



i&M Burbidge Capital

EAST AFRICA FINANCIAL REVIEW

JANUARY 2019



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January in Numbers

IMBC Deal of the Month:

Catalyst's and AfricInvest's, acquisition of a minority stake in Prime Bank Ltd

15 The number of disclosed deals in EA

c. 614.9 The total value of all disclosed corporate deals in EA in USD m

"Keep it simple. It is not necessary to do extraordinary things to get extraordinary results."

~Warren Buffet

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The Editorial Team
EDWARD BURBIDGE | LINDA OBWORA

January kick started 2019 with 13 disclosed corporate deals valued at USD 614.9 million. This is a record high for the East African region in the month of January when compared to the 9 and 3 deals reported in January 2018 and 2017 respectively.

IMBC's deal of the month is Catalyst's and AfricInvest's, acquisition of a 24.2% stake in Prime Bank Ltd for USD 50.1 million. The deal saw the two PE firms become the top shareholders in Prime Bank and the funds raised will enable the bank to strengthen its capital base and finance its strategic expansion plans.

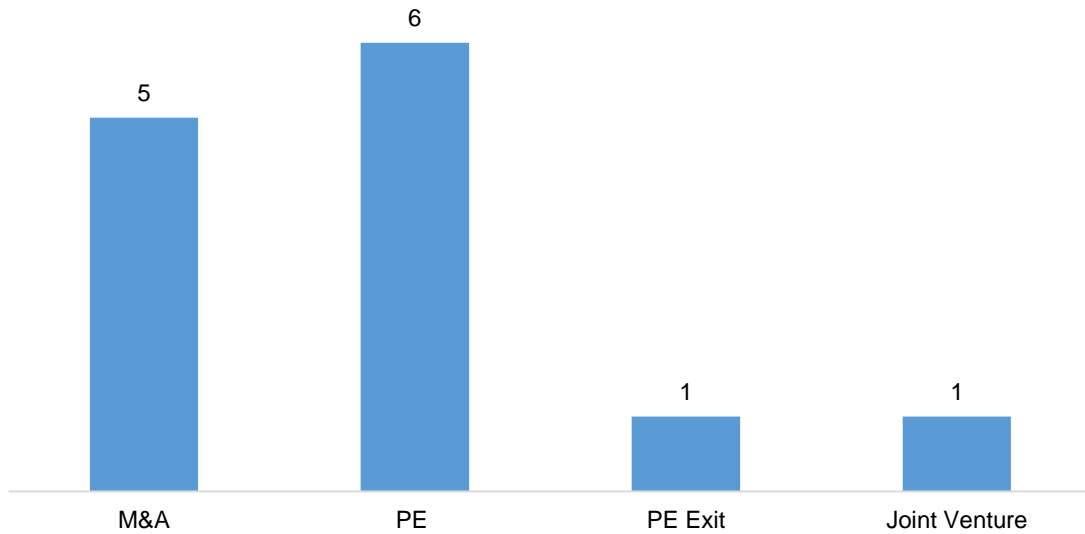
In the energy sector, Lake Turkana Wind Project reported that the project was now generating at 99% capacity, four months after KETRACO completed the construction of the Loiyangalani–Suswa transmission line. Tullow oil also announced that the early oil pilot scheme has to date transported over 60,000 barrels from Turkana to Mombasa.

The listed equities market also recorded positive performance as the NSE 20 index gained 4.4% during the month. Overall, the market continued to experience foreign investor outflows with investors withdrawing USD 13.4 million from the market.

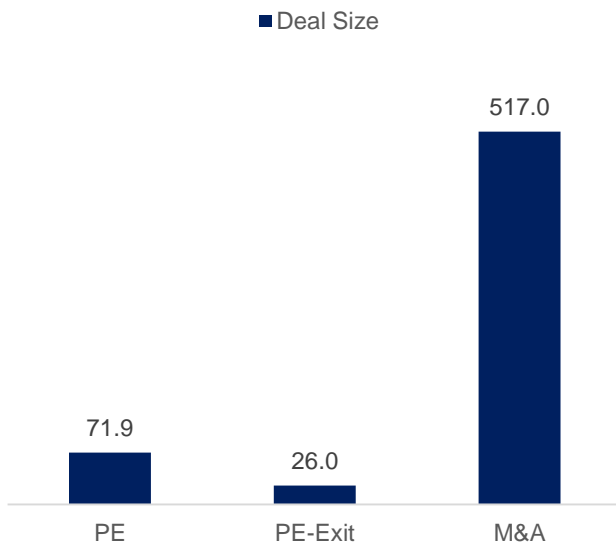
Top gainers during the month included Express Kenya, which increased by 38.0% and Olympia Capital which increased by 33.8%. Nairobi Business Ventures (NBV) experienced the highest decline of 15.7% to close the month at KES 0.97 per share.

Edward Burbidge, CFA & IMBC EA Review Team

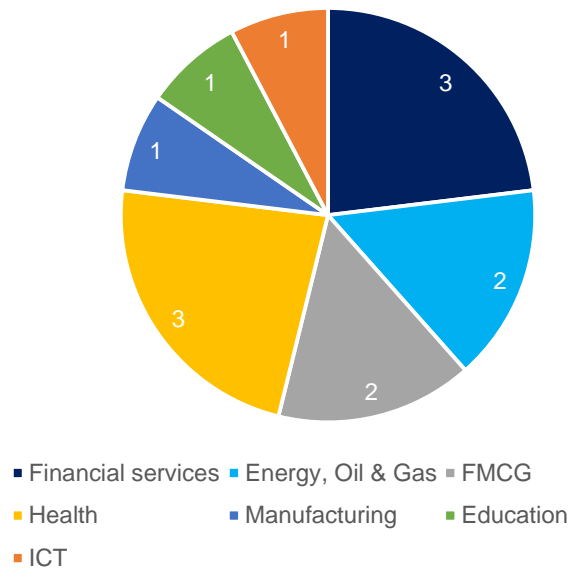
TOTAL NUMBER OF DEALS IN EA-2019 YTD



DEAL SIZE IN USD M-2019 YTD



NUMBER OF DEALS PER SECTOR



Yields on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	7.1%	10.9%	12.3%	12.5%
Tanzania	3.5%	11.4%	9.2%	14.9%
Uganda	10.8%	14.8%	16.8%	17.0%

Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2018 actual Inflation	4.5%	3.5%	3.2%	2.9%
2019 projected inflation	5.6%	5.2%	5.0%	5.0%

GDP Growth Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2018 estimated GDP growth rate	5.9%	6.7%	5.3%	7.2%
2019 forecasted growth rate	6.0%	6.6%	5.5%	7.8%

Central Bank Rates

Country/Region	Previous rate	Current rate
Central Bank of Kenya (Kenya)	10.00%	9.00%
Bank of Uganda (Uganda)	9.50%	10.00%
Bank of Tanzania (Tanzania)	9.00%	7.00%
South African Reserve Bank (RSA)	6.75%	6.75%
Central Bank of Nigeria (Nigeria)	14.00%	14.00%
Central Bank of Egypt (Egypt)	18.75%	16.75%
Bank of England (UK)	0.50%	0.75%
Federal Reserve Bank (USA)	1.50%	2.50%
European Central Bank (EU)	0.00%	0.00%

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
02-Jan-19	Azania Bank Ltd	Bank M Tanzania PLC	Undisclosed	Financial Services	M&A	Tanzania	Azania Bank Ltd acquired the entire share capital of Bank M Tanzania PLC, a Dar es Salaam-based commercial bank.
07-Jan-19	Shalina Healthcare	Pharmaceutical Manufacturing Company (Kenya) Limited	Undisclosed	Healthcare	M&A	Kenya	Dubai-based healthcare company Shalina acquired an undisclosed stake in a Kenyan-owned pharmaceutical manufacturing company, expanding its medicine production and distribution venture to the seven countries in Africa.
09-Jan-19	Goodlife	Maghreb Pharmacy	Undisclosed	Healthcare	M&A	Kenya	Goodlife Pharmacy acquired assets belonging to Maghreb Pharmacy as part of its plans to grow its footprint to 100 regionally.
08-Jan-19	Africinvest Azure SPV	Prime Bank Ltd	50	Financial Services	PE	Kenya	Africinvest Azure SPV (Africinvest) of Mauritius, jointly formed by Catalyst Fund II and AfricInvest Tunisia SARL, acquired a 24.2% stake in Prime Bank Ltd (Prime), a Nairobi-based commercial bank, for a total KES 5.1 billion (USD 50.1 million), in a privately negotiated transaction.
09-Jan-19	GEMS Education	Fanisi Capital	26	Education	PE-Exit	Kenya	Private equity firm Fanisi Capital signed an agreement to sell Hillcrest International Schools to Dubai-based GEMS Education for KES 2.6 billion. Fanisi previously owned a 55 percent stake in the school.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (USD M)	Sector	Type	Country	Synopsis
10-Jan-19	AfricInvest	Britam Holdings	4.4	Financial Services	PE	Kenya	AfricInvest acquired an additional 49.3 million shares in insurance group Britam Holdings for KES 450 million raising its stake in the Nairobi Securities Exchange-listed firm from 14.3 percent to 16.26 percent.
11-Jan-19	Cerba Healthcare	Lancet Laboratories	Undisclosed	Healthcare	Joint venture	Kenya	France-based multinational Cerba Healthcare entered into a joint venture agreement with medical services provider Lancet Laboratories for an undisclosed amount. The agreement will give Cerba control over a network of more than 100 laboratories previously owned by the firm that Lancet SA will now hold a 49 percent stake in the joint venture while Cerba Healthcare will own 51 percent.
18-Jan-19	The French Development Agency (AFD)	M-Tiba	1.48	Healthcare/ICT	PE	Kenya	The French Development Agency (AFD) has invested KES 150 million in Safaricom-backed healthcare app M-Tiba that will go towards growing the number of individuals and healthcare providers on the platform.
24-Jan-19	Goodwell Investments	Copia	2	ICT/FMCG	PE	Kenya	Dutch impact investor Goodwell Investments made a USD 2 million (KES 203 million) investment in Nairobi-based consumer goods catalogue and delivery service Copia for an undisclosed stake.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (USD M)	Sector	Type	Country	Synopsis
25-Jan-19	Adenia Partners	Tumaini	Undisclosed	Retail-FMCG	PE		Adenia Partners, a private equity firm investing in Sub-Saharan Africa completed an investment in Tumaini Self Service Limited through a special purpose vehicle, Sokoni Retail Kenya Limited.
29-Jan-19	Britam Holdings	Gulf Energy	14	Energy	PE		Britam Asset Managers bought a 40.0% stake worth KES 1.4 bn in a local electricity producer, Gulf Energy, through a New York-based energy investment vehicle, Everstrong Capital, as the company seeks to diversify its investments beyond traditional investments.
30-Jan-19	Ramco Plexus	Sintel Security Print Solutions	Undisclosed	Manufacturing	M&A	Kenya	Print and packaging firm Ramco Plexus acquired 73.6 per cent of the issued share capital of scratchcard making giant Sintel Security Print Solutions.
31-Jan-19	Medco Energi	Ophir Energy	517	Oil and Gas	M&A	Kenya	Indonesian oil giant Medco Energi has struck a KES 51.7 billion deal to buy London-listed Ophir Energy. The agreement is for the purchase of all the shares of Ophir Energy in an arrangement expected to be sanctioned by a court of law.

Events	Date	Venue	Theme
The Euromoney Morocco Conference 2019	19 February 2019	Rabat, Morocco	The theme will be Building a new economic paradigm.
Africa BFSI innovation Summit (ABIS)	19 -20 February 2019	Mövenpick Hotel & Residences Nairobi, Kenya	Africa BFSI innovation Summit will bring together some of the top CIOs,CISOs,CTOs,Head of IT, ITC, Risk, Compliance, Retail Banking, Customer Experience, Analytics etc. from Bank & Insurance Companies across East Africa. It will provide a variety of learning formats from keynote presentations, Panel Discussions, Fire Chats and exclusive networking that will lead to meaningful business connections throughout Africa.
Sankalp Africa Summit	21 - 22 February 2019	Nairobi, Kenya	The Sankalp Africa Summit will cover areas like entrepreneurship, innovation, inclusive development, revolve around the theme of Spurring the Entrepreneurship Economy, different strata of society which shape, influence, and stimulate inclusive and high-impact enterprises, while also building markets to efficiently carry these businesses to scale.
DealMakers Africa Annual Gala Awards	26 February 2019	Villa Rosa Kempinski Hotel Nairobi, Kenya	DealMakers AFRICA will be recognizing the top Investment and Legal Advisers in East and WEST Africa
(The Southern African Venture Capital and Private Equity Association) SAVCA 2019 Annual Conference	27th February 2019	Spier Wine Farm, Stellenbosch, South Africa	The theme of the SAVCA 2019 Conference is "RISE to a new level".

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Head Office

3rd Floor, Block A, Eldama Park
Eldama Ravine Road,
Westlands
P.O Box 51525-00100
Nairobi, Kenya
Tel: +254 (0) 20 2100 102,
+254 (0) 20 3744618

Kampala Office

5th Floor
Rwenzori Towers
Nakasero Road
Kampala, Uganda
Tel: +256 (0) 794 476 967

CONTACTS OF THE EDITORIAL TEAM



EDWARD BURBIDGE, CEO



Edward.Burbidge@imburbidgecapital.com



LINDA OBWORA, Analyst



Linda.Obwora@imburbidgecapital.com

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