

# The Uqalo Report

NEWS FROM THE CONSUMER SECTOR IN SUB-SAHARAN AFRICA

July 2017

*Uqalo is a specialist investor targeting opportunities related to the Consumer in sub-Saharan Africa. The Uqalo Report provides the investment and business communities with a regular and concise update on activity in the sub-Saharan consumer products sub-sectors of most interest to Uqalo, namely fabric & clothing, food & beverage, home & personal care and general merchandise. It also contains the Uqalo Consumer Index and highlights recent research conducted by Uqalo, freely available at [www.uqalo.com](http://www.uqalo.com).*

## Industry

- According to the 2017 Private Equity Survey released by **KPMG** and the **East Africa Private Equity and Venture Capital Association**, Kenya accounted for 61% of total Private Equity deals in Africa in 2016. According to the report, Kenya has recorded 254 Private Equity deals with a cumulative value of US\$21bn since 2010.
- According to the **GSMA** report, **The Mobile Economy: Sub-Saharan Africa 2017**, the number of unique mobile subscribers in sub-Saharan Africa will reach 535m by 2020, making it the fastest growing region in the world.

## Private Equity

- **Abraaj Group** has acquired Kenyan restaurant chain, **Java House**, from **Emerging Capital Partners** for a reported US\$130m. **Java House** is the largest casual dining chain in East Africa, with 60 outlets.

## Retail

- American fast-food chain, **Mr Pretzel**, has sought regulatory approval, from the Competition Authority of Kenya, to open outlets in partnership with Kenyan bakery, **Snackbyte**.
- **Deacons** has opened the fourth **Adidas** store in Kenya at the **City Mall** in Mombasa.
- Mozambique's President, **Filipe Nyusi**, has inaugurated the 3,500m<sup>2</sup> **Pemba Shopping** mall, built at a cost of US\$20m, with **Shoprite** as the anchor tenant.
- Nigerian online retailer, **Jumia**, which has for the second consecutive year been listed in **MIT's 50 Smartest Companies**, has partnered with **MasterCard**, to boost cashless transactions in the country.
- Kenya's **Sarit Centre** shopping mall will add 2,300m<sup>2</sup> of retail space at a cost of US\$40m.
- Nigerian e-commerce company, **Konga**, has launched a grocery shopping service, **Konga Daily**.
- Kenyan financial services company, **Britam Holdings**, has announced plans to build a 13,000m<sup>2</sup> mall in Kileleshwa, Nairobi, at a cost of US\$114m.

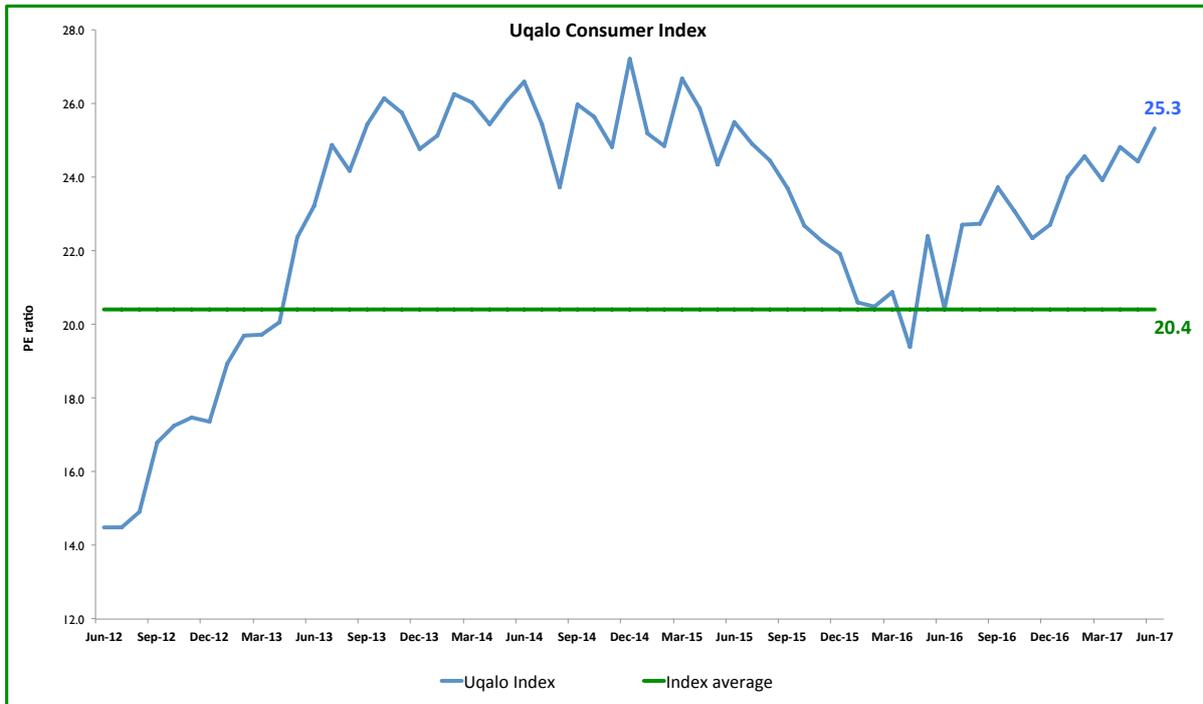
- Botswanan leading supermarket chain, **Choppies**, is opening 9 more outlets in Zambia. **Choppies** opened into Zambia in 2014, and now operates 12 outlets employing 800 people.
- Kenyan retail chain, **Uchumi Supermarkets**, is reportedly finalising a strategic investor to provide US\$34m.
- Kenyan supermarket chain, **Nakumatt**, is looking to secure US\$143m to pay suppliers and streamline its operations. Separately, **Unilever** is in talks with **Nakumatt** to resume the supply of its products to the retailer.
- African e-commerce platform, **Mall for Africa**, has opened offices in Kenya, and plans to reach 20 African countries by 2019. The e-commerce platform has also launched **ebayforafrica.com**, which allows customers in Nigeria and Kenya to access **eBay** listings.

## Distribution

- Danish brewing and beverage company, **Royal Unibrew**, has signed a deal with Kenyan beverage marketing company, **WOW Beverages**, to distribute its beer in Kenya.
- **Coca-Cola Beverages Africa** is acquiring **Equator Bottlers**, the third largest Coca-Cola bottler in Kenya for an undisclosed amount.

## Manufacturing

- **Procter & Gamble** has inaugurated a state-of-the-art production line for its **Always** brand, at its manufacturing facility in Agbara, Ogun State, Nigeria.
- **Hayat Kimya Nigeria**, a subsidiary of Turkish FMCG company, **Hayat Group**, has inaugurated its US\$100m diaper and tissue factory at the Agbara Industrial Layout in Ogun State, Nigeria.
- Kenyan President, **Uhuru Kenyatta**, inaugurated a US\$4m milk processing facility at the new **Kenya Co-operative Creameries** plant in Eldoret. The facility is expected to triple the firm's daily capacity, to 300,000 litres.
- **East African Breweries** plans to build a new brewery in Kisumu, Kenya, at a cost of US\$143m. The brewery will boost the demand for sorghum to around 40,000 metric tonnes in the next five years.



The **Uqalo Consumer Index** continued to climb as investors favoured emerging market prospects. We continue to see portfolio flows into Nigeria on the back of improved company results. The UCI is 24% ahead of the average which we calculate since January 2009 and only 7% off its all time high in December 2014.

*The Uqalo Consumer Index is a valuation index based on the historical price-earnings ratios of listed consumer businesses in sub-Saharan Africa excluding South Africa. The index is intended to give investors and businesses an indication of current valuation expectations in a historical context. The construction of the index is described in detail at [www.uqalo.com](http://www.uqalo.com)*

- Nigerian conglomerate, **Chellarams**, has formed a joint venture with German dairy company, **DMK Group**, to manage the products of well-established brands such as **Oldenburger**, **Real Milk**, and **Regal Milk** across Nigeria.
- **Danone**, and **Abraaj Group**, have invested an additional US\$25m in **Fan Milk**, to add three new production lines to its factory in Accra, Ghana.

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