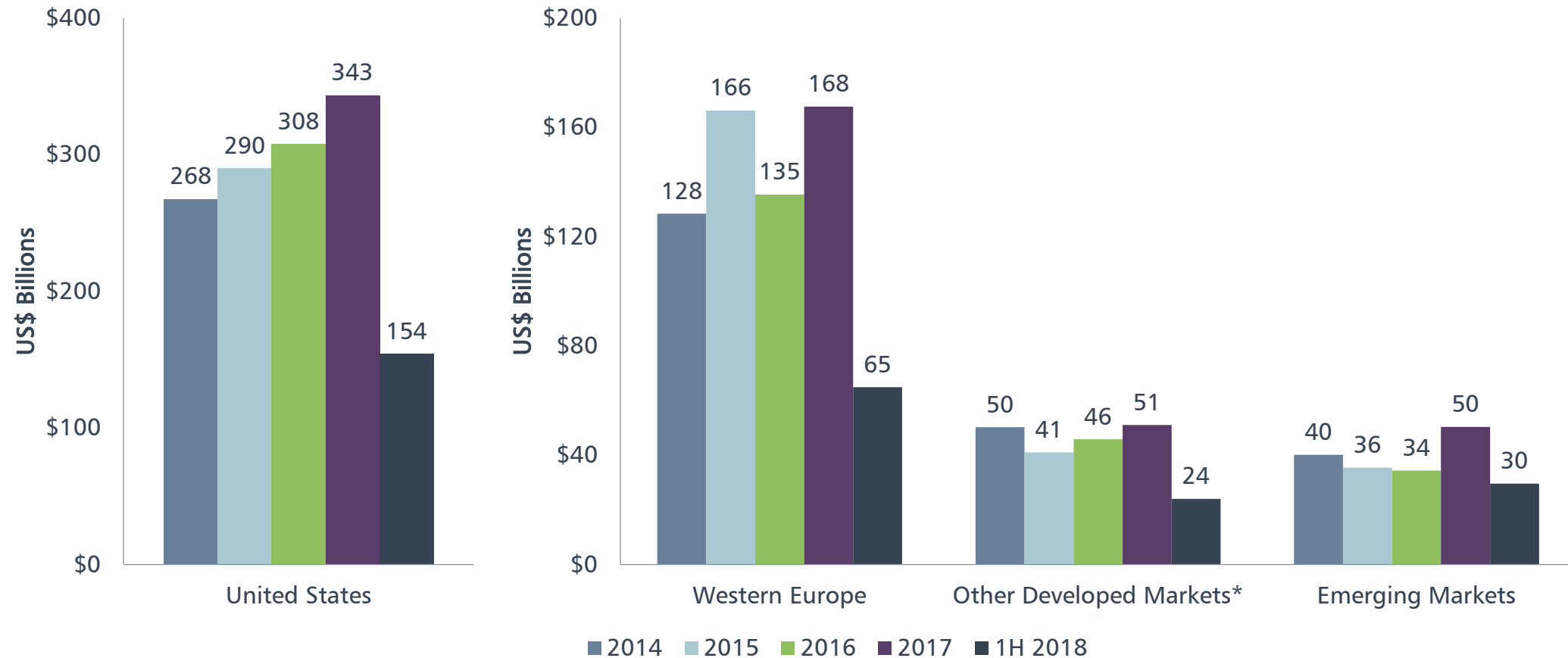
Note: Includes private equity, private credit and private infrastructure and real assets.



*Includes Australia, Canada, Israel, Japan and New Zealand. Data as of 30 June 2018. Published 27 August 2018. Sources: Developed Markets – PitchBook; EM – EMPEA.

Global Investment

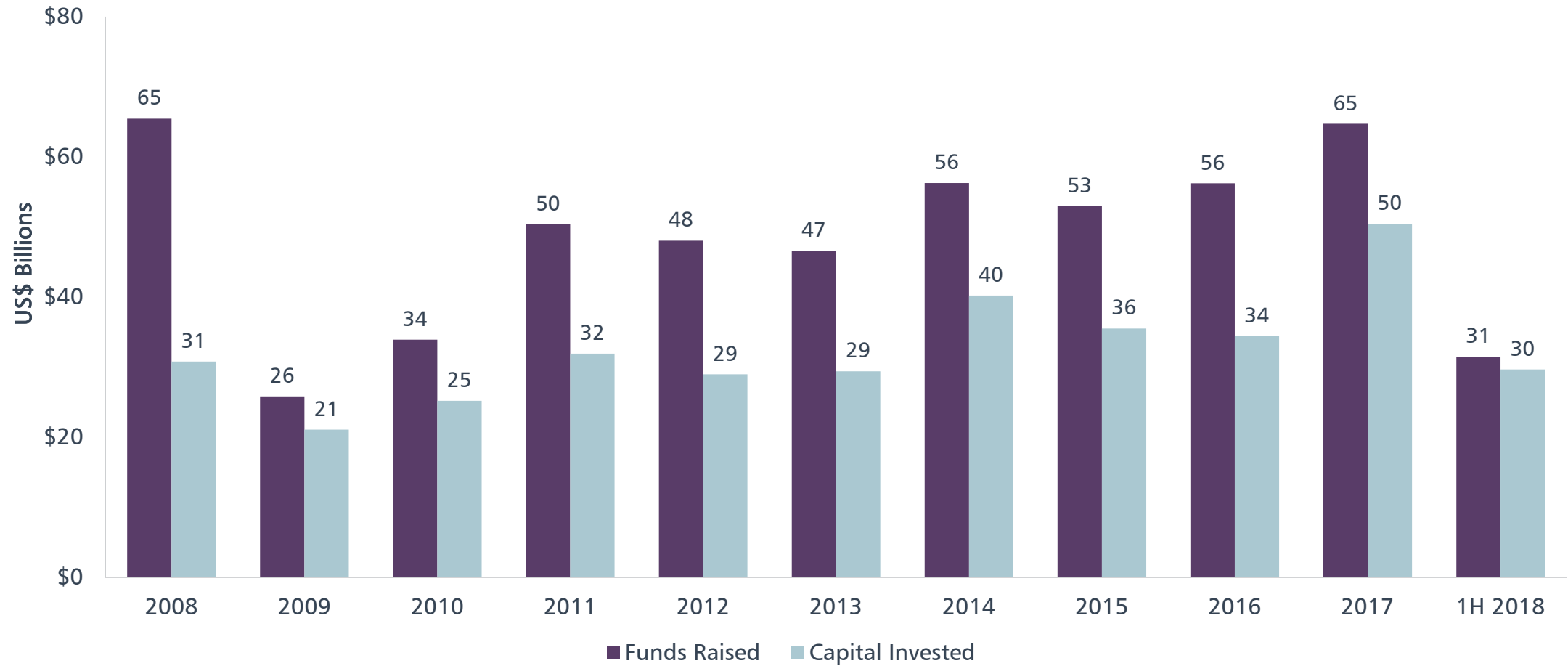
Note: Includes private equity, private credit and private infrastructure and real assets.



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EM Fundraising & Investment

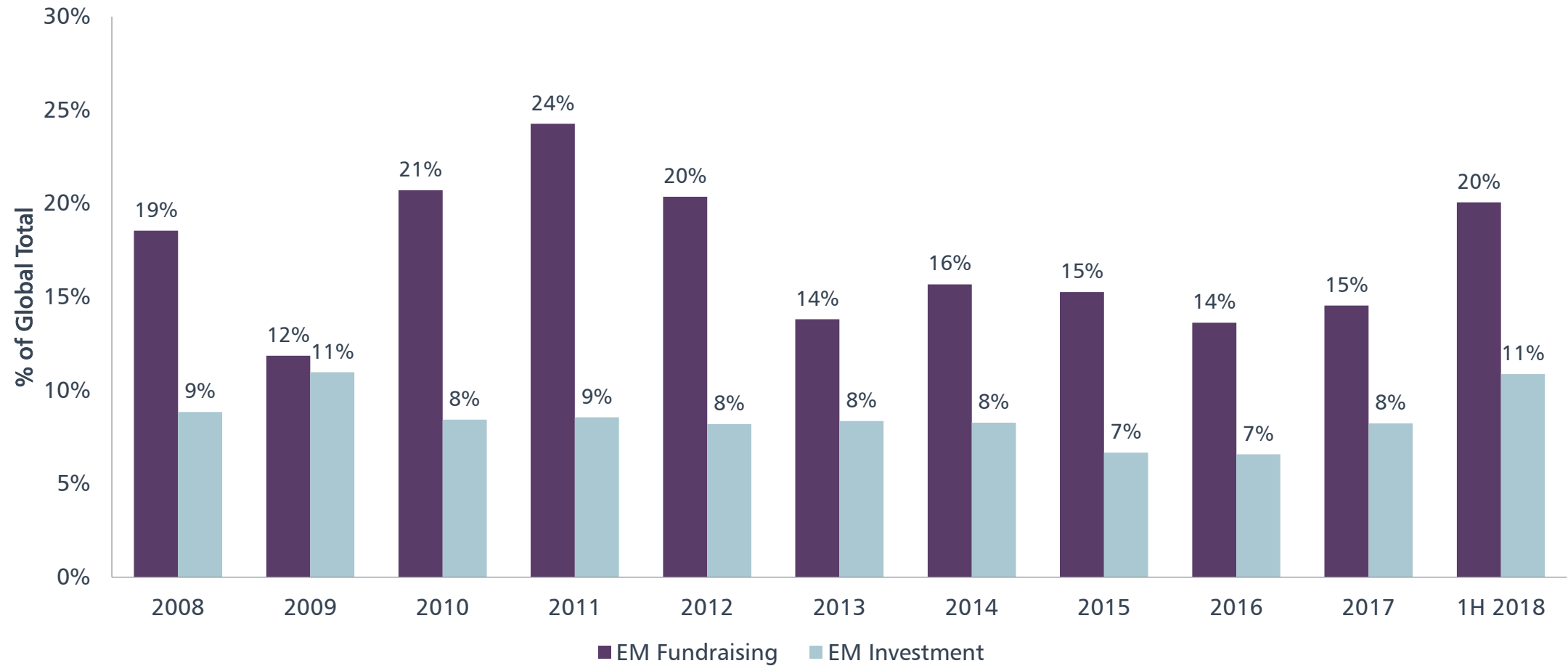
Note: Includes private equity, private credit and private infrastructure and real assets.



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EM Fundraising & Investment as % of Global Total

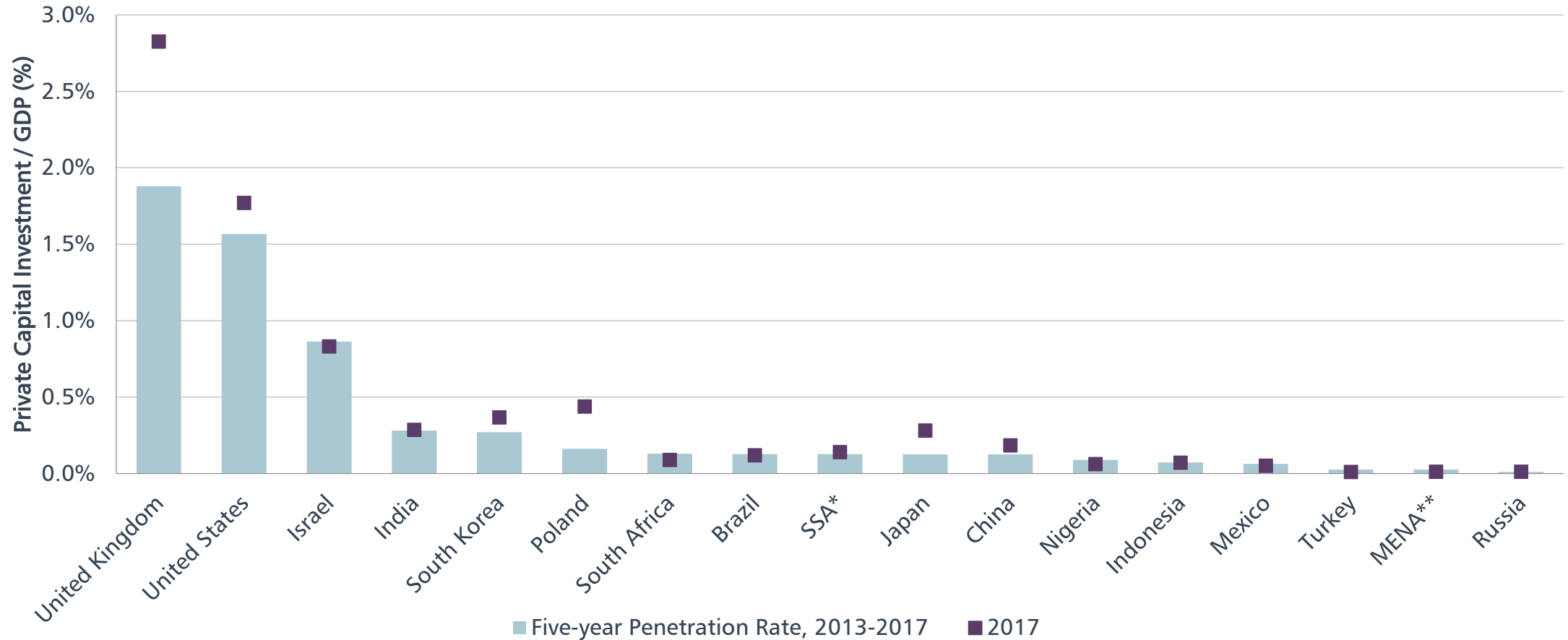
Note: Includes private equity, private credit and private infrastructure and real assets.



Data as of 30 June 2018. Published 27 August 2018.

Global Private Capital Penetration

Note: Includes private equity, private credit and private infrastructure and real assets.



*Sub-Saharan Africa. **Middle East & North Africa. Data as of 30 June 2018. Published 27 August 2018. Sources: Developed Markets – PitchBook; EM – EMPEA. All GDP data obtained from IMF World Economic Outlook Database (April 2018).

Disclaimer

This information is intended to provide an indication of industry activity based on the best information available from public and proprietary sources. EMPEA has taken measures to validate the information presented herein but cannot guarantee the ultimate accuracy or completeness of the data provided. EMPEA is not responsible for any decision made or action taken based on information drawn from this report.



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