



Burbidge  
Capital

# EAST AFRICA FINANCIAL REVIEW

JULY 2023

## IN THIS ISSUE

Editorial Note 2

Deal Statistics 3

Key Market Indicators 5

Selected Deals 6

# EAST AFRICA FINANCIAL REVIEW

## Editor's Note



### The Editorial Team

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East African Capital markets had a strong start to H2 2023, recording 14 transactions which had a total disclosed deal value of c. USD 202 million (from 7 transactions that had disclosed deal values). Private Equity investment activity had its strongest showing in the year-to-date with 6 transactions having been announced; whilst M&A activity maintained its 3 month streak of 4 deals; with 3 and 1 entries from VC and DFI investments, respectively. July also marked the fourth announced PE exit of the year. The healthcare and pharmaceuticals sector was the most active with 4 transactions, whilst the agriculture, energy and hospitality sectors each recorded double entries. Four other sectors contributed single entries to the total deal count. Kenya took the primary share of deals with 8, whilst Tanzania, Uganda and Rwanda contributed 3, 2, and 2 entries, respectively.

July marked the first widely announced transactions in Tanzania outside the natural resources sector. Two transactions in the energy and agriculture sectors were recorded, both of which involved purely Tanzanian assets; in addition to a graphite mining transaction. This is the trend we have been referencing of heightened investor interest in the country following the change in the political environment in 2021. With the accommodative investor approach taken by the incumbent regime, it was expected that investors would flock to the country to capitalise on the perceived bank of untapped return potential. Initial investment activity has been concentrated in the mainstay natural resources sector, and relatively homogenous financial services sector, with an uptick in agriculture sector deals. There has also been a notable flurry of nimble VC investment deals. We maintain our view that the country presents attractive investment fundamentals, whilst noting that promising investments often also require the reinforcement of governance and professionalisation standards to institutionalise businesses beyond their principal promoters. As such, prospects require longer transaction times as counterparties build relationships that form the basis for the institutionalisation of businesses. As a result, we expect to see a longer, and tail-end weighted, track for private capital investments in the manufacturing, FMCG and other brick and mortar sectors over the next 3 to 5 years.

Also notable from the July numbers was M&A activity which has recorded 4 deals for each of the last 3 months. As noted in the Half-Year issue, the multipolar theme of global geopolitical and macroeconomic shifts is also playing out in the regional M&A scene with the profile of buyers increasingly weighted in favour of regional and pan-African strategic investors. We will be exploring this and other M&A trends in our ad-hoc publication on M&A investment activity in East Africa out in early September.

IMBC's deal of the month is the investment into MyDawa, the online retail pharmacy platform, by Alter Semper and the subsequent acquisition of Guardian Health Limited, Uganda's largest retail pharmacy chain which provided an exit to Ascent Rift Valley Fund (ARVF) and Guardian's founder shareholders. ARVF invested in the business in 2017 and contributed to its growth from 6 to 19 stores. I&M Burbidge Capital advised Ascent Capital and the founder shareholders on the transaction.

In July, Kenyan listed equities recorded improved marginal performance, with the NSE 20 and NSE 25 Index recording gains of 0.15% and 0.01%, respectively. However, the NSE All Share Index returned a loss of -1.41%. Average daily turnover marginally increased to USD 2.55 million from USD 1.45 million in June. Top gainers during the month included Olympia Capital Holdings Ltd and Carbacid Investments Plc which were up by 27.9% and 22.0%, respectively. Sasini Plc and Longhorn Kenya posted the biggest losses ending the month down by 18.3% and 14.3%, respectively.

# KEY HIGHLIGHTS

- Total number of disclosed deals in the YTD increases to 89.
- Total disclosed deal values in the YTD now c. USD 3,212 million.
- VC investment activity accounts for 32% of YTD deal activity with PE, DFI and M&A activity comprising 27%, 16% and 17% of total corporate deals.

## JULY In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million



### IMBC Deal of the Month:

Alter Semper's investment into MyDawa and the subsequent acquisition of Guardian Health Limited, Uganda's largest retail pharmacy chain, providing an exit for Ascent Rift Valley Fund.

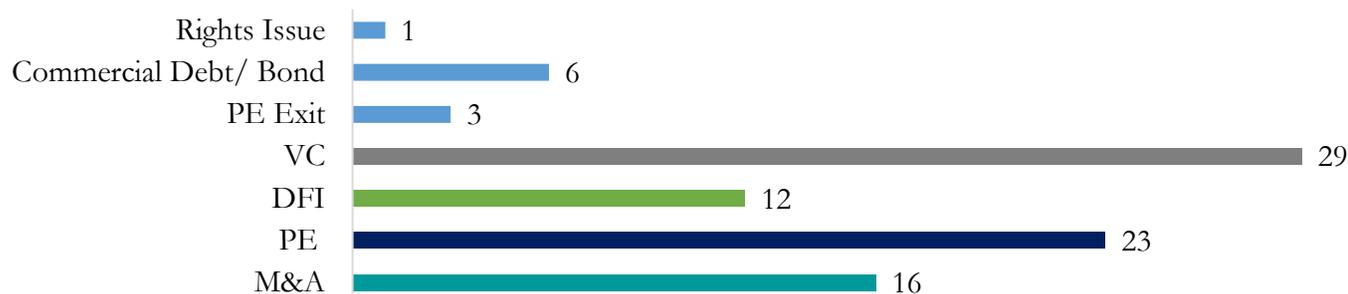
# PART I : DEAL STATISTICS

## Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Financial Services	17	385.9
 ICT and Telecom	12	648.0
 Energy	12	1,259.4
 Healthcare	12	63.7
 Manufacturing	8	569.0
 Agriculture	9	48.6
 Real Estate	5	80.3
 Automotive	4	14.3
 Logistics	2	Undisclosed
 Hospitality, F&B	2	49.5
 Professional & Other Services	2	2.7
 FMCG	2	21.0
 Mining	1	25.0
 Water & Sanitation	1	3.0

## Analysis by Type of Transaction

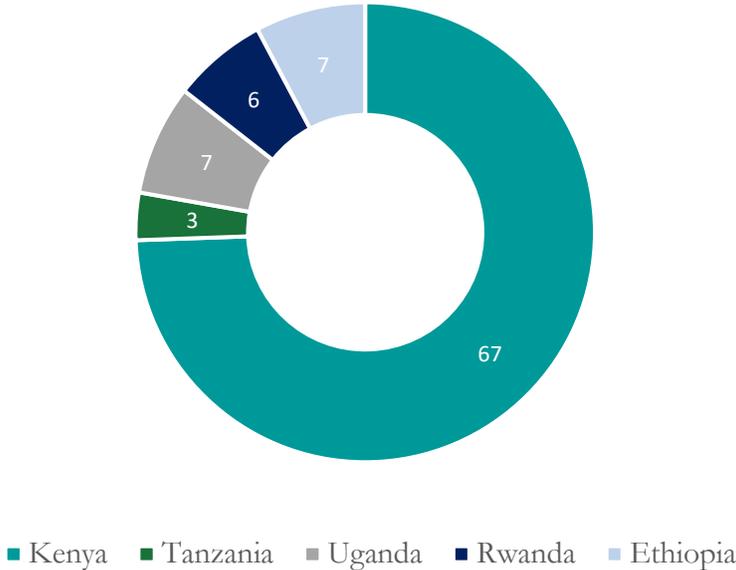
### TOTAL NUMBER OF DEALS IN EA – YTD 2023



# PART I : DEAL STATISTICS

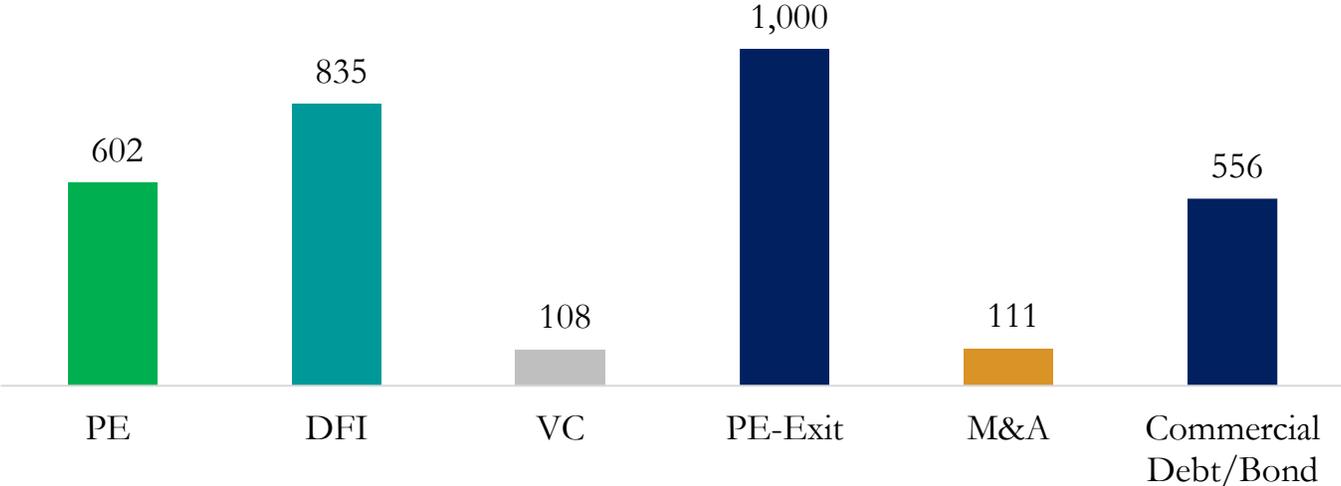
## Analysis by Country

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> July 2023)

### Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	12.35%	12.39%	16.33%	15.48%
Tanzania	3.45%	9.13%	9.85%	11.22%
Uganda	8.00%	9.74%	14.30%	14.80%

Source: Refinitive, respective Central Bank

### LTM Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2022	8.32%	4.40%	7.90%	13.70%
2023	7.28%	3.60%	3.90%	13.70%

Source: World Bank

### Central Bank Rates

Country/Region	Rate as at July 2023	Rate as at June 2023
Central Bank of Kenya (Kenya)	10.50%	9.50%
Bank of Uganda (Uganda)	10.00%	10.00%
Bank of Tanzania (Tanzania)	5.00%	5.00%
National Bank of Rwanda (Rwanda)	7.00%	7.00%
South African Reserve Bank (RSA)	8.25%	8.25%
Central Bank of Nigeria (Nigeria)	18.50%	18.50%
Central Bank of Egypt (Egypt)	18.25%	18.25%
Bank of England (UK)	5.00%	4.50%
Federal Reserve Bank (USA)	5.33%	5.25%
European Central Bank (EU)	4.25%	4.00%

Source: CB Rates

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
3-Jul-23	Alta Semper	MyDawa	20	Healthcare	PE	Kenya	Alta Semper Capital acquired an undisclosed stake in MyDawa, a Nairobi-based online pharmaceutical and beauty platform, for a total KES 2.81 bil (USD 20 mil), in a privately negotiated transaction.
4-Jul-23	MyDawa	Guardian Health Ltd	Undisclosed	Healthcare	M&A	Uganda	Online health platform MyDawa acquired Ugandan pharmacy chain Guardian Health Ltd after it raised KES 2.8 billion (USD 20 million) from London-based private equity investor Alta Semper Capital to expand its product offering in the region.
4-Jul-23	MyDawa	Ascent Rift Valley Fund	Undisclosed	Healthcare	PE-Exit	Uganda	Ascet Rift Valley Fund exited its investment in Guardian Health Ltd, a Ugandan retail pharmacy chain, to MyDawa, a Nairobi based online pharmaceutical and beauty platform. I&M Burbidge Capital advised Ascent Capital on the transaction.
4-Jul-23	Kyosk	Kwik Basket	Undisclosed	Hospitality	M&A	Kenya	Kenyan retail distribution startup Kyosk acquired Kwik Basket as part of its expansion into the African fresh produce market. Kwik Basket has used technology to provide agricultural produce to consumers while Kyosk creates a direct link between the farmers and the small traditional retail shops.
7-Jul-23	Mambo Retail (IBL Group)	Gakiwawa Family Investments (Naivas)	41.7	FMCG	M&A	Kenya	Gakiwawa Family Investments, the investment vehicle of Naivas Supermarkets' founder family was set to sell an additional 11% stake in the company to Mambo Retail for an estimated USD 41.7 million (KES 5.8 billion). Mambo Retail is the investment vehicle that holds IBL Group, Proparco and DEG's investment in Naivas Supermarkets. Initial market reports held that the additional stake purchase was to be financed by IBL Group's subscription of additional shares in Mambo Retail.
11-Jul-23	Verdant capital	Patasente	Undisclosed	Financial Services	PE - VC	Uganda	Verdant Capital announced a revolving credit facility for Patasente Uganda, a digital trade services platform for farmers, warehouses, and factories. The facility was to be used to support Patasente's invoice discounting and supplier financing activities.

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
12-Jul-23	Gemcorp Capital	Walkabout Resources	25	Mining	PE (Debt)	Tanzania	Graphite developer, Walkabout Resources executed an agreement for a senior debt facility worth up to USD 25 million with Gemcorp Capital. The debt facility was expected to consist of a USD 20 million Tranche A and a USD 5 million Tranche B facility.
18-Jul-23	FMO and responsibility Investments	Starsight Premier Energy	20	Energy	DFI	Kenya	The Global Climate Partnership Fund (GCPF), managed by ResponsAbility Investments, and the Dutch entrepreneurial development bank FMO invested USD 10 million each in renewable energy company Starsight Premier Energy Finance. The two investments are aimed at supporting commercial and industrial solar projects in East Africa.
19-Jul-23	Sahel Capital	Rogathe Dairy	Undisclosed	Agriculture	PE (Debt)	Tanzania	Sahel Capital, an investor in the food and agriculture sector in sub-Saharan Africa, extended a three-year term loan facility and a renewable working capital line to Rogathe Dairy Farm Products Ltd from its Social Enterprise Fund for Agriculture in Africa (SEFAA). Rogathe is a dairy processing company based in Msata, Tanzania.
20-Jul-23	Vantage Capital	Aquasantec International	25	Manufacturing	PE (Debt) (MBO)	Kenya	Vantage Capital, an Africa-focused mezzanine debt fund manager, made an investment into Aquasantec International, a manufacturer and distributor of water tanks, pipes and related products, addressing water, sanitation and hygiene needs across the East African region. Vantage invested USD 25 million into Aquasantec in the form of mezzanine debt and ordinary equity, acquiring a controlling shareholding in the group as part of a leveraged management buy-out.
20-Jul-23	IFC, Proparco & MIGA	Kasada Hospitality	49.5	Hospitality	PE	Kenya	IFC, Proparco, and MIGA invested USD 49.5m in Kasada Hospitality Fund, which will be used to refurbish, modernize, and expand the former Crowne Plaza in Nairobi's Upper Hill, a business district that hosts embassies, international organizations, and the headquarters of some of East Africa's largest corporations.

## PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
24-Jul-23	Sarraï Group	TSS Millers	Undisclosed	Agriculture	M&A	Kenya	Sarraï Group acquired the assets of Tahir Sheikh Said Grain Millers Limited (TSS) for an undisclosed amount. The acquisition was undertaken by Ustawi Grain Millers Limited (UGML), which is owned by Sarraï Group after approval from the Competition Authority of Kenya.
25-Jul-23	Knife Capital, Finnfund and Other Investors	Kasha	21	Healthcare	PE - VC	Rwanda	Kasha, an East African digital platform for last-mile access to health, announced its Series B financing of over USD 21 million led by Knife Capital, a pan African VC firm based out of South Africa, with participation from Finnfund, DFC, Atree Capital, Tim Koogole and Pam Scott, Beyond Capital Ventures, Bamboo Capital's BLOC Smart Africa Fund, Five35 Ventures and other new and existing investors. With the Series B funding, Kasha aimed to scale operations into South and West Africa.
26-Jul-23	Five35 Ventures	Zuri Health	Undisclosed	Healthcare	PE - VC	Kenya	Five35 Ventures, an early-stage venture capital firm investing in female-focused startups, announced a strategic investment in Kenya-based Zuri Health, a digital health platform. Zuri Health aims to provide accessible and personalised healthcare solutions to individuals worldwide. Its digital platform offers a comprehensive suite of health services, empowering users to take control of their well-being through innovative technology and expert guidance.
31-Jul-23	Meridiam	Rift Valley Energy Tanzania	Undisclosed	Energy	PE	Tanzania	Meridiam acquired Rift Valley Energy Tanzania (RVE), a renewable energy infrastructure platform. The company owns a portfolio of 30MW of renewable energy generation assets in operation, construction and development stages. In parallel, Rift Valley Energy developed two rural distribution networks, 460 km long, in southern Tanzania serving a population of more than 75,000 living in 38 villages.

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### About I&M Burbidge Capital

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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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