

# The Uqalo Report

NEWS FROM THE CONSUMER SECTOR IN SUB-SAHARAN AFRICA

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*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

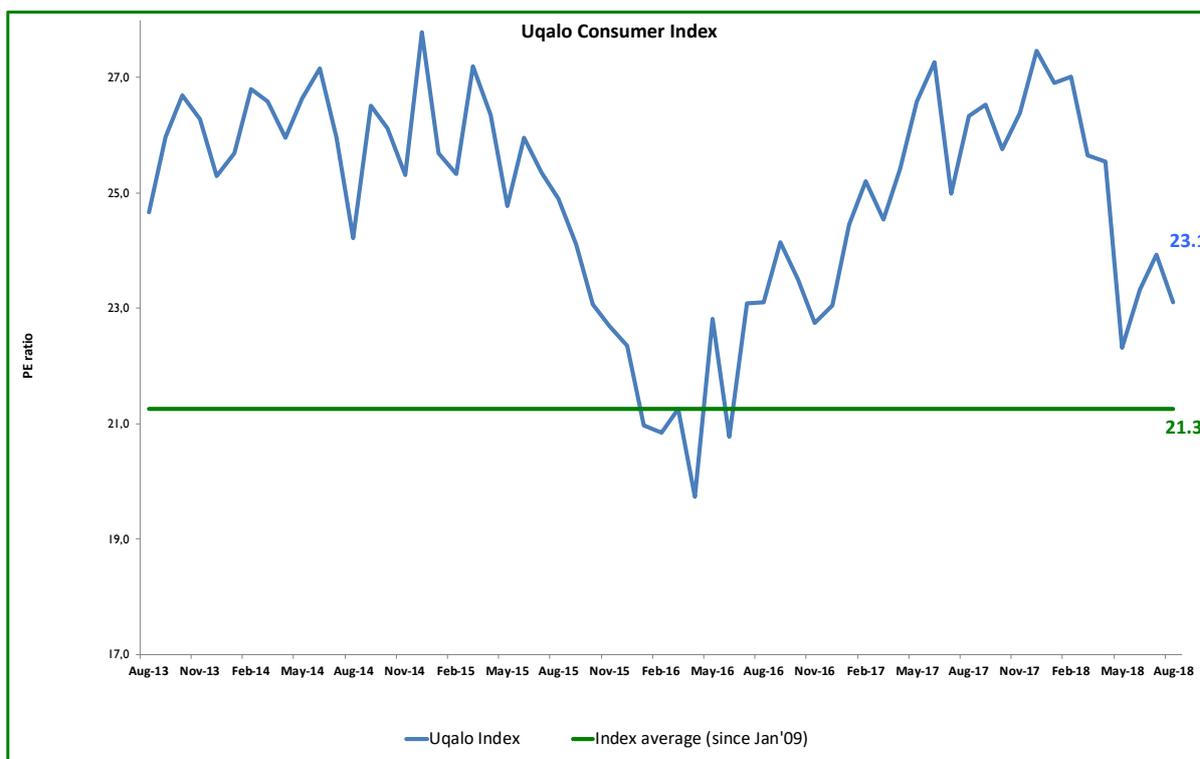
- Kenyan private equity firm, **Catalyst Principal Partners**, has acquired three mattress manufacturers, Kenyan **Superfoam**, Ugandan **Euroflex** and Malawian **Vitafoam**. The three will be merged to establish **Catalyst Mattress Africa**.
- **Goldman Sachs** has led a US\$52m investment round in **JUMO**, a technology platform that facilitates digital financial services. **JUMO** has offices in seven African countries as well as in Pakistan, Singapore and the UK.
- **MTN Group** is exploring the sale of shares in online retailer **Jumia**, which has an expected enterprise value of about US\$1bn. **MTN** is the biggest shareholder in **Jumia** with a 40% stake.
- Africa-focused technology investment firm, **4Dx Ventures**, has led a US\$2m investment in Kenyan B2B e-commerce platform, **Sokowatch**.
- **Safaricom** has launched its 50<sup>th</sup> retail store in Busia, Kenya.
- E-commerce firm, **Konga**, relaunched the pay-on-delivery model on 1 August 2018 in Lagos, and plans to initiate the service to other Nigerian states from 1 September 2018.
- **Novare Real Estate Africa** has opened its third mall in Abuja. The US\$54m **Novare Central Mall** has 7,178m<sup>2</sup> retail space, with **Shoprite** and **PEP** as its anchor tenants.
- Ghanaian logistics company, **Eazyloop**, is now allowing users to shop on international platforms, such as **Amazon**. Consumers in Ghana will now be able to receive home deliveries within two weeks. **Eazyloop** also allows small businesses to consolidate packages, from various suppliers, through a single platform.
- **Azuri Technologies**, pay-as-you-go solar provider, has partnered with consumer goods company, **Unilever Kenya**. The co-branded, **Azuri's Quad** solar home system with the **Unilever Sunlight** brand, will be distributed through **Unilever's** network of 67k smallholder traders.
- Intimate apparel brand, **LuLu Nigeria**, has partnered with **Shoprite** to make its products available in all 19 outlets nationwide.

## Retail

- **DHL** and online retailer, **MallforAfrica**, have launched a global e-commerce site **MarketPlaceAfrica.com** for select African artisans to sell their products in any of **DHL's** 220 delivery countries. The site will initially represent artisans from Nigeria.
- Turkish clothing retailer, **LC Waikiki**, is opening its fourth store in Kenya in the **Thika Road Mall**, taking over the space previously occupied by **Deacons East Africa's 4U2** outlet.
- **Uchumi Supermarkets** has temporarily shut down its Aga Khan Walk branch in Nairobi. Additionally, Uchumi will franchise its Nairobi West branch, its second branch franchise deal.
- Japanese lifestyle designer retail brand, **Miniso**, plans to open 200 stores in Nigeria by 2020. **Miniso** opened its first store in Lagos in September 2017, and has since opened 11 stores in Nigeria.
- **Shoprite** has put its Nigerian expansion plans on hold, until it gets clarity about banned products and foreign exchange fluctuations.

## Manufacturing

- **Procter & Gamble** Nigeria is closing its US\$300m Ogun state plant, which produces **Pampers** diapers and **Always** sanitary pads, less than one year after opening it, because of the adverse effect of import regulation policies on raw material costs.
- Ghanaian **Central Sugar Company** has signed a US\$11m financing deal with **The Universal Merchant Bank**, to establish a factory that will produce export starch from cassava.
- **Unilever Tea Tanzania** has invested over US\$44m in various projects over the past four years, to meet its pledges to government. It recently committed US\$8m to build a tea-processing factory in the Njombe Region, Tanzania.



The **Uqalo Consumer Index** retreated over the past two months, in line with other Emerging Markets. The UCI is 9% ahead of the average since August 2013.

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)

- **East African Breweries (EABL)** will be opening its new US\$149m brewery in western Kenya following a successful test run. The brewery is expected to begin a two-year production run of low-price **Senator Keg Beer** and gradually introduce mainstream brands, such as **Tusker**.
- French **Societe BIC** is assuming control of the manufacturing and distribution of **BIC** products from **Haco Industries**, owned by Kenyan businessman Chris Kirubi. **BIC** will take over the factory at Kasarani which has a current monthly capacity of over 20m pens.
- Ghana's Deputy Minister for Trade and Industry has commissioned the construction of a US\$3m tomato paste factory, **Leefound Food Stuff Company**, in the Ningo-Prampram district. This is part of the government's plan to establish at least one factory in all 254 districts of Ghana.
- President Muhammadu Buhari inaugurated a US\$250m brewery, **International Breweries (IB)**, at the Flowergate Industrial Scheme in Ogun State. **IB** is **AB InBev**'s fourth brewery in Nigeria, and will be the company's largest plant in Africa, outside of South Africa. Separately, **AB InBev** has plans to build a brewery in Mozambique in second half of 2018, with a capacity of more than 2m hectolitre per year, to compete with **Heineken**.
- **Volkswagen** has signed a MoU with the Nigerian government to establish an automotive hub in Nigeria. This came one day after signing an MoU with the Ghanaian Government, whereby **Volkswagen** committed to set up a vehicle assembly site there. **Volkswagen** already has assembly plants in South Africa, Kenya, Algeria and Rwanda.

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