



MERGERS AND ACQUISITIONS

2024
HIGHLIGHTS

2025
OUTLOOK

F O R E W O R D



As we reflect on the year 2024, it becomes evident that the Nigerian M&A and private equity (M&A) ecosystem has navigated a landscape marked by both significant challenges and remarkable opportunities. The confluence of economic upheavals, geopolitical shifts, and evolving market dynamics has shaped the M&A activities within Nigeria, highlighting the resilience of stakeholders in this sector.

This annual wrap-up report provides a comprehensive overview of the trends, achievements, and challenges encountered throughout the year. Despite a backdrop of rising inflation and a weakening Naira —factors that often deter investor confidence— the M&A space demonstrated notable dynamism. With 38 deals valued at approximately US\$2.89 billion recorded in the first half of the year, the sector sustained confidence from both domestic and foreign investors.

At Olaniwun Ajayi LP, we are proud to have played a pivotal role in advising clients on many of these transformative transactions. We are deeply grateful for the trust our clients have

placed in us to provide strategic counsel during this dynamic period. As this report delves into the drivers of investment, key sectors of activity, regulatory developments, and the increasing role of foreign participation, it seeks to inform and guide stakeholders while fostering strategic dialogue about the future of M&A in Nigeria.

We extend our sincere gratitude to the contributors, analysts, and industry participants whose insights have enriched this report. Looking ahead, we are optimistic about a future of innovation, collaboration, and growth in the Nigerian M & A and private equity landscape.



Anu Balogun

Partner, Mergers, Acquisitions and Private Equity

PART
01



THE ECONOMIC LANDSCAPE AND MACROECONOMICS IN 2024



ECONOMIC INDICATORS, GEOPOLITICAL AND SOCIAL FACTORS THAT IMPACTED THE ECONOMY IN 2024



INFLATION RATE AND COST OF LIVING

2024 witnessed currency fluctuations and a significant rise in the inflation rates. In Q1 of 2024, the average inflation stood at 33.20,¹ rising from 28.92% as recorded in December 2023². This rise was principally driven by higher prices of food and non-alcoholic beverages. By Q2, the inflation climbed further to 34.19%³, before easing slightly to 32.70% in Q3⁴. While food and non-alcoholic beverages continued to significantly influence inflation in the following months, a gradual decline in the overall inflation rate was observed.

The devaluation of the Naira presents a compelling case in point. Factors such as increased importation—largely driven by the pressing need to address food insecurity—and declining exports have further exacerbated the selling pressure on the Naira against the Dollar, culminating in the devaluation of the former. Consequently, stakeholders have been compelled to spend more Naira to procure foreign exchange—primarily the Dollar—for the importation of commodities. To offset the rising costs associated with imports, stakeholders have consistently increased the commodity prices, ultimately transferring the burden of the Naira's declining value to end consumers.

Rising energy cost also remained a significant driver of inflation in Nigeria. Following the removal of fuel subsidy by President Bola Ahmed Tinubu upon his ascent⁵, the price of fuel across the country has surged exponentially. This has, in turn, led to higher transportation costs, further inflating the prices of goods and services nationwide.

Ordinarily, one would have extrapolated that the inflation rate heralded doom for the Nigerian economy—specifically for M&A activities—as the level of investor confidence in an economy is typically inversely proportional to its inflation rate. However, contrary to expectations, the inflation rate appears to have counterintuitively negligibly impacted the sector. The first half (H1) of the year saw the closing of 38 deals worth approximately US\$2.8 billion⁶, significantly with more deal value than approximately US\$751 million in 40 deals recorded in H1 2023.⁷

1. [National Bureau of Statistics' 'CPI and Inflation Report, March 2024](#)
2. [National Bureau of Statistics' 'CPI and Inflation Report December 2023](#)
3. [National Bureau of Statistics' 'CPI and Inflation Report June 2024](#)
4. [National Bureau of Statistics' 'CPI and Inflation Report September 2024](#)
5. [Premium Times, 'Fuel Subsidy Is Gone—Tinubu Declares'](#)
6. [DMA Q2 2024 | DealMakersAFRICA](#)
7. [dealmakersafrica.com](#)



EXCHANGE RATE

At the turn of the year, the NAFEX NGN-USD exchange rate stood at ₦907.11, indicating a depreciation of 49% from the exchange rate of ₦461.5 recorded in January 2023, and specifically a depreciation of 26% since the unification of the exchange rates by President Bola Ahmed Tinubu on 14 June 2023. As the year 2024 progressed, the exchange rate maintained its uptrend and stood at ₦1679.26 to the Dollar as of 27 November 2024⁸, indicating a total depreciation of 54.94% from the closing exchange rate of 2023 and effectively aggravating the cost of living. As articulated in our analysis on inflation, key factors such as importation rate and rising energy cost are significant contributors to the Naira's declining exchange rate.



*In 2019, total value of capital importation stood at **US\$23.9 billion** reflecting respective year-on-year increase of **42.69%** compared to 2018*

FOREIGN PARTICIPATION

Foreign participation in Nigerian businesses has seen various trends and levels of development over the years, reflecting global investment patterns as well as Nigeria's economic conditions, regulatory environment, and commercial dynamics. Nigeria as Africa's commercial hub has always played host to the largest investments on the continent.

In 2019⁹, total value of capital importation stood at US\$23.9 billion reflecting respective year-on-year increase of 42.69% compared to 2018. However, the economic upheaval caused by the COVID-19 pandemic led to a dramatic decline in foreign participation in Nigeria's economy.¹⁰

By 2020, foreign investments had plummeted to US\$9.68 billion, marking a staggering year-on-year decrease of 56.65%. This downward trend persisted, with declines of 30.8%, 20.5%, and 26.7% recorded in 2021, 2022, and 2023, respectively. Cumulatively, capital importation fell by an alarming 83.71%¹¹ between 2019 and 2023. Interestingly, Nigeria's economy saw the value of total capital importation jump to US\$3.37 billion in the first quarter of 2024 (Q1 2024),¹² indicating an increase of 198.06% in comparison to Q1 of 2023. The banking sector attracted the largest foreign investment inflow with US\$2.067 billion in Q1 2024, representing over 61% of total inflows. In addition, the trading and manufacturing sectors followed, attracting US\$494.93 million (14.6%) and US\$191.92 million (5.68%) in foreign investment inflows, respectively.

8. <https://www.cbn.gov.ng/rates/ExchRateByCurrency.asp>

9. National Bureau of Statistics, "Nigerian Capital Importation (Q4 2019)"

10. National Bureau of Statistics, "Nigerian Capital Importation (Q4 2020)"

11. Ibid.

12. National Bureau of Statistics, "Nigerian Capital Importation (Q1 2024)"



Similarly, in Q2 2024, total capital importation into Nigeria stood at US\$2.6 billion, indicating yet another increase of 152.81% in comparison to Q2 2023¹³. This was led by the banking sector with US\$1.12 billion (43.15% of total capital imported in Q2 2024), the production/manufacturing sector with foreign investment valued at US\$624.71 million (23.99% of all inflows) and the trading sector with US\$569.22 million (21.86%).

Whilst the value of capital importation in Q1 and Q2 2024 presented an encouraging outlook for foreign participation in Nigeria's economy, a 51.90% decline in the total capital importation into Nigeria was recorded in Q3 2024 (in comparison to Q2 2024). The value stood at US\$1.25 billion in Q3 2024¹⁴, and the decline was driven by a 35.98% decline in the country's portfolio investment to US\$899 million from US\$1.4 billion recorded in Q2, 2024 and a 78.67% decline in its other investment during the period under review. Despite the slump when compared to Q2 2024, a year-on-year comparison shows a 91.35% increase from US\$654.65 million which was recorded in Q3 2023.¹⁵



GDP GROWTH

Nigeria's Gross Domestic Product (GDP) in Q1 2024 stood at ₦18.28 trillion, denoting 2.98% year-on-year growth.¹⁶ This growth rate surpassed the 2.31% increase recorded in Q1 2023 when GDP stood at ₦17.75 trillion.¹⁷ The dominant driver of GDP growth was the services sector, which accounted for 58.04% of the aggregate real GDP.¹⁸ Notably, the oil sector saw some significant recovery evidenced by the recorded 5.7% year-on-year growth—a significant increase from the growth of 4.21% recorded in Q1 2023—and contributed 6.38% to the aggregate real GDP.¹⁹

The non-oil sector, on the other hand, accounted for 93.79% of the nation's total real GDP in Q1 2024, with major sectors such as Agriculture; Information and Communication; Trade; Manufacturing; and Finance and Insurance accounting for 21%, 17.89%, 15.7%, 9.98%; and 6.81% of the aggregate real GDP respectively.²⁰

13. [National Bureau of Statistics, "Nigerian Capital Importation \(Q2 2024\)"](#)

14. [Business Day 'Capital importation falls to US\\$1.25bn, lowest in 2024'](#)

15. [Punch Newspaper 'Nigeria's capital importation declines by US\\$1bn'](#)

16. [National Bureau of Statistics, "Nigerian Gross Domestic Product Report Q1 2024"](#),

17. [National Bureau of Statistics, "Nigerian Gross Domestic Product Report Q1 2024"](#),

18. [National Bureau of Statistics, "Nigerian Gross Domestic Product Report Q1 2024"](#).

19. Ibid

20. Ibid



The oil sector, with a contribution of **5.7%** to the total real GDP, recorded year-on-year growth rate of **10.15%**, higher than the growth rates of **-13.43%** and **5.7%** recorded in Q1 2023 and Q1 2024 respectively



Similarly, in the second quarter of the year, the real GDP stood at ₦18.29 trillion, indicating a year-on-year growth rate of 3.19% in real terms, and surpassing the growth rate of 2.51 % recorded in Q2 2023. GDP growth in Q2 2024 was majorly driven by the services sector as it contributed 58.76% to the aggregate real GDP.²¹

The oil sector, with a contribution of 5.7% to the total real GDP, recorded year-on-year growth rate of 10.15%, higher than the growth rates of -13.43% and 5.7% recorded in Q1 2023 and Q1 2024 respectively.²² Notably, the Non-Oil sector contributed 94.3% to the total real GDP with integral sectors such as Agriculture; Information and Communication; Trade; Manufacturing; and Finance and Insurance contributing 22.61%, 19.78%, 16.39%, 8.46%, and 6.57% to the aggregate real GDP respectively. Notably, the Finance and Insurance sector was the only integral sector that grew in Q2 2024 in comparison to the corresponding quarter of 2023. The sector recorded a growth rate of 28.79%, surpassing the rate seen in Q2 2023 by 1.95% points.²³

OIL PRICES

In January, oil price jumped to US\$82.18 per barrel from US\$79.12 per barrel recorded in the preceding month. In February, oil price saw a further increase to US\$86.008 per barrel, confirming an uptrend. The uptrend was maintained in the ensuing months of March and April as the price of crude oil rose to US\$88.8 and US\$93.12 respectively. In precis, the mean price of crude oil between January and September in 2024 was US\$84.89, denoting a small but material decline of 0.047% from US\$84.93 recorded in the corresponding period in 2023.²⁴

21. [National Bureau of Statistics, "Nigerian Gross Domestic Product Report Q2 2024"](#)

22. Ibid

23. Ibid

24. Central Bank of Nigeria: Crude Oil Price (cbn.gov.ng)



CBN MONETARY POLICIES AND THEIR INFLUENCE ON CAPITAL FLOWS

The Central Bank of Nigeria (CBN) adopted a series of monetary tightening measures in 2024, with multiple hikes in the Monetary Policy Rate (MPR) as a cornerstone strategy. On 26 November 2024, the CBN held the last Monetary Policy Committee (MPC) meeting for the year and raised the MPR to 27.50% making it the sixth time the MPR had been increased in 2024. By increasing the MPR to 27.50%²⁵, the apex bank reaffirmed its commitment to combating inflation and fostering economic stability. It is envisaged that the extant MPR is geared towards (x) combatting inflation; (y) engendering savings; (z) attracting foreign investments; and (xx) stabilizing the exchange rate. It is projected that a high interest rate will curb loan demand, thereby reducing consumer spending and ultimately moderating inflation.

Similarly, a high interest rate would incentivize savings as consumers are more likely to take advantage of the increased rate. In the same vein, elevated interest rates would attract foreign loans from foreign investors looking to earn higher returns on their investment, thereby stabilizing the exchange rate and ultimately reducing inflation. While the hike in the MPR is expected to slow economic growth in the short term, it is projected to foster long-term economic stability.



Furthermore, the CBN has raised the Cash Reserve Ratio (CRR) from 45% to 50% for deposit banks and from 14% to 16% for merchant banks.²⁶ This adjustment reduces the funds available for lending, thereby dampening inflationary trends, encouraging savings, and reinforcing exchange rate stability.

It is noteworthy that the CBN monetary policies appears to have significantly influenced capital inflows, particularly foreign investments. For the first time since the covid-19 pandemic, Nigeria has witnessed exponential growth in capital importation. Total capital inflows surged to US\$3.37 billion in Q1 2024 and maintained a robust performance with US\$2.6 billion in Q2 2024²⁷ before declining to US\$1.25 billion in Q3 2024²⁸. Despite the decline quarter-on-quarter, a year-on-year comparison shows a 91.35% increase from US\$654.65 million which was recorded in Q3 2023.²⁹

25. [Proshare, 'CBN MPC Raises Policy Rates to 27.50%: Continues Hawkish Policy as Inflation Rises to 33.88% in October 2024'](#)

26. [ibid](#)

27. [National Bureau of Statistics, "Nigerian Capital Importation \(Q2 2024\)"](#)

28. [Business Day 'Capital importation falls to US\\$1.25bn, lowest in 2024'](#)

29. www.punchng.com

PART
02



LEGAL AND REGULATORY DEVELOPMENTS IN NIGERIA'S M&A/PRIVATE EQUITY SECTORS



KEY LEGISLATIVE, LEGAL AND REGULATORY DEVELOPMENTS

2024 witnessed the passing and enforcement of notable legislations and regulatory developments which extensively influenced M&A activities and the PE sector in Nigeria, and the broader economic environs. We have outlined in this section of the report key notable legislative and regulatory developments that shaped the economic turnout of the year. The relevant developments include:



BANKING RECAPITALISATION

In the wake of the CBN recapitalization circular which raised the minimum paid up capital for banks in Nigeria and required banks to recapitalize, the market witnessed many capital raising transactions by banks in 2024 with most banks undertaking public offers, right issues or a combination of both. The market also witnessed some bank holding companies divesting their banking subsidiaries with other bank going down the merger route. With the banking recapitalization deadline set for March 31, 2026, M & A activities in the banking industry will likely be on an upward trend.



REGULATORY CHANGES AND PROPOSED AMENDMENTS IN RELATION TO THE CAPITAL MARKET



01

Amendments to the Nigerian Exchange (NGX) Rules on Share Buybacks

The Securities and Exchange Commission (SEC) on 24 October 2024, published a notification of the effective date of the amendments made to the NGX Rules on share buyback and repurchase³³. Pursuant to the amendments, the number of issued shares that a listed company may repurchase may be more than 15% of its issued share capital, provided that SEC approves the buyback of the shares. This can be deduced from the introduction of the phrase “or such number of shares as may be approved by the SEC from time to time”.

30. As at October 2024, Guaranty Trust Holdings Plc, Zenith Bank Plc, Access Holdings Plc, Fidelity Bank Plc and FCMB Group Plc have raised the required capital to meet up with the recapitalisation deadline of 31 March 2026 - Business Day 'Top Nigerian banks successfully raise capital ahead of deadline says SEC', available at <https://businessday.ng/news/article/top-nigerian-banks-successfully-raise-capital-ahead-of-deadline-says-sec/>, accessed on 9 December 2024; other banks still in the process of raising capital through rights issue as at December 2024 include United Bank for Africa Plc, Stanbic IBTC Holdings and FBN Holdings – available at <https://ngxgroup.com/banks-recapitalisation-new-listings-boost-ngx-market-cap-by-n8-1tn/>, accessed on 12 December 2024
31. Nairametrics 'FBN Holdings Plc sells 100% stake in FBNQuest Merchant Bank to EverQuest',
32. Proshare 'Notification of the Approval of Unity Bank Plc/Providus Bank Ltd Merger by the Central Bank of Nigeria',
33. 'Notification Of Effective Date Of Rules Of Nigerian Exchange Limited' dated 24 October 2024 published by the Nigerian Exchange Group; Nigerian Exchange Group – 'Amendments to Issuers' Rules – Chapter 14: Share Buyback'



...The amendments provide that an issuer is to maintain a register of the shares which have been cancelled

In addition, 'No Objection' from the NGX is required before a listed company embarks on a share buyback program. The amendments also expressly specify that a special resolution is required to be passed by the shareholders of a listed company intending to buy back its shares, and that a statement of what is intended to be done with the repurchased shares (i.e whether the shares would be reissued, kept as treasury shares or issued under an employee's share scheme) is to be included in the Explanatory Statement to be sent to the shareholders ahead of the meeting where a resolution to approve the buyback would be passed. Beyond this, a listed company is mandated to share the Explanatory Statement on the proposed share buyback with the NGX for its approval prior to circulating same with its shareholders.

Among other amendments, the amendments also provide that listed companies can cancel the repurchased shares or hold them as treasury shares, in compliance with the provisions of CAMA. However, such treasury shares will not count toward an issuer's free float. Treasury shares can also be re-sold or re-issued only upon the approval of the NGX to such re-sale or re-issue.



Furthermore, when the repurchased shares are cancelled, the amendments provide that an issuer is to maintain a register of the shares which have been cancelled. In addition, a company that buys back its shares is prohibited from issuing the same kind of shares in any manner whether by way of public issue, rights issue or bonus issue until 1 year after the date of completion of the buyback, provided that the period can be shortened if approved by NGX.

These amendments are a welcome development, as they provide clear guidelines for listed companies engaging in securities buybacks and reinforce the approval processes for such transactions. They aim to ensure that shareholders' interests are safeguarded, and that shareholders are equipped with sufficient information to make informed decisions when considering a share buyback proposal.



02

Amendments to the SEC Rules on Issuance, Offering Platforms and Custody of Digital Assets

The SEC on 15 March 2024 published its proposed amendments (the **Amended Digital Assets Rules or the Rules**) to the existing SEC rules on the issuance, offering platforms and custody of digital assets dated 11 May 2022 (the **2022 Rules**). The Amended Digital Assets Rules explicitly mandate that no individual or entity may offer virtual asset services without being registered with the SEC. Furthermore, the amendments broaden the definition of virtual assets to encompass cryptocurrency, now specifically referred to as "virtual crypto assets" under the Rules.

The Rules stipulate that only companies registered and incorporated in Nigeria, with a physical presence and office within the country, are eligible to apply for registration as Virtual Assets Service Providers (VASPs). Additionally, the application must be submitted by the company's chief executive officer or an equivalent officer who is resident in Nigeria. This represents a notable enhancement to the 2022 Rules, which merely required a VASP to maintain an office in Nigeria managed by a company director. However, the practical necessity of this amendment is questionable, given that the operations of VASPs typically do not rely on physical office interactions.

The application must be submitted by the company's Chief Executive Officer or an equivalent officer who is resident in Nigeria.

Furthermore, the Rules require that existing capital market operators already registered with the SEC to provide trading, offering platforms and custodial services are required to establish a distinct entity or subsidiary that would be registered as VASPs.

The amendments introduced by the Rules are generally a welcome development, as they provide much-needed clarity on the regulatory framework governing the offering of digital assets in Nigeria. They also enhance the level of protection afforded to digital asset users within the country.



REGULATORY ENFORCEMENT AND CLAMPDOWN IN 2024

In 2024, the regulatory approach to merger reviews by the competition authority, the Federal Competition and Consumer Protection Commission (“FCCPC” or the “Commission”), was characterised with stringent merger review and monitoring. As the economic landscape evolves amidst rising M&A activity, the FCCPC has actively demonstrated its regulatory oversight by reviewing,³⁴ approving, and, where necessary, prohibiting transactions that could substantially hinder or reduce competition in relevant markets. They have also sought to provide clarity on market definitions particularly in the beverages sector.

*A striking example of the latter is the imposition of a **US\$220 million** fine on Meta Inc and WhatsApp LLC,*



This year, the FCCPC granted approval for the acquisition of an 80% stake in Distell Wines and Spirits Nigeria Limited and the import business of Heineken Beverages (Holdings) Limited by Nigerian Breweries. In reviewing the transaction, the FCCPC sought to define the applicable market by drawing a distinction between alcoholic and non-alcoholic beverages, and also between the spirits, wine and beer markets. In its review, the FCCPC sought to ensure that the merger did not result in a significant lessening of competition, and it was only after it was convinced that it approved the merger.³⁵

Additionally, it has imposed penalties on corporations and entities found in violation of its regulations on anti competitive practices. A striking example of the latter is the imposition of a US\$220 million fine on Meta Inc and WhatsApp LLC, following a joint investigation by the FCCPC and the Nigerian Data Protection Commission (NDPC) into the business operations of Meta Inc. and WhatsApp LLC³⁶. Furthermore, the FCCPC also launched investigations into alleged anti-competitive practices of Coca-Cola Nigeria Limited and the Nigerian Bottling Company Limited³⁷.

The Commission’s ongoing scrutiny and thorough review of major transactions demonstrates its strong and unwavering commitment to creating and maintaining a fair and competitive market environment in Nigeria, thereby promoting healthy competition, innovation, and fair pricing. In 2024, Nigeria’s merger control landscape became more dynamic, reflecting a commitment to fostering competition and effective regulation. As stakeholders navigate this landscape, early engagement and adherence to regulatory requirements will be essential. Recent transactions and regulatory actions highlight the need for ongoing adaptation of merger policies to promote sustainable growth, unlocking economic potential, driving innovation, and creating jobs for all.

35. Between January and September 2024, the FCCPC published 42 merger notifications, available at [‘Notifications Publications’ of the Federal Competition and Consumer Protection Commission](#)

36. Merger Control 2024, contributed by [Streamsowers & Kohn](#)

37. [FCCPC Statement in relation to the matter of Meta Platforms, Inc and WhatsApp LLC.](#)

38. [FCCPC Statement in relation to an investigation into branding, Labelling and Alleged Anti-Competitive Practices of Coca-Cola Nig. Ltd & NBC dated 1 August 2024.](#)



PART
03

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE COMPLIANCE: IMPACT ON M&A DEALS IN NIGERIA



ENVIRONMENTAL, SOCIAL, AND GOVERNANCE COMPLIANCE: IMPACT ON M&A DEALS IN NIGERIA

Since the first time in 2006 when environmental, social, and governance (ESG) issues were first mentioned in the United Nation's Principles for Responsible Investment report and required to be incorporated in the financial evaluations of companies, the influence of ESG has grown in dramatic fashion. In recent years, ESG considerations have become transformative forces in M&A deals globally, and Nigeria is no exception despite the dearth of regulations and enforcement. Investors are increasingly demanding sustainable and ethical business practices: thus, making a bold statement that ESG factors are not mere checklist items or optional add-ons. ESG has evolved into strategic differentiators that reshape M&A transactions, influence deal valuations, and establish new standards for due diligence.



OVERVIEW OF ESG

ESG criteria represent a framework for assessing a company's commitment to sustainable and ethical practices. Environmental factors consider how a company performs as a steward of nature. This includes issues such as carbon emissions, waste management, resource conservation, and environmental impact. Social factors examine how a company manages relationships with employees, suppliers, customers, and the communities where it operates, such as labour practices, community engagement, and human rights. While governance factors relate to the company's leadership, executive pay, audits, internal controls, and shareholder rights. Strong governance ensures accountability and transparency, fostering trust among stakeholders.



IMPACT OF ESG

The impact of ESG issues on M&A activities cannot be overemphasized. Gone are the days when ESG was considered “a nice to have” or concerns predominantly only for impact investors. Commercial and impact investors alike pay attention to ESG issues throughout the typical M&A transaction process i.e., from selection of target companies to due diligence, negotiation, and acquisition financing. We will highlight a few of the ESG concerns which impacted deal making in 2024.



Selection of Target Companies

While acknowledging that the primary indicator of a company’s value is its profit/financial status, there is no gainsaying that ESG metrics have become key secondary factors and strategic differentiators for investors in selecting target/investee companies.

As such, investors are increasingly directing funds and attention into businesses that prioritize ESG criteria recognizing that investing in companies with high ESG profiles can increase the company’s ability to deliver long-term sustainability to various stakeholders. Beyond the financial implications, there is also a significant reputational aspect that investors consider. Investors weigh the reputational risks associated with potential targets. Depending on the facts of the case, negative ESG-related issues such as the use of child labour in a target company’s operations, may be a significant cause for concern. In our experience, we have seen situations where investors had to pause, renegotiate terms, and on some occasions, withdraw from transactions altogether due to negative and potentially damaging findings about potential investee companies or their leadership.

Deloitte, in a 2024 report, highlighted that ESG impact on potential acquisitions or divestments is becoming a standard consideration as well for dealmakers, as 57% of investors dealmakers have spotlighted ESG in their assessment of potential targets –illustrating a 39% increase from 2022.³⁸ Essentially, companies with strong ESG profiles have increased value, moving them up the list of possible targets.



Due Diligence

Due diligence is a critical phase in the M&A process, involving a thorough investigation and evaluation of a target company to assess its overall health and compliance before finalizing a transaction.

This process typically includes a detailed examination of financial statements, operational performance, legal compliance, and any potential liabilities. In recent years, the scope of due diligence has expanded to encompass a comprehensive evaluation of ESG factors.

For M & A deals that occurred in 2024, we note heightened ESG due diligence by investors with investors assessing the target company’s compliance with ESG-related regulations, its environmental footprint, social practices, and governance structure.

As part of this evaluation, investors raise several questions to effectively gauge the target’s ESG performance, such as diversity in board composition and the target company’s workforce, community development scheme, and the impact of an investee company’s operations on the environment.

38. Deloitte [“The increasingly vital role of ESG in M&A Insights from our 2024 ESG in M&A trends survey”](#)

Financiers are now more concerned with the incorporation of **ESG factors** into definitive agreements and the posture of target companies.



Integrating ESG in Agreements

Due diligence findings typically feed into how definitive agreements are drafted. In 2024, a great deal of investors requested investee companies to create internal ESG policies or adopt ESG Performance Standards developed by development finance institutions³⁹, increase diversity among leadership, disengage from “unwanted” service providers, etc. as part of conditions precedent/subsequent, covenants.

The market also witnessed robust warranties and indemnities packages in share/asset purchase agreements for mitigating potential risks that may arise from red flags discovered during due diligence. Furthermore, investee companies are under continued obligations under relevant transaction documents entered into to adhere to and uphold best practices in ESG, report same and investors are devising new strategies for effectively monitoring ESG compliance.



Acquisition Financing/Sustainable Financing

The landscape of funding preferences has evolved significantly as well. Financiers are now more concerned with the incorporation of ESG factors into definitive agreements and the posture of target companies. Sustainable financing is the buzzword and reflects sometimes in the size of interests charged on principal loan amounts and the request for report on how financing has been deployed to ensure compliance.

39. An example is the International Finance Corporation (IFC)'s Performance Standards. It is also useful to note that in 2021, the IFC released its ESG Guidebook, a comprehensive guidebook on ESG.



PART
04

STATE OF M&A/PRIVATE EQUITY MARKET



MARKET LIQUIDITY AND ACCESS TO CAPITAL IN 2024

The Nigerian M&A and PE landscape in 2024 reflects a dynamic intersection of policy shifts, economic pressures, and sectoral investment opportunities. Government initiatives, technological advancements, and innovative funding models have underscored the year. Access to capital remains a critical issue for businesses navigating this landscape, with market liquidity challenges shaping the trajectory of M&A and PE investments.

The Nigerian government has taken proactive steps to boost funding for startups and small businesses. As part of a drive to establish Lagos State as a tech hub for early-stage and unicorn startups, ₦1 billion in seed funding was allocated through the Lagos State Science, Research, and Innovation Council (LASRIC)⁴⁰. Additionally, toward the end of the year, the Federal Government collaborated with Google to establish a ₦100 million fund supporting 10 Nigerian Artificial Intelligence (AI)-driven startups⁴¹.

*...The Monetary Policy Committee also raised the Cash Reserve Ratio from **10% to 14%** for merchant banks, further tightening market liquidity*



Furthermore, the Central Bank of Nigeria (CBN) has implemented key monetary policies aimed at controlling inflation. A notable policy adjustment was the gradual hike in interest rates from 18.75% at the end of 2023 to 27.50% in November 2024⁴². This increase, the sixth since January 2024, cumulatively adds up to 875 basis points. Although designed to curtail inflation by reducing money supply, this rise has had significant implications for businesses.

Furthermore, on 26 August 2024, the CBN lifted its suspension on authorised dealers borrowing from its Standing Lending Facility window and the lending rate was pegged at 31.75%⁴³. Similarly, the rate at which commercial banks earn interest on deposits with the CBN has risen to 25.75% from 23.25%⁴⁴. This widened range incentivizes banks to deposit surplus cash with the CBN, securing a stable return while minimizing exposure to lending risks. Complementing this strategy, the Monetary Policy Committee also raised the Cash Reserve Ratio from 10% to 14% for merchant banks, further tightening market liquidity⁴⁵. As banks favour depositing excess funds with the CBN over lending to businesses, there is a reduction in available credit, particularly impacting SMEs.

On the brighter side, structural support for critical sectors has gained traction. Recently, the International Finance Corporation (IFC) and the CBN formalized a landmark agreement to bolster local currency financing, targeting key sectors such as agriculture, housing, and energy⁴⁶. This partnership aims to mobilize over US\$1 billion in financing, increasing the appeal of Nigerian businesses to investors.

40. [Lagos allocates ₦1bn seed fund for startups - Daily Trust](#)

41. [Nigerian government launches ₦100 million AI Fund for startups in partnership with Google](#)

42. [Proshare, 'CBN MPC Raises Policy Rates to 27.50%: Continues Hawkish Policy as Inflation Rises to 33.88% in October 2024](#)

43. [Central Bank of Nigeria's Circular to Authorised Dealers dated 26 August 2024](#)

44. [Central Bank of Nigeria's Circular to Authorised Dealers dated 26 August 2024; Stears 'Macro Data Bulletin: Nigeria's MPC hikes interest rates to 26.75% in July 2024'](#)

45. [Nigeria's Bank reserves with CBN surge to ₦26.8 trillion amid aggressive CRR policy - Nairametrics](#)

46. [IFC, CBN Forge Partnership To Empower Nigeria's Private Sector With Over US\\$1 Billion - Arise News accessed 28th October 2024](#)



ANALYSIS OF PRIVATE EQUITY TRENDS IN 2024

For macroeconomics reasons which include the uncertainty surrounding the 2023 general elections in Nigeria, FX scarcity, rising interest rates and higher costs of debt, tighter policies of the CBN and the need for stricter deal valuations, 2023 was not the best year for M&A and PE. However, the recurring theme in 2024 has been market recovery, both locally and globally.



TRENDS IN PE EXITS IN 2024

Globally, although many PE portfolios were due for exit in 2023, the general socioeconomic situation led to a postponement of exits. As such, dealmaking activities have outpaced exits in recent years and funds have had to hold assets under management for longer than anticipated.⁴⁷ This has led to increased pressure on fund managers to exit portfolio companies and deliver profitable returns to investors. Thus, in 2024, many PE portfolios had reached the ripe age of exit. However, despite the increased exit activities in comparison with 2023, 2024 appears to be the second worst year globally for PE exits since 2016.⁴⁸

Nevertheless, Nigeria recorded a fair amount of exits from portfolio companies in 2024. This could either be attributed to the relative certainty surrounding the change of government after the general elections of 2023, making investors ready to exit investments and recoup their profits or it could be attributed to the uncertainty surrounding the volatile FX terrain and currency depreciation, despite the many policies issued by the CBN to address the volatility, leading investors to exit investments and cut their losses.

47. 'Searching for Momentum: [Private Equity Midyear Report 2024](#)' by Hugh MacArthur, Rebecca Burack, Emilio Domingo, Alexander De Mol, and Brenda Rainey dated 3 June 2024.

48. [KPMG's 2024 M&A Outlook for Private Equity](#), page 8 – accessed from on 21 October 2024



TRENDS IN PE DEALMAKING IN 2024

Globally, many countries were posed to hold elections in 2024, and this had significant effect on dealmaking with some investors choosing to wait out the election period before making investment commitments. Conversely, some expressed eagerness to conclude deals before the elections due to general uncertainties associated with a regime change⁴⁹.

The increasing interest rates globally and as a nation continue to contribute to the increase in deal making activities. As an alternative to the traditional financing routes, businesses continue to look more to M&A and PE as a source of financing. 48 out of the 83 PE deals recorded from January to September 2024 were executed in Nigeria.⁵⁰ However, despite the increased fund-raising activities seen in 2024, there is no gainsaying that fund raising levels are still lower than expected due to the restrictions on investors' funds vis a vis the downturn in exits from the preceding years.



PRIVATE DEBT

Private debt also saw increased activity in Nigeria in 2024 as evidenced from TLG Capital's close of ₦10.4 billion as series 1 of its ₦100 billion private debt fund,⁵¹ being the first local currency private debt fund in Nigeria. With an oversubscription of 104.3%, this is an indication of the relevant role of private debt in the private capital landscape in Nigeria.

49. KPMG's 2024 M&A Outlook for Private Equity, page 8

50. Dealmakers Africa, Q3 2024, available at <https://www.dealmakersafrica.com/dma-q3-2024>, accessed on 12 December 2024

51. Accessed from <https://www.avca.africa/news-insights/member-news/tlg-capital-announces-the-first-close-of-n104bn-of-their-private-debt-fund/> on 29 October 2024



SNAPSHOT OF SECTORS WHICH WITNESSED INCREASED M&A AND PE ACTIVITIES IN 2024

According to a Q1 2024 report by Dealmakers Africa, the value of Nigerian M&A deals reached approximately US\$2.6 billion⁵², a substantial increase compared to just US\$120 million in the same quarter of 2023.⁵³ Noteworthy, M & A activities was concentrated in Oil & Gas, Energy, Technology, and Financial Services sectors which have drawn significant investments and interest from both local and international stakeholders.

01 Energy & Natural Resources



Nigeria's energy and natural resources sector continued to dominate M&A deals, driven by asset sales and acquisitions. In early 2024, Shell announced a high-profile sale of its onshore assets, initially valued at US\$2.4 billion, to Renaissance, a consortium of five companies. However, this deal, now valued at US\$1.3 billion, has faced regulatory hurdles with the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) refusing to grant its approval, citing Renaissance's lack of qualification under the Petroleum Industry Act (PIA).

On the flip side, the Federal Government has given the green light to Seplat Energy's landmark US\$1.28 billion acquisition of key onshore assets from ExxonMobil's Nigerian subsidiary, Mobil Producing Nigeria Unlimited. This acquisition joins other significant transactions in Nigeria's energy space, like Oando's recent acquisition of Nigerian Agip Oil Company from Eni,⁵⁴ and Savannah Energy's acquisition of Sinopec International Petroleum Exploration and Production Corporation (SIPC) stake in Stubb Creek oil and gas field.⁵⁵

02 Agriculture



The agricultural sector has also seen meaningful transactions in 2024, with Nigerian palm oil company, Presco Plc, acquiring a 100% equity stake in Ghana Oil Palm Development Company (GOPDC)⁵⁶. This is a strategic acquisition which represents a continued focus on agribusiness as a pillar of economic diversification. The market also witnessed the acquisition by Saro Africa, one of the biggest players in the oil palm plantation space acquire controlling equity stake in Presco Plc, and Aruwa Capital made a follow-on investment into AgroEknor, a Nigerian hibiscus export company.⁵⁷

52. [DMA Q1 2024 | DealMakersAFRICA](#), accessed 28th October 2024.

53. [DMA Q2 2023 Analysis | DealMakersAFRICA](#)

54. [US\\$1.28B ExxonMobil-Seplat Deal Gains AEC Support - African Energy Chamber](#)

55. <https://punchng.com/savannah-energy-to-acquire-nigerian-unit-of-chinas-sinopec/>, accessed 28th October 2024.

56. [Nigeria's Presco to acquire Ghanaian oil palm firm for US\\$124.9m](#) — Business — The Guardian Nigeria News – Nigeria and World News

57. Accessed from <https://www.africaprivatteequitynews.com/> on 29 October 2024



“
Diageo divested its 58.02% shareholding in Guinness Nigeria Plc to Tolaram, retaining ownership of the Guinness brand though licensing the brand

03 Manufacturing



The manufacturing sector underwent significant restructuring as multinational corporations reevaluated and streamlined their portfolios. South Africa's, biggest packaging group, Nampak, disposed of its Nigerian subsidiary, Bevcan, in a US\$68.5 million deal, citing adverse impacts from fuel subsidy removal and currency liquidity issues. Similarly, Diageo divested its 58.02% shareholding in Guinness Nigeria Plc to Tolaram, retaining ownership of the Guinness brand though licensing the brand.⁵⁹ Also, Holcim sold its 83.81% shares in Lafarge Africa Plc to Huaxin Cement Co. in a deal valued at US\$1billion⁶⁰. These exits by global players reflect the operational difficulties in Nigeria's manufacturing space, affected by high inflation and foreign exchange shortages.

04 Technology



The technology sector was marked by dynamic M&A activity aimed at enhancing digital solutions. A notable M&A was the acquisition of Traction Apps, a payment provider, by OmniRetail, a Nigerian B2B e-commerce startup to boost SME financial services in Nigeria's FMCG sector. The merged entity will now serve 180,000 customers across both wholesale and retail markets, establishing itself as a leader in the FMCG merchant sector⁶¹. Notable PE deals in the sector include Seamfix's US\$4.5 million capital raise from Alitheia Capital for the expansion of its digital services.⁶²

58. [Nampak disposes of loss-making Nigerian subsidiary to reduce debt](#) accessed 28th October 2024.

59. [Tolaram to acquire majority shares in Guinness Nigeria as Diageo exits - Nairametrics](#) accessed 28th October 2024.

60. Nairametrics 'Holcim to exit Nigeria sells major stake at Lafarge Africa to Huaxin Cement for US\$1bn', available at <https://nairametrics.com/2024/12/02/holcim-to-exit-nigeria-sells-major-stake-at-lafarge-africa-to-huaxin-cement-for-1bn/>, accessed on 12 December 2024

61. [Nigerian retail-tech startup OmniRetail acquires Traction Apps - Disrupt Africa; Nigeria's OmniRetail accessed 28th October 2024.acquires SME payments platform Traction Apps - FinTech Futures: Fintech news](#) accessed 28th October 2024.

62. 'Seamfix raises US\$4.5m from Alitheia IDF to expand digital ID services across Africa', available at <https://technext24.com/2024/05/07/seamfix-raises-4-5m-from-alitheia-idf/#:~:text=Seamfix%2C%20a%20global%20digital%20identity,and%20integration%2C%20and%20kickstart%20the>, accessed on 12 December 2024



05 Financial Services



Financial institutions in Nigeria also expanded their regional footprint in 2024. Access Bank acquired a 69.7% majority stake in Uganda's Finance Trust Bank and announced an acquisition of National Bank of Kenya from KCB Group. Zenith Bank Plc, in furtherance of its plans to restructure into a holding company, obtained the approval of its shareholders to the holdco structure in April 2024. Also, FBN Holdings, in line with its strategy to optimize its group portfolio, divested its entire stake in FBNQuest Merchant Bank Limited during the year.

The PE space was not left out of the deals in the financial services. Notable deals announced in the year in the PE space include Brass' acquisition by an investment group led by Paystack, Adenia Capital's sale of Omoa, an integrated payments service provider, to SPE Capital and the Series C investment of US\$110 million in Moniepoint by a group of investors led by African Development Partners (ADP) III fund.⁶⁹

06 Other Sectors



Other notable PE deals in Nigeria announced in 2024 in other sectors include Verod Capital's investment in i-Fitness; Moove, Nigeria-founded mobility company announced a US\$100 million Series B funding round led by Uber⁷⁰; Universal Music Group's proposed acquisition of a majority stake in a Nigerian record label, Mavin Group; Renda, a logistics company raised US\$1.9 million in pre-seed funding;⁷¹ and AfricInvest and Proparco approved financing for investment in Lapaire Glasses.⁷²

63. [After acquiring Kenya's NBK in 2019, KCB Group is selling it to Nigeria's Access Bank](#) accessed 28th October 2024.
64. [Access Holdings Plc Notifies of the Proposed Acquisition of National Bank of Kenya Limited by Access Bank Plc - Proshare](#) accessed 28th October 2024.
65. 'Zenith Bank Shareholders Approve HoldCo Structure', available at <https://www.zenithbank.com/media/news/zenith-bank-shareholders-approve-holdco-structure/>, accessed on 12 December 2024
66. 'FBN Holdings Plc sells 100% stake in FBNQuest Merchant Bank to EverQuest', available at [FBN Holdings Plc sells 100% stake in FBNQuest Merchant Bank to EverQuest - Nairametrics](#), accessed on 12 December 2024
67. Mergers and Acquisitions (M&A) Activity: Analysis Of Recent M&A Deals, Regulatory Challenges, and Strategic Considerations for Private Equity and Venture Capital Firms' by Duale, Ovia & Alex-Adedipe, published in PEVCA 2024 Mid-Year Review and Strategic Outlook accessed from [H1-LRC-Report-Update-16082024-final.pdf](#) on 28 October 2024.
68. Accessed from https://www.africaprivatetequitynews.com/p/adenia-capital-sells-african-payments?utm_source=substack&utm_medium=email on 29 October 2024. This transaction marked the final exit from Adenia's €96 million Adenia Capital III fund.
69. Accessed from [Moniepoint valued at US\\$1 billion as Google, others invest US\\$110 million](#) on 30 October 2024
70. Accessed from <https://afrotech.com/moove-uber-series-b-funding-round> on 30 October 2024
71. 'Mergers and Acquisitions (M&A) Activity: Analysis Of Recent M&A Deals, Regulatory Challenges, and Strategic Considerations for Private Equity and Venture Capital Firms' by Duale, Ovia & Alex-Adedipe, published in PEVCA 2024 Mid-Year Review and Strategic Outlook accessed from [H1-LRC-Report-Update-16082024-final.pdf](#) on 28 October 2024.
72. Accessed from https://www.africaprivatetequitynews.com/p/africinvest-and-proparco-provide?utm_source=substack&utm_medium=email



TRENDS AND DRIVING FORCES BEHIND 2024 M&A AND PE DEALS



SURGE IN PRIVATE EQUITY EXIT TRANSACTIONS

One of the most striking trends in 2024 has been the surge in private equity exit transactions. With over half of the recorded deals classified as private equity⁷³, this shift underscores a growing appetite among investors for alternative investment classes. ⁷⁴The PE exit transactions witnessed were in part attributable to the fact that some PE funds were at the end of their fund life cycle. The market also witnessed smaller PE firms exiting portfolio companies to larger PE players or institutional buyers in landmark trade sale transactions⁷⁵.



EMPHASIS ON TECHNOLOGY-DRIVEN AND SUSTAINABLE BUSINESS PRACTICES

Alongside the rise in private equity, there is a pronounced emphasis on technology-driven transactions and sustainable business practices. Companies are recognizing the imperative to adapt to global shifts that prioritize innovation and environmental responsibility. As seen in various deals, such as Universal Music Group's acquisition of Mavin Global, the focus on digital transformation and leveraging technology to enhance business models has become a central theme. Investors are increasingly keen to back firms that not only demonstrate financial viability but also incorporate sustainable practices into their operations.

73. <https://www.dealmakersafrica.com/dma-q2-2024> - accessed on 11th November 2024

74. *ibid*

75. Major PE exits announced in the year include TPG's exit of Mavin Global to Universal Music Group - TPG exits Mavin Global to Universal Music Group, accessed from <https://www.avca.africa/news-insights/member-news/tpg-exits-mavin-global-to-universal-music-group/> on 29 October 2024; CardinalStone Capital's exit of i-Fitness to Verod Capital - Accessed from https://www.africapivateequitynews.com/p/nigeria-verod-invests-in-fitness?utm_source=publication-search&utm_medium=email on



DEMAND FOR FLEXIBLE FUND STRUCTURES

A critical driving force reshaping the M&A transactions is the demand for flexible fund structures. In light of recent economic uncertainties and steep interest rate hikes globally, investors are seeking vehicles that offer adaptability. Structures such as parallel funds, continuation funds, and feeder funds are gaining traction as they provide the necessary flexibility to navigate fluctuating market conditions. This evolution in fundraising strategies reflects a broader trend among investors who are no longer content with traditional models but are instead looking for innovative solutions that align with their investment goals.⁷⁶



INNOVATION IN DEAL-MAKING



Increased Earn-out Arrangements

Given the challenging economic environment, dealmakers are getting creative with their deal structures to ensure the success of their deals.⁷⁷ For instance, there are more earn-out arrangements that allow sellers to benefit from future upsides, making it easier to close deals despite current pressures and given the macroeconomic headwinds.⁷⁸ Generally, structures that accommodate different forms of earn-outs or upside-sharing arrangements are becoming more prevalent, ensuring that sellers can still benefit if conditions improve in the short to medium term.⁷⁹



Artificial Intelligence in Due Diligence Process

Almost 90% of dealmakers, advisers and other relevant stakeholders have moved to virtual data rooms which are now more sophisticated with artificial intelligence tools that makes it quicker and more seamless to access, process and analyze large volume of data.⁸⁰

76. <https://www.dealmakersafrica.com/dma-q2-2024>

77. [Ansarada African Outlook Report 2024 Final.pdf](#)

78. [Ansarada African Outlook Report 2024 Final.pdf](#)

79. [Ansarada African Outlook Report 2024 Final.pdf](#)

80. [Ansarada African Outlook Report 2024 Final.pdf](#)

PART
05



2025 LOOK FORWARD



As Nigeria's economic landscape continues to evolve, the outlook for M&A activity in 2025 appears increasingly optimistic. With favourable regulatory conditions, a focus on technology and sustainability, and a strengthening financial market, we anticipate a notable uptick in deal activity across various sectors.

The M&A landscape in Nigeria by 2025 is likely to be characterized by growth in specific sectors, increased foreign investment, and a more favorable regulatory environment that is propelled by the shift away from oil as the mainstay of the economy, although companies will need to navigate valuation challenges and economic uncertainties. We, however, envisage that as companies adapt to changing market conditions, their valuations may fluctuate, creating both opportunities and challenges for potential acquirers.



KEY INDUSTRIES FOR M&A AND PE ACTIVITIES IN 2025 AND EXPECTED TRENDS

BANKING

The Nigerian banking sector is on the brink of significant transformation, primarily driven by a recent recapitalization initiative from the CBN. This initiative introduces substantial increases in minimum capital requirements for banks, updating the standards set in 2004. The new thresholds require international banks to maintain a minimum capital of N500 billion, national banks - N200 billion, regional banks - N50 billion, and both merchant and non-interest banks at the national level to maintain N50 billion and N20 billion, respectively.

To comply with the new capital requirements, banks have three primary options, each carrying significant compliance implications – issuance of new shares; mergers and acquisitions to strengthen their market positions or licence downgrade. While some banks, such as GTCO,⁸¹ Fidelity Bank⁸², FCMB,⁸³ Zenith Bank Plc,⁸⁴ First Bank and Access Holdings Plc⁸⁵ have successfully opted for the issuance of new shares to meet the new capital targets, analysts predict that up to 17 out of 24 banks may struggle to achieve compliance.⁸⁶ This potential shortfall suggests that many banks could resort to mergers to bolster their capital positions. Given the compliance timeline set by the CBN – a deadline of March 31, 2026 - an increase in M&A activity in the banking sector is expected in 2025.

81. [GTCO reports N1 trillion pre-tax profit in 6 months, first to hit milestone - Nairametrics](#)

82. [Fidelity Bank "surpasses target", raises over N127.1 billion in first phase of recapitalization effort - Nairametrics](#)

83. [FCMB completes first phase of capital raise as NGX Invest platform enables 40,000 investors - Nairametrics](#)

84. 'Five banks raise N1.27trn amid recapitalisation race', available at <https://businessday.ng/markets/article/five-banks-raise-n1-27trn-amid-recapitalisation-race/>, accessed on 12 December 2024

85. Ibid

86. [Bank Recapitalisation: 17 out of 24 banks might not meet CBN capital requirements- Report - Nairametrics](#)



The deal is valued at **US\$860million** and it follows an investment decision made by TotalEnergies and Nigerian National Petroleum Company Limited (NNPCL) for the development of the Ubeta gas condensate field in Nigeria.



OIL & GAS

The oil and gas sector in Nigeria is undergoing a pivotal transformation as international oil companies (IOCs) reduce their presence in the country, particularly in onshore and marginal oil fields. This retreat opens the door for local players, creating significant opportunities for indigenous exploration and production (E&P) companies. With the PIA emphasizing local content development, Nigerian oil companies are now positioned to seize these opportunities and expand their operational footprints. One notable transaction in this evolving landscape is Seplat Energy Plc's acquisition of Mobil Producing Nigeria Unlimited (MPNU) from Exxon Mobil Corporation for US\$1.28 billion.⁸⁷

Another transaction in the landscape is the sale of TotalEnergies' 10% participating interest in its onshore and shallow water assets within the Shell Petroleum Development Company Joint-Venture (SPDC JV) in the Niger Delta, including 15 Oil Mining Leases (OMLs) and Forcados and Bonny Terminals, two main export terminals in Nigeria⁸⁸. The deal is valued at US\$860million and it follows an investment decision made by TotalEnergies and Nigerian National Petroleum Company Limited (NNPCL) for the development of the Ubeta gas condensate field in Nigeria.⁸⁹

As IOCs exit the landscape, a wave of consolidation among smaller exploration and production (E&P) companies is anticipated. Recognizing the urgent need for investments in onshore assets and non-associated gas development, President Bola Ahmed Tinubu issued the Oil and Gas Companies (Tax Incentives, Exemption, Remission, etc.) Order 2024 on February 28, 2024. Furthermore, in the broader context of Nigeria's energy market, the recent dominance of aviation jet fuel from the Dangote refinery, which now accounts for approximately two-thirds of the market, highlights the ongoing relevance of oil and gas in the country's economy.⁹⁰

87. <https://nairametrics.com/2024/06/13/nnpc-applies-to-withdraw-suit-challenging-exxonmobils-1-28-billion-asset-divestment-to-seplat/>

88. 'Chappal Energies Acquires TotalEnergies EP Nigeria', available at <https://chappalenergies.com/2024/07/17/chappal-energies-acquires-totalenergies-ep-nigeria/#:~:text=Chappal%20Energies%20is%20pleased%20to%20close%20by%20December%2031%2C%202024.>, accessed on 12 December 2024

89. 'TotalEnergies, NNPCL make FID on Ubeta gas project in Nigeria', available at <https://www.offshore-technology.com/news/totalenergies-anncl-ubeta/>, accessed on 12 December 2024

90. [Dangote refinery now produces two-thirds of Nigeria's jet fuel amid drop in imports — Report - Nairametrics](#)



HEALTHCARE

It is expected that the healthcare sector in Nigeria is poised for growth, largely driven by increased private sector participation. This influx of investment is expected to bolster hospitals and pharmaceutical companies, fostering a wave of robust deal-making among hospital chains and investment funds.

In light of the financing challenges faced within the healthcare sector, there is a consensus that the sector could see a significant uptick in M&A in 2025, particularly among companies focused on technological innovations such as telemedicine, healthcare data digitalization, drug discovery platforms, virtual health assistants, and AI-powered diagnostic tools. Moreover, the mental health sector is gaining prominence, with digital health firms offering teletherapy platforms, mental health apps, and management tools expected to draw substantial interest from investors.

In alignment with the industry momentum, the Federal Government approved the disbursement of ₦12.911 billion to key health agencies.⁹¹ This funding, designated specifically for the first quarter of 2025, is in line with the Basic Health Care Provision Fund (BHCPF) guidelines and reflects a commitment to enhancing healthcare delivery across the nation.⁹²

CLIMATE CHANGE AND RENEWABLE ENERGY INSIGHTS

As Nigeria grapples with the urgent challenges posed by climate change, the momentum toward sustainable energy solutions is becoming increasingly vital. The 2023 UN Climate Summit held in Dubai highlighted the pressing need for global action, and Nigeria's capital markets are well-positioned to catalyze financing for climate resilience investments in the coming years.⁹³

A notable development in this space occurred in February when All On invested a US\$3 million bridge fund in Arnergy, a Nigerian solar company.⁹⁴ This investment underscores the growing interest in renewable energy, particularly solar, as a key component of Nigeria's climate strategy. By 2025, we can expect to see green bonds and other sustainable finance instruments gain further traction as both regulators and corporations align with global net-zero emissions targets. Initiatives like the FMDQ's Green Exchange project are likely to play a crucial role in accelerating this trend.

Among these developments, the most notable trend is Nigeria's intensified effort to reduce its reliance on oil by diversifying its economy. By June 2024, FCMB had already facilitated over US\$900 million in export flows and US\$140 million in remittances, showcasing its commitment to this transformative mission.⁹⁵

The heightened awareness of environmental, social, and governance (ESG) issues among institutional investors and corporate entities will also significantly influence market dynamics, steering them toward more sustainable practices. As more firms integrate ESG factors into their investment strategies, the local market's commitment to supporting climate-aligned investments will become even more pronounced.

91. [FG approves N12.911bn disbursement to National Health Agencies - Nairametrics](#)

92. [Nigeria Releases N12.911bn to Health Agencies for Healthcare Intervention - Arise News](#)

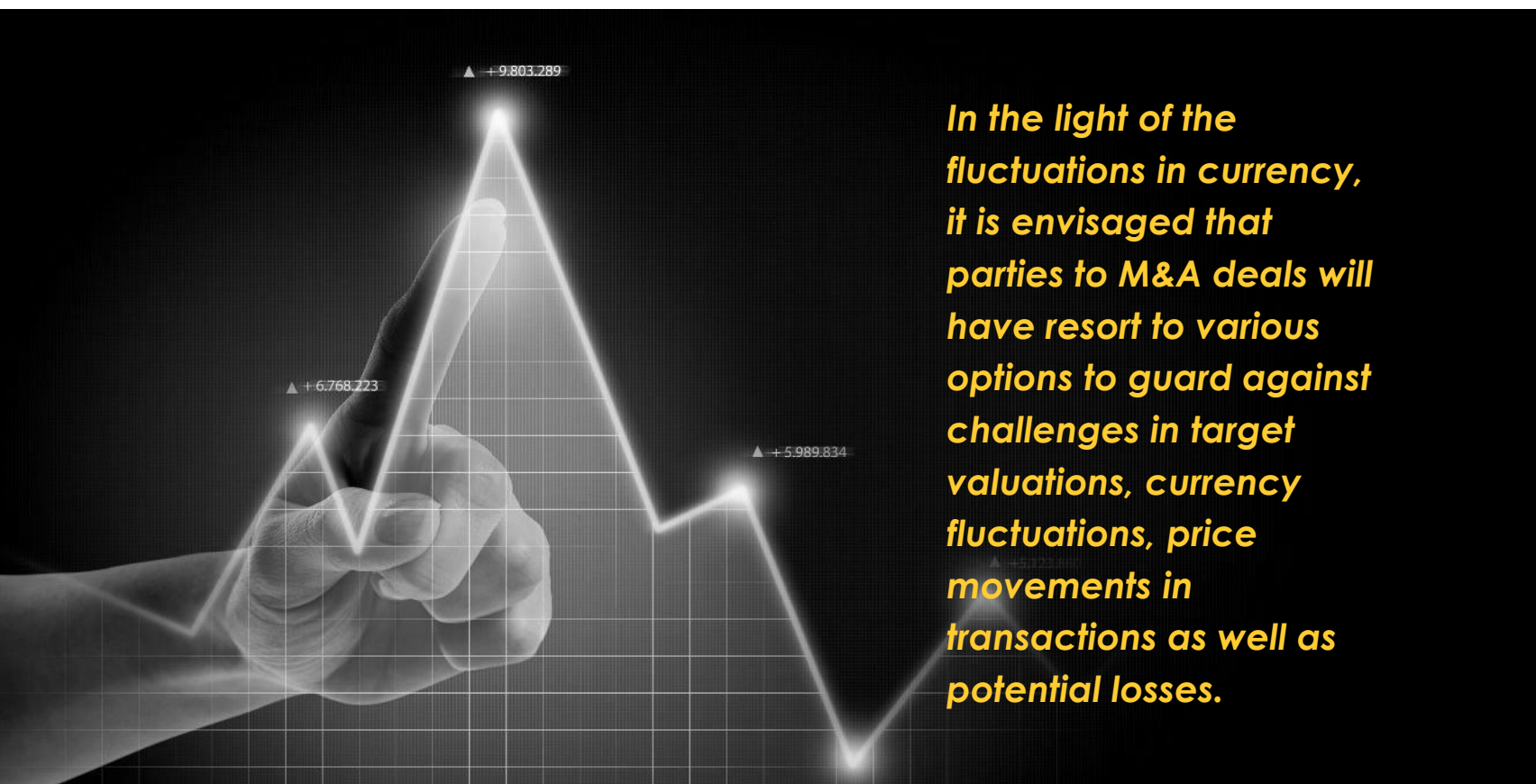
93. [Nigeria's M&A: What's Cooking In 2024? - Securities - Corporate/Commercial Law - Nigeria \(mondaq.com\)](#)

94. [Nigerian mergers and acquisitions reach US\\$2.6 billion in the first quarter of 2024 - Nairametrics](#)

95. [Nigeria's economic diversification gains momentum, FCMB leads the non-oil export drive - Nairametrics](#)



EXPECTED MACRO THEMES IN 2025



INFLATION AND CURRENCY FLUCTUATIONS

As of early November 2024, one USD was equivalent to ₦1,661.9⁹⁶ This propels rising inflation levels for Nigeria's economy. We envisage that currency fluctuations will affect M&A especially as Nigerian businesses seek opportunities outside the Nigerian markets. Access Bank, First Bank, United Bank for Africa (UBA) and Flutterwave are ready examples of businesses scaling their operations beyond the Nigerian markets.

In the light of the fluctuations in currency, it is envisaged that parties to M&A deals will have resort to various options to guard against challenges in target valuations, currency fluctuations, price movements in transactions as well as potential losses. This would include contract mechanisms such as escrow holdback; fixed price provisions which may transfer currency risks to the buyer; purchase price adjustment with a baseline value and metrics that will be used for calculating the final purchase price and a mechanism for adjusting the purchase price at closing to reflect changes in valuation based on the conversion rate.

Alternatively, we envisage a surge in hedging instruments, such as forward contracts, currency options, and price and currency baskets, which is a portfolio of selected currencies with different value weightings, to guide against currency fluctuations and price movements. We also predict an extensive due diligence process to discover currency risk protection mechanisms based on existing conditions in organizations, risk tolerance, negotiations and market predictions.

96. [Google Finance Retrieved](#)



POLITICAL STABILITY

With President Bola Ahmed Tinubu's emergence as the President of the Federal Republic of Nigeria and change of gubernatorial baton in Edo and Ondo states through elections in October and November 2024 respectively, the polity has been relatively stable. We envisage that economic policies such as increased investment in infrastructure, unification of the exchange rate, the removal of fuel subsidy (which had cost the government over one trillion naira and aimed at driving a 3.76 % growth in 2024)⁹⁷ will open up funding for businesses in Nigeria, boost production, encourage investment, and extension drive M&A activity.



SUSTAINABILITY AND ESG CONCERNS

Nigeria currently has a vision to reduce its green house gas emission by twenty percent (20%) in 2030 in line with the Paris Agreement which she signed in 2015 and her National Determined Contribution. She also launched her Energy Transition Plan in 2022 which seeks to resolve the challenges of climate change while achieving a Net Zero emission by 2060.⁹⁸

Boards of Directors are pushing for increased ESG practices that environmental and social issues are addressed in line with global best practices.⁹⁹ Already, there is an increasing focus on climate change and advancement in Nigeria's sustainability finance market, with initiatives such as the FMDQ Green Exchange initiatives which places Nigeria on global jurisdictions such as the Luxembourg Green Exchange.¹⁰⁰

In 2025, we envisage a further opening up of the Nigerian sustainability finance market to foreign investors. We also predict that the efforts aimed towards reducing Nigeria's carbon footprints, creating a carbon credit framework, promoting green energy and fostering sustainability development in line with global trends will open up more deals, attract significant investment and drive M&A activity, particularly in regard to acquisition of firms that have already established sustainable practices in sectors like infrastructure, healthcare, and technology.

The inclination towards and preference for companies with ESG practices is further bolstered by market trends and growing consumer awareness and preference for sustainable products and services.

97. Williams Ukpe, 10 Major Economic Decisions Taken by President Tinubu <https://nairametrics.com//2023/06/29/10-major-economic-decisions-taken-by-president-tinubu-in-his-first-30-days-in-office/>

98. Andersen. Nigeria's Sustainability Trends and Outlook for 2024. [ng.andersen.com](https://www.andersen.com)

99. *supra*

100. [Fmdcpgroup/greenexchange/official-launch-of-the-green-exchange/](https://www.fmdcpgroup.com/greenexchange/official-launch-of-the-green-exchange/)



CONCLUSION

2024 has thus far not met expectations for a robust resurgence in M&A activity, instead seeing a restrained and gradual recovery. Many dealmakers remain cautious, either observing from the sidelines or proceeding with measured steps. This caution is well-founded given the complexities of today's political and macroeconomic landscape. Nevertheless, certain players—particularly those within industries undergoing pivotal transformations—are forging ahead with their M&A strategies.

Against a backdrop of global economic turbulence, M&A activity has produced mixed outcomes in 2024. The year opened with a modest rise in dealmaking, experienced a sluggish second quarter, and has recently seen an aggressive return to more average activity levels. Through the first nine months of 2024, global aggregate M&A value increased by around 10% compared to the same period last year.¹⁰⁰ Within this context, Nigeria's M&A landscape also has shown encouraging signs with disclosed M&A deal values in Q1 2024, reaching an impressive US\$2.6 billion¹⁰². This shift underscores Nigeria's emergence as a leader in M&A across Africa, reflecting renewed investor confidence in the nation's economic potential.

Looking ahead, Nigeria's economic landscape holds promise for sustained growth in M&A and PE. The outlook for 2025 points to a steady but strengthening market, with expected increases in deal activity across sectors, particularly in energy, banking, technology, and healthcare. While economic growth, regulatory conditions, and political landscapes will remain variable, key trends—including energy transition, digital transformation, and the rising significance of AI—are anticipated to drive M&A and PE momentum.

At Olaniwun Ajayi LP, our Mergers and Acquisitions and Private Equity team is dedicated to guiding clients through the complexities of an ever-evolving landscape. With a steadfast commitment to delivering strategic legal solutions, we remain at the forefront of shaping transformative transactions and aligning with emerging market trends. Leveraging our deep sector expertise and forward-thinking approach, we are well-equipped to help clients capitalize on opportunities in Nigeria's dynamic M&A environment. As we approach 2025, we envision a vibrant and active year for M&A in Nigeria, and Olaniwun Ajayi LP stands ready to support our clients in navigating pivotal moments that will shape the future of the market.

101. [BCG 2024 M&A Report](#) last accessed 29.10.2024

102. [DMA Q2 2024 | DealMakersAFRICA](#) - a substantial leap from US\$120 million in Q1 2023 - [DMA Q2 2023 Analysis | DealMakersAFRICA](#)



GLOSSARY OF TERMS

TERM	MEANING
Cash Reserve Ratio	It represents the percentage of a bank's total deposits that must be kept as reserves with the CBN, rather than being used for lending or investment purposes.
Federal Competition and Consumer Protection Commission	Nigeria's primary regulatory authority responsible for ensuring fair competition in the market and protecting consumer rights.
Gross Domestic Product	A measure of the total value of all goods and services produced within a country's borders over a specific period, typically a year or a quarter. It serves as an indicator of the size and health of an economy, representing the economic output and overall economic performance.
Inflation	Refers to the rate at which the general level of prices for goods and services in an economy rises over a period of time, resulting in a decrease in the purchasing power of money
Monetary Policy Rate (MPR)	Refers to the interest rate at which the CBN lends to commercial banks, either directly or indirectly, as part of its efforts to control inflation and stabilize the economy
Securities and Exchange Commission	The regulatory authority responsible for overseeing and regulating the securities market in Nigeria.

CONTACT US

Lagos

The Adunola, 401 Close, Banana Island, , Ikoyi, Lagos, Nigeria
lawyers@olaniwunajayi.net

Abuja

4th Floor Leadway House, Plot 1061, Cadastral Avenue,
Central Business District, Abuja, Nigeria.
ap@olaniwunajayi.net

Port Harcourt

17, Road 315, Flat 5, BICS Suites, 25 Herbert Macaulay Street,
Old GRA, Port Harcourt, Rivers State, Nigeria

London

29th Floor, 30 St Mary Axe, London. EC3A 8AF, United Kingdom
+44 (0) 207 337 6012

OHADA

Immeuble Axa, Rue Franquville, Douala, Cameroon

Anu Balogun

abalogun@olaniwunajayi.net

www.olaniwunajayi.net

+234 1 270 2551