

CASE STUDY:

BBOXX



THE COMPANY:



Company: Beyond Energy Investments (BBOXX)

Region: East Africa

Country: DRC, Kenya, Rwanda

Sector: Power Generation

Technology: Solar home systems

Size: USD41m

Investors: AIIF3, via AIIF3 Clean Energy, BBOXX Capital

Investment: Equity

BBOXX'S STORY

BBOXX is a next generation utility platform developing solutions to provide affordable, reliable and clean energy, as well as other utility services to off-grid communities in emerging markets, powering growth and transforming lives in underserved communities.

BBOXX designs, manufactures, distributes and finances innovative plug and play solar home systems to improve access to energy across Africa and the developing world, transforming lives and unlocking potential through access to energy.

The three co-founders of BBOXX met at Imperial College London while studying Electrical and Electronics Engineering and after travelling around the world, were inspired to find a solution to the challenges faced by many businesses and communities in emerging markets, without access to electricity or with an unreliable electrical supply.

They saw the potential in the lack of existing infrastructure to create a sustainable, environmentally responsible

solution to the problem, and initially set up a successful student charity to raise awareness of the potential for off-grid solar solutions in the developing world. BBOXX was subsequently founded in 2010 to provide off-grid clean energy throughout emerging markets.

In East Africa, BBOXX's off grid solar home systems combine solar panels and batteries with pioneering technology, payable on a pay-as-you-go basis using mobile money across the Democratic Republic of Congo (DRC), Kenya and Rwanda.

With its headquarters in the UK, and manufacturing operations based in China, BBOXX has 600 staff across nine offices including in DRC, Kenya, Rwanda and Togo.

IMPACT HIGHLIGHTS

- 2010 BBOXX founded
- Since founding, more than 150,000 BBOXX products have been sold in more than 35 countries, connecting over 800,000 people with clean, affordable electricity for the first time.
- January 2019 AIIM acquired through its African Infrastructure Investment Fund 3 (AIIF3) a minority stake in BBOXX's operations in East Africa, as part of a USD31 million investment plan.
- January – December 2019:**
 - Portfolio of customers increased by 49%, growing to circa 190,000 households in East Africa.
 - Circa 250,000 people positively impacted in East Africa in 2019.
 - 1.6 GWhr of energy generated using BBOXX solar home systems in 2019 circa 1,600 tonnes of CO2 equivalent offset.
 - March 2020 AIIM approved a follow-on investment of USD10 million in support of expansion funding for the business.



THE COMPANY VIEW

Mansoor Hamayun CEO and co-founder of BBOXX said:

“AIIM has an impressive track record in the African power sector, supporting companies to reach the next stage of growth and evolution. We are delighted to welcome AIIM as an investor into our business and look forward to partnering together to reach more people across Africa, providing much needed access to electricity over time.”



THE ROLE PLAYED BY PRIVATE EQUITY

In January 2019, AIIM acquired through its African Infrastructure Investment Fund 3 (AIIF3) a minority stake in BBOXX's operations in East Africa, as part of a USD31 million investment. AIIF3 is AIIM's third pan-African fund with nine other investments in power, transportation, and energy infrastructure. The Fund closed in May 2019. AIIM approved a follow-on investment of USD10 million in March 2020 in support of the continued roll-out of BBOXX's businesses in the region.

Growth equity provided by AIIF3 has accelerated the roll-out of BBOXX's solar home systems across Rwanda, Kenya and DRC.

The deal was structured with AIIF3 and BBOXX Capital sharing 70% and 30% respectively in a holding company called Beyond Energy Investments (Beyond). In turn, Beyond became a 40% shareholder in Distributed Energy Service Company (DESCO) in Rwanda, Kenya and DRC. The remaining 60% of each NGU is owned by BBOXX Capital, and by GoShop in the DRC.

AIIM implemented a phased drawdown schedule contingent on each of DESCO's performance and funding needs in order to

mitigate market risks. In addition, a level of local currency devaluation was built into the business plan and local currency debt has been raised in Rwanda and is in process of being raised in Kenya.

AIIM ensured the deal was aligned with AIIF3's ESG mandate, identifying critical standards and guidelines for implementation. At the start of the deal an ESG due diligence process was undertaken to identify key risks and opportunities, corporate governance was strengthened with the appointment of local female NEDs and all legal documents and contracts were incorporated into the ESG implementation clauses to ensure that the portfolio company met AIIF3's ESG requirements.

AIIM appointed Ibis ESG Consulting (Ibis) to conduct the environmental and social due diligence (ESDD) for the transaction, and to ensure full ESG viability, Ibis undertook site visits and conducted detailed interviews with BBOXX management. Findings from the ESDD then informed an environmental and social action plan (ESAP), which was implemented in the business once the transaction was finalised.

A FORCE FOR GOOD

Over 590 million people lack access to electricity in Africa. High grid connection costs coupled with increasing household incomes and a need for power, make off-grid solar a compelling alternative for rural communities and areas with unreliable grid access. In addition, a lack of reliable transmission and distribution networks combined with weak state-owned utilities make grid-connected renewable energy projects increasingly challenging.

The BBOXX platform enables economic development in rural and peri-urban communities by creating new markets through the entry point of electricity, bringing people into the digital economy and creating demand in other areas including gas, water, internet and finance – a demand which the company also seeks to meet.

BBOXX customers are typically located in rural areas, earning their living by small scale farming, fishing or other small business. BBOXX business model ensures that upfront

prices remain affordable by reducing existing energy costs and spreading the cost of a solar home system over time to enable its customers to purchase cheaper, cleaner and renewable solar energy.

From January to December 2019, it is estimated that an additional circa 250,000 people in Rwanda, Kenya and DRC were positively impacted through access to BBOXX products. Circa 1.6 GWhr of energy was generated using BBOXX solar home systems, allowing 63,000 school-aged children to extend their studies after dark, and over 1,600 tonnes of CO2 equivalent was offset.

AIIM's investment continues to support BBOXX to reach the next stage of growth and evolution, driving disaggregation in what has traditionally been a vertically integrated market, providing much needed access to electricity and reaching more people across Africa.

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