

## Eastern Africa Newsletter – March 2014

### PART I: KEY MARKET INDICATORS

#### Key Africa Equity Indices Performance

Equity Index	2/01/2014	1/02/2014	28/02/2014	% Ch. m/m	% Ch. YTD
NSE 20	4,926.97	4,856.15	4,933.41	1.6%	0.1%
FTSE NSE Kenya 15	172.40	166.72	172.36	3.4%	0.0%
FTSE NSE Kenya 25	174.27	168.80	175.17	3.8%	0.5%
DSEI (TZ)	1,866.57	1,923.57	1,995.35	3.7%	6.9%
UGSINDX	1,522.46	1,473.59	1,493.64	1.4%	-1.9%
NGSE All Share	41,329.19	40,571.62	39,558.89	-2.5%	-4.3%
EGX 30	6,782.84	7,405.25	8,127.44	9.8%	19.8%
JALSH (SA)	46,256.23	45,132.10	47,328.92	4.9%	2.3%
S&P 500	1,848.36	1,782.59	1,859.45	4.3%	0.6%
FTSE 100	6,749.09	6,510.44	6,809.70	4.6%	0.9%

#### Key Global Currency Performance

Currency	2/01/2014	1/02/2014	28/02/2014	% Ch. m/m	% Ch. YTD
KES / USD	86.45	86.40	86.28	-0.1%	-0.2%
TZS / USD	1,585.49	1,618.50	1,623.38	0.3%	2.4%
UGX / USD	2,524.93	2,475.00	2,534.85	2.4%	0.4%
ETB / USD	19.15	19.22	19.31	0.5%	0.9%
ZAR / USD	10.49	11.16	10.73	-3.8%	2.2%
NGN / USD	159.95	162.65	164.95	1.4%	3.1%
EGP / USD	6.95	6.96	6.96	0.0%	0.2%
GBP/USD	0.60	0.61	0.60	-1.8%	-1.0%
EUR / USD	0.73	0.74	0.72	-2.2%	-0.2%

#### Key Global Commodity Performance

Commodity	2/01/2014	1/02/2014	28/02/2014	% Ch. m/m	% Ch. YTD
Gold	1,201.50	1,246.50	1,327.75	6.5%	10.5%
Oil	98.44	96.71	102.59	6.1%	4.2%
Silver	1,950.00	1,931.00	2,127.00	10.2%	9.1%
Copper	7,394.25	7,090.00	7,097.00	0.1%	-4.0%

#### KEY EVENTS

- ARM Cement eyes top status with KES 15bn plant in Tanzania
- Base Titanium makes its first mineral shipment from Kenya
- Uchumi targets June to conclude KES 1.5bn cash call
- Dangote to build USD 600m cement factory in Kenya
- UAP to reveal Nairobi bourse listing plans next month
- Pan Africa Insurance posts 82 per cent rise in full-year pretax profit
- RVR plans Kenya-Juba-Cairo route
- New American and British investments in Kenya rise six-fold
- Scania takes on GM with Nairobi office
- German tech firm, Bosch, targets Kenya auto parts market
- Bank of Kigali posts highest gains among regional financial stocks
- Africa PE deals reach five-year high of USD 1.6 bn in 2013

#### Burbidge Capital Limited

**Head Office:**  
4<sup>th</sup> Flr, Nivina Towers, Westlands Road,  
Nairobi, Kenya  
Tel: +254 (0) 20 2100 102

**Uganda Office:**  
7<sup>th</sup> Floor, Course View Towers,  
Plot 21 Yusuf Lule Road, P.O. Box 7519,  
Kampala, Uganda.  
Tel: +256 (0)312 314384

**London Office:**  
i4 Albany, Piccadilly  
London, W1J 0AX  
Tel: +44 (0) 207 099 1452  
[info@burbidgecapital.com](mailto:info@burbidgecapital.com)

[www.burbidgecapital.com](http://www.burbidgecapital.com)

#### CONTACTS OF THE EDITORIAL TEAM



**Edward Burbidge, CFA**  
Chief Executive Officer  
[edward.burbidge@burbidgecapital.com](mailto:edward.burbidge@burbidgecapital.com)



**Vimal Parmar, CFA**  
Head of Equity Research and Trading  
[vimal.parmar@burbidgecapital.com](mailto:vimal.parmar@burbidgecapital.com)



**Michael Chomba**  
Associate Director - Corporate Finance  
[michael.chomba@burbidgecapital.com](mailto:michael.chomba@burbidgecapital.com)



**Joel Ssemukaaya, CFA**  
Corporate Finance Associate  
[joel.ssemukaaya@burbidgecapital.com](mailto:joel.ssemukaaya@burbidgecapital.com)



**Gerald Njugi**  
Senior Analyst - Corporate Finance  
[gerald.njugi@burbidgecapital.com](mailto:gerald.njugi@burbidgecapital.com)



**Lello Halake**  
Research Analyst  
[lello.halake@burbidgecapital.com](mailto:lello.halake@burbidgecapital.com)



We are now mid way through results season with the numbers starting to flow in for FY 2013. Once again they reveal so many East African firms growing at a much faster pace than the average GDP growth rates and as a result active investors into the region are being rewarded for not sitting on the side lines over the last few years in the face of a lot of risks that didn't materialize and despite some that did. Some public companies have grown again at high double digit and, incredibly, triple digit rates. The rate of deals has continued the extraordinary flow rate that we saw in January (see Deals and commentary

below) and interestingly we have started to see a trickle of deals coming in from the US and Europe to add to quite a high level of organic investment from these nations into Eastern Africa in recent years. This trend will continue with the West seemingly pulling out of the economic gloom of the last 6 years and looking for ways to invest to achieve serious levels of growth. In time we may even see Western countries taking some of the desired level of investment and influence that the Far East has established in the region, but they have a lot of catching up to do.

In the Oil and Gas sector Houston-based ERHC Energy completed the sale of its 55 % stake in Block 11A in Kenya to Spanish-based CEPSA, Marathon Oil is hoping to be second-time lucky with its exploration well in northern Kenya which started at the end of last month while Taipan Resources is expected to drill its first well in northern Kenya imminently. In Tanzania, Statoil successfully tested its Zafarani reservoir in a key step for offshore development and onshore LNG production while in Ethiopia, Africa Oil Corp has announced that it has received Ethiopian government approval in respect of two farmout agreements: Marathon Oil Corp will acquire a 50% interest in the Rift Basin Area and New Age Ethiopia is to acquire a 40% interest in the Adigala Block.

In mining, Base Titanium made its first mineral shipment, 25,000 tonnes of Ilmenite, from Kenya worth KES 387 million while Fenxi plans to invest at least USD 500 million in exploitation and production of coal, after obtaining approval from the Kenyan government. In Tanzania, Kibaran Resources Ltd and Richland Resources Ltd intend to consolidate their graphite exploration areas with other assets in north east Tanzania. In Ethiopia, Israel Chemicals announced it would partner with Canada's Allana Potash to develop a potash mine in Ethiopia in a deal which includes ICL taking a stake in Allana.

In private equity 5 investment deals were announced in the agribusiness, logistics and dairy sectors while one secondary buyout was witnessed in the infrastructure sector. In M&A we saw 7 deals in the financial services, agribusiness, aviation and automotive sectors while 2 joint ventures and 2 farm-outs were announced in the mining and oil & gas sectors respectively (see Deals on p.3).

In the listed equities market, the month of February witnessed subdued trading however the benchmark NSE 20 index edged 1.6% higher to 4933.4 points. Equity turnover declined to USD 169.46m (previous month USD 186.31m), as Safaricom remained the top mover accounting for USD 29.3m of traded volume. Net foreign inflows stood at USD -17.97m (previous month USD -11.78m) with DTB and Equity bank topping the list of the most sold counters by foreign investors, for the second consecutive month recording outflows of USD 9.40m and USD 7.43m respectively. Both DTB and Equity counters released robust FY13 numbers alongside other banking and insurance stocks and reported EPS growth of 31.1% y/y to KES 21.61 and 9.9% y/y to KES 3.59 respectively. DTB added 10.3% to KES 236.00 while Equity Bank gained 4.0% to KES 32.25 in the month. On the other hand, EABL registered the highest foreign inflows of USD 3.75m, the brewer was up 1.9% to KES 264.00. The small caps were the dominant laggards with Car & General falling 24.7%, reversing gains from the previous month, while Pan Africa insurance the highest gainer in the month, added 56.7%.

Of other notable actions, Al-Futtaim was quoted as having secured over 91.0% of CMC holding's shares at the close of the takeover offer date.

**Edward Burbidge, CFA**  
Chief Executive Officer

## OTHER KEY MARKET INDICATORS

### Interest Rates

Country/Region	Current Base Rate	Previous Base Rate
Central Bank of Kenya (Kenya)	8.50 %	8.50 %
Bank of Uganda (Uganda)	11.50 %	11.50 %
Bank of Tanzania (Tanzania)	7.58 %	7.58 %
South African Reserve Bank (RSA)	5.50 %	5.50 %
Central Bank of Nigeria (Nigeria)	12.00 %	12.00 %
Central Bank of Egypt (Egypt)	8.25 %	8.25 %
Bank of England (UK)	0.50 %	0.50 %
Federal Reserve Bank (USA)	0%-0.25%	0%-0.25%
European Central Bank (EU)	0.25 %	0.25 %

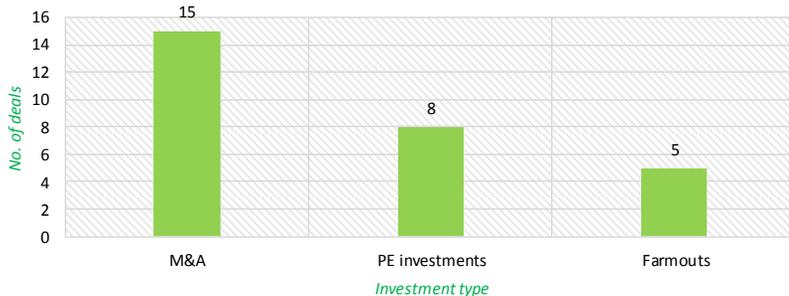
### Projected inflation rates and change in GDP

Country	Projected Inflation Rates		Projected GDP Growth	
	2014	2015	2014	2015
Kenya	5.0%	5.0%	6.2%	6.3%
Uganda	4.9%	5.1%	6.5%	7.0%
Tanzania	5.8%	4.9%	7.2%	7.0%
Rwanda	6.8%	5.5%	7.5%	7.0%
Burundi	5.7%	7.2%	4.7%	4.8%
Ethiopia	8.2%	8.0%	7.5%	7.5%

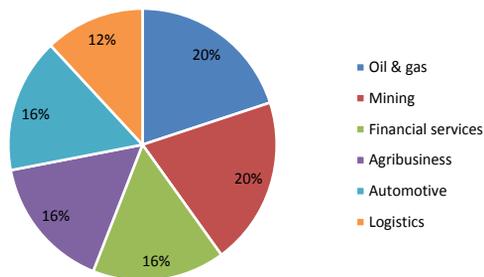
Source: IMF, World Economic Outlook

**Deals Statistics:**

Total number of deals in East Africa - 2014 YTD<sup>1</sup>



No. of deals per sector - 2014 YTD<sup>2</sup>



<sup>1</sup>Based on deals as calculated by Burbidge Capital

<sup>2</sup>The top six sectors which recorded the highest number of deals

Source: Burbidge Capital

Date	Buyer	Seller	Investment size	Sector	Investment type	Synopsis
6th February 2014	Pearl Capital Partners	KK Foods	USD 1.5million	Agribusiness	PE	Pearl Capital Partners, a specialist agriculture investment firm, has invested USD 1.5million in Uganda's export company, KK Foods, a major exporter of fresh vegetables and fruits to the European market. Its main products are fresh chillies, hot pepper, bananas, okra, egg plants and groundnuts, mainly produced from smallholder farmers in Central and Western Uganda.
12th February 2014	CEPSA	ERHC Energy		Oil & gas	Farmout	ERHC Energy, a Houston-based oil and gas explorer, has completed the sale of a 55% stake in its Block 11A located in Turkana County to CEPSA, a Spanish-based energy company. ERHC did not confirm how much the stake was worth but filings made to regulators said that CEPSA would pay USD 2 million and fund future exploration costs in proportion to shares owned. The sale by ERHC has resulted in the firm reducing its stake to 35% from 90 per cent. The government through the State-owned National Oil Corporation of Kenya, owns the remaining 10%.
12th February 2014	Paynet	PEP Intermedius		Financial services	M&A	Payment solutions firm Paynet, which runs the PesaPoint ATM network, has acquired PEP Intermedius, a network of 150 mobile cash outlets which offer a one-stop shop for four money transfer operators including M-Pesa, Airtel Money, yuCash and Orange Money. The PEP Intermedius mobile money shops will now be rebranded to PesaPoint and will widen its service offering to include agency banking, selling airtime and micro-insurance.
13th February 2014	Agri-Vie	Kariki Group	USD 5 million	Agribusiness	PE	South African private equity fund Agri-Vie has bought a KES 430 million (USD 5 million) stake in Kenya's Kariki Group, a Nanyuki-based flower company. Kariki will use the cash injection to finance expansion into Japanese, Middle-Eastern and Australasian markets. The Kariki Group, founded in 2002 by brothers Richard and Andrew Fernandes, operates flower farms in Nanyuki, Molo, Thika and Naivasha.
14th February 2014	DOB Equity	Globology	EUR 1 million	Logistics	PE	Globology, a Lake Victoria-based ferry operator, has sold a stake to DOB Equity, a Dutch private equity investor, worth KES 120 million (1 million Euros) and received debt funding to expand its operations. DOB's investment will enable the company to roll out another 17 ferries over six years, mainly on Lake Victoria, but they are also considering other regional lakes and the coast.

Date	Buyer	Seller	Investment size	Sector	Investment type	Synopsis
17th February 2014	Fenxi	Great Lakes Corporation	USD 500 million	Mining	Joint Venture	Fenxi, a Chinese mining firm, plans to invest at least USD 500 million in exploitation and production of coal in Kenya, after obtaining approval from the government. The Chinese firm has formed a joint venture with locally owned Great Lakes Corporation to form Fenxi Mui Mining Corporation and estimates 2016 as the earliest date that mining of coal could start. The Ministry of Energy estimates that Kitui county, 180 km from Nairobi, potential for 400 million metric tonnes of coal for power generation among other uses.
19th February 2014	Barry Callebaut	Biolands International		Agribusiness	M&A	Barry Callebaut, the leading manufacturer of high-quality chocolate and cocoa products, has acquired the remaining 51% of Biolands, its long-time supplier of certified cocoa beans from East and West Africa. Barry Callebaut acquired a 49% stake in Tanzanian-based Biolands International in 2008. Biolands is one of the largest certified organic smallholder cocoa programs in the world.
24th February 2014	Kibaran Resources Ltd	Richland Resources Ltd		Mining	Joint Venture	Kibaran Resources Ltd and Richland Resources Ltd intend to consolidate their graphite exploration areas with other assets in north east Tanzania. Kibaran of Australia and London Stock Exchange-listed Richland have signed a memorandum of understanding through a joint venture of Merelani-Arusha graphite assets so as to realise medium term production from the assets upon conclusion of the joint venture. Graphite assets owned 50% by Richland's subsidiary TanzaniteOne Mining Ltd and State Mining Corporation of Tanzania are close to the Merelani-Arusha graphite project in Kibaran.
24th February 2014	DVN Holdings	Kijipwa Aviation	KES 1.9 billion	Aviation	M&A	DVN Holdings, a company associated with a former US navy SEAL, has acquired a 49% stake in Kilifi-based Kijipwa Aviation, a local aviation company, to provide logistics services to Kenya's nascent oil and gas industry, highlighting increased interest in the country's upstream petroleum sector fuelled by discovery of crude oil in Turkana. The transaction valued his stake at Kijipwa at KES 1.9 billion and was paid for in a cash and share swap. DVN Holdings is now the owner of Kijipwa's ASL which allows the company to offer non-scheduled passenger and freight air services in Kenya and Eastern Africa.
24th February 2014	Housing Finance	Lloyd Capital Partners & Delamere Family	USD 5 million	Real estate	Loan	Housing Finance has signed its first foreign currency denominated loan of KES 425 million (USD 5 million) loan to the upcoming Buffalo Malls in Naivasha. The loan makes HF the principal financier of the mall associated with the Delamere Family on whose land the 22,000 square metre shopping complex is being set up. The first phase of the mall is expected to cost KES 700 million. The Delamere Family owns a 25% stake in the mall, with British investors Lloyd Capital Partners, holding 75%.
25th February 2014	MMI Holdings Limited	Cannon Assurance Limited	USD 28 million	Financial services	M&A	South African listed insurance-based financial services group MMI Holdings Limited (MMI), announced that its Metropolitan International division has acquired a significant majority stake in Kenyan insurer Cannon Assurance Limited (Cannon). The shareholders of Cannon will in turn acquire a minority stake in Metropolitan Life Kenya. MMI is investing around ZAR 300 million (USD 28 million) in the acquisition of a majority stake in Cannon, which will be funded from the ZAR 500 million (USD 46 million) set aside by MMI's Board for strategic growth initiatives in Africa.
27th February 2014	TransCentury	Aureos East Africa Fund LLC		Infrastructure	Secondary buyout	TransCentury and private equity firm Aureos East Africa Fund LLC have entered into talks that will see the latter exit their joint investment in East African Cables. TransCentury and Aureos East Africa own a 68.38 per cent stake in the firm through Cable Holdings Limited. Under the proposed deal, TransCentury will acquire all shares in Cable Holdings and in exchange offer its listed shares to Aureos East Africa making it easier for the private equity fund to exit the cables business.

Date	Buyer	Seller	Investment size	Sector	Investment type	Synopsis
27th February 2014	Catalyst Principal Partners	EFFCO		Logistics	PE	Catalyst Principal Partners, a Kenyan-based private equity firm, has bought a stake in EFFCO, a Tanzanian logistics and heavy equipment renting company. EFFCO will use the funds to expand its operations which are primarily in transport and leasing of equipment like forklifts, excavators, graders, trucks, compactors, dozers and cranes to contractors, especially those in construction, mining, oil and gas. EFFCO is also present in South Africa, Namibia and Sweden. Scania Swedish bus and heavy trucks manufacturer Scania has bought part of the assets of Kenya Grange Vehicle Industries which has been the exclusive franchise holder and reseller of Scania buses and trucks in Kenya, giving the Swedish company exclusive control of the distributorship of its vehicles. The acquisition and the new investment in the business cost a total of KES 2.58 billion. The Nairobi Industrial Area-based dealer will now be known as Scania East Africa Limited.
28th February 2014	Scania	Kenya Grange Vehicle Industries	KES 2.58 billion	Automotive	M&A	
4th March 2014	Rea Trading Company (RTC)	Rea Vipingo Plantations	KES 5.1 billion	Agribusiness	M&A	Rea Trading Company (RTC) has more than doubled its initial offer for Rea Vipingo Plantations in a last effort to bring the company under its control. The company filed its offer of KES 85 per share on 28th February 2014, the last day set by the capital markets regulator for review of the three competing bids. Rea Trading Company, owned by two British brothers, had initially made an offer of KES 40 per share, which was upped by Centum Investments' KES 50 and later Vania Investment Pool (VIP)'s KES 55. The new offer values the company at KES 5.1 billion compared to the initial KES 2.4 billion. RTC currently owns 57% of the Rea Vipingo Plantation.
4th March 2014	Al-Futtaim	CMC	KES 7.5 billion	Automotive	M&A	Dubai-based conglomerate Al-Futtaim takeover of NSE-listed auto dealer CMC is set for conclusion through compulsory acquisition of the remaining 8.49% shareholders who did not accept its buyout offer. Al-Futtaim announced that it had crossed the threshold needed to make a compulsory buyout, all but marking CMC's delisting from the Nairobi Securities Exchange (NSE). Al-Futtaim will now pursue opportunities to provide tier one services across the entire automotive value chain in Kenya and the wider region.
5th March 2014	Pearl Capital Partners	Eldoville Dairies Limited	KES 200 million	Dairy	PE	Pearl Capital Partners, a private equity firm, has bought a minority stake in Eldoville Dairies Limited for KES 200 million. Eldoville is a family-owned business established by Lucy Karuga in June 1985 and mainly processes cheese, butter and yoghurt. The fresh capital injection will be used to build a new dairy facility in Ol-Joro-Orok, Nyandarua County, where the dairy company is based. Eldoville is also planning to diversify its product range and expand to other markets in the East African region.
5th March 2014	Marathon Oil	Africa Oil Corp.	USD 18 million	Oil & gas	Farmout	Africa Oil Corp. has announced that it has received Ethiopian government approval in respect of two farmout agreements. Marathon Oil Corporation through its wholly owned subsidiary Marathon Ethiopia Limited B.V., will acquire a 50% interest in the Rift Basin Area while New Age Ethiopia Limited will acquire a 40% interest in the Adigala Block. In consideration for the assignment of this interest, Marathon Oil will pay Africa Oil an entry payment of USD 3 million in respect of past costs, and has agreed to fund USD 15 million of Africa Oil's working interest share of joint venture expenditures in the Rift Basin Area. Following completion, Africa Oil and Marathon Oil will each hold a 50% working interest in the Rift Basin Area.

### **ARM Cement eyes top status with KES 15bn plant in Tanzania**

ARM Cement plans to commission a KES 14.6 billion cement manufacturing plant in May this year as it strives to dominate the East and Southern Africa market. Located in the coastal town of Tanga in Tanzania, the factory is primed to be the largest in Eastern Africa with a production capacity of 1.5 million tonnes of cement per year. Mr Surendra Bhatia, ARM deputy managing director, said that this was their biggest plant and there is no integrated facility that beats this capacity in the region.

The company has operations in Kenya, Rwanda, Tanzania and South Africa. There are already four operational cement firms in Tanzania though ARM is banking on its innovation and cost-cutting measures to take the battle to competitors in the country and the region. The East Africa cement market is dominated by Lafarge at 27 per cent and Tororo Cement at 21 per cent but Mr Bhatia expects ARM's share of the market to increase from the current 15 to 18 per cent by 2017. Construction of the mega plant started in 2012, having been listed by the Tanzania government as a priority infrastructural project that would change the fortunes of Tanga town. With infrastructural projects taking centre stage, Mr Bhatia said demand for cement can only get better.

*(Source: Business Daily, BC Research)*

### **Base Titanium makes its first mineral shipment from Kenya**

Base Titanium made its first shipment of minerals from Kenya worth KES 387 million in mid February at the port of Mombasa. The over four years of exploration activity at the Kwale mining site saw an initial 25,000 tonnes of Ilmenite extract of titanium mineral loaded to the ship for export to China. This is part of the estimated 330,000 tonnes of Ilmenite worth KES 5.1 billion that is to be shipped out each year. Indicative market prices for titanium minerals from the mine are about (USD 180) KES 15,480 at current exchange rates per tonne for ilmenite, KES 103,200 (USD 1,200) per tonne for rutile and KES 86,000 (USD 1,000) per tonne for zircon.

The discovery of modest mineral deposits in Kenya recently promises to usher it into the global commodities market that saw exporters reap big towards the end of the last decade lifting their net external positions as commodity prices hardened.

*(Source: Daily Nation, BC Research)*

### **Uchumi targets June to conclude KES 1.5bn cash call**

Uchumi Supermarkets has set a June 2014 target to conclude its rights issue, with the retailer saying it is only awaiting the capital markets regulator's approval. The supermarket chain has been targeting to use the proceeds of the issue, expected to be at least KES 1.5 billion, in an expansion drive that will see it add six branches to its portfolio by the end of the year which is set to bring its regional branch network to 35 against Nakumatt's estimated 45 regional stores.

Uchumi is yet to disclose the offer price but it is normally a six-month weighted average share price plus a discount or premium. The share was trading at KES 18.10 on 28 February, having touched a high of KES 24 in the past one year. Uchumi's rights will be sold across Kenya, Uganda, Tanzania and Rwanda, where the retailer has cross-listed. The chain cross-listed on the Rwanda and Uganda stock exchanges in October and November 2013 respectively but cross listing on the Tanzanian bourse is awaiting regulatory approval. Mr Ciano earlier said that Uchumi would determine the percentage of shares to be made available in each country once the transaction advisers assess the appetite for the shares. Uchumi released its results for the six months to December 2013 on 28 February, posting a 19% y/y drop in profit to KES 106.9 million. The supermarket chain attributed the slowdown in the Kenyan retail market to reduced consumer spending due to austerity measures instituted during the general elections and implementation of devolution, as well as rising inflation, although Investments in regional expansion is informed by the robust economic growth in East Africa and an emerging middle class driving higher consumer spending.

*(Source: Business Daily, BC Research)*

### **Dangote to Build USD 600m Cement Factory in Kenya**

President of the Dangote Group, Aliko Dangote has disclosed that his conglomerate is planning to build a USD 600 million cement plant in Kenya. Mr. Dangote said the 3 million metric tons factory may start operation very soon because preparatory arrangements have commenced. The Nigerian owned cement company has presence in some 13 African countries in addition to Nigeria which include: Tanzania, Niger Republic, Ghana, South Africa, Cameroon and Zambia among others.

In response to increased competition within the Kenya cement market existing players have been aggressively seeking opportunities to increase capacity as well as develop more profitable markets across East Africa. As at 2013, the Kenya cement industry's capacity utilization rate stood at 72 per cent of the 7.6 million ton per annum installed capacity, with an average of 21 per cent of production being exported to key regional markets. Factoring in the new entrants, the total installed industry capacity is expected to go up to 10 million metric ton per annum by 2015 with excess supply sold across key export markets of Uganda, Tanzania, the Democratic Republic of Congo (DRC) and other East and Central African markets. Consumption across the East Africa markets and Kenya will be driven by government spending on key infrastructure projects, rising demand for low cost housing, as well as the commercial construction boom fuelled by increased foreign investment.

*(Source: Thisdaylive.com, BC Research)*

### UAP to reveal Nairobi bourse listing plans next month

UAP Holdings will in March disclose plans for its listing at the Nairobi bourse which will take place before 2014 year end. The debut at the Nairobi Securities Exchange (NSE) is expected to be a listing by introduction that will offer its top shareholders a window to sell part of their holdings. The company, in November 2012, saw PE funds acquire a 37.33 per cent stake and the public offered 12.5 million shares. UAP raised KES 750 million through the sale of shares and a further KES 4.5 billion from three private equity firms — AfricInvest, Swedfund and Aureos Africa Fund — through conversion of loans to equity. The UAP shares, trade on the over-the-counter (OTC) platform at KES 77 a 28.3% appreciation to its 2012 debut price, the shareholder base of the company currently stands at 953 owners.

*(Source: Business Daily, BC Research)*

### Pan Africa Insurance posts 82 per cent rise in full-year pre-tax profit

Pan Africa Insurance Holdings recorded an 81.8% rise in full-year 2013 pretax profit to 1.51 billion shillings (USD 17.58 million) and a 108.3% jump in EPS to KES 13.05 after higher investment income offset a slight drop in gross premiums. Gross premiums on the life business retreated 2.1% to KES 5.3bn as a result of fewer bulk annuities in 2013, the management remain confident on the continued profitability of both individual life and corporate business life on account of good prospects for further growth.

During the year PAIHL launched 'Bima Mkononi' a product targeting the informal sector that is currently poorly covered by insurance products, the product draws similarities to 'Linda Jamii' a micro-insurance health cover launched under the BRITAM, Safaricom, PSI and Changamka Microhealth partnership. Both are life insurance products delivered under mobile telephony. Over the 2014 year, PAIHL's focus will be on improving efficiency and containing costs while consolidating gains on Bima Mkononi as the insurer continues broadening its distribution channels specifically through bancassurance and mobile telephony.

*(Reuters, Company records, BC Research)*

### RVR plans Kenya-Juba-Cairo route

Rift Valley Railways (RVR) is looking to create a seamless connection between Mombasa and Cairo through Sudan, offering transporters a direct route linking East and North Africa. Cargo will move from Mombasa port to Juba via rail, and from South Sudan to Cairo through the Nile River where Citadel Capital runs a shipping business called Nile Logistics. Citadel Capital, the Egyptian private equity fund owns 51 per cent of RVR while NSE listed Transcentury holds 34 per cent equity stake and the residual 15 per cent stake is held by Uganda's Bomi holdings.

Citadel revealed the plan in a December 2013 brief to investors without giving details such as time frame and costs. In September, RVR rehabilitated 500km of the railway line linking Kampala to Northern Uganda which it plans to connect to Juba from where Nile Logistics operates a shipping line with 45 vessels. RVR is looking to tap the flow of trade running from Egypt, Sudan, South Sudan, Uganda, and the great lakes to DR Congo with RVR's quest for another trade route arising as Kenya launched the construction of a new railway between Mombasa and Nairobi which will eventually link the Indian Ocean port city with Uganda, Tanzania and Rwanda.

*(Source: Business Daily, BC Research)*

### New American and British investments in Kenya rise six-fold

The US and UK's new businesses in Kenya grew six-fold last year, pushing up total inflows in defiance of political jitters and terrorism threats. Some 22,136 new jobs were created through foreign investments. Inflows from the two giant economies accounted for almost half of the foreign direct investment (FDIs) into the local market last year with private firms cold-shouldering poor diplomatic relations between Kenya and home countries.

The latest data from the Kenya Investment Authority (KenInvest) shows the level of FDIs stood at KES 84.7 billion last year, 68 per cent higher than 2012. This is equivalent to 2 per cent of Kenya's gross domestic product. Though still relatively low, the increase in capital injection into the economy is a potent engine for job spin-offs. The data shows that investments by America and Britain equaled KES 37.3 billion, a significant climb from KES 5 billion the previous year, FDI for 2012 stood at KES 50.1 billion.

American and British corporates have in recent years made a beeline for Kenya, setting up their representative offices to anchor expansion into the eastern Africa region. Recently, a US delegation comprising 15 organisations ranging from energy, agriculture, security and services was scouting for deals in the country. Analysts have partly associated the investment pattern to the recent discoveries of hydrocarbons and a vibrant mining sector.

*(Source: : Business Daily, BC Research)*

### Scania takes on GM with Nairobi office

Global auto maker Scania is set to launch its offices in Kenya giving it control of its marketing and distribution business in East Africa. The Swedish manufacturer of heavy trucks and buses has been supplying automotive to Kenya, Uganda, Rwanda and Burundi through Kenya Grange Vehicle Industries. Scania, which has presence in more than 100 countries, is now looking to set up its regional base in Kenya in what will pile pressure on other European makers like Mercedes, Volvo, Euro Tracker and Renault. The move will pit Scania against General Motors East Africa, which currently commands the biggest portion of the market from its flagship Isuzu trucks and buses. Competition with other established players such as CMC (Ford pick-ups and Nissan Diesel trucks), and DT Dobie (Nissan pick-ups, Mercedes cars and trucks) is also set to increase. The franchise deal will be severed with opening of the new office.

*(Source: Business Daily, BC Research)*

### German tech firm, Bosch, targets Kenya auto parts market

German technology and services company Bosch has opened a Kenyan subsidiary targeting middle class car owners, becoming the latest multinational to establish a regional hub in Nairobi. The Kenyan office, set to be opened in three months, will be based on Mombasa Road. The company is currently operating from the premises of Hurlingham-based auto service firm Concord Motors, which is an associate of Bosch. The company is targeting the service and spare part market for Kenyan motorists previously Bosch's products have been available in the local market through dealers and auto workshops.

The growth potential of the automotive industry has been boosted by an expanding middle class, and also increased demand for buses, pick-ups, and trucks from rising activities in the agriculture, transport and construction sector in the region. Bosch deals in four different fields including automotive technology, industrial technology, consumer goods and energy/building technology. The German company will initially focus on East Africa's automotive, power tools and security systems markets, with the Nairobi office acting as the regional hub.

*(Source: Business Daily, BC Research)*

### Bank of Kigali posts highest gains among regional financial stocks

Bank of Kigali (BK) stock has registered the highest gains among East African banking stocks over the first two months of this year as investors take strategic positions ahead of publication of the lender's results, which are expected in March. Activity at East Africa's bourses is expected to go up in the next one month, buoyed by banking stocks, as listed companies release their results for the full year ended 2013. The results will give investors an indication of how regional economies performed.

BK's shares have rallied 28% since January to hit an all-time high of RWF 323 (USD 0.55). The price rally gave the bank, which has 667.3 million shares issued, a valuation of RWF 202.2 billion (USD 299.6 million) compared with a valuation of RWF 160.16 billion (USD 239.01 million) at the start of this year. This week, the bank was expected to officially launch its representative office in Kenya, making it the first bank from the East African Community to set up operations in Nairobi, BK also plans to open a similar office in Uganda this year.

The Kenya, Rwanda, Uganda and Tanzania bourses have been relatively sluggish over the past two months, compared with the period to the close of 2013, with only a slight change in market indices. However, analysts are predicting increased activity in the coming months. They project that the region's bourses will benefit from relatively low inflation rates, which should leave consumers with more money to invest.

*(Source: The EastAfrican, BC Research)*

### Africa private equity deals reach five-year high of USD 1.6 bn in 2013

Sub-Saharan Africa (SSA) attracted USD 1.6 billion of PE investment in 2013, the most in 5 years, with the East Africa region experiencing the biggest increase in deal activity, a survey showed on Wednesday. However, private equity funds focused on sub-Saharan Africa raised less money year-on-year, with 11 funds taking in USD 922 million, down 46% from 2012, according to data from the Emerging Markets Private Equity Association (EMPEA). As one of the world's fastest growing regions, SSA has caught the attention of PE investors who have been encouraged by rising consumer spending and natural resource discoveries in countries like Kenya, Uganda and Mozambique. Given the limited number of listed companies and low liquidity in stock markets outside Johannesburg, Lagos and Nairobi, the asset class also offers investors greater exposure to fast-growing sectors.

The amount of capital invested by PE funds in SSA in 2013 represented a 43% increase from the previous year, EMPEA said. This contrasts with emerging markets as a whole, which saw a 7% y/y decline in capital flow to USD 24 billion. The sectors in SSA which lured the most capital were energy and natural resources, with USD 833 million invested, and banking and financial services, which drew USD 256 million. East Africa accounted for just over a 3<sup>rd</sup> of the 74 deals completed in 2013. The amount deployed to the region doubled to USD 769 million, nearly half of the total capital invested in SSA. The region has become an investment hotspot after gas discoveries in Tanzania and Mozambique and other hydrocarbon finds in Uganda and Kenya.

*(Source: Reuters, BC Research)*

Events	Date	Venue	Theme
Power & Electricity World Africa	11 - 12 March 2014	Sandton Convention Centre, Johannesburg, South Africa	Power & Electricity World Africa is Africa's largest and most holistic power and energy business event: an exhibition, series of seminars, and strategic conference. The show is the leading market place and ideas exchange platform for African businesses and organisations hungry for innovative energy solutions. It brings together some of the biggest names in the regional power and energy industries and is a platform for thought leaders to showcase their solutions to Africa's power and energy community.
4th Annual Review & Outlook Seminar	12 March 2014	London, United Kindom	Review of 2013 & Future Outlook: PE Africa will for the fourth year host this very popular evening seminar that analyses key themes across the industry, and looks at investors expectations in 2014. The seminar offers specialist industry data, economics and risk presentations, which culminate into an investor panel discussion.
3rd Annual East Africa Oil & Gas Summit 2014	27 - 28 March 2014	Dar Es Salaam, Tanzania	The East Africa Oil and Gas Summit 2014 is a unique chance to look at the developments, challenges and opportunities in East Africa's oil and gas sector. This conference and exhibition includes high-level presentations and discussions on developments, opportunities and new projects in both the upstream and downstream sectors.
3rd Power & Energy Africa 2014	27 - 29 April 2014	Kenyatta International Conference Centre, Nairobi, Kenya	The third edition of Power & Energy Africa is an imposing demonstration of its importance for the successful development of power and energy sector in Kenya. Exhibiting at the largest power event in the industry will allow you to showcase your products and services to the industry's largest gathering of qualified decision-makers.
5th Eastern Africa Oil, Gas-LNG & Energy Conference 2014	28 - 30 April 2014	InterContinental Hotel, Nairobi, Kenya	The Conference provides unrivalled new insight into the upstream opportunities, open acreage, bid rounds, new ventures, oil/gas investments, key upstream players, and corporate/government strategies in this vast region of fifteen countries covering onshore and offshore potential, from Eritrea to South Africa, including across the Maserene islands.
Africa Financial Services Investment Conference (AFSIC) 2014	15 - 16 May 2014	Hilton Metropole, Brighton, UK	The event brings together listed, and other African financial services companies with a wide range of both debt and equity investors, and other interested parties. The inaugural Africa Financial Services Investment Conference sponsored by Barclays Africa among others was held in the UK in May 2013. Listed and Private financial services companies, including major banks and insurance companies from 17 African countries attended. The 2014 event is expected to grow into a highlight of the African financial services calendar with an ever wider range of companies and countries represented.
Uganda Mining & Energy Conference and Exhibition	22 - 23 May 2014	Serena Hotel Kampala, Uganda	UMEC 2014 (2nd edition Uganda Mining, Energy and Oil & Gas Conference and Exhibition) is a turnkey event focusing on the Republic of Uganda's mining, energy and petroleum potential. UMEC will feature two days conference, with presentation sessions and round table discussions, as well as a trade exhibition. The event is organised by the Ministry of Energy & Mineral Development, Republic of Uganda, in association with AME Trade Ltd.
The Kenya Summit 2014	3 June 2014	InterContinental Hotel, Nairobi, Kenya	The Kenya Summit is the strategic meeting between international investors, global business and Kenya's political leadership. It is a meeting to examine Kenya's direction for economic and social transition to a middle-income country. Theme: How will investment in breakthrough industries including ICT, natural resources, infrastructure, agriculture and financial services make Kenya the gateway of East Africa?
Africa Insurance & Reinsurance Conference	10 - 11 June 2014	Laico Regency Hotel, Nairobi, Kenya	The conference provides a platform where new opportunity streams can be explored, key technologies can be evaluated, and industry players can gain invaluable insights into strategies and solutions that will capitalize on the opportunities the continent presents in the insurance and Reinsurance sector.
Oil and Gas Africa	2-4 July 2014	Cape Town Convention Centre (CTICC), Cape Town, South Africa	The 6th Sub-Saharan Oil / Gas / Petrochem Engineering Supply Chain Exhibition & Conference. Previous events have delivered over 12,000 visitors attending from 34 countries. With the ongoing discoveries being made in Africa's on and offshore oilfields and increasing numbers of operators working there, attendance is expected to increase significantly at our 2014 event.
3rd East Africa Oil and Gas Summit & Exhibition	15 - 17 October	Kenyatta International Convention Centre (KICC), Nairobi, Kenya	The 3rd East Africa Oil and Gas Summit (EAOGS) will build on the success of the 2013 Summit which welcomed over 350 delegates from 200 regional and international companies and 30 different countries. In 2014 this prestigious, government-led summit and exhibition will once again provide a platform for East African ministries and the National Oil companies to engage with international and local investors to examine the vast opportunities across East Africa.
Mining Business & Investment Conference	16 - 17 October 2014	Safari Park Hotel, Nairobi, Kenya	This strategic conference will be led by crucial investors in the industry to share their knowledge on solutions that cut across the energy, infrastructure & financing challenges in the industry. MBI Eastern Africa is now the platform that holistically represents the entire Eastern Africans Mining region.

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