



Burbidge  
Capital

# EAST AFRICA FINANCIAL REVIEW

SEPTEMBER 2024

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# EAST AFRICA FINANCIAL REVIEW

## Editor's Note

Deal activity in East Africa's capital markets in September held tempo with 11 transactions having been announced, matching activity in August, which also had a total disclosed deal value of c. USD 53.2 million (from 6 transactions that had disclosed deal values). Venture capital was the most active investor segment with 4 transactions and was trailed by 3 private equity investments, 2 DFI investments, and singular entries in the M&A and PE exit segments. Activity was broadly spread across a large cross-section of the major sectors in the region with the agribusiness, financial services sectors each recording 3 transactions, whilst the healthcare & pharmaceuticals, hospitality, ICT, logistics and manufacturing sectors all recorded singular entries. Kenya was the most active market with 6 deals, Uganda followed with 2 deals, and Tanzania, Rwanda and Ethiopia capped the list with singular entries.

Deal activity in September brings the YTD deal count to 95, trailing the same period in 2023 by 12.6%, whilst the total disclosed deal value increased to 1.14 billion, 67% lower than the same period in 2023. Whilst we do not expect the last quarter of the year to change the trend drastically, we do believe that enthusiasm is coming back to the market on account of two significant emerging tailwinds. These are the commencement of interest rate cuts by the US Fed, and the increasing stability of regional currencies and positive wider macroeconomic developments, the latter of which we highlighted in the August edition.

Recent action by the US Fed, which cut its benchmark rate by a surprising 50 basis points in September, is a significant positive development for both the macroeconomic factors and deal environment in the region. Similar action in Europe by the ECB, which is ahead of the US in cutting rates, is also encouraging. Lower interest rates in developed markets generally increase appetite for risk assets in which cluster African assets are included. Further, the rapid decline in inflation in these markets is a boon for African markets as trade players in these regions will likely have lower pricing power and will need to consider growth in other markets. This we think is likely to influence increased interest, not only in the local public markets, but also in the M&A space in line with recent resurgent M&A activity globally. Should these developments play out, it will be an opportune trend for private equity liquidity in the region which has suffered from a dearth of exits.

As we head into the final quarter of the year, key events to watch out for include the US elections and the unfolding developments across several conflict theatres globally. The escalation of conflict in the Middle East is especially concerning for the region should it lead to shocks in oil supply and result in higher prices, which will threaten the nascent recovery of regional currencies and increase pressure on already squeezed fiscal balances. Regionally, we think that investment interest will gravitate to Kenya with greater force on account of capital demand in the face of reduced growth in credit to the private sector, election related caution in Tanzania, uncertain fiscal outcomes and rampant inflation in Ethiopia and a slow-down in capital goods investment flows into Uganda.

IMBC's deal of the month is Norfund's USD 18 million investment into Buchan Limited, the East African subsidiary of Irvine's Group. The equity investment in Buchan Limited will allow Irvine's, a poultry breeder and supplier of broiler Day-Old Chicks (DOCs) and poultry feed across Sub-Saharan Africa, to scale operations in East Africa. As part of the agreement, Irvines Group, in a joint venture with its long-time partner Cobb, will establish an ultra-modern grandparent farm in Tanzania. This facility will breed parent stock and help reduce the timeline and logistical challenges of importation, increasing cost competitiveness and ensuring reliability of the supply chain throughout Africa.

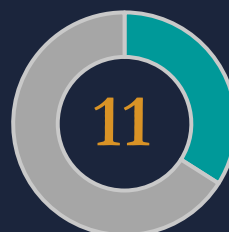
The listed equities recorded gains in performance in September, with the NSE 20, NSE 25 and NSE All Share Index posting 5.8% and 3.1% and 3.3% in positive returns, respectively. Average daily turnover decreased to USD1.85 million, from USD2.92 million in August. Top gainers during the month included E.A Portland Cement and Kenya Power which were up by 304.7% and 72.4%, respectively. Bamburi Cement and Standard Group recorded the largest losses ending the month down by 24.2% and 12.5%, respectively.

# KEY HIGHLIGHTS

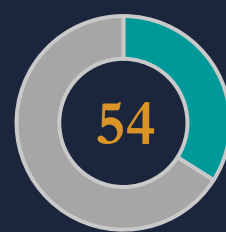
- Total number of disclosed deals in the YTD increases to 95.
- Total disclosed deal values in the YTD now c. USD 1.14 billion.
- VC investment activity accounts for 39% of YTD deal activity with M&A, PE and DFI activity comprising 22%, 18% and 16% of total corporate deals, respectively.

# SEPTEMBER

## In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million



## IMBC Deal of the Month:

Norfund's USD 18 million investment in Buchan Limited.

## The Editorial Team













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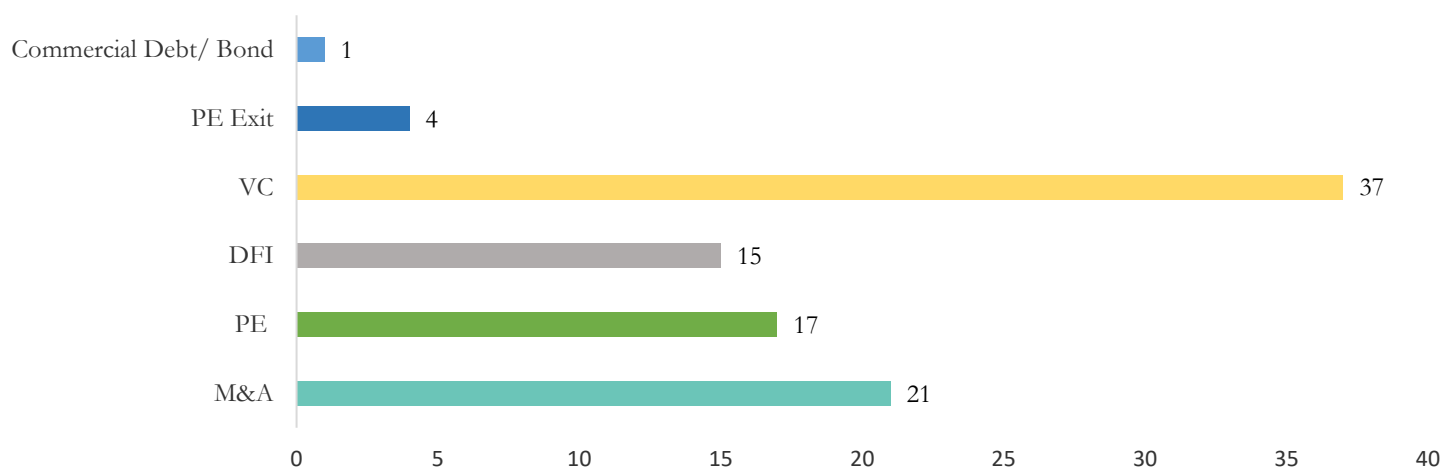
# PART I : DEAL STATISTICS

## Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Agribusiness	20	260.4
 Financial Services	14	108.25
 Manufacturing	12	233.1
 Energy	11	156
 ICT and Telecom	8	71.7
 Automotive	7	33
 Professional & Other Services	6	5
 Healthcare	5	25.4
 Real Estate	3	227.5
 Logistics	3	10
 Education	2	5
 Mining	2	Undisclosed

## Analysis by Type of Transaction

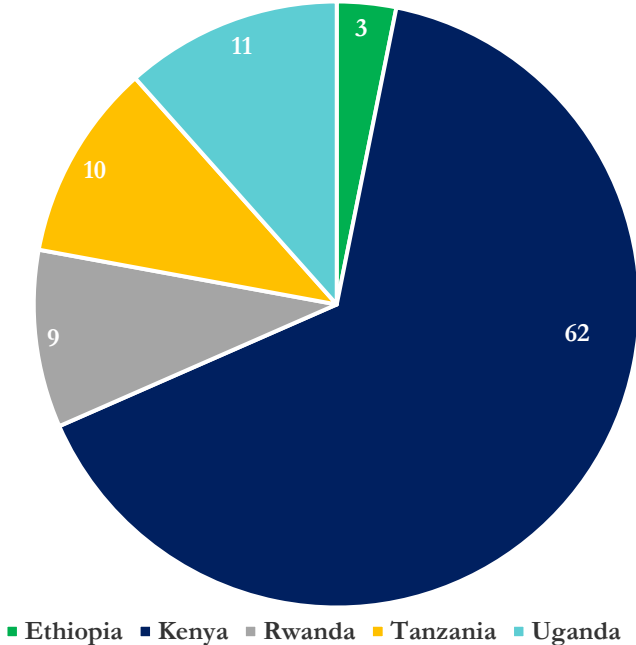
### TOTAL NUMBER OF DEALS IN EA - YTD 2024



# PART I : DEAL STATISTICS

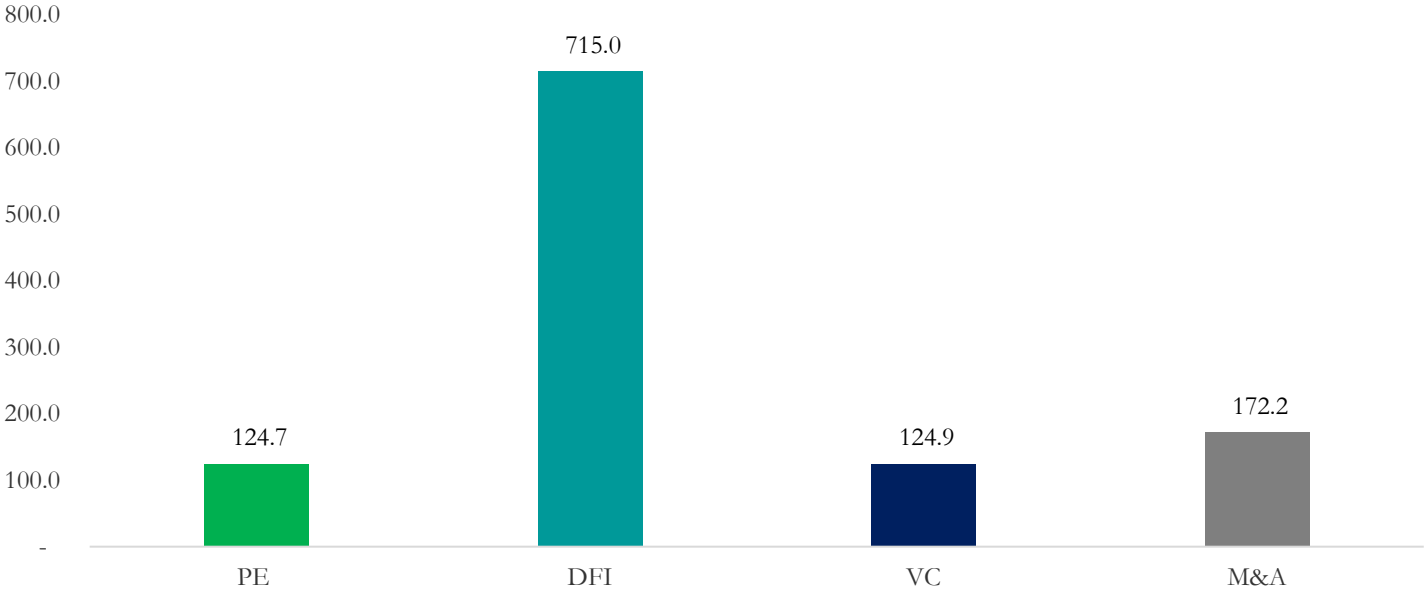
## Analysis by Country

TOTAL NUMBER OF DEALS IN EA - YTD 2024



\*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 may therefore be a mismatch between the “Sector Analysis” and “Analysis by Country” deal numbers.

DEAL SIZE YTD 2024 IN USDM



## PART II : KEY MARKET INDICATORS

(As at 31<sup>st</sup> August 2024)

### Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	15.68%	17.17%	17.37%	17.01%
Tanzania	5.93%	7.60%	8.60%	10.25%
Uganda	10.20%	16.75%	15.30%	15.90%

Source: Refinitive, respective Central Bank

### LTM Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2023 Actual Inflation	6.78%	3.30%	2.70%	13.90%
2024 Projected Inflation	3.60%	3.10%	3.00%	5.00%

Source: World Bank

### Central Bank Rates

Country/Region	Rate as at September 2024	Rate as at August 2024
Central Bank of Kenya (Kenya)	12.75%	12.75%
Bank of Uganda (Uganda)	10.00%	10.00%
Bank of Tanzania (Tanzania)	6.00%	6.00%
National Bank of Rwanda (Rwanda)	6.50%	7.00%
South African Reserve Bank (RSA)	8.00%	8.25%
Central Bank of Nigeria (Nigeria)	26.25%	26.25%
Central Bank of Egypt (Egypt)	27.25%	27.25%
Bank of England (UK)	5.00%	5.00%
Federal Reserve Bank (USA)	4.88%	5.33%
European Central Bank (EU)	3.50%	3.75%

Source: CB Rates

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
02-Sep-24	Sanofi Global Health	Kasha	Undisclosed	Healthcare	PE - VC	Rwanda	Rwandan startup Kasha, launched in 2016, raised equity investment from Sanofi's Global Health Unit's Impact Investment Fund. This latest funding is set to support Kasha's expansion into additional African markets, enhance its technology, and drive equitable access to health products across the continent.
03-Sep-24	Undisclosed Investor Consortium	8 Miles	Undisclosed	Hospitality	PE Exit	Ethiopia	Private equity firm 8 Miles exited majority of its stake in Awash Wines, a leading wine producer in Ethiopia, for an undisclosed sum. The PE firm led a consortium to acquire 100% of Awash Wines in July 2013 and exited this September to a "strategic investor consortium."
03-Sep-24	KEDA (Kenya) Ceramics Company Limited	Ramoda Ceramics	Undisclosed	Manufacturing	M&A	Kenya	The Competition Authority of Kenya (CAK) approved the acquisition of certain assets of Ramoda Ceramics by KEDA (Kenya) Ceramics Company, which will see the latter's market share increase to 31% post merger.
05-Sep-24	Blue Orchard and FMO	Fido	20	Financial Services	PE - DFI	Uganda	The BlueOrchard-managed InsuResilience Investment Fund Private Equity II (IIF II) closed an investment into Fido, a digital financial services platform offering credit to individuals and MSMEs in Ghana and Uganda. The investment is part of a USD20 million funding round that included Dutch development finance institution FMO.
12-Sep-24	Gateway Partners	Usangu Logistics	10	Logistics	PE - Debt	Tanzania	Gateway Partners announced a USD 10 million debt investment into Usangu Logistics, an African transport logistics services provider. Through this funding, Gateway will support the growth and development of Usangu Logistics in Tanzania by providing a term loan facility to expand the company's truck fleet.
19-Sep-24	Aavishkaar Capital and KfW	Privamnuts	3	Agribusiness	PE	Kenya	Processor and exporter of macadamia Privamnuts secured Sh387 million (USD 3 million) to expand production and undertake sustainable initiatives. The investors are Aavishkaar Capital and the German state-owned investment and development bank (KfW).

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
19-Sep-24	Goodwell Investments	Agent Banking Company of Uganda (ABC)	Undisclosed	Financial Services	PE - VC	Uganda	Goodwell invested in ABC through uMunthu II, its EUR 150 million fund providing venture capital to impact-driven companies throughout Africa. The funding will enable ABC to pursue ambitious goals for growth, including expanding its client base, increasing agent coverage, and deploying new services.
23-Sep-24	Norfund	Buchan Limited	18	Agribusiness	DFI	Kenya	Norwegian state-owned investment company Norfund inked a Sh2.3billion (USD18 million) deal with Irvine's Group to boost the poultry sector in Kenya, Tanzania, Botswana, and Mozambique. The equity investment in Buchan Limited, the Group's holding company, will allow Irvine's, a poultry breeder and supplier of broiler Day-Old Chicks (DOCs) and poultry feed across Sub-Saharan Africa, to scale operations in East Africa.
24-Sep-24	Renew Capital, Norrsken and Other Investors	Chpter	1.2	ICT	PE - VC	Kenya	Renew Capital invested in Chpter, an AI-powered conversational commerce platform that enables businesses to sell more on social media platforms such as WhatsApp and Instagram. The funding will allow Chpter to speed up product development, expand its presence in sub-Saharan Africa and boost its sales and marketing.
29-Sep-24	Sahel Capital	Apple Orchards	1	Agribusiness	PE	Kenya	Sahel Capital, a prominent investor in the food and agriculture sector in sub-Saharan Africa, approved a USD 1,000,000 term and working capital loan from its Social Enterprise Fund for Agriculture in Africa (SEFAA) facility. The funding will be utilised by the company to process apples into apple crisps and apple concentrate for the local market.
30-Sep-24	Untapped Global	4G Capital	Undisclosed	Financial Services	PE - VC	Kenya	Untapped Global announced an investment in 4G Capital, a fintech lender empowering SMEs across Kenya and Uganda. Founded in 2013, 4G Capital is bridging the funding gap for SMEs by offering innovative financing products tailored to the digitising informal sector.

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I&M Burbidge Capital Limited is a corporate finance firm creating long term advisory relationships & solutions across Eastern Africa.

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

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