

南アフリカ人 ZENMONDO アドバイザーが語る、COVID-19 による現地各種産業への影響と M&A の状況について

South African ZENMONDO adviser's point of view of the impact of COVID-19 on local industries and the current status of M&A

① 南アフリカ現地コロナ禍の各産業の状況 (8 月末現在)

The move to lockdown level two brings with it some hope that our economy will gain a fresh momentum to recovery.

[Online retail](#)

Prior to the coronavirus pandemic, online retail sales grew by 20% in 2019, but still accounted for less than 2% of South Africa's R1-trillion overall retail trade. This compares with ecommerce penetration of 13% to 20% in relatively mature markets in Europe, the US, and China.

The industry has been dramatically buoyed by the pandemic, and online payments providers estimated that overall online retail sales will have grown by around 40% during lockdown. A respondent indicated that the crisis encouraged a "phenomenal increase" in ecommerce adoption among businesses and consumers who otherwise may not have entered the online market for some time. Takealot's monthly sales increased by 100% and it is generating "close to R1bn in sales per month". It said a major trend has been "new buyers trying online shopping for the first time, specifically on mobile". Other online only players such as Bidorbuy, OneDayOnly, Loot, Gumtree, and Raru have all seen double digit increases in the volume of sales on their platforms compared to the pre-lockdown period.

[The Accommodation and Travel and Tourism Industries](#)

According to a poll of over 1,000 members of the Global Business Travel Association in April 2020, 83% of respondents are using virtual meetings frequently and some will not resume travelling once restrictions have been lifted.

I was informed by a short-term letting agent in the Southern Cape seaside village of Arniston, where we have a home, that the volume of bookings during the recent Women's Day weekend exceeded that of the last Christmas weekend. Hopefully, this trend will continue for the rest of the year as lockdown frustration encourages South Africans to enjoy our abundance of local tourist destinations.

The Department of Tourism made R200m available to assist SMEs in the tourism and hospitality sector who are under stress and received more than 9,000 applications at the end of April. South African Tourism is also compiling a tourism recovery plan to limit the damage to the industry caused by the pandemic and lockdown.

[Wholesale and Retail of Food](#)

The leading retailers reported a huge spike in grocery shopping, and while panic buying has subsided, overall demand for food remains elevated. Woolworths estimated that its monthly sales of food, by volume, increased by 27.6% year-on-year assisted by a material increase in demand for online shopping services.

[Cargo Handling, Storage and Warehousing](#)

About 80% to 90% of the country's global trade is by sea through ports. There were massive supply chain disruptions and reduced business activity in this sector, and the lockdown has given rise to air and ocean freight delays, temporary capacity shortages, bottlenecks, terminal congestion and rising freight rates.

[The Manufacture of Vegetable and Animal Oils and Fat](#)

Agribusinesses were encouraged to make use of workers that could be accommodated on site or isolated from other communities where possible. The decline in food consumption levels due to the lockdown of fast food outlets, restaurants and the prohibition of large scale gatherings, which are large consumers of edible oils and fats, was expected to return to pre-lockdown volumes with the implementation of level 2.

[The Broadcasting Industry and Manufacture of Decoders](#)

Under lockdown viewership of streaming services such as Showmax and Netflix increased by 30% and radio listenership doubled. Education challenges during lockdown led to the SABC and the Department of Basic Education launching a multimedia learner support initiative to limit the impact of the lockdown to the school calendar. The programme has been running since 9 April 2020 and broadcasts across the three SABC TV channels and 13 radio stations with online support. It provides curriculum support lessons to learners in grades 10, 11 & 12 and early childhood development. The Communications department partnered with DStv, Vodacom and Telkom to broadcast various school lessons during lockdown.

[The Manufacture of Sugar](#)

Sugar production is an essential agricultural service and continued to operate during lockdown, while demand for a derivative, ethanol, surged as it is an ingredient of sanitisation products. Illovo, which produces more than 50 million litres of ethanol annually for local and export markets, said it was aware of claims of supply shortages of ethanol by local producers of products such as hand sanitisers.

[Manufacture of Breakfast Cereals](#)

The industry has responded quickly with initiatives to relieve the loss of household income as a result of lockdown with PepsiCo South Africa unveiling a R12m initiative to provide more than 11 million meals to affected communities.

[The Advertising Industry](#)

Past experience shows that when companies cut costs, one of the first things to be affected are advertising budgets. The lockdown changed the way people use content, reflected in the large increase in television and digital consumption during lockdown. As people were not travelling, advertisers stopped or reduced traditional advertising on billboards, shop displays, fliers at traffic lights and other public displays in favour of investment in digital marketing.

[The Tea and Coffee Industry](#)

The shutdown of companies, restaurants, game lodges, boutique hotels, and coffee shops had a significant effect on coffee companies. The rooibos industry received essential services status at the onset of lockdown and was able to continue operations.

[The Gambling Industry](#)

While gambling venues were badly affected by the lockdown, online gambling continued, and stakeholders warned that illegal gambling is proliferating.

[The Manufacture of Structural Metal Products](#)

The demands the pandemic placed on the healthcare system has led to innovation including light steel frame building which uses roofing systems and wall frames produced from cold-formed galvanised thin structural steel sections. This was described as the best building method for the construction of clinics and hospitals due to its short construction time. An interesting programme, unrelated to coronavirus, coming out of this industry is Wispeco's SpazAL initiative where young, unemployed and previously disadvantaged people are being trained and supported to start their own businesses. At the Wispeco Institute they are taught how to manufacture aluminium windows, doors, showers and garage doors.

② 南アフリカ現地 M&A の状況

- ・ The impact of Covid-19 has been felt across the African M&A market, with numerous deals in the pipeline delayed or cancelled in the first half of the year.
- ・ Value of M&A transactions declined by 60% in the first half of 2020 (USD .3 billion down from USD 8.2 billion for the same period last year).
- ・ Volume of M&A deals in South Africa fell by 18% y-o-y, with 132 transactions recorded in H1 2020, down from 160 in H1 2019.
- ・ The airline and tourism industries are among the worst affected.
- ・ The pandemic has created opportunity to acquire quality assets at a discount.
- ・ In the short term, we expect that most of the remaining deal activity in South Africa, and Africa in general, will be generated by take private transactions, distressed M&A opportunities, restructurings, disposals and South African corporates looking for opportunities in offshore markets.
- ・ In the context of distressed M&A, and with the likelihood of sector consolidation as stronger players buy weaker players, competition law will also be a key consideration for many M&A deals.