I&M Burbidge Capital

EAST AFRICA FINANCIAL REVIEW

MAY 2025

IN THIS ISSUE

EAST AFRICA FINANCIAL REVIEW

Editor's Note

Deal activity in East Africa's capital markets increased in May, with 6 transactions (9 in April) having been announced, which held a total disclosed value of c. USD 47 million (from 3 transactions that had disclosed deal values). PE and DFI were the most active investor segments with 2 transactions each, with M&A and VC capping the list with singular entries each. Activity was broadly spread across a large cross-section of the major sectors in the region with entertainment, financial services, healthcare and hospitality each recording singular entries. Kenya took the largest share of deals with 4 deals, and Ethiopia and Uganda capping the list with singular entries.

The deal activity in May has brought the year-to-date deal count to 40, reflecting a decrease compared to 59 deals closed during the same period in 2024, while the total disclosed deal value increased to USD732.53 million. Notably, a significant portion of deals announced during the month were led by development finance institutions (DFIs), with increasing traction of capital deployed in the energy sector highlighted by the deal of the month coming in the renewable energy space in the automotive sector. This shows increasing traction in the sector as investors continue to focus on sectors and businesses offering long term growth potential. Any existing headwinds are hedged by the stability of the Kenyan currency that has remained stable against the US dollar and further supported by the decrease in interest rates, promoting an expansionist economy. The June Monetary Policy Committee meeting further lowered the Central Bank Rate by 50.0 bps to 10.00% encouraging banks to reduce lending rates and, as a result, ease inflationary pressures to support GDP growth.

While the Middle East conflict has driven up global oil prices, increasing inflationary pressures across many African economies, the region remains a compelling investment destination. Africa's long-term fundamentals anchored by rapid urbanization, youthful demographics, and growing digital adoption continue to offer strong growth potential. Though higher fuel and import costs present short-term challenges, many governments are advancing reforms to improve resilience and attract capital. The push for local energy solutions, infrastructure development, and regional trade integration is creating new opportunities for growth.

Trump's policy stance has contributed to inflationary pressures, diminishing the purchasing power of American consumers. In response, he publicly advocated for further interest rate cuts to stimulate economic activity. However, the Federal Reserve has maintained its position citing stable economic indicators (i.e., stable unemployment rates) as justification for keeping rates unchanged at present. Nevertheless, market sentiment suggests there remains a possibility of a 25-basis-point rate cut in the coming months. Should U.S. interest rates decline, investors are likely to intensify their pursuit of higher-yield, growth-oriented markets abroad. Asia and Africa have demonstrated strong growth trajectories, driven by favorable demographics and economic trends that continue to outpace other regions globally. Within the African region, East Africa is uniquely positioned as a strategic destination for portfolio diversification; particularly as traditional safe havens lose their relative appeal in a low-rate environment.

IMBC's Deal of the Month highlights ARC Ride securing a USD5 million investment from British International Investment (BII) . The financing will support the initial rollout of 5,000 electric motorcycles and the associated infrastructure to service them, with ARC Ride estimating that this could save over 100,000 metric tones of CO_2 emissions per year. The investment will also improve scalability in its battery-swapping network across East Africa. The move comes as Kenya looks to decarbonize its transport system and improve air quality in its major cities.

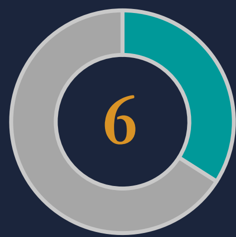
The listed equities recorded positive performance in May, with the NSE 20, NSE 25 and NSE All Share Index posting 2.2%, 3.6% and 6.4% in positive returns, respectively. Average daily turnover increased to USD3.30 million, from USD2.91 million in April. Top gainers during the month included Kenya Power and Safaricom which were up by 22.1% and 17.4%, respectively. E.A. Portland Cement and E.A. Cables recorded the largest losses ending the month down by 28.1% and 25.9%, respectively.

KEY HIGHLIGHTS

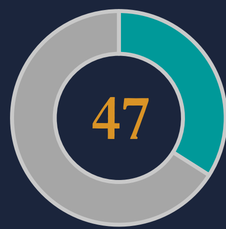
- *Total number of disclosed deals in the YTD is 40.*
- *Total disclosed deal values in the YTD now c. USD 732.5 million.*
- *PE investment activity account for 32% of YTD deal activity, with VC accounting for 29%, M&A accounting for 20% DFI accounting for 15%, and PE exit and Partnerships activities comprising 2% of total corporate deals each.*

MAY

In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million

IMBC Deal of the Month:

BII's USD 5m financing in ARC Ride, Kenya

The Editorial Team

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AAYUSH SHAH | JOAN MUIRURI



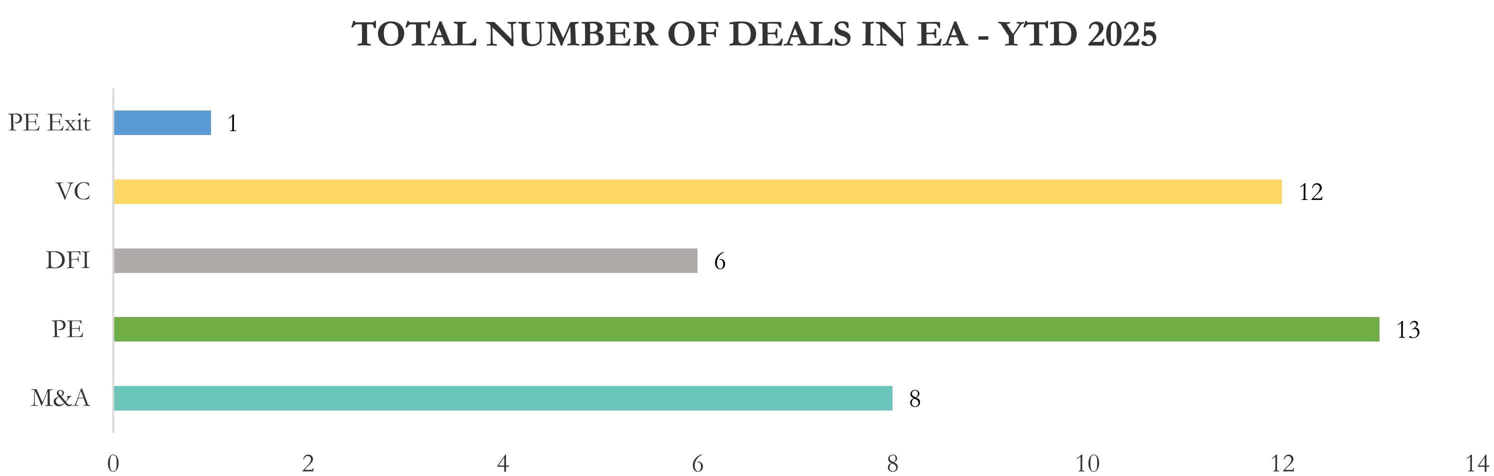

PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
Financial Services	8	63.2
Agribusiness	5	606.7
Energy	5	23.6
Healthcare	5	9.6
Automotive	3	5
ICT and Telecommunication	3	1.9
Hospitality	3	0.5
Logistics	2	7
Entertainment	2	Undisclosed
Manufacturing	1	15
Professional and other Services	1	Undisclosed
FMCG	1	Undisclosed

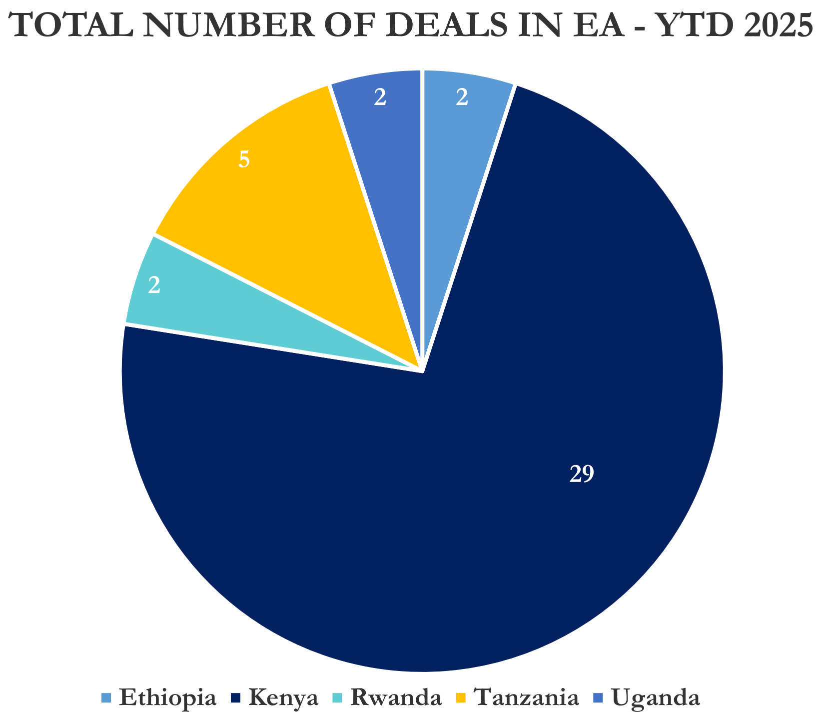
*Deals in the "Sector Analysis" table that occurred in a one sector but involved different types of transactions have been treated as a single deal. In the "Total Number of Deals in EA" chart below, each type of transaction has been considered as a separate deal. There may therefore be a mismatch between the "Sector Analysis" and "Analysis by Type of Transaction" deal numbers.

Analysis by Type of Transaction



PART I : DEAL STATISTICS

Analysis by 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.

PART II : KEY MARKET INDICATORS

(As at 31st May 2025)

Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	8.28%	10.86%	8.88%	13.56%
Tanzania	11.69%	12.08%	12.97%	14.26%
Uganda	11.70%	16.12%	16.79%	17.50%

Source: Refinitive, respective Central Bank

LTM Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2024 Actual Inflation	5.10%	3.10%	3.62%	5.80%
2025 Projected Inflation	3.80%	3.20%	3.82%	6.90%

Source: World Bank

Central Bank Rates

Country/Region	Rate as at May 2025	Rate as at April 2025
Central Bank of Kenya (Kenya)	9.75%	10.00%
Bank of Uganda (Uganda)	9.75%	9.75%
Bank of Tanzania (Tanzania)	6.00%	6.00%
National Bank of Ethiopia (Ethiopia)	15.00%	15.00%
National Bank of Rwanda (Rwanda	6.50%	6.50%
South African Reserve Bank (RSA)	7.25%	7.50%
Central Bank of Nigeria (Nigeria)	27.50%	27.50%
Central Bank of Egypt (Egypt)	24.50%	27.75%
Bank of England (UK)	4.25%	4.25%
Federal Reserve Bank (USA)	4.35%	4.35%
European Central Bank (EU)	2.15%	2.25%

Source: CB Rates

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	**Sector**	Type	Country	Synopsis
12-May-25	Africa Travel Investments	Pollman's Tours and Safaris	Undisclosed	Hospitality	Kenya	M&A	Africa Travel Investments, a tourism investment firm backed by Aliko Dangote acquired Kenya's oldest tour company Pollman's Tours and Safaris. Africa Travel received unconditional approval from the Competition Authority of Kenya (CAK) to purchase 100% of Pollman's issued share capital. In February, private equity fund Alterra Capital, backed by Dangote and American billionaire Dave Rubenstein, invested in ARP Africa Travel Group, which operates Pollman's. The formalization of the transaction indicates a significant long-term private equity bet on the prospects of Kenya's tourism sector.
20-May-25	Cygnum Capital	GOGO Electric	Undisclosed	Automotive	Uganda	PE	The Africa Go Green Fund (AGG), managed by Cygnum Capital, signed a revolving working capital facility with GOGO Electric. The facility will be used to expand GOGO's electric motorbike production in Uganda. GOGO Electric offers practical, scalable solutions tailored to motorcycle taxi riders – who make up the backbone of Uganda's urban transport economy. With local players introducing battery-as-a-service models, digital platforms, and ride-to-own financing, Uganda is fast becoming one of the most vibrant e-mobility ecosystems on the continent.
26-May-25	Africinvest, FMO and Norfund	I&M Group	32.4	Financial Services	Kenya	PE - DFI	East African financial services company I&M Group completed a capital raise of KES 4.19 billion (about USD 32.4 million) from the sale of 86.5 million new ordinary shares to East Africa Growth Holdings (EAGH), a Mauritius-domiciled special purpose vehicle backed AfricInvest, FMO, and Norfund. With this recent investment, EAGH increased its shareholding in I&M Group to 15.14%, making it the fourth largest shareholder.

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	**Sector**	Type	Country	Synopsis
27-May-25	British International Investment (BII)	ARC Ride	5	Automotive	Kenya	DFI	British International Investment (BII) announced USD 5 million in financing for ARC Ride to support the adoption of electric vehicles in Kenya. BII's investment will support the initial deployment of 5,000 electric two-wheelers – commonly known as boda bodas – and the expansion of ARC Ride's battery swapping infrastructure across East Africa.
29-May-25	Investment Fund for Developing Countries (IFU)	MyDawa	9.6	Healthcare	Kenya	DFI	Denmark's Investment Fund for Developing Countries (IFU) invested DKK 63.5 million (about USD 9.6 million) in MyDawa, an East African pharmacy chain and telehealth provider. The investment by IFU will support MyDawa to open 30 new pharmacies in Uganda, of which around 15 will be located outside of Kampala. Additionally, the investment will enable MyDawa to open 10 additional physical pharmacies in Kenya and expand its online pharmacy capacity.
30-May-25	Renew Capital	Beemi	Undisclosed	Entertainment	Ethiopia	VC	Renew Capital announced an investment in Ethiopia-based Beemi, a platform that helps Africa's mobile-first creators make their livestreams more interactive and profitable through gamified tools and live interaction. The platform integrates social games like trivia into livestreaming platforms including TikTok, YouTube and Twitch, giving creators simple tools to engage their audiences and drive real-time participation.

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Originating and structuring Equity and Debt capital raising, IPOs, M&A transactions, Strategic Options advisory, PE advisory, Tax Advisory and other Corporate Finance Services.

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