

The Uqalo Report

NEWS FROM THE CONSUMER SECTOR IN SUB-SAHARAN AFRICA

NOVEMBER 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.

Private Equity

- Six global investors, including **Softbank**, **Warburg Pincus** and **Temasek**, have invested US\$1.25bn in **Airtel Africa**, the second largest telecom operator in Africa.
- **Investec Asset Management** has made an additional follow-on investment in **Mobisol**, the East African off-grid home solar system provider. **Investec** made its initial investment in **Mobisol** in 2016, along with the **IFC** and the **Dutch Development Bank**. This follow-on investment and other debt raised over the past six months amount to US\$25m.
- **Carlyle** has acquired a majority stake in **Abacus**, one of East Africa's largest pharmaceutical distributors and the largest manufacturer of parenteral products (IV fluids, ear, nose and eye drops) in Uganda.
- **XSML** has made its third investment in leading Ugandan pharmacy chain, **EcoPharm**, via the **Africa Rivers Fund**. **EcoPharm** has 12 pharmacies in Kampala.
- **Zoescales Partners** has made its first two deals for its US\$75m maiden fund. The first is in **CGF Crown Cork Manufacturing**, a manufacturer of metal crowns for the East African beverage industry. The second is in **Ethio-Asia**, a personal care manufacturer in Ethiopia.
- **LeapFrog Investments** has invested in Tanzanian **Pyramid Group**, a distributor of cardiac and orthopaedic equipment. **Pyramid** provides healthcare products to 4m consumers across sub-Saharan Africa.

Retail

- **SPAR** has opened its 14th outlet in Nigeria, in the **Leisure Mall** in Lagos, 30 years after entering the Nigerian market.
- Struggling Kenyan retailer, **Uchumi Supermarkets**, has regained control of its Nairobi head office, after a month lock out, by signing a debt settlement agreement with the landlord, the **Kenya National Trading Corporation**.

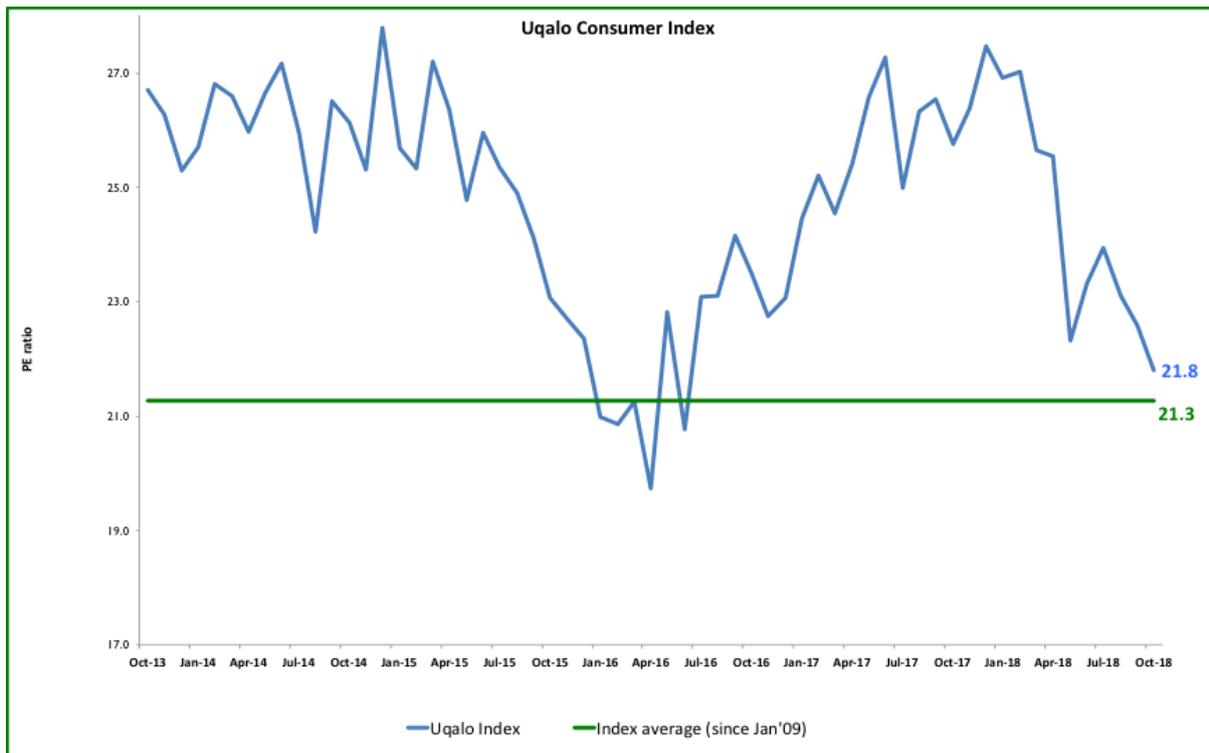
- **FoodCo Nigeria**, a diversified consumer goods company, has opened its 7th store in Nigeria.
- **S2 Africa**, the joint venture between **Satya Capital** and Portuguese group **Sonae**, has closed down all three of its **Central** supermarkets in Maputo, Mozambique.
- **Mango** has opened its first store in Kenya, at the **Westgate Shopping Centre** in Nairobi, bringing the number of **Mango** stores in Africa to 64.
- **Nakumatt** has closed down its **Nakumatt Mega** branch, reducing its branch network in Kenya to 6 stores. It plans to open a smaller outlet near the closed branch, later this year.
- **Alibaba** founder, Jack Ma, is launching the **Electronic World Platform** start-up hub in Kigali, Rwanda, to enable start-ups and SME's to participate in global trade and the digital economy.

Distribution

- Ghanaian fintech start-up, **Zeepay**, has signed a partnership with **MoneyGram** for international mobile payments. This will allow customers worldwide to send money directly to more than 11m mobile wallets in Ghana.
- **Uber** has launched its latest product, **uberPOA**, in Mombasa, Kenya, to provide rides on Tuk Tuk's.

Manufacturing

- **Masters Diapers Zimbabwe** has established a US\$2m manufacturing plant in Bulawayo, with a daily production capacity of 120,000 diapers.
- **Bata Shoe Kenya** plans to grow local manufacturing. The **Bata** Limuru factory, with an annual capacity of 30m shoes, has recently introduced a new military footwear range, branded as **Combat by Bata**, and plans to produce 400,000 pairs per annum.
- **Coca-Cola** plans to take full ownership of Nigeria's leading juice company, **Chi**, in which it has a 40% interest.



Indicative of global market movements, the **Uqalo Consumer Index** retreated. The UCI is only 2% ahead of the average which we calculate since January 2009.

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

- **EXIM Bank** has invested US\$2m in shea butter processing in Ghana. In 2017, Ghana generated US\$70m from the export of shea products.
- **Royal Friesland Campina**, the Dutch multinational dairy cooperative, is investing US\$26m in its evaporated milk and ready-to-drink milk factory, in Nigeria.

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