

# EAST AFRICA FINANCIAL REVIEW

SEPTEMBER 2019



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## September in Numbers:

9

The number of disclosed deals in EA

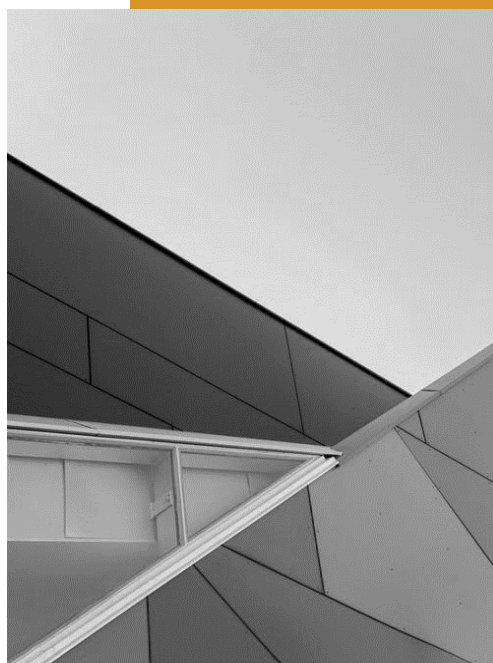
236.3

Disclosed deal value in USD million



### IMBC Deal of the Month:

Huaxin Cement Co Ltd.'s of China acquisition of Maweni Limestone Ltd from ARM Cement PLC



### *The Editorial Team*

EDWARD BURBIDGE | LINDA OBWORA

During the month of September there were 9 disclosed deals valued at USD 236.3 million. This brings the total deal value and volume for the year to date to c. USD 1.5 billion and 84 respectively. The highest volume of deals YTD has been recorded in the financial services sector – 19 out of the 84 disclosed deals. Other sectors that have seen significant deal activity are the Agribusiness sector and the Energy, Oil & Gas sector.

IMBC's deal of the month is Huaxin Cement Co Ltd.'s of China acquisition of Maweni Limestone Ltd from ARM Cement PLC. This is Huaxin's first incursion into East Africa. It adds the Tanzanian producer of Rhino cement to its burgeoning portfolio of overseas assets including cement plants in Tajikistan, Uzbekistan, Cambodia and Nepal.

Overall market performance for September recorded a further decline with the NASI, NSE 20 and NSE 25 down by 1.4%, 1.4% and 1.3%. The NSE 20 index closed the month at 2431.97 points compared to 2467.68 points at the end of August 2019. Similar to the month of August the market recorded net investor inflows of c. USD 6.55 million. The average daily turnover was c. USD 4.84 million in September compared to c. USD 4.0 million at the end of August. Thus at the end of Q3 2019, the market was down 2.8% as indicated by the NASI YTD performance albeit with positive net investor inflows of USD 1.18 million.

In other trading activity, top gainers for the YTD 2019 include Kakuzi which increased by 35.5% YTD and HF Group (YTD – increase of 27.1%). Kenya Airways experienced the highest decline of 71.3% YTD.



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Negotiation

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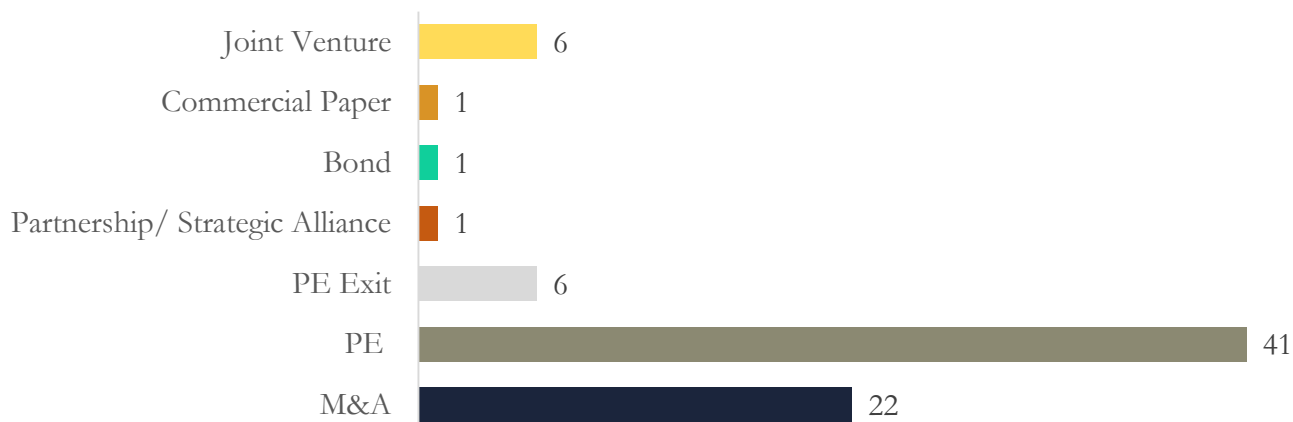
# PART I : DEAL STATISTICS

## Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	19	104.98
 FMCG	7	111.0
 Manufacturing	7	308.13
 Agribusiness	10	18.4
 Logistics	2	5.0
 Food & Beverage	3	Undisclosed
 Energy, Oil and Gas	10	797.5
 Healthcare	8	3.17
 Education	4	34.2
 ICT and Telecom	5	2.0
 Professional and Other Services	4	Undisclosed
 Environment	2	Undisclosed
 Real Estate	2	159.4

## Analysis by Type of Transaction

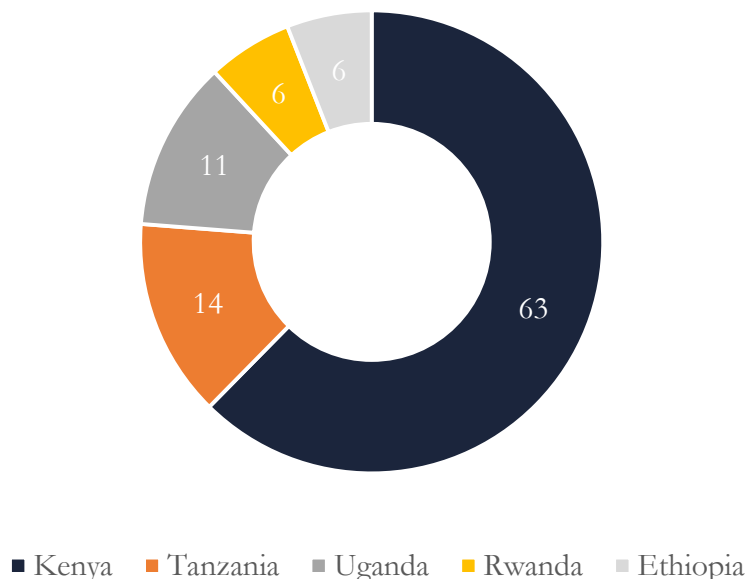
TOTAL NUMBER OF DEALS IN EA-2019 YTD



# PART I : DEAL STATISTICS

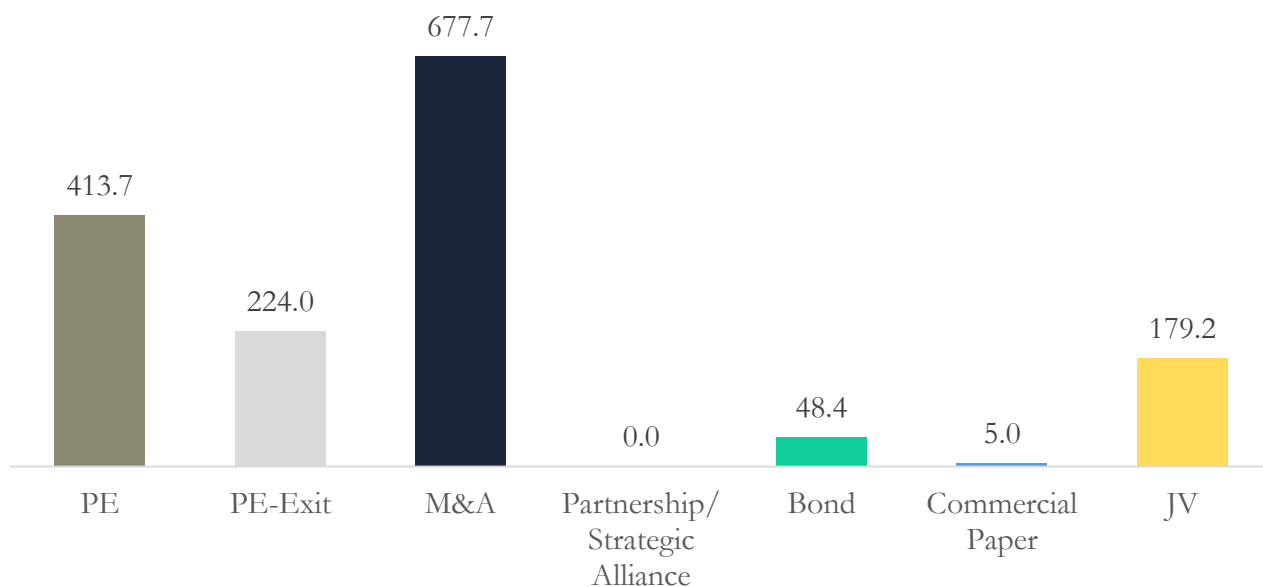
## Analysis by Country

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	4.6%	7.8%	9.2%	15.1%
Uganda	8.56%	13.0%	15.1%	14.28%

### Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2018 actual Inflation	4.5%	3.5%	3.2%	2.9%
2019 average inflation at Sep 2019	5.24%	3.6%	1.9%	2.8%

### 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
02-Sep-19	Bowmans	Aman Assefa & Associates Law Office	Undisclosed	Professional Services	Strategic Alliance	Ethiopia	Bowmans a law firm headquartered in South Africa announced it is expanding operations to Mauritius and Ethiopia enabling it to unlock more opportunities for clients in Africa. In Ethiopia, Bowmans has formed a formal alliance with Aman Assefa & Associates Law Office. The Company also has offices in Kenya, Tanzania and Uganda
03-Sep-19	FinnFund in partnership with Proparco and IFU	Maarifa Education Group	7.00	Education	PE (DFI)	East Africa	Finnish development financier FinnFund is investing USD 7 million in Maarifa Education Group, a private tertiary education company operating in Sub-Saharan Africa. This is FinnFund's first direct investment in the education sector. The investment was done in partnership with Proparco, the French development finance institution, and IFU, the Danish development finance institution.
05-Sep-19	Adenia Partners	Quick Mart	Undisclosed	FMCG	PE	Kenya	Adenia Partners, a private equity firm investing in Sub-Saharan Africa, completed a majority investment in Quick Mart Limited. Incorporated in 2006, Quick Mart operates a chain of 11 supermarkets in Kenya with 9 stores located in neighbourhood estates in Nairobi, and another 2 stores in the town of Nakuru. The investment will be utilized to expand Quick Mart's store network in convenient neighbourhood locations, as well as strengthen operational efficiencies.
19-Sep-19	IFU	Africa Education Holding Limited	6.70	Education	PE (DFI)	East Africa	The Danish SDG Investment Fund managed by IFU invested USD 6.7 million in Africa Education Holding Limited (AEHL). AEHL offers affordable high quality programmes in labour market relevant studies such as medicine, business, IT, among others. AEHL owns and operates Cavendish University in Uganda and Zambia, and going forward will increase its portfolio in East and West Africa.

## PART IV : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
23-Sep-19	Olea Insurance Solutions	Koolridge Insurance Brokers Ltd	Undisclosed	Financial Services - Insurance	M&A	Kenya	Olea Insurance Solutions of France acquired a 40% stake in Koolridge Insurance Brokers Ltd, insurance agency, in a privately negotiated transaction. Terms were not disclosed.
24-Sep-19	European Investment Bank (EIB) and FMO (Dutch Development Bank)	Frontier Energy	106.00	Renewable Energy	PE - Debt	Kenya	The European Investment Bank (EIB) and Dutch development bank FMO have provided financing for the construction and operation of two solar photovoltaic (PV) parks totalling 80 MW in Kenya. Each lender has contributed USD 53 million (EUR 48.2m) in non-recourse project financing to the USD-147-million investment. The remaining cost will be assumed by the project promoters, Africa-focused renewables developer Frontier Energy.
24-Sep-19	Pearl Capital Partners	Clarke Farm Limited	1.50	Agribusiness	PE	Uganda	PCP announced a 1.5 million investment in Clarke Farm Limited, an agribusiness company specialising in the production and processing of fine speciality washed Robusta coffee, targeting the premium market. The investment has been structured to provide long term patient capital which will facilitate the expansion of the nucleus estate, development of a modern nursery to propagate and supply quality planting materials, among others.
26-Sep-19	Huaxin Cement Co Ltd	Maweni Limestone Ltd	115.13	Manufacturing	M&A	Tanzania	Huaxin Cement Co Ltd of China acquired Maweni Limestone Ltd, a Tanga-based manufacturer of cement, from ARM Cement PLC, for a total TZS 264.051 billion (USD 115.126 mil). Huaxin stated that this first incursion into East Africa is 'integral to its broader strategy' of expansion in emerging markets. It adds the Tanzanian producer of Rhino cement to its burgeoning portfolio of overseas assets including cement plants in Tajikistan, Uzbekistan, Cambodia and Nepal.
26-Sep-19	Co-Creation Hub	iHub Ltd	Undisclosed	Professional Services - IT Consulting & Services	M&A	Kenya	Co-Creation Hub of Nigeria acquired iHub Ltd, a Nairobi-based provider of computer related services, from BSP Fund LLC. Terms were not disclosed.



## PART VI : UPCOMING EVENTS/CONFERENCES



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'.

19 Nov  
2019

### CFO Breakfast Forum

#### Crowne Plaza, Nairobi

The CFO Breakfast Forum offers C-Level executives an intimate environment for a focused discussion of the key new drivers shaping corporate priorities and finance strategies. The Forum is tailored for CEOs, CFOs, Finance Directors, COOs, CIO, Directors and equivalent levels from both public and private sectors.

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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