

# Actis in review 2010

Actis 



## contents

welcome	1
where we are now	3
Actis at a glance	5
the Actis approach to investment	8
portfolio at work: Paras	10
portfolio at work: Songas	12
portfolio at work: 7 Days Inn	14
Actis timeline	16
portfolio at work: CIB	18
portfolio at work: Accra Mall	20
responsible investment	22
capturing value through carbon reduction: Halonix	23
Actis data	24
regions and sectors	25
investments	26
investors	27
portfolio companies a-i	28
portfolio companies k-x	30
team	32

# the positive power of capital

# welcome

I have always expressed great optimism for the markets in which Actis invests and I continue to do so. I hope this review gives you some sense of that optimism, and the enormous opportunities we believe exist for the long-term investor in emerging markets.

We do not investigate the performance of the portfolio in this report. You may find that odd, perhaps irritating. After all, isn't that a primary measure of our success as a private equity firm? We wanted to use this report to measure our progress as a company. We regularly update our investors about the performance of our portfolio, using a number of different channels. This report gives us the chance to reach beyond the figures and explore what makes us tick.



**Paul Fletcher**  
Senior Partner, Actis



# where we are now

In 1981, investment manager Antoine van Agtmael was having little luck selling his ‘Third-World Equity Fund’. He told *The Economist* in 2008: “Racking my brain, at last I came up with a term that sounded more positive and invigorating: emerging markets. ‘Third world’ suggested stagnation; ‘emerging markets’ suggested progress, uplift and dynamism.”<sup>1</sup>

The term stuck. Actis was founded in July 2004 as an emerging markets private equity fund. Africa, China, Latin America, South Asia, and South East Asia – these are the markets where Actis invests and where we have our offices: in Nairobi, Cairo, Lagos and Johannesburg, Beijing and Sao Paulo, Mumbai and Singapore. One firm in many places. Actis portfolio companies arc across the emerging markets and our investment managers spend much of their time travelling between them, advising, investigating and uncovering new investment themes.

Clarifying our understanding of an ‘emerging market’ is one function of this essay. We also hope to explain the Actis investment philosophy, how we measure our success, and why we believe we are uniquely placed to capitalise upon, and contribute to, the very ordinary revolution taking place across our markets.

In January 2010, the respected CEO of Nokia Olli-Pekka Kallasvuo advanced his belief that the label ‘emerging markets’ was redundant and belongs to the past. He argued that these markets have emerged, and that calling countries outside the West ‘emerging’ or ‘developing’ simply, “doesn’t reflect the state of innovation and business development in these areas.”<sup>2</sup>

At the World Economic Forum meeting in Davos this year there was talk of a new ‘LUV’ model, first mentioned last summer; classifying economies by how fast they responded to the economic crisis. ‘L’ was the shape of recovery in Western Europe; ‘U’ was South and North America; while a victorious ‘V’ was the robust bounce-back of the emerging markets.<sup>3</sup>

Perhaps the best response at this point is simply to adopt ‘emerging markets’ as the most useful phrase we

---

<sup>1</sup> ‘Ins and Outs’, *Economist* (18 September 2008)

**van Agtmael**, Antoine; *The Emerging Markets Century: How a New Breed of World-Class, Companies Is Overtaking the World*, Free Press (January 2007)

<sup>2</sup> **Kallasvuo**, Olli-Pekka; address at Consumer Electronics Show, Las Vegas (8 January 2010)

<sup>3</sup> **Dawson**, Stella; ‘It’s the Summer of L-U-V’, *Reuters blog MacroScope* (3 July 2009)

currently have in our lexicon to describe the growth and opportunity evident in certain geographies. It is precisely these twin qualities of growth and opportunity that epitomise our markets – as infrastructure needs and consumer demands grow, opportunities open up for private capital to step in and provide fresh solutions.

Whether we are helping take a privately owned Chinese company to Initial Public Offering (IPO) on the New York Stock Exchange for the first time, as we did with Suntech in 2005; or playing our part as co-investor in the largest Management Buy-Out (MBO) in Malaysia with Unza, as we did in 2004; or exiting Celtel, one of the first telecoms providers in Sub-Saharan Africa in a trade sale that realised four times on investment; we are proud to be part of some of the most pioneering global deals, listings and exits.

## We bring intellectual capital, best practice, corporate governance, a global platform for national brands and patient capital. We are business partners.

We hope to maximise our returns for investors while also maximising returns for the societies we serve. Cynics see this as a conundrum. We see it as 21st century capitalism; fundamentally associated with 'the new normal' in a post crisis world. It is an approach predicated on the idea that we must do more than make money; making money is necessary but not sufficient. We must build businesses and shape societies too.

For financial growth, as evidenced by a resilient GDP or GNP, is after all only one blunt measure. As Robert F Kennedy famously observed, gross national product does not, "include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything in short, except that which makes life worthwhile."<sup>4</sup>

Our success then must be measured and experienced by all our stakeholders: our investors, the CEOs of those companies in which we invest, their employees – all 87,383 of them, our staff who steward the investments, and the customers whom these businesses serve. These customers are the protagonists of this ordinary revolution.

And they are innumerable. The young couple out for their first date, stopping off for a tasty and affordable hot-pot before they go out in the city. A heart bypass patient, father of four in Gujarat, treated at a hospital a few miles from his home rather than flying to Mumbai for the surgery. A businessman in a province of China on the road visiting potential clients, knowing he needs to keep his overheads low, but able to stay somewhere comfortable, with a proper internet connection. A mother and daughter shopping in Accra, stopping to grab a pizza in the mall and, at the last minute, catching a movie; laughing over their popcorn as the story unfolds in the dark.

These experiences may sound obvious or clichéd. Nothing special you may say. But in places where these every day luxuries were once extraordinary, they represent progress. The chance to be treated for a serious medical condition as a middle income family by doctors in your own state. The chance to spend your money safely and enjoy the guilty pleasures of retail therapy with your teenage children. And the chance to go to the bank, use an ATM, and get advice from a cashier on almost any street corner. These are conveniences it is easy to disregard, yet they matter.

If capitalism held any promise it was of choice, freedom and opportunity.

The shoppers, students, agricultural workers, business men and women lie at the heart of Actis. The generations of consumers who trade, transact, buy, light their homes,

---

<sup>4</sup> Kennedy, Robert F; address at University of Kansas (18 March 1968)

# Actis at a glance

**US\$4.8bn**

total funds under management

**87,383**

number of employees working in Actis portfolio companies around the world

**69**

number of portfolio companies

**US\$4.3bn**

realised from US\$1.7bn cash invested

**234**

Actis staff, employed in ten offices around the globe

**117**

number of Limited Partners invested in Actis funds



learn, bank, study, travel, in each of those emerging markets where we have a presence.

As a private equity firm we bring capital to companies in these territories, yes, but the capital we invest is not purely monetary. We also bring intellectual capital, best practice, corporate governance, a global platform for national brands and patient capital. We are business partners. And we can make that promise to support and sustain growing companies, because we are ourselves a growing company: we understand the journey they have embarked upon.

In the last five years Actis has gone from a firm with one investor to over 100. We have raised over US\$7.3bn. We have professionalised. Without jeopardising the fundamental decency of our culture we have become more competitive and raised our game.

We see helping the private sector deliver on its responsibility to make a positive contribution to civic society as core to who we are, what we do and how we do it. We call this the positive power of capital.

Part of that approach comes down to what we will not do (no gambling, tobacco, hard liquor, arms, pornography), but it also touches on what we will do.

We will stick with tough investments with challenging inheritances, for example Umeme, where the legacy of decades old rotting wood electricity poles means we have willingly taken on the challenge of restoring Uganda's electricity distribution business. We will work with portfolio companies to introduce environmental, social and governance best practice, and deploy our sector and regional knowledge and contacts to strengthen management teams.

We will broaden the dimensions of our leadership and our own talent at Actis, hiring the best in class, often from non-traditional backgrounds. We will ensure that the people

working within each of our sectors: Business services, Consumer, Financial services, Industrials, Infrastructure and Real estate, are making progress against shared objectives.

We will also try, in the coming years, to quantify and measure the value that private equity as an asset class brings to the world economy. We call it 'not-so-private equity' – the assumption that as citizens, parents, investors, we engage with the societies around us and play an ever more active, transparent role.

Our money counts. The returns on that money count for the pensioners and individuals to whom it belongs. The money itself counts to the entrepreneurs it funds and encourages. And for the employees who depend on that money for their monthly take-home it matters even more.

We are proud to be part of this interdependent community of human beings and buying decisions. We make money work hard for everyone who touches it, ensuring that when it goes back to its investor it has enriched the lives of those who helped it grow.

We think what we do, sitting at this intersection of capital and society, shaping the way in which these economies grow, however humbly, is a privilege. We take it seriously. We want to do the right thing.

As we look to the future there is no doubt that the economic environment for private equity will become ever more complex. The challenge will be how to keep doing what we do without compromising our standards or our financial results. We are committed to this challenge and to supporting the ordinary revolutions taking place every day in the emerging markets. ■

in the last five years Actis  
has gone from a firm with  
one investor to over 100

as citizens, parents,  
investors, we engage  
with the societies  
around us and play  
an ever more active,  
transparent role



# the Actis approach to investment

Actis closed its pan-emerging market private equity fund, Actis Emerging Markets 3, on 26 November 2008 with commitments totalling US\$2.9bn.

Our second infrastructure fund, Actis Infrastructure 2, closed on 30 September 2009 with commitments totalling US\$751m.

Our real estate fund, Actis Africa Real Estate, closed on 24 July 2006 with commitments totalling US\$154m.

In investing these funds we follow an emerging markets investment thesis which rests on two pillars:

- 1 rising personal wealth and domestic consumption driven by the rapid expansion of the consumer class
- 2 investment in domestic infrastructure

We apply this thesis to six sectors: Business services, Consumer, Financial services, Industrials, Infrastructure and Real estate.

We source deals in these six sectors across Africa, South Asia, South East Asia, China and Latin America.

The on-the-ground local teams are supported by the six sector teams, and a central global Investment Committee which has approval and oversight of all investments. In their day-to-day business our investment professionals locally rely on a single, global services platform encompassing Operations, Finance, Human Resources, Communications, Funds Administration and Knowledge Management.

We generate our financial returns by patiently growing businesses rather than through leverage. A group within Actis dedicate their attention solely to working with portfolio companies, fostering best in class business practices and long term growth.

In the last five years Actis staff have invested over US\$17m of their own money into Actis companies, helping align their interests with those of investors.



# Paras



**Date of investment** August 2006

**Deal type** Replacement Capital

**Deal size** US\$145m

**Funds** Actis Emerging Markets 3

Actis India 3

Actis India 2

Actis South Asia 2

When Actis invested in Paras in 2006, the health and personal care products company was already a leader in the fast growing Indian personal grooming and healthcare market. Moov, a pain relief ointment produced by Paras, is one of India's most best known brands and Paras boasts fourteen other successful brands, each with evocative names (anti-ageing cream 'Recova'; cracked heel cream 'Krack' and the headache relief tablet 'Stopache'), catchy jingles and tantalising straplines (Livon hair untangler: "Fall in love with your hair again with Livon Silky Potion", Setwet Hair Gel: "Setwet style: very, very sexy!")

Paras has long capitalised on its home Indian market. Many of its health care products feature components used in Ayurvedic medicine, and the company has built its success on meeting the needs of India's growing middle-class. In the words of its chairman, Paras's products are not personal care products as much as 'lifestyle' products.

The growth of the middle-class consumer is a key part of Actis's emerging markets investment thesis, making Paras an excellent fit. Our objective was to capitalise on Paras's strong position in an expanding market by helping the company to further professionalise.

In late 2008 and early 2009 Actis and Paras's management undertook a total revamp of Paras's sales and distribution systems and product lines – supporting the launch of new products like 'Moov Neck and Shoulder', and 'DermiCool Skin Defense Talc'. Actis also put in place a strong board and recruited a new CEO and senior management team with many year's industry experience in companies such as Hindustan Unilever and Dabur.

The company has seen a significant rise in sales and profitability: year-to-date revenue growth is 32% and Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA) is 51%.

The future looks bright. Paras has strengthened its Indian presence with new products and revamped brands and an advertising strategy implemented in late 2009 is beginning to pay off. Paras products are now available in forty countries and the company is targeting the Middle East and North Africa as its next growth markets. Our offices in Africa are supporting the Paras management team in identifying appropriate growth opportunities.

[www.paraspharma.com](http://www.paraspharma.com)

“Setwet style:  
very, very sexy!”



# Songas



Date of investment 2003

Funds Actis Infrastructure 2

Deal type Greenfield and expansion

Deal size US\$146m<sup>1</sup>

It is often said that water is the source of life; similarly, electricity could be described as the source of economic growth. Without power, food and medication cannot be stored, factories cannot run and offices stall; power shortages are economically crippling and socially damaging.

Energy poverty in Sub-Saharan Africa is particularly acute: on a per capita basis power generation capacity in the region is about one tenth of the levels found in other low-income regions.

Generation of electricity using Tanzanian indigenous gas had been a frustrating aspiration for many years. Development of Tanzania's Songo Songo gas field had been stopped in the 1980s due to the poor investment climate. This continued in the 1990s, with no foreign commercial lenders willing to support the sector.

In 2003, Actis portfolio company Globeleq invested in Songas, a gas processing facility on Songo Songo Island connected by a pipeline to the 190 MW Ubungo power plant 243km away.

Songas offered the opportunity to build a platform for power development in Tanzania, both for domestic use and for export to Kenya. There was a clear gap in the market for a platform of this kind.

Operation began in October 2004, stepping up to its current capacity by July 2005. Since then, it has been estimated that over US\$1.8bn has been saved by the Tanzanian government by using Tanzanian gas rather than imported oil.

Today, Songas is the largest gas-fired power plant in East Africa and accounts for 20% of installed electricity production capacity in Tanzania; this reliable supply took on a new dimension during the 2006 droughts when electricity production from the country's hydropower plants slumped to an all-time low.

From the start of its activities, Songas has been monitoring its environmental impact. Twenty-seven different environmental and social studies were carried out across the project to best understand the total impact of the project; this resulted in the creation of an integrated Environmental and Social Management Plan, approved by the World Bank. This plan monitors issues of biodiversity, air quality, forestry, water, soil erosion, waste, health and safety. As part of its commitment to the community Songas has helped construct water and electricity supplies, and a dispensary. The success of Songas supports Actis's belief that domestic infrastructure is, and will continue to be, a key driver of economic growth in the emerging markets.

[www.songas.com](http://www.songas.com)

<sup>1</sup> Represents amount invested by Globeleq in 2003. Globeleq was acquired by Actis Infrastructure Fund 2 in 2009.

An aerial photograph of an industrial facility, possibly a power plant or refinery. The site is enclosed by a fence and contains several large buildings with corrugated metal roofs, two large cylindrical storage tanks, and various pieces of industrial equipment. A road with a few vehicles runs along the right side of the facility. The foreground shows some smaller, more basic structures and trees.

“...domestic infrastructure is a key driver of economic growth in the emerging markets”

# 7 Days Inn

Date of investment October 2008

Deal type Growth capital

Deal size US\$53m

Funds Actis Emerging Markets 3

Actis China 3

Actis China 2

7 Days Inn is a leading Chinese budget hotel chain, providing value for money accommodation to business travellers and tourists. It has grown from just five hotels in Guangzhou and Shenzhen in 2005, to 337 hotels in 54 cities today. It is now the second largest budget hotel chain in China by number of hotels and is still growing: 7 Days Inn plans to open 70 to 80 leased hotels, and 100 to 120 managed hotels in 2010.

Increasing consumption by the growing Chinese middle class has underpinned the expansion of 7 Days Inn. When we invested US\$53m in October 2008, we were attracted to 7 Days Inn's strong position in the Chinese budget hotel sector, and to its e-commerce based operating model, which we saw as a key differentiator from its competitors.

7 Days Inn boasts a highly advanced e-commerce platform, combining internet and mobile technologies with its hotel booking and management system. It also operates a membership system, which allows members to book hotel rooms on-line or via telephone/SMS. These bookings save 7 Days Inn the commission usually paid to booking agents; the scheme also generates customer loyalty and cross-selling opportunities. It is now the largest membership base in the industry.

The strength of 7 Days Inn's low cost business model was illustrated during the Chinese economic slowdown in

2008–2009. In 2008, Meng Ann Lim, Actis's Head of China, commented, "we are impressed by 7 Days Inn's sustainable low cost advantage and are confident that they will emerge from the current economic slowdown as one of the biggest and strongest in the industry". This was borne out over 2009, when the budget hotel sector took market share in China from higher priced hotels.

Despite the overall success of 7 Days Inn, the business has not been without challenges. Throughout 2008 and 2009, the company's capital structure, which included senior debt of some US\$80m, constrained the company's ability to keep expanding. Actis worked with the company to remedy this situation and in November 2009, 7 Days Inn began trading on the New York Stock Exchange following a successful IPO which raised US\$111.1m. This significantly improved the company's capital structure, allowing all of the senior debt to be repaid and giving the company room for further expansion. Based on current cash flow, 7 Days Inn can now self-fund 70–100 new leased hotels per year without raising more capital.

None of 7 Days Inn's shareholders sold shares in the IPO. In Actis's case this reflects our belief in the company's continuing strong growth potential. We remain a strategic influence on the company, with Meng Ann Lim serving as a Director, and Chair of the Board's Compensation Committee. Mr Alex Zheng, Founder and CEO of 7 Days Inn, commented "We are impressed by Actis's knowledge and professionalism and value our collaboration with them at this exciting time of opportunity in the budget hotel industry."

[www.7daysinn.cn](http://www.7daysinn.cn)



“increasing  
consumption  
by the growing  
Chinese middle  
class has  
underpinned  
the expansion  
of 7 Days”



7天连锁酒店

www.7daysinn.com





m in one of Nigeria's  
mond Bank.

e largest  
uts in South Africa

ctors Ltd – the  
ce equity backed  
e of the first control

er 2007  
ompletes the sale  
eq's power assets  
in America, Asia  
n Africa. Actis retains  
ran power assets  
nches Globeleq as  
power development

er 2007  
s its investment in  
El-Mizan, Egypt's  
roducer of halawa  
a foods, which was  
BO in Egypt.

er 2007  
s its ownership in  
s, the first world  
oping mall in Lagos,  
erian partner.



**July 2008**

Actis consolidates its pioneering role in African real estate with the official launch of Accra Mall, the first and only A-grade shopping mall and leisure centre in Ghana.

**August 2008**

Actis leads the US\$700m consortium buy-out of Alstom SA (now named Actom), an electrical engineering business in South Africa.

**November 2008**

Actis closes its pan-emerging markets private equity fund, Actis Emerging Markets 3, at US\$2.9bn.



**November 2008**

Actis invests in leading hot pot chain, Xiabu Xiabu, completing a hat-trick of transactions in the Chinese consumer sector.

**April 2009**

Actis signs UNPRI agreement.



**July 2009**

Actis invests US\$244m in Commercial International Bank, a leading Egyptian bank.

**September 2009**

Actis raises US\$751m for its fund, Actis Infrastructure 2.



**October 2009**

DFCU wins the Global Banking Alliance for Women '2009 Innovation Award'.



**November 2009**

Actis portfolio company 7 Days Inn announces its successful listing on the New York Stock Exchange.



**January 2010**

Globeleq completes the acquisition of Energias Renovables de Mesoamerica SA, the owner, operator and leading developer of wind projects in Central America.

**February 2010**

Actis invests US\$50m in Integreon, a leading provider of legal support, research and business services to law firms, financial institutions and corporations.

2008

2009

2010

2011

ong Kong's return

risano wins the  
ion award which  
brates excellence  
and stimulates  
ernance across Sub-  
he world.

**July 2008**

While the world suffers from the subprime fallout in the US, investors experience a leap in the share price of Industrial & Commercial Bank of China (ICBC) making it the world's biggest bank by market capitalisation.

**August 2008**

Beijing hosts the Olympics.

**December 2008**

African exports rose from US\$319bn in 2007 to US\$413.7bn in 2008, a 29.7% rise.

**June 2009**

World Bank in China raises 2009 growth forecast to 7.2%.

BRIC leaders hold first summit to discuss the global financial crisis.

**August 2009**

South African President, Jacob Zuma announces 2.4bn rand (US\$300m) relief scheme for workers facing redundancy in South Africa.

**October 2009**

Brazil wins Olympic bid to host 2016 Olympics.

**January 2010**

China posts a 17.7% rise in exports in December, suggesting it has overtaken Germany as the world's biggest exporter.

# CIB



**Date of investment** July 2009

**Deal type** Replacement

**Deal size** US\$244m

**Funds** Actis Emerging Markets 3  
Actis Africa 3

In July 2009, Actis invested US\$244m in Commercial International Bank (CIB), the largest privately owned Egyptian bank. This was not only one of Actis's biggest investments; it was also one of its fastest with just six weeks between the initial meeting with the vendors, and completion.

CIB presented an exciting opportunity to invest in a highly profitable blue chip private sector bank in an under-penetrated, growing and resilient market. The combined insight of the local and sector teams gave us the confidence to invest at a time when global market concerns were high in the minds of many investors.

In March 2009, the Financial Services team at Actis embarked on a global benchmarking exercise to evaluate opportunities in different regions and identify potential investments which showed defensive characteristics, good value, and which were well positioned for growth.

This exercise underlined Egypt as a region with particularly attractive growth characteristics. It boasts a high growth economy, a rising population of 76 million, and a banking market which is conservatively managed and administered by a well regarded regulator. There is also growing retail demand from the consumer, driven by the fact that only 20% of the population has a bank account.

The team had been following CIB for some time and the Cairo office had identified it as its top local target for 2009. "We tracked the business for three years," says Mark Richards, Head of the Financial Services group at Actis. "So when the opportunity came up, we knew the bank, the banking sector and the economy were in far better shape than markets realised".

Nine months on from the initial investment CIB is delivering perfectly in line with expectation. Actis has implemented a strong value add plan which is beginning to bear fruit. With Actis's support, CIB's retail banking growth has accelerated, and new business practices have been introduced in their small and medium sized enterprise (SME) banking services. Meanwhile, we have helped introduce a global cash management capacity for the first time, and have strengthened risk and governance reporting. Finally, the investment team has worked closely with the bank to refine its Investor Relations strategy, introducing new investors to the bank. In February 2010, Actis Senior Partner Paul Fletcher joined the CIB Board.

The CIB investment joins a stable of Actis banking investments, including India's UTI Bank (now exited), and in Africa: Banque Commerciale du Rwanda, Diamond Bank in Nigeria and DFCU in Uganda.

[www.cibeg.com](http://www.cibeg.com)



“We knew the bank,  
the banking sector and  
the economy were in  
far better shape than  
markets realised.”

# Accra Mall



Date of investment 2006–2007

Funds Actis Africa Real Estate 2

Deal type Real estate development

Deal size US\$36m

Accra Mall likes to call itself “The mall with it all”, which is not far from the truth. Since its opening in 2008, Accra Mall has set the wheels of a retail revolution in motion. As well as shops, it houses a cinema, bars, restaurants, a dentist and a medical centre.

Having already invested in the development of destination malls in other African countries, Actis saw Accra Mall as something Ghana not just wanted but needed. When basic goods have to be sourced from London, you know there is the opportunity both to make a return on your investment and improve the quality of life.

Actis managed the development process, invested the equity and raised the debt to finance this US\$36m project. It opened close to fully let, attracts 25,000 shoppers a week, and rental growth has been strong.

The mall has had tangible positive impacts on the local economy: as well as employing 900 people, it has stimulated the local supply chain, helped attract investment in the surrounding area, boosted activity in the formal sector, and provided better and cheaper goods.

Actis drew on its pan-African network to secure high quality anchor tenants for the mall, including South Africa’s Game and Shoprite. These well-established retailers helped trigger a chain reaction in improving

quality standards amongst employees and suppliers. All mall tenants now provide training to their staff, notably in customer service.

In addition, many suppliers have been offered training and guidance on meeting standards and tips on managing stocks (such as the use of barcodes). Shoprite has been particularly active through its ‘Proudly Ghanaian’ labelling system, offering support and advice to local businesses.

The mall has been a hit with shoppers: several tenants have reported turnover ahead of forecasts, and the feedback from customers has been overwhelmingly supportive. “My partnership with Actis brought about the realisation of my dream,” concluded Mall Founder, the late Joseph Owusu-Akyaw. “It attests to the fact that effective collaboration is key in economic development.”

David Morley, Head of Real Estate at Actis said: “Accra Mall is not just about air conditioned one stop shopping, it is about creating a destination where people come to socialise and relax, something Europeans or South Africans take for granted. The mall has become a focal point for the city; it marks the beginning of a retail and leisure revolution.”

[www.accramall.com](http://www.accramall.com)



“it is about creating a destination where people come to socialise and relax, something Europeans or South Africans take for granted”

# responsible investment

We believe it is possible to achieve significant financial profit while also creating meaningful non financial returns.

Our investment approach is underpinned by the observance of rigorous Environmental, Social and Governance guidelines. These can be read in full at:

**[www.act.is/465/responsible-investment](http://www.act.is/465/responsible-investment)**

Some are preventative or precautionary: designed to minimise harm. Others are intended to maximise the value we add with regard to an investment, strengthening the reputation of the investee company. Throughout the life-cycle of an investment the Environmental, Social and Governance guidelines manifest themselves in several ways.

## Marketing and Origination

When making investment decisions we ask ourselves:

- Does this business do or cause harm?
- Is the business in a sector acceptable to us? (We do not invest in nuclear or military equipment, gambling, tobacco, hard liquor, or pornography.)
- Is the proposed investment fully acceptable in terms of specific ethical issues e.g. Actis's position in relation to countries with a record of poor human rights?
- Does the business currently meet our standards in terms of business integrity, climate change, health and safety, social, and environmental issues?

## Screening and Due diligence

If we discover as part of our due diligence that aspects of the business do not yet meet our guidelines, we:

- Highlight those areas where we have concerns – these may relate to standards of integrity and honesty; or accordance with local laws and international best practice.
- Talk openly with the company's management to discover their ability and willingness to change.

If we are confident that, with our help, all areas of non-compliance can be addressed we will move forward.

## Investment management

Once we are actively managing an investment we look for ways to maximise the upside environmentally and socially, while also reducing any environmental and social risk. We measure progress against a pre-agreed investment plan and regularly assess whether we are adding value to the company from an Environmental, Social and Governance perspective.

## Exit

When we exit we assess potential buyers on their ability and appetite for maintaining the guidelines we have put in place.

# capturing value through carbon reduction: **Halonix**

The light bulb has become synonymous with that moment of inspiration when a great idea is born. At Halonix, India's largest manufacturer of energy efficient compact fluorescent and halogen lamps; the light bulb has become the idea itself, encouraging a combination of commercial, social and environmental returns.

The idea is simple but winning: a carbon trading scheme powered by energy efficient bulbs.

Under the scheme, Halonix distributes energy efficient light bulbs to domestic consumers in rural areas. The consumers receive the bulbs at subsidised rates but Halonix gets a pre-determined near market price from EDF Trading. In addition, Halonix receives a share of the revenue from the sale of the carbon emission reduction units when they are traded on the market.

Halonix also takes back broken and old bulbs and disposes of them safely. This involves collecting the mercury from the bulbs and handing it over to the recycling authorities.

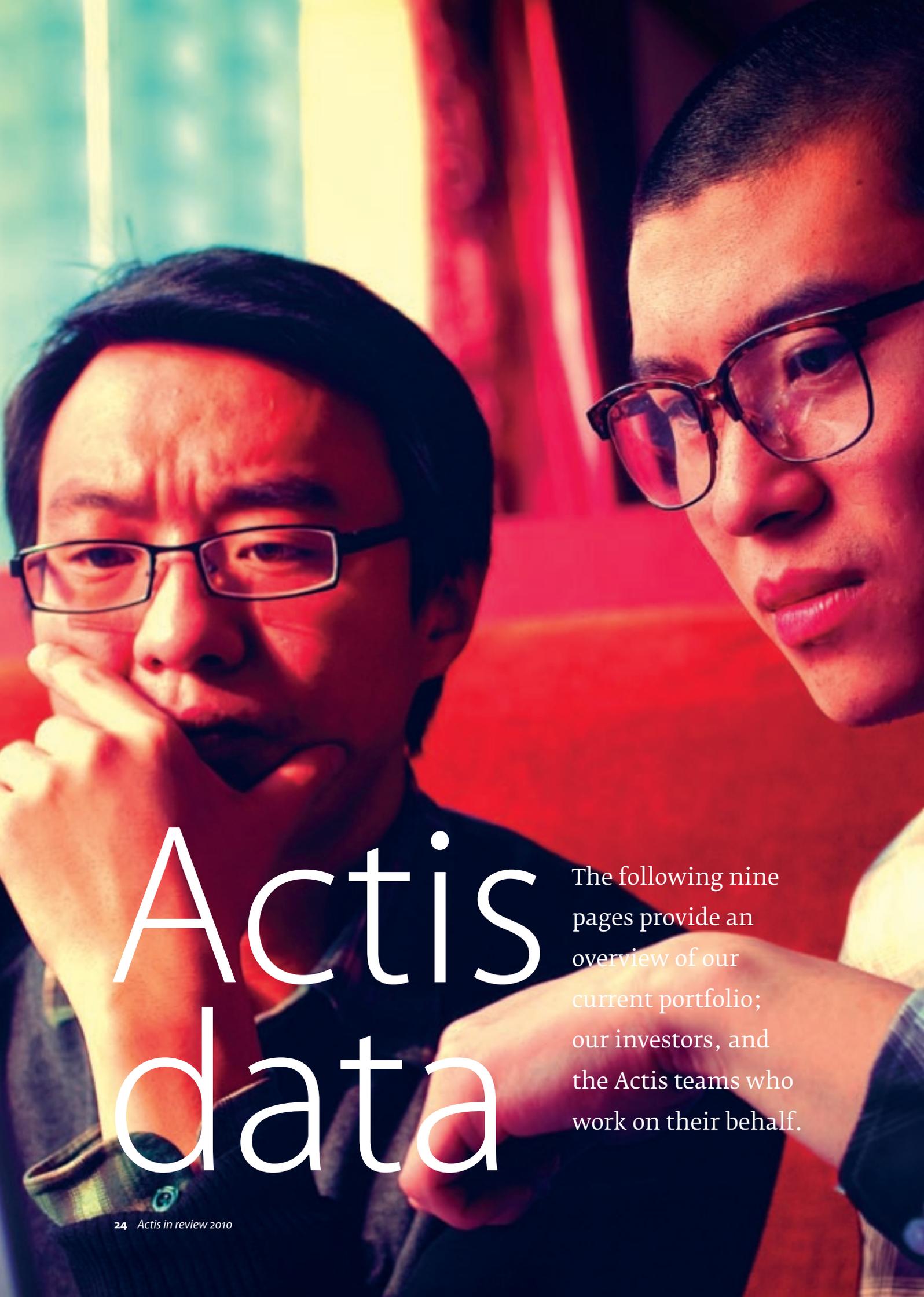
The energy saving lamps themselves; the treatment of the hazardous mercury stocks; and the resulting reduction in CO<sub>2</sub> are impressive, but even more so when evaluated alongside the financial returns. The first project, currently underway in Chhattisgarh, will result in revenue for Halonix of US\$500,000, plus an estimated revenue stream of US\$500,000 from the sale of 28,629 carbon emission reduction units.

Halonix will supply half a million bulbs under the first project; there are 82 projects in the pipeline. Halonix supplies a similar scheme in Himachal Pradesh where the power saved will amount to 243.8 MWH per year, with expected sales revenue of US\$5.4m.

Further expanding its reach, Halonix recently committed to supply specially designed solar lanterns for the 'Lighting a Billion Lives' campaign run by not-for-profit, The Energy and Resources Institute. Under this programme, solar lanterns are provided to rural low income households with limited or no access to the grid.

The humble light bulb which sparked this scheme promises to secure a better future for hundreds and thousands of Indian village dwellers, while also helping Halonix grow.

[www.halonix.co.in](http://www.halonix.co.in)

A photograph of two men in a meeting. The man on the left is wearing glasses and has his hand to his chin, looking thoughtful. The man on the right is also wearing glasses and is looking towards the left. The background is a blurred office setting with warm lighting.

# Actis data

The following nine pages provide an overview of our current portfolio; our investors, and the Actis teams who work on their behalf.

# regions and sectors



## principal sectors



### Business services

- Logistics
- Outsourcing
- Mining, oil and gas services
- Specialist business process outsourcing



### Consumer

- Education
- Healthcare
- Home and personal care
- Restaurants
- Retail (inc. food)



### Financial services

- Banks
- Financial services infrastructure
- Payment processing
- Specialty finance



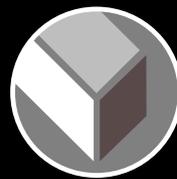
### Industrials

- Construction and building equipment
- Construction and building materials
- Electrical and electric components
- Power



### Infrastructure

- Distribution
- Power generation (renewables and non-renewables)
- Transmission and Transport (ports, roads and others)



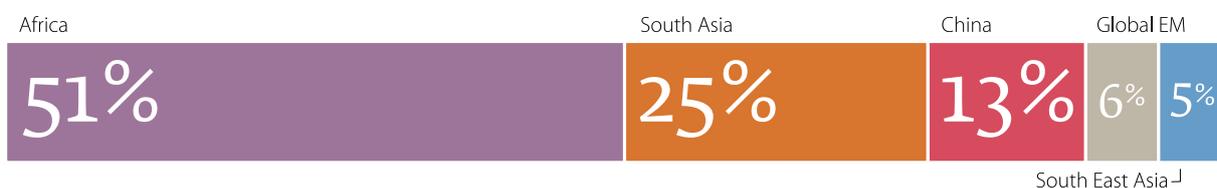
### Real estate

- Hospitality
- Office
- Residential
- Retail

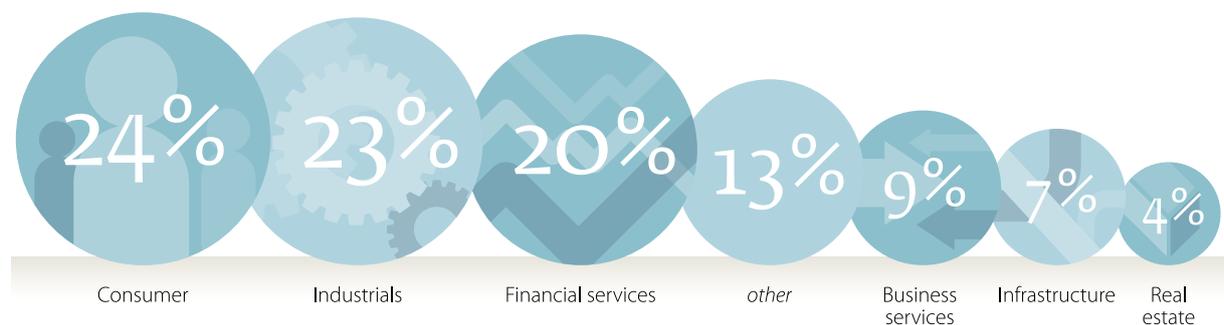
# investments

These diagrams show the Actis portfolio across all five regions and all six sectors, captured on 31 March 2010. Consumer tops the sector list, and Africa is the destination for the largest number of current Actis investments.

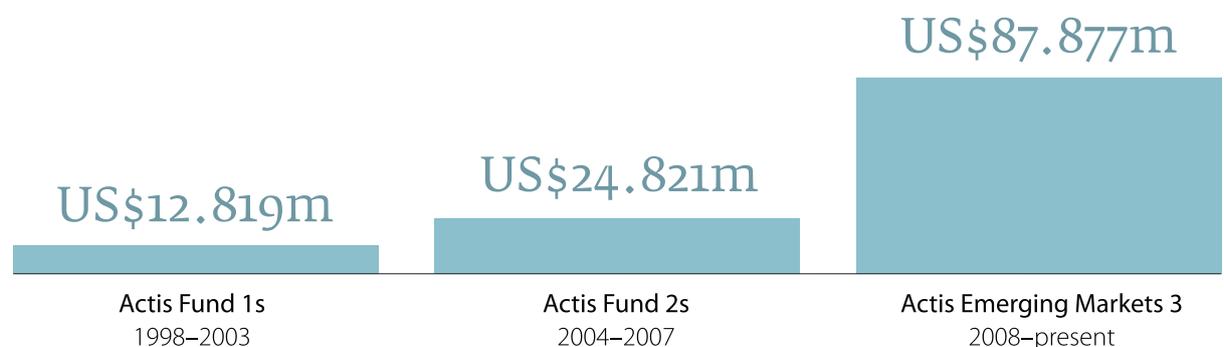
## value of investments by region



## investments by sector



## average deal size (private equity)



# investors

Actis invests on behalf of investors based predominantly in the UK, Europe, the US and Canada with growing interest from investors in Africa, the Middle East, Asia and Australia. Emerging markets focused private equity funds currently account for about 9% of investors' overall allocation to private equity,<sup>1</sup> we believe that figure could rise by as much as 12% in the coming 3–4 years.

## investors by region



## investors by type



### data notes

**Investments:** includes all current investments in Actis Emerging Markets 3, Actis Fund 2s, Actis Infrastructure 2 and Actis Africa Real Estate.

**Average deal size:** where an investment straddles two generations of funds, (e.g. Xiabu Xiabu, 7 Days Inn) we have counted the data in the later fund. Fund periods are all approximate.

**Investors:** figures exclude CDC Group plc. CDC Group plc is the anchor investor in each of Actis's funds and represents approximately 45% of total commitments to those funds.

<sup>1</sup> 'Emerging Markets' Share of Private Equity Investment Continues to Grow', [www.empea.net](http://www.empea.net), Emerging Markets Private Equity Association (8 March 2010)

# portfolio companies a-i

investee company	description	sector
<b>7 Days</b>	<i>budget hotel chain</i>	Consumer
<b>Accra Mall</b>	<i>retail and leisure development</i>	Real estate
<b>Actom</b>	<i>manufacturer and distributor for electrical engineering industry</i>	Industrials
<b>Alexander Forbes</b>	<i>diversified financial services</i>	Financial services
<b>Alumnus Software</b>	<i>software products and services provider</i>	Business services
<b>Ambow</b>	<i>personalised education and training</i>	Consumer
<b>APEC</b>	<i>oil and gas exploration</i>	other
<b>Asia Books</b>	<i>book and magazine retailer and wholesaler</i>	Consumer
<b>AVTEC</b>	<i>engine and transmission manufacturer</i>	Industrials
<b>Azito</b>	<i>power generation</i>	Infrastructure
<b>Banque Commerciale du Rwanda</b>	<i>bank</i>	Financial services
<b>Banro</b>	<i>gold exploration and development</i>	other
<b>Candax</b>	<i>oil and gas exploration</i>	other
<b>Capital Properties</b>	<i>commercial office development</i>	Real estate
<b>Ceylon Oxygen</b>	<i>industrial and medical gases manufacturer</i>	Industrials
<b>China PSE Investment Holdings</b>	<i>tertiary education</i>	Consumer
<b>CIB</b>	<i>bank</i>	Financial services
<b>CICO Technologies</b>	<i>construction chemicals</i>	Industrials
<b>Copperbelt</b>	<i>mining and resources</i>	other
<b>Dalmia Cement</b>	<i>cement plant and sugar mill operator</i>	Industrials
<b>DFCU</b>	<i>bank</i>	Financial services
<b>Diamond Bank</b>	<i>bank</i>	Financial services
<b>Equatoria Teak</b>	<i>teak plantation developer</i>	other
<b>Empower</b>	<i>power generation</i>	Infrastructure
<b>ERM</b>	<i>wind energy generation</i>	Infrastructure
<b>Fuel Logistics</b>	<i>supply chain and logistics services</i>	Business services
<b>Globeleq</b>	<i>power generation developer and owner</i>	Infrastructure
<b>Grain Bulk Handlers</b>	<i>grain handling facility</i>	other
<b>Halonix</b>	<i>halogen bulb and lamp manufacturer</i>	Industrials
<b>Ikeja Mall</b>	<i>retail and leisure development</i>	Real estate
<b>Infozech</b>	<i>billing software</i>	Business services
<b>Inpac</b>	<i>packaging provider</i>	Industrials
<b>Integreon</b>	<i>professional services outsourcing</i>	Business services
<b>IOREC</b>	<i>real estate development company</i>	Real estate

This shows all Actis portfolio companies, at 31 March 2010. The colours denote the region in which the investment is located. Individual Investment Managers are predominantly based in the region where the investment is located; these individuals are supported by the relevant sector team. The top 10 companies by value have been highlighted.

location	investment manager	deal type	investment date	top 10 by value
China	Meng Ann Lim	Expansion	OCT 2008	★
Ghana	Louis Deppe	Real estate development	NOV 2006	
South Africa	Jacob Hinson	Buy-out	AUG 2008	★
South Africa	Natalie Kolbe	Buy-out	JUL 2007	★
India	Girija Tripathy	Expansion	JAN 2001	
China	Tao Sun	Expansion	SEP 2008	★
South East Asia	Gary Addison	Start-up	OCT 2007	
Thailand	Sugandhi Matta	Buy-out	MAR 2006	
India	Prabir Talati	Replacement	JUN 2005	
Cote d'Ivoire	Torbjorn Caesar	Replacement	SEP 2009	
Rwanda	Sarah Mathies	<i>other</i>	DEC 2004	
DRC	Murray Grant	Expansion	OCT 2005	
Tunisia	Murray Grant	Expansion	APR 2005	
Tanzania	Louis Deppe	Real estate development	NOV 2006	
Sri Lanka	Asanka Rodrigo	Buy-out	SEP 2006	
China	Tao Sun	Start-up	FEB 2010	
Egypt	Hossam Abou Moussa	Replacement	JUL 2009	★
India	Girija Tripathy	Start up	MAY 2000	
DRC	Murray Grant	Expansion	JUL 2008	
India	Asanka Rodrigo	Expansion	MAR 2006	
Uganda	Sarah Mathies	Replacement	JAN 2003	★
Nigeria	Ngozi Edozien	Expansion	APR 2007	
Sudan	Keith Alexander	Start-up	AUG 2006	
Mauritius	Michael Till	Start-up	SEP 2009	
Central America	Torbjorn Caesar	Replacement	JAN 2010	
South Africa	Jacob Hinson	Buy-out	JUN 2007	
Global EM	Torbjorn Caesar	Replacement	SEP 2009	★
Kenya	Michael Turner	Replacement	JAN 2007	
India	Girija Tripathy	Buy-in	JUN 2006	
Nigeria	Louis Deppe	Real estate development	APR 2008	
India	Girija Tripathy	Expansion	OCT 2000	
China	Stephen Yip	Expansion	APR 2007	
India	Gautham Radhakrishnan	Buy-out	FEB 2010	
Mauritius	Kevin Teeroovengadum	Start-up	JAN 2009	

top 10 companies by value at 31 December 2009

# portfolio companies k-x

investee company	description	sector
Kilombero Valley Teak	teak plantation developer	other
LMKR	provider of info management solutions to oil and gas industry	Business services
Medikredit	electronic B2B switch and healthcare claims processing	Consumer
Mineral Deposits	mining and resources	other
MFE	aluminium formwork designer	Industrials
Moga	mobile phone operator	other
Mouka	foam manufacturer	Industrials
Nairobi Business Park	commercial development	Real estate
National Stock Exchange of India	stock exchange	Financial services
Nilgiri's	convenience stores	Consumer
Nitrex Chemicals	nitrocellulose manufacturer	other
Northpole	tent, home and garden equipment and luggage manufacturer	Consumer
Orezone Gold Corporation	gold exploration and development	other
Paras	healthcare and personal care	Consumer
Peters Papers	paper merchant	Industrials
Platmin	mining and resources	other
Poulina	branded food and building products	Industrials
Sandhar	supplier of automotive components	Industrials
Savcio	electrical repairs and services	Business services
Seven Energy	oil and gas production	other
Sinai Marble	commercial marble exporter	Industrials
Songas	power generation	Infrastructure
Sterling Add Life	hospital owner and operator	Consumer
Swaraj Automotives	manufacture of automobile seats and recliners	Industrials
Swaraj Mazda	light commercial vehicle manufacturer	Industrials
Taizinai	lactobacillus drinks	Consumer
Tanzania Tea Packers	tea production	other
Teknicast	aluminium die casting	Industrials
TEMA	manufacturer of heat exchangers	Industrials
The Junction	retail development	Real estate
Tsavo	power generation	Infrastructure
Umeme	electricity distribution	Infrastructure
Vaishnavi	mixed use development	Real estate
Veeda	clinical research organisation	Business services
Xiabu Xiabu	hot pot restaurant chain	Consumer

location	investment manager	deal type	investment date	top 10 by value
Tanzania	Keith Alexander	Start-up	JAN 2001	
Pakistan	Homer Paneri	Expansion	OCT 2007	
South Africa	Jacob Hinson	Management buy-out	NOV 2001	
Senegal	Murray Grant	Expansion	NOV 2004	
Malaysia	Ching Lee	Buy-out	JUL 2007	
Algeria	Meriem Smida	Expansion	DEC 2003	
Nigeria	Ngozi Edozien	Replacement	JUN 2007	
Kenya	Koome Gikunda	Real estate development	NOV 2006	
India	Nagarajan Srinivasan	Expansion	APR 2007	
India	Shomik Mukherjee	Buy-in	OCT 2006	
India	Nagarajan Srinivasan	Buy-out	DEC 2003	
China	Stephen Yip	<i>other</i>	SEP 2001	
Burkina Faso	Murray Grant	Replacement	JUL 2004	
India	Shomik Mukherjee	Replacement	AUG 2006	★
South Africa	Fungai Ruwende	Buy-out	FEB 2005	
South Africa	Murray Grant	Expansion	OCT 2003	
Tunisia	David Cooke	<i>other</i>	AUG 2008	
India	Prabir Talati	Expansion	DEC 2005	
South Africa	Natalie Kolbe	Buy-out	SEP 2005	
Nigeria	Ngozi Edozien	Expansion	FEB 2007	★
Egypt	Hossam Abou Moussa	Expansion	MAY 2007	
Tanzania	Torbjorn Caesar	Replacement	SEP 2009	
India	Viraj Mahadevia	Expansion	JUN 2006	
India	Girija Tripathy	Lead	DEC 2003	
India	Girija Tripathy	Replacement	JAN 2005	
China	Stephen Yip	Expansion	JUN 2006	
Tanzania	Keith Alexander	Expansion	OCT 2001	
Malaysia	Gary Addison	Buy-out	AUG 2008	
India	Girija Tripathy	Expansion	APR 2005	
Kenya	Koome Gikunda	Real estate development	NOV 2006	
Kenya	Torbjorn Caesar	Replacement	SEP 2009	
Uganda	David Grylls	Replacement	NOV 2009	
India	David Morley	Real estate development	JUN 2008	
India	Homer Paneri	Expansion	FEB 2007	
China	Dong Zhong	Buy-out	JUL 2008	★

# team

This page shows investment professionals, from Director level and above alongside their main specialism, as well as key members of the firm's global support services platform. The Actis Executive Committee members are highlighted: the committee meets monthly.

- 01 **Gary Addison** | Partner; Head, Business Services
- 02 **Benson Adenuga** | Director, Financial Services
- 03 **Sanjiv Aggarwal** | Director, Infrastructure
- 04 **Keith Alexander** | Director, Agribusiness
- 05 **Lou Baran** | Head, HR
- 06 **Ron Bell** | Head, Operations
- 07 **Jonathon Bond** | Partner; Head, Investor Development
- 08 **Torbjorn Caesar** | Partner; Co-head, Infrastructure
- 09 **Benjamin Cheng** | Partner, Consumer
- 10 **Mahesh Chhabria** | Partner, Consumer
- 11 **Chris Coles** | Partner; Head, Sectors
- 12 **Louis Deppe** | Director, Real Estate
- 13 **Vivek Dixit** | Director, Infrastructure
- 14 **Ngozi Edozien** | Director, West Africa
- 15 **Michael Chu'di Ejekam** | Director, Real Estate
- 16 **Sherif Elkholy** | Director, Consumer
- 17 **Steven Enderby** | Partner, Industrials

- 18 **Paul Fletcher** | Senior Partner
- 19 **Mark Goldsmith** | Director, ESG
- 20 **Murray Grant** | Partner, East Africa
- 21 **David Grylls** | Director, Infrastructure
- 22 **Parvesh Gupta** | Director, Real Estate
- 23 **Simon Harford** | Partner, Financial Services
- 24 **Patrick Helson** | Director, Africa
- 25 **Lucy Heintz** | Director, Infrastructure
- 26 **Jacob Hinson** | Director, Industrials
- 27 **Adiba Ighodaro** | Director, Investor Development
- 28 **Natalie Kolbe** | Director, Consumer
- 29 **Chu Kong** | Partner, Latin America
- 30 **Tashi Lassalle** | Head, Communications
- 31 **Patrick Ledoux** | Partner, Latin America
- 32 **Meng Ann Lim** | Partner; Head, China & SE Asia
- 33 **Nick Luckock** | Director, Financial Services





- 34 **Alistair Mackintosh** | Partner; Chief Investment Officer
- 35 **Alasdair Maclay** | Director, Infrastructure
- 36 **Sarah Mathies** | Director, Financial Services
- 37 **Kgomotso Matseke** | Director, South Africa
- 38 **Robert McGregor** | Partner, Infrastructure
- 39 **David Morley** | Partner; Head, Real Estate & Agribusiness
- 40 **Hossam Abou Moussa** | Director, Financial Services
- 41 **Shomik Mukherjee** | Director, Consumer
- 42 **Peter Olds** | Director, Investor Development
- 43 **Paul Owers** | Partner, General Counsel
- 44 **Homer Paneri** | Director, Business Services
- 45 **Rick Phillips** | Partner; Head, Consumer
- 46 **Gautham Radhakrishnan** | Director, Business Services
- 47 **G Rathinam** | Partner, Industrials
- 48 **Mark Richards** | Partner; Head, Financial Services
- 49 **Asanka Rodrigo** | Director, Business Services
- 50 **Fungai Ruwende** | Partner, Business Services
- 51 **Peter Schmid** | Partner; Head, Africa & Latin America

- 52 **Lionel Soh** | Director, Industrials
- 53 **Nagarajan 'Sriniv' Srinivasan** | Director, Financial Services
- 54 **Tao Sun** | Director, Consumer
- 55 **Prabir Talati** | Director, Consumer
- 56 **Kevin Teeroovengadum** | Director, Real Estate
- 57 **Michael Till** | Partner; Co-head, Infrastructure
- 58 **Girija Tripathy** | Director, Industrials
- 59 **JM Trivedi** | Partner; Head, South Asia
- 60 **Michael Turner** | Director, East Africa
- 61 **Adam Turtle** | Director, Investor Development
- 62 **Jiansheng Wang** | Partner, Financial Services
- 63 **John van Wyk** | Partner; Head, Industrials
- 64 **Stephen Yip** | Director, Industrials
- 65 **Dong Zhong** | Director, Consumer

*denotes Executive Committee member*



Actis is a leading private equity investor that invests exclusively in the emerging markets.

With a growing portfolio of investments in Asia, Africa and Latin America; it currently has US\$4.8bn funds under management.

Committed to the highest financial and non-financial returns, Actis partners closely with its investors and the companies in which it invests. As a long-term business partner Actis adopts an approach defined by corporate governance, rigorous environmental and social standards, and decency to all that it does.

Combining the expertise of over 100 investment professionals on the ground in nine countries with a sophisticated back office based in London, Actis is proud to actively and positively grow the value of those companies in which it invests.

[www.act.is](http://www.act.is)



Actis is a signatory to the United Nations Principles for Responsible Investment (UNPRI). An investor initiative in partnership with UNEP FI and the UN Global Compact.

[www.unpri.org](http://www.unpri.org)

This annual review forms the basis of Actis's compliance with Walker's *Guidelines for Disclosure and Transparency in Private Equity*. Actis has reported on a 'comply or explain' basis as detailed by the guidelines.

[www.walker-gmg.co.uk](http://www.walker-gmg.co.uk)

Actis LLP is a Limited Liability Partnership registered in England and Wales (registered number OC305927). A list of the members of Actis LLP is open to inspection at its registered office, 2 More London Riverside, London SE1 2JT, England. Actis LLP is regulated by the Financial Services Authority.

Copyright ©2010 Actis LLP. All rights reserved. Reproduction without permission is prohibited. Trademarks and logos are copyrights of their respective owners.

201001CDTSMI01

#### **Africa**

Cairo

+202 2736 1698

Johannesburg

+27 11 778 5900

Lagos

+234 1 448 5700

Nairobi

+254 20 2219 952

#### **China**

Beijing

+86 10 6535 4800

#### **Latin America**

Sao Paulo

+55 11 3844 6300

#### **South Asia**

Delhi (administration centre)

+91 11 6615 7200

Mumbai

+91 22 6146 7900

#### **South East Asia**

Singapore

+65 6416 6400

#### **United Kingdom**

London

+44 20 7234 5000