

South Africa

Risks, Opportunities and Things to Bear in Mind

September 2019

Meeting you today



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We listen
We deliver
We want to do more



Agenda

1

Introduction to South Africa

2

Introduction to Africa

3

Capabilities

4

Key risks

5

Key opportunities

6

Things to bear in mind

Dentons in South Africa

The challenger brand

Delivering innovative legal solutions in:

- Banking and Finance
- Capital Markets
- Competition and Antitrust
- Corporate
- Employment and Labor
- Energy
- Environment and Natural Resources
- Infrastructure and PPP
- Insurance
- Intellectual Property and Technology
- Life Sciences
- Litigation and Dispute Resolution
- Mergers and Acquisitions
- Mining
- Private Equity
- Real Estate
- Restructuring, Insolvency and Bankruptcy
- Tax

- **2 Offices**
- **30 + Lawyers**
- **First level 1 BEE international firm**

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The
African
Legal
Awards
2019

**Winners: M&A Team
of the Year at Legal Week's
African Legal Awards 2019**

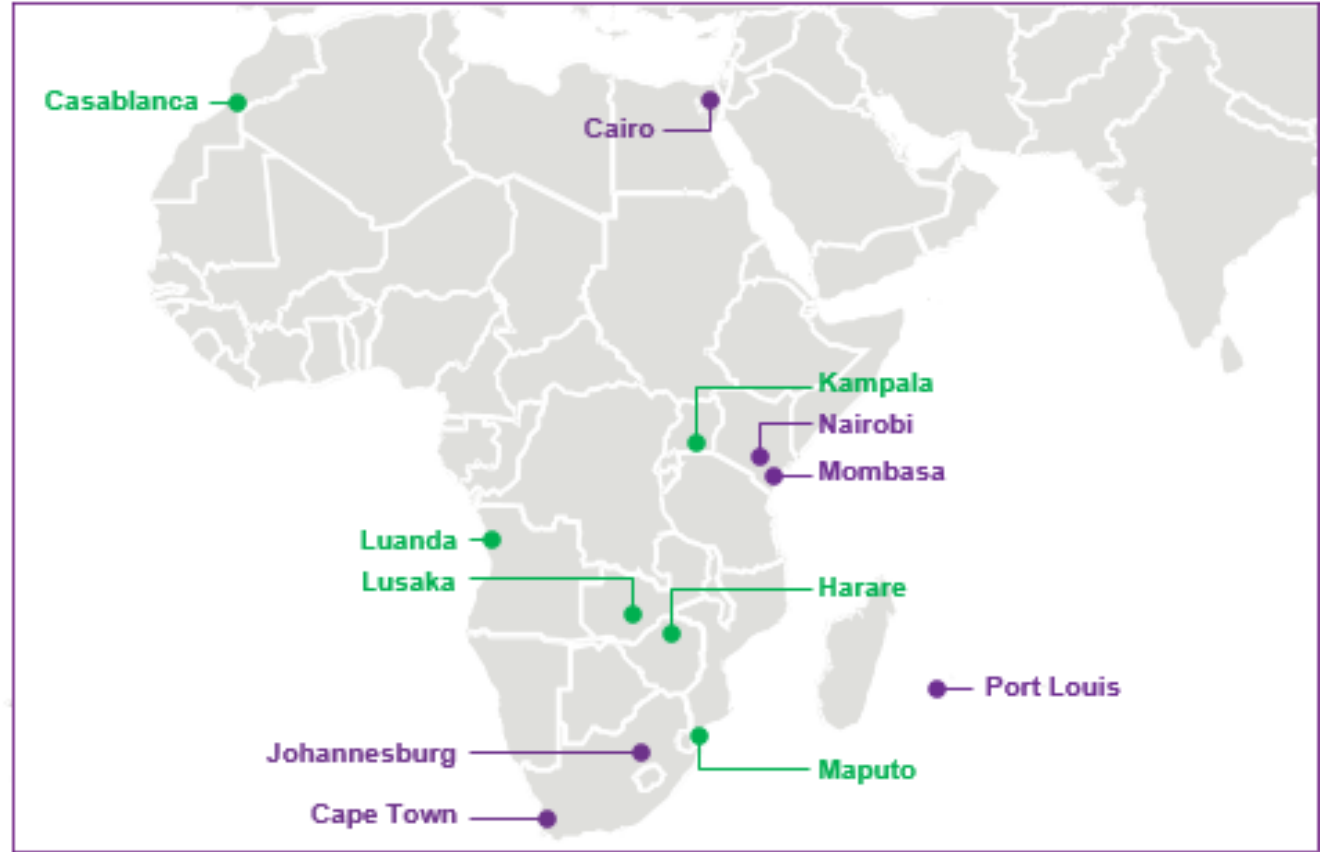
Capabilities

- **Barloworld:** Advising Barloworld on their Khula Sizwe transaction, a transformative public M&A deal for South Africa.
- **Lactalis:** Part of the global Dentons team advising this multinational dairy products corporation on its c.ZAR13bn acquisition of Aspen's global nutritional business.
- **New GX Ventures:** Legal advisor to RMB Ventures and the empowered investment group New GX Capital in the establishment and funding of their R1.2bn joint venture vehicle.
- **ZARX:** Legal advisor to ZARX, the ground breaking new South African stock exchange, on their Listings Requirements.
- **Areva:** Successfully acting for Areva NP Incorporated in France ("Areva") in opposing an interdict brought by Westinghouse Electric Belgium Societe Anonyme ("Westinghouse") in the High Court. Westinghouse sought to interdict Eskom Holdings SOC LTD from concluding a ZAR5 billion rand contract with Areva for the replacement of steam generator reactors at the only South African nuclear power plant, situated in Koeberg in Cape Town. Westinghouse successfully appealed against the High Court order to the Supreme Court of Appeal (SCA), and Areva in turn appealed to the Constitutional Court against the SCA court order. Areva eventually won by succeeding with its Constitutional Court appeal.
- **Eskom:** Conducting a "deep dive" investigation into the affairs of Eskom. Dentons led a team of lawyers, engineers and accountants to provide the client with a cross-professional report regarding the affairs of Eskom.

Dentons in Africa

Key facts

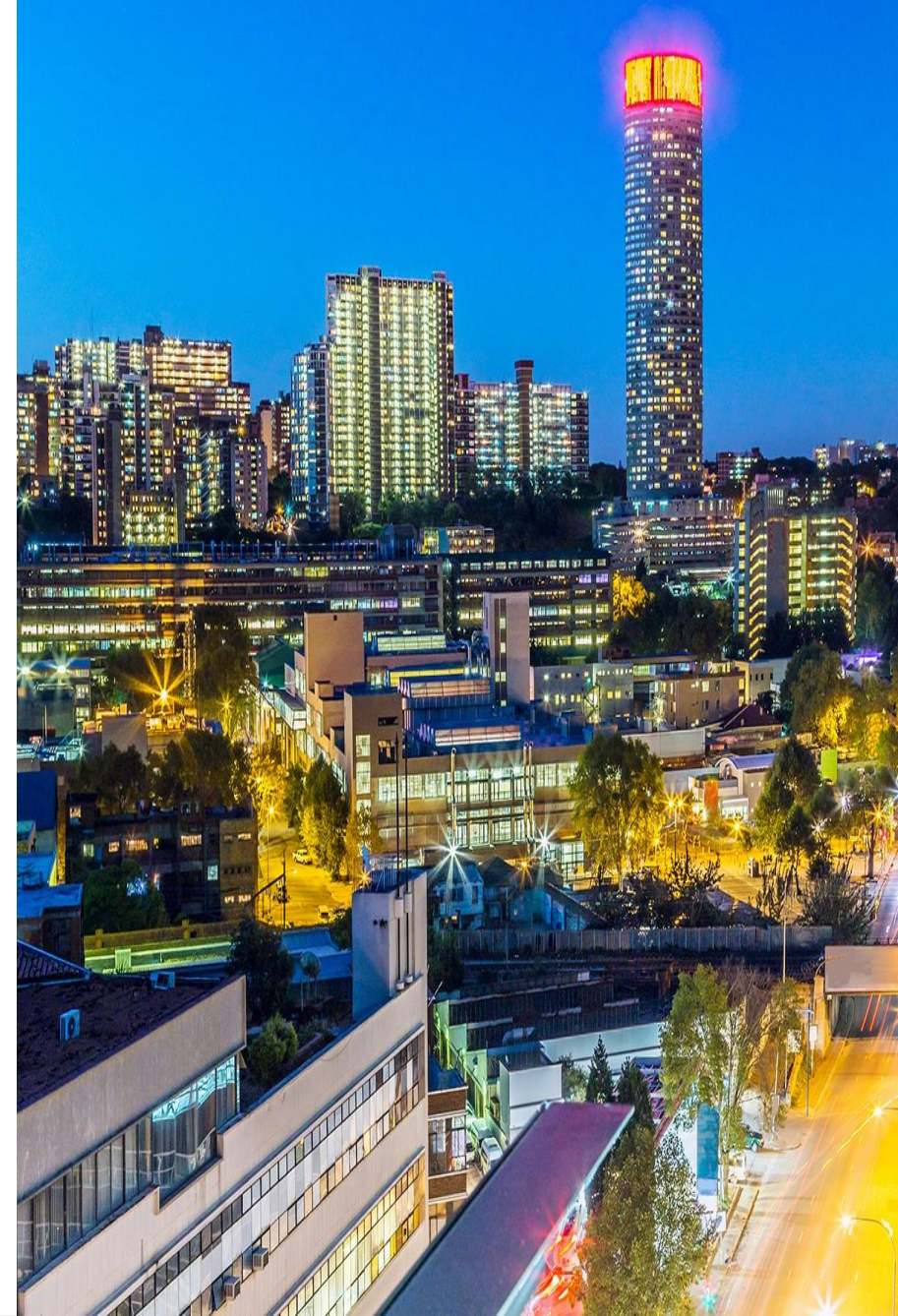
- **First major international law firm in Africa.** Dentons Cairo was established in 1964 (50+ years ago).
- **Legal heritage dating back to 1902** (through our Dentons Hamilton, Harrison & Mathews combination).
- **7 offices in 5 countries** in Africa (Cairo, Casablanca, Cape Town, Johannesburg, Mombasa, Nairobi and Port Louis) and relationships with African firms spanning Africa through our Nextlaw Referral Network. In June 2019 Dentons announced it will launch in **Harare**, Zimbabwe in Q4, 2019.
- A team of **100+ Dentons lawyers** on the ground.
- **100+ years** of Africa deals experience **spanning every country** on the African continent.
- Our Africa network has **strong relationships** with government, financial institutions and key representatives within the private sector - **all are vital when doing business in Africa.**



“What drives Dentons is a strategic commitment to Africa.”
The Times

Key risks

- **High Levels of Corruption**
 - Zondo Commission
 - Wheels grind slow but fine
- **Stability of electricity supply**
 - R230 bn to support Eskom over the next decade
- **Slow economic growth**
 - IMF bail out not likely to be needed
 - Recently released economic reform plan
- **Land reform and Investor Protection Act**
 - Need certainty
 - A moral, social and economic imperative for SA
- **Social and Labour Unrest**
 - Increasing income disparities and lack of service delivery to poorest areas



Key opportunities

- Growing economy
 - Q2 growth – 3.1% (exceeded the forecast of 2.4%)
- Strong institutions
 - Independent judiciary
 - Stable well regulated financial system
 - Strong capital markets regime
 - Ranked 2nd in the world for transparency of government budgets
- Excellent infrastructure
 - Ranked 5th in the world for road connectivity
 - Fastest mobile network speeds in Africa
 - Ranked 9th in the world for mobile subscriptions
- One of the most diversified economies in Africa
- Strategic geographic location makes SA a key access point for trade into sub-Saharan Africa
- Robust and navigable legal environment



- 1st Strength of auditing and reporting standards
- 1st Protection of minority shareholders' interests'
- 1st Financing through the local equity markets
- 2nd Financial services meeting business needs and soundness of banks.
- 3rd Efficiency of corporate boards and regulation of securities.
- Top 20 global exchanges by market capitalization

Source: (WEF) Global Competiveness Index
2016/2017 & JSE 2016

Things to Keep in Mind



- **BLACK ECONOMIC EMPOWERMENT**
 - Primary tool for expanding participants in the economy
 - High BEE rating equals more opportunities
- **EXCHANGE CONTROL**
 - Government actively seeking greater FDI in South Africa
 - Non-residents may freely invest in South Africa - arm's length, fair market related prices, financed appropriately
 - No restrictions on foreign investment or repatriation of capital or dividends
 - Seek early legal advice before structuring
- **INVESTOR PROTECTION ACT**
 - SA terminated many Bilateral Investment Treaties (BITs)
 - Entered into prior to final Constitution
 - Replaced with Protection of Investment Act
 - Stated purpose to protect foreign investors
 - Equal treatment for foreign investors
 - Physical security of property – may only be expropriated in accordance with Constitution



Questions?

Thank You

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