

# EAST AFRICA FINANCIAL REVIEW

APRIL 2020



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## April in Numbers:

9

The number of disclosed deals in EA

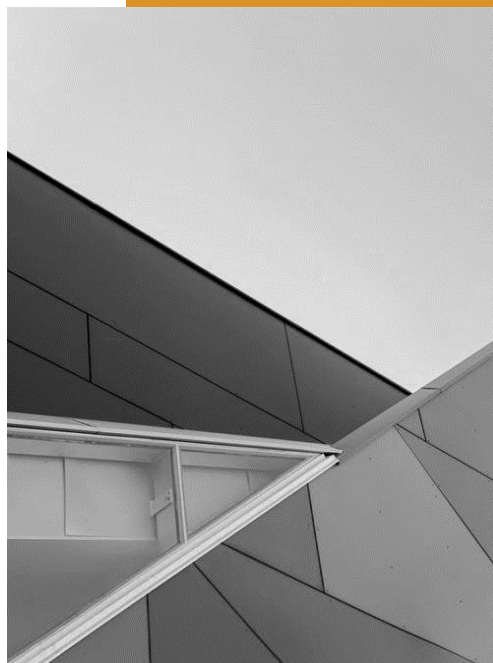
128.2

Disclosed deal value in USD million



### IMBC Deal of the Month:

The acquisition by Egypt's Commercial International Bank of a controlling stake in Mayfair Bank.



*The Editorial Team*

EDWARD BURBIDGE | KEVIN KURIA

Q2 2020 kicked off at a brisk pace, despite the challenges from the coronavirus pandemic, with 9 transactions having been recorded with a total disclosed deal value of c. USD 128 million. This is the highest number of deals disclosed in a month since the beginning of the year and coming in two months after the confirmation of COVID-19 cases in the region. As with the performance in March, we believe these are transactions that were well underway before the eruption of this crisis as transactions in the region, particularly equity transactions, tend to take about a year or slightly more on average to complete. We believe that investor appetite remains broadly steady and whilst we may see a slight lull due to delays caused by travel restrictions, the diversity and resilience of the regional economies will continue to spur transactions.














Deal activity in April brought the total number of deals for the year thus far to 31 with a total disclosed deal value of c. USD 360 million, most of these being private equity investments. The transactions were spread out across 8 sectors with the financial services sector recording two transactions. An increasing interest, particularly by development finance institutions, in companies that are now crucial during this time such as delivery and logistics companies has been noted and is expected to increase as more investors are drawn in by the humanitarian and economic value of such investments.

IMBC's deal of the month is the acquisition of a controlling stake in Mayfair Bank Limited by Egypt's Commercial International Bank, the first foray by an Egyptian bank into the region. It is expected that the acquisition will serve as a springboard for the Egyptian lender's expansion into East Africa.

In the public markets, the NASI and NSE 25 index both recorded gains of 5.9% (YTD -20.7% and -24.2%, respectively). However, the NSE 20 index closed the month 0.4% lower (YTD -25.9%). The market recorded net foreign investor outflows of c. USD 38.02 Million whilst the average daily turnover stood at c. USD 117.56 million. Top gainers during the month included TPS Serena which increased by 26.1% (YTD -17.4%) and E.A. Cables which increased by 15.6% (YTD -26.0%). Kenya Airways experienced the highest monthly decline of 36.0% (YTD -56.6%).

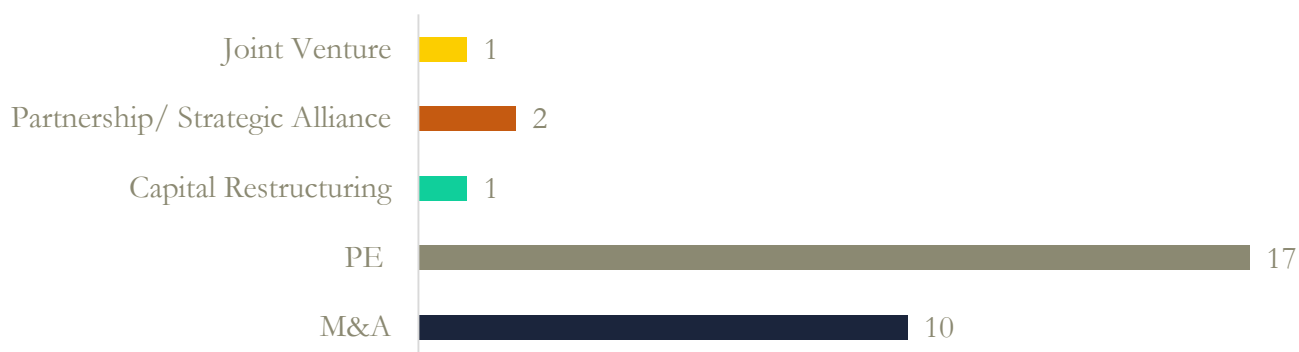
# PART I : DEAL STATISTICS

## Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	6	51.00
 FMCG	2	Undisclosed
 Agribusiness	2	10.01
 Food & Beverage	2	56.00
 Healthcare	1	15.00
 ICT and Telecom	6	37.00
 Logistics	3	Undisclosed
 Mining	1	14.7
 Real Estate	1	100
 Energy Oil and Gas	2	62.00
 Manufacturing	2	18.70
 Automotive	1	Undisclosed
 Education	1	Undisclosed

## Analysis by Type of Transaction

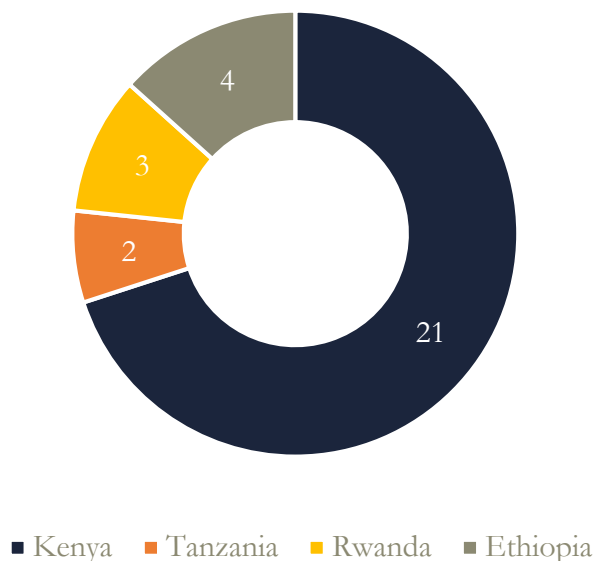
### TOTAL NUMBER OF DEALS IN EA - YTD 2020



# PART I : DEAL STATISTICS

## Analysis by Country

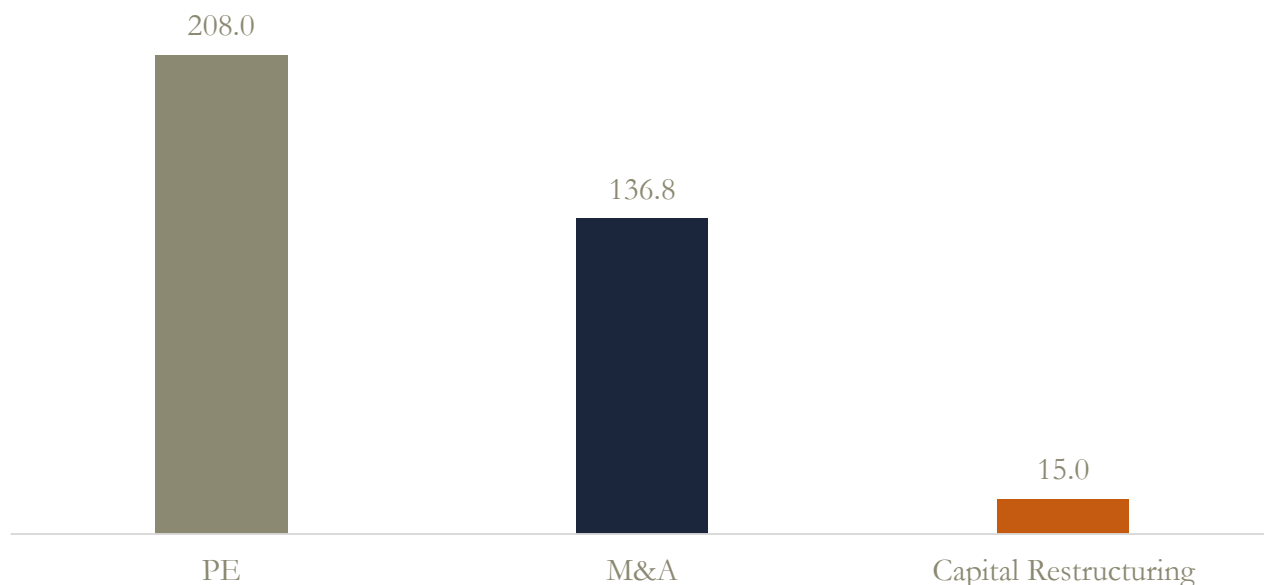
NUMBER OF DEALS PER COUNTRY – YTD 2020



\*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.

## Analysis by Deal Value

DEAL SIZE YTD 2020 IN USDM<sup>1</sup>



<sup>1</sup> Using available data from disclosed deal values

## PART II : KEY MARKET INDICATORS

(As at 5<sup>th</sup> May 2020)

### Yields on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	7.24%	10.67%	11.53%	12.88%
Tanzania	3.20%	7.82%	9.18%	11.44%
Uganda	10.20%	14.26%	16.91%	16.64%

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	5.62%	3.40%	3.20%	8.50%

Source: Statista

### Central Bank Rates

Country/Region	Previous rate	Rate as at April 2020
Central Bank of Kenya	7.25%	7.00%
Bank of Uganda	8.00%	8.00%
Bank of Tanzania	7.00%	7.00%
National Bank of Rwanda	5.00%	4.50%
South African Reserve Bank	5.25%	4.25%
Central Bank of Nigeria	13.50%	13.50%
Central Bank of Egypt	9.25%	9.25%
Bank of England	0.10%	0.10%
Federal Reserve Bank (USA)*	0.25%	0.25%
European Central Bank	-0.50%	-0.50%

Source: CB Rates

## PART IV : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
1-Apr-20	Treasury	Consolidated Bank	15.03	Financial Services	Capital Restructuring	Kenya	The Treasury raised its stake in Consolidated Bank to 93.4 percent after converting a KES 1.6 billion debt into shares.
2-Apr-20	EABL	Serengeti Breweries	18.7	Manufacturing	M&A	Tanzania	Regional beer giant East African Breweries Ltd was expected to spend at least USD 18.7 million on the purchase of an extra stake in Serengeti Breweries.
2-Apr-20	Finnfund	Kasha	1	Technology	PE - VC (DFI)	Kenya	Finnish development financier Finnfund made a USD 1 million investment in Kasha, an e-commerce platform selling health, hygiene and self-care products in East Africa.
3-Apr-20	DFC	Twiga Foods	Undisclosed	FMCG	PE - Debt (DFI)	Kenya	The US International Development Finance Corporation (DFC) announced the first disbursement of a \$5 million loan to Twiga Foods to strengthen food security in Kenya .
6-Apr-20	AP Moller Capital	Iberafrika	58.4	Energy	M&A	Kenya	Danish firm AP Moller Capital acquired power producer Iberafrika after the collapse of a deal to buy out the electricity generator for KES 6.22 billion by a South African firm. AP Moller Capital, which focuses on infrastructure in growth markets, acquired the 52.5-megawatt independent power producer from Spanish power and gas utility firm Naturgy.
8-Apr-20	Advtech	Makini Schools	Undisclosed	Education	M&A	Kenya	Johannesburg Stock Exchange (JSE)-listed Advtech bought additional shares in Makini Schools, giving it full control over the running of the 42-year old institution.
8-Apr-20	GreenTec Capital	Amitruck	Undisclosed	Logistics	PE	Kenya	GreenTec Capital Partners announced an investment in Kenya's Amitruck. The company is a mobile and web-based trucking logistics platform that brings together cargo owners and transporters.
17-Apr-20	DEG	Limbua	Undisclosed	Agriculture	PE - Debt (DFI)	Kenya	German-Kenyan company Limbua produces high-quality organic macadamia nuts. German development financier DEG recently announced that it will provide the company with a loan (amount not disclosed) to double its annual throughput for macadamia nuts on location from 1,000 to 2,000 tonnes.
27-Apr-20	Commercial International Bank	Mayfair Bank	35	Financial Services	M&A	Kenya	Egypt's largest private lender, Commercial International Bank (CIB), announced it would inject KES 3.7 billion (USD 35 million) into Mayfair Bank following its acquisition of a majority stake in the Kenyan tier three lender. The acquisition by CIB, which now controls 51% shareholding in the bank, will see the lender operate under the new name of Mayfair CIB.

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