



**i&M** Burbidge Capital

# EAST AFRICA FINANCIAL REVIEW

**MARCH 2019**



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## March in Numbers



### IMBC Deal of the Month:



Enko Africa Private Equity Fund's acquisition of a minority stake in Software Technologies Limited

# 5

The number of disclosed deals in EA

*"See things in the present, even if they are in the future."*

*~Larry Ellison, co-founder of Oracle*



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*The Editorial Team*

EDWARD BURBIDGE | LINDA OBWORA

March closed off the first quarter of 2019 with 5 deals valued at c. USD 39 million. This brings the total deal value and volume for the quarter to c. 653.9 million and 20 respectively compared to c. 1.09 billion and 16 deals during the first quarter of 2018. It is important to note that the Q12018 deal value was skewed by the 1.04 billion acquisition of Saham Finance by Sanlam.

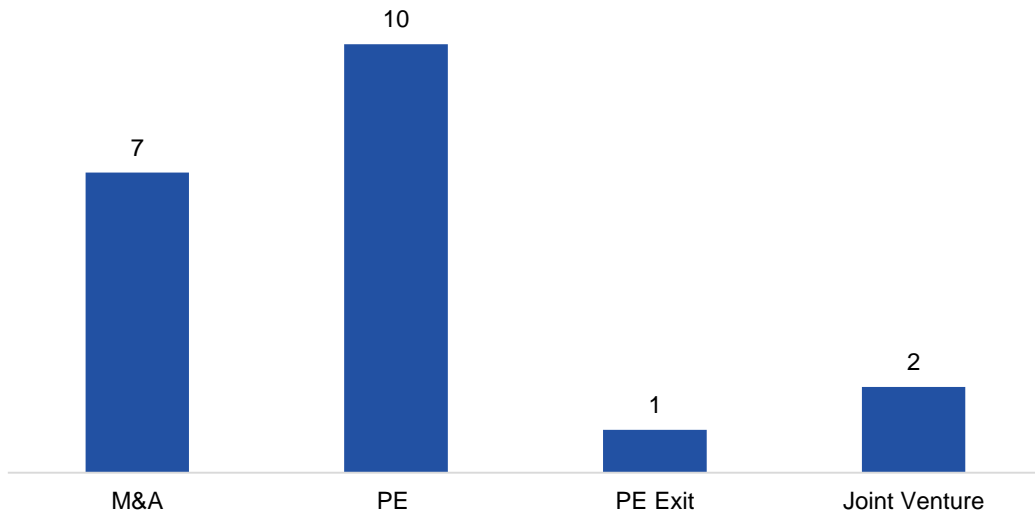
IMBC's deal of the month is the acquisition by Enko Africa Private Equity Fund of a minority stake in Software Technologies Limited, a Nairobi-based software publisher, in a privately negotiated transaction. The deal marks the seventh investment for EAPEF and will support STL's expansion strategy into selected African territories as well as growth in its home market of Kenya. EAPEF'S investment also facilitated a partial exit for TBL Mirror Fund BV, STL's long-time partner. IMBC served as the Transaction Advisor to STL.

Despite mixed performance during the first quarter of 2019, overall performance saw the equities market on an upward trend, with the NASI, NSE 25 and NSE 20 gaining by 12.2%, 10.8% and 0.4%, respectively YTD as at 31 March 2019.

In other trading news, top gainers during the month of March included Longhorn Publishers which increased by 37.5% YTD and I&M Holdings which increased by 33.5% YTD. Kenya Airways experienced the highest decline of 44.8% YTD.

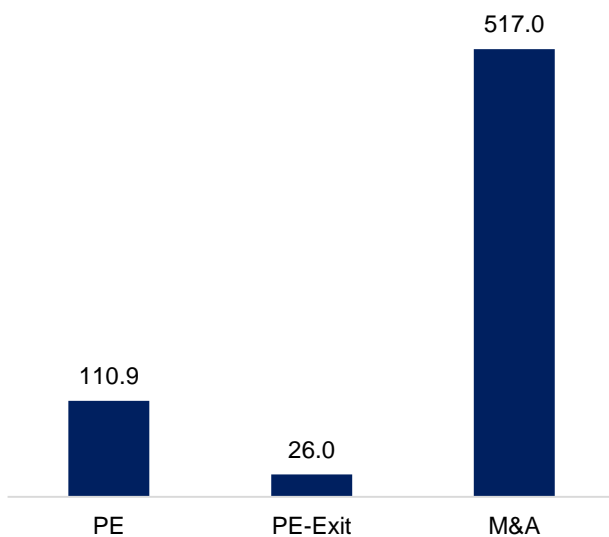
**Edward Burbidge, CFA & IMBC EA Review Team**

## TOTAL NUMBER OF DEALS IN EA-2019 YTD

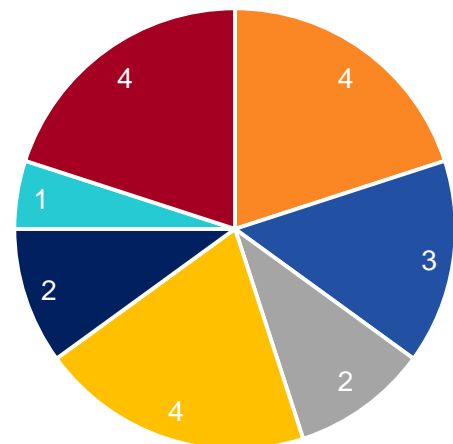


## DEAL SIZE YTD 2019 IN USD M

■ Deal Size



## NUMBER OF DEALS PER SECTOR YTD 2019



- Financial services
- Energy, Oil & Gas
- FMCG
- Health
- Manufacturing
- Education
- ICT and Telecommunication

### Yields on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	7.1%	10.9%	12.3%	12.5%
Tanzania	3.5%	11.4%	9.2%	14.9%
Uganda	10.8%	14.8%	16.8%	17.0%

### Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2018 actual Inflation	4.5%	3.5%	3.2%	2.9%
2019 projected inflation	5.6%	5.2%	5.0%	5.0%

### GDP Growth Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2018 estimated GDP growth rate	5.9%	6.7%	5.3%	7.2%
2019 forecasted growth rate	6.0%	6.6%	5.5%	7.8%

### Central Bank Rates

Country/Region	Previous rate	Current rate
Central Bank of Kenya (Kenya)	10.00%	9.00%
Bank of Uganda (Uganda)	9.50%	10.00%
Bank of Tanzania (Tanzania)	9.00%	7.00%
South African Reserve Bank (RSA)	6.75%	6.75%
Central Bank of Nigeria (Nigeria)	14.00%	14.00%
Central Bank of Egypt (Egypt)	18.75%	16.75%
Bank of England (UK)	0.50%	0.75%
Federal Reserve Bank (USA)	1.50%	2.50%
European Central Bank (EU)	0.00%	0.00%

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
06-Mar-19	The Emerging Africa Infrastructure Fund (EAIF)	Kikagati Power Company Ltd (KPCL)	27	Energy	PE - Debt	Uganda	The Emerging Africa Infrastructure Fund (EAIF) signed a \$27m loan with Kikagati Power Company Ltd (KPCL), which is building a 14MW run-of-the-river hydro electricity generating station at Kikagati on the Kagera River. KPCL is backed by the Africa Renewable Energy Fund, a \$205m fund managed by Berkeley Energy.
07-Mar-19	Enko Capital Managers	Software Technologies Limited	Undisclosed	ICT	PE	Kenya	Software Technologies Limited (STL), a proprietary software solutions provider and IT training company based in Kenya, secured growth capital from Enko Capital Managers ("ECM"), managers of the Enko Africa Private Equity Fund ("EAPEF").
07-Mar-19	Investment Fund for Developing Countries (IFU)	Sidian Bank	12	Financial Services	PE	Kenya	Sidian Bank received a USD 12.0 mn (Kshs 1.2 bn) Tier II capital injection from the Investment Fund for Developing Countries (IFU), a Danish Development Finance Institution (DFI). The funds are expected to boost the bank's regulatory capital ratios as it works towards achieving its strategic objective of becoming a Tier 2 bank by 2022.
20-Mar-19	Simba Cement Limited	Cemtech Company Limited	Undisclosed	Manufacturing	M&A	Kenya	Simba Cement Limited acquired 100 per cent stake in Cemtech Limited. The Devki Group of Companies owns Simba Cement Limited (Simba Cement) which trades under the brand name National Cement. Cemtech Limited, is a subsidiary of Sanghi Group of India. The terms of the transaction were not disclosed.
28-Mar-19	Mpharma Data Inc	Haltons Ltd	Undisclosed	Healthcare-Pharma.	M&A	Kenya	Mpharma Data Inc of Ghana acquired Haltons Ltd, a Nairobi-based drug store operator.

Events	Date	Venue	Theme
East Africa Islamic Economy Summit (EAIES)	09 - 12 April 2019	Nairobi, Kenya	The East Africa Islamic Economy Summit will look at Islamic economy to define the role of the financial sector, and utilize its tools and technologies as growth accelerators and as means to facilitate transactions free from traditional bureaucratic processes and drive financial inclusion.
Future Banking East Africa Summit (FBEAS)	10 - 11 April 2019	Nairobi, Kenya	Future Banking East Africa Summit is a platform to get first-hand insights on successful banking strategies and hands-on case studies from leading financial institutions. It will cover topics like regulation debate - threat or a massive opportunity, digital transformation and culture change, and customer behavior and customer experience.
Regional Roundtable for Sustainable Finance in Africa and Middle East	10-11 April 2019	Cairo, Al Qahirah, Egypt	The event will focus on key developments such as the benefits of sustainable finance integration in national economies in Africa and Middle East, uptake and implementation of the Principles for Responsible Banking, positive impact measurement and growth, delivering resilient infrastructure with insurers and investors, climate-related disclosures, natural capital stress testing, and social impact and inclusion.
Africa Banking & Finance Conference	24-25 Apr 2019	Crowne Plaza Nairobi, Nairobi, Kenya	The Africa Banking & Finance Conference will be a continuation of the discussions and a preview of the implementation strides made thus far, as we continue to push the Financial Inclusion agenda in the continent. The agenda to deliver financial services to those that banks have traditionally not reached should now more than ever be at the top of corporate growth strategy.

## I&amp;M BURBIDGE CAPITAL RECOGNISED AS LEADING FINANCIAL ADVISOR



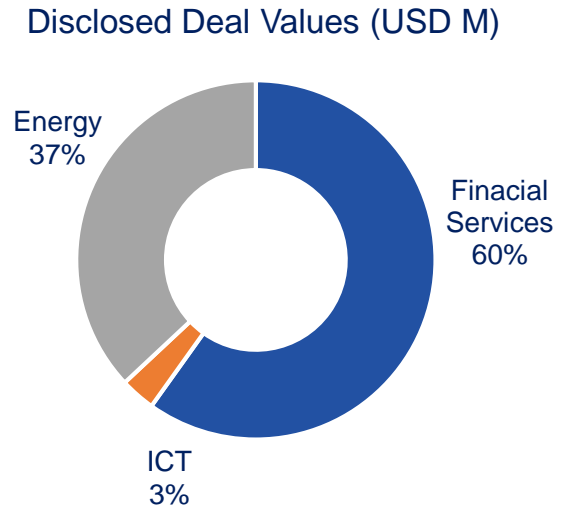
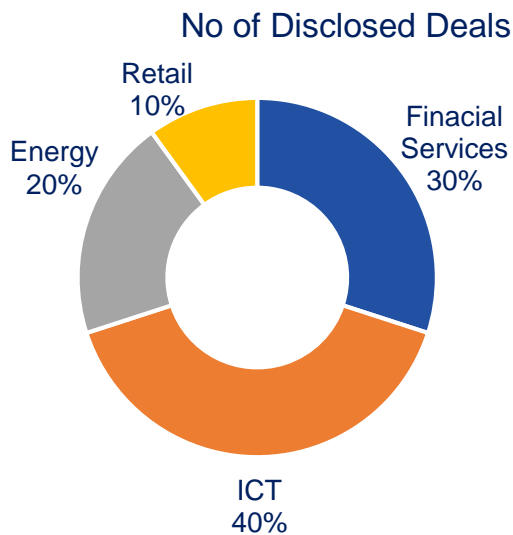
I&M Burbidge Capital was feted as one of the leading financial advisors in the East African market. The firm bagged the 1<sup>st</sup> runners up position in the Financial Advisors by Deal Flow Category at the Deal Makers Africa Annual Gala Awards Dinner in February 2019.

Deal Makers is a leading M&A rankings provider published by Gleason Publications. The awards seek to recognise landmark transactions and the top legal and financial advisors in the Sub-Saharan Africa region (excluding South Africa).

I&M Burbidge Capital's award is testament to the firm's expertise in the M&A and capital raising landscape in East Africa. The firm has demonstrated its unique capability to originate, structure and execute transactions for its clients, presenting tailor-made and effective corporate finance solutions.

# 10 Investments

Valued at USD 110.9 million



More details on these transactions are available in our Q1 monthly editions which you can access from our website [here](#).

# 3 Exits

Valued at USD 26 million

- I. **Fanisi Capital's exit from their investment in Hillcrest Schools**
- II. **TBL Mirror Fund's partial exit from Software Technologies Limited**, a transaction in which I&M Burbidge Capital was the Transaction Adviser.
- III. **Fanisi Capital's exit from pharmaceutical chain Haltons to mPharma**, a Ghanaian technology company that manages inventory for pharmacies and their suppliers. The latter transaction is unique as it goes against the grain with an online company acquiring a brick and motor business.



## 4 Fundraising

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### PE firms managing funds with mandates to invest in East Africa as well as other regions of Africa announced a financial close to their funds.

**AfricInvest** announced the third close of FIVE, an evergreen platform for investing in financial institutions in Africa which aims to improve access to financial services for the growing African population. The fund drew investment from KfW, the German government-owned development bank, FMO, BIO, Norfund, IFU, and the Central Bank of Kenya Pension Fund. The third closing brings FIVE's total commitments to EUR 67 million. The fund is targeting a fourth close with subsequent closings expected to take place over the next four years to reach the fund's target size of EUR 200 million.

In the tech sector, **Partech** announced the final closing of its Partech Africa fund at EUR 125 million (USD 143 million) above its hard cap, and more than double the size of its first closing a year ago at EUR 57 million (USD 70 million). Partech Africa gained support from more than 40 different investors including the European Investment Bank (EIB), IFC, Averroès Finance III (fund of funds managed by Bpifrance and co-sponsored with Proparco), KfW, FMO and the African Development Bank Group. Investors also include major global mobile operator Orange and leading emerging market actors such as Edenred and JCDecaux Holding.

**Amethis** announced an intermediary closing of its second Pan-African fund, Amethis Fund II, which collected EUR 305 million from a broad range of investors in Europe and Africa, exceeding its initial target of EUR 300 million. Limited partners include existing Fund I investors and new investors, with 60 private investors representing over 75% of all commitments. Amethis Fund II's final closing is scheduled for May 2019. Amethis Fund II will provide growth capital to African mid-cap companies, through investments with an average ticket size of EUR 10-30mn, or more through co-investment.

In the infrastructure sector, **Meridiam** announced the closing of the reopened Africa fund at EUR 546 million, 2.5 times its initial size and above its initial target of EUR 510 million. The fund is more than 70% supported by private investors, including leading European pension funds and insurers as well as by leading development finance institutions, who make up the remaining c. 30%.

I&M Burbidge Capital Limited is a corporate finance firm licensed by the Capital Markets Authority and a licensed Nominated Advisor by the Nairobi Securities Exchange, creating long term advisory relationships & solutions across Eastern Africa.

### ADVISORY SERVICES:

Originating and structuring Equity and Debt capital raising, IPOs, M & A transactions, Strategic Options advisory, PE advisory and other Corporate Finance Services.

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