

Apis Growth Fund I's investment in DPO Group

A clear investment thesis, translating to impressive commercial and impact returns



Vertical:
Payments -
Online Payments

Geography:
Sub-Saharan
Africa

*Date of first
investment:*
2016

*Date of
investment exit:*
2021

- Direct Pay Online ('DPO') Group is an online payment service provider helping merchants in 21 countries across Sub-Saharan Africa to accept online payments through a range of payment types
- In September 2021, leading global payments company Network International finalised the acquisition of 100% of DPO Group for US\$ 291m, in a landmark transaction for payments in Africa

Commercial investment thesis

- **Fast growing market**
Strong eCommerce growth across Africa following increased penetration of internet-capable devices, and an absence of scale online payment processing players in Africa
- **Creating a market leading platform**
Initial merger combining 3G Direct Pay and Paygate, both leading online payments processors in their respective regions, with subsequent bolt-on acquisitions made
- **Experienced management team**
Extensive expertise and deep knowledge of the payments space in Africa, with DPO founded in 2006 originally, and having already developed a leading position in East Africa

Impact investment thesis

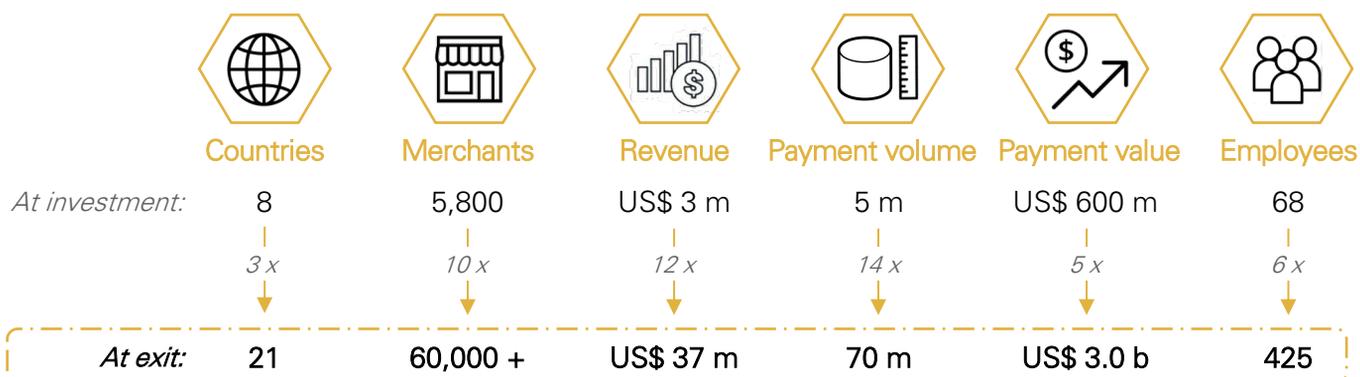
- **Accelerating electronic payments usage**
The migration from cash to electronic payments benefits consumers, businesses, and governments with security, efficiency, and transparency respectively
- **Supporting SME merchants**
The growth of a number of SMEs is increasingly tied to online expansion: SMEs play an important role in GDP contribution, local employment, and job creation
- **Facilitating eCommerce in Africa**
Underserved consumers across the continent can benefit from the increased access, choice, and convenience that expanded eCommerce opportunities can provide

Creation of a market leading platform

- Six companies were acquired in three years to create DPO Group:



Scale of growth & impact



AGFI's investment in DPO outlines Apis' value addition

Targeted portfolio management for the creation of value



Apis' active portfolio management

- **Planned strategy**
Apis ensured the 'buy and build' strategy was executable from the outset by tying the initial investment in DPO to subsequent acquisitions, and assisting in the integrations
- **Targeted and accretive M&A**
Apis identified specific M&A opportunities to build out areas such as product, customer acquisition, and technology, and led accretive structuring of these transactions
- **Customer and organic growth**
Apis' network helped DPO to gain and retain key merchant accounts such as Mastercard, Uber, and Jumia, resulting in 60% organic growth in DPO Group over the last two years

Apis' contribution to Impact creation

- **Impact opportunity identification**
Apis identified a clear need for online merchants across Africa to access affordable payment acceptance solutions and which allow consumers to purchase online
- **ESG focus**
Apis facilitated numerous ESG improvements in DPO including to employee management, health & safety, and anti-money laundering / anti-bribery & corruption processes
- **Responsible growth**
Apis' sector expertise helped to grow DPO into a true Pan-African provider, allowing more merchants and end-customers to be reached, multiplying the impact created

"We are delighted to have worked with Apis Partners in growing DPO Group into one of the leading pan-African payments companies. We have found Apis' financial services sector expertise invaluable as we scaled DPO from a regional player to a truly pan-African platform, serving both blue chip and local merchants."

"Apis supported DPO throughout as we made five major acquisitions in four years, entered new markets, and launched innovative new products across the continent."



Eran Feinstein - DPO Group CEO & Offer Gat - DPO Group Co-Founder and Chairman

Lasting impact created

- **Structural change:** DPO has facilitated the growth of online commerce across Africa, whose importance was highlighted over COVID-19; providing consumers with more choice / convenience
- **Financial sector deepening:** DPO has significantly expanded the number of payment types available to payers in these markets, facilitating the regular usage of numerous formal financial account types
- **Transforming employees' lives:** The employee stock option plan ('ESOP') designed by Apis, generated US\$ 11m for over 400 DPO employees upon exit, of which over 80% were non-management staff. This ESOP truly changed lives - by way of example, some long-serving DPO janitorial staff received 4x their annual salaries as part of the plan

Awards

Private Equity Africa Awards 2017



- Small Cap Deal of the Year: Apis Partners for Direct Pay Online

CDC Group's Impact Gamechangers 2021



- DPO named by CDC Group as an Impact Gamechanger 2021