

PRESS RELEASE

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M-KOPA Solar Brightens Off Grid Solar Market

- Reaches 50,000 customers within 15 months of launch
- Closes Ksh 1.72billion in funding to reach one million homes

Nairobi, Kenya - M-KOPA Solar is today announcing that it has closed its most recent round of funding, raising Ksh 1.72billion to fund expansion of their customer base from 50,000 homes to one million homes by 2018. M-KOPA Solar is an innovative asset financing company that sells solar home systems to off grid households, on an affordable 12-month mobile money payment plan.

The funding includes a Ksh 860 million commercial-grade syndicated debt facility fronted by a leading East African bank, Commercial Bank of Africa (CBA). The system is sold in partnership with the Safaricom dealer network, and the consumer payment plan is offered through Safaricom's mobile money platform, M-PESA.

Mr. Jesse Moore, Co-Founder and Managing Director, M-KOPA Solar says, "The M-KOPA Solar model makes world class solar systems affordable for low income consumers - most of whom live below the poverty line. It's a model that is also proving attractive to investors. At the heart of our business is our patented technology platform that combines embedded GSM with mobile payments to revolutionise asset financing.

"We know Kenyans spend over Ksh 86 billion a year on kerosene. We also know Kenyans would prefer brighter, healthier and safer alternatives. We've developed our technology and business model precisely to meet that consumer need."

The collateral for the CBA-led loan is M-KOPA Solar's future cash flows from its customer payment plans. This innovative lending structure involves the securitisation of a loan book composed of low-income consumers, sometimes without bank accounts or fixed abode, paid entirely through the Safaricom M-PESA system. This is different to most collateral packages that are backed up by assets – like land.

Mr. Jeremy Ngunze, CEO at CBA says, "As a group, we understand the aspirations and realities of African economies and this investment in M-KOPA Solar makes sound business sense for us.

"There is very little formal credit or financial information on how off grid households consume and pay for energy. We're very impressed with M-KOPA Solar's technology platform, which allows them to extend credit to customers who are otherwise lacking formal collateral or credit histories. And it is clear that there is an enormous, creditable market that wants to be empowered by cutting-edge energy, telecommunications and financial solutions."

Other lenders in M-KOPA Solar's debt facility are Bill & Melinda Gates Foundation, LGT Venture Philanthropy, clients of Imprint Capital, and Netri Foundation. The Ksh 1.72billion in funding includes grants from DFID UK, Bill & Melinda Gates Foundation and the Shell Foundation. And there is re-investment by lead equity investors Gray Ghost Ventures. Funds are being used to scale up sales and operations in East Africa, expansion into other markets, R&D and business intelligence.

Mr. Bob Collymore, CEO, Safaricom Limited says, "We're incredibly proud to have been an anchor partner for M-KOPA Solar and to see this Kenyan success story starting to go global. Our technology, fantastic customers and dealer network have provided a unique environment to scale up the M-KOPA Solar model.

"Every day there are people coming into our shops looking to revolutionise their access to energy by acquiring M-KOPA Solar. And each day we're seeing more and more people successfully complete their M-PESA payment programmes. By providing this service, we are not just lighting homes, but we are also enabling children to do their homework at night as well as providing convenient unlimited mobile charging at home."



M-KOPA Solar currently offers customers a high quality d.light D20G solar system with three lights, phone charging and a solar powered radio - which is all backed by a two-year warranty. The system is available for a deposit of Ksh 2,999 followed by 360 daily payments of Ksh 50 (inclusive of VAT).

Repayment rates on the M-KOPA Solar payment package are at 95 per cent even though most households have per capita incomes below Ksh 172 per day. A recent independent survey, by TNS Research International Kenya, reported that 97 per cent of households with M-KOPA Solar were saving money compared to their previous daily spend on kerosene.

Mr. Moore says, "Our investors and customers appreciate that M-KOPA Solar can do well as a business and change lives at the same time."

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