

2014 M&A TRANSACTIONS – PRESENT AND FUTURE

2014 has been an exciting year in the Nigerian M&A space. Notwithstanding the highly publicized sale by the Asset Management Corporation of Nigeria (AMCON) of Mainstreet and Enterprise Banks, two of the banks which were established in 2011 to take over the assets and some of the liabilities of certain insolvent banks whose commercial banking licenses had been revoked by the Central Bank of Nigeria, no one sector has dominated the market. M&A activity has involved companies in various sectors and transactions have been driven by various economic, commercial and regulatory imperatives.

The insurance space was very active partly due to the fact the National Insurance Commission (NAICOM) has stopped granting new insurance licences and therefore new entrants are having to acquire existing businesses and in order to expand their offering, those insurance companies with non-life licences have had to acquire or merge with businesses that have life insurance licences and vice-versa. Notable activity in this sector includes, the acquisition by a subsidiary of FBN Holdings Plc, FBN Life Assurance Plc licenced Life Insurance provider, of a majority interest in Oasis Insurance Plc, a licenced General Insurance Provider. Another highlight transaction is the acquisition by Capital Alliance Private Equity III Limited of a majority interest in Fin Insurance Limited, and very recently, a controlling interest in UBN Insurance Brokers Limited.

The Power & Energy sector also saw some exciting activity this year. One of the notable acquisitions was by OandO plc, through OandO Energy Resources Limited (one of its upstream subsidiaries focused on oil and gas exploration and production in Nigeria) of 100% of the Nigerian Upstream Oil and Gas business of Conoco Philips (consideration: US\$1.5 billion following adjustments plus a deferred consideration of US\$33 million.) The sector also witnessed the acquisition by Seven Energy International Limited (a wholly owned subsidiary of Seven Energy International limited) of a 100% stake in East Horizon Gas Company Limited, as a strategic move towards Seven Energy's strategy of becoming a leading independent gas distributor in South East Nigeria (consideration: US\$250 million).

In the cement manufacturing sector, the acquisition by Lafarge Africa PLC (Formerly Lafarge Wapco PLC) of controlling interests in various Lafarge SA subsidiaries in Nigeria and South Africa, has caused much excitement. This transaction has resulted in a consolidation of Lafarge's interests in Nigeria and is expected to make the Lafarge group more competitive in the Nigerian cement market and on the African continent. Other Banking transactions include the recent acquisition by the Carlyle group of an 18% stake in Diamond Bank, by acquiring rights traded on the Nigerian Stock Exchange as part of the Bank's recent N50 billion rights issue. Atlas

Mara, which already had an indirect interest in Union Bank, following its acquisition of ABC Holdings, increased its shareholding to almost 30% of the Bank.

Nigeria is looking forward to seeing some even more significant M&A dealings being concluded in the coming months, in the insurance sector, Cornerstone Insurance plc one of Nigeria's largest insurance companies has obtained the approval of its shareholders to acquire FIN Insurance Company Limited. In the Food & Beverage sector, Heineken, the world's third largest brewer, has announced its intention, subject to obtaining regulatory approvals, to merge the businesses of its subsidiaries Nigerian Breweries (NB) plc and Consolidated Breweries plc, to enable the business to take advantage of the growth potential of the Nigerian beer and malt drinks market.

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