



Burbidge
Capital

EAST AFRICA FINANCIAL REVIEW

MAY 2021

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May in Numbers:

13

The number of disclosed deals in EA

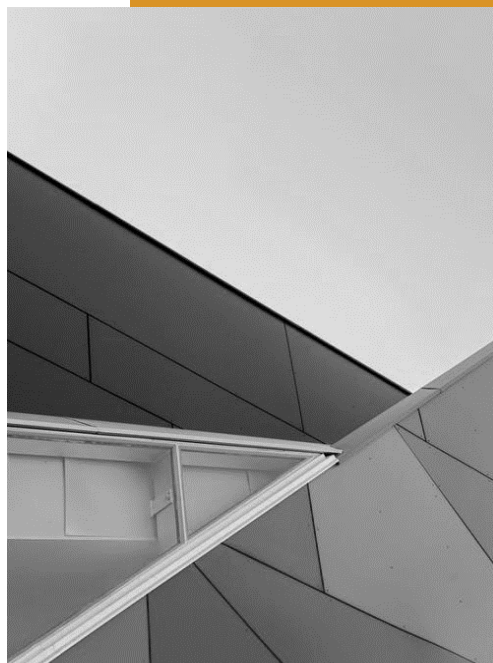
67.2

Disclosed deal value in USD million



IMBC Deal of the Month:

I&M Holdings' acquisition of Orient Bank Limited providing an exit to 8 Miles.



The Editorial Team

EDWARD BURBIDGE | KEVIN KURIA










Deal activity was robust in May with the market recording the highest number of transactions since the beginning of the year at 13 with a disclosed deal value of c. USD 67.2 million (from 5 deals that had disclosed deal values). This brought the total deal count for the year to 39 and the total disclosed deal value to c. USD 362.2 million. The deals recorded were also diverse in terms of their type, sector and country coverage. A sharp rebound was recorded in PE and DFI activity with 5 deals up from 2 in April; as well as in M&A activity with 4 deals, up from 1 in April and this being the highest monthly M&A activity. Also noteworthy is the 1 PE exit that came through from our deal of the Month. The financial services sector recorded the most number of deals with 5 whilst the ICT and healthcare sectors both had 2 deals each. Notably, all the East African countries that we track recorded deal activity with Kenya and Ethiopia posting the highest deal counts at 8 and 2, respectively. As was noted in our commentary in the April edition, we continue to maintain a positive stance on deal activity for the rest of the year and believe the global rebound in M&A activity may lead to some increase in M&A activity locally, though there still remain significant structural challenges. We are particularly keen on developments in Tanzania and note increased investor interest in the country following years of minimal private capital movements.

I&M Holdings Plc, a regional banking group headquartered in Kenya entered the Ugandan market with the acquisition of Orient Bank Ltd, the 12th largest bank in Uganda. The acquisition saw I&M take 90% of the target bank from the UK-based investment group 8Miles LLP and Morka Holdings Limited, an investment company registered in Mauritius. I&M signed the acquisition agreement in July 2020, which was completed last month, after receiving the necessary approvals from the Central Bank of Kenya, Bank of Uganda, Capital Markets Authority of Kenya and the COMESA Competition Authority.

In the Listed Equities Market, May saw a slight upswing in the equities market with the NSE 20 and NSE All Share Index recording growth of 0.3%, and 0.5% respectively, however, the NSE 25 recorded a minor decline of 0.1%. The Market recorded an increase in average daily turnover to USD 6.58 million in May, from USD 4.58 million in April. Top gainers during the month of May included B.O.C Kenya which was up by 22.4% and Crown Paints Kenya which increased by 18.9%. TPS Serena and Eveready East Africa recorded the highest declines in the month with a fall in their share prices by 15.3% and 13.0%, respectively.

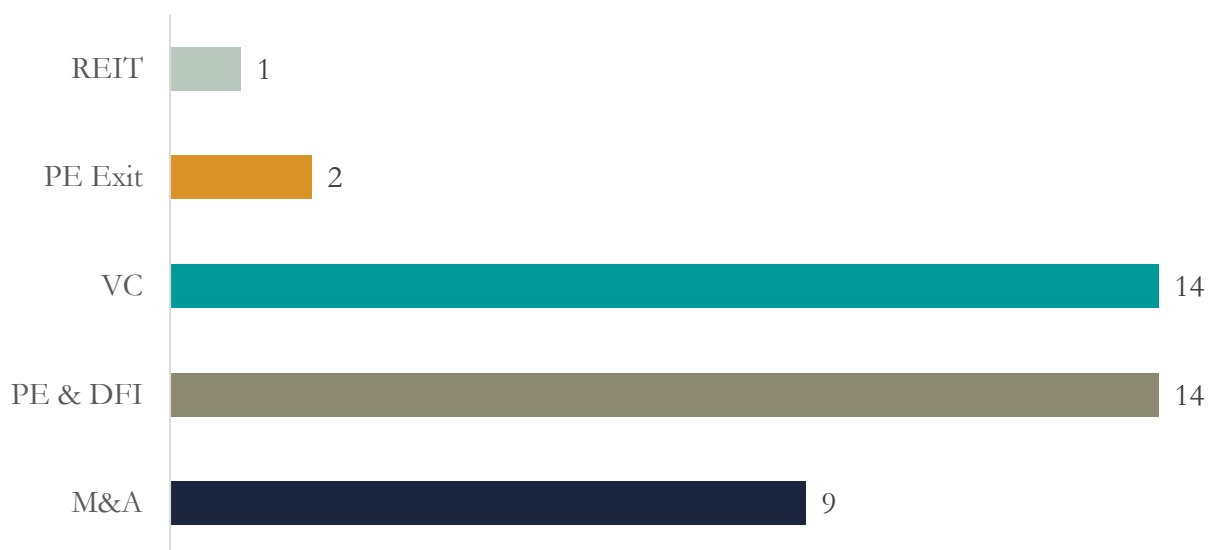
PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	14	55.9
 ICT and Telecom	7	144.4
 Energy	5	139.0
 Healthcare	5	6.0
 Logistics	3	3.5
 Agribusiness	2	3.4
 Real Estate	1	10
 Water, Sanitation and Hygiene	1	Undisclosed
 Manufacturing	1	Undisclosed

Analysis by Type of Transaction

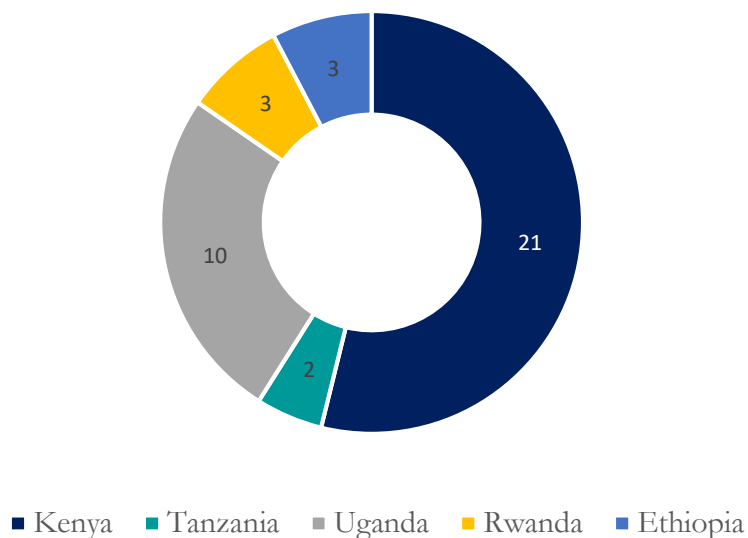
TOTAL NUMBER OF DEALS IN EA - 2021 YTD



PART I : DEAL STATISTICS

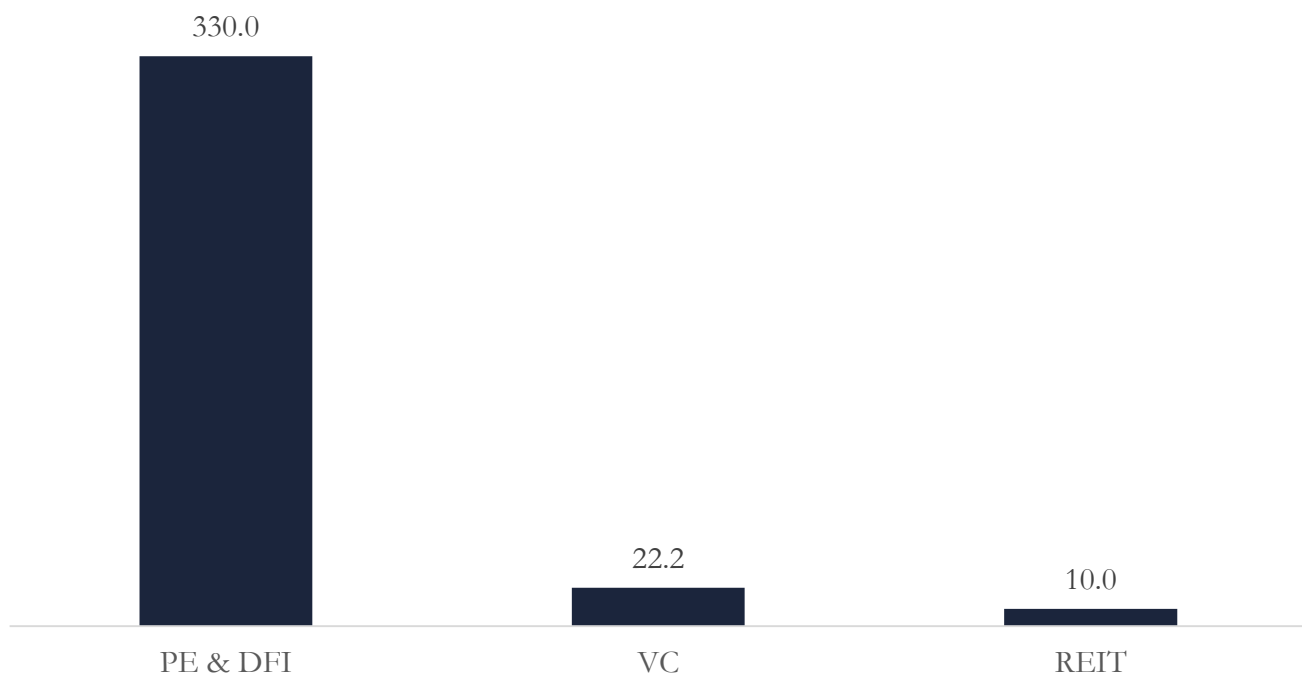
Analysis by Country

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 2021 IN USD M



*Whilst there has been a number of M&A deals announced in the year to date, none of these have had disclosed deal values.

PART II : KEY MARKET INDICATORS

(As at 2nd June 2021)

Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	7.14%	9.47%	11.85%	12.74%
Tanzania	3.30%	7.82%	9.18%	11.44%
Uganda	7.01%	13.39%	15.61%	15.99%

Source: Respective Central Bank

Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2020 Actual Inflation	5.62%	3.56%	4.18%	3.70%
2021 Projected Inflation	5.69%	3.66%	4.77%	1.65%

Source: World Bank

Central Bank Rates

Country/Region	Rate as at May 2021	Rate as at April 2021
Central Bank of Kenya (Kenya)	7.00%	7.00%
Bank of Uganda (Uganda)	7.00%	7.00%
Bank of Tanzania (Tanzania)	5.00%	5.00%
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)	8.25%	8.25%
Bank of England (UK)	0.10%	0.10%
Federal Reserve Bank (USA)	0.25%	0.25%
European Central Bank (EU)	0.00%	0.00%

Source: CB Rates

PART IV : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
01-May-21	I&M Holdings Plc	8 Miles LLP and Morka Holdings Limited (Orient Bank Limited)	Undisclosed	Financial Services	PE Exit	Uganda	A Kenyan banking group, I&M Holdings entered the Ugandan market with the acquisition of Orient Bank Ltd, the 12th largest in Uganda. The acquisition saw I&M take 90% of the bank from the UK-based investment group 8 miles LLP and Morka Holdings Limited, a financial company registered in Mauritius. I&M and Orient Bank signed the acquisition agreement in July 2020, which was completed last month, after receiving the necessary approvals from the Central Bank of Kenya, Bank of Uganda, Capital Markets Authority of Kenya, and the COMESA Competition Authority.
01-May-21	Kepple Africa Ventures and Blue Haven	TIBU Health	Undisclosed	Healthcare	PE - VC	Kenya	TIBU Health successfully raised seed funding from the Blue Haven Initiative and Kepple Africa Ventures. TIBU leverages its proprietary healthtech logistics platform to connect patients to healthcare professionals and services at a time and location of their choosing. The company is the proprietary owner of two mobile platforms and medical kits designed to replicate the capabilities of a primary outpatient healthcare centre.
04-May-21	Cepheus Capital	JP Textile	Undisclosed	Manufacturing	PE	Ethiopia	Ethiopian private equity firm Cepheus Growth Capital Partners inked its third deal from its debut fund, making an investment in yarn dyed fabric maker JP Textile. Cepheus picked up a large minority stake in the textile company. The transaction value was not disclosed. JP Textile is located in Hawassa Industry Park, about 340 km from Addis Ababa.
05-May-21	Accion Venture Lab	Lami Technologies	1.8	ICT	PE - VC	Kenya	Nairobi-based insurtech startup Lami Technologies secured USD 1.8-million in a seed funding round led by Accion Venture Lab with participation from AAIC, Consonance, P1 Ventures, Acuity Ventures, The Continent Venture Partners, and Future Africa.
11-May-21	Branch International	Century Microfinance Bank	Undisclosed	Financial Services	M&A	Kenya	Branch International, the San Francisco California-headquartered fintech with offices in Lagos, Mumbai, and Nairobi received regulatory approval to acquire a 84.89 percent stake in Century Microfinance Bank. The Competition Authority of Kenya (CAK) cleared Branch for the deal that was expected to give it control in the deposit-taking microfinance institution that was licensed in September 2012 with focus on agricultural finance.
19-May-21	Safaricom Plc	Global Partnership for Ethiopia	Undisclosed	ICT	M&A	Ethiopia	Safaricom raised its controlling stake in Global Partnership for Ethiopia, the consortium that made and won a bid for one of two telecoms licences in Kenya's northern neighbour, to 56 percent from the 51 percent announced previously. The consortium is 56 percent owned by Safaricom, six percent by Vodacom, 25 percent by Sumitomo the Japanese conglomerate and 10 percent by CDC.

PART IV : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
20-May-21	Salaam African Bank	Uwezo Microfinance Bank	Undisclosed	Financial Services	M&A	Kenya	Djibouti's Salaam African Bank (SAB) acquired Kenya's Uwezo Microfinance Bank (Uwezo MFB) at an undisclosed fee. The CBK announced that Djibouti's largest lender by branch network acquired 100 percent shareholding of Uwezo MFB effective March 25, 2021
20-May-21	Grassroots Business Fund	Rainbow Haulage & Commodities Traders Company Limited	0.35	Agribusiness	PE - VC	Tanzania	The Grassroots Business Fund (GBF), a global impact organisation that utilises blended capital to invest in traditionally under-financed businesses, announced a USD 350,000 investment in Rainbow Haulage & Commodities Traders Company Limited in Tanzania.
21-May-21	IFC	I&M Bank Kenya	50	Financial Services	PE - DFI (Debt)	Kenya	I&M Bank Kenya was expected to receive a USD 50 million (KES 5.4 billion) long-term loan from the International Finance Corporation to boost its capital and expand its lending to small and medium-sized businesses. I&M Holdings was the latest among local banks to raise billions of shillings from international financiers to fund their expansion and ride out the increased economic risks brought by the Covid-19 pandemic.
22-May-21	Holmarcom Group	Monarch Insurance	Undisclosed	Financial Services	M&A	Kenya	Moroccan conglomerate Holmarcom Group, through its holding company, Holmarcom Insurance Activities, acquired a majority stake in Kenya's Monarch Insurance Company.
25-May-21	DFC	Africa Healthcare Network	5	Healthcare	PE - DFI (Debt)	Rwanda	U.S. International Development Finance Corporation (DFC) announced the first disbursement of a \$5 million direct loan to Africa Healthcare Network (AHN), the largest operator of dialysis centers in East Africa. The project is part of DFC's comprehensive COVID-19 Response through which the agency is mitigating the economic and health impacts of the COVID-19 pandemic, and DFC's Global Health and Prosperity Initiative, under which the agency is working to strengthen global health systems.
26-May-21	Mobility 54	AiCare	Undisclosed	Financial Services	PE	Kenya	Toyota Tsusho Corporation ('Toyota Tsusho') and its group company CFAO SAS ('CFAO') invested in AiCare Group, Inc. ('AiCare'), a provider of telematics systems for insurance companies in Kenya. The investment was expected to be engaged by Mobility 54 Investment SAS ('Mobility 54') - a corporate venture capital subsidiary of Toyota Tsusho.

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