



Burbidge
Capital

EAST AFRICA FINANCIAL REVIEW

AUGUST 2022

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EAST AFRICA FINANCIAL REVIEW

Editor's Note



The Editorial Team

EDWARD BURBIDGE | KEVIN KURIA | VIRAJ SHAH

August witnessed an increase in the pace of deal-making across East Africa, recording 11 transactions in the month (up from 8 recorded transactions in July) with a disclosed deal value of c. USD 35 million (from 6 deals with a disclosed value). The IT sector in East Africa was the most active, recording 7 transactions (with a combined deal size of c. USD 25.4 million). These transactions underline the continued emergence of the IT sector, backed by the wave of venture capital investments, in East Africa. The Financial Services sector recorded 2 transactions, while the Manufacturing and Agriculture sectors recorded a single transaction, respectively. Despite the relatively quiet operating environment in Kenya, as a result of the General Elections and subsequent Supreme Court Appeal, Kenya once again took the lion's share of deals with 8 transactions, while 3 transactions were recorded in Uganda. The transactions were spread across Venture Capital (7 deals), PE (2 deals) and M&A (2 deals) during the month. This continues the recent trend of a resurgence strategic M&A activity.

We are optimistic for continued robust transactions and an improved economic environment, following the completion of the General Elections in Kenya. Other key factors that are likely to impact the performance of businesses and deal making in the region are changes in government tax policies – including the amendment to the excise duty rates in Kenya, increase in global interest rates, increasing costs of production fuelled by the rapid increase in petroleum and oil prices, and the continued appreciation of the US dollar against the regional currencies.

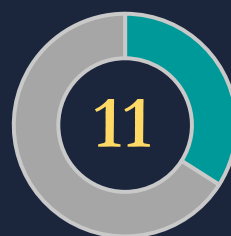
The Listed Equities Market returned a mixed bag of results for investors, with the NSE 20 Index carrying on the momentum from July to maintain a green streak – with a 2.9% growth. However, the NSE 25 and NSE All Share Index both recorded a downturn in performance of 0.6% and 2.5%, respectively, in August. Average daily turnover decreased to USD 2.02 million in August, down from USD 3.37 million in July – providing further indication of the cautious approach by investors as Kenyans waited on the outcome of the General Elections.. Top gainers during the month included Liberty Kenya Holdings and Unga Group, which were up by 19.6% and 16.9%, respectively. Sameer Africa and Eaagads Limited witnessed the highest decline in the month - with a fall in their share price by 9.3% and 8.8%, respectively.

KEY HIGHLIGHTS

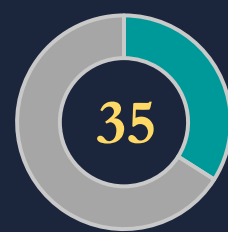
- *IT sector recorded the highest number of deals in August (7).*
- *YTD performance now consists of 91 deals with a total disclosed deal value of c. USD 1,145 million.*
- *VC (7) deals significantly outpaced traditional PE (2) and M&A (2) deals in August.*

AUGUST

In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million
















IMBC Deal of the Month:

USD 10.2 million investment by a consortium of investors led by Investisseurs & Partenaires into Kenyan headquartered, agribusiness - iProcure.

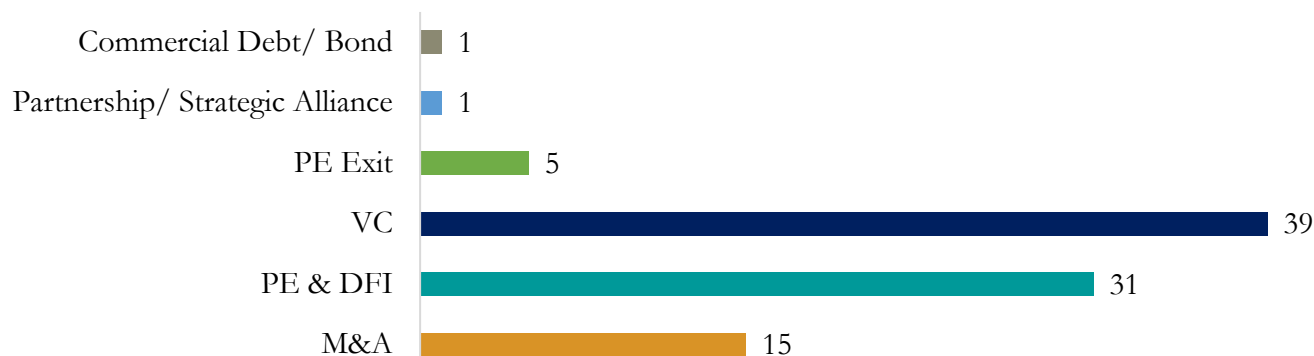
PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 ICT and Telecom	33	417.35
 Financial Services	18	267.3
 Logistics	6	13.8
 Healthcare	6	15.3
 Energy	6	145.6
 Manufacturing	5	5.6
 Agribusiness	5	58.1
 Hospitality	3	Undisclosed
 Automotive	2	4.3
 Real Estate	2	162
 FMCG	2	Undisclosed
 Education	2	Undisclosed
 Water, Sanitation & Hygiene	1	Undisclosed

Analysis by Type of Transaction

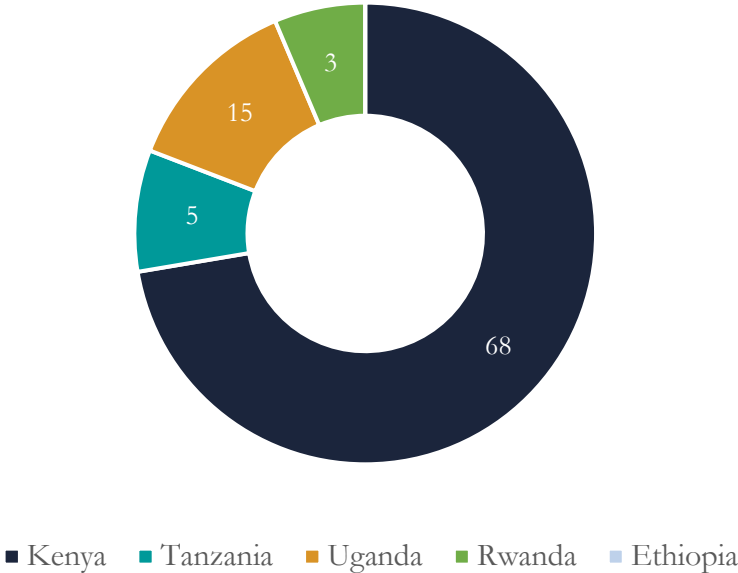
TOTAL NUMBER OF DEALS IN EA – YTD 2022



PART I : DEAL STATISTICS

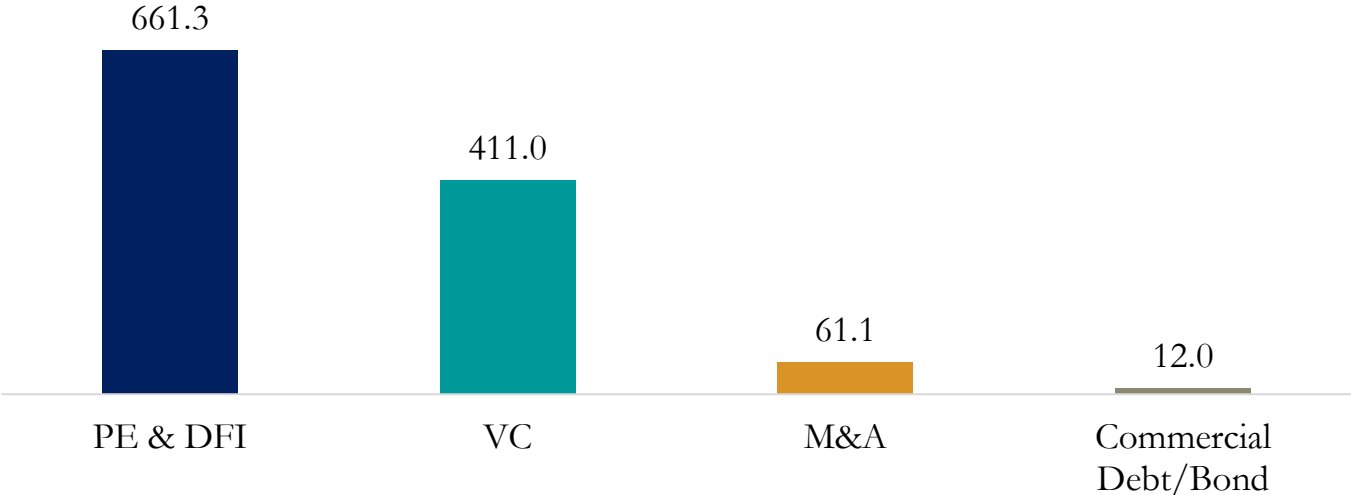
Analysis by Country

TOTAL 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.

TOTAL DEAL SIZE YTD 2022 IN USD M (for deals with a disclosed value)



PART II : KEY MARKET INDICATORS

(As at 1st September 2022)

Yield Rates on Government Securities (local currency bonds)

Years	91-day	2 year	5 year	10 year
Kenya	8.77%	11.51%	13.27%	14.14%
Tanzania	1.77%	7.65%	8.77%	11.44%
Uganda	9.50%	13.99%	15.72%	15.30%

Source: Respective Central Bank

Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2021 Actual Inflation	6.00%	3.24%	2.16%	2.40%
2022 Inflation - August	8.50%	4.50%	9.00%	19.60%

Source: World Bank

Central Bank Rates

Country/Region	Rate as at August 2022	Rate as at December 2021
Central Bank of Kenya (Kenya)	7.50%	7.00%
Bank of Uganda (Uganda)	8.50%	7.00%
Bank of Tanzania (Tanzania)	7.00%	7.00%
National Bank of Rwanda (Rwanda)	5.00%	4.50%
South African Reserve Bank (RSA)	5.50%	3.50%
Central Bank of Nigeria (Nigeria)	14.00%	11.50%
Central Bank of Egypt (Egypt)	11.25%	8.25%
Bank of England (UK)	1.25%	0.50%
Federal Reserve Bank (USA)	2.50%	0.25%
European Central Bank (EU)	0.50%	0.00%

Source: CB Rates

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
02-Aug-22	Harlem Capital and Other Investors	Lami Technologies	3.7	IT	PE - VC	Kenya	Lami Technologies, a Kenyan insurtech startup, raised a \$3.7 million seed round extension to expand its insurance product offerings. Harlem Capital led the funding round. Participants included Newtown Partners, Peter Bruce-Clark, Caribou Honig, and Jay Weintraub. Through an Application Programming Interface (API), Lami enables businesses to offer digital insurance products to their users, which partner businesses can also use to manage their insurance needs.
08-Aug-22	Pearl Capital Partners and Other Investors	Kamp Group Limited	2.6	Agribusiness	PE	Uganda	The Yield Uganda Investment Fund, managed by Pearl Capital Partners, announced a USD 2.6 million (UGX 9.5 billion) aggregate investment in Kamp Group Limited. This blended equity and debt funding was raised through a co-investment arrangement between Yield Uganda and Gorm Pedersen 2 Holding ApS, a Danish investor. This marks the Funds thirteenth investment in the Ugandan SME agribusiness sector. Kamp Group Limited, incorporated in 2013, is an animal feed processing, marketing, and distribution company with a feed mill in Northern Uganda, Anaka Town Council, Nwoya District, and a distribution center in Kisaasi, Kampala District.
08-Aug-22	SprintX	FaidiHR (previously known as Crew HR & Payroll)	Undisclosed	IT	PE - VC	Kenya	Kenyan HR startup Crew HR & Payroll rebranded as FaidiHR after it received an undisclosed amount of funding from SprintX, a US-based VC focused on early-stage startups. Founded in 2018, the startup now known as FaidiHR is an all-in-one cloud platform that allows small and medium enterprises in Africa to automate their HR processes. The platform helps to automate payroll, off-days, employee data, tasks, inventory, training, appraisals, and expenses. The undisclosed round of funding comes from SprintX, a venture studio owned by 3pm in Austin, United States (US). SprintX funds early-stage startups building platforms and marketplaces.
09-Aug-22	Multiple Investors	Tripesa	Undisclosed	IT	PE - VC	Uganda	Ugandan tourism-tech startup Tripesa raised a pre-seed round of funding as it seeks product-market fit ahead of continental expansion. The startup has been mostly bootstrapped, though Eric Osiakwan is an angel investor, but in June secured an undisclosed amount of pre-seed funding from Future Africa, Consonance Investment Managers and LTNT Investments. Gonahasa told Disrupt Africa the funding will be used to enable Tripesa to achieve product-market fit.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
10-Aug-22	HAVAIC	FinAccess	0.5	IT	PE - VC	Kenya	Kenyan startup FinAccess, which digitises Savings and Credit Cooperative Organisations (SACCOs) and farming cooperatives in the East Africa region, has raised US\$500,000 in funding from Cape Town-headquartered venture capital (VC) firm HAVAIC. The US\$500,000 funding from HAVAIC, allocated from the VC firm's US\$20 million HAVAIC Universum Core African Fund, is part of a pre-Series A funding round, and will help FinAccess cement its market leadership in Kenya and expand into other markets. Live pilots are already underway in Uganda, with Zambia, Rwanda, and Tanzania launching in the coming months.
15-Aug-22	Verdant Capital	Watu Credit Uganda Limited	7	Financial Services	PE - VC (Debt)	Uganda	Verdant Capital Hybrid Fund announced its first \$7m subordinated debt investment in Watu Credit Uganda to expand its footprint of two-wheeler financing throughout the country. The investment will help provide thousands of motorbike taxi (boda boda) drivers in Uganda with greater economic empowerment and asset ownership opportunities.
16-Aug-22	Deere & Company	Hello Tractor	Undisclosed	IT	M&A	Kenya	Deere & Company, a U.S. tractor maker, made a minority investment in Hello Tractor, an ag-tech company based in Nairobi, Kenya, as part of its strategy to boost sales in Africa. Hello Tractor connects tractor owners with smallholder farmers in Africa and Asia through a farm-equipment-sharing app, which allows farmers to track and manage their fleet, book customers, and access financing options.
18-Aug-22	Investisseurs & Partenaires (I&P) and Other Investors	iProcure	10.2	IT	PE - VC	Kenya	Kenya's iProcure, a startup offering agricultural inputs and digital supply chain solutions in rural Africa, announced the closure of its \$10.2 million Series B round. The investment was in debt and equity which came from a number of international investors led by impact investor Investisseurs & Partenaires (I&P). Joining the round were Novastar Ventures and British International Investment (BII) (formerly CDC Group) which injected \$3 million into the deal. The impact investment group and US-based New General Market Partners and Ceniarth also participated in the round.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
25-Aug-22	Pwani Oil	Kartasi Industries Limited	Undisclosed	Manufacturing	M&A	Kenya	Mombasa-based manufacturer Pwani Oil Products bought stationery firm Kartasi Industries Limited for an undisclosed sum closing a strategic move to diversify its business. The Competition Authority of Kenya (CAK) said it had approved the deal on the condition that Kartasi's 69 permanent employees are retained for 12 months after the transaction is concluded. The firm has created a new entity called Kartasi Products Limited, which will house the new business for the company that was established in 1978 to produce power alcohol from sugar cane molasses.
30-Aug-22	Women's World Banking and Other Investors	Pezesha	11	IT	PE - VC	Kenya	Pezesha, a Kenyan founded Pan-African embedded finance fintech startup, raised a pre-series A funding round of US\$11 million in a mix of US\$6 million equity and US\$5 million debt. The round was led by Women's World Banking Capital Partners II (WWBCP II) with participation from Verdant Frontiers Fintech Fund (an early stage African Fintech Fund), cFund and IOG, (both web3 focused ventures), Talanton and Verdant Capital Specialist Funds investing debt in this round.
30-Aug-22	Generation Investment Management and Other Investors	M-Kopa	Undisclosed	Financial Services	PE	Kenya	Generation Investment Management and three other funds bought into asset finance fintech company, M-Kopa, for an undisclosed value through a debt swap deal. Generation Investment Management, which was co-founded by former US Vice-President Al Gore, British government investing arm CDC and LGT Lightrock—a private equity fund backed the Liechtenstein royal family — will get a combined 36.04 percent stake for converting their loans in M-Kopa into shares.

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kevin.kuria@imburbidgecapital.com
or viraj.shah@imburbidgecapital.com.

Head Office

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

Kampala Office

Orient Plaza
Kampala, Uganda
Tel: +256 (0) 794 476 967

Editorial Team

 **EDWARD BURBIDGE, CEO**
 Edward.Burbidge@imburbidgecapital.com

 **KEVIN KURIA, Associate VP**
 Kevin.Kuria@imburbidgecapital.com

 **VIRAJ SHAH, Associate**
 Viraj.Shah@imburbidgecapital.com