

EAST AFRICA FINANCIAL REVIEW

OCTOBER 2020



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October in Numbers:

10

The number of disclosed deals in EA

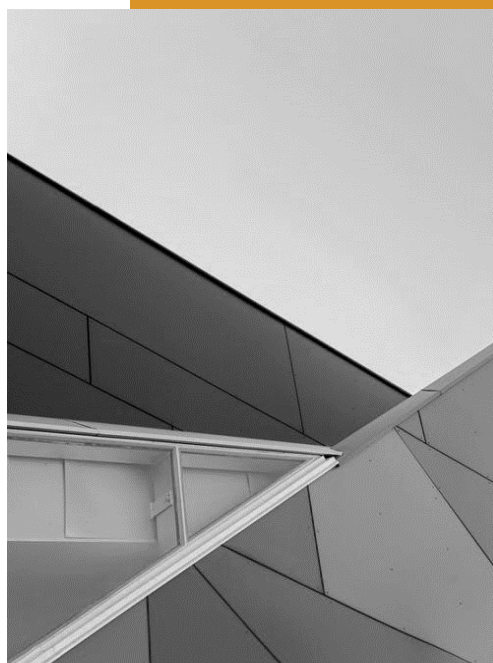
c. 135

Disclosed deal value in USD million



IMBC Deal of the Month:

IFC's investment into Twiga's farmer network through unfunded risk sharing facilities with local commercial banks.



The Editorial Team

EDWARD BURBIDGE | KEVIN KURIA

October kicked off the final quarter of the year on a positive note, building on the uptick in deal activity witnessed in September. There were 10 corporate transactions disclosed during the month with a disclosed deal value of c. USD 135 million (from 5 transactions that had disclosed deal values). This doubles the 5 deals recorded in September with a disclosed deal value of c. USD 190 million. Whilst we still expect that there may be a dip in deal activity in the coming months, we are glad to see this pick up in activity and as we had noted in our analysis last month, believe it is tied to the reopening of economies locally and regionally which is likely to have enabled the reanimation of transactions that were previously on ice.

The performance in October brought the YTD tally of deals to 90 (91, YTD 2019) with a total disclosed deal value of c. USD 1.2 billion (c. USD 1.6 billion, YTD 2019). The ICT & telecommunications sector recorded the highest number of deals in October, as it did in September, with 3 transactions tying for the top spot with the financial services sector. The logistics, FMCG, Agribusiness and Water, Sanitation and Hygiene (WASH) sectors each had one transaction with the latter recording the first disclosed transaction for the year. The transactions were skewed in favour of private equity investments, of which there were 9, with one M&A transaction closing the book for the month.















IMBC's deal of the month is IFC's investment in the financing of Twiga Foods' farmer network through unfunded risk sharing facilities (RSFs) with tier 1 commercial banks in Kenya, up to KES 1.6 billion (c. USD 15 million) for an aggregate portfolio of loans of up to KES 3.2 billion (c. USD 30 million) in Twiga Foods. The funding will be utilised to support the development of up to 300 irrigated medium scale contract farmers.

In the Listed Equities Market, performance dropped slightly from the previous month with the NSE 20 and NSE 25 recording a decline of 3.7% and 2.1% respectively. However, the NSE All Share index recorded a slight increase of 0.1% as compared to the previous month.

The Market also witnessed a decrease in average daily turnover to USD 2.57 million in October, from USD 5.82 million in September. Top gainers during the month of October included Standard Group which was up by 35.7% and Jubilee Holdings which increased by 11.4%. Sameer Africa and TPS Serena witnessed the highest decline in the month with a fall in their share price by 19.5% and 14.7% respectively.

PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	22	502.67
 ICT and Telecom	18	110.40
 Agribusiness	11	38.96
 Energy Oil and Gas	7	250.60
 FMCG	6	54.50
 Healthcare	5	21.00
 Logistics	5	Undisclosed
 Food & Beverage	3	84.00
 Manufacturing	3	27.20
 Education	3	2.50
 Real Estate	2	100.00
 Automotive	1	Undisclosed
 Mining	1	14.7
 Water, Sanitation & Hygiene	1	Undisclosed

Analysis by Type of Transaction

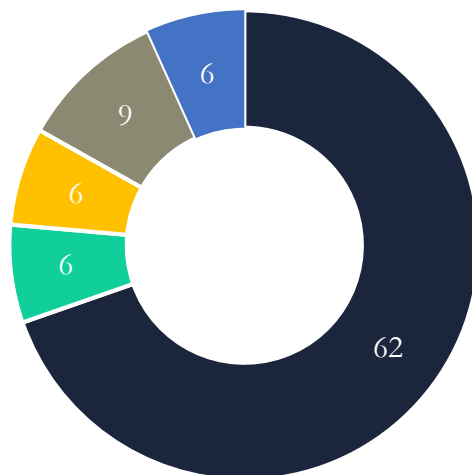
TOTAL NUMBER OF DEALS IN EA - YTD 2020



PART I : DEAL STATISTICS

Analysis by Country

NUMBER OF DEALS PER COUNTRY- YTD 2020

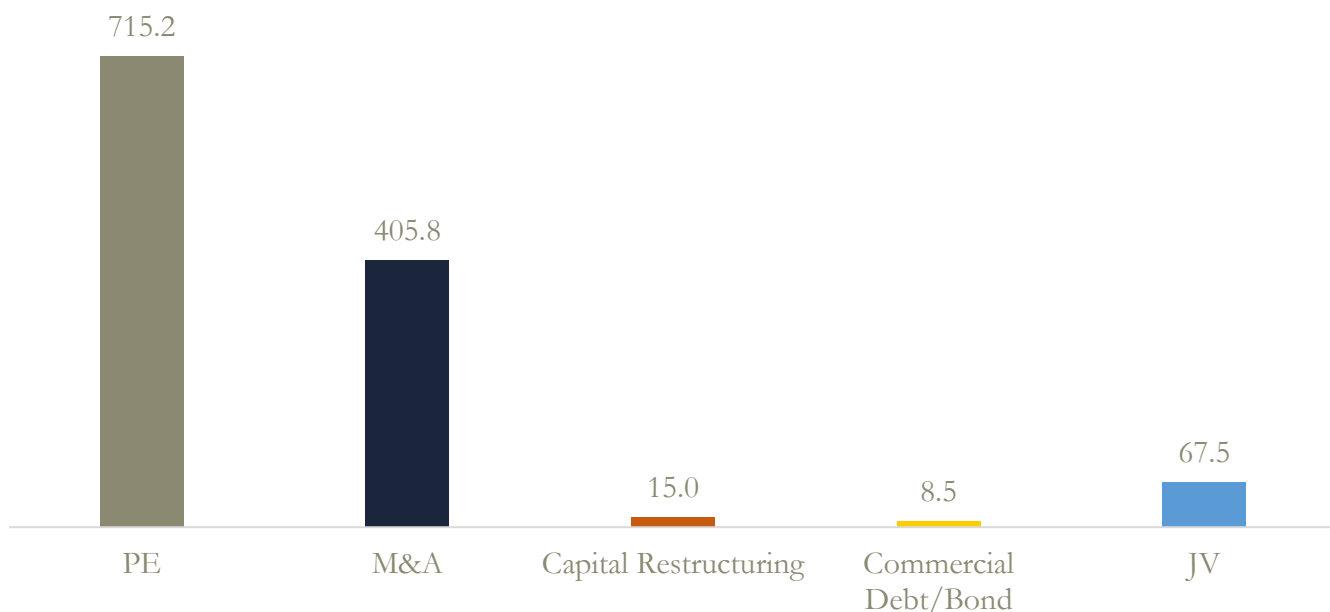


■ Kenya ■ Tanzania ■ Uganda ■ Rwanda ■ Ethiopia

*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

TOTAL DEAL SIZE YTD 2020 IN USDM¹



¹ Using available data from disclosed deal values

PART II : KEY MARKET INDICATORS

(As at 1st November 2020)

Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	6.65%	10.70%	11.67%	12.50%
Tanzania	2.42%	7.82%	9.18%	11.44%
Uganda	7.41%	14.55%	14.90%	16.00%

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	4.50%	3.30%	4.50%	8.80%

Source: World Bank

Central Bank Rates

Country/Region	Rate as at October 2020	September 2020 Rate
Central Bank of Kenya (Kenya)	7.00%	7.00%
Bank of Uganda (Uganda)	7.00%	7.00%
Bank of Tanzania (Tanzania)	7.00%	7.00%
National Bank of Rwanda (Rwanda)	4.50%	4.50%
South African Reserve Bank (RSA)	3.50%	3.50%
Central Bank of Nigeria (Nigeria)	11.50%	11.50%
Central Bank of Egypt (Egypt)	8.75%	8.75%
Bank of England (UK)	0.10%	0.10%
Federal Reserve Bank (USA)	0.00%	0.00%
European Central Bank (EU)	0.00%	0.00%

Source: CB Rates

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
2-Oct-20	Proparco	Equity Bank	100	Financial Services	PE - DFI (Debt)	Kenya	AFD Group granted a USD 100 million loan to Equity Bank to support Kenyan SMEs. This major operation illustrates Proparco's firm commitment to the African private sector amid current COVID-19 crisis and economic turmoil, with a particular focus on job-creating SMEs.
5-Oct-20	Mobility 54, Global Partnerships' Social Venture Fund, Denali Venture	Tugende	6.3	Financial Services	PE	Uganda	Tugende, a technology-enabled asset finance company operating in Uganda and Kenya announced the completion of a USD 6.3 million series A investment round led by Toyota Tsusho investment fund Mobility 54.
7-Oct-20	Platform Capital	KOKO Networks	Undisclosed	ICT	PE	Kenya	Lagos-based Platform Capital, a growth markets investor, announced its investment in KOKO Networks, a technology company operating in Kenya and India which enables the large-scale, low-cost distribution of clean household fuel in African cities.
9-Oct-20	TLG Capital	Opportunity Bank Uganda Limited	Undisclosed	Financial Services	PE	Uganda	TLG Capital announced it purchased 49% of Opportunity Bank Uganda Limited, a tier 1 commercial bank with 23 branches and 22 ATM points across Uganda.
15-Oct-20	Africa Improved Foods	Kumwe Harvest	Undisclosed	Agribusiness	M&A	Rwanda	Africa Improved Food Rwanda Ltd (AIF), a public-private partnership involving DSM, Government of Rwanda, IFC, CDC Group and FMO, completed a strategic acquisition of business activities of the Rwandan start-up, Kumwe Harvest.
22-Oct-20	IFC	Twiga Foods	15	FMCG	PE - DFI (Debt)	Kenya	The IFC invested, through unfunded risk sharing facilities (RSFs) with tier 1 commercial banks in Kenya, up to KES1.6 billion (USD 15M) for an aggregate portfolio of loans of up to KES3.2 billion (USD 30M) in Twiga Foods, a premier distributor of fresh fruits and vegetables and fast-moving consumer goods in the country. The funding will be utilised to support the development of up to 300 irrigated medium scale contract farmers. The RSFs will be scaled up in phases and the first phase will be implemented with KCB Bank Kenya Ltd.
26-Oct-20	Swedfund	Kasha Global	1	ICT	PE - DFI	Rwanda	Swedfund, the Swedish Development finance institution, announced its investment in Kasha Global, a Femtech e-commerce platform with subsidiaries in Rwanda and Kenya. Kasha's platform enables access, education and confidential distribution of women's contraceptives, menstrual and health products, primarily to underserved women.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
27-Oct-20	ShEquity	Ecodudu Limited	Undisclosed	Environment	PE	Kenya	Investment firm, ShEquity announced an investment in Ecodudu Limited, a Kenyan waste-to-value company. The Company uses a proprietary innovation to recycle organic waste into high-protein animal feed and organic fertiliser.
28-Oct-20	KawiSafi Ventures & Total Carbon Neutrality Ventures	Angaza	13.50	ICT	PE	Kenya	Angaza, a technology provider enabling consumers access to essential products in emerging markets closed a USD 13.5 million series B financing round. The round was led by East African energy impact fund KawiSafi and TCNV.
29-Oct-20	Mobility 54	Data Integrated Limited	Undisclosed	Logistics	PE	Kenya	Investment company, Mobility 54, invested in Data Integrated Limited (DIL), a business providing transporter management system in Kenya.

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