

# The Uqalo Report

NEWS FROM THE CONSUMER SECTOR IN SUB-SAHARAN AFRICA

JULY 2018

*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).*

## Private Equity

- **Colony Capital** has agreed to buy four of **Abraaj's** funds, including Africa Fund III with assets of US\$990m and North Africa Fund II with assets of US\$375m.
- Kenyan mobile-based supply platform, **Twiga Foods**, is reported to be raising US\$7-9m of new funds, and the IFC is said to be considering a participation.
- To improve its capital adequacy, Ghana's **National Investment Bank** will sell its 24% stake in **Nestlé Ghana** to the Ghanaian government for US\$83m.
- US financier, **SunFunder**, has invested US\$1.2m in Kenyan solar firm, **Questworks**.
- The new Nigerian airline, **Green African Airways**, has closed its Series A funding with **Kuramo Capital**, a Pan-African Investment firm.
- **Novastar Ventures** has participated in a US\$1m fundraising by **Perennial Foods Group** (the brand **GreenPath Food**), a speciality food company in Ethiopia. **GreenPath Food** produces and sources premium, organic food products which it sells in Europe and the Middle East.

## Retail

- Kenya's **Uchumi Supermarkets**, has shut down another four branches in Nairobi as the chain seeks to secure US\$5-10m in emergency funding.
- Botswanan retailer's subsidiary, **Choppies Zimbabwe**, opened its 18<sup>th</sup> branch this month. **Choppies** now operates 125 stores in Southern Africa.
- Troubled Kenyan supermarket, **Nakumatt**, has given up seven stores in a new rescue plan. **Nakumatt** now has seven stores remaining.
- **KFC** will open four new branches in Nairobi this year. It currently operates 32 branches in East Africa, 19 of which are in Kenya.

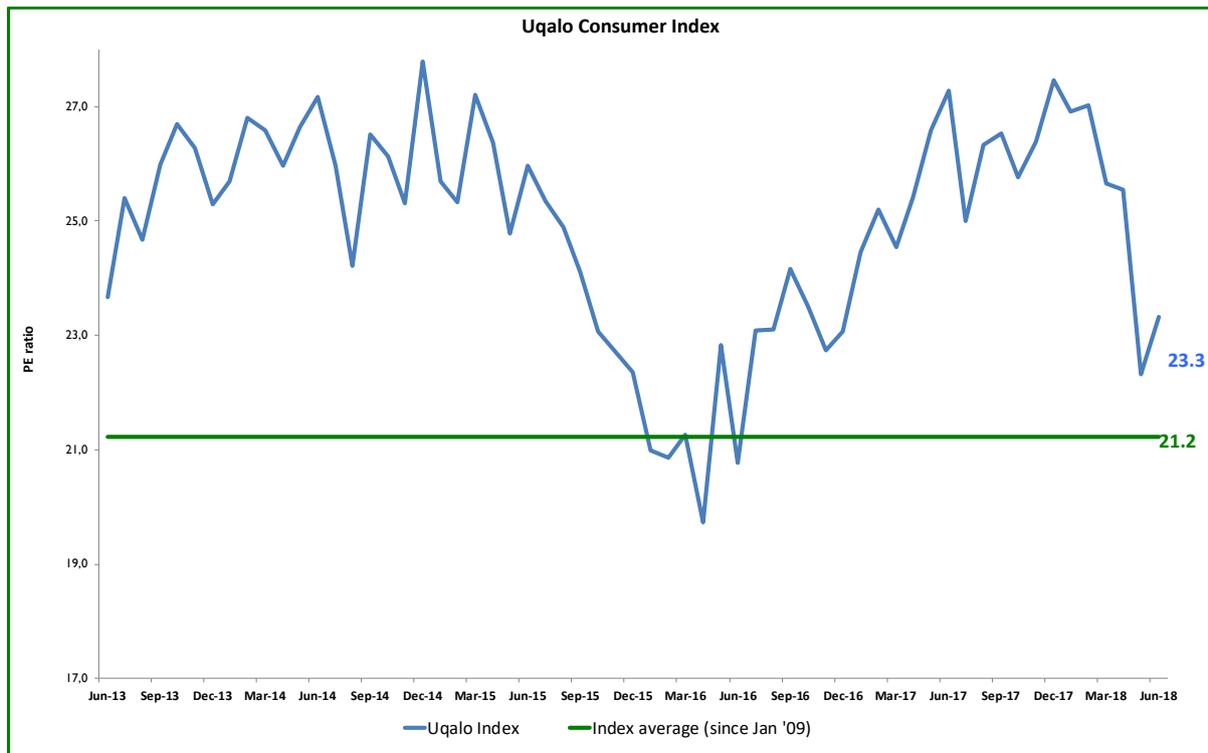
- **Carrefour** will open its sixth store in Nairobi later this month. The 1,000m<sup>2</sup> store will be in **Galleria Shopping Mall**.
- **Uber Eats** has launched in Kenya, offering food delivery from 100 restaurants in Nairobi.
- Kenyan retailer, **Tuskys**, has opened its 64<sup>th</sup> branch at the new **Diamond Plaza II** shopping complex in Parklands, Nairobi.
- **Homeshoppa Ghana**, an online groceries shopping and delivery platform, has launched in Accra. It offers same-day delivery of a wide range of fresh, non-perishable, household and personal care products.
- **Deacons**, the Kenyan multi-brand fashion retailer, has received US\$1.3m from the sale of **Mr Price** stores in Kenya to the franchise owner, **Mr Price Group**.
- Online marketplace, **Jumia**, has introduced **Jumia Fresh**, in Nairobi, through partnerships with fresh produce suppliers. **Jumia Fresh** guarantees delivery within four hours.

## Distribution

- Kenyan mobile virtual network operator and subsidiary of **Equity Bank**, **Finserve Africa**, has signed an MOU with Singaporean online payment company, **Red Dot Payment**, to explore alternative e-payment methods in East Africa such as **Alipay** and **WeChat Pay**.
- Ride-hailing company, **Taxify**, which has closed a US\$175m investment round, led by **Daimler AG**, currently has operations in Ghana, Kenya, Nigeria, South Africa, Tanzania and Uganda.

## Manufacturing

- **Coca-Cola Beverages Africa** opened a US\$69m juice line at its Nairobi plant in May, and will invest another US\$100m in Kenya over the next five years.



The Uqalo Consumer Index improved slightly in June, and is mirroring the MSCI Emerging Markets Index. The UCI is 10% ahead of the average.

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)

- Animal nutrition group, **Neovia**, has acquired a Nigerian premix company, **Hi Nutrients**, and hopes to grow its international premix brand **Wisium**'s portfolio of products and services. **Hi Nutrients** has six distribution centres, through which it caters to local and export clients.
- **The Wrigley Company** will open a US\$69m plant in Kenya by the end of this year. This is **Wigley**'s first factory in Africa and will produce 7.8bn pellets of chewing gum per annum.
- **PSA Peugeot Citroen** will start assembling cars in Kaduna, Nigeria, by the first quarter of 2019, through a joint venture with Aliko Dangote and five state governments.
- East African dairy processor, **Kenyan Co-operative Creameries**, will invest US\$10m to renovate its four major processing units to increase its capacity to up to 100,000 litres of raw milk per day.
- Indian soft drinks manufacturer, **Varun Beverages**, has commissioned a US\$40m **Pepsi** manufacturing and bottling plant in Harare. The plant has a production capacity of 400 PET units of beverages per minute; at least 50% of the production from this plant is likely to be exported to countries in the region.
- Nigerian offshore oil and gas company, **Strides Group**, owner of **Strides Energy and Maritime**, has acquired the mortgaged assets of **Rivers Vegetable Oil Company**, in line with its diversification goal. The manufacturing plant, said to be one of the leading FMCG manufacturing facilities in Nigeria, should commence production in two months' time.
- The **Coca-Cola Company**'s US\$12m fruit factory in Uganda, is expected to open in August. The factory has been under construction since 2015.

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