



Burbidge
Capital

EAST AFRICA FINANCIAL REVIEW

JULY 2024

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EAST AFRICA FINANCIAL REVIEW

Editor's Note



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The East African capital markets recorded 5 corporate deals in July, which had a total disclosed deal value of c. USD 42.6 million (from 3 transactions that had disclosed deal values). The performance in July made for the slowest start to H2 in 5 years and the lowest monthly deal volume in 2024. Venture capital investments accounted for the lion's share of activity with 3 transactions whilst M&A activity, also in the technology driven startup ecosystem, recorded two transactions. Activity was spread across the financial services, FMCG, healthcare, ICT and professional services sectors. Kenya was the most active market with 4 deals, whilst Tanzania contributed a single entry.

Macro-economic fundamentals continued their positive trajectory across the region. Notably, in Kenya, the currency has been resilient and maintained a positive stance and the formal inflation figures continue to trend downwards with the latest print in July coming in at 4.3% down from 4.6% in June, lowest inflation rate since September 2020. Subsequently, earlier in August, the CBK's monetary policy committee cut its benchmark rate by 25bps, the first cut in 4 years. Further, the nation's National Assembly approved significant budget cuts that are expected to positively impact fiscal imbalances. Painful but positive policy moves have also been made in Ethiopia where the government floated its currency, ending 5 decades of currency control, to secure USD 3.4 billion in support from the IMF and USD 28.9 billion from the World Bank. The crucial move also paved the way for the country to restructure nearly USD 5 billion of USD 28.9 billion in external debt.

We maintain a cautiously optimistic view of these and other macro-economic and fiscal policy developments which should pay off in the long run. In the short term, the economies of the region remain challenged dampening business growth including through limited growth in credit to the private sector, and capital investments. Tanzania remains a bright spot with established businesses in Kenya looking to their Southern flank for growth through acquisition.

IMBC's deal of the month is Nala's USD 40 million Series A fundraise, one of the largest for a Series A rounds in Africa. Nala is a remittance startup which through its consumer app, enables people domiciled in the E.U., U.K. and U.S. to send money across 249 banks and 26 mobile money services in 11 markets across Africa. The oversubscribed round was led by San Francisco-based VC firm Acrew Capital, with participation from DST Global Partners, No rrskn22, HOF Capital, and existing investors including Amplo and NYCA Partners.

Kenya's listed equities market recorded a decline in performance in July, with the NSE 20, NSE 25 and NSE All Share Index recording 1.3%, 1.6% and 0.8% in losses, respectively. Equities turnover increased by 11.6% in the month of July 2024 to USD 45.0 million, from USD 40.3 million recorded in June 2024. Bamburi Cement and Liberty Kenya Holdings were the top gainers in the YTD recording 70.9% and 57.2% respectively, whilst Trans-Century and Kenya Re-Insurance were the top losers in the YTD, recording -32.7% and -29.8%, respectively.

KEY HIGHLIGHTS

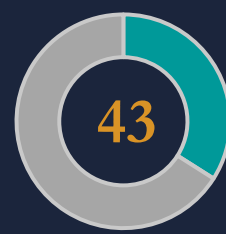
- Total number of disclosed deals in the YTD increases to 73.
- Total disclosed deal values in the YTD now c. USD 1062.2 million.
- VC investment activity accounts for 39% of YTD deal activity with M&A, PE and DFI activity comprising 23%, 16% and 15% of total corporate deals.

JULY

In Numbers



The number of disclosed deals in EA



Disclosed deal value in USD million















IMBC Deal of the Month:

Nala's USD 40 million Series A fundraise.

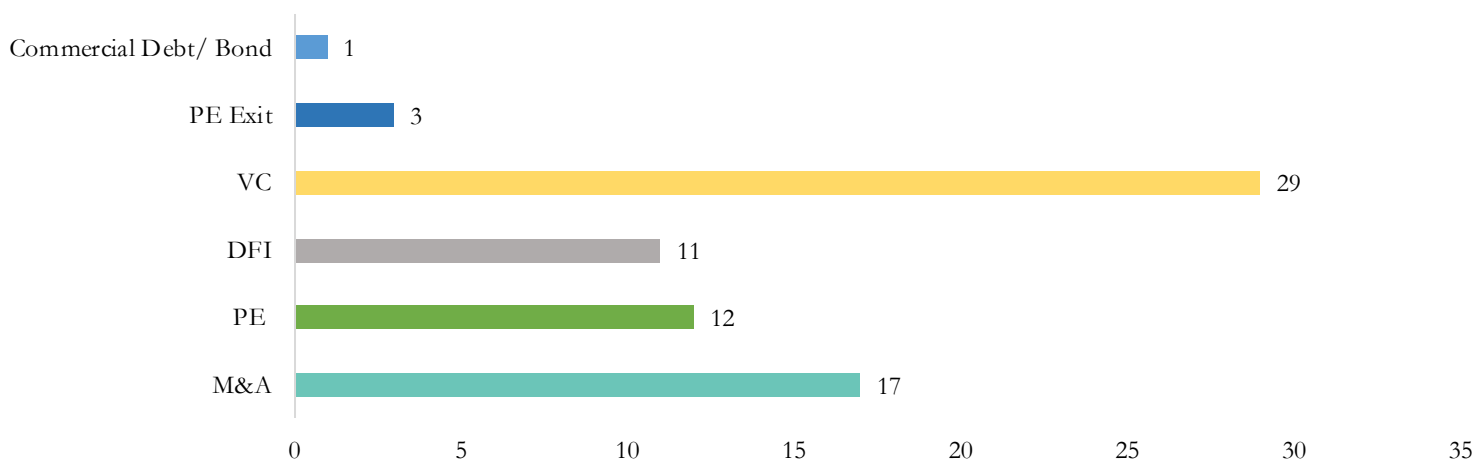
PART I : DEAL STATISTICS

Analysis by Sector

Sector	No. of Deals YTD	Disclosed Deal Value YTD (USD million)
 Agribusiness	15	238.4
 Energy	10	156
 Manufacturing	9	229.2
 Financial Services	9	77.75
 ICT and Telecom	7	70.5
 Automotive	6	31
 Healthcare	4	25.4
 Real Estate	3	227.5
 Professional & Other Services	4	Undisclosed
 Logistics	2	Undisclosed
 Mining	2	Undisclosed
 Education	1	5

Analysis by Type of Transaction

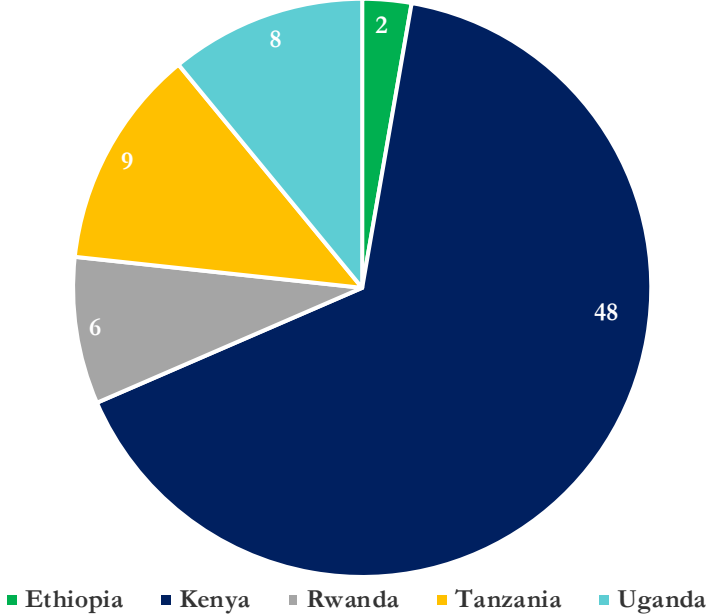
TOTAL NUMBER OF DEALS IN EA - YTD 2024



PART I : DEAL STATISTICS

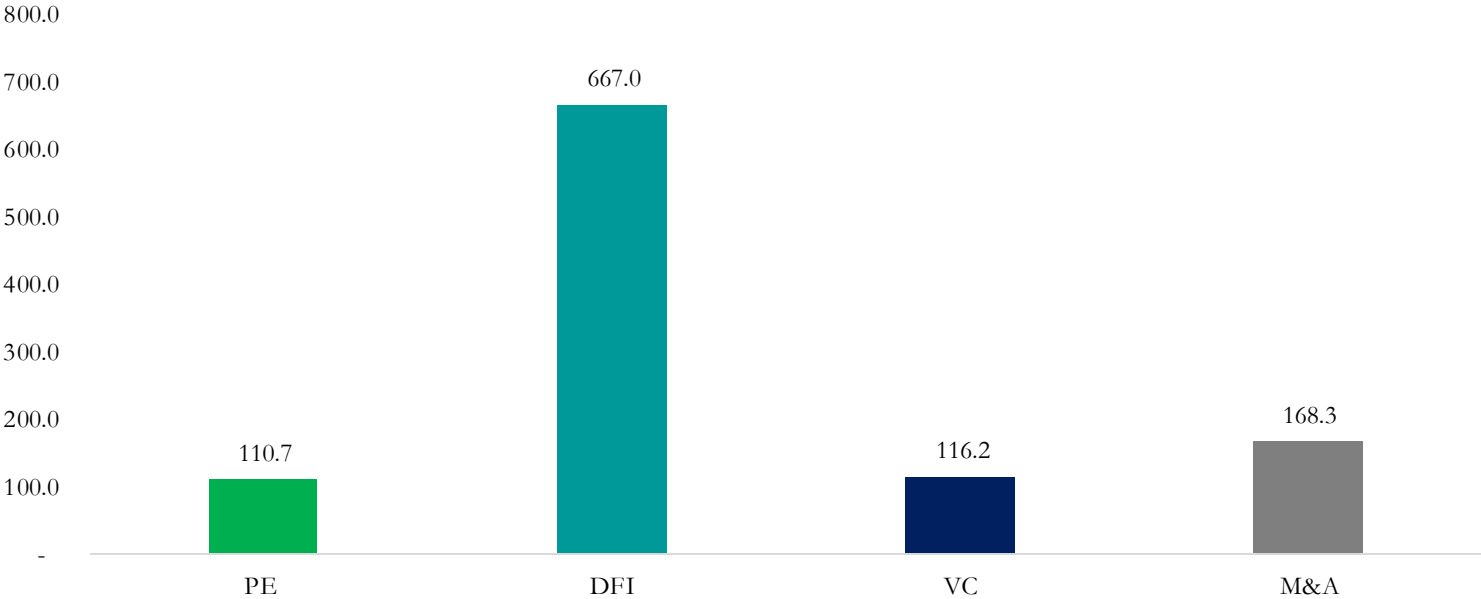
Analysis by Country

TOTAL NUMBER OF DEALS IN EA - YTD 2024



*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 USDM



PART II : KEY MARKET INDICATORS

(As at 31st July 2024)

Coupon Rate on Government Securities

Years	91-day	2 year	5 year	10 year
Kenya	15.98%	17.91%	18.64%	17.04%
Tanzania	5.13%	7.60%	9.18%	11.44%
Uganda	10.20%	14.92%	15.50%	16.00%

Source: Refinitive, respective Central Bank

LTM Inflation Rates

Years	Kenya	Tanzania	Uganda	Rwanda
2023 Actual Inflation	7.88%	3.60%	4.90%	13.70%
2024 Projected Inflation	6.22%	3.10%	3.90%	5.80%

Source: World Bank

Central Bank Rates

Country/Region	Rate as at July 2024	Rate as at June 2024
Central Bank of Kenya (Kenya)	13.00%	13.00%
Bank of Uganda (Uganda)	10.25%	10.25%
Bank of Tanzania (Tanzania)	6.00%	6.00%
National Bank of Rwanda (Rwanda)	7.00%	7.00%
South African Reserve Bank (RSA)	8.25%	8.25%
Central Bank of Nigeria (Nigeria)	26.75%	26.25%
Central Bank of Egypt (Egypt)	27.25%	27.25%
Bank of England (UK)	5.00%	5.25%
Federal Reserve Bank (USA)	5.33%	5.33%
European Central Bank (EU)	3.75%	3.75%

Source: CB Rates

PART III : SELECTED DEALS

Date	Buyer	Seller	Deal size (M USD)	Sector	Type	Country	Synopsis
03-Jul-24	Prembly Limited	Peleza International Limited	Undisclosed	Professional and Other Services	M&A	Kenya	Kenyan identity management startup, Peleza merged with YC-backed Prembly to form the Prembly Group. The merger was expected to provide an opportunity to expand service offerings to customers across various markets globally.
09-Jul-24	Hostafrika Limited	Deepafrika Limited	Undisclosed	ICT	M&A	Kenya	Hostafrika acquired Deepafrika's domains and hosting assets. The prominent Kenyan-based hosting company became its fourth strategic Kenyan acquisition. It was expected to allow HostAfrica to further expand its existing office in Nairobi to serve customers in the local fast-growing market in Kenya.
09-Jul-24	Acrew Capital and Other Investors	Nala Payments Limited	40	Financial Services	VC	Tanzania	Nala, a remittance startup, raised USD 40 million equity in a deal that was one of the largest Series A transactions in Africa. The raise was expected to fuel the company's global growth plans that involve scaling its remittance business to serve the Asian and Latin America markets.
15-Jul-24	EQ2 Ventures, IgniteXL Ventures and Other Investors	Uncover Skincare Limited	1.4	FMCG	VC	Kenya	Uncover, a Kenyan-based beauty startup, raised USD 1.4 million in Seed II funding to fuel its expansion goals, moving into Ghana, Uganda, and the United States. EQ2 Ventures and IgniteXL Ventures led the round with Chui Ventures, Samata Capital, and Altree Capital participating.

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