



Burbidge
Capital

EAST AFRICA FINANCIAL REVIEW

February 2024

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EAST AFRICA FINANCIAL REVIEW

Editor's Note



The Editorial Team

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Deal making in East African capital markets maintained a robust stance with 14 deals having been disclosed in February (marginally down from 15 in January) which had a total disclosed deal value of c. USD 58.2 million (from 5 transactions that had disclosed deal values). With the exception of a single JV, deal activity remained concentrated in the private capital markets where venture capital was again the most active investor class with 5 deals, followed by PE with 4, 2 DFI investments and 1 PE Exit. E-mobility and mass transit attracted the most deal activity with a total of 4 deals, whilst there were 3 renewable energy deals and 2 a-piece in the financial services, healthcare and agribusiness sectors. There was a single professional services sector transaction. Kenya led the region with 10 deals, whilst Uganda was a distant second with 2 which were complemented by singular entries in Tanzania and Rwanda.

The Kenyan government raised a USD 1.5 billion Eurobond in February whose use of funds included partial settlement of the country's Eurobond due in 2024 and which payment was the cause of rampant speculation on the ability of the state to service this obligation. The partial settlement assuaged market fears on the fiscal solvency of the Kenyan state and in combination with other hard currency inflows from the country's development partners, and apparent injection of hard currency liquidity from state linked coffers, led to a sharp appreciation in the KES with the currency gaining nearly 18% against the greenback. The shilling continues to maintain its strength with the trend expected to reverberate positively across the economy.

For private capital investors with hard currency denominated funds deployed in Kenya, the macro developments in February will have had an immediate positive impact on portfolio valuations and an immediate boost to return metrics. The macro developments in February mitigate some of the previously noted cyclical headwinds to private capital investment, providing flexibility for investors to navigate the secular challenges, including unfavourable government policy, to capitalise on the significant tailwinds that include fast-growing young population, a significant recent infrastructure base and avenues for regional integration opening up new markets.

IMBC's deal of the month is the exit achieved by the Danish Climate Investment Fund, managed by IFU, and Vestas Wind Energy from Lake Turkana Wind Power (LTWP), to Climate Finance Partnership (CFP) UK Holdings, a climate infrastructure investment vehicle managed by Blackrock. IFU and Vestas sold an aggregate 18.75% to CFP, which transaction follows the investment vehicle's first entry to LTWP's cap table in 2023, providing an exit for Finnfund at the time.

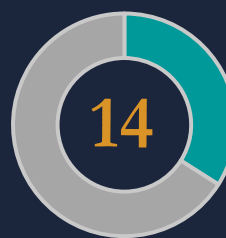
The listed equities market recorded positive performance in February, with the NSE 20, NSE 25 and NSE All Share Index all recording gains of 1.8%, 2.7%, and 0.3%, respectively. Average daily turnover increased to USD 1.53 million, up from USD 0.76 million in January 2024. Top gainers during the month included E.A. Cables and Kenya Power which were up by 21.8% and 19.3%, respectively. Standard Group and Home Afrika recorded the biggest losses ending the month down by 16.5% and 15.4%, respectively.

KEY HIGHLIGHTS

- February brings the YTD total deal tally to 29.
- Total disclosed deal values at c. USD 293.8 million.
- Venture Capital most active with 13 deals complemented by PE, M&A and DFI activity.

FEBRUARY

In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million













IMBC Deal of the Month:

IFU and Vestas' exit from Lake Turkana Wind Power to Blackrock controlled Climate Finance Partnership.

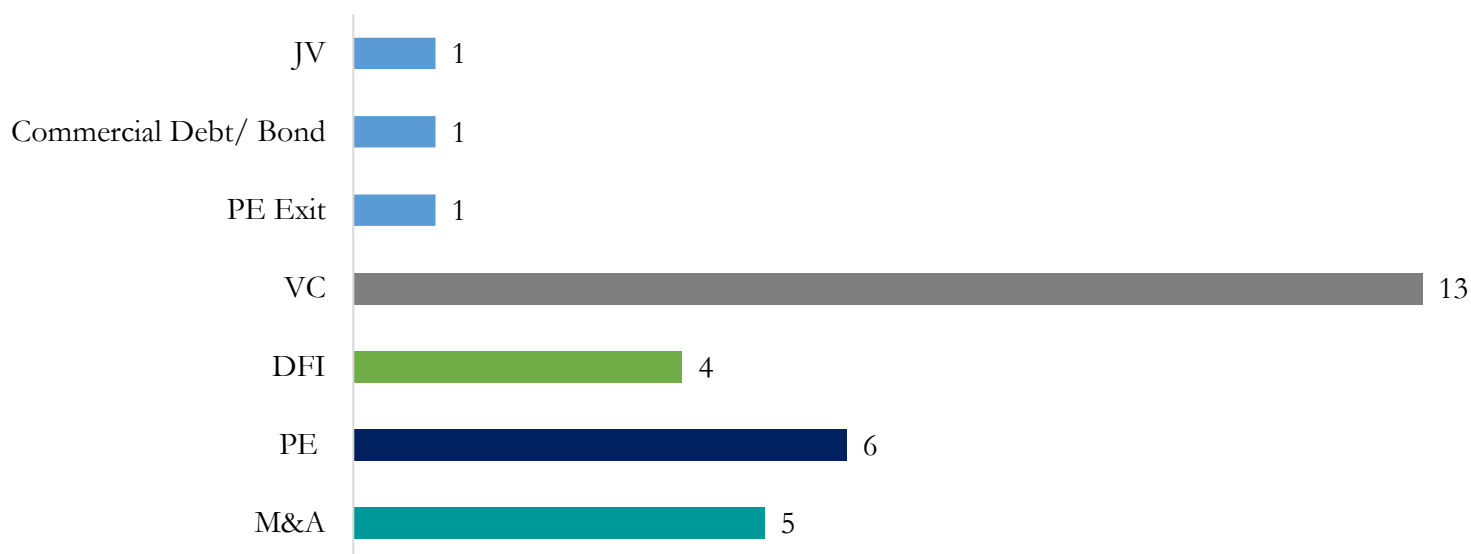
PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Energy	7	117.0
 Agribusiness	6	27.8
 Automotive	4	24.0
 Manufacturing	3	84.3
 Healthcare	2	24.2
 Financial Services	2	16.5
 ICT and Telcom	2	Undisclosed
 Professional and Other Services	2	Undisclosed
 Real Estate	1	Undisclosed
 Logistics	1	Undisclosed

Analysis by Type of Transaction

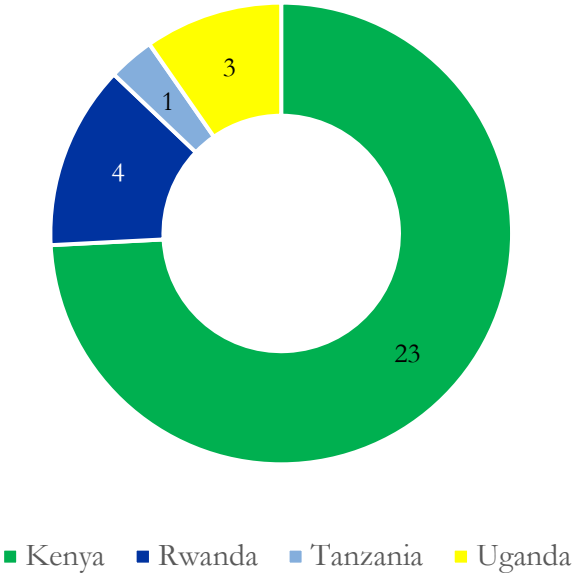
TOTAL NUMBER OF DEALS IN EA – YTD 2024



PART I : DEAL STATISTICS

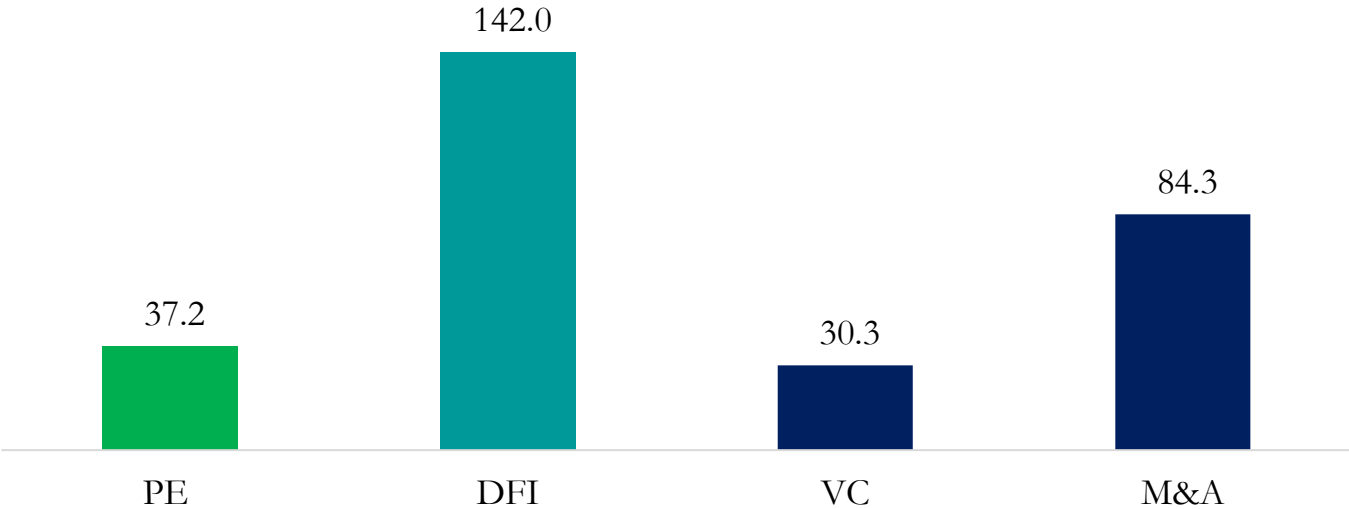
Analysis by Country

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 29th February 2024)

Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	16.59%	16.83%	18.39%	17.66%
Tanzania	8.40%	7.60%	8.60%	10.25%
Uganda	9.00%	13.24%	14.80%	15.50%

Source: Refinitive, respective Central Bank

LTM Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2023 Actual Inflation	8.98%	4.90%	11.90%	20.70%
2024 Projected Inflation	6.85%	3.00%	2.80%	3.10%

Source: World Bank

Central Bank Rates

Country/Region	Rate as at February 2024	Rate as at January 2024
Central Bank of Kenya (Kenya)	13.00%	12.50%
Bank of Uganda (Uganda)	9.50%	9.50%
Bank of Tanzania (Tanzania)	5.50%	5.50%
National Bank of Rwanda (Rwanda)	7.50%	7.50%
South African Reserve Bank (RSA)	8.25%	8.25%
Central Bank of Nigeria (Nigeria)	22.75%	18.75%
Central Bank of Egypt (Egypt)	22.25%	21.25%
Bank of England (UK)	5.25%	5.25%
Federal Reserve Bank (USA)	5.33%	5.33%
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-Feb-24	Inspired Evolution	STOA and IBL Energy	Undisclosed	Energy	PE	Kenya	STOA and IBL Energy offered a significant minority stake to Inspired Evolution's, Evolution III Fund, in the company holding a majority stake in Equator Energy Limited, a commercial and industrial (C&I) solar provider in East Africa. STOA and IBL Energy had closed the initial transaction in June 2023.
10-Feb-24	East Africa Gateway Ltd	Tanzania International Container Terminal Services	Undisclosed	Professional and Other Services	M&A	Tanzania	East Africa Gateway Ltd, an UAE-based associate company of Adani Ports and Special Economic Zone Ltd, acquired Tanzania International Container Terminal Services Ltd (TICTS), a Tanzania-based company that runs a container terminal at Tanzania's main port of Dar es Salaam.
13-Feb-24	DOB Equity and Other Investors	Ilara Health	4.2	Healthcare	PE	Kenya	Ilara Health, the healthtech company digitizing and consolidating highly fragmented primary care in Kenya, announced the close of a USD 4.2 million pre-Series A round of equity and debt. Led by DOB Equity, the round also sees follow-on equity investment from AAIC Investment, Angaza Capital, Black Pearl Investments, Perivoli Innovations, as well as debt investment from Alphamundi and Kiva Capital.
15-Feb-24	Equator Africa and Other Investors	Roam	24	Automotive	PE - VC	Kenya	Kenya-based electric mobility company, Roam, closed its Series A funding round, securing USD 24 million in equity and debt. The round was led by Equator Africa and includes investments from At One Ventures, TES Ventures, Renew Capital, The World We Want, and One Small Planet, among other private and institutional investors. Additionally, the US International Development Finance Corporation (DFC) committed to providing Roam with an up to USD10 million debt facility.
15-Feb-24	Beyond Capital Ventures	Ampersand	Undisclosed	Automotive	PE - VC	Rwanda	Ampersand, a Kigali, Rwanda, Africa-based electric transport energy company, received an investment from Beyond Capital Ventures. The amount of the deal was not disclosed. The company intends to use the funds to support its expansion plans, fortify its balance sheet, bolster its research and development initiatives, and drive the development of its manufacturing capabilities.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
16-Feb-24	Finnfund, DFC and Other Investors	Hewatele	20	Healthcare	PE - DFI	Kenya	Hewatele, a medical oxygen producer in Kenya, secured a USD 20 million funding package from Finnfund, the US International Development Finance Corporation (DFC), Soros Economic Development Fund (SEDF), UBS Optimus Foundation and Grand Challenges Canada. Hewatele will use the debt and equity funds raised to finance the building of a liquid oxygen (LOX) manufacturing facility on the outskirts of Nairobi.
19-Feb-24	Climate Finance Partnership managed by Blackrock	IFU	Undisclosed	Energy	PE Exit	Kenya	The Danish Climate Investment Fund (DCIF), managed by IFU, sold its 6.25% stake in Lake Turkana Wind Power, the largest wind farm in Africa, to the Climate Finance Partnership, a public-private finance vehicle managed by BlackRock.
19-Feb-24	CFP UK Holdings	IFU, Vestas Wind Systems	Undisclosed	Energy	PE	Kenya	The Danish Climate Investment Fund (DCIF), managed by IFU, and Vestas Wind Systems sold their respective 6.25% and 12.5% stakes in Lake Turkana Wind Power, the largest wind farm in Africa, to the Climate Finance Partnership, a public-private finance vehicle managed by BlackRock.
19-Feb-24	Autopax	Kofa	Undisclosed	Automotive	JV	Kenya	Kenyan car dealer Autopax entered the electric motorcycle assembly business through a partnership with Ghanaian battery company Kofa. Autopax, a subsidiary of Green Africa Group, will undertake the assembly of the bikes and source some parts locally. The partnership will see both companies develop a new electric motorcycle currently being tested for the Kenyan and Ghanaian markets.
20-Feb-24	Norfund, IPS and Westgass Internasjonal	Government of Uganda	Undisclosed	Agribusiness	PE - DFI	Uganda	Norfund, in collaboration with Industrial Promotion Services (IPS) and Westgass Internasjonal, invested in a green hydrogen-based fertiliser production facility in Uganda.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
20-Feb-24	Renew Capital	Level Africa	Undisclosed	Financial Services	PE - VC	Uganda	Renew Capital announced an investment in Uganda-based fintech company, Level Africa. The platform streamlines the investment process, enabling quick and easy access to bonds, stocks and other financial instruments. The journey to invest in bonds, stocks and other financial instruments available through capital markets across Africa has long been fraught with challenges such as complex paperwork and unreliable brokers. Level Africa is working to change this narrative.
21-Feb-24	Mirova	Pamoja	8.5	Agribusiness	PE	Kenya	Pamoja, a Switzerland-based agricultural farm, which runs a macadamia processing plant in Kenya and farms in Tanzania, raised USD 8.5 million (KES1.2 billion) in funding to boost the production of the nut. The company, which focuses on the high-end market of macadamia, received investment from French asset management company Mirova, a subsidiary of Natixis Investment Managers.
29-Feb-24	Acasia Ventures	Tappi	1.5	Financial Services	PE - VC	Kenya	Egyptian venture capital firm Acasia Ventures joined a USD 1.5 million pre-seed funding round for Kenyan digital commerce startup Tappi. The round was led by Mercy Corps Ventures and Chui Ventures and joined by international VC firms and angel investors, as well as advisors from Google and Salesforce.
29-Feb-24	Tim Draper (HNWI)	BuuPass	Undisclosed	Automotive	PE - VC	Kenya	BuuPass, a Kenyan bus ticketing platform, announced an investment from American venture capital investor, Tim Draper. BuuPass secured this investment from Tim Draper as part of its participation in the Meet the Drapers reality TV show. The investment will fuel BuuPass's mission to digitise the USD 100 billion long-distance transport market in Africa.

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