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Private Equity

UNICAF, the largest online higher education platform in Africa, announced a USD 28.0 mn Series B financing. The new investment round is led by Goldman Sachs, with other participants in the round being existing investors, including the UK Government's Development Finance Institution, CDC Group, leading higher education fund University Ventures, and the Educational Excellence Corporation Ltd (EDEX), the Founder of the University of Nicosia and UNICAF.

UNICAF was founded in 2012, with over 70 flexible online undergraduate and postgraduate degree program in fields like education, business and public health. UNICAF's virtual learning involves using videos, podcasts, research articles, e-books, topic overviews and other interactive tools. The unique learning model is delivered using UNICAF's dynamic, mobile-friendly platform and blends online instruction with on-the-ground instructional centers and virtual coaching. The company has a physical presence in eight African countries; Zambia, Malawi, Uganda, Kenya, Ghana, Nigeria, Egypt, and Somalia. More than 16,000 students are currently enrolled through UNICAF in academic programs that lead to accredited undergraduate and postgraduate degrees awarded from UK, US, European and African universities. The funds are to meet the growing demand for high-quality university education across Africa. The new funding will enable UNICAF to grow enrolment to over 100,000 students, expand the program offering and open as many as five additional African campuses in the next five-years.

In Kenya, we have seen increased interest in the Education sector evidenced by the following investments in the sector;

1. Advtech Group, a private education provider, listed in the Johannesburg stock exchange, which opened a school under its Crawford Schools brand in Tatu City on 4th September 2018, offering pre-primary education focusing on the THRASS (Teaching, Handwriting, Reading and Spelling Skills) curriculum,
2. Nova Pioneer, a South African educator, has set up a primary school and a high school in Tatu city offering the 8-4-4 curriculum,
3. Centum Limited, an investment firm, in partnership with Sabis Education Network, has set up the Sabis International School in Runda,
4. Cytonn Investments, through its education affiliate Cytonn Education Services, will provide education at all levels. From Early Childhood Development Education (ECDE) to tertiary education, beginning with a technical college-branded Cytonn College of Innovation and Entrepreneurship,
5. Advtech Group, Schole (Mauritius) Limited, a London based education provider, and Caerus Capital, a leading international education consultancy group jointly acquired Makini Schools at an estimated value of ZAR 184.2 mn (Kshs 1.7 bn), and,
6. Fanisi Capital, a private equity and venture capital firm agreed to invest Kshs 400.0 mn in Kitengela International School (KISC) in September 2018.

The investments are an indication of investors' interest in the education sector in Sub-Saharan Africa, which is motivated by;

- Increasing demand for quality and affordable education, according to The Business of Education in Africa report by Caerus Capital, the Gross Enrollment Ratio (GER) has doubled over the last ten years, from 4.5% in 2006 to 8.5% in 2016. According to World Bank fewer than 10% of potential students in Sub-Saharan Africa have access to higher education, making it the most underserved region in the world, a challenge compounded by rising demand as access to primary and secondary education increases, and,
- Support, such as ease of approvals, offered to investors in the education sector by governments looking to meet Sustainable Development Goals (SDGs) targets of universal access to education.

Private equity investments in Africa remains robust as evidenced by the increasing investor interest, which 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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