

PRESCIENT

CORPORATE ADVISORY

Dynamic Spectrum Alliance:

Affordable Access and Financing

3rd May 2018



- Prescient is a diversified financial holdings group, managing USD11billion, based in Cape Town, South Africa
- Prescient Corporate Advisory ("PCA") is a corporate advisory subsidiary, raising capital for companies and projects predominantly in Sub-Saharan Africa
- PCA works with entrepreneurs to prepare them for investability, then launches a capital raising process
- PCA advises some Microsoft partners and has worked on connectivity projects in Malawi, Ghana, India, Kenya, Tanzania, Rwanda and Malawi amongst others



- There is currently an abundance of private and institutional money looking to invest in Africa – over \$60 billion FDI into Africa in 2015

- Investors comprise:
 - Private Equity Firms
 - Development Finance Institutions
 - Local and International Banks
 - Multinational Corporations
 - High Net Worth Individuals
 - Family offices
 - Donors
 - Grants

- Investment mandate:
 - Type - Debt vs Equity vs Other (Mezzanine, Revenue Share)
 - Quantum – \$500,000 - \$100 million
 - Geography – Country specific vs Regional vs Continent wide
 - Industry – Sector specific vs Sector agnostic





- “We cannot find good companies to invest in”
- Key areas of focus include:
 - Financially viability
 - Strong management and technical team
 - Regulatory clarity
 - Barriers to entry / first mover advantage
 - Ability to scale
 - Ability to monetize
 - Well packaged documentation
 - Fully licenced
 - An ability to manage growth – structures and people
- Coherent, realistic and defensible plan about how much capital should be raised and the use of those proceeds



- Attended DSA in Manila 2015, 3 investment deliverables identified:
 1. Regulatory
 2. Cost of equipment
 3. Monetisation of business plans

- Why is the capital flowing into companies slow?
 - Investors are looking for USD10million ticket sizes
 - Competition / bad experience
 - Hard-to-measure social impact



- Growth of cult and utility of internet
- Proliferation of software led solutions in critical sectors (health, education, etc)
- Cheaper forms of off grid power and financing thereof
- Early mover technical teams/infrastructure
- Upcoming Data explosion, particularly regarding IoT. Is a data bottleneck on the horizon?



- US rural - Consumer and SME client base
- LDCs - Government and NGO
- Emerging countries: mix of commercial market, corporates and government
- New innovative approach away from 5 year 25% equity IRRs:
 - Governments and Development banks should adopt a longer-term, multi-tiered view of the consequent benefits
 - Corporates / Government / NGOs could propose flexible financing methods (such as revenue shares) or guaranteed bankable revenue off-takes



- Questions?

Thank You

Regulatory Information

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