

L'attractivité affirmée de l'Afrique? ***Emergence et Résilience***

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Africa—Variable growth, long-term positive trends

Overall GDP growth slowdown, masking varied performance

- 3.3% average growth on the continent from 2000-2015 versus:
- 5.4% average from 2000—2010

Divergence between countries is growing

- Oil exports and North African Arab Spring countries have suffered the biggest change in fortunes.
- Other countries have actually accelerated, growing 4.4% from 2010-2015 versus 4.1% in 2000-2010

Increasing economic diversification

- While Africa benefits from a large and growing natural resource endowment and has benefited from increased commodity prices, less than one-third of real GDP growth over the past decade has been attributable to natural resources
- Instead, the vast majority of growth has been, and is expected to continue to be, driven by consumer spending, manufacturing, and service industries with an increasing emphasis on the domestic and regional market

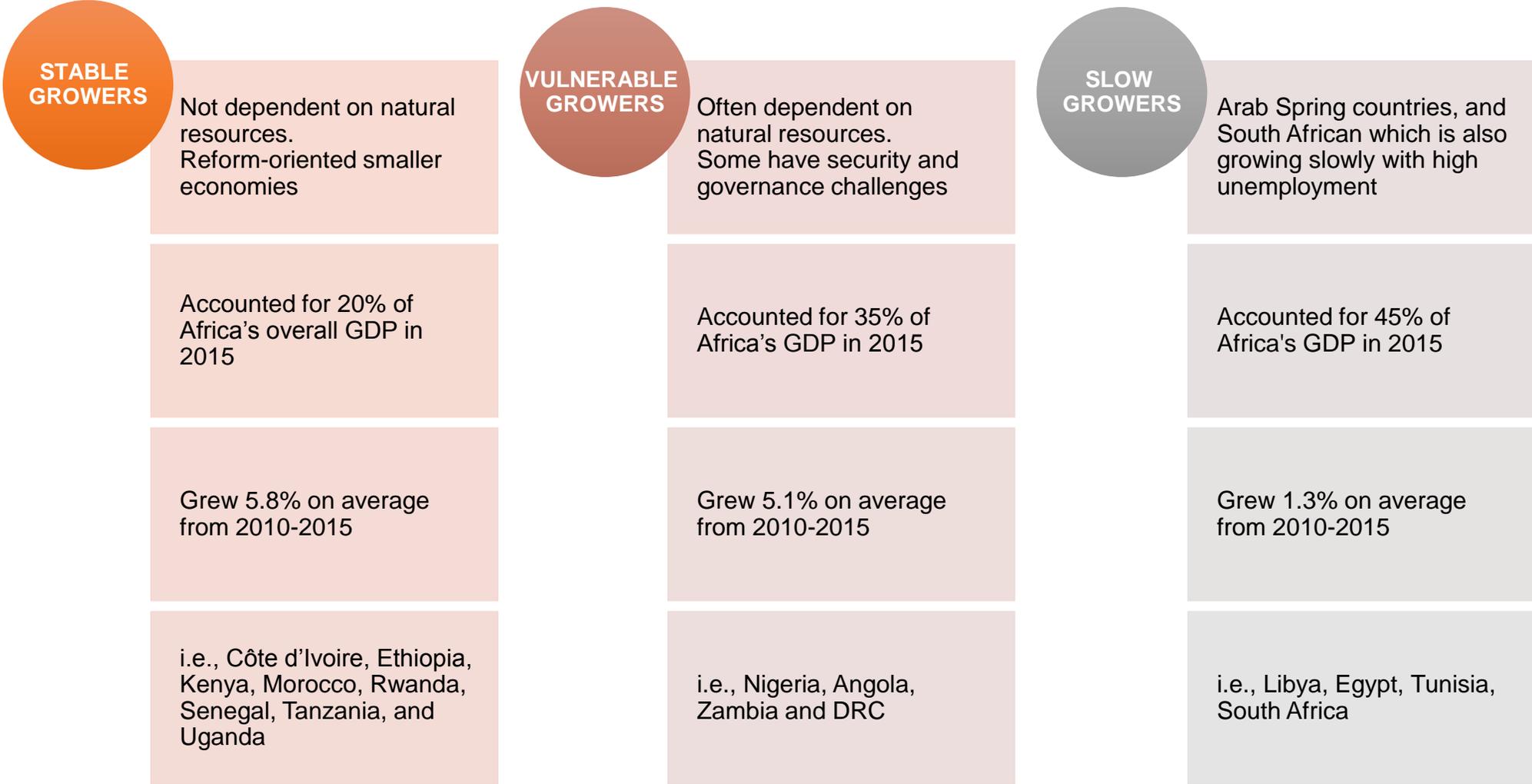
Africa is still resource rich ... but not powerful

- Africa contains 60% of the world's unutilized but potentially available cropland
- It also has the world's largest reserves of vanadium, diamonds, manganese, phosphate, platinum-group metals, cobalt, aluminum, chromium, and gold.
- Africa is still lagging behind in terms of electrification: Sub-Saharan Africa has 13% of the world's population, but 48% of the world's population without access to electricity—about 600m people. The region's consumption is only 150 Kw/hr per capita.

Corporate Africa is small compared with peers, but growing fast

- Today 400 African companies have annual revenues above \$1bn, 700 companies with revenue above \$500m.
- These companies are growing faster and are more profitable than those of comparable EMs around the world.

Africa–McKinsey’s Three African Economic Groups



Source: McKinsey, September 2016

Africa—Many ingredients for upside

Positive demographic trends

- By 2034, Africa will have a larger working population than either China or India. Importantly, the pace of job creation is **faster** than the pace of labor force growth
- Africa has the youngest population in the world, with over 200 million people between the ages of 15 and 24. This is expected to double by 2045.
- Education levels are improving among young people and it is projected that by 2020 nearly 100 million young people will have had secondary education (vs. 69 million in 2010)

Rapid urbanization and growing middle class

- Africa's urban population should grow from 480 million in 2015 to 800 million in 2030 and 1.3 billion by 2050.
- Urban populations are associated with faster GDP growth given productivity improvements.
- Africa's middle class today accounts for 34% of its population and is expected to grow from 370 million to about 865 million by 2040 and 1.1 billion in 2060, representing 42% of the continent's population.

Business and consumer spending are increasing

- Spending by consumers and businesses today totals **\$4 trillion**.
- Household consumption is expected to grow at 3.8% per year to 2025, when it should reach \$2.1 trillion. And Business spending is expected to grow from \$2.6 trillion in 2015 to \$3.5 trillion by 2025.

Potential for manufacturing increases

- Africa could nearly double its manufacturing output from \$500 billion today to \$930 billion in 2025, with much of that meeting domestic demand (rather than imports).

Reforms to improve the business environment

- Based on the 2016 World Bank Doing Business Report, five out of the top ten countries in number of reforms are African countries. Sub-Saharan Africa alone accounted for about 30% of the regulatory reforms making it easier to do business in 2014/15.

Sources: IMF, UN Population Division, IMF, McKinsey (Sep. 2016), World Bank

Africa–Sector opportunities arising from growth and structural changes

Rapid Growth

- Large and growing consumer class, increasing disposable income (*FMCG, Private Education, Pharma/Healthcare, Financial Services, Manufacturing*)
- Evolving consumer tastes (*FMCG, Agribusiness/Food Processing, Transport/Logistics, Packaging, TMT*)
- Substantial investment (both local and foreign), driving growth within the supply chain (*Commodity and Extractive Industries*)

Structural Changes

- Increasing capital requirements and newly implemented single shareholder limits (*Financial Services*)
- Local content programs in certain countries/industries favor indigenous companies (*Oil and Gas, Insurance*)
- Economic liberalization and reduced barriers to trade, regional trade agreements (*Transport/Logistics, Packaging*)
- Acceleration of growth through technological change (*TMT, Finance, Modernization of many sectors including Power, Education, Retail, Healthcare*).
- Growing presence of MNCs is driving need to upgrade product/service capabilities and HSEQ standards (*Various industries*)
- Improved governance (*All sectors*)
- Expanding infrastructure (*Transport/logistics, FMCG*)

Examples of investments in growing sectors

<p>Agribusiness / Food Processing/ FMCG</p>	
<p>Financial Services / FinTech</p>	
<p>Pharma/ Healthcare</p>	
<p>Education</p>	
<p>IT and Telecom</p>	
<p>Manufacturing (Construction, packaging...)</p>	
<p>Energy (Production and services)</p>	
<p>Distribution & Logistics</p>	
<p>Hospitality & Event planning</p>	