

# Cytonn Monthly - October 2017

## Private Equity

### On Acquisitions

Mace, a UK-based global construction and consultancy firm, acquired an undisclosed significant stake in Kenya's quantity surveying firm YMR. YMR which has worked on projects such as Two Rivers, Garden City and the Hub Karen, is headquartered in Kenya and has operations in Uganda, Tanzania, Rwanda, Burundi, Sudan, Ethiopia, Mauritius, Djibouti and Seychelles. The acquisition will see the business operate under the brand name MaceYMR. The acquisition is beneficial to both firms as (i) it will see Mace improve its regional presence, which is part of its strategic plan, having acquired a stake in MMQS, a South African quantity surveying firm, in 2016, creating MMQSMace, and (ii) YMR will leverage on Mace's global network, sector knowledge and experience, to improve on its service offerings and presence in the region. For more information see our [Cytonn Weekly #43/2017](#)

The continued acquisitions highlight foreign investor interest in Africa driven by strong economic growth fundamentals in Sub Saharan Africa.

### On Exits

Quantum Global, the Africa-focused private equity and infrastructure investment manager, exited its investment in Saruji, the majority shareholder in Savannah Cement after the sale of its stake in the company to an undisclosed shareholder. Saruji owns 60.0% of Savannah Cement while the remaining 40.0% stake is owned by Savannah Heights. Quantum, through its USD 1.1 bn Infrastructure Fund, invested in Saruji in 2015 through the acquisition of a 49.0% stake in the firm, which still owned 60.0% of Savannah Cement then. The investment by Quantum global supported the development of Savannah Cement's USD 0.1 bn clinker plant and the firm's investment into green technology. For more information see our [Cytonn Weekly #43/2017](#)

The successful exit affirms our view of positive performance of private equity as an asset class in the region, indicated by the increasing number of exits. In 2016 only, Africa recorded 48 exits, a 9.1% increase from the 44 exits achieved in 2015

### On the Fundraising Front

New York based technology firm, Andela, raised USD 39.7 mn (Kshs 4.1 bn) from DBL Partners, Amplo, Salesforce Ventures, Africa-focused TLcom Capital and existing investors (Google Ventures and Spark Capital) to fund technology firms in Kenya, Nigeria and Uganda. This brings the Andela Africa-based start-up's funding to over USD 78.4 mn (Kshs 8.1 bn). Just this year, several tech backed businesses have received funding from both local and international investors, including: (i) Bamba Group, a company providing SMS based solutions and data collection software for companies, raised USD 1.1 mn, (ii) BitPesa, a Kenyan digital currency payment platform closed a USD 2.5 mn funding round, (iii) Mobile credit firm, Tala, raised more than USD 30.0 mn, (iv) Kenya's Twiga Foods Ltd, a mobile based food supply platform raised USD 12.78 mn (Kshs 1.3 bn), and (v) Shortlist, a Kenyan-based employment tech start-up, received Kshs 103.0 mn seed funding in both equity and debt. We remain positive about investment in technology and tech-backed businesses, as the Sub-

Saharan African region continues to witness increased integration of technology in businesses as well as increased automation of business processes by SMEs. For more information see our **Cytonn Weekly #41/2017**

M-KOPA Solar, an off-grid solar provider with operations in Kenya, Uganda and Tanzania, has received USD 80.0 mn (Kshs 8.3 bn) funding in form of debt. The funding was contributed by 7 lenders including, (i) Stanbic Bank who committed USD 9.0 mn, (ii) CDC Group, the UK's Development Finance Institution, who earlier this year backed the firm with USD 12.0 mn of equity, will also contribute USD 20.0 mn, (ii) FMO, the Dutch Development Bank and Norfund, Norway's Development Finance Institution, who have committed USD 13.0 mn each, and an additional USD 25.0 mn from responsAbility, Symbiotics and Triodos Investment Management. The firm, which makes solar home systems affordable to low-income households on a pay-as-you-go installment plan, will utilize the funding to support ongoing expansion plans for the firm, targeting to install 1 million pay-as-you-go solar systems over the next three years. For more information see our **Cytonn Weekly #42/2017**

The successful fundraising activity by Private Equity firms indicates a positive outlook by investors in the Sub-Saharan Africa private equity space, motivated by the continued growth in the sector.

***Private equity investments in Africa remains robust as evidenced by the increased deal flow in a number of sectors that support growth in the Continent. The increasing investor interest is attributed to (i) rapid urbanization, a resilient and adapting middle class and increased consumerism, (ii) the attractive valuations in Sub Saharan Africa's private markets compared to its public markets, (iii) the attractive valuations in Sub Saharan Africa's markets compared to global markets, and (iv) better economic projections in Sub Sahara Africa compared to global markets. We remain bullish on PE as an asset class in Sub-Sahara Africa. Going forward, the increasing investor interest and stable macro-economic environment will continue to boost deal flow into African markets.***

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