



Deals flow in Rwanda IPO pipeline



The ongoing privatisation of Rwanda's key State corporations promises to offer investors a steady pipeline of deals in 2011, with the fledgling market's second ever initial public offering expected to be completed in the first half of next year.

Bank de Kigali, Rwanda's largest bank, is lined up as the next listing candidate after the just concluded Bralirwa initial public offering (IPO) that closed early in December.

Other IPOs that are lined up include insurer Sonarwa, Rwandair, MTN Rwanda, Fina Bank and cement maker Cimerwa.

Kenyan investors are increasing spreading their portfolio across the region.

Recent regional investment opportunities have recorded a high uptake by locals, including the just concluded Bralirwa IPO and the Stanbic Uganda IPO of 2007 which was oversubscribed by 200 per cent.

African Alliance, which taps regional investors through its operations in Nairobi, Kampala and Kigali, said that the uptake of the Bralirwa IPO was heavy especially from institutional investors and foreign investors.

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The government of Rwanda plans to sell a 25 per cent stake in Bank de Kigali, but there are no details yet on how much it expects to raise from the issue and at what price the shares will be priced.

In an advertisement sent out on Tuesday, Bank de Kigali said transaction advisors for the issue are expected to be picked in March.

The transaction arrangers will be advised on whether the IPO should be opened to all investors in the East Africa Common market

Financial results for the firm indicate that the lender has assets worth \$262 million or Sh20 billion as at the nine months ended September 2010, which would rank it as a third tier bank when compared to its local peers like Prime Bank, Fina Bank and Bank of Baroda.

Bank de Kigali is, however, Rwanda's biggest bank in assets, deposits and loans. The country has eight commercial banks. The bank targets both retail and institutional investors.

Local investment banks have said that Bank de Kigali is in their investment radar, adding that when the opportunity knocks they will go for it.

Standard Investment Bank executive director Job Kihumba said that the broker will apply to be the transaction advisor for the issue.

African Alliance Investment Bank said that it will "definitely bid" once regulators give the go ahead for the offer.

Mr Kihumba said local response to the Bralirwa IPO was lukewarm unlike the interest in Stanbic Uganda due to the low level of awareness from investors which he said was the result of the offering not being adequately advertised.

"Interest was not strong as the level of marketing was not too strong," said Mr Kihumba.

For Kenyan investment banks, clinching the transaction advisory role will add to the number of deals under their belts which has so far seen a reversal of fortunes from 2008 and 2009, which were lackluster years and it will give local firm's the chance to increase their regional foot print.

Transaction advisors and sponsoring brokers will be pre-qualified in February and in March the winner to spearhead the process will be announced.

Rwanda's financial and construction sectors look the most promising growth sectors , according to analysts.

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"The banking sector across all countries looks good because of increased regional trade and the low penetration of banking services," said analysts at African Alliance Investment Bank.

Heavy cement consumption is expected to continue across all the countries in the region fuelled by the massive infrastructure projects currently going on and the growing real estate sector.

Locally the government wants to sell part of its shares in KenGen, National Bank of Kenya and the five state-owned sugar millers, Miwani, Chemelil, Muhoroni, Sony and Nzoia.

These privatisation plans may however go beyond 2011. From the Cabinet's approval for sale, the appointing of transaction, legal and public relations advisors until the actual trading of the shares can take as much as between two and three years as opposed to private companies where the process can take two years.