

# EAST AFRICA FINANCIAL REVIEW

AUGUST 2019



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## August in Numbers:

12

The number of disclosed deals in EA

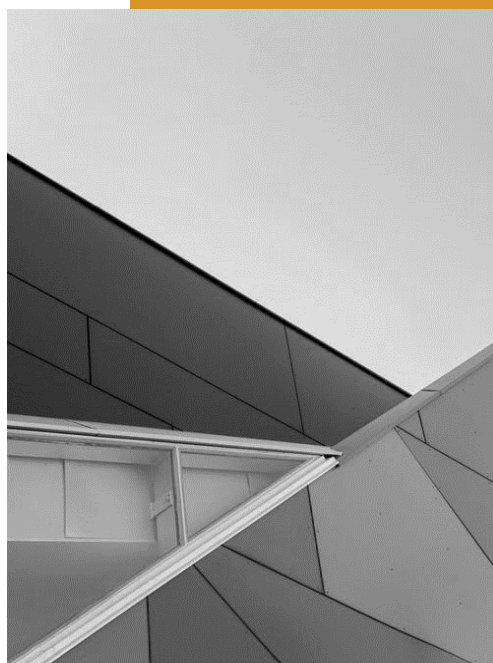
173.5

Disclosed deal value in USD million



### IMBC Deal of the Month:

Joint Venture between Actis LLC and Improvon Group of South Africa to build Kenya's biggest industrial real estate development.



#### *The Editorial Team*

EDWARD BURBIDGE | LINDA OBWORA

During the month of August there were 12 disclosed deals valued at USD 173.5 million. This brings the total deal value and volume for the year to date to c. USD 1.3 billion and 75 respectively. The highest volume of deals YTD has been recorded in the financial services sector – 18 out of the 75 disclosed deals. Other sectors that have seen significant deal activity are the Energy, Oil & Gas sector, Healthcare sector and the Agribusiness sector.














IMBC's deal of the month is Actis LLC's joint venture with South Africa's Improvon Group. The two companies have created a JV called ImpAct to build a 40 hectare industrial business park development at an estimated cost of USD 111 million. The new development will be called Nairobi Gate Industrial Park and will be Kenya's biggest industrial real estate investment to date.

Overall market performance for August recorded a decline with the NASI, NSE 20 and NSE 25 down by 0.5%, 6.1% and 1.7%. The NSE 20 index closed the month at 2467.68 points compared to 2627.81 points at the end of July 2019. Unlike the month of July, the market recorded net investor inflows of c. USD 14.66 million. The average daily turnover was c. USD 4.0 million in August compared to c. USD 4.8 million at the end of July.

In other trading activity, top gainers during the month included East African Cables which increased by 27.1% (YTD – increase of 16.8%) and National Bank of Kenya which increased by 7.1% (YTD – decline of 22.5%). Kenya Airways experienced the highest decline of 28.1% (YTD – decline of 72.0%).

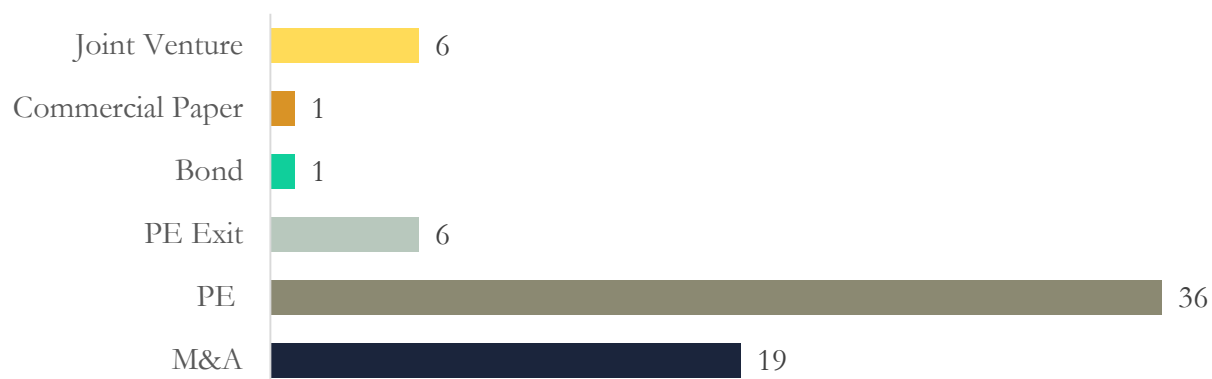
# PART I : DEAL STATISTICS

## Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	18	104.98
 FMCG	6	111.0
 Manufacturing	6	193.0
 Agribusiness	9	11.41
 Logistics	2	5.0
 Food & Beverage	3	Undisclosed
 Energy, Oil and Gas	9	691.5
 Healthcare	8	3.17
 Education	2	26.0
 ICT and Telecom	5	2.0
 Entertainment and Other Services	2	Undisclosed
 Environment	2	Undisclosed
 Real Estate	2	159.4

## Analysis by Type of Transaction

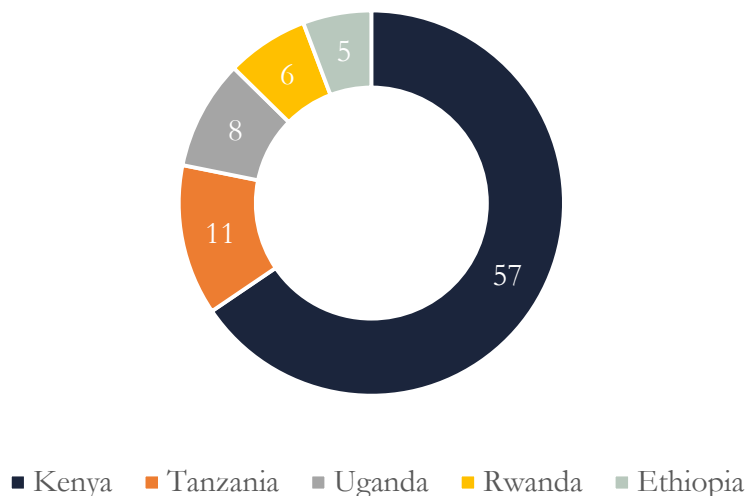
### TOTAL NUMBER OF DEALS IN EA-2019 YTD



# PART I : DEAL STATISTICS

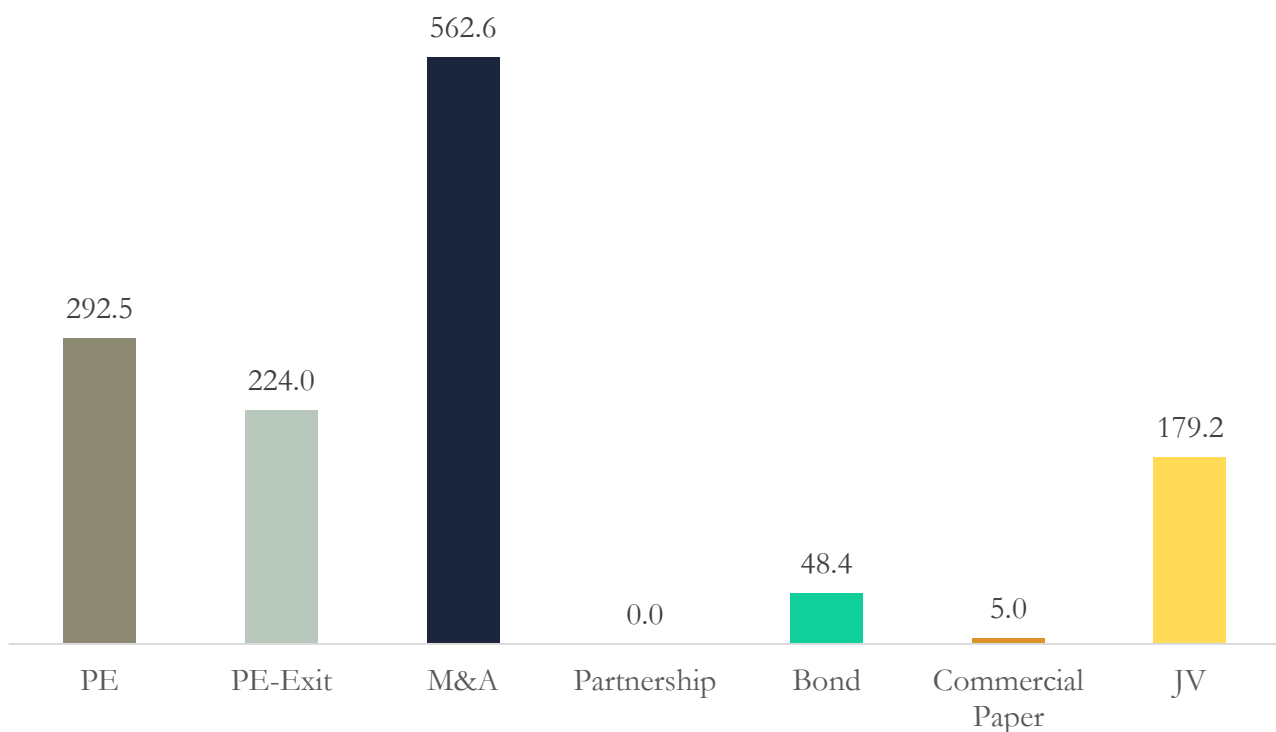
## Analysis by Country

### NUMBER OF DEALS PER 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	6.4%	10.7%	10.9%	11.5%
Tanzania	4.3%	7.8%	9.2%	15.1%
Uganda	8.97%	12.9%	15.1%	14.3%

### Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2018 actual Inflation	4.5%	3.5%	3.2%	2.9%
2019 average inflation at Jul 2019	5.3%	3.5%	2.6%	1.6%

### 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
06-Aug-19	Sumerian Partners, Inqo Investments and Johnson and Johnson social Impact Fund	South Lake Medical Centre (SLMC)	0.95	Healthcare	PE	Kenya	UK based Sumerian Partners, South African Impact Investor Inqo Investments and Johnson & Johnson's social impact fund have made an investment in SLMC, a Kenyan based, low cost medical centre. SLMC is a private healthcare provider in the Naivasha region of Kenya serving predominantly low-income flower farm workers. A total investment of USD 950,000 will be made in a combination of equity and soft loans.
07-Aug-19	Undisclosed	Ilara Health	0.735	Healthcare	PE	Kenya	Nairobi-based healthcare diagnostics company Ilara Health has raised Sh75.8 million in seed funding from local and foreign venture capital firms for local expansion.
12-Aug-19	Incofin	Juhudi Kilimo	2.4	Financial Services	PE	Kenya	Belgian investment fund Incofin CVSO has invested 2.2 million euros in Juhudi Kilimo, a credit only microfinance institution operating in Kenya. Juhudi is a microfinance provider for smallholder farmers in Kenya and offers a wide range of services through its 34 branches spread across 32 rural towns in Kenya. The MFI manages a portfolio of c. 20 million euros.
16-Aug-19	Investors	Acorn Holdings	48.4	Real Estate	Bond	Kenya	Kenya's Capital Markets Authority (CMA) has approved the issuance of the country's first green bond, worth KES 5 billion (USD 48.4m/EUR 43.6m), in support of sustainable and climate-resilient projects.
19-Aug-19	Transsion Future Hub	Wapi Capital	Undisclosed	Financial Services	JV	Kenya	Transsion Future Hub, a subsidiary of Chinese mobile-phone and device maker Transsion, is teaming up with Kenya's Wapi Capital to source and fund early-stage African fintech start-ups.
19-Aug-19	PowerGen Renewable Energy	Rakifi Power (E.on)	Undisclosed	Energy, Oil and Gas	M&A	Tanzania	Pan-African micro-grid company PowerGen Renewable Energy has formally acquired E.on Off-Grid Solutions GmbH, which operates under the Rakifi Power brand in Africa, for an undisclosed sum.

## PART IV : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
20-Aug-19	DOB Equity, GIF, Unilever	Mr. Green Africa	Undisclosed	Environment	PE	Kenya	DOB Equity, a Dutch family-backed impact investor in East Africa, and Global Innovation Fund (GIF), in partnership with Unilever, have co-invested in Mr. Green Africa, the Nairobi based recycler and recycled plastics supplier.
20-Aug-19	Danish Brewing Company E.A. Limited	Centum Investment Company Plc	Undisclosed	Logistics (Distribution)	PE - Exit & M&A	Kenya	Centum Investment Company Plc concluded an agreement to sell all its shareholding in King Beverage Limited to Danish Brewing Company E.A. Limited. Centum held 100% of the shares in King Beverage Limited which is in the business of sale and distribution of various alcoholic beverages. The Company is the sole distributor of Carlsberg Brands and selected Edrington and Grays Spirits in Kenya.
22-Aug-19	RENEW - Impact Angel Network	Travel Ethiopia PLC	Undisclosed	Tourism	PE	Ethiopia	RENEW's Impact Angel Network (IAN) closed an investment in Travel Ethiopia Plc, a private eco-minded tour and safari company.
25-Aug-19	Actis	Improvon	111	Real Estate	JV	Kenya	South African unlisted industrial property developer Improvon has teamed up with PE investor Actis, to build Kenya's biggest industrial real estate investment. The two companies have created a JV called ImpAct to build the 40 ha industrial business park development at an estimated cost of USD 111 million. The new development will be called Nairobi Gate Industrial Park.
26-Aug-19	Zeder	East African Seed Company (EAS)	Undisclosed	Agribusiness	M&A	East Africa	South African Agribusiness Company Zeder, through its subsidiary Zaad Holdings, acquired 40% stake in the East African Seed Company (EAS), with an option to acquire an additional stake in the future. EAS was established in 1972 and has steadily grown to become the leading independent seed company within the East and Central African regions.
29-Aug-19	Oikocredit Ecumenical Development Cooperative Society UA	Credit Bank Plc	10	Financial Services	M&A	Kenya	Oikocredit Ecumenical Development Cooperative Society UA of Netherlands acquired a 22.8% stake in Credit Bank Plc, a Nairobi-based commercial bank, for a total KES 1 billion (USD 9.676 million).

## PART VI : UPCOMING EVENTS/CONFERENCES



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).

17 Oct  
2019

### **Mergers and Acquisitions Summit**

#### **Kampala, Uganda**

The leading exclusive event for senior executives active in M&A and investment in Africa, this focused high-level exclusive event provides an often sought-after continental networking platform. Investors can expect to meet senior decision-makers and "rising stars", from sectors in Africa poised for rapid growth.

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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