Trends in mergers and acquisitions in Botswana

Through this report, Grant Thornton presents details and trends of the local M&A activity based on deals announced and published by the Competition and Consumer Authority (CCA) between 2021 and first half of 2025 (H1) ("period under review"). In the case of cross-border deals, the CCA only reports in-bound transactions, i.e. a transaction in which a foreign company merges with or acquires a Botswana company.

The CCA does not publish M&A deals completed in Botswana where:

- Turnover of the enterprise(s) in Botswana being taken over is < BWP 10 million.
- Assets of the enterprise(s) in Botswana being taken over is < BWP 10 million; or
- Following implementation of the merger, the enterprises concerned would supply or acquire less than 20% of the market for a particular product or service in Botswana.

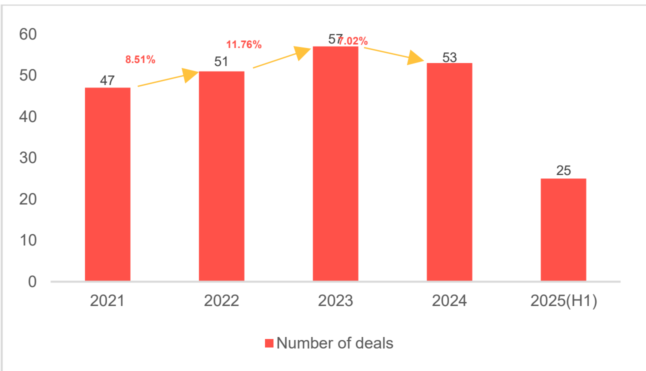
How does 2025 look like?

In the first half of 2025, deal volume grew by 19% compared to the same period in 2024, increasing from 21 to 25 deals. The increase in activity amidst an economic slowdown may signal that companies have confidence in economic recovery prospects. Notably, real estate dominated deal activity, accounting for 32% of the 25 transactions. This trend confirms our view that local investors prefer property which they deem to be a stable and low-risk asset class.

Number of M&A deals in the recent past

Between 2021 to 2023, M&A activity in Botswana was on an upward trajectory, with the number of recorded deals rising from 47 in 2021 to 57 in 2023. However, 2024 saw the trend reverse, with deal volume declining by 7% to 53. The decrease in deal activity in 2024 was on the back of the onset of the economic slowdown, which potentially dampened business confidence. Despite the continued economic headwinds, the first half of 2025 recorded a rebound in deal activity compared to the same period in 2024.

Chart 1: Number of M&A deals

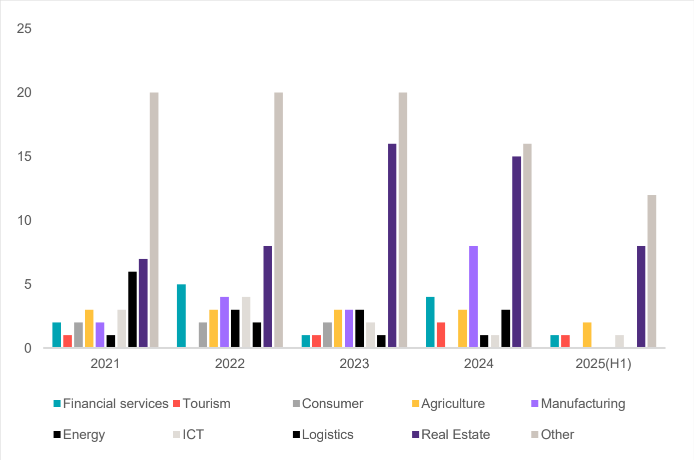


Source: Competition and Consumer Authority

M&A deals by sector

A summary of deals by sector over the period under review is shown in the diagram below:

Chart 2: M&A deals by sector



Source: CCA, GT Analysis

Throughout the period under review, most of the recorded M&A activity was in the real estate sector, followed by manufacturing and agriculture sectors, contributing 23%, 7%, and 6% respectively to the total deal volume. In the following sections, we will take a closer look at these three sectors.

Real estate

The real estate sector accounting for the highest share of total deals recorded during the period under review reflects a generally conservative investing culture, which continues to favour property as a stable and secure investment option. Additionally, the rise in real estate deal volume from 8 in 2022 to 16 in 2023 followed the amendment of the Transfer Duty Act in 2023 which reduced the cost of purchasing property for both citizens and non-citizens.

The Transfer Duty Act was amended in the second quarter of 2023 as follows:

- New tribal or state land allocations are exempt from transfer duty;
- Transfer duty on acquisition of immoveable property by non-citizens was reduced from 30% to 10% on value of property up to BWP 2 million and 15% on value in excess of BWP 2 million; and
- Transfer duty exemption threshold for citizens increased from BWP 1 million to BWP 1.5 million.

Manufacturing

Deal activity in the manufacturing sector contributed 7.3% of total deal volumes during the period under review. It reached a peak of 8 deals in 2024, up from a low of just 2 deals in 2021.

Agriculture

The agricultural sector ranked third in terms of M&A deal contribution during the period under review, accounting for 6% of total transactions. Deal activity in this sector has remained relatively flat, with three deals recorded annually.

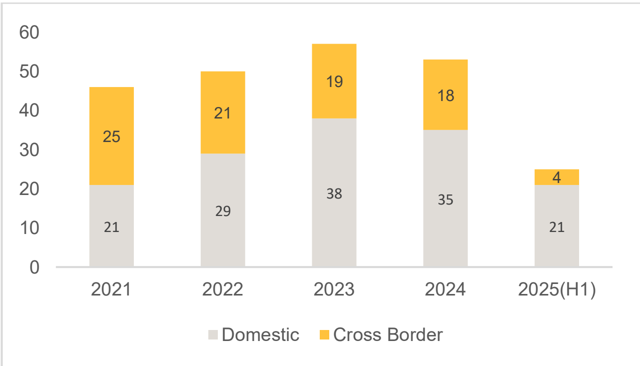
There is strong growth potential for both the manufacturing and agriculture sectors as the Botswana government has implemented tax incentives to stimulate growth in these sectors and enhance local competitiveness, with the ultimate goal of diversifying the economy. These incentives include Manufacturing Development Approval Order, Selibe Phikwe Economic Development Unit (SPEDU), Special Economic Zones, amongst others.

The growth prospects in these sectors and many others may fuel M&A activity.

Domestic versus Cross-border deals

Throughout the review period, domestic deals consistently outpaced cross-border transactions, with 2021 as notable exception as cross-border deals accounted for 54% of total deal volume in that year. This shows that the M&A market has been maturing in Botswana.

Chart 3: Domestic deals versus cross-border deals

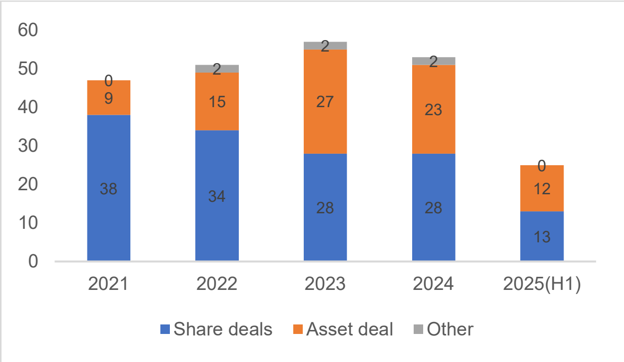


Source: Competition and Consumer Authority

Share deals versus asset deals

During the period under review, share-deals made up majority of the deals at 61% contribution followed by asset deals at 37% and others (either amalgamation or company transfer or both assets and shares transaction) at 3%. Between 2021 and 2023, asset deals tripled, from 9 deals in 2021 to 27 deals in 2023, which were mainly driven by the real estate sector following the amendment of the Transfer Duty Act which reduced the cost of purchasing property for both citizens and non-citizens.

Chart 4: Share deals versus asset deals



Source: Competition and Consumer Authority

Contact a specialist - we're here to help!

Company growth ambitions are expected to continue to drive interest in M&A activity as businesses look to increase their footprint in the domestic market and beyond. We work with businesses, their owners and management teams to help them understand the true commercial potential of the business they plan to dispose of or acquire and how the decision might serve their strategic goals. Our range of services include:

- Buy-side and sell-side M&A advisory
- Capital raising
- Capital markets
- Financial and Commercial due diligence
- Vendor due diligence
- Valuations
- Independent business reviews

How we can help

Get in touch with our Advisory Services team to find out how we can help your organisation.

Our full range of advisory services include:

Advisory Services

Transactional advisory
- Financial and commercial due diligence
- Vendor due diligence
- Valuations
- Capital Markets
- Buy-side and sell-side mergers and acquisition (M&A) advisory

Recovery and reorganization
- Independent business review
- Insolvency
- Restructuring

Business risk services
- Governance and risk management (including operational resilience)
- Internal audit (co-sourced, outsourced and external quality assurance (EQAR))

Forensic advisory
- Forensic investigations
- Disputes
- Digital forensics
- Accounting integrity and conduct
- Anti-financial crime advisory/corporate compliance
- Corporate intelligence

Business consulting
- Finance transformation
- Operational improvement
- Market assessment and feasibility study
- Strategy consulting

IT advisory services
- IT strategy consulting
- Cybersecurity advisory
- Data protection and privacy
- IT governance, risk and compliance
- IT audit

Key contacts

Arindam Ghosh
Head of Advisory Services
M (+267) 74 258 331
E arindam.ghosh@bw.gt.com

Thato Sedirwa
Senior Manager
Transactional Advisory
M (+267) 73 009 760
E thato.sedirwa@bw.gt.com

Kgomotso Peter
Executive
Transactional Advisory
M (+267) 71 247 863
E kgomotso.peter@bw.gt.com

info@bw.gt.com

www.grantthornton.co.bw

Grant Thornton Botswana

Grant Thornton Botswana

+267 77 135 223 (Latest insight publications)

About Us: Grant Thornton is one of the world's leading organisations of independent assurance, tax and advisory firms. These firms help dynamic organisations unlock their potential for growth by providing meaningful, forward-looking advice. More than 76,000 people across over 156 countries, are focused on making a difference to clients, colleagues and the communities in which we live and work. Grant Thornton Botswana has been operating since 1976. With offices in Gaborone and Francistown, and more than five service lines, we offer a full range of services to help clients of all sizes address the challenges and opportunities of growth.