

EAST AFRICA FINANCIAL REVIEW

FEBRUARY 2020



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February in Numbers:

7

The number of disclosed deals in EA

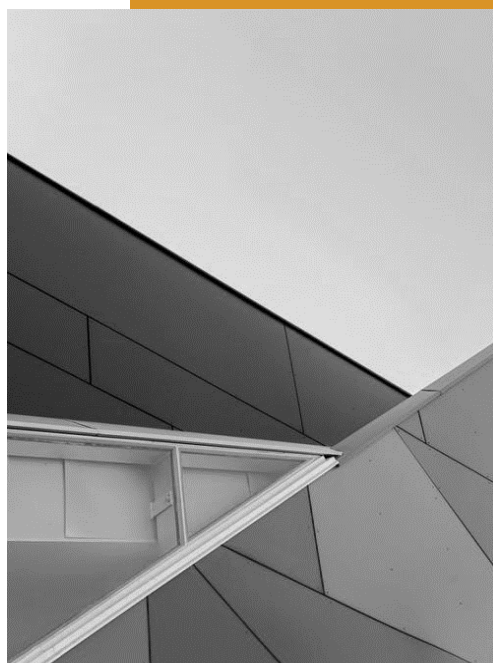
145.7

Disclosed deal value in USD million



IMBC Deal of the Month:

Qatari state-owned Qatar Airways' 49% stake acquisition in RwandAir Limited.



The Editorial Team

EDWARD BURBIDGE | KEVIN KURIA

Deal making in East Africa in February matched that in January with 7 transactions having been disclosed, 5 of which had a total disclosed deal value of c. USD 146 million. The ICT sector once again recorded the most number of transactions with 2 PE investments. As was the case in 2019 and in January 2020, Most of the transactions were private equity investments with a disclosed deal value of c. USD 123.4 million, bringing the total value of PE investments to date in 2020 to c. USD 199 million. M&A activity lagged behind with 2 transactions in February valued at USD 22.3 million.

IMBC's deal of the month is the 49% stake acquisition of RwandAir Limited, a Kigali-based passenger airline, by Qatari state-owned Qatar Airways QSC. This comes less than two months after Qatar's flagship carrier and the Rwanda Government signed an investment partnership where Qatar Airways agreed to take a 60% stake in the new Bugesera Airport (East of Kigali), a project worth c. USD 1.3 billion. The acquisition will give RwandAir a solid technical and financial partner able to support its development and hub strategy.

February saw the NSE 20 index hit a 16 – year low closing at 2337 points down from 2600 in January, a development that can be attributed to the negative net investor inflows of USD 26.3 Million compared to positive net investor inflows of USD 5.27 Million in January. Overall, the listed equities market was on a downward trend, with NASI, NSE 20 and NSE 25 declining by 10.1%, 8.3% and 9.0% respectively.

Top gainers during the month included Express which increased by 14% (YTD – decline of 5.0%) and Olympia Capital which increased by 11.6% (YTD – increase of 24.4%). Bamburi Cement experienced the highest monthly decline of 22.8% (YTD – decline of 30.0%).

Financial Advisor of the Year













We are delighted to have won the best Financial Advisor by Transaction Flow category for Mergers and Acquisitions in East Africa at the DealMakers AFRICA 2nd Annual Gala Awards held on 3rd March 2020 in Nairobi. The category recognises the most active advisors in the region as determined by the number of successfully closed transactions.

This win comes hot on the heels of our success at the 2nd EAVCA Industry Gala Awards 2019 held in November 2019 where we won the Financial Advisor of the Year award. We continue to make significant investments in our resource base and capabilities to present more value to our clients and enhance the corporate transactions market.

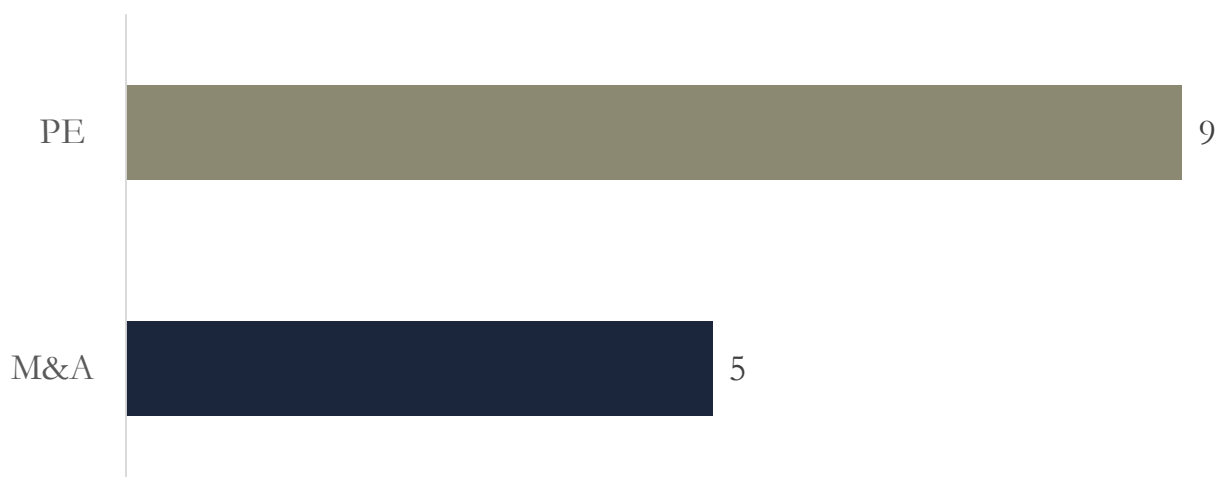
PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	1	Undisclosed
 FMCG	1	Undisclosed
 Agribusiness	1	10.01
 Food & Beverage	1	56.00
 Healthcare	1	15.00
 ICT and Telecom	5	36.00
 Logistics	1	Undisclosed
 Mining	1	14.7
 Real Estate	1	100
 Automotive	1	Undisclosed

Analysis by Type of Transaction

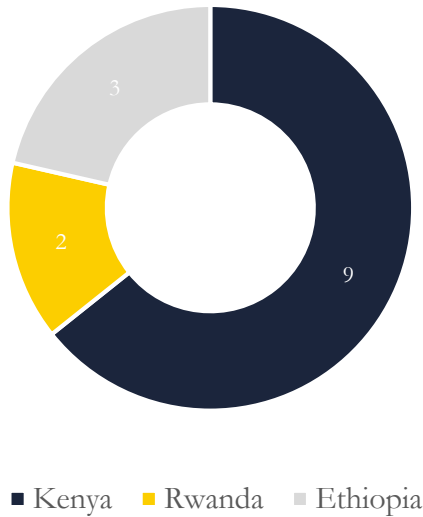
TOTAL NUMBER OF DEALS IN EA - 2020 YTD



PART I : DEAL STATISTICS

Analysis by Country

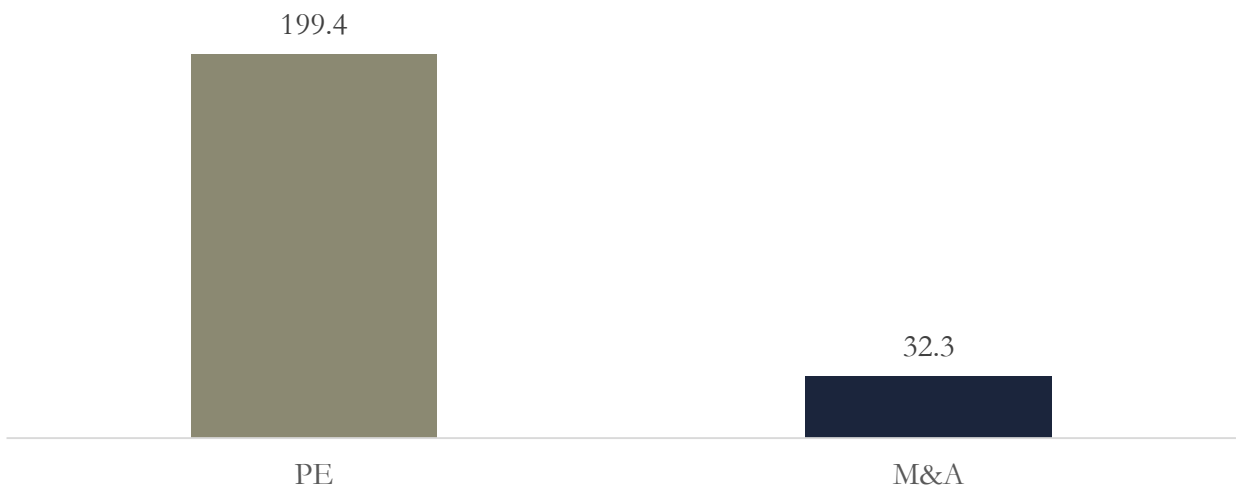
NUMBER OF DEALS PER COUNTRY



*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 2020 IN USD M

■ PE ■ M&A



PART II : KEY MARKET INDICATORS

Yields on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	7.32%	10.54%	11.82%	12.67%
Tanzania	3.48%	10.26%	11.95%	14.53%
Uganda	10.00%	14.47%	16.37%	15.67%

Source: Respective Central Bank

Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2019 actual Inflation	5.82%	3.80%	3.60%	3.19%
2020 Projected Inflation	5.30%	4.19%	3.40%	5.00%

Source: Statista

GDP Growth Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2019 estimated GDP growth rate	5.80%	6.90%	6.50%	8.50%
2020 forecasted growth rate	5.90%	5.80%	6.50%	8.10%

Source: World Bank

Central Bank Rates

Country/Region	Previous rate	Rate as at February 2020
Central Bank of Kenya (Kenya)	8.25%	8.25%
Bank of Uganda (Uganda)	9.00%	9.00%
Bank of Tanzania (Tanzania)	7.00%	7.00%
South African Reserve Bank (RSA)	6.25%	6.25%
Central Bank of Nigeria (Nigeria)	13.50%	13.50%
Central Bank of Egypt (Egypt)	13.25%	12.25%
Bank of England (UK)	0.75%	0.75%
Federal Reserve Bank (USA)*	1.75%	1.75%
European Central Bank (EU)	0.00%	0.00%

Source: CB Rates

*The Fed Funds rate had changed to 1.25% as at the date of this publication.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
5-Feb-20	Qatar Airways QSC	Rwandair Ltd	Undisclosed	Transport & Logistics	M&A	Rwanda	The Qatari state-owned Qatar Airways QSC planned to acquire a 49% stake in Rwandair Ltd, a Kigali-based passenger airline, in a privately negotiated transaction.
5-Feb-20	IFC and Swedfund	AAR Healthcare Holdings	15	Healthcare	PE (DFI)	Kenya	A consortium led by the International Finance Corporation (IFC) is set to acquire a 54.23 percent stake in AAR Healthcare Holdings, the operator of hospitals and clinics in Kenya and other East Africa countries. Besides IFC, Hospital Holding's other investors include Sweden's State-owned investment company Swedfund and other private entities.
6-Feb-20	Partech, Orange Digital Ventures and Consonance Investment Managers	Gebeya inc.	2	ICT	PE	Ethiopia	Ethiopian edtech startup and online marketplace company Gebeya has raised USD 2-million in seed funding in a round co-led by Partech and Orange Digital Ventures and followed by Consonance Investment Managers.
10-Feb-20	Shanta Gold Ltd	Acacia Exploration (Kenya) Ltd	14.7	Mining	M&A	Kenya	Shanta Gold Ltd (Shanta) of Guernsey definitively agreed to acquire the entire share capital of Acacia Exploration (Kenya) Ltd, gold ore mine operator, from Acacia Mining PLC, ultimately owned by Barrick Gold Corp, for a total KES 1.484 billion (USD 14.767 million), in a stock swap transaction. The consideration was to consist of KES 703 million (USD 7 mil) in cash and issuance of 55 million Shanta's ordinary shares valued at KES 781 million (USD 7.767 million). The shares were valued based on Shanta's closing stock price of KES 14.284 (USD 1.421) on 07 February 2020, the last full trading day prior to the announcement.
21-Feb-20	Investor Group	Ethio-Nippon Technical Co SC	Undisclosed	Automotive Retailing	M&A	Ethiopia	An investor group acquired Ethio-Nippon Technical Co SC, a new car dealer. The terms of the transaction were not disclosed, but according to sources close to the transaction, the value was estimated at ETB 1.026 billion (USD 32.349 mil).
25-Feb-20	Quona Capital	Sokowatch	14	ICT	PE	Kenya	Nairobi based B2B ecommerce platform Sokowatch has raised USD 14-million in a Series-A investment round.
27-Feb-20	Helios Investments Partners	Acorn Holdings	100	Real Estate	PE	Kenya	Private equity firm Helios Investment Partners is making equity investments of up to USD 100 million (KES 10 billion) in property developer Acorn Holdings, which is building branded student hostels in Nairobi.

PART VI : UPCOMING EVENTS/CONFERENCES



**10 - 11
March
2020**

The Network Forum Africa Meeting **Johannesburg, South Africa**

This meeting is the key gathering point for over 130+ capital market leaders from an asset management and servicing, investment banking and custody background.

**03
March
2020**

AFSIC Investing in Africa **London, United Kingdom**

A program of speakers and presentations, covering capital markets, private equity, investment opportunities, infrastructure, impact investing and country specifics as well as trends.

TBC

Capital Raising Seminar **Strathmore Business School, Nairobi, Kenya**

A seminar hosted by I&M Burbidge Capital Limited and the ISBI Institute @ Strathmore covering topics such as Capital Raising Process; Valuation; Business Structure among others.



About I&M Burbidge Capital

I&M Burbidge Capital Limited is a corporate finance firm licensed by the Capital Markets Authority 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, Tax Advisory and other Corporate Finance Services.

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

We have a select distribution to pension funds, private equity funds, financial services players, industry leaders, investment and wealth managers, regulators and administrators, as well as senior government officials. By advertising with us, you gain access to a premium class of potential business partners and clients. To advertise with us, send an email with the subject "I&M Burbidge Capital Financial Review" to either kevin.kuria@imburbidgecapital.com or viraj.shah@imburbidgecapital.com.

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