



Burbidge  
Capital

# EAST AFRICA FINANCIAL REVIEW

APRIL 2023

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# EAST AFRICA FINANCIAL REVIEW

## Editor's Note



### The Editorial Team

EDWARD BURBIDGE | KEVIN KURIA

The pace of deal making in East African capital markets remained high in April with 12 deals having been disclosed during the month with a total disclosed deal value of c. USD 739 million (from 8 transactions that had disclosed deal values). Private equity and DFI direct investments comprised the most active capital classes in the market with 4 deals a piece; with single entries of VC, M&A, a rights issue and a privately placed bond. Notably, direct DFI investing activity has been robust with disclosed deal values outpacing the combined disclosed deal values of PE and VC investments, and matching pace with both in terms of the number of investment recorded. The energy sector was, once again, the most active sector with 3 transactions, whilst the ICT/telecommunications, healthcare and manufacturing sectors each recorded 2 deals. 3 other sectors contributed single entries to the total deal count. Kenya took the lion's share of deals with 10, whilst Uganda contributed 2 entries to the total tally.

Notable corporate and macroeconomic developments in April included the proposed Finance Bill for the 2023 fiscal year in Kenya. The bill proposes a raft of tax amendments which, if passed, will result in a wider tax base at the small and medium sized business level; higher personal taxes for top income earners; and higher fuel costs. It also includes the proposal for a housing fund with mandatory contributions. These proposals are likely to improve government liquidity positions in the medium term which will be crucial in navigating the debt management challenges prevalent in many frontier markets. However, robust counterbalancing proposals are required to maintain Kenya's competitiveness and to incentivise growth and recovery.

The private capital markets, which have a long-term investment horizon, remain robust in line with our expectations and in recognition of the tremendous potential in the region. Whilst significant headwinds remain, particularly as regards liquidity and sovereign debt management, the region remains an attractive growth destination in a heightened global risk environment, supported by strong fundamentals (energy, stability & demographics) and attractive valuations.

IMBC's deal of the month is the IFC's USD 12.7 million loan to Avenue Group Limited which owns and manages Avenue hospitals and executive care clinics in Kenya. The loan is expected to enable the company to develop new healthcare facilities and upgrade existing hospitals and clinics to expand its primary care footprint and improve its secondary and tertiary offerings.

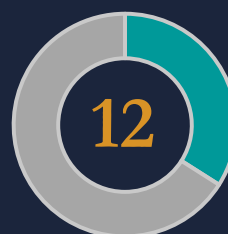
The bear run in the listed equities market showed little sign of abatement as it recorded negative returns in April across the board, with the NSE 20, NSE 25 and NSE All Share Index posting 2.7%, 3.7% and 4.5%, in losses, respectively. Average daily turnover declined to USD 1.82 million from USD 10.64 million in March. Top gainers during the month included Kakuzi and Unga Group which were up by 60.8% and 23.7%, respectively.

# KEY HIGHLIGHTS

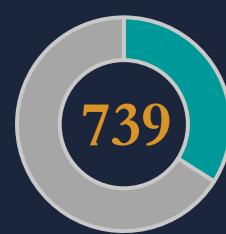
- Total number of disclosed deals in the YTD increases to 49.
- Total disclosed deal values in the YTD now c. USD 1,190 million.
- Direct DFI investing disclosed deal values outpace both PE and VC disclosed transaction values, combined.

## APRIL

### In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million




### IMBC Deal of the Month:

IFC's USD 12.7 million loan to Avenue Group Limited, a TPG backed healthcare group under the Evercare platform.

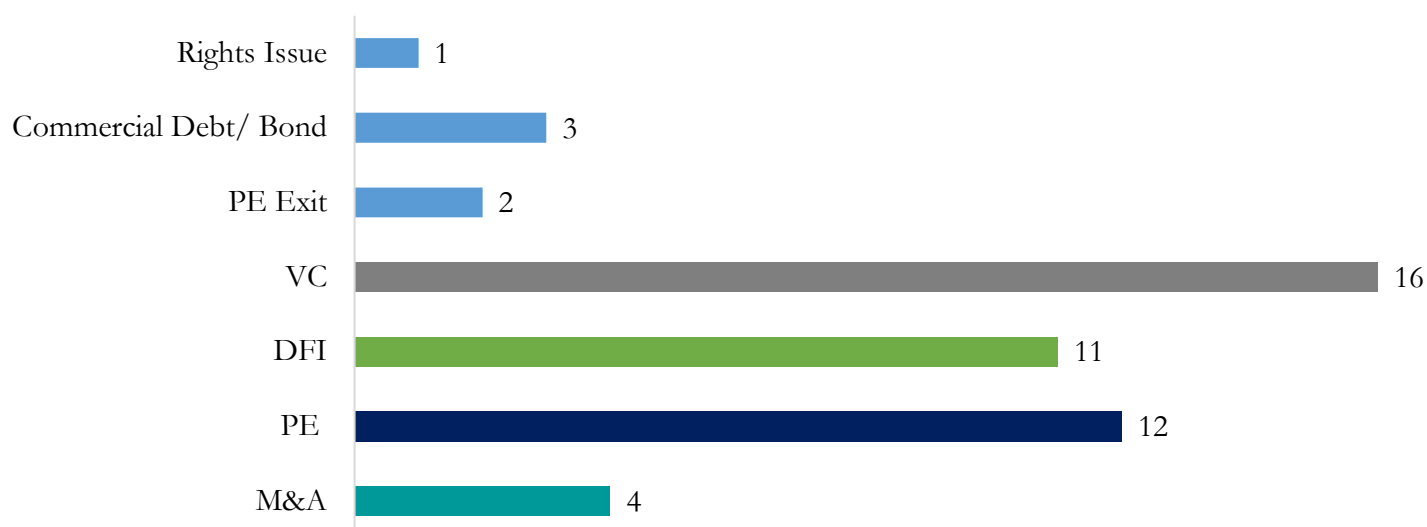
# PART I : DEAL STATISTICS

## Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	9	73.5
 ICT and Telecom	7	180.5
 Energy	7	225.4
 Healthcare	6	22.7
 Manufacturing	6	553.0
 Agriculture	4	46.6
 Real Estate	3	59.5
 Automotive	2	2.3
 Logistics	2	Undisclosed
 FMCG	1	21.0
 Water & Sanitation	1	3.0

## Analysis by Type of Transaction

### TOTAL NUMBER OF DEALS IN EA – YTD 2023

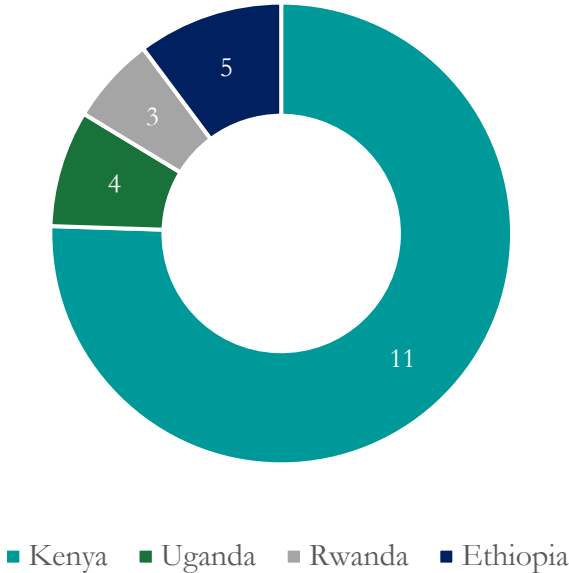




# PART I : DEAL STATISTICS

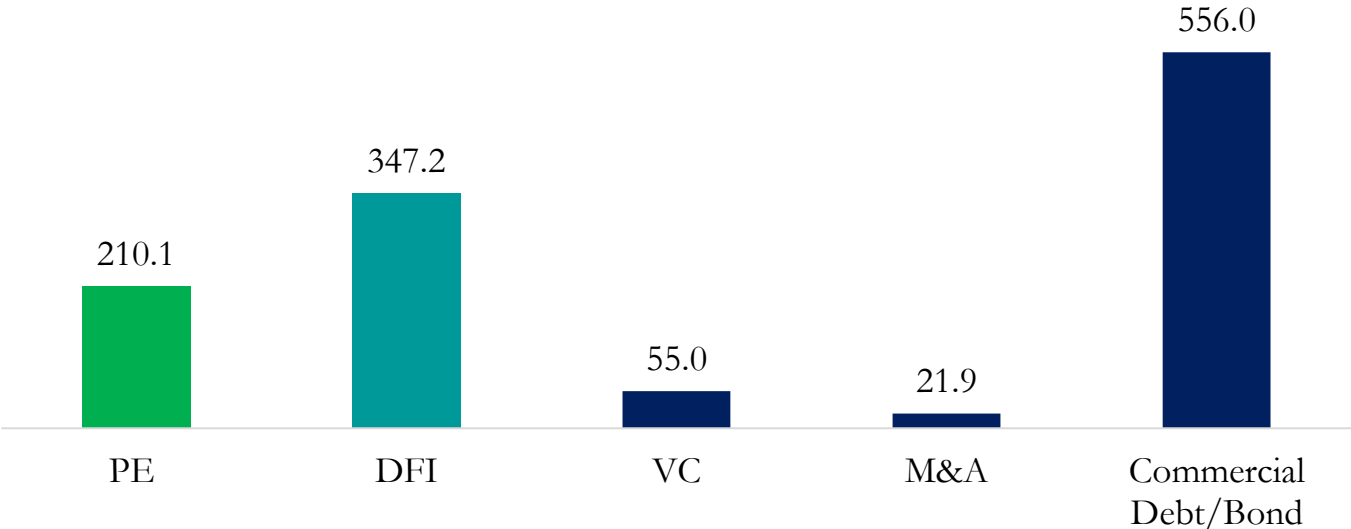
## Analysis by Country

### 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 2023 IN USD M



## PART II : KEY MARKET INDICATORS

(As at 31<sup>st</sup> March 2023)

### Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	10.28%	11.63%	14.00%	14.39%
Tanzania	4.00%	7.60%	8.60%	10.25%
Uganda	6.45%	10.74%	15.10%	15.80%

Source: Refinitive, respective Central Bank

### Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2022 Actual Inflation	7.66%	4.35%	7.20%	17.70%
2023 Projected Inflation	6.64%	5.33%	6.40%	9.50%

Source: World Bank

### Central Bank Rates

Country/Region	Rate as at March 2023	Previous Rate
Central Bank of Kenya (Kenya)	9.50%	8.75%
Bank of Uganda (Uganda)	10.00%	10.00%
Bank of Tanzania (Tanzania)	5.00%	5.00%
National Bank of Rwanda (Rwanda)	7.00%	6.50%
South African Reserve Bank (RSA)	7.75%	7.25%
Central Bank of Nigeria (Nigeria)	18.00%	17.50%
Central Bank of Egypt (Egypt)	18.25%	16.25%
Bank of England (UK)	4.50%	4.25%
Federal Reserve Bank (USA)	5.25%	5.00%
European Central Bank (EU)	3.75%	3.50%

Source: CB Rates

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
4-Mar-23	Carta	Raise	Undisclosed	ICT	M&A	Kenya	Raise, a company that simplifies cap table management for startups and companies, raised an undisclosed amount from Carta, the world's largest ownership platform. Raise aims to work along with Carta to improve customer experiences using technology.
3-Apr-23	Gemcorp Capital Management	Milele Energy	Undisclosed	Energy	PE	Kenya	Gemcorp Capital Management committed a substantial capital investment into Milele Energy, a clean energy platform to be headquartered in Nairobi, Kenya. Milele is focused on the development, acquisition and optimisation of clean energy assets across sub-Saharan Africa.
3-Apr-23	DFC	Hewa Tele	10	Healthcare	DFI - Debt	Kenya	Hewatele, an oxygen production firm, secured a KES 1.32 billion (USD 10 million) loan from the United States US International Development Finance Corporation (DFC) to step up the production of affordable supplies.
5-Apr-23	Creadev	Victory Farms	35	Agriculture	PE - VC	Kenya	East African aquaculture platform, Victory Farms, raised a USD 35 million Series B round to fund the expansion of its operations in Kenya, Rwanda, and potential entry into Ethiopia, Uganda and Tanzania. Victory Farms provides a climate-smart, profitable, and scalable solution to Africa's nutritional security challenges. The Series B round was led by Creadev, a global VC and growth equity evergreen investor controlled by the Mulliez Family.
12-Apr-23	Kuramo	TransCentury	Undisclosed	Financial Services	Rights Issue	Kenya	Kuramo Capital took an extra 24.0% stake in TransCentury via conversion of part of its shareholder debt to the investment firm. Disclosures from TransCentury's rights issue results showed 272.7 million shares were taken up through the conversion to settle Kuramo's loans amounting to KES 300 million.

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
17-Apr-23	Proparco and EAIF	Raxio	170	ICT	DFI	Uganda	Pan-African data centre developer Raxio Data Centres secured a debt facility of up to USD 170m (EUR 155m) from lenders including the Emerging Africa Infrastructure Fund (EAIF) and development finance institution Proparco to help expand across the continent.
18-Apr-23	Savannah Clinker	Undisclosed	500	Manufacturing	Bond	Kenya	Savannah Clinker received funding amounting to KES 65 billion (USD 500 million) for construction of a new clinker factory. Savannah Clinker said it had raised the funds through a privately placed debt arrangement with the bond expected to have been listed at a regulated international exchange in the future.
18-Apr-23	Swedfund	d.Light	1.9	Energy	DFI	Kenya	The Swedish development finance agency, Swedfund, announced an additional USD 1.9 million investment in d.light, an energy solution provider operating in Africa. This comes as a continuation of Swedfund's initial investment in December 2018 in the company.
19-Apr-23	AgDevCo, Granot, Agris	Ndabibi Farm	8	Agriculture	PE	Kenya	Agris, the agriculture and forestry division of investment company Maris, and Granot, a leading avocado producer from Israel, announced they were developing a 390-hectare avocado plantation at Agris' flagship Ndabibi farm in Naivasha, Kenya, with investment from AgDevCo. The partnership combines Granot's expertise as one of the world's biggest avocado producers with Agris' local expertise and portfolio of agricultural and forestry businesses across East Africa. Granot produces one third of Israel's total avocado yield and with an annual revenue of more than USD 1.5 billion is one of the largest cooperatives in the world. Ndabibi farm will secure year-round avocado production for their new marketing arm.

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
26-Apr-23	InfraCo	Afresco	1.5	Energy	PE	Uganda	InfraCo Africa, part of the Private Infrastructure Development Group (PIDG invested USD 1.5m in Afresco's 'Energy-as-a-Service' solution to bring clean, reliable power to Commercial and Industrial (C&I) clients in Uganda, Malawi and the Democratic Republic of the Congo (DRC).
29-Apr-23	IFC	Avenue Hospital Group	12.7	Healthcare	DFI - Debt	Kenya	The International Finance Corporation (IFC) approved a KES 1.7 billion (USD 12.7 million) senior loan to Avenue Hospital that was expected to fund an expansion drive and enhancement of existing facilities in the country. The funds are expected to finance a new wing at Avenue's Nairobi facility in Parklands, a radiology department at its Kisumu hospital and installing operating theatre equipment at its Kisumu and Thika branches.
29-Apr-23	The Rohatyn Group (TRG)	Kensta	Undisclosed	Manufacturing	PE	Kenya	The Rohatyn Group ("TRG"), a specialized global asset management firm focused on investment solutions in emerging markets and real assets, announced an investment in Kensta Group ("Kensta"), an East African group operating in the region's paper and print sectors. The investment was intended to enable Kensta to increase production capacity, diversify product offerings and fund core working capital requirements as it implements its five-year strategic plan. This investment took place prior to TRG's acquisition of the business of Ethos Private Equity ("Ethos"), which closed on April 1, 2023. Financial terms of the transaction were not disclosed.



SCENES FROM THE BII & IMBC ROUNDTABLE DISCUSSION EVENT  
*Feeding the Future: Collaborating for Sustainable Food Access in SSA*



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