

Old Mutual buys Faulu in Kenya

Old Mutual has bought a third company, Faulu Kenya, as it expands its footprint on the African continent, the company said on Wednesday (3 July).



The purchase price was not disclosed by the London- and JSE-listed group.

"Faulu is the second largest deposit taking micro-finance company in East Africa and the first to be licensed by the Central Bank of Kenya," Old Mutual's chief executive Julian Roberts said

"This is a further step in executing our strategy of expanding our African footprint," he added.

Old Mutual planned to have its Africa operations contributing the equivalent of 15% of the profits generated in SA by 2015.

The group had already met its target of achieving profits in Africa equivalent to 10% of Old Mutual SA's profits in the year ended December last year.

Last month, Old Mutual took a majority stake in Provident Life Assurance Company based in Ghana and in January, Nigeria's National Insurance Commission sanctioned its purchase Oceanic Life Insurance.

Old Mutual spokesman William Baldwin-Charles would not say how much the group had paid for these acquisitions, saying only that they formed part of the R5bn set aside for expansion in Africa over the next three to five years.

Faulu has more than over 100 outlets in Kenya serving a market similar to Old Mutual's Mass Foundation business in SA, which targeted the emerging black middle-class. He said it was a respected business with "excellent" distribution network and over 400 000 customers.

The deal was conditional on regulatory approval and was expected to be completed by the end of this year.

Old Mutual had unit trusts and offshore investments in Kenya and was the fastest growing life insurer in the country.

Baldwin-Charles also said Old Mutual's Kenyan asset management business had 90bn Kenyan shillings (R10.5bn) under management.