



Burbidge
Capital

EAST AFRICA FINANCIAL REVIEW

JUNE 2024

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EAST AFRICA FINANCIAL REVIEW

Editor's Note

June capped H1 2024 with 9 deals having been disclosed in the month (decreasing from 11 in May) which had a total disclosed deal value of c. USD 68 million (from 3 transactions that had disclosed deal values). Deal activity was well spread across the principal investor classes with trade player M&A leading & recording 3 transactions which were accompanied by 2 PE deals, 2 DFI deals and 1 VC investment. 2 PE exits were also announced in June. Activity was also broadly spread across all the major sectors with the agribusiness and financial services sectors recording 2 transactions each, and the education, energy, logistics, real estate and professional services sectors all recording singular entries. Kenya was the most active market with 4 deals, whilst Tanzania had 3 entries and Uganda and Rwanda capped the list with singular entries.

Whilst deal making in EA remained resilient in the first half of the year, the total 68 deals recorded in the period trailed performance in H1 2023 (75 deals) and H1 2022 (72 deals). Likewise, disclosed deal values have continued to decline, down 71.6% from the record c. USD 3.6 billion in H1 2023. Notably, whilst most investor class activity has either declined or remained flat, M&A has shown significant growth within the period recording a total of 15 deals, 36.4% up from H1 2023, and 25% up from H1 2022. PE activity has recorded the largest decline over H1 2023 by 25% to 12 deals, DFI investment activity was marginally down by 1 entry from 12 in H1 2023, and VC activity was marginally up by 3.8% over H1 2023. Sectorally, the agribusiness sector was the most active in the first half of the year with 15 transactions valued at c. USD 238 million, with the energy sector second with 10 transactions valued at c. USD 156 million and the manufacturing sector closing out the top 3 with 9 transactions valued at c. USD 229 million.

Capital markets activity in H1 2024 has matched our outlook presented in the June 2023 edition of this publication where we presented *a mixed outlook for the private capital markets with significant committed capital competing for fewer viable opportunities as businesses navigate the macro situation*. Since then, macro-economic and fiscal environments have significantly shaped the capital markets landscape with Q4 2023 and Q1 2024 having been some of the most challenging periods for business performance in the last 5 years. "Captive Capital" from institutional investors has chased fewer deals of scale and quality which has resulted in a slow down in investment activity further exacerbated by the fundraising challenges faced by GPs. As noted in our, May edition, investments into climate change mitigation/adaptation & food security now are at the forefront with broader considerations in addition to financial return. At the same time, trade players within the region, and from the rest of Africa (driven by limited growth opportunities), have taken to merging to survive or acquisitions at the currently prevailing attractive entry valuations.

As we embark on H2 2024, we expect the short- and medium-term deal environment to remain challenged but with optimism for growth. The region's macroeconomic fortunes seem set on a positive trajectory on the back of a more stable global monetary environment, which is already apparent in the stability of most of the region's currencies. Further, support from multilateral lenders is expected to imbue investor confidence to capitalize on some of the regions, principal long-term growth drivers being demographics, energy sustainability, natural resources and integration. Recent developments in Kenya that led to the withdrawal of the controversial Finance Bill 2024 and increased pressure for fiscal sustainability and robust governance may well be positive long term growth drivers that should in due course increase the country's attractiveness.

IMBC's deal of the month is the investment by British International Investment (BII) into Rift Valley Energy. BII, the UK's development finance institution (DFI) and impact investor, signed an agreement to provide USD 15m with the potential to increase this to USD 25m, to renewable energy platform Rift Valley Energy (RVE), owned and managed by Meridiam. The funding will support part of RVE's ambitious investment and development plan for future renewable energy projects in Tanzania.

The listed equities market saw a decline in performance in June, with the NSE 20, NSE 25 and NSE All Share Index recording 3.8%, 3.4% and 3.1% in losses, respectively. Average daily turnover decreased to USD2.04 million, from USD 5.87 million in May. Top gainers during the month included Express Kenya and B.K. Group which were up by 13.8% and 13.6%, respectively. Kenya Re-Insurance and E.A Portland Cement recorded the largest losses ending the month down by 40.6% and 29.7%, respectively.

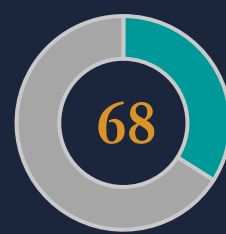
KEY HIGHLIGHTS

- Total number of disclosed deals in the YTD increases to 68.
- Total disclosed deal values in the YTD now c. USD 1019.5 million.
- VC investment activity accounts for 38% of YTD deal activity with M&A, PE and DFI activity comprising 22%, 17% and 16% of total corporate deals.

JUNE In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million



IMBC Deal of the Month:

BII's USD 15 million investment into Rift Valley Energy.













The Editorial Team

EDWARD BURBIDGE | KEVIN KURIA
AAYUSH SHAH | JOAN MUIRURI



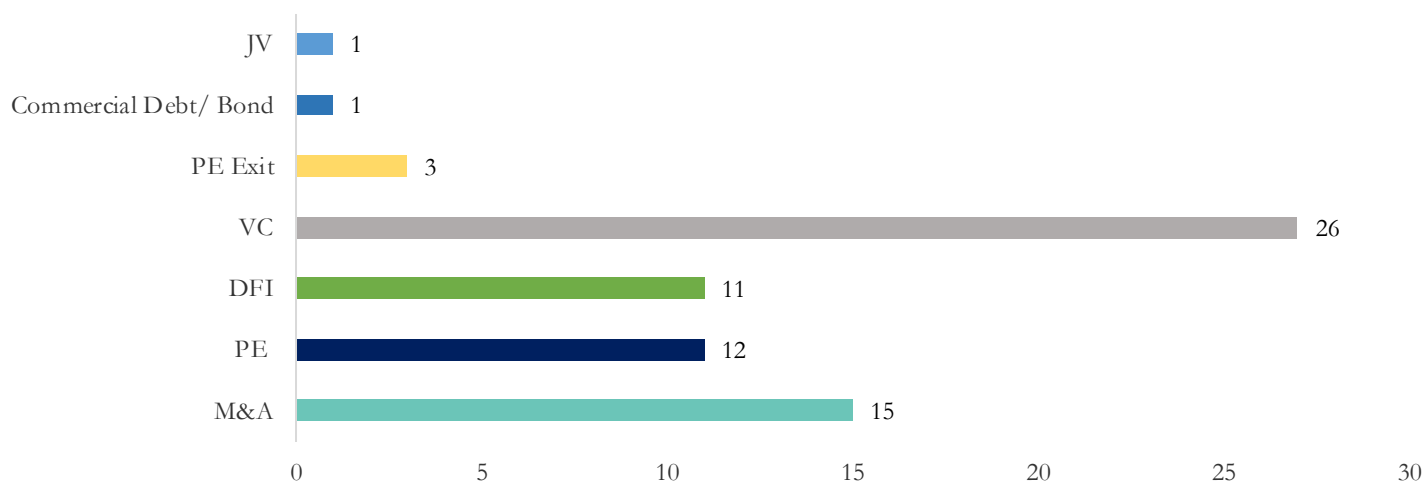
PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Agribusiness	15	238.4
 Energy	10	156
 Manufacturing	9	229.2
 Financial Services	8	37.75
 ICT and Telecom	6	70.5
 Automotive	6	31
 Real Estate	3	227.5
 Healthcare	3	24.2
 Professional & Other Services	3	Undisclosed
 Logistics	2	Undisclosed
 Mining	2	Undisclosed
 Education	1	5

Analysis by Type of Transaction

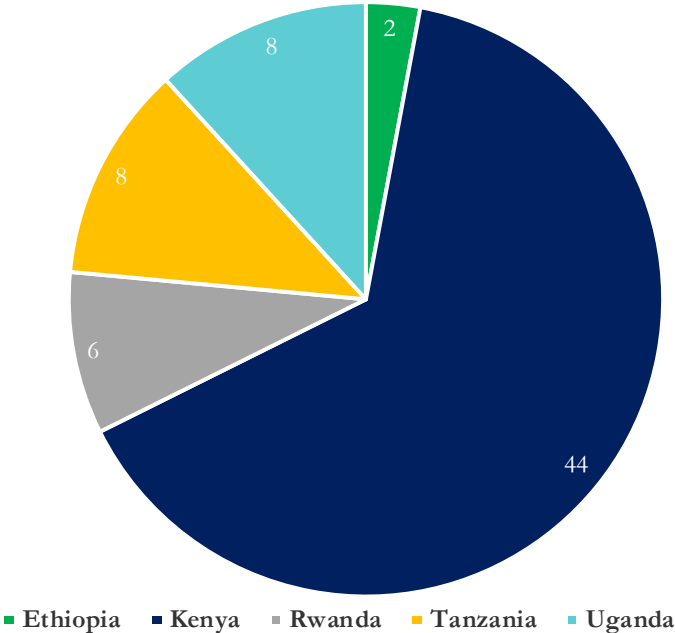
TOTAL NUMBER OF DEALS IN EA - YTD 2024



PART I : DEAL STATISTICS

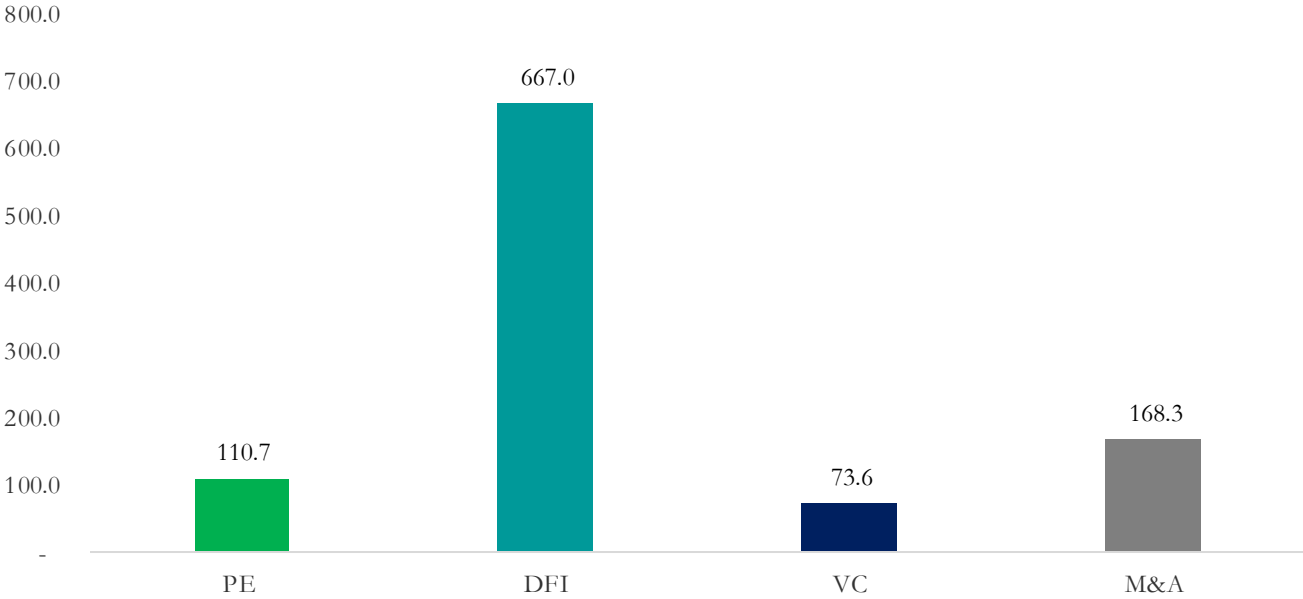
Analysis by Country

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 30th June 2024)

Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	15.97%	17.40%	17.91%	17.01%
Tanzania	5.25%	7.60%	8.60%	11.44%
Uganda	10.20%	15.00%	15.55%	16.25%

Source: Refinitive, respective Central Bank

LTM Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2023 Actual Inflation	7.88%	3.60%	4.90%	13.70%
2024 Projected Inflation	6.22%	3.10%	3.90%	5.80%

Source: World Bank

Central Bank Rates

Country/Region	Rate as at June 2024	Rate as at May 2024
Central Bank of Kenya (Kenya)	13.00%	13.00%
Bank of Uganda (Uganda)	10.25%	10.25%
Bank of Tanzania (Tanzania)	6.00%	6.00%
National Bank of Rwanda (Rwanda)	7.00%	7.00%
South African Reserve Bank (RSA)	8.25%	8.25%
Central Bank of Nigeria (Nigeria)	26.25%	26.25%
Central Bank of Egypt (Egypt)	21.25%	27.25%
Bank of England (UK)	5.25%	5.25%
Federal Reserve Bank (USA)	5.33%	5.33%
European Central Bank (EU)	3.75%	4.50%

Source: CB Rates

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
10-Jun-24	Access Bank Plc	African Banking Corporation Tanzania Ltd	Undisclosed	Financial Services	M&A	Tanzania	Access Bank PLC of Nigeria, a unit of Access Holdings PLC, acquired African Banking Corporation Tanzania Ltd, a Dar es Salaam-based commercial bank, from ABC Holdings Ltd, ultimately owned by Atlas Mara Ltd. Access Bank Plc seek to deepen its foothold in East Africa's banking market in line with its strategic expansion goals.
11-Jun-24	AfricInvest	I&M Bank Group Plc	Undisclosed	Financial Services	PE	Kenya	Private equity fund, Africinvest, completed the purchase of a 10.13% or 167.53 million shares in listed lender I&M Group from UK development finance institution, British International Investment (BII). The deal was first disclosed in November 2023, and the transaction subsequently received regulatory approval from the Competition Authority of Kenya (CAK) in March 2024.
11-Jun-24	I&M Bank Group Plc	British International Investment (BII)	Undisclosed	Financial Services	PE Exit	Kenya	British International Investment (BII), the UK's development finance institution and impact investor, sold its 10.1% stake in I&M Group PLC (I&M), the Eastern African banking group, to AfricInvest, a leading Pan-African Asset Management platform. The acquisition was made through East Africa Growth Holding, a special purpose vehicle entirely controlled and formed by AfricInvest.
11-Jun-24	Renew Capital	Zuri	Undisclosed	Professional and Other Services	PE - VC	Rwanda	Zuri, a tech-enabled beauty company transforming the African beauty industry, received an investment from Renew Capital. Founded in 2016, Zuri is a growing brand offering high-end beauty products designed by Africans. Its unique business model combines physical salons, an e-commerce platform, and social media channels across the Democratic Republic of Congo, Uganda, and Rwanda.
12-Jun-24	Enimiro Uganda	Yield Uganda Investment Fund	Undisclosed	Agribusiness	PE Exit	Uganda	Yield Uganda Investment Fund (Yield Fund) and its Fund Manager, Pearl Capital Partners, announced their successful exit from Enimiro, a Ugandan vanilla processor and exporter. Yield Fund's investment in March 2022 facilitated the construction of a modern processing facility, which enabled Enimiro to increase efficiency, boost vanilla processing volumes, and improve product quality, including dried pineapple.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
18-Jun-24	British International Investment (BII)	Rift Valley Energy	15	Energy	DFI - Debt	Tanzania	British International Investment (BII), the UK's development finance institution (DFI) and impact investor, signed an agreement to provide USD 15m with the potential to increase this to USD 25m, to renewable energy platform Rift Valley Energy (RVE), owned and managed by Meridiam. The funding will support part of RVE's ambitious investment and development plan for future renewable energy projects in Tanzania.
19-Jun-24	Vantage Capital	Two Rivers International & Innovation Centre	47.5	Real Estate	PE - Debt	Kenya	Vantage Capital, Africa's largest mezzanine fund manager, provided a USD 47.5m of mezzanine funding for Two Rivers International & Innovation Centre (TRIFIC SEZ), a first of its kind services-oriented business park in a special economic zone located within the prestigious diplomatic blue zone of Nairobi, Kenya. The promoter of the transaction was Centum Investment Company PLC (Centum).
25-Jun-24	Proparco	Amref International University (AMIU)	5	Education	DFI - Debt	Kenya	Amref International University (AMIU), a subsidiary of Amref Health Africa, entered into a landmark partnership with Proparco, the French development finance institution, securing a USD 5 Million (Ksh 650 Million) financing for the development of its new campus. The loan to AMIU is dedicated to financing Phase Two of the construction of its new campus, located in the north of Nairobi.
26-Jun-24	CityBlue Hotels	Farm to Feed	Undisclosed	Agribusiness	M&A	Kenya	CityBlue Hotels took an equity position in Farm to Feed, a B2B platform that sources imperfect surplus produce directly from farmers. The partnership aims to increase farmers' income and reduce food loss, enhancing CityBlue's ESG credentials and supporting the impact investment focus of its parent company, The Diar Group.
27-Jun-24	Mitsui OSK Lines Limited	Alistair Group	Undisclosed	Logistics	M&A	Tanzania	TOKYO-Mitsui O.S.K. Lines, Ltd announced that it acquired a 25% stake in Tanzania-based Alistair Group, a cross-border logistics company serving Sub-Saharan Africa. This is a strategic move for Mitsui OSK Limited who aim to increase their regional presence in Africa.

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Head Office

3rd Floor, 1 Park Avenue
1st Parklands Avenue, Parklands
P.O. Box 51525-00100
Nairobi, Kenya
Tel: 020 2100 102

Kampala Office

Kingdom Kampala
Nile Avenue
Kampala, Uganda
Tel: +256 (0) 794 476 967

Editorial Team



EDWARD BURBIDGE, CEO



Edward.Burbidge@imburbidgecapital.com



KEVIN KURIA, Senior VP



Kevin.Kuria@imburbidgecapital.com



AAYUSH SHAH, Analyst



Aayush.Shah@imburbidgecapital.com



JOAN MUIRURI, Analyst



Joan.Muiruri@imburbidgecapital.com