



Burbidge  
Capital

# EAST AFRICA FINANCIAL REVIEW

FEBRUARY 2023

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# EAST AFRICA FINANCIAL REVIEW

## Editor's Note



### The Editorial Team

EDWARD BURBIDGE | KEVIN KURIA

East African capital markets maintained the impressive streak of deal making set in January with 15 deals having been disclosed in February which had a total disclosed deal value of c. USD 102 million (from 10 transactions that had disclosed deal values). Deal activity remained concentrated in the private capital markets where venture capital was the most active capital class in the market with 8 deals followed by private equity with 3 transactions, 2 significant commercial debt deals and with 1 DFI and 1 M&A deal. Deal activity was fairly evenly spread across all the major sectors in the region with the financial services and ICT sectors being the most active with 3 transactions each. The automotive and real estate sectors contributed 2 deals each to the total tally whilst the rest were single entries from 5 other sectors. Kenya took the lion's share of deals with 12, whilst Rwanda and Ethiopia recorded 2 and 1 entries, respectively.

As alluded to in our Annual Financial Review of 2022, we believe 2023 is likely to build on the resurgent activity of 2022, with a particular focus on a larger number of M&A, PE and DFI transactions. The higher economic growth across regional economies contrasted against slow-downs in developed markets, the reduced election activity, and favourable population demographics are expected to attract capital to the region. Headwinds to watch out for include hard currency access challenges, higher borrowing costs as central banks work to tame inflation, and global macro-economic shocks from potential slow-downs in developed markets.

Robust performance in M&A and PE segments will be complemented by the active VC segment. We, however, expect a deceleration in the velocity of VC investment activity as profitability comes into focus given an increase in the general cost of capital. We expect that this will also drive M&A transactions amongst start-ups, which is currently playing out per anecdotal evidence.

IMBC's deal of the month is the acquisition by Mauritian conglomerate, IBL Group, of an undisclosed stake in Nairobi-based pharmaceutical distributor, Harley's. This follows the group's acquisition of a stake in Naivas in 2022 and the recently announced acquisition of a stake in Equitorial Power. We anticipate that this spate of transactions will lead to a further increase in Mauritian capital flows into the region.

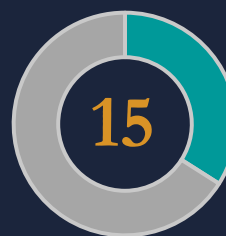
The Listed Equities Market recorded mixed, albeit marginal, movements in February, with the NSE 20, NSE 25 and NSE All Share Index posting -0.6%, 0.7% and 0.1%, in losses and growth, respectively, in February. Average daily turnover decreased to USD 1.81 million, down from USD 2.99 million in January. Top gainers during the month included Flame Tree Group and TPS Serena which were up by 17.0% and 14.6%, respectively. Unga Group and KenGen witnessed the biggest decline in the month with a fall in their share prices by 28.4% and 15.9%, respectively.

# KEY HIGHLIGHTS

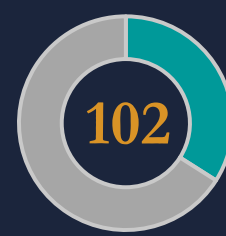
- Total number of disclosed deals in the YTD increases to 23.
- Total disclosed deal values in the YTD now c. USD 241.7 million.
- Venture Capital activity still the most active with notable direct investment activity by DFIs.

## FEBRUARY

### In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million




### IMBC Deal of the Month:

The acquisition by IBL Group of a stake in pharmaceutical distributor Harley's Limited.

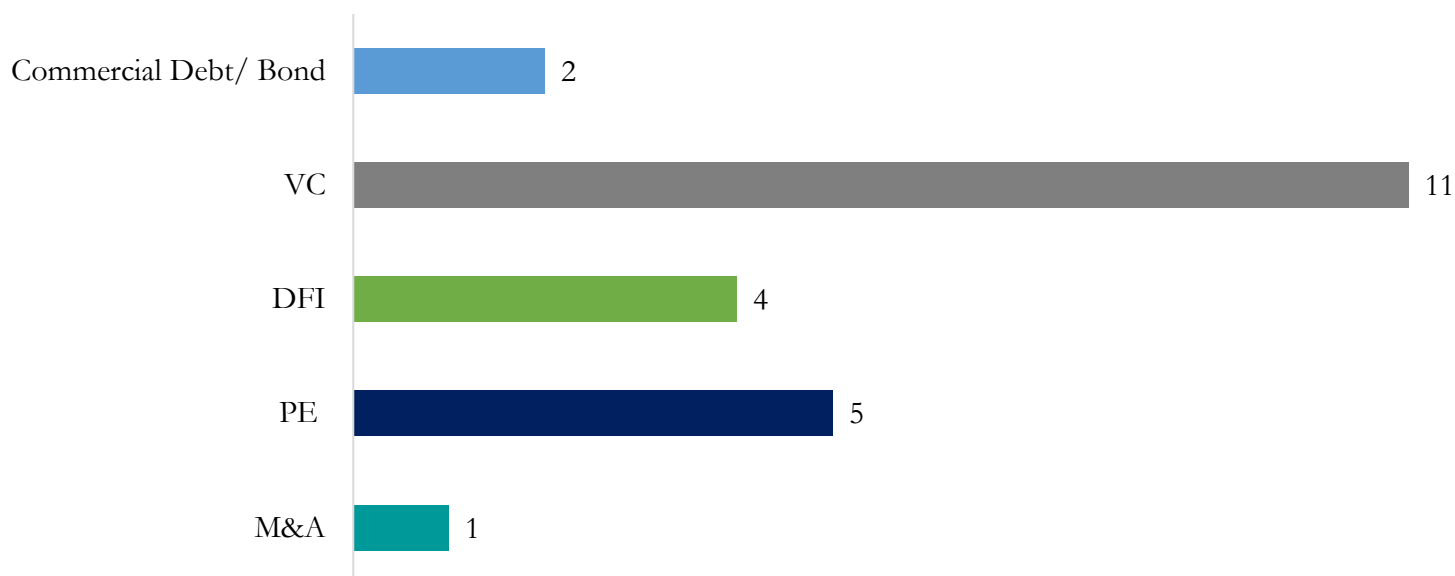
# PART I : DEAL STATISTICS

## Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	6	51.6
 ICT and Telecom	4	6.0
 Real Estate	2	57.5
 Healthcare	2	Undisclosed
 Agribusiness	2	3.6
 Automotive	2	2.3
 Energy	1	72.0
 Manufacturing	1	25.0
 Logistics	1	Undisclosed
 FMCG	1	21.0

## Analysis by Type of Transaction

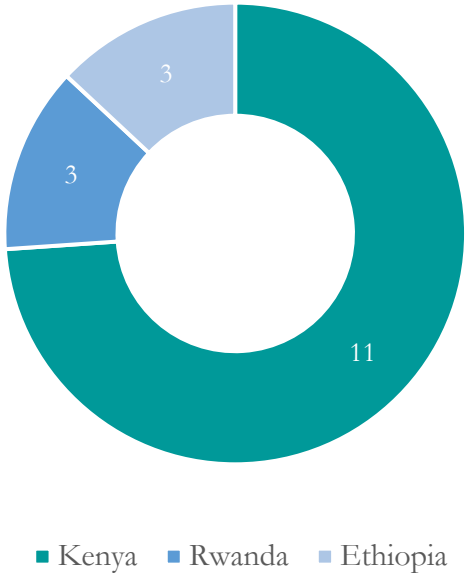
### TOTAL NUMBER OF DEALS IN EA – YTD 2023



# PART I : DEAL STATISTICS

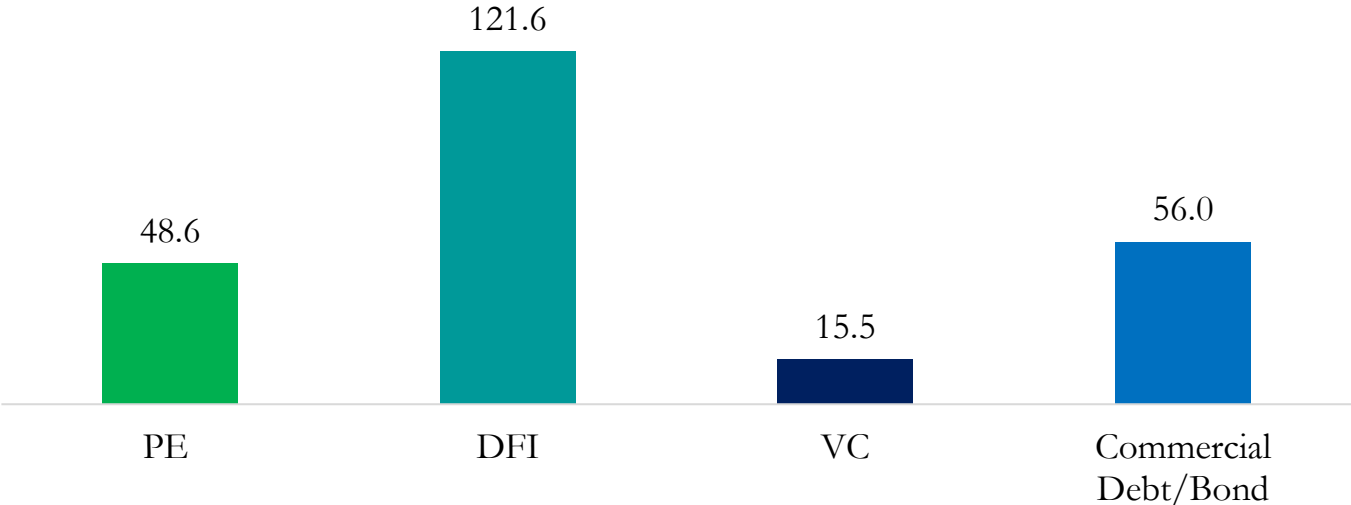
## Analysis by Country

### 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 III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
2-Feb-23	OikoCredit	MyCredit	2.6	Financial Services	PE (Debt)	Kenya	MyCredit Limited, a non-bank financial service Institution licensed as a Digital Credit Provider by the Central Bank of Kenya, received funding worth USD 2.6 million (KES 325 million) from OikoCredit for onward lending. The funding was expected to support MyCredit's strategic plan in offering affordable and medium-term financing of up-to a maximum period of three years to its SME customers who are in trading businesses.
2-Feb-23	AlphaMundi	Ampersand	1	Automotive	PE - VC	Rwanda	AlphaMundi Group, through its AlphaJiri Investment Fund (AJIF) in Mauritius, invested USD 1 million in Ampersand, a Kigali-based e-mobility company that assembles electric motorcycles and provides users with battery swap station networks to power the vehicles.
2-Feb-23	Renew Capital	Teraki	Undisclosed	Telecommunication	PE - VC	Ethiopia	Renew Capital invested in Teraki, an online audio platform based in Ethiopia, co-founded by Nahom Tsegaye and Abel Engida. The platform amplifies Ethiopia's rich tradition of storytelling by offering audiobooks and podcasts in various Ethiopian languages.
3-Feb-23	InfraCo Africa	Mawingu	6	Telecommunication	PE	Kenya	Mawingu, a Kenyan-based internet service provider, successfully closed its Series B investment round bringing onboard a new investor, InfraCo Africa. InfraCo Africa's USD 6 million commitment, delivered through its dedicated investment arm, will support Mawingu to roll out infrastructure across Kenya that will increase access to affordable internet connectivity to underserved households and businesses.
7-Feb-23	CV VC	Fastagger Inc	Undisclosed	ICT	PE - VC	Kenya	Fastagger Inc, an African AI and Blockchain startup announced that it received investment from CV VC, a leading blockchain venture capital firm based in Zug, Switzerland. This was the first time a Web3 and AI startup based in Africa had received investment from a firm based in "Crypto Valley" Switzerland, where blockchain unicorns such as Ethereum are based.

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
9-Feb-23	Absa	Acorn	53	Real Estate	Commercial Debt	Kenya	Acorn Holdings Limited (AHL), East Africa's largest institutional rental housing developer, together with Absa Group and Absa Bank Kenya, announced the successful conclusion of a Ksh 6.7 billion (USD53.55 million) financing agreement to support the development of a further ten purpose-built student accommodation (PBSA) developments in Nairobi, Kenya.
9-Feb-23	EchoVC	Senga	Undisclosed	Logistics	PE - VC	Kenya	EchoVC led a seed investment round into Senga, an innovative logistics startup in Kenya, and a first-mover in Africa, tackling a highly complex problem of "consolidation" logistics. Senga uses a proprietary methodology that drastically cuts down delivery timelines for FMCG companies and other suppliers, using consolidation to deliver fragmented loads to large supermarkets across Kenya via continuous strings of trips. Senga has deconstructed traditional approaches used globally in consolidated delivery.
14-Feb-23	FrontEnd Ventures, XA Network, Google Black Founders Fund and Renew Capital, and others.	BuuPass	1.3	Automotive	PE - VC	Kenya	Online bus ticketing platform, BuuPass, raised KES 162.8 million (USD 1.3m) to expand its transport solutions in Kenya and Uganda. The round came from FrontEnd Ventures, XA Network, Google Black Founders Fund and Renew Capital. Others include Ajim Capital, Changecom, Adaverse, Gullit, Artha Ventures, Daba Finance, and several angel investors.
15-Feb-23	DOB Equity, Bolt by QED Investors, Quona Capital, Zephyr Acorn and Norrksen Accelerator	Power Financial Wellness	3	Financial Services	PE - VC	Kenya	Financial services provider, Power Financial Wellness, raised KES 376 million (USD3 million) seed funding with proceeds set to finance the platform's expansion in Kenya and Zambia. The funding round was led by DOB Equity, Bolt by QED Investors, Quona Capital, Zephyr Acorn and Norrksen Accelerator. Founded in 2020, Power has operations in Kenya and Zambia and has offices in the United States and India.
16-Feb-23	IBL Group	Harley's	Undisclosed	Healthcare	M&A	Kenya	Mauritian conglomerate, IBL Group, bought an undisclosed stake in Nairobi-based pharmaceuticals distributor, Harley's, as part of a consortium that took control of the company. This was the latest investment in Kenya for IBL, which last year acquired a stake in supermarket chain Naivas Limited.

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
16-Feb-23	Acumen	SokoFresh	Undisclosed	Agriculture	PE	Kenya	Acumen invested in SokoFresh, which provides smallholder farmers in East Africa with cold-storage solutions and market access to reduce post-harvest losses and guarantee demand for produce. This was Acumen's first new investment through its latest energy initiative, PEII+, which is designed to invest early-stage capital in energy businesses that are improving the livelihoods of smallholder farmers and micro-entrepreneurs in India, East Africa and West Africa.
20-Feb-23	US-based impact asset manager	Jali Finance	3	Financial Services	Commercial Debt	Rwanda	Rwandan leasing company, Jali Finance, raised a USD 3 million dollars term loan. It specializes in providing motorcycles on a lease-to-own model to individuals, with a focus on creating jobs for Rwanda's youth population. The loan will aid the growth and expansion of the company, helping to address the significant credit gap for MSMEs and startups in Africa.
20-Feb-23	Local Globe, Enza Capital, SpeedInvest and Others	Jumba	4.5	Real Estate	PE - VC	Kenya	Jumba, a Kenyan B2B construction tech startup, raised USD 4.5m in a pre-seed round. The round was led by LocalGlobe, with participation from Enza Capital, Foundamental, Seedstars International Ventures, Logos Ventures, Speedinvest, First Check Africa and Alumni Angel Network.
24-Feb-23	Norwegian Investment Fund, Ethos Mezzanine Partners	Balaji	25	Manufacturing	PE - DFI	Kenya	Pan-African Textile company, Balaji, received KES 3.2 billion (USD 25 million) from two investors to ramp up production capacity. The investment came from Norwegian Investment Fund (Norfund) and Ethos Mezzanine Partners 3, a specialist mezzanine capital fund.
24-Feb-23	LaunchAfrica, Saviu Ventures, Proparco and Others	Workpay	2.7	Professional and Other Services	PE - VC	Kenya	A Kenyan HR and payroll startup, Workpay, raised USD 2.7 million in pre-Series A funding to expand its HR, payroll, compliance, and benefits tools across Africa. The round included Global and Africa-focused investors, including Launch Africa Ventures, Saviu Ventures, Acadian Ventures, Proparco, Fondation Botnar, Kara Ventures, Norrskan and Axian, with the participation of P1 Ventures, an existing investor.

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