



Burbidge  
Capital

# EAST AFRICA FINANCIAL REVIEW

APRIL 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 continued to slow into Q2 with 7 deals having been disclosed in April (down from 10 in March) which had a total disclosed deal value of c. USD 47.0 million (from 6 transactions that had disclosed deal values). Deal activity was heavily concentrated in the private capital space with one PE deal and 6 VC deals. The Agribusiness and Energy sectors were the most active with 2 transactions each, whilst the ICT, Financial Services and Manufacturing sectors recorded single entries. Kenya recorded the highest deal activity with 6 of the 7 total deals whilst Ethiopia recorded its second deal of the year, a VC investment in the climate adaptation space.

We believe the declining trend in deal activity in the region is indicative of the macro challenges that have been prevailing in the last twelve months and their impact on deal execution timelines. As we have noted before, we are witnessing increasing selectiveness from investors in response to the high cost of capital and a risk-off stance in response to the regional macro challenges. As a result, valuation multiples have been challenged which dampens sponsor interest to pursue equity transactions. We, however, believe that the latter trend is waning in strength as promoters respond to the limited liquidity in the market and become alive to the value of a strong shareholder base to survive this challenging period. As such, we expect that the net effect will be that there will gradually be an increase in the supply of equity investment opportunities matched against a stable but more selective supply of private capital.

The torrential rains and ensuing floods took mainstage in public discourse during the month with the resulting economic effects expected to materialize in the coming months. Notwithstanding, the economic sentiments in the private sector as reflected in the latest PMI data indicate increased positivity for the next 12 months on account of decreasing input costs principally driven by the lower pump prices and a stronger local currency. Stability and favourable trends are expected to continue in the international oil markets whilst robust development partner support for the Kenyan Government is expected to maintain the Kenyan Shilling's strong streak through Q2.

IMBC's deal of the month is the USD 20 million Series B investment into Pula by a VC consortium led by Blue Orchard. Pula is a Kenyan startup that offers insurance to small-scale farmers, aims to serve more than 100 million farmers in Africa. Blue Orchard, a global investment manager, led the raise through its program called InsuResilience that aims to protect 97% of uninsured small-holder farmers in Africa from the vagaries of climate change. Other investors in the raise include the IFC, the Bill and Melinda Gates Foundation, and Hesabu Capital.

The listed equities Market saw a decline in performance, in April, with the NSE 20, NSE 25 and NSE All Share Index recording 3.5%, 4.2% and 5.8% in losses, respectively. Average daily turnover increased to USD2.75 million, a decrease from USD4.26 million in March 2024. Top gainers during the month included Trans-century and EABL which were up by 32.7% and 22.2%, respectively. Co-op Bank recorded the biggest loss ending the month down by 17.0%.

# KEY HIGHLIGHTS

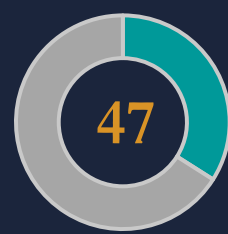
- Total number of disclosed deals in the YTD increases to 48.
- Total disclosed deal values in the YTD now c. USD 473 million.
- DFI investment activity accounts for 38% of YTD deal activity with PE, VC and M&A activity comprising 10%, 16% and 36% of total corporate deals.

## APRIL

### In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million



### IMBC Deal of the Month:

Pula's USD 20 million Series B raise led by Blue Orchard.

## PART II : KEY MARKET INDICATORS

(As at 30<sup>th</sup> April 2024)

### Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	15.86%	16.67%	17.50%	17.31%
Tanzania	8.07%	7.60%	8.60%	11.44%
Uganda	9.68%	13.60%	15.02%	15.51%

Source: Refinitive, respective Central Bank

### LTM Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2023 Actual Inflation	8.98%	4.30%	8.00%	17.80%
2024 Projected Inflation	5.00%	3.00%	3.20%	4.20%

Source: World Bank

### Central Bank Rates

Country/Region	Rate as at April 2024	Rate as at March 2024
Central Bank of Kenya (Kenya)	13.00%	13.00%
Bank of Uganda (Uganda)	10.00%	10.00%
Bank of Tanzania (Tanzania)	6.00%	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)	24.75%	24.75%
Central Bank of Egypt (Egypt)	27.25%	27.25%
Bank of England (UK)	5.25%	5.25%
Federal Reserve Bank (USA)	5.33%	5.33%
European Central Bank (EU)	4.50%	4.50%

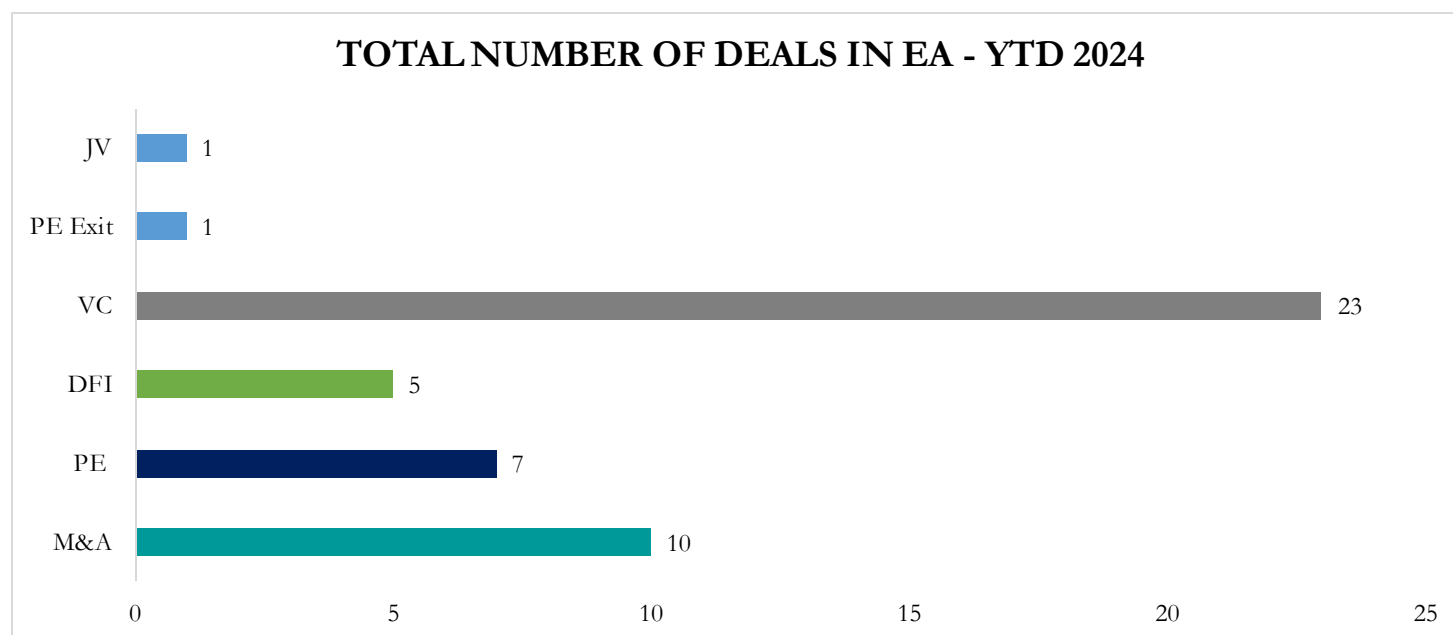
Source: CB Rates

# PART I : DEAL STATISTICS

## Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Energy	9	141
 Agribusiness	8	28.4
 Manufacturing	7	170.2
 Financial Services	6	37.75
 Automotive	6	31
 ICT and Telecom	4	40.5
 Healthcare	3	24.2
 Professional & Other Services	2	Undisclosed
 Real Estate	1	Undisclosed
 Logistics	1	Undisclosed

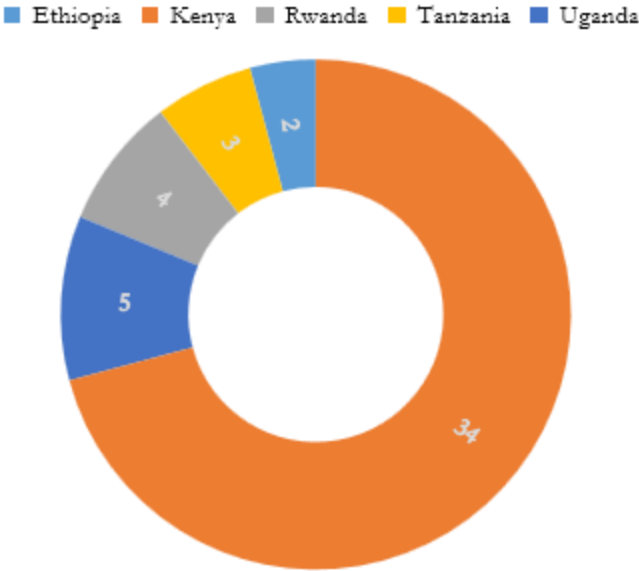
## Analysis by Type of Transaction



# PART I : DEAL STATISTICS

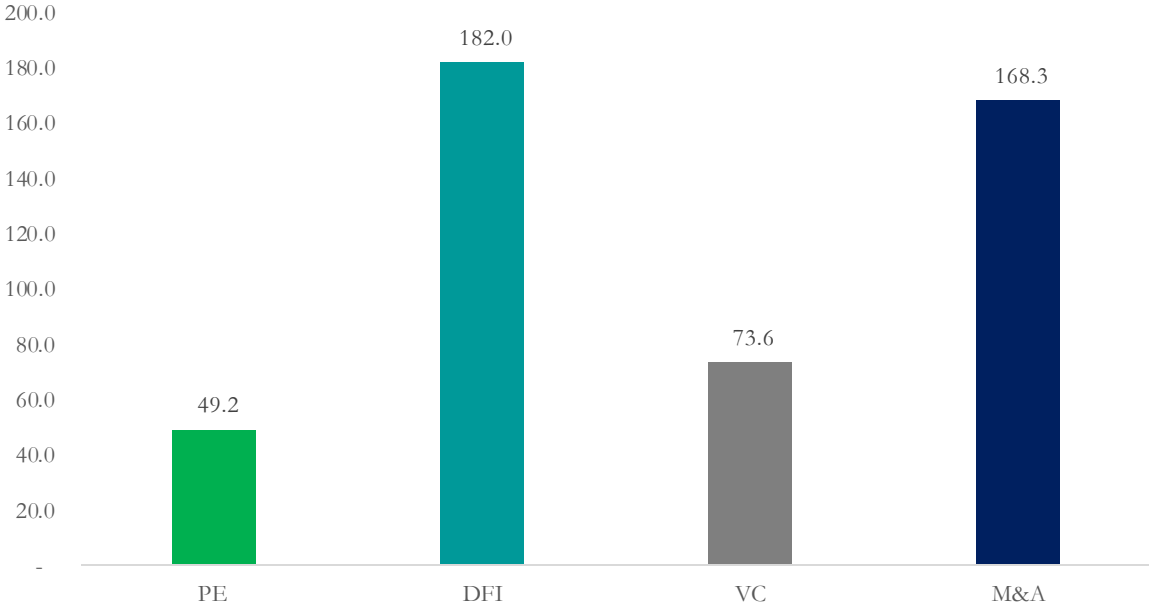
## Analysis by Country

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 III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
02-Apr-24	Key Carbon Limited	BURN Manufacturing	12	Energy	PE	Kenya	BURN Manufacturing (BURN), a prominent clean cookstove production company based in Kenya, raised upwards of USD 12 million in funding, with the primary aim of amplifying the distribution of its clean cooking products throughout Africa.
03-Apr-24	Y Combinator	Triply	0.5	ICT	PE - VC	Kenya	Y Combinator invested USD 500,000 in Kenyan Travel Tech Startup Triply.co, marking Triply the accelerator's first travel tech investment in Africa. This investment is aimed at developing products, expanding operations, and partnering with others in the travel industry.
12-Apr-24	InfraCo Africa	SunCulture	12	Energy	PE - VC	Kenya	Kenyan Climate-tech startup, SunCulture, raised USD 12 million after InfraCo Africa allocated an equity investment that would enable the expansion of Internet-of-Things solar-powered irrigation to small-scale farmers across Africa. They intend to raise USD 27.5 million in its Series B stage by attracting both equity and debt capital investment.
15-Apr-24	BlueOrchards and Other Investors	Pula	20	Financial Services	PE - VC	Kenya	Pula, a Kenyan insurtech startup, secured USD 20 million in Series B funding to reach more farmers in Africa and establish new partnerships. The investment will help the startup achieve its "triple 100 vision," which aims to provide insurance to 100 million smallholder farmers.

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
25-Apr-24	Renew Capital	Farm to Feed	Undisclosed	Agribusiness	PE - VC	Kenya	Renew Capital invested in the B2B platform Farm to Feed, which targets unused produce, enhancing sustainability and farmer livelihoods. The company's tech-enabled platform aggregates supply and demand, optimising logistics and providing seamless customer interactions.
25-Apr-24	Sahel Capital	Persea Oil & Orchards	0.6	Agribusiness	PE - VC	Kenya	Sahel Capital announced a USD 600,000 term and working capital loan to Persea Oil & Orchards through its Social Enterprise Fund for Agriculture in Africa (SEFAA). This investment will enable Persea to aggregate more avocado fruits, increase its processing capacity, and export more avocado oil.
29-Apr-24	African Renaissance Partners and Other Investors	Kubik Inc	1.9	Manufacturing	PE - VC	Ethiopia	Kubik, a plastic upcycling startup, raised USD 1.9 million seed extension, months after announcing initial equity investment. The startup's latest investment was from African Renaissance Partners, Endgame Capital, and King Philanthropies, a climate and extreme poverty investor.

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