



The Intelligent Choice

ARE YOU INVESTOR READY?

BUNMI AKINREMI, DEPUTY GROUP CEO,
UNITED CAPITAL PLC

OCTOBER 2017

www.unitedcapitalplcgroup.com

Welcome to the 2017 TEF Entrepreneurship Forum

e nima naata khayro kono
takulandirani olandiridwa ekaabo
gayyaltu afe maraba
ikaze **welcome** karibu
karibu barka dai sijkwamukela
barka welkom twapochere
igua wamukiri mono amohelehile

wamukelekile
soo dhaweyn

My Name is **Bunmi Akinremi**

- 30 year career in finance and related areas
- Small-scale investor (close friends & family), mutual funds, stocks etc.
- Professional advisor to Banks, Venture Capitalists and Proprietary Investors

Key Questions for this Master Class

Before going to look for capital, have you asked yourself the following questions?

1

- What type of entrepreneur am I?

2

- Why am I doing this?

3

- Can I deal with the intrusion of 3rd Parties?

4

- How do I deliver my Pitch?

**These are the first
questions an
entrepreneur should
ask**

What type of Entrepreneur are You?

DON'T BE FOOLED BY OPTICS... GOOD INVESTORS AREN'T!



Ensure you do not let things drift

–
BE SELF-DISCIPLINED

Enlist the full support of your family

–
FAMILY PROVIDES FREE ADVICE

Have specific aim

–
FOCUS

Do not give up when it gets tough

–
NEVER-SAY-DIE

Learn from your mistakes

–
REFLECT ON PAST ACTIONS

Get on well with people

–
RELATIONSHIPS ARE KEY

Put in 7 days a week

–
YOUR BUSINESS NEEDS NO TIMECARD

Have a listening ear

–
SEEK AND TAKE ADVICE

Expect a long ride

–
BE PATIENT

Make careful decisions

–
SHOW DILIGENCE AND PRUDENCE

Grow a tough skin

–
COPE UNDER STRESS

Know about the risks

–
BE THOROUGH

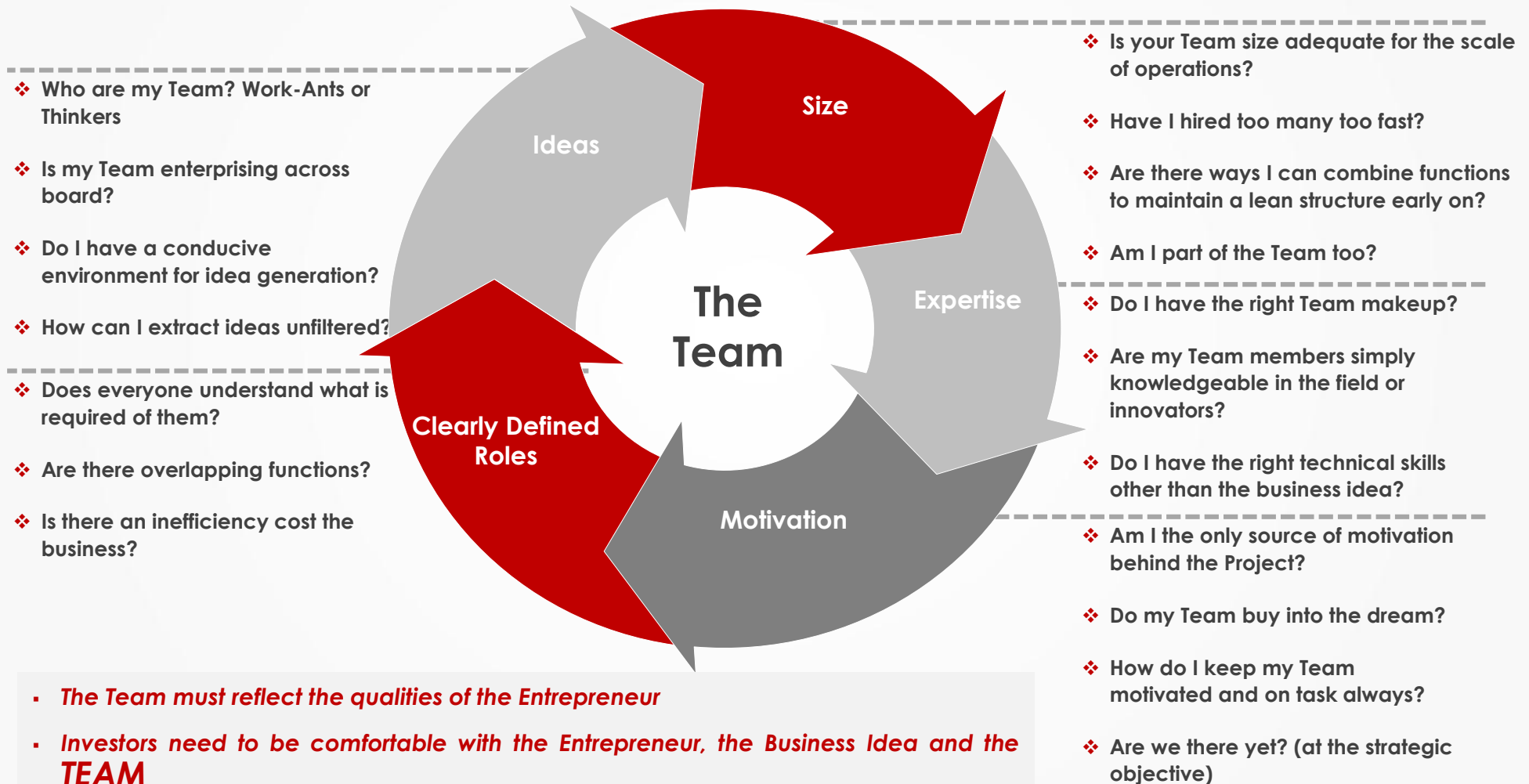
Motivate People

–
INSPIRE AND SPUR ON

Be in good health always

–
HEALTH IS WEALTH

Entrepreneurs must have a clear idea of what the right Team makeup should be



- **The Team must reflect the qualities of the Entrepreneur**
- **Investors need to be comfortable with the Entrepreneur, the Business Idea and the TEAM**

Why am I doing this?

**to sustain my
LIFESTYLE**

- Some entrepreneurs go into business to sustain their lifestyle and family and a particular level
- This type of entrepreneur is less aggressive in seeking fresh capital and therefore faces less scrutiny from potential investors

**Being IPO ready
from Day 1...**

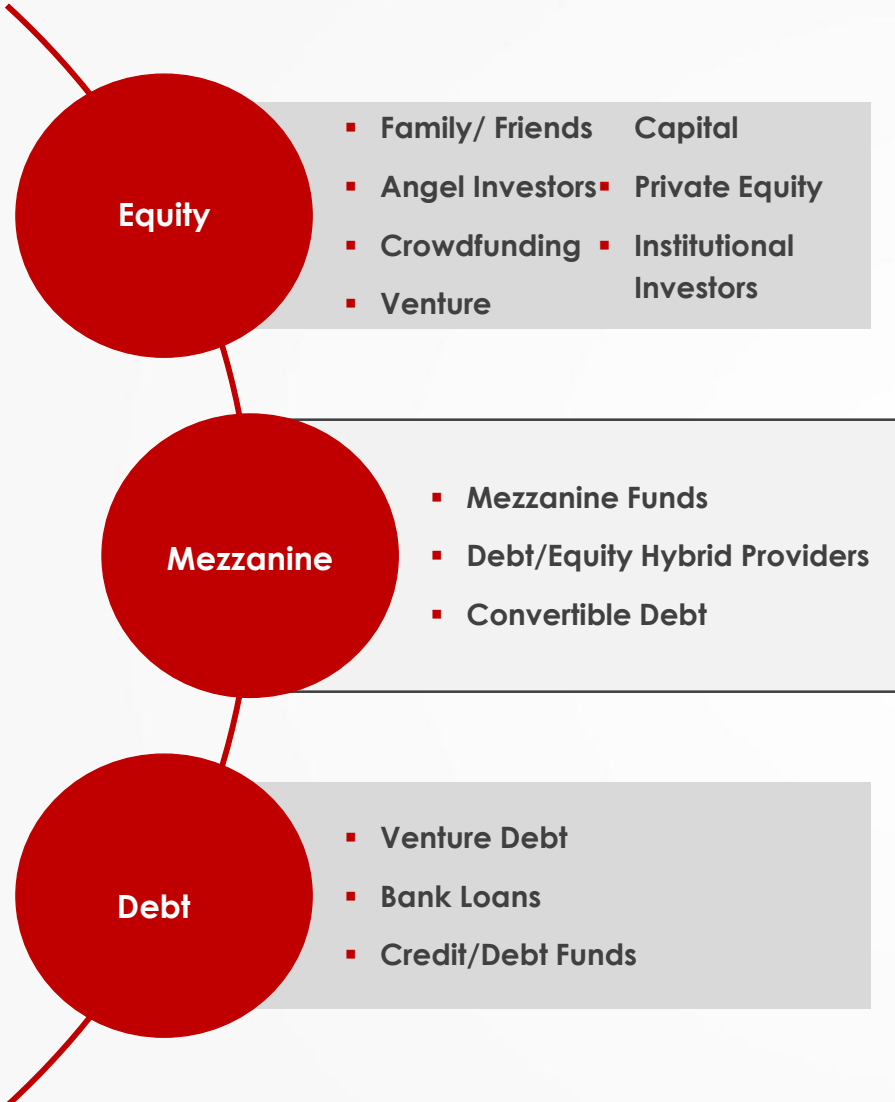
- This entrepreneur is business-like in his approach to his business
- He operates a very well-laid out corporate structure with a clear plan to scale.
- He is also aggressive in seeking fresh capital to grow his business.
- This entrepreneur is ready for investor's tough questions.

**Entrepreneur's
Psyche**

**Business
Structure**

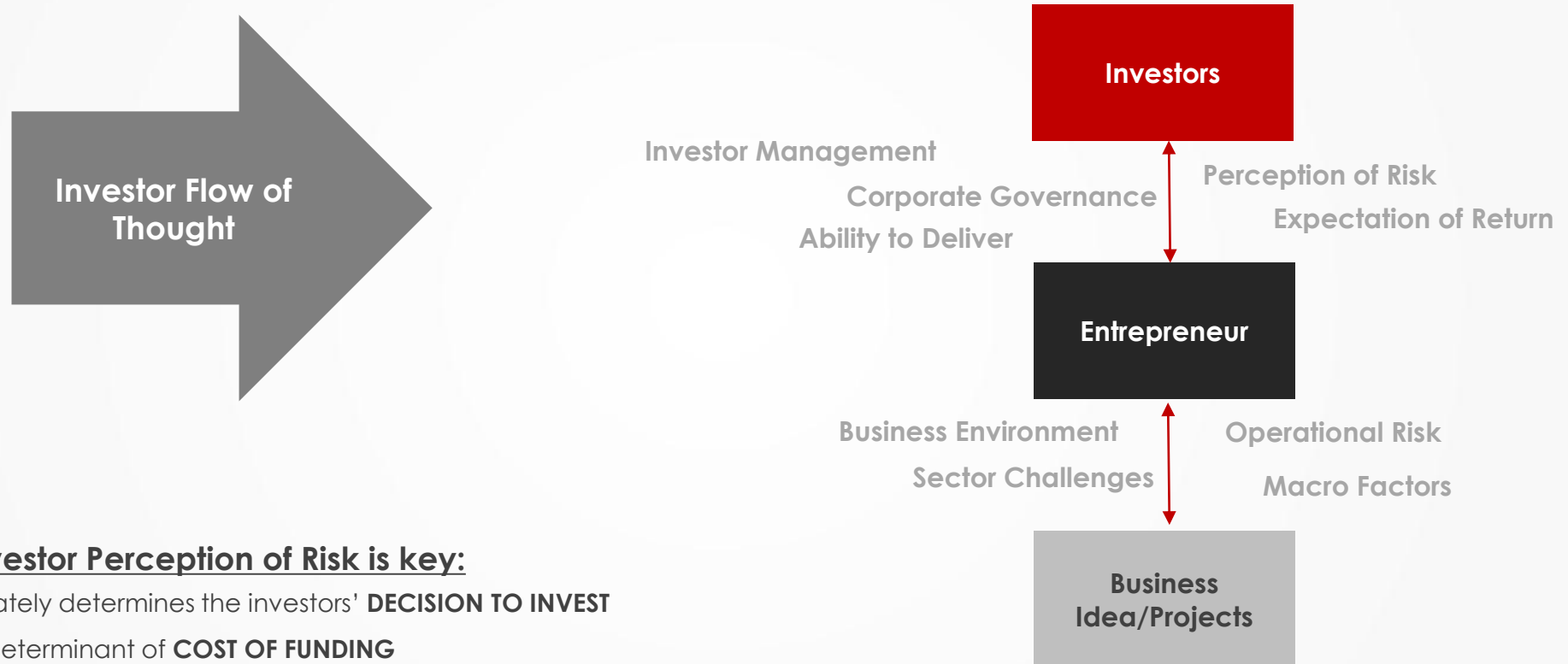
**Entrepreneur's
Dream**

The Intrusion Question: Can you deal with the intrusion of 3rd Parties?



	EQUITY	MEZZA NINE	DEBT
TYPE OF CAPITAL	▪ Patient Capital	HYBRID	▪ Impatient Capital
CASHFLOW GENERATING	▪ Business need not be cash flow generating		▪ Business must be cash flow generating
PRODUCT ACCEPTANCE	▪ Product can be at idea stage (conceptual)		▪ Product must have a track record of market acceptance
ENTREPRENEUR CONTROL	▪ Entrepreneur will cede part control of the business		▪ Entrepreneur retains control
SECURITY/COLLATERAL	▪ Does not require collateral		▪ Requires assets for collateral
BUSINESS CASE	▪ Strong business idea with tremendous upside		▪ Investors require upside only up to minimum expected payments

Investors are most comfortable when the risks are well understood & can be mitigated/negated.....by the entrepreneur



Why Investor Perception of Risk is key:

- Ultimately determines the investors' **DECISION TO INVEST**
- Key determinant of **COST OF FUNDING**
- Investors commit to larger **QUANTUM OF CAPITAL** when risks are fully understood
- Ensures entrepreneur's access to **REPEAT FUNDING**

Factors to consider when approaching a potential investor

Investment Criteria

- Does your business fit into the investment criteria of the investor including priority sector, stage of business, size of investment, location.

Investor Knowledge

- Seek knowledge on the potential investor. Does the investor have technical knowledge of your product and industry? This will determine the approach to take.

Level of Preparation

- Be well prepared to answer any question investors may raise. There should be no missing information in your business plan.

Business Cashflows

- The business will need to demonstrate its ability to breakeven and make a profit.
- The ability of the business to demonstrate a credible revenue model is key to attracting investments.

The Process

THE PRODUCT – BENEFITS & IMPACT

- How is the product an improvement in performance or cost or price compared to similar products/services currently on the market?

THE PRODUCT – DEVELOPMENT & PROTECTABILITY

- How complete is your prototype development?
- Is it a fully functional and tested product?
- Have patents been obtained?

THE MARKET & CUSTOMERS

- Gather comprehensive and credible market information
- What/Who is your performance benchmark?
- Is there an established distribution channel?

THE STRATEGY

- How do you get a competitive advantage and retain it?
- Is the market highly competitive?

THE REVENUE MODEL

- What is the revenue model?
- Does the business have any other products/services that are forthcoming in your portfolio?
- Have your expenses been adequately justified?

THE MANAGEMENT

- Do you have at least one industry expert on your management team?

REGULATORY INTERFACE

- Gather comprehensive knowledge on all applicable regulations for the industry, the business as well as the prospective investors
- Are there regulations that limit your access to capital through certain investors?

THE DEAL

- What returns can you realistically expect from this venture?
- What proportion of this business are you willing to trade for equity?

A viable Business Plan and Cashflow Projection are critical to raising capital and attracting investments

A Viable Business Plan

- A viable business plan incorporates a cashflow model/projection
- This will determine how much operational (working) capital is needed, when it's needed and how much is needed
- It will provide reasons for investment

A Cashflow Projection

- A cashflow projection will determine how much money is needed, when the money is needed and how quickly the funds can be paid back which ultimately determines the nature of capital required

Tips:

- Cover ALL costs- even the small ones
- Build in a contingency for the unexpected
- Explore other options for the same result
- Timing and adequate planning are key- raising money is a difficult and time consuming process

Investors buy into the narrative



- Practice your pitch to different buckets of investors, knowing how to present an opportunity effectively to potential investors
- Anticipate and address the potential concerns of investors
- Demonstrate and signal personal and organizational competence
- The vision, mission and motivations of the entrepreneur and business should be aptly captured in the pitch

How United Capital Can Assist

United Capital has helped its Clients raise over US\$4 billion in the past 5 years.

Client Type

- Large Corporates
- Nigerian Municipal Governments
- Government Parastatals and Agencies
- African Governments

Sector Focus

- Power
- Oil & Gas
- FMCG
- Insurance
- Commercial Banking
- Microfinance Institutions
- Asset Management
- Real Estate
- Hospitality
- Merchant Banks



Most Innovative
Investment Bank in
Nigeria 2015
**2016 Business Day
Banker Awards**



Banking and Finance
Firm of the Year 2015
(Nigeria)
**Corporate Live Wire
Awards**



Best Investment Bank
in Africa, 2013
**African Investor &
NYSE Euronext
Awards**



United Capital's African Reach

We see opportunity in the SME/Growth business space
United Capital is on the verge of launching an **Africa SME Fund** to support small scale businesses across the continent

Description

Fund Size

Investment Focus



- Establish proof of concept by achieving commercial and development impact

- Solidify position within SME space
- Act as growth capital Fund to grow alongside investee companies

- Demonstrate measurable impact on the African business landscape

US\$30 million

US\$75-100 million

US\$100-150 million

- Selected geographies and sectors
- Opportunistic new ventures

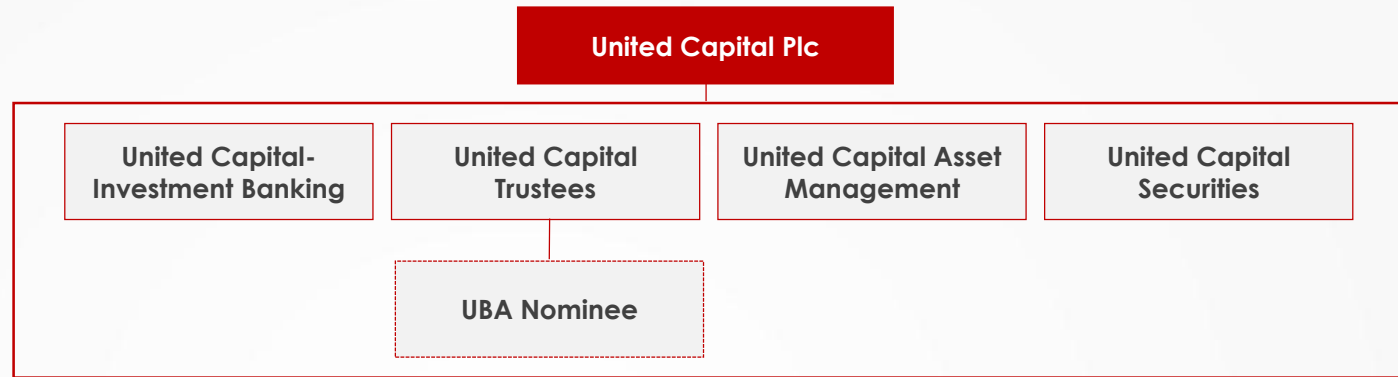
- Expanded geographic reach sector focus to high risk areas
- Focus on Greenfields

- Pan-African and sector agnostic
- Established Strong portfolio

❖ United Capital Plc is a financial services power house providing bespoke value-added services to its clients.

❖ Our structure is designed to exploit market opportunities that enable us provide best-in-class services to our wide array of clients.

❖ As at 10 October 2017, the Group had 6 billion shares in issue, a market capitalization of c.US\$59.4 million and total assets of over US\$498.2 million (US\$305/₦1).



	Lagos Office 	Port-Harcourt Office 	Abuja Office 
Services Rendered	<ul style="list-style-type: none"> ▪ Investment Banking ▪ Securities Trading ▪ Asset Management ▪ Trustees Services 	<ul style="list-style-type: none"> ▪ Investment Banking ▪ Securities Trading ▪ Asset Management ▪ Trustees Services 	<ul style="list-style-type: none"> ▪ Investment Banking ▪ Securities Trading ▪ Asset Management ▪ Trustees Services

Leveraging on UBA's Reach			
▪ Benin	▪ Gabon	▪ Senegal	▪ London
▪ Burkina Faso	▪ Ghana	▪ Sierra Leone	▪ Paris
▪ Cameroun	▪ Guinea	▪ Tanzania	▪ New York
▪ Chad	▪ Kenya	▪ Uganda	
▪ Congo B.	▪ Liberia	▪ Zambia	
▪ Congo D.R.	▪ Mozambique		
▪ Cote D'Ivoire	▪ Nigeria		

A Leading Investment Bank

United Capital is an integrated, multi disciplinary investment bank providing advisory services along the following business lines:

- Capital Markets
 - Mergers & Acquisitions
 - Project and Infrastructure Finance
 - Structured Finance
- United Capital over the last four years has established itself as the leading project finance advisory team in the Oil & Gas and Power Sector and is currently engaged in raising over US \$6 Billion for various oil & gas projects across Africa.
 - United Capital has played a pioneering role in developing the debt capital markets in Nigeria and led the league table in the issuance of corporate and state bonds in Nigeria for 2015.
 - United Capital is a recognised leader for design and execution of major financial transactions including multi-jurisdiction, cross-border mergers & acquisitions and has a strong track record in corporate finance having been involved in several equity capital raising transactions.

Experienced Team

- United Capital's people are the building blocks of its success. Our entrenched brand and ideals enable us attract talent from diverse backgrounds including bilingual (French) capabilities.
- United Capital has a dedicated team of seasoned professionals with cumulative local and international experience of over 60 years and industry insight. United Capital takes pride in its diligence and attention to detail in executing all mandates.

Global Reach

- United Capital's aim is to be the leading financial and investment services group in Africa. In this regard, United Capital through its affiliates in UBA Group has its reach in over 19 countries (including Nigeria) across Africa.
- Our ability to execute in multiple jurisdictions enables us bring multinational capabilities with local perspectives.

A Wise Man once said...

“Capital only moves to where it is most welcomed”



Investment Banking ■ Asset Management
Securities Trading ■ Trustee Services