



Burbidge
Capital

EAST AFRICA FINANCIAL REVIEW

JANUARY 2024

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EAST AFRICA FINANCIAL REVIEW

Editor's Note



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East African capital markets kicked off the year with a robust deal making environment with 15 deals having been disclosed in January which had a total disclosed deal value of c. USD 236 million (from 7 transactions that had disclosed deal values). Deal activity remained concentrated in the private capital markets where venture capital was the most active investor class with 8 deals followed by M&A with 4, 3 PE investments and 2 DFI transactions. Deal activity was fairly evenly spread across the major sectors in the region with the agribusiness and renewable energy sectors being the most active with 4 transactions each. The ICT and manufacturing sectors contributed 3 and 2 deals, respectively, to the total tally, whilst the rest were single entries from 4 other sectors. Kenya took the lion's share of deals with 15, whilst Rwanda and Uganda recorded singular entries, each.

As noted in the outlook presented in the Annual East Africa Financial Review, volatility and uncertainty in the context of strong structural tailwinds are expected to drive investment activity in the region on account of a strong developmental capital base, broader geographical opportunity, and strong market push for inorganic and innovative growth solutions. Economic, monetary and fiscal policy headwinds in Kenya, which have now been present for the last 3 years, have incentivised consolidation across several sectors and encouraged further consideration of equity capital to build resilience. As such, we have witnessed and continue to expect robust but slow growth in M&A and PE activity in the medium term with the caveat that, whilst deal supply should improve, execution will likely take longer on account of the increased need for detailed assessment of the risk-return profile.

We expect that financial investor deal assessments in the medium term will not only focus on growth/profitability, but increasingly, its sustainability as well as the resilience of businesses to external factors. This implies a strong preference for secular investment themes, diversified assets, and natural hard currency hedges.

IMBC's deal of the month is the investment by Renew Capital in Octavia Carbon, the continent's first Direct Air Capture (DAC) company. Direct Air Capture leverages technology to filter CO₂ directly from air, which can then be permanently stored underground or turned into climate-neutral carbon products, such as sustainable aviation fuels. Octavia Carbon is leveraging Kenya's significant geothermal power base and abundance of basaltic rock to drive down the cost of DAC technology.

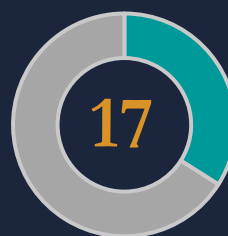
The listed equities Market recorded mixed performance in January, with the NSE 20 recording a 3.0% gain, whilst the NSE 25 and NSE All Share Index recorded -2.52%, -0.27% in losses, respectively. Average daily turnover increased to USD 1.65 million, up from USD 1.26 million in December 2023. Top gainers during the month included E. A. Portland Cement Ltd and Kenya Orchards Ltd which were up by 19.0% and 18.5%, respectively. Car & General (K) Ltd and Longhorn Publishers Plc recorded the biggest losses ending the month down by 34.1% and 24.5%, respectively.

KEY HIGHLIGHTS

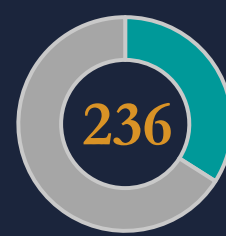
- EA capital markets open the year with a record 17 transactions.
- Total disclosed deal values at c. USD 236 million.
- Venture Capital most active with 8 deals complemented by PE, M&A and DFI activity.

JANUARY

In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million











IMBC Deal of the Month:

Renew Capital's investment in Octavia Carbon, the continent's first Direct Air Capture (DAC) company.

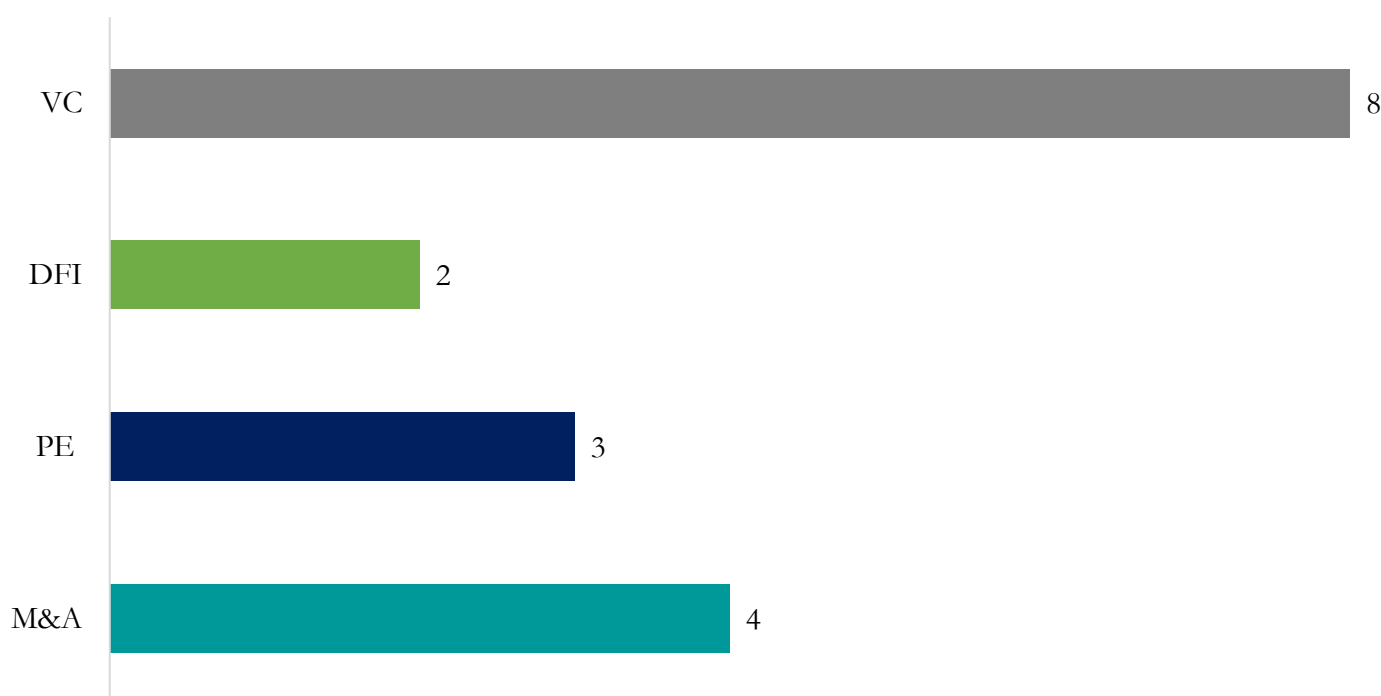
PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	1	15.0
 ICT and Telecom	2	Undisclosed
 Real Estate	1	Undisclosed
 Healthcare	1	Undisclosed
 Agribusiness	4	19.3
 Logistics	1	Undisclosed
 Energy	4	117.0
 Manufacturing	3	84.3

Analysis by Type of Transaction

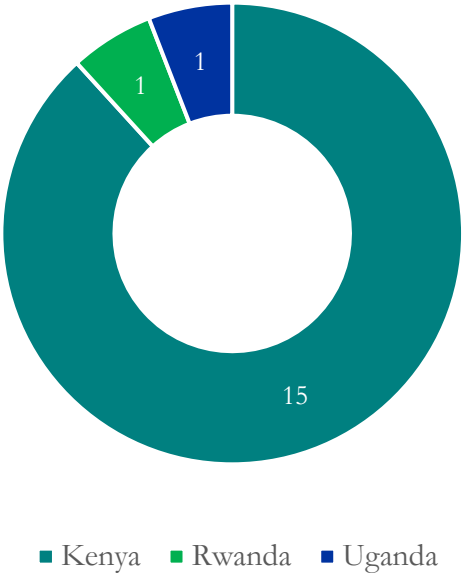
TOTAL NUMBER OF DEALS IN EA – YTD 2024



PART I : DEAL STATISTICS

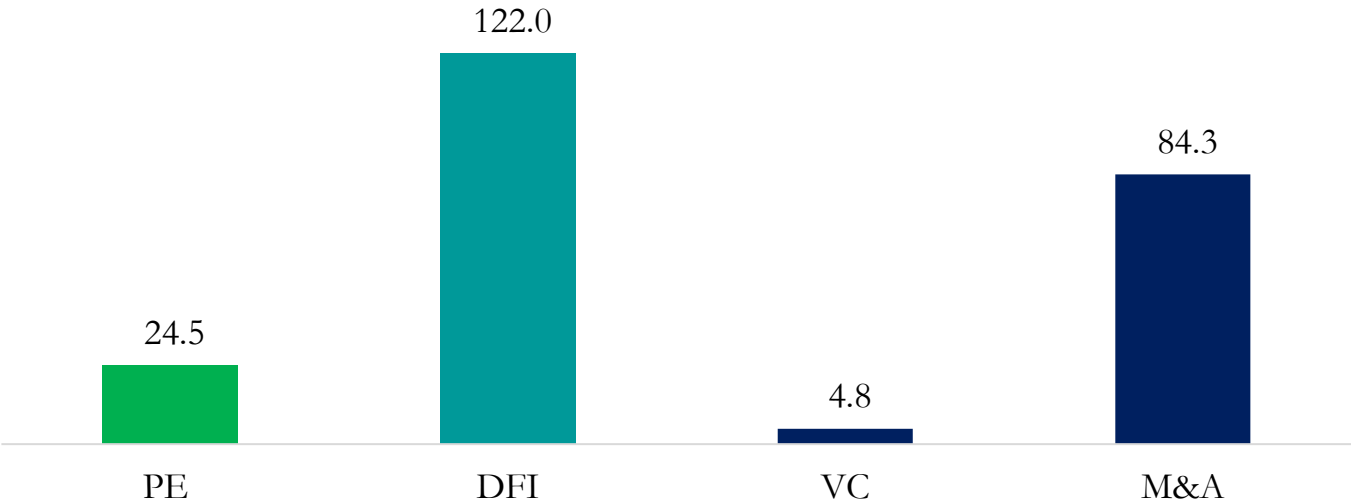
Analysis by Country

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

DEAL SIZE YTD 2024 IN USD M



PART II : KEY MARKET INDICATORS

(As at 31st January 2024)

Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	16.37%	17.03%	19.51%	17.75%
Tanzania	8.50%	7.60%	8.60%	10.25%
Uganda	10.38%	13.60%	15.01%	16.20%

Source: Refinitive, respective Central Bank

LTM Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2023 Actual Inflation	9.06%	4.80%	10.20%	21.60%
2024 Projected Inflation	6.63%	3.00%	2.60%	6.40%

Source: World Bank

Central Bank Rates

Country/Region	Rate as at January 2024	Rate as at December 2023
Central Bank of Kenya (Kenya)	12.50%	12.50%
Bank of Uganda (Uganda)	9.50%	9.50%
Bank of Tanzania (Tanzania)	5.50%	5.00%
National Bank of Rwanda (Rwanda)	7.50%	7.50%
South African Reserve Bank (RSA)	8.25%	8.25%
Central Bank of Nigeria (Nigeria)	18.75%	18.75%
Central Bank of Egypt (Egypt)	20.25%	19.25%
Bank of England (UK)	5.25%	5.25%
Federal Reserve Bank (USA)	5.50%	5.50%
European Central Bank (EU)	4.50%	4.50%

Source: CB Rates

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
9-Jan-24	Africa Development Finance Bank, Finnfund and TDB	Globeleq	117	Energy	PE - DFI	Kenya	Globeleq received USD117 million financing by the African Development Bank (AfDB), the Eastern and Southern African Trade & Development Bank (TDB), and Finnfund, for the 35MW Menengai geothermal plant in Nakuru, Kenya. This greenfield geothermal project is part of the first phase of the wider Menengai complex, Kenya's second largest geothermal field currently being developed.
10-Jan-24	Crown Beverages Limited	Kenya Bottling Company Limited	Undisclosed	Manufacturing	M&A	Kenya	The Competition Authority of Kenya (CAK) approved the unconditional acquisition of the entire issued share capital of Kenya Bottling Company Limited by Mauritius-based Crown Beverages Limited. Crown Beverages is an undertaking incorporated and registered in Mauritius and does not have subsidiaries or market presence in Kenya. It is however affiliated with PepsiCo, a Ugandan entity involved in the bottling of carbonated drinks.
12-Jan-24	Renew Capital	Mpost	Undisclosed	Professional and Other Services	PE - VC	Kenya	Renew Capital announced an investment in Kenya-based MPost. MPost is improving postal services in Africa by converting mobile phone numbers into functional postal addresses, significantly easing local and international goods delivery, government document applications and access to financial services. Established in 2016, MPost operates in Kenya and Rwanda.
12-Jan-24	Renew Capital	Octavia Carbon	Undisclosed	Energy	PE - VC	Kenya	Octavia Carbon, based in Kenya, secured investment from Renew Capital to advance its direct air capture (DAC) technology, focusing on CO ₂ extraction from the atmosphere. The company aims to combat climate change by designing, building and deploying machines that directly capture atmospheric CO ₂ using DAC technology.
12-Jan-24	E3 Capital	Badili Africa	Undisclosed	ICT	PE - VC	Kenya	Kenyan startup Badili received seed funding from E3 Capital to expand into new markets in East Africa. Badili is a "re-commerce" platform that refurbishes and sells used mobile phones at affordable prices. The funding will support Badili's collaboration with e-commerce platforms, trade partners, and mobile network operators.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
16-Jan-24	Gateway Partners	Watu Credit	15	Financial Services	PE	Uganda	Watu Credit in Uganda raised an initial five year term facility of USD 15 million from Gateway Partners through its Africa Credit Opportunities Fund. Watu Credit is a African non-banking finance company providing asset finance for two-wheelers and three-wheelers to Africa's unbanked and underserved population.
16-Jan-24	Renew Capital	Scale	Undisclosed	ICT	PE - VC	Kenya	Renew Capital has announced an investment in Kenya-based procurement platform, Scale. Procurement in Africa has traditionally been hindered by inefficiency, high costs and opaque operations. Scale is transforming this critical business function by streamlining procurement, automating workflows and cutting operational expenses.
17-Jan-24	Cherryfield Apparel	Africa Apparels EPZ Ltd	Undisclosed	Manufacturing	M&A	Kenya	CherryField, a leading global textile provider with over 30 years of expertise in the apparel industry, acquired Africa Apparels EPZ Ltd. (Africa Apparels), located in Nairobi, Kenya. This acquisition aligns with CherryField's strategy to enhance its global competitiveness
17-Jan-24	Rand Merchant Bank	KOKO	Undisclosed	Energy	PE	Kenya	Kenyan climate-tech startup, KOKO, secured an undisclosed amount of funding from Rand Merchant Bank (RMB), marking a significant milestone in its mission to revolutionize sustainable energy solutions in Africa. KOKO addresses the demand for charcoal by supplying bioethanol cooking fuel to over 1.1 million homes.
18-Jan-24	Heri Holdings	Nova Academies Tatu City	Undisclosed	Real Estate	M&A	Kenya	Heri Holdings acquired Nova Academies Tatu City Property Limited following an approval by the Competition Authority of Kenya. The transaction, which qualifies as a merger, involves the acquisition of 100% of the issued share capital and loans of Nova Academies by Heri Holdings. The proposed transaction only involves some assets of the school-buildings, land, and related infrastructure.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
23-Jan-24	Johnson and Johnson Foundation	Viebeg Medical	Undisclosed	Healthcare	PE - VC	Rwanda	Viebeg Medical announced a new investment from J&J Impact Ventures, an impact fund within the Johnson & Johnson Foundation, and Sanofi Global Health Unit Impact Fund. Serving more than 1,000 hospitals, clinics, pharmacies and healthcare providers in Rwanda, Kenya and the Democratic Republic of the Congo, Viebeg is a healthtech company that provides medical supplies and equipment as well as pharmaceuticals through VieProcure, an innovative data-driven procurement solution.
25-Jan-24	CEI Africa	InspiraFarms Cooling	1.1	Agribusiness	PE - VC	Kenya	The Foundation for Clean Energy and Energy Inclusion for Africa (CEI Africa) announced an investment of up to EUR1 million in InspiraFarms Cooling through a convertible note, alongside existing investors KawiSafi and Factor[e]. The investment comes after InspiraFarms Cooling successfully raised its Series B round in 2020 and signed an investment agreement with InfraCo Africa in 2023, to pilot its 'cooling-as-a-service' model.
29-Jan-24	Seedstar Ventures and EDFI AgriFI	Shamba Pride	3.7	Agribusiness	PE - VC	Kenya	Kenyan agritech platform Shamba Pride secured USD3.7 million in funding from EDFI AgriFI – the Agriculture Financing Initiative and a follow-on investment from Seedstars Africa Ventures. Shamba Pride solves the supply chain between input manufacturers, agri-retailers and farmers through an online to offline commerce platform.
29-Jan-24	SwedFund	Apollo Agriculture	5	Agribusiness	PE - DFI (VC)	Kenya	Swedfund supported the agri-fintech company, Apollo Agriculture, in Kenya through a loan of USD5 million. The investment is intended to allow Apollo to further grow its business of supplying smallholder farmers with agricultural products (e.g., fertiliser and seeds) bundled with distribution, advisory, insurance and financing.
29-Jan-24	National Cement	Cimerwa Plc	84.3	Manufacturing	M&A	Rwanda	Kenya's National Cement Company, part of the Devki Group conglomerate, completed the buyout of a 99.94% stake in Rwanda's Cimerwa Plc in an USD 84.3 million (KES 13.6 billion) deal that expands its cement operations in East Africa. Cimerwa, which is listed on the Rwanda Stock Exchange, is set to be delisted from the bourse.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
29-Jan-24	Fortis Green Renewables	Rwaza Hydropower Plant	Undisclosed	Energy	PE	Rwanda	Fortis Green Renewables acquired a significant minority stake in a Rwandan hydropower plant. The US-based renewable energy investment firm purchased a 40% stake in the 2.6MW Rwaza Hydropower run-of-river plant in the African country via its Green Fund I. The firm said it purchased the stake allow green energy investors to channel their capital into a reliable asset in the Rwandan market.
29-Jan-24	AgDevCo and IDH Farmfit Fund	Hatch Africa	9.5	Agribusiness	PE	Kenya	Hatch Africa secured a combined USD 9.5 million investment with participation from AgDevCo and IDH Farmfit Fund. The investment into Flow Equity Africa Ventures (FEAV), the holding company for Hatch's operations in Kenya, Ghana, and Cote d'Ivoire, will scale Hatch's innovative business model to millions more smallholder farmer households.

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