

EAST AFRICA FINANCIAL REVIEW

JULY 2019



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July in Numbers:

13

The number of disclosed deals in EA

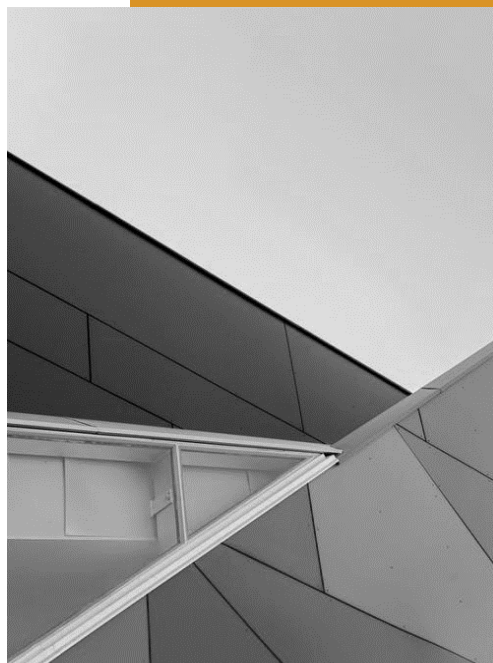
33.5

Disclosed deal value in USD million



IMBC Deal of the Month:

Kenya's DPO Group's purchase of South Africa's PayFast Limited.



The Editorial Team

EDWARD BURBIDGE | LINDA OBWORA

July started off the second half of 2019 with 13 disclosed deals valued at USD 33.5 million. This brings the total deal value and volume for the year to date to c. USD 1.1 billion and 63 respectively. The highest volume of deals YTD has been recorded in the financial services sector – 15 out of the 63 disclosed deals. Other sectors that have seen significant deal activity are the Energy, Oil & Gas sector and the Agribusiness sector.













IMBC's deal of the month is DPO Group's purchase of South Africa's PayFast Limited using a mix of shares and cash. DPO Group is a leading Payment Service Provider (PSP) in Africa. The acquisition will enable the Group to gain access to over 100,000 merchants across 18 African markets. As part of the deal, the PayFast management team will remain key shareholders in the DPO Group.

The market posted a decline in July with the NASI, NSE 20 and NSE 25 down by 0.9%, 0.2% and 0.1%. The NSE 25 index closed the month at 2627.81 points compared to 2633.32 points at the end of June 2019. Net investor outflows of c. USD 19.84 million were recorded in July as well as an average daily turnover of c. USD 4.8 million compared to c. USD 5.3 million at the end of June.

In other trading activity, top gainers during the month included Sameer Africa which increased by 30.0% (YTD – increase of 115.8%) and Kapchorua Tea which increased by 20.9% (YTD – increase of 21.3%). Uchumi Supermarkets experienced the highest decline of 34.3% (YTD – decline of 58.1%).

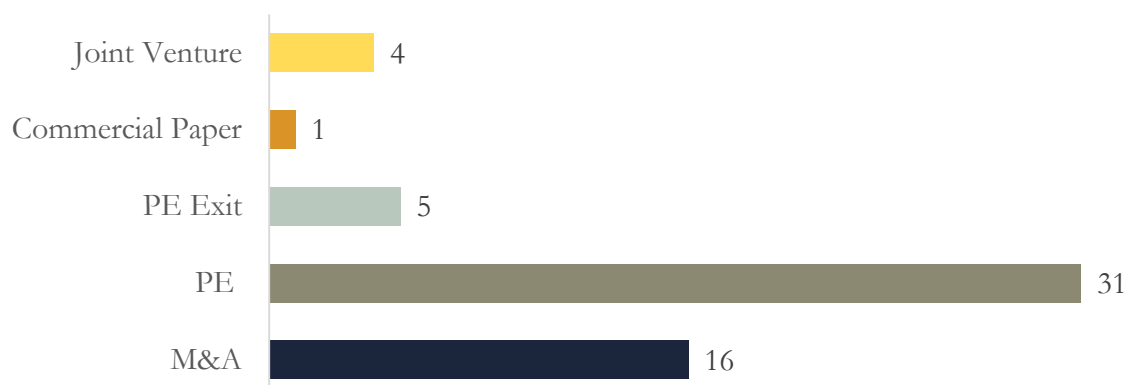
PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Deal Value YTD (USD million)
 Financial Services	15	92.6
 FMCG	6	111.0
 Manufacturing	6	193.0
 Agribusiness	8	11.4
 Logistics	2	5.0
 Food & Beverage	3	Undisclosed
 Energy, Oil and Gas	8	691.5
 Healthcare	6	1.5
 Education	2	26.0
 ICT and Telecom	5	2.0
 Entertainment and Other Services	2	Undisclosed
 Waste Management	1	Undisclosed

Analysis by Type of Transaction

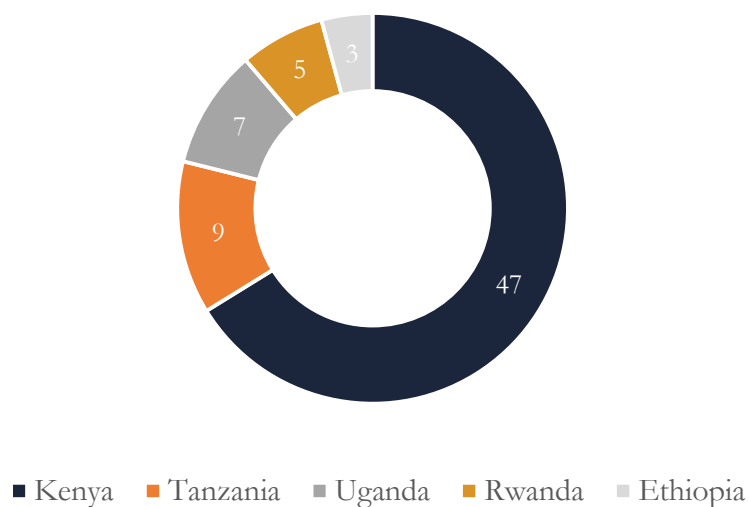
TOTAL NUMBER OF DEALS IN EA-2019 YTD



PART I : DEAL STATISTICS

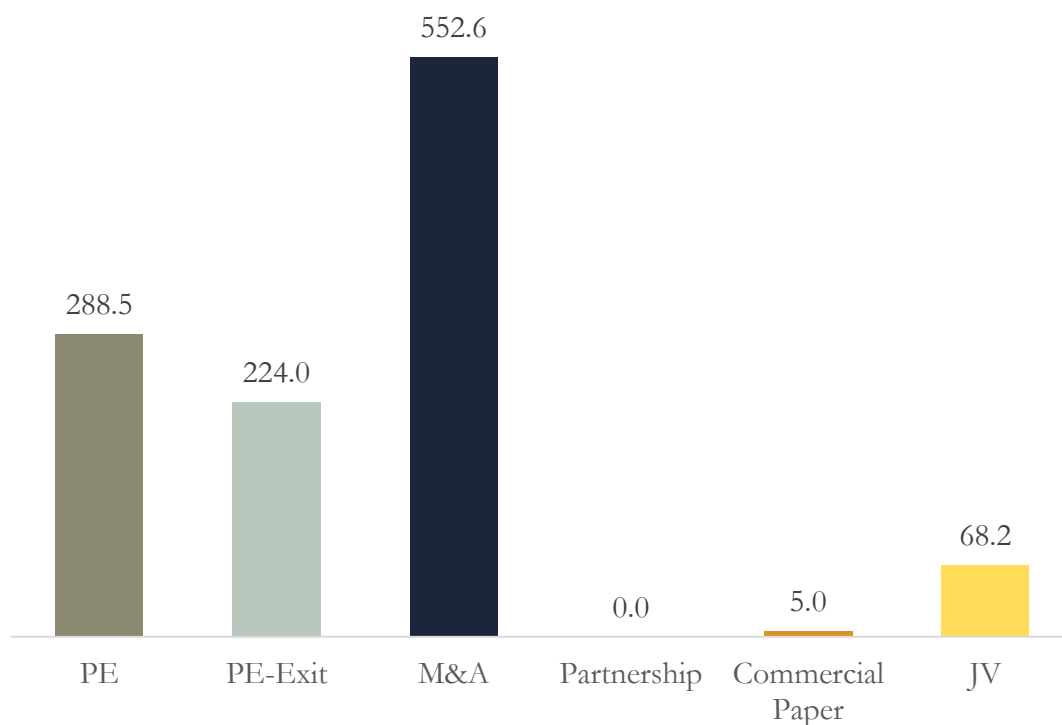
Analysis by Country

NUMBER OF DEALS BY COUNTRY



*Deals in the “Sector Analysis” table that have an impact on a company’s operations in more than one country have been treated as a single deal. In the “Analysis by Country” chart above, each country operation has been considered as a separate deal. There is therefore a mismatch between the “Sector Analysis” and “Analysis by Country” deal numbers.

DEAL SIZE YTD 2019 IN USD M



PART II : KEY MARKET INDICATORS

Yields on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	6.5%	10.7%	10.9%	12.3%
Tanzania	4.34%	7.8%	9.2%	11.4%
Uganda	9.6%	14.0%	15.4%	15.8%

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%	4.0%	5.5%	7.8%

Central Bank Rates

Country/Region	Previous rate	Prevailing 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%	6.50%
Central Bank of Nigeria (Nigeria)	14.00%	13.50%
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 IV : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
01-Jul-19	ResponsAbility, SunFunder, DWM and SIMA.	d.light	18	Energy	PE	Kenya	d.light, a pioneering manufacturer and provider of solar power products, announced a USD 18 million investment from a consortium of lenders including two responsAbility-managed funds, SunFunder, DWM and SIMA. The financing will be used to further grow d.light's operations across Africa.
01-Jul-19	The Yield Uganda Investment Fund	Raintree Farms	1.06	Agriculture /Pharma	PE	Uganda	Yield Uganda Investment Fund announced its commitment to invest USD 1.06 million (UGX 3.9 billion) in Raintree Farms Limited, a pioneer agricultural enterprise specialising in the production and processing of organic moringa. Raintree Farms is based in Masindi, Uganda and its products are sold to the nutritional, beauty and health markets.
14-Jul-19	Toyota Tsusho	Powerhive Inc	9.3	Energy	PE	Kenya	Micro-grids operator Powerhive Inc raised KES 930 million in its Series B round of funding for connecting electricity to 20,000 families via solar power.
15-Jul-19	AgDevCo	Africado	Undisclosed	Agriculture	PE	Tanzania	AgDevCo made a multi-million Euro investment in Africado, an avocado company based in the Kilimanjaro region of Tanzania. Africado grows avocados on its own farm and purchases fruit from surrounding farmers for export to Europe.
16-Jul-19	EXEO Capital	PPHL	Undisclosed	Paper and Packaging	PE	Tanzania	Stanlib-backed EXEO Capital announced its acquisition of a minority shareholding in PPHL, the Tanzanian maker of woven polymer-based cement bags. Following the investment, EXEO said it would seek additional opportunities for the Tanga-based firm that specialises in production of bags, sacks and tarpaulins for the agriculture and cement industries.
18-Jul-19	RENEW & the Impact Angel Network (IAN)	Kijani Baby	Undisclosed	FMCG	PE	Uganda	RENEW's Impact Angel Network (IAN) made their first investment in Uganda from their recently capitalized women-focused investment fund. The fund invested in Kijani Baby (Kijani), a washable diaper manufacturing company. The investment will be used to scale Kijani's production and improve its systems.

PART IV : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
23-Jul-19	African Rivers Fund	Ice Industries Uganda	Undisclosed	Manufact.	PE	Uganda	XSML announced an investment, through its African Rivers Fund, in Ice Industries (ICE), a producer of flake ice, which is used mainly to keep fresh produce cold and is an essential element for the fishing sector in Uganda. The investment from ARF will be used to more than double the companies' capacity of ice production, so that larger quantities of ice can be provided to the local fishing communities, at lower prices.
24-Jul-19	AJ Capital and Investment LLC (AJCI)	Insurance For All (IFA) Ltd	Undisclosed	Financial Services (Insurance)	PE	Kenya	AJ Capital and Investment LLC (AJCI), a Dubai-based private equity firm, purchased a 51 % stake in Kenyan start-up micro-insurer, Insurance For All (IFA) Ltd, for undisclosed value. The investment will be used to support IFA's expansion drive and marketing initiatives.
24-Jul-19	AHL Venture Partners and DOB Equity	Crop Nutrition Laboratory Services (Cropnuts)	Undisclosed	Agriservices	PE	Kenya	AHL Venture Partners and DOB Equity invested in Crop Nutrition Laboratory Services ("Cropnuts"). The investment will be used to capitalize on the fast-growing demand for quality lab testing & agronomy services that help farmers "grow more, with less" across Sub-Saharan Africa.
26-Jul-19	Investors	Branch International	5	Financial Services	*CP	Kenya	Digital financial service provider Branch International issued its fourth commercial paper of USD 5 million (KES 500 million). The investment will be used to expand its services in Kenya. The issuance comes after the firm announced it had repaid its third commercial paper of USD 5 million. The latest funding brings the total capital raised locally by the firm since its first issuance in 2017 to more than USD 15 million.
26-Jul-19	Gray Matters Capital	Taimba	0.1	Agri-tech	PE	Kenya	Nairobi based B2B Agri-Tech startup Taimba secured USD 100,000 from US-based impact investor Gray Matters Capital's gender lens portfolio: GMC coLABS. Taimba runs a mobile-based cashless platform connecting rural small scale farmers to urban retailers.

*CP: Commercial Paper

PART IV : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
30-Jul-19	DPO Group	PayFast	Undisclosed	Financial Services/ICT	M&A	Kenya/SA	Nairobi-based payment services provider the DPO Group acquired South African payments processing service PayFast in a reported multi-million rand deal. The deal was carried out through a mix of shares and cash. As part of the deal, the PayFast management team will remain key shareholders in the DPO Group.
31-Jul-19	Lateral Capital	Lynk	Undisclosed	Ecommerce	PE	Kenya	Lynk — a Kenyan online marketplace for artisans — raised an undisclosed amount of funding in a round led by New York based Lateral Capital with participation by Kenyan Cornerstone Group. Launched in 2016, Lynk has built a marketplace matching blue-collar workers to 'gigs' according to their experiences and skills. The marketplace, which recently introduced a shop section to promote artisans wares on its platform.

*CP: Commercial Paper

PART VI : UPCOMING EVENTS/CONFERENCES



03 – 06
Sep
2019

Agribusiness Deal Room Event

Accra, Ghana

CrossBoundary and AGRA, as part of the annual African Green Revolution Forum (AGRF) event, is hosting an Agribusiness Deal Room which will provide companies in the agriculture and agribusiness sectors with access to finance, mentorship, and market entry solutions to support their growth objectives.

17 Sep
2019

Bonds, Loans & Sukuk East Africa 2019

Villa Rosa Kempinski, Nairobi

Bonds, Loans & Sukuk East Africa is East Africa's only annual credit market event and brings together government officials, borrowers, issuers, regulators, bankers, investors and advisors to discuss and debate pertinent developments in East Africa's debt capital markets (bonds, loans and sukuk).

13 - 15
Nov
2019

Africa Early Stage Investor Summit

Workshop17 at the V&A Waterfront in Cape Town, South Africa

VC4A and ABAN are pleased to announce the 6th edition of the Africa Early Stage Investor Summit (#AESIS2019). The Summit will take place from 13-15 November at Workshop17 at the V&A Waterfront in Cape Town, South Africa. The conference brings together leading investors from Africa and beyond to network, exchange insights, create partnerships and make deals. This event is designed 'for investors, by investors'.

2 - 4 Dec
2019

SuperReturn Africa 2019

The Westin Cape Town, Cape Town

With 500+ attendees, SuperReturn Africa is the continent's largest private equity conference, offering unparalleled opportunity to meet the leading market players in the region. In addition, a programme of tailored LP-led sessions and networking allow investors to find out how their peers are getting access to the best performing funds, assessing and enforcing governance standards, and more.



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