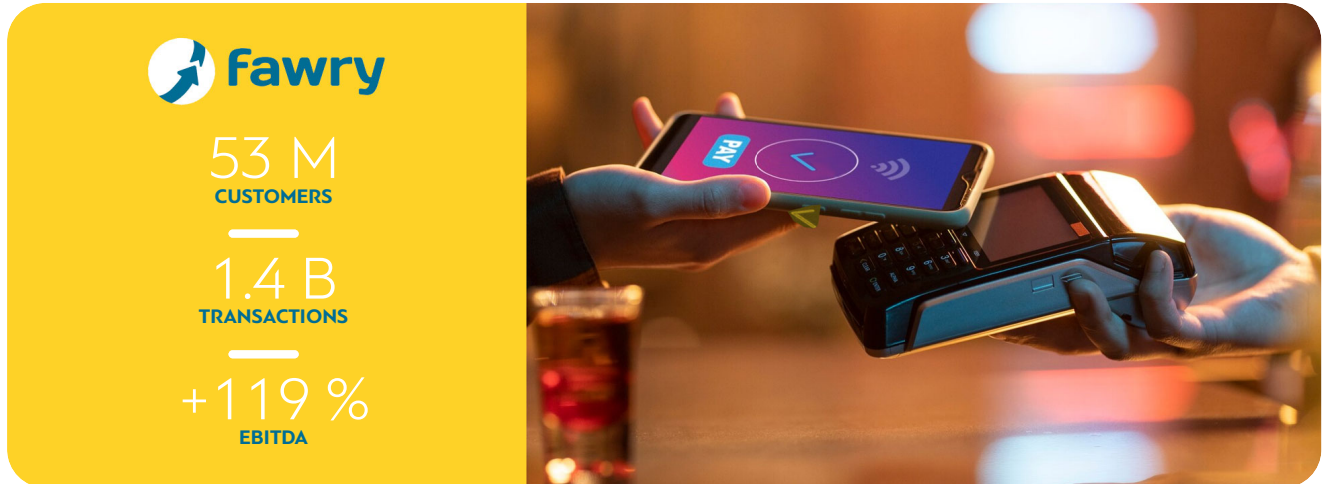


AFRICA FINTECH OVERVIEW

PUBLIC MARKETS : ANOTHER BUMPER RESULTS SEASON FOR OUR KEY HOLDINGS



For anyone sceptical or struggling to get to grips with the cash to non-cash revolution in Africa, here is a feast for you to digest. **Fawry**, our top holding, noted in results for the nine months to September 2024 that:

- 53 MILLION customers,
- transacted 1.4 BILLION times,
- across 383 THOUSAND PoS terminals,
- generating USD 10 BILLION worth of consumption,
- yielding 3q24 revenues +77%, EBITDA +119% and EPS +135%.

To top it all off, RoE is now 39% and it trades on a forward PE of 10x.



Another key holding, **MTIE**, grew revenues by 55% in 3q24, EBITDA by 52% and EPS by 61%. Results in its Fintech investment, Basata, have been encouraging, with revenues +35% and an expanded MENA footprint with the acquisition of a 25% stake in Jordanian Fintech, Madfoat.com.

VENTURE MARKETS : Africa VC and PE deal update

- Paystack partnered with Vendy to power payments on WhatsApp shops.
- Morocco-based fintech Premium Technology & Services (PTS) raised \$500K from BMCE Capital Investments.
- Tanzania based ClickPesa launched a platform to help microfinances serve better SMEs.
- Kenya's Capital Markets Authority (CMA) has approved Safaricom's second money market product, Ziidi. The product will compete with banks, insurers, and fintechs by investing deposits in low-risk options such as government bonds and T-bills.
- Fintech startup DigMo has launched in Zambia, offering a secure, free digital money account. The platform features a unique "financial planning game" that encourages users to start saving for the future by offering incentives.
- Co-founders of Flutterwave, the biggest African Fintech, launched Y-Combinator alternatives to back more African startups.
- Google has announced its 2024 cohort for the Google for Startups Accelerator Africa. Startups like Aveade and Breaze Delivery will get access to Google's network to help them grow and make an impact.
- Egypt's ITIDA and Flat6Labs have launched the InvestIT program to support seed and pre-Series A tech startups with consultancy, tools, and investor connections to help them grow.
- Visa has announced strategic investments in four African startups from its Africa Fintech Accelerator program: Ghana's Oze, Nigeria's Orda, and Kenya's WorkPay and OkHi.

ECONOMIC AND POLITICAL OVERVIEW

NIGERIA

Fuel marketers (distributors) struck a deal with Dangote refinery for the supply of at least 28m liters of petrol daily in the next six months for domestic consumption. This is **hugely positive as a tangible step towards fuel self-sufficiency and significant FX savings**.

Nigeria's foreign reserves rose to USD 40bn in November, reaching their highest level in nearly two years, according to data by the Central Bank of Nigeria (CBN). This milestone marks a significant increase driven by the CBN's policies to enhance foreign currency inflows through formal channels.

Macro releases included (October stats):

- Inflation accelerated to 33.9% y/y (Sep: 32.7%).
- FX reserves slide to USD 40.2bn (Sep: USD 37.0bn).
- PMI was 49.6(Sep: 50.5).

33.9% y/y	US\$ 40.2bn	49.6
INFLATION RATE	FX RESERVES	PMI

EGYPT

Fitch Ratings announced Friday that it has **upgraded Egypt's long-term foreign-currency Issuer Default Rating (IDR) from B- to B, with a stable outlook**. Fitch attributed this upgrade to an increase in international reserves, which rose to USD44.5bn, and a recovery in the net foreign asset position, which has nearly balanced out from a deficit of USD 17.6bn in Jan. Fitch anticipates that foreign direct investment (FDI) in Egypt will average USD16.5bn over the next two fiscal years, supported by new investments from Saudi Arabia and the Ras El-Hekma project. These inflows should help cover the current account deficit (CAD), which widened to 5.4% of GDP in FY24. Fitch projects a reduction in CAD to 5.2% in FY25 and 4% in FY26, constrained by a partial recovery in gas production and lower Suez Canal revenues. It asserts that monitoring under the IMF programme supports higher FX flexibility. It also emphasised that since the 38%depreciation of the official rate in Mar 2024, there has been no indication of foreign exchange intervention by the CBE, and the parallel market rate has remained stable.

The Central Bank of Egypt (CBE) announced Monday that **remittances from Egyptian expatriates surged 43% y/y to USD 20.8bn in 9m24. In September, remittances surged 108% y/y to USD 2.7bn**. Moreover, remittances have increased 84% y/y in 3q24 (1qFY24/25) to USD 8.3bn. The CBE attributed this significant rise in remittances to the economic reform measures introduced by Egypt in March 2024.

Egypt's net international reserves **(NIR) increased by USD205mn m/m in October to USD46.9bn, setting a new nominal high**, according to data released by the Central Bank of Egypt (CBE). The rise came on the back of a continued uptrend in CBE's value of gold holdings, which increased USD431mn m/m in October (and USD2.7bn YTD), as it continued to increase its holdings of the metal.

Egypt's tourism revenues are projected to grow by 7-8% y/y by 4q24, according to Amr El-Kady, CEO of the Egyptian Tourism Authority (ETA). Tourism revenues grew 4.8% y/y to USD 6.6bn. El-Kady also expected a growth rate of 3-4% in overall tourism by the end of 2024. He attributed the higher revenue growth to a shift in the groups of international tourists visiting Egypt, increased spending habits by travellers and greater demand for hotel rooms, which has driven up prices. Moreover, he noted that revenue growth varies by city. For example, the Red Sea is set to witness a 10% increase, while Cairo and Giza are expected to experience growth of at least 15%. El-Kady also estimated that the total number of tourists visiting Egypt in 2024 will be 15.3-15.4m.

Macro releases (October stats):

- Inflation was 26.5% y/y (Sep: 26.4%).
- FX reserves were USD 46.9mn (Sep: USD 46.7mn).
- PMI slip to 49.0(Sep: 46.7).

26.5% y/y	US\$ 46.9bn	49.0
INFLATION RATE	FX RESERVES	PMI

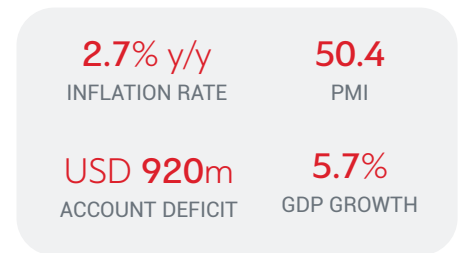
KENYA 

Equity Group life insurance subsidiary's pre-tax profit for nine months ended September, rose 2.8 times to Sh1.07bn on increased revenue, beating some of its banking operations. At Sh1.07bn, the pre-tax profit of Equity Life Assurance Kenya, which Equity Group owns fully, through Equity Group Insurance Holdings, has overtaken Equity Bank Tanzania (Sh0.9 bn) and Equity Bank South Sudan (Sh0.8 bn) on gross profits.

Cryptocurrency exchange platform Coinbase is making a grassroots push into the Kenyan technology and payments ecosystem by supporting developers and eyeing co-operation with M-Pesa even as government regulation remains uncertain.

Macro releases (October stats):

- Inflation was 2.7% y/y (Sep: 3.6%).
- PMI slide to 50.4(Sep: 49.7).
- 2q23 current account deficit widened to KES 138.7bn (USD 920m).
- The Central Bank of Kenya (CBK) anticipates GDP growth for 2023 at 5.7%.



MOROCCO 

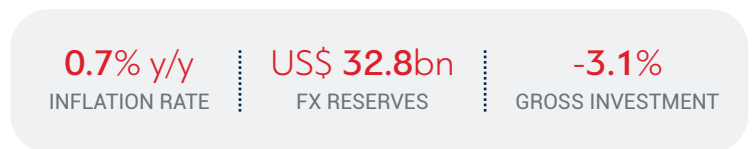
The Tanger Med Port Authority (TMPA) has reported a turnover exceeding MAD 3bn (USD 290m) by the end of September 2024, reflecting 11% y/y growth. In 3q24, the port recorded revenues of MAD 968mn (USD 93m), up 6% y/y. **The strong performance is attributed to a surge in trade activity, with the port handling 103m tons of goods through September, representing 12.5% y/y growth.** Of this, 35m tons were processed in 3q24. Tanger Med is not only a logistical hub but also a driver of regional economic development. It oversees over 3,000 hectares of economic zones that host more than 1,300 companies. These businesses generate an annual turnover of EUR 14bn across various sectors, including automotive, aerospace, textiles, agri-food and logistics.

Tourist arrivals in Morocco grew 19% y/y to 14.6m in 10m24, Minister of Tourism Fatim-Zahra Ammor said. Growth was driven by both foreign tourists (+22%) and Moroccans living abroad (+16%). "October's performance was exceptional, with c1.5m tourists received, remarkable 30% y/y growth," she added.

A draft law on cryptocurrencies is undergoing the process of adoption in Morocco, Governor of Bank Al-Maghrib (BAM) Abdellatif Jouahri said Tuesday. Cryptocurrencies have been banned in Morocco since 2017. The Central Bank "has prepared a draft law regulating crypto assets, which is currently in the adoption process," Jouahri told an international conference in Rabat. BAM was also exploring a Central Bank digital currency (CBDC), he said. "Regarding central bank digital currencies, and like many countries around the world, we are exploring to what extent this new form of currency could contribute to achieving certain public policy objectives, particularly in terms of financial inclusion," he said. A CBDC is controlled by the Central Bank, in contrast to cryptocurrencies that are usually decentralised.

Macro releases included (October stats):

- Inflation slide to 0.7% y/y (Sep: 0.8%).
- FX reserves was USD 32.8bn (Sep: USD 33.8bn).
- Gross investments into Morocco slowed, down -3.1% in 2q23 (2q22: -8.4%).



MAURITIUS 

Macro releases (October stats):

- Inflation rose to 3.4% y/y (Sep: 3.1%).
- Bank of Mauritius (BoM) kept the interest rate remained 4.0%.



COMPANY UPDATES

Key to brackets: (Country | Industry)



Safaricom (Kenya | Communications Services) – 1h25 results update: Revenue grew 13%, EBITDA declined -5% and EPS were -18% as Ethiopia roll-out and FX weakness dampens earnings. FCF was exceptionally strong, coming in up 71% due to higher EBITDA and improved working capital. Within revenues, MPESA grew 17% and Data 22%, with Voice growth slower at 5%. From a geographic split, Kenya remains exceptionally strong, despite relative maturity. Revenues grew 13%, with MPESA +17% and Data +20%. In Ethiopia, the greenfield expansion, there are now 6m customers with revenue streams all growing in triple digits off a low base. We forecast EPS of 1.7-1.8 for FY25, which values the company at a 9x PE multiple, extremely unchallenging such a high quality business.

MARKET OUTLOOK

Africa is expected to outperform the rest of the world with an improved outlook in 2024. We continue to allocate to high quality businesses; those that score highly on our internally developed, Likert Q-scoring system, both currently and over time. We have two additional quantitative overlays, valuation and growth. We also have two qualitative overlays being management and ESG. What is particularly exciting is that we have a number of businesses across Africa that fit these criteria. The key transformational trends of financial inclusion, urbanisation and economic formalisation underpin a robust African consumer story that is taking shape regardless of global volatility. We allocate to the best companies in the sectors that tap into this transformation. At the moment, we have a bias towards financial inclusion and fintech themes as they do particularly well on our growth metrics.

Nigeria – The new President is taking reforms seriously, collapsing all rates to a single I&E window; a hugely positive signal to the markets. This, as new bills have been signed into law coupled with other positive moves, including the removal of fuel subsidies. The road to full recovery will take committed policy change and will be bumpy. The communications, fintech and banking sectors are growing strongly, yet high quality companies exploiting these, are at all time low valuation multiples.

Egypt – The short term outlook for Egypt is extremely positive on the back of the UAE real estate deal, the IMF and the World Bank deals. The tourism outlook has improved, wheat prices have halved, and strong remittance growth has returned. With the bulk of household consumption in cash, the investment opportunity for us in fintech is immense in this 100m population country and it will also drive economic formalisation and increased government revenue through widening of the tax net.

Morocco – Morocco's key economic drivers are mining, agriculture and tourism. Tourism is rebounding with positive indicators for 2024. In terms of outlook, it remains a stable, mid-growth country with excellent opportunities in retail, manufacturing and fintech.

Mauritius – Tourism rebounded and growth prospects are positive.

Kenya – Peaceful elections and a new, business-friendly President bode well for the country in the foreseeable future. Continued recovery in tourism, lower soft commodity import prices and a rebound in food exports should provide tailwinds. Corporate expansion into neighbouring countries such as the DRC and Ethiopia, provide significant opportunities for Kenya. Safaricom and Equity Group are the two main drivers. IMF and World Bank support will also allow the country to maintain a strong growth trajectory.