

# EAST AFRICA FINANCIAL REVIEW

NOVEMBER 2019



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## November in Numbers:

9

The number of disclosed deals in EA

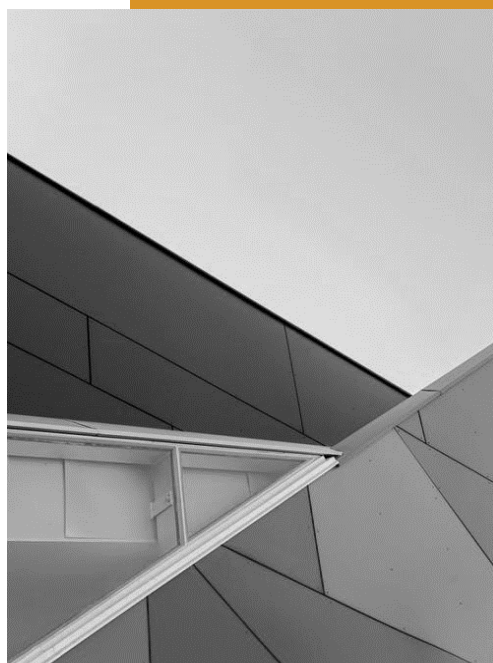
35.6

Disclosed deal value in USD million



### IMBC Deal of the Month:

GA Insurance Limited's acquisition of Nova Insurance Company of Uganda.



*The Editor*

EDWARD BURBIDGE

There were 9 disclosed corporate transactions in East Africa in November with an estimated total disclosed deal value of USD 35.6 million. This brings the total deal value and volume for the year to date to c. USD 1.62 billion and 104 respectively. Interestingly, 62% of all disclosed deals YTD are private equity transactions, although by value, M&A transactions edge private equity transactions by c. 45%. The highest volume of deals YTD has been recorded in the financial services (22%), Agribusiness (13%) and the Energy, Oil & Gas sectors (11%).

IMBC's deal of the month is GA Insurance Limited's acquisition of a 100% stake in Nova Insurance Company Limited of Uganda in what was an exciting cross-border transaction. The transaction advances GA's strategic vision of increasing its regional business. GA was advised by I&M Burbidge Capital on the transaction.

Overall market performance retreated in October with the NASI, NSE 20 and NSE 25 down by 1.0%, 0.9% and 0.2%. The NSE 20 index closed the month at 2618.62 points compared to 2643.39 points at the end of September 2019. The market recorded net foreign investor outflows of c. USD 7.09 million. The average daily turnover was c. USD 7.91 million in October compared to c. USD 7.38 million at the end of September.

In other trading activity, top gainers for the month included WPP Scangroup which increased by 19.9% (+18.6% YTD) following its board's approval of the sale of its stake in the Kantar research business as part of a global WPP sale of Kantar assets, and Britam which was up 18.2% (YTD -17.0%). Kenya Airways again experienced the highest monthly decline of 29.1% (YTD -74.5%).














# *Financial Advisor of the Year*



We are delighted to have been awarded the Financial Advisor of the Year Award at the 2019 East Africa Private Equity & Venture Capital Association Annual Gala Dinner and Industry Awards. This is a reflection of the hard work and commitment the team has put in to provide high quality financial solutions that meet our clients' needs. We are proud to work with the PE and VC community to deliver these financial solutions to mid and large cap corporates, and also to successfully act for the firms/funds and their partner investees in our unique portfolio review and exit advisory service. We continue to invest significant resources to provide thought leadership to the industry and enhance the quality and diversity of corporate transactions in the market.

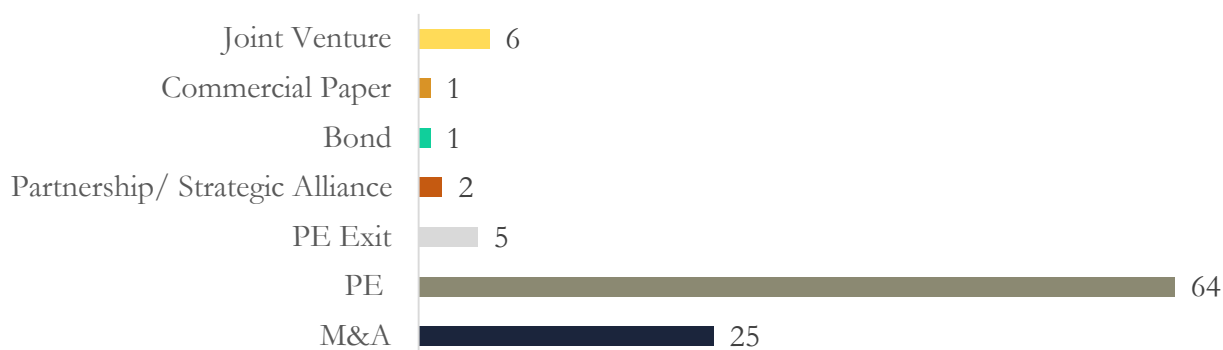
# PART I : DEAL STATISTICS

## Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	23	120.68
 FMCG	8	111.0
 Manufacturing	8	308.13
 Agribusiness	13	21.56
 Logistics	6	36.75
 Food & Beverage	3	Undisclosed
 Energy, Oil and Gas	11	817.5
 Healthcare	10	13.17
 Education	5	34.2
 ICT and Telecom	8	2.55
 Professional and Other Services	5	Undisclosed
 Environment	2	Undisclosed
 Real Estate	2	159.4

## Analysis by Type of Transaction

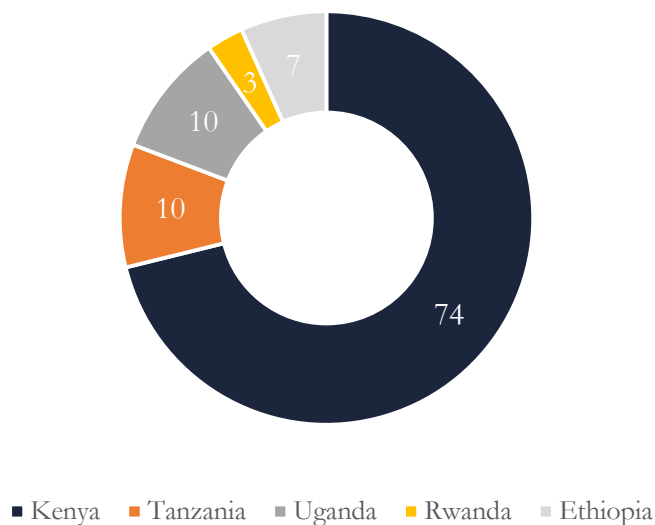
### TOTAL NUMBER OF DEALS IN EA-2019 YTD



# PART I : DEAL STATISTICS

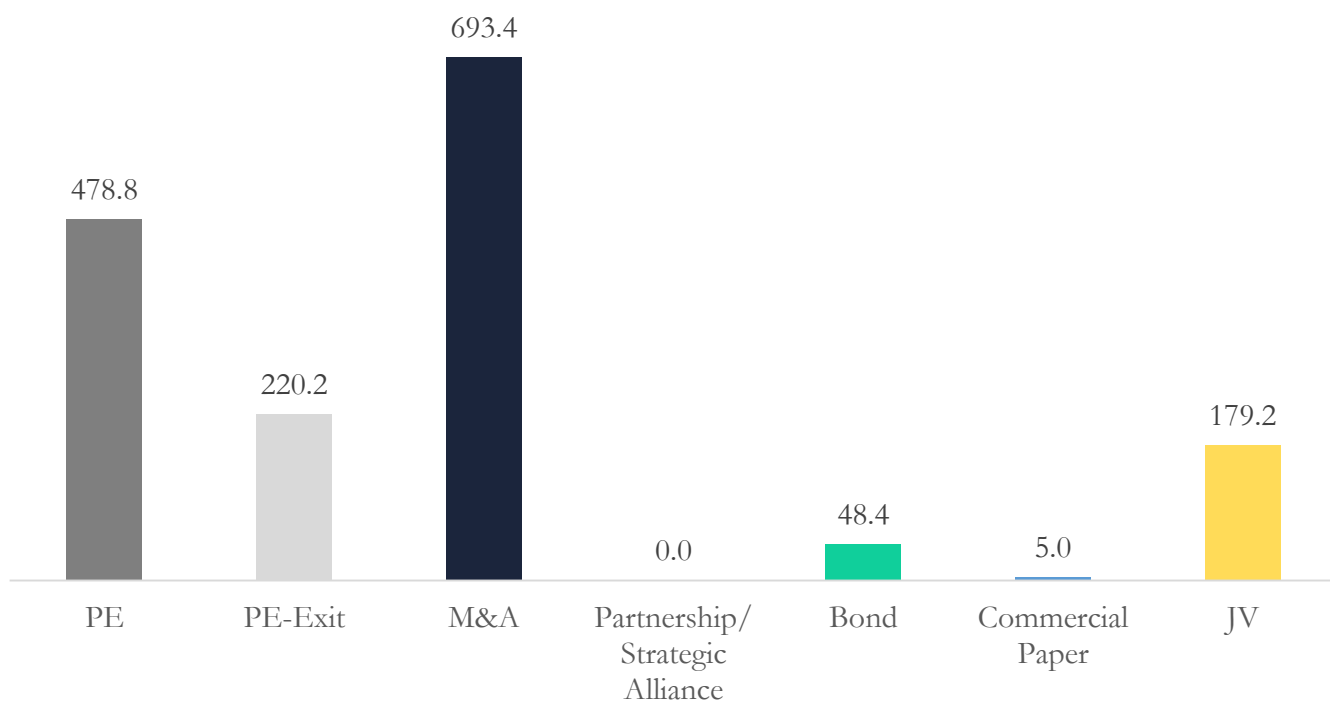
## Analysis by Country

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%	10.4%	11.3%	12.3%
Tanzania	4.6%	7.8%	9.2%	11.4%
Uganda	8.8%	13.6%	15.5%	15.7%

### Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2018 actual Inflation	4.5%	3.5%	3.2%	2.9%
2019 average inflation in Oct/Nov	5.5%	3.6%	2.2%	7.2%

### 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	Rate as at November 2019
Central Bank of Kenya (Kenya)	9.00%	8.50%
Bank of Uganda (Uganda)	10.00%	9.00%
Bank of Tanzania (Tanzania)	7.00%	7.00%
National Bank of Rwanda (Rwanda)	5.50%	5.00%
South African Reserve Bank (RSA)	6.50%	6.50%
Central Bank of Nigeria (Nigeria)	13.50%	13.50%
Central Bank of Egypt (Egypt)	16.75%	12.25%
Bank of England (UK)	0.75%	0.75%
Federal Reserve Bank (USA)	2.50%	1.50%
European Central Bank (EU)	0.00%	0.00%

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
07/11/2019	Rise Fund LP	Pearl Dairy Farms Ltd	Undisclosed	Agriculture	PE	Uganda	Rise Fund LP, an impact-investment fund, acquired 34% of Uganda's largest dairy processor, Pearl Dairy Farms Limited, in a bid to support smallholder farmers.
08/11/2019	ICEA Lion Asset Management Ltd	Stanlib Kenya	15	Financial Services	M&A	Kenya	Fund manager ICEA Lion Asset Management signed an agreement to acquire its rival Stanlib Kenya in a deal estimated at more than Sh1.5 billion.
12/11/2019	GA Insurance	Nova Insurance	Undisclosed	Financial Services	M&A	Uganda	GA Insurance acquired 100% stake of Nova Insurance as part of plan to expand its services across East Africa. GA was advised by I&M Burbidge Capital in the transaction.
15/11/2019	Exim Bank Tanzania	United Bank Limited (T)	Undisclosed	Financial Services	M&A	Tanzania	Exim Bank Tanzania acquired 100 per cent of the business and assets of United Bank Ltd (T), a subsidiary of Pakistan's UBL Bank. The acquisition, the first by a private bank in the country, goes toward consolidation of the country's banking sector.
19/11/2019	Zoscales Partners	Ahadukes Food Products S.C.	Undisclosed	FMCG	PE	Ethiopia	Zoscales Partners maiden fund (Zoscales Fund I) announced its investment into Ahadukes Food Products S.C. (Ahadukes). Ahadukes produces mainstream and premium biscuits for the Ethiopian domestic and export markets.

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal Size (M USD)	Sector	Type	Target Nation	Synopsis
19/11/2019	Viktoria Business Angels Network and Pangea Accelerator	ManPro	0.2	ICT	PE	Kenya	Viktoria Business Angels Network (VBAN) and Pangea Accelerator together invested USD 200,000 in Kenyan startup ManPro.
19/11/2019	Unicorn Group	Asilimia	0.35	ICT	PE	Kenya	Nairobi-based fintech startup Asilimia raised USD 350,000 in funding from pan-African investment firm the Unicorn Group. Asilimia helps small businesses make transaction-free mobile money payments and also provides its users with access to financial services.
25/11/2019	Africa Finance Corporation	Uganda Oil Refinery	20	Energy, Oil & Gas	PE	Uganda	The Africa Finance Corporation advanced USD 20 million for the construction of Uganda's crude oil refinery, paving the way for the start of the USD 4.27 billion project.
27/11/2019	Cepheus Capital	Tabor Ceramics	Undisclosed	Manufacturing	PE	Ethiopia	Cepheus Growth Capital Partners announced an investment into Tabor Ceramics Products Share Company, Ethiopia's leading domestic producer of ceramic products.



## PART VI : UPCOMING EVENTS/CONFERENCES



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.

5 - 6  
Dec  
2019

### **Institutional Investor Masterclass**

#### **Cape Town, South Africa**

Two-Day intensive masterclass designed for Limited Partners with a focus in Africa, who are non-retail investors in private equity funds.

18 - 19  
June  
2020

### **Capital Raising Seminar**

#### **Nairobi, Kenya**

Having already hosted 2 successful Capital Raising Seminars, Strathmore Business School and I&M Burbidge Capital Limited will jointly-host their 3<sup>rd</sup> Seminar; covering topics such as the Capital Raising Process; Valuation Methods; Business Structure and Family Business Succession Planning.



### About I&M Burbidge Capital

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.

### Our Services

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

**You are the best at what you do! Let us tell the market.**

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