



Maputo, the capital of Mozambique. Photo: Zitamar News

## Investors get set for new wave of Mozambique privatisations



BY ZITAMAR NEWS ON MAY 30, 2016

ECONOMY, INFRASTRUCTURE, TOP STORY

Mozambique has been talking for some time about a new, wide-ranging round of privatisations of its state-owned companies – but as the country faces an unprecedented economic crisis, the need to press ahead is urgent. Some companies, such as Lisbon-based Dominio Capital, are already positioning themselves for the asset sales.

Earlier this month, Dominio, a boutique financial advisory and investment firm focused on the Portuguese-speaking world, announced a partnership with the much larger Russian investment bank Renaissance Capital – specifically with Mozambique's privatisations in mind.

A wave of privatisations “will come sooner or later,” Dominio CEO Pedro Pinto Ferreira told *Zitamar* by telephone from Lisbon. “It makes perfect sense. There are too many public companies with too little management on the ground.”

The government agency which manages state company ownership, IGEPE, has a list of around 65-70 companies to privatise, Ferreira said – in a process that he expects will be run by IGEPE in partnership with state investment bank, Banco Nacional de Investimentos (BNI).

“Out of that list will be a list of top-tier companies that we will actively look at,” he said. “The privatisations are definitely a huge focus for us; we have already a list of three or four companies that we have a huge interest in.”

### High profile deals

Ferreira has a long personal history with Mozambique, but his professional involvement is more recent. His grandfather, Alberto Pinto Ferreira, was a governor of pre-independence Mozambique but when his father, who was born in Mozambique, founded the predecessor to Dominio Capital 35 years ago, the focus was on Angola and Brazil.

The company has been active in Mozambique for around three years now, and participated in two high profile deals – with mixed success. Dominio was part of the Norsesea consortium that lost the right to build the Pemba Logistics Base to Nigeria's Orlean Invest in a controversial process. The award has since been successfully challenged in court.

Dominio is also exclusive advisor to Atlas Mara in Mozambique – the Africa-focused bank buyout company which bought BancABC in 2014 and which had been seeking to increase its market share in Mozambique through the acquisition of *Moza Banco*. More recently, Atlas Mara has declared its interest in joining a consortium to buy

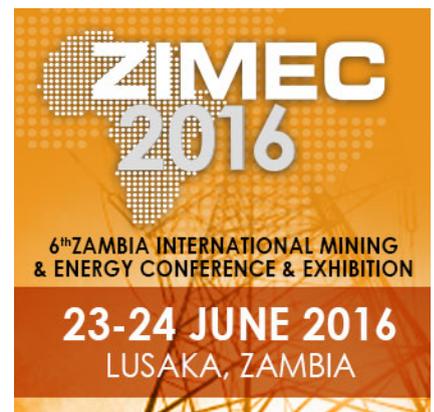
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## Hard times

The end of Mozambique's boom times has seen a bit of a shake-out of investors in Mozambique, which Ferreira welcomes. "When I first came to the country, two-and-a-half years ago, there was a lot of people sniffing around, trying to see how they can play a role. Now it's a completely different story. A lot of people went bankrupt, others just escaped from Mozambique, which leaves us with a lot less competition at least at our level on the ground," he says.

However, he can't escape the negatives of Mozambique's current predicament. "Nobody is indifferent to what's going on in the country," says Ferreira. "It's too many bad stories in a short period of time – from EMATUM, to the hidden financings, to the G19 backing away from financing the country.

"It's definitely a lot of bad news and I don't think the recent news about the partnership with China will bring any good news – at least for anyone trying to do independent business in the country," he adds.

Nevertheless, Dominio is staffing up in Maputo – and in the second half of 2015 made a big name hire in the form of João Figueiredo, founding CEO of Banco Unico and former CEO of Mozambique's largest bank, Millennium BIM. The company is looking at three potential investments in the consumer sector in Mozambique – where it will aim to invest its own money along with that of international investors who can make use of Dominio's expertise.

Even with an expanded team in Maputo working alongside colleagues in Luanda, Sao Paulo, London, and Lisbon, "There's only so much we can do alone", Ferreira says. And that is where Renaissance Capital – Rencap – comes in.

## Privatisations

"One of the big reasons behind the structure of this partnership with Rencap is the potential privatisations," Ferreira says – pointing to two ways in particular Rencap strengthens their offering. "One is manpower: they have a lot of expertise, and a lot of people working in their offices across sub-Saharan Africa that could bring tremendous value on a sector level."

Ferreira mentions three major companies that could come up for partial or complete privatisation: telecoms operator Mcel, rail and ports company CFM, and gas company CMH that is partner on Sasol's projects in Inhambane province. "There are so many companies and they're spread across so many sectors, so to have that sector-by-sector expertise with manpower and experience is crucial. And we don't have that internally."

Secondly, Rencap brings "knowledge of the investor base that could be interested in companies like these." There are broadly two ways in which these privatisations could move ahead, in Ferreira's view: "One is a 'typical privatisation', and the other one is using the stock market as an option," he says. "Rencap can add value on both sides of the equation: pure advisory and fundraising on the privatisation side; and if it goes to an IPO [stock market listing], RenCap is probably one of the leading firms for doing so in sub-Saharan Africa."

"I don't know with these strategic companies if they will be privatised and on which model; but in any case we want to be prepared," Ferreira says.

*This article was amended on 31.5.2016 to more accurately reflect Dominio Capital's relationship with Atlas Mara.*



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