
**BLOOMBERG
INTELLIGENCE**

**AFRICA
RISING**
2014

Bloomberg

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AFRICA RISING: ANALYZING OPPORTUNITIES & CHALLENGES

Bloomberg Intelligence welcomes you to the U.S.–Africa Business Forum.

Africa's vibrant economies and abundant resources are attracting investments from global and local industries, including the traditional energy producers and miners as well as the telecommunications firms, banks and retailers that serve growing consumer markets.

This book includes some early analyses of Africa by more than 150 research professionals at Bloomberg Intelligence, the research arm of Bloomberg L.P. The sampling highlights the opportunities for and challenges to growth in Africa, including the implications for its countries, peoples and key industries. Expect to see more on Africa from Bloomberg Intelligence in the future.

Understanding Africa's opportunities is critical for businesses and governments. We analyze more than 130 industries and thousands of companies worldwide that are central to Africa's growth and prosperity. Additional depth comes from detailed coverage by our analysts of government, legal, environmental, social and governance issues.

Our interactive service makes 320,000 customers immediately aware of major events and new data so they can review the information graphically, read the related research and reach out directly to other investors, executives and our analysts through industry chat rooms.

We hope you will enjoy reading what our analysts have found and contact our team if you want to know more about what we can offer.

Sincerely,
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THE

BIG

PICTURE

THE BIG PICTURE

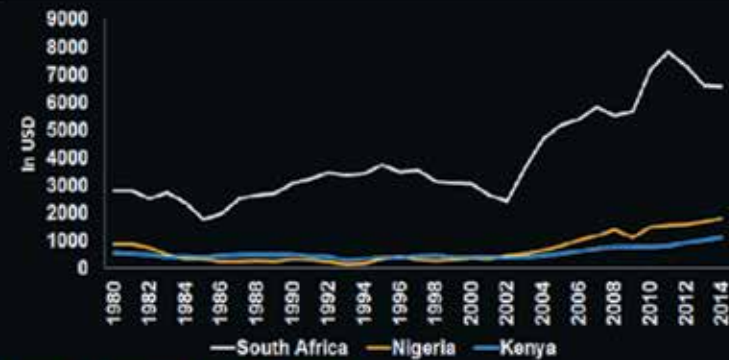
Soaring GDP Growth, Youth Make Africa a Consumer Product Target

Analyst Kenneth Shea

Jul 7, 2014

Multinational consumer products companies are increasing their investment in the African continent to capitalize on rising income and wealth per capita, swelling urbanization and a population in which 68% are under the age of 30, according to Euromonitor data. During 2003-13, gross domestic product per capita rose 82% in South Africa (to \$6,620), 223% in Nigeria (\$1,692) and 131% in Kenya (\$1,016).

GDP Per Capita in Large Africa Nations Rising Rapidly



Source: International Monetary Fund

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Beverages

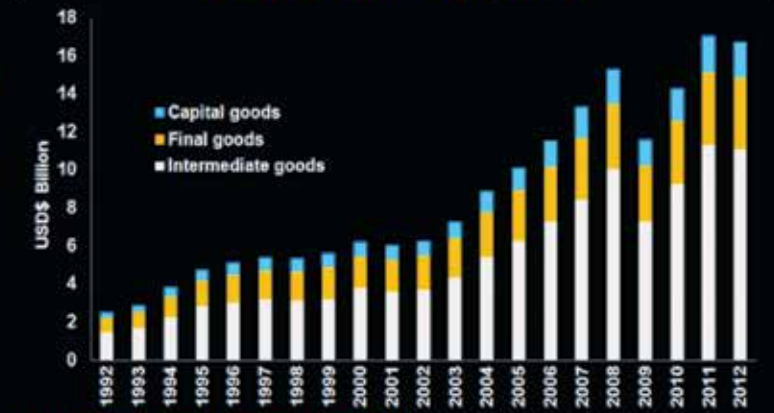
Africa Manufacturer Import Gains Signal Rise in Trade Network

Analyst Caitlin Webber

Jul 14, 2014

Africa's standing in cross-border trade networks is on the rise, even as the continent continues to comprise a small share of those so-called global value chains. Imports of intermediate goods have led African trade growth over the past two decades. Those semi-finished goods are further processed before sale or export, providing more jobs and economic value than finished imports. During the same period, wealthy countries' share of semi-finished imports has fallen.

Africa Global Imports



Source: AEO - African Economic Outlook 2014

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Legislation

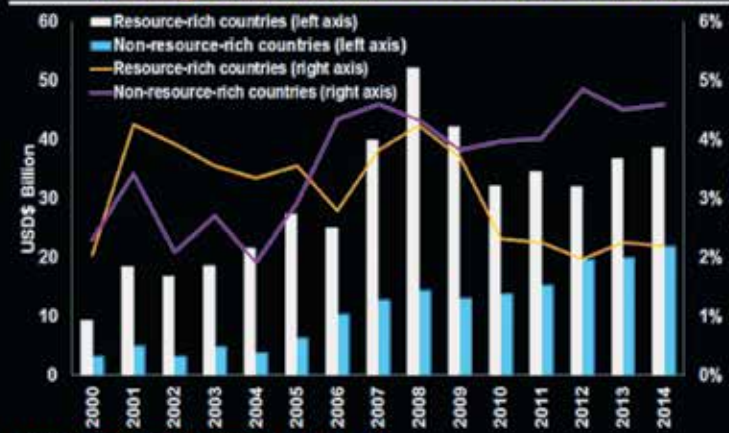
Intra-Africa Trade Begets World-Africa Trade Under Obama Plan

Analyst Caitlin Webber

Jul 14, 2014

President Barack Obama's Trade Africa plan, launched in June 2013, aims to attract global traders and investors to sub-Saharan Africa by fostering a stable trade bloc within the region. The plan seeks to again double intraregional trade in the East African Community, made up of Burundi, Kenya, Rwanda, Tanzania and Uganda -- a feat the community accomplished in 2008-13. U.S. support will focus on easing border crossings and finalizing a single customs union within the community.

Foreign Direct Investments to Africa



Source: AEO - African Economic Outlook 2014

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Legislation

Infrastructure, Investment Drive Africa Anti-Poverty Program

Analysts Melissa Avstreih & Caitlin Webber

Jul 14, 2014

President Barack Obama is seeking an 11% funding increase, the first since 2010, for the Millennium Challenge Corp., a Bush-era agency that works to reduce poverty through infrastructure development and private-sector investment. More than 75% of Millennium's fiscal 2015 budget will be used in Liberia, Morocco, Niger and Tanzania. One project aims to improve the commercial viability of power in Liberia, where just 1.7% of the population has access to electricity.

Millennium Challenge Compact Assistance

Country	(in millions)			Total
	Prior Years	FY 2014	FY 2015	
Ghana	\$300	\$275		\$575
Liberia		\$232	\$168	\$400
Morocco	\$75	\$169	\$186	\$430
Niger			\$360	\$360
Tanzania	\$398		\$52	\$450
Total	\$773	\$676	\$766	\$2,215

Source: Millennium Challenge Corporation

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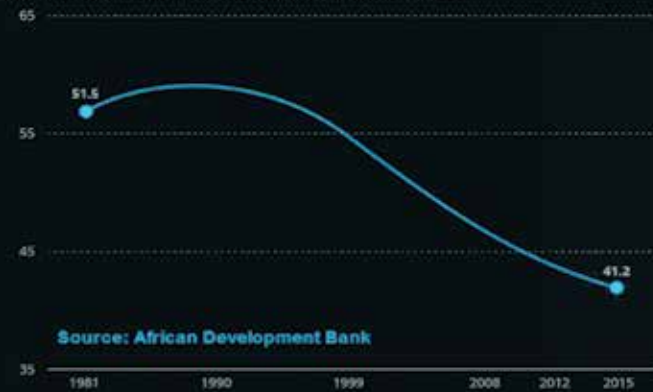
THE BIG PICTURE

Poverty Rate to Drop to New Low as Africa's Growth Accelerates

Analyst Charles Allen
Jul 15, 2014

The African Development Bank expects poverty rates to drop to 41.2% of the population in 2015 from levels of almost 60% in the 1980s and 1990s. Strong economic growth, with Nigeria expected to rise 7%, is helping to reduce poverty. Many African countries were using outdated statistics, causing economic estimates to be far too low. Nigeria has rebased its GDP by 89% and Kenya by 20% as new sectors are counted.

Poverty rate, Africa, 1981-2015
% of population living below \$1.25 a day in 2005 PPP



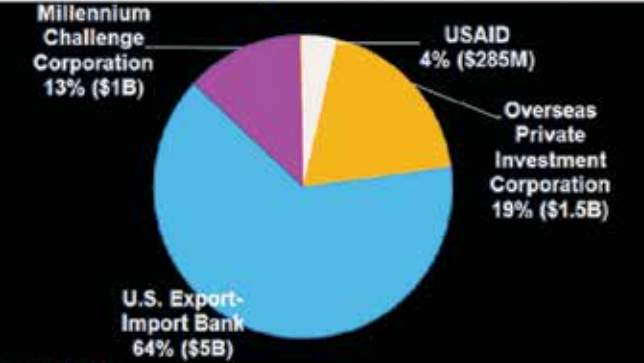
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Food Retailers

Dim Future for Export-Import Bank Would Hinder Power Africa

Analysts Caitlin Webber & Stacy Nemeroff
Jul 11, 2014

The U.S. Export-Import Bank's uncertain future may stymie President Barack Obama's Power Africa initiative, which relies on the bank for \$5 billion of the \$7 billion promised to double access to power in sub-Saharan Africa. Republicans in Congress argue the bank unnecessarily puts taxpayers at risk of default and should be closed after its charter ends Sept. 30. If the bank survives, Congress may restrict its riskiest financing, which includes some Sub-Saharan projects.

U.S. Financing for Power Africa



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Legislation

Obama's Power Africa Goal Faces ExIm Risk Curbs, Strategy Shift

Analysts Caitlin Webber & Nick Taborek
Jul 14, 2014

To meet President Barack Obama's goal of boosting financing for U.S. power-sector exports to sub-Saharan Africa, the Export-Import Bank would need to shift its industry focus and conform to limits on risk in the region. Boeing aircraft, including 10 787s purchased by Ethiopian Airlines, have traditionally dominated the bank's sub-Saharan deals. Ethiopia and Liberia -- two of six Power Africa countries -- are limited to shorter-term deals under the bank's risk rules.

ExIm Bank Exposure to Power Africa Markets

Country	Outstanding Financing Exposure	Percent of Total Outstanding Exposure
Ethiopia	\$1.8B	1.58%
Ghana	\$665M	0.58%
Kenya	\$249M	0.22%
Liberia	\$427,000	0.00%
Nigeria	\$152M	0.13%
Tanzania	\$9.6M	0.01%
Total	\$2.9B	2.53%

Source: U.S. Export-Import Bank FY2013 data

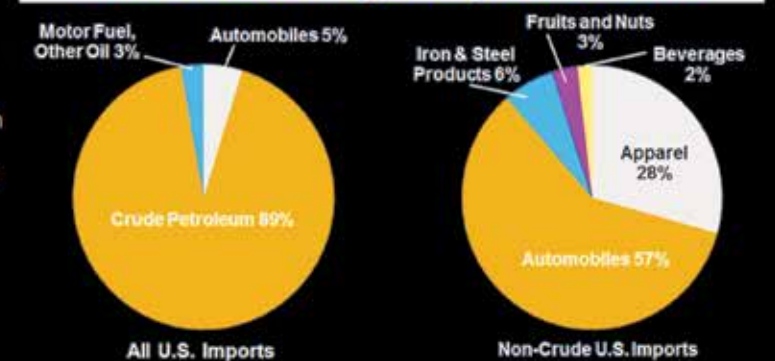
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Duty-Free Oil Dominates Trade Benefits for Sub-Saharan Africa

Analyst Caitlin Webber
Jul 14, 2014

Few countries and industries have taken full advantage of duty-free access to the U.S. under the African Growth and Opportunity Act. In the past five years, crude oil has constituted almost 90% of the value of imports under the act. This has gained duty-free access for Chevron, Shell, Exxon and other companies with African operations, principally in Angola and Nigeria. Those countries, with South Africa and Chad, are the source of 85% of the value of imports in 2014.

U.S. AGOA Imports, 2008-2013



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THE BIG PICTURE

Duty-Free Africa Imports Likely Renewed as Ag Quotas Remain

Analysts Caitlin Webber & Nick Taborek
Jul 14, 2014

In 2015, the U.S. Congress will likely renew and consider changes to the African Growth and Opportunity Act, which offers duty-free access to the U.S. market for most Sub-Saharan imports. Domestic politics will likely deter Congress from backing changes favored by African nations, including lifting quotas on agricultural goods such as cotton, tobacco and sugar. A longer renewal for the act is more likely, though probably shorter than the 15-year term favored by advocates.

U.S. AGOA Imports, 2014 (USD Million)



Source: U.S. Department of Commerce, U.S. International Trade Commission

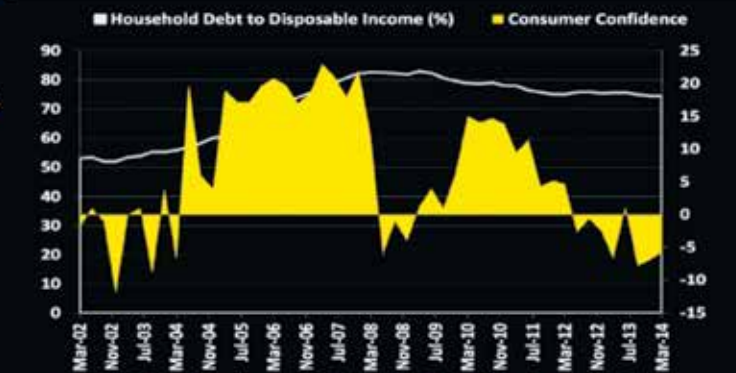
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South Africa's Mounting Consumer Debt Could Erode Confidence

Analyst Kapilan Theiventhirampillai
Jul 15, 2014 06:15

Higher utility costs and rising interest rates may prompt South African consumers to borrow more to cover short-term spending needs, the central bank warned, exacerbating the threat of impairments as debt servicing becomes tougher. Confidence, particularly among low-income earners, is at near-decade lows, as consumers seek to trim debt amid high unemployment and weak economic growth.

South African Consumer Confidence Low Amid Sizeable Debt Levels



Source: Bureau for Economic Research, South African Reserve Bank

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Banks

East African Investment Pact Likely Toughest Trade Africa Goal

Analyst Caitlin Webber
Jul 14, 2014

An investment treaty between the U.S. and the six-nation East African Community may be the most difficult goal in President Barack Obama's Trade Africa plan. The treaties give investors access to legally binding arbitration for breaches of expropriation, non-discrimination and other rules. Consumer advocates may challenge the president, saying the treaties can allow foreign investors to contest public-interest laws. Within the community, only Rwanda has a treaty with the U.S.

Net Direct Investment



Source: International Monetary Fund

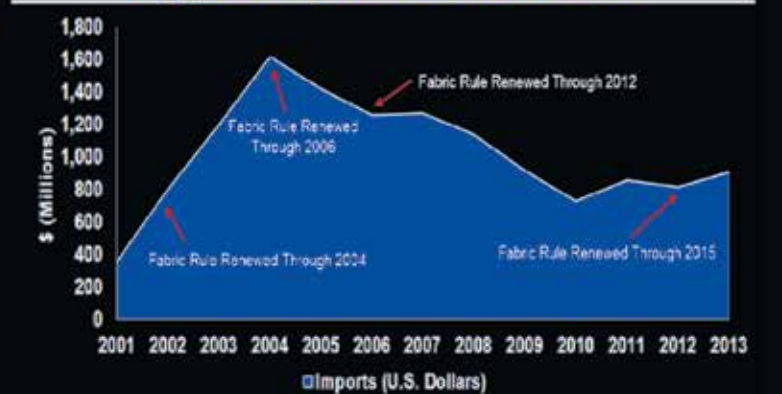
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Fabric Rule Favored by Gap Needs Certainty to Boost African Exports

Analyst Caitlin Webber
Jul 14, 2014

Long-term renewal of a U.S. incentive for textile industries in the poorest sub-Saharan countries may help reverse a decline in African garment exports. The "third country rule" allows duty-free entry of some African garments stitched using fabric from China and other countries that would otherwise reach quotas. Congress has a pattern of last-minute, short-term renewals, conflicting with long apparel contracts. Gap, Express and others have used the rule to lower costs.

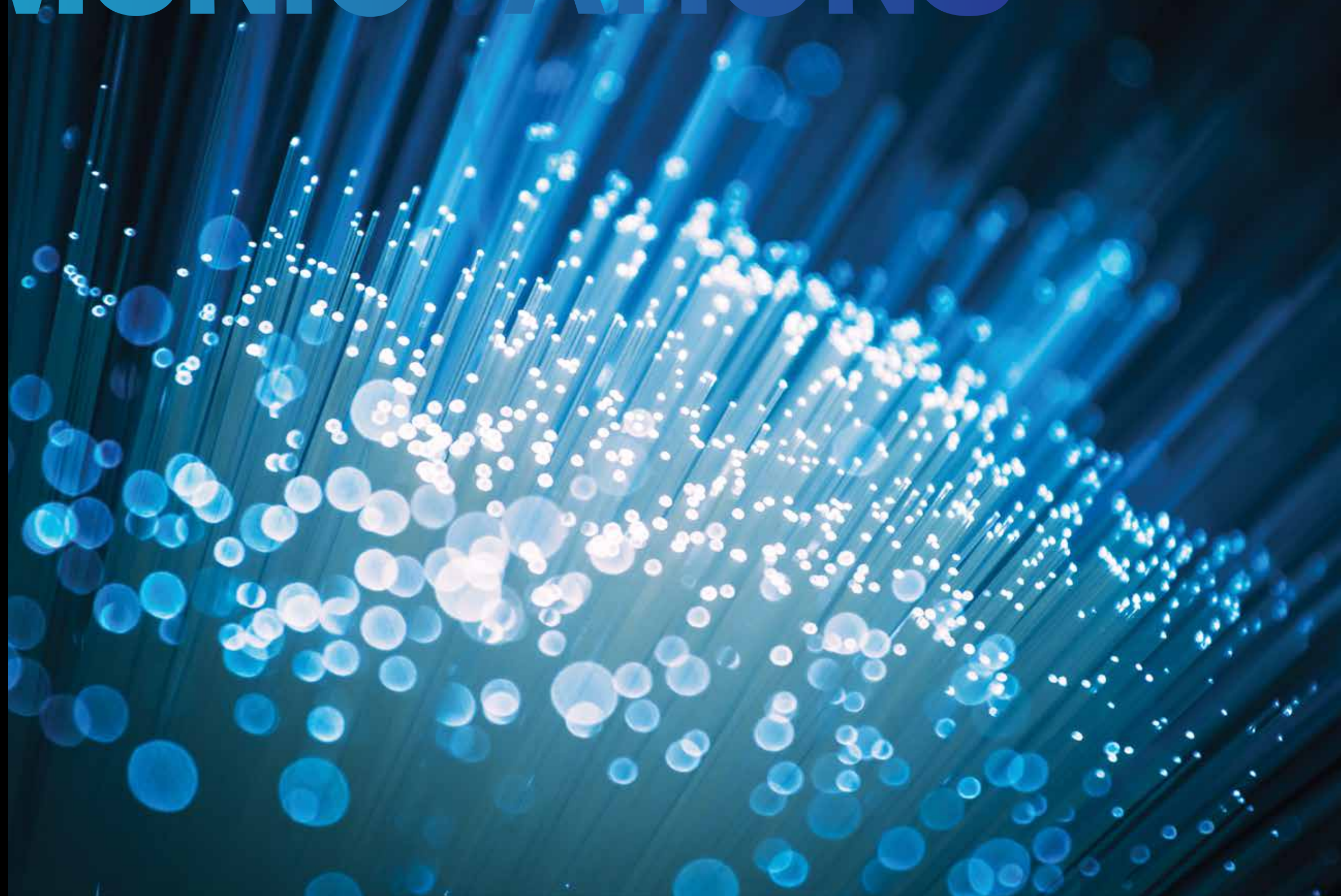
Apparel Imports Under AGOA



Source: U.S. Department of Commerce, U.S. International Trade Commission

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Legislation

COMMUNICATIONS



COMMUNICATIONS

African Internet Poised for Growth on Mobile Subscription Rush

Analyst Erhan Gurses

Jul 14, 2014

Only 17% of Africans had access to the Internet in 2013, the lowest level in the world. The continent's nascent wireline infrastructure means that mobile is key to the growth of Internet services. While slower 2G mobile connections dominate, demand for faster data services should increase with the expansion of 3G and 4G networks as well as increasing urbanization, literacy and availability of affordable connected devices. Africa had the fastest growth in mobile broadband subscriptions in 2013, according to ITU.

Global Internet Users, Penetration

	Internet Users - M (2013)	Internet Penetration (2013)
Asia & Pacific	1,205	30%
The Americas	597	62%
Europe	456	73%
Commonwealth of Indep States	143	51%
Arab States	137	37%
Africa	148	17%

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Telecom Carriers

Source: ITU

African 4G Blossoms as Network Extends to 11 Nations, 9 Pending

Analyst Erhan Gurses

Jul 11, 2014

The faster 4G wireless service is commercially available in 11 nations across Africa, with deployments planned or ongoing in nine more, according to the GSA mobile suppliers association. The lack of nationwide fixed-line broadband infrastructure will support 4G uptake across the continent, though the high cost of handsets remains a major obstacle. 4G represented 0.01% of all African connections in 2013 while 3G was 14%, according to GSMA, another trade body, which projects 4G penetration at 1.7% by 2017.

Sub-Saharan Africa 4G Deployments

	Launch Date	Deployment	First Mover Carrier
Angola	01/05/2012	Commercial	Movicel
Burkina Faso	-	Application Stage	Bharti Airtel
Cameroon	-	Application Stage	YooMee
Cote d'Ivoire	4/4/2014	Commercial	YooMee
Congo (Dem. Rep. C)	2H14 Launch	Planned	Smile
Gabon	2014 Launch	Planned	Gabon Telecom
Ghana	02/01/2014	Commercial	Vodafone
Kenya	-	Trial Stage	Safaricom
Madagascar	2014 Launch	Planned	BlueLine
Namibia	16/12/2012	Commercial	MTC
Nigeria	6/6/2013	Commercial	Smile Communications
Rwanda	2014 Launch	Planned	KT Corp & Government J'
Senegal	10/10/2013	Trial Stage	Orange
Somalia	2014 Launch	Planned	Somtel
South Africa	10/10/2012	Commercial	Vodacom
Swaziland	2014 Launch	Planned	MTN
Tanzania	30/05/2012	Commercial	Smile
Tunisia	-	Trial Stage	Tunisiانا
Uganda	1/10/2012	Commercial	Smile
Zambia	16/01/2014	Commercial	MTN
Zimbabwe	22/08/2013	Commercial	Econet Wireless

Dashboard Home:
Telecom Carriers

Source: GSA, Company Filings

Unique Subscribers Boost Sub-Sahara Wireless Growth Potential

Analyst Erhan Gurses

Jul 10, 2014

Sub-Saharan mobile use mostly relies on pay-as-you-go tariffs with limited voice calls because of the high price per minute relative to incomes. Only about one in three people have access to mobile services, though total penetration averages 70% thanks to multiple-phone ownership. Expanding wireless to the rest of the population presents a significant growth opportunity for carriers, amid challenges including rolling out networks to rural areas and low incomes.

Sub-Saharan Africa Mobile Penetration Rates

	Unique Subscriber Penetration (2012)	Sim Card Penetration (2012)
South Africa	65.7%	130.6%
Ghana	49.8%	101.0%
Senegal	47.6%	83.6%
Angola	34.5%	47.1%
Kenya	31.0%	71.2%
Tanzania	30.0%	57.0%
Nigeria	29.5%	66.8%
Niger	20.0%	31.4%
Sub-Sahara Africa	~29.6%	~60.0%

Dashboard Home:
Telecom Carriers

Source: GSMA Intelligence, ITU

Africa's Underpenetrated Banking System Ripe for Mobile Services

Analyst Kapilan Theiventhrampillai

Jul 15, 2014

Underbanked African countries offer an opportunity for lenders willing to invest in mobile technology. With low loan-to-GDP ratios vs. developed markets, expanding banking services and handset use could aid lending and deposit growth. Banks may seek efficiencies because mobile accounts can reduce branch and personnel costs. The median private credit-to-GDP ratio was just 17.9% in Sub-Saharan Africa in 2012 vs. 132.4% in the European Union and 183.6% in the U.S., says the World Bank.

Domestic Private Credit to GDP (%)

	2012	2011	2010	2009
South Africa	151.85	143.93	153.12	151.98
Mauritius	100.81	91.42	87.86	82.74
Namibia	47.24	49.15	49.76	49.50
Median *	17.86	17.92	15.93	15.50
Democratic Republic Of Congo	6.95	6.35	6.59	7.25
Sierra Leone	6.24	7.69	7.82	8.22
Chad	5.58	4.85	4.24	3.93

Dashboard Home:
Banks

Source: World Bank, International Monetary Fund
* Based on study of 37 countries (top and bottom three countries included)

COMMUNICATIONS

Sub-Saharan 500 Million Un-Banked Hold Promise of Telecom Bounty

Analyst Erhan Gurses

Jul 11, 2014

About 500 million people don't use banks in sub-Saharan Africa, more than half the total population of 936 million, according to the GSMA mobile carriers trade body. This compares with 253 million unique mobile subscribers. While telecom carriers are expanding mobile payment services, significant adoption has only occurred in east Africa. Replicating Safaricom's success could contribute as much as 20% of wireless revenue for African wireless carriers.

Mobile Carrier Revenue from Sub-Saharan Africa Operations

USD Million	2013	2012
Bharti Airtel	4,491	4,417
Etisalat	1,670	1,561
Millicom	1,027	974
MTN Group	11,829	12,242
Orange	5,048	4,889
Safaricom	1,682	1,462
Vodacom	7,508	8,236

Dashboard Home:
Telecom Carriers

Source: Company Filings

Kenya's Mobile Payment Success Story Towers Over Rest of Africa

Analyst Erhan Gurses

Jul 11, 2014

Safaricom's M-Pesa mobile payment system, launched in 2007, has been hailed as a success story in sub-Saharan Africa, as efforts to replicate its success across the continent develop. The Kenyan carrier has expanded M-Pesa customers to 12 million in 2013, from 7.8 million in 2010. Mobile payment adoption in Kenya has been helped by less stringent regulation, a strong local remittance market and Safaricom's 68% subscriber market share in mobile.

Safaricom M-Pesa Performance

Year	M-Pesa Active Customers (mn)	M-Pesa Revenue (Kshs bn)	M-Pesa Revenue as a % Total Revenue
2010	7.76	11.8	12%
2011	9.08	16.9	16%
2012	10.54	21.8	18%
2013	12.16	26.6	18%

Dashboard Home:
Telecom Carriers

Source: Company Filings

African Mobile Banking Exposed to Smartphone, Regulation Risks

Analyst Erhan Gurses

Jul 11, 2014

Mobile payment and banking services are the largest contributor to the value-added service revenue of sub-Saharan African telecom carriers. Success relies on developing strong distribution in rural regions, as well as loose regulation, enabling carriers to stave off competition from banks. Smartphone adoption in Africa will increase the risk of mobile payment services being substituted by free third-party apps.

Private Credit to GDP for Selected SSA Countries

	2012	2011	2010
Botswana	31.7%	27.5%	25.3%
Central Africa	12.5%	10.2%	9.0%
DRC	6.9%	6.3%	6.6%
Cote D'Ivoire	18.3%	18.1%	18.0%
Ghana	15.7%	15.1%	15.3%
Kenya	37.0%	37.4%	33.6%
Mali	20.8%	20.9%	18.0%
Mozambique	26.0%	24.4%	26.6%
Namibia	47.2%	49.2%	49.8%
Niger	14.5%	13.3%	12.3%
Nigeria	11.9%	12.4%	15.6%
South Africa	151.8%	143.9%	153.1%
Tanzania	17.9%	17.8%	16.2%
Uganda	16.2%	18.6%	15.7%
Zambia	14.8%	12.3%	11.5%

Dashboard Home:
Telecom Carriers

Source: IMF, World Bank

Coordinated Sub-Saharan Digital Switchover Is a World First

Analyst Erhan Gurses

Jul 15, 2014

The agreement by 47 sub-Saharan African countries to coordinate their switch to digital TV from analog, starting in 2015, represents a historical milestone. The region will stand out as the first in the world to harmoniously reallocate the vacated spectrum occupied by broadcasters to mobile services. The reallocation of spectrum as early as 2015 will boost the deployment of faster 3G and 4G services, while harmonizing spectrum across the region will allow for cheaper smartphones.

Global Mobile Data Traffic

Terabyte per Month	CAGR	2013	2018E
North America	50.0%	388,583	2,953,875
Western Europe	49.6%	253,679	1,900,486
Asia Pacific	66.6%	523,918	6,717,828
Latin America	66.0%	91,863	1,158,090
Central & Eastern Europe	67.6%	124,059	1,641,205
Middle East & Africa	69.8%	105,655	1,489,565

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Telecom Carriers

Source: Cisco

CONSUMER



CONSUMER

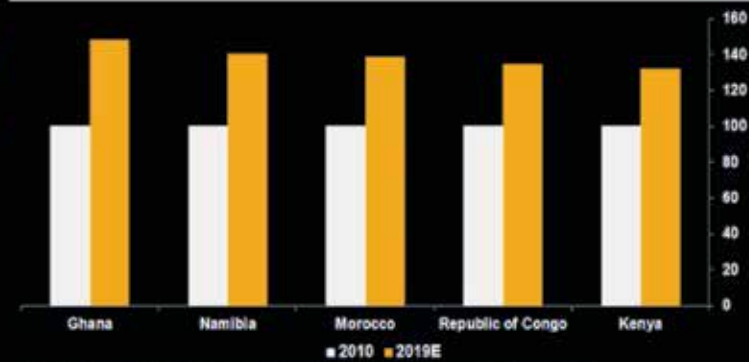
Richer Africans to Entice Expansion-Hungry Food Retail Companies

Analyst Charles Allen

Jul 15, 2014 04:59

Africa's low level of modern retail and generally increasing wealth represents an opportunity for merchants, including those in the food sector. Many are wrestling with mature operations globally, even in Asia and Latin America. Rapid population growth is a significant driver of economies across the continent, which is also increasing on a per-capita basis. In Ghana, per capita GDP should be almost 50% higher in 2019 than in 2010, according to the IMF.

African GDP per Capita to Grow Rapidly



Note: GDP per Capita in Constant Price Local Currency, Normalized as of 2010
Source: IMF and Bloomberg Intelligence

Dashboard Home:
Food Retailers

Soft Drink Companies May Drive 48% Africa Sales Increase by 2018

Analyst Kenneth Shea

Jul 7, 2014

Consumer companies are increasing their investment throughout Africa. Non-alcoholic beverage companies Coca-Cola and PepsiCo compete against each other in most countries on the continent. In July, PepsiCo said it seeks to expand operations in Egypt beyond the \$200 million it has already spent there during the past two years. Non-alcoholic beverage sales may reach \$63 billion in 2018, up 48% from \$40 billion in 2013, according to Euromonitor data.

Non-Alcoholic Beverages - African Market Size (US\$ Billions)

	2011	2012	2013	2018E	% Growth ('13-18)
Developed Countries					
Total	\$28,882.3	\$30,368.2	\$32,267.4	\$51,478.1	59.5%
Nigeria	7,092.8	8,388.4	10,126.0	20,939.1	106.8%
Cameroon	772.0	800.9	931.6	1,608.0	72.6%
Kenya	991.7	1,148.0	1,220.9	1,781.5	45.9%
Morocco	1,643.0	1,886.3	1,857.6	2,861.8	43.3%
Egypt	4,695.9	4,786.4	4,647.5	6,631.4	42.7%
Tunisia	1,249.1	1,283.0	1,343.5	1,898.6	41.3%
Algeria	4,276.2	4,525.0	4,923.6	6,940.4	41.0%
South Africa	8,161.6	7,770.2	7,216.7	9,017.3	25.0%
Frontier Countries					
Total	\$6,810.0	\$7,705.7	\$7,962.3	\$11,823.5	48.5%

Source: Euromonitor International

Dashboard Home:
Beverages

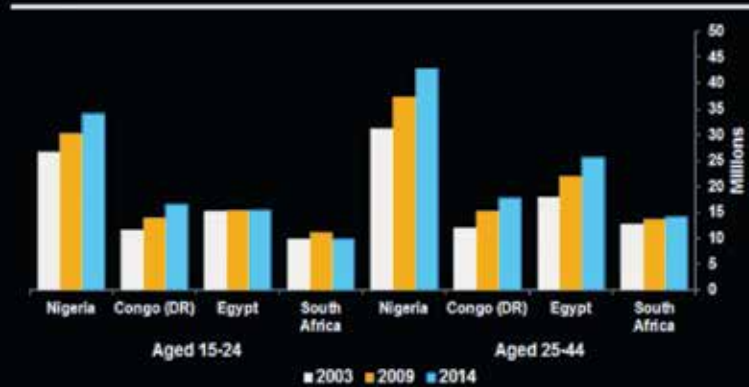
Africa's Youthful Population Holds Attraction for Food Retailers

Analyst Charles Allen

Jul 15, 2014 04:56

Family shoppers are the most attractive customers for food retailers, as they generally outspend singletons or couples. Most African countries have growing populations and a high percentage of the population aged 15 to 44. Almost half of South Africa's population straddles this group, while countries such as Nigeria, Egypt and Ivory Coast all have more than 40% in these retail-friendly cohorts. This contrasts with Europe, where the population is aging rapidly.

Africa's Youthful Population



Source: U.S. Census Bureau and Bloomberg Intelligence

Dashboard Home:
Food Retailers

Alcoholic Beverage Titans Driving Rapid Sales Growth in Africa

Analyst Kenneth Shea

Jul 7, 2014

Alcoholic beverage companies SABMiller, Diageo and Heineken have an African presence. SABMiller was founded in Nigeria in 1895, and derives 30% of its revenue from Africa, while Diageo and Heineken have large regional market shares through acquired equity stakes. Diageo owns 47% of Kenya-based East African Breweries, and Heineken owns 54% of Nigerian Breweries. Alcoholic beverage sales may reach \$89 billion in 2018, up 88% from 2013, according to Euromonitor.

Alcoholic Drinks - African Market Size (US\$ Billions)

	2011	2012	2013	2018E	% Growth ('13-18)
Developed Countries					
Total	\$37,386.0	\$38,509.3	\$39,251.6	\$61,174.1	55.9%
Nigeria	6,934.2	7,607.6	8,595.0	17,406.4	102.5%
Egypt	1,254.1	1,443.4	1,479.6	2,892.5	95.5%
Cameroon	1,637.3	1,650.0	1,858.7	3,307.0	77.9%
Tunisia	1,479.2	1,470.7	1,578.6	2,546.1	61.3%
Kenya	2,144.0	2,617.4	2,858.5	4,570.9	59.9%
Algeria	2,142.0	2,267.1	2,454.0	3,381.8	37.8%
Morocco	1,433.6	1,379.1	1,467.1	1,945.1	32.6%
South Africa	20,361.6	20,074.0	18,960.1	25,124.3	32.5%
Frontier Countries					
Total	\$12,759.0	\$14,265.8	\$14,992.4	\$28,141.6	87.7%

Source: Euromonitor International

Dashboard Home:
Beverages

CONSUMER

Packaged Food Titans May Drive 31% Africa Sales Increase

Analyst Kenneth Shea
Jul 8, 2014

Most of Africa's food producers are based locally, yet the market is increasingly being crowded with multinational companies seeking market share. Nestle owns a 59.6% stake in Nestle Nigeria, a producer of basic necessities such as infant formula, cereals and bouillon cubes. Unilever owns 51% of Unilever Nigeria, a maker of margarine and bouillon cubes, among other goods. Africa packaged food sales may reach \$89 billion in 2018, up 32% from 2013, according to Euromonitor.

Packaged Foods - African Market Size (US\$ Billions)

	2011	2012	2013	2018E	% Growth ('13-18)
Developed Countries					
Total	\$59,311.1	\$61,137.8	\$63,696.5	\$84,197.8	32.2%
Cameroon	1,250.7	1,250.0	1,372.1	2,166.7	57.9%
Kenya	1,779.9	2,062.9	2,241.3	3,395.1	51.5%
Nigeria	6,709.8	7,426.0	8,621.4	12,779.7	48.2%
Morocco	5,097.5	5,145.5	5,659.8	7,947.0	40.4%
Algeria	9,753.3	10,202.5	11,115.8	15,361.9	38.2%
Egypt	12,973.8	14,172.3	14,022.1	18,837.6	34.3%
Tunisia	3,399.4	3,297.1	3,536.8	4,277.2	20.9%
South Africa	18,346.7	17,581.5	17,127.2	19,432.6	13.5%
Frontier Countries					
Total	\$3,302.9	\$3,633.8	\$3,762.1	\$4,918.0	30.7%

Source: Euromonitor International

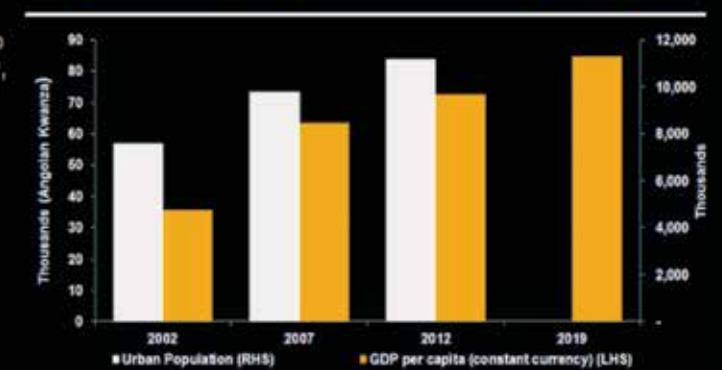
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Food

Angola's Retail Industry Expands Beyond Oil as Cities Swell

Analysts Charles Allen & Diana Gomes
Jul 15, 2014

Angola, Sub-Saharan Africa's third-biggest economy, is forecast to grow 5.5% next year and 5.9% in 2016, according to the IMF. GDP per capita is expected to increase 2.3% a year from 2012 to 2019. Retailing accounted for 22% of 2012 GDP, 5% more than in 2007, while the contribution from oil declined to 47% from 56%. The urban population grew 47% in 2002 to 2012, fueling demand for more organized retailers with a diversified selection of foods.

Angola Urban Population and GDP per Capita



Source: IMF, UN PAO and Bloomberg Intelligence

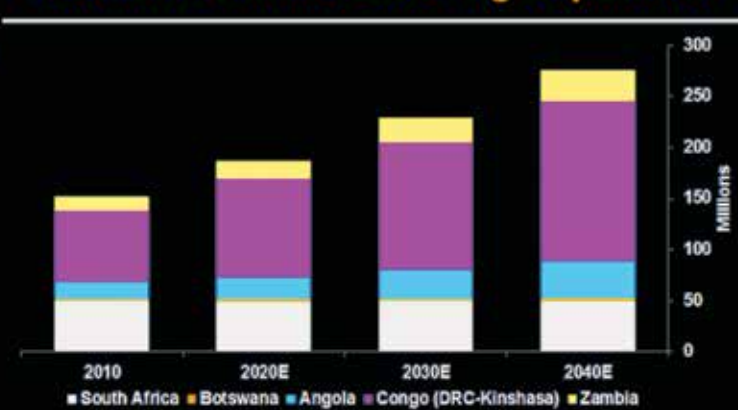
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Food Retailers

South African Retail Deepens Local Density to Capture Growth

Analyst Charles Allen
Jul 15, 2014 05:18

While population growth in southern Africa isn't expected to be as spectacular as that in west Africa, it is expanding faster than most of the globe. Retailers are deepening networks across the 15 countries of the Southern Africa Development Community, which includes 280 million people. Apart from the South African companies, indigenous retailers including Choppies and Zambeef are extending across this region to take advantage of rising incomes.

Southern Africa's Growing Population



Source: U.S. Census Bureau and Bloomberg Intelligence

Dashboard Home:
Food Retailers

Sonae Plans African Hypermarket Adventure in Fast-Growing Angola

Analysts Charles Allen & Diana Gomes
Jul 15, 2014

Sonae, Portugal's largest retailer, is expected to open its first hypermarket in Luanda, Angola (a former Portuguese colony) in 2015. This will be a joint venture, originally announced with local investment company Condis. Sonae plans to open four hypermarkets initially to compete with established local retailer Kero as well as South Africa's Shoprite. Kero opened the first of its nine stores in 2010, including Angola's largest hypermarket.

International Opportunities



- 6th biggest economy in Africa
- Expected to grow at a CAGR of +7.2% between 2010-2016⁽¹⁾
- GDP per cap - 5.1k USD (2011)⁽¹⁾
- Population of ~19.6m (Luanda ~5m)
- Language: Portuguese

Source: Sonae, Investor Presentation, Apr 2014

Dashboard Home:
Food Retailers

CONSUMER

Kenya Follows Nigeria to Rebase GDP as Food Retail Grows

Analyst Charles Allen
Jul 15, 2014

Nigeria's revision of its gross domestic product made it the largest economy in Africa, based on the new count. It has now been followed by Kenya. In a bond prospectus the government said that, on revision, the economy would be 20% larger than previously estimated. This follows a number of similar revisions. Retailing is the kind of activity often undercounted in surveys, which can give an outdated reflection of the economy. New food retailers are opening across Africa, propelling growth.

Dashboard Home:
Food Retailers

Rebasing/Re-benchmarking of GDP

	Old Base Year	New Base Year	Difference in GDP After Rebasing
Burundi	1996	2005	40.3%
DR Congo	2000	2005	66.4%
Ghana	1993	2006	62.8%

Source: Nigeria National Bureau of Statistics, GDP Rebase Presentation, Apr 6, 2014

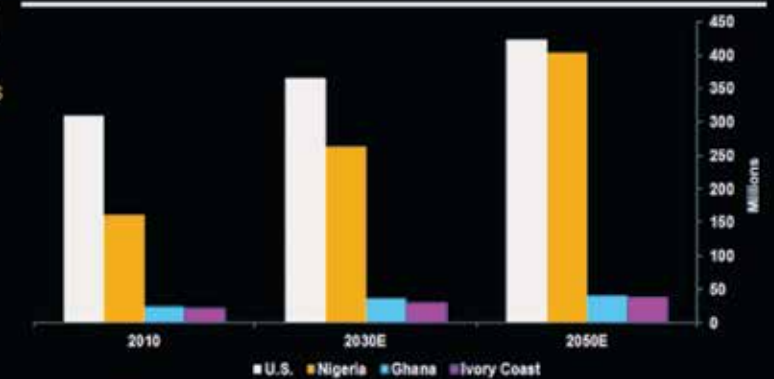
Nigerian Population Set to Double Is Ripe for Supermarket Growth

Analyst Charles Allen
Jul 15, 2014 05:01

Nigeria's population is set to double in the next 30 years, according to the U.S. Census Bureau, by which time it will be similar in size to the U.S. With populations in other west African nations also growing, food retailers are looking to take advantage of this potential. While incomes are low, they are rising and the large cities concentrate spending. Carrefour and Shoprite are among food retailers opening stores in Nigeria.

Dashboard Home:
Food Retailers

African Populations Expanding



Source: U.S. Census Bureau and Bloomberg Intelligence

Nigeria's 89% GDP Revision Shows Potential for Food Retailers

Analyst Charles Allen
Jul 15, 2014 05:46

Nigeria has increased its 2013 GDP estimate by 89%, on broader sampling of existing industries and the inclusion of others, including mobile telecoms, for the first time. The size of the wholesale and retail trade sector increased by 4.3 trillion Nigerian naira (\$26.4 billion) to 8.9 trillion naira. Wholesale and retail trade accounts for 33% of services in the new 2010 base year, compared with 58% under the 1990 base year and 16.4% of total GDP.

Dashboard Home:
Food Retailers

Nigeria Rebasing of GDP

	Old Series - 1990 (% of GDP)	Rebased (New) Series - 2010 (% of GDP)	Rebased (New) Series - 2010 (Trillion Nigerian naira)
Wholesale and Retail Trade	13.7%	16.4%	8.91
Crop Production	27.1%	21.5%	11.65
Mining and Quarrying	42.8%	15.6%	8.45

Source: Nigeria National Bureau of Statistics, GDP Rebase Presentation, Apr 6, 2014

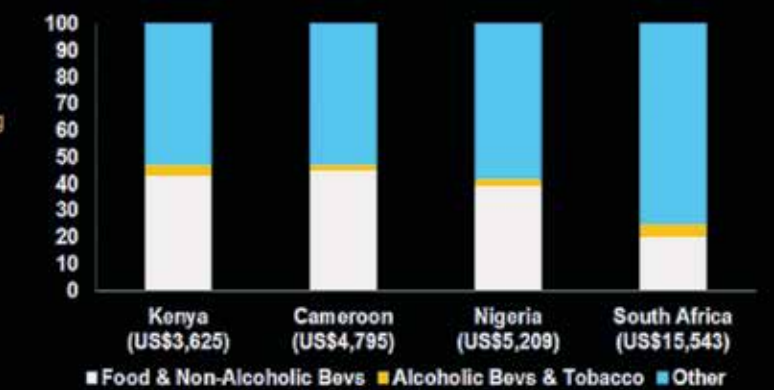
Nestle, SABMiller Among Food, Beverage Titans Targeting Africa

Analyst Kenneth Shea
Jul 7, 2014

Rising incomes and wealth in many of the large sub-Saharan African nations are contributing to growing consumer purchasing power for consumer goods. Food and beverages account for almost 50% of average expenditures per household in Kenya and Cameroon, and more than 25% in Nigeria and South Africa, according to Euromonitor. Multinational companies including Nestle, SABMiller, Coca-Cola and Diageo have increased investment in Africa.

Dashboard Home:
Beverages

Share of Wallet - 2013



Source: Euromonitor International

ENERGY



ENERGY

Africa Unlikely to Replace Russian Gas Destined for Europe

Analyst Philipp Chladek

Jul 15, 2014 05:15

African shipments of liquefied natural gas are unlikely to be able to replace Russian gas deliveries to Europe this winter season, should developments in Ukraine prompt Russia to curtail supply. The region's top exporters -- Nigeria, Algeria and Egypt -- are also troubled by unrest and are more likely to ship any quantities that do leave ports to better-yielding Asian markets. Egyptian exports slumped because of arrears in government payments to overseas energy companies.

Quarterly LNG Exports From Africa (BCM)



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Oil & Nat Gas E&P

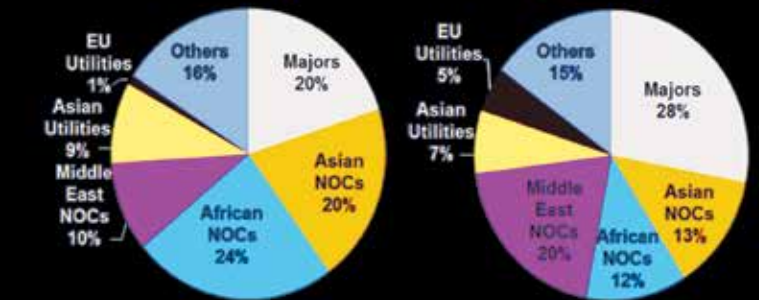
African Companies May Regain Gas Liquefaction Capacity Lead

Analyst Philipp Chladek

Jul 15, 2014 05:12

In recent years major international energy companies, such as Exxon, BP and Shell, have steadily taken the lead on global liquefied natural gas production capacity from state-owned African companies, including Algeria's Sonatrach and Libya's National Oil Corp. The Africans may win back the crown if plans for facilities in Mozambique, Tanzania and Angola are carried out. Large-scale projects are also planned in Southeast Asia, Russia and the Middle East.

LNG Liquefaction Capacity



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Oil & Nat Gas E&P

Mozambique Record Africa Gas Field Could Supply India, Far East

Analysts Gillian Davis & Philipp Chladek

Jul 15, 2014

Anadarko and ONGC may ship gas from their giant offshore field in Mozambique to India and the Far East, where higher netbacks (broadly defined as profit after shipping costs) may be earned.

The shorter distance to India may offer wider margins, due to lower transport costs.

Consensus for the largest gas discovery in the past decade has risen to 70 trillion cubic feet of recoverable reserves, sufficient to supply India for 30 years or more at 2013 consumption rates, according to BP.

LNG Imports

	May-14	Apr-14	Mar-14	Feb-14
Imports by Destination, BCM (Including Re-Imports)				
Worldwide	15.75	26.98	28.09	26.19
Asia	15.75	19.65	21.64	20.48
to China	2.15	1.78	1.94	2.04
to India	1.50	1.68	1.54	1.40
From Algeria				
From Egypt				
From Nigeria	0.17			0.25
From Norway				
From Qatar	1.33	1.41	1.54	1.09
From Spain		0.18		
From Yemen		0.09		0.06

Source: Poten and Partners

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Oil & Nat Gas E&P

Libyan Oil Recovery May Reinstall Africa in OPEC Oil Ranking

Analyst Philipp Chladek

Jul 15, 2014 05:13

With civil unrest in Libya seeming to abate, Africa's share of OPEC oil production may recover to the pre-crisis levels last seen in late-2010. Under normal conditions, Libya is Africa's third-largest producer at more than 1.5 million barrels a day, trailing only Nigeria and Angola. It has the continent's largest reserves. A recovery in Libyan output would ease supply costs for European refiners, many of which specialize in the processing of this type of heavy crude oil.

OPEC Oil Production

	Jun-14	May-14	Apr-14	Mar-14
OPEC Oil Production	30,223	29,945	29,913	30,165
Saudi Arabia	9,900	9,670	9,600	9,600
Iraq	2,900	3,300	3,250	3,350
Iran	2,840	2,750	2,840	2,865
Kuwait	2,800	2,800	2,920	2,920
UAE	2,800	2,700	2,700	2,700
Venezuela	2,470	2,460	2,450	2,450
Nigeria	2,150	1,950	2,020	2,080
Angola	1,660	1,680	1,540	1,520
Algeria	1,125	1,100	1,120	1,150
Qatar	725	725	700	725
Ecuador	553	560	558	555
Libya	300	250	215	250

Source: Bloomberg News

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Oil & Nat Gas E&P

ENERGY

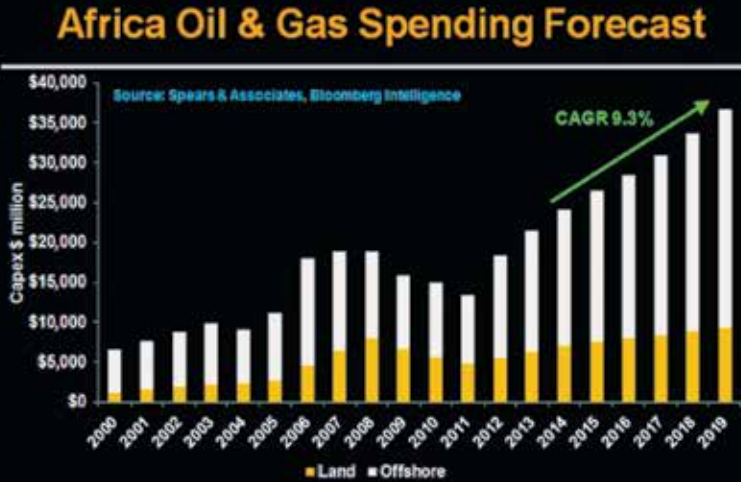
Africa Boosts Oil & Gas Development Spending as Discoveries Rise

Analyst Andrew Cosgrove

Jul 15, 2014 11:20

Oil and gas spending in Africa is projected by Spears & Associates to rise at a 9.3% compound growth rate to 2020 vs. a global rate of 5.1%. The above-average rate may be driven by the elevated level of discoveries over the past few years as development spending picks up, in addition to encouraging exploration results. East Africa may be a key area of focus, with deep-water gas in Tanzania, onshore spending from Mozambique to Somalia and offshore activity in Morocco.

Dashboard Home:
Oil & Gas Services



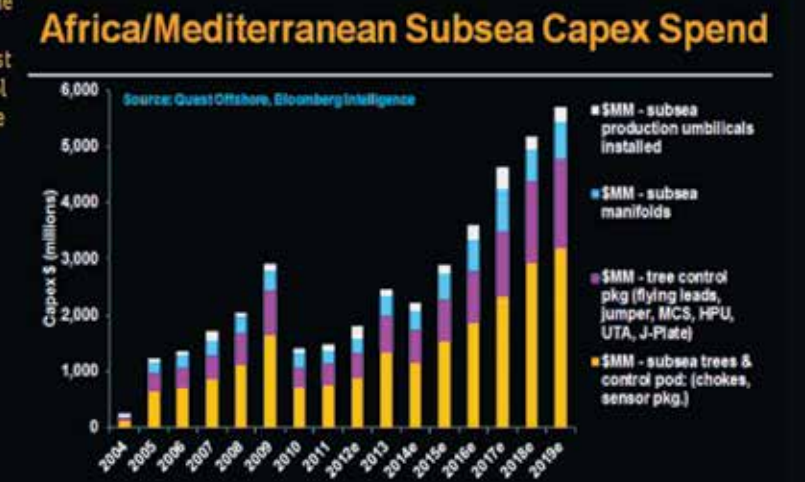
Africa Is Key Growth Region for Global Subsea Drilling Market

Analyst Andrew Cosgrove

Jul 15, 2014 11:19

Growth in subsea drilling equipment spending in the oil and gas industry in Africa may grow at a 15% compound rate through 2019, according to Quest Offshore. Spending on subsea trees and control pods is expected to garner the majority of the region's total, with a 56% share. Tree-control packages are projected to hold 27%, and subsea manifolds 12%. U.S.-based companies with subsea business units, such as FMC Technologies, Cameron, Oceaneering and GE, have exposure to Africa.

Dashboard Home:
Oil & Gas Services



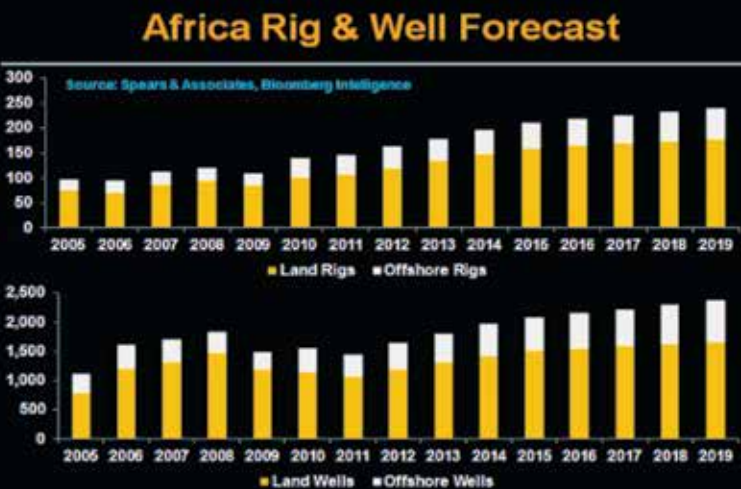
Africa Rig, Well-Count Forecast May Top Global Rate by 2020

Analyst Andrew Cosgrove

Jul 15, 2014 11:15

Africa's total rig and well-count growth rates may top the global average through 2019, according to a Spears and Associates forecast. The African rig count, which is made up of 75% land and 25% offshore rigs, is forecast to increase at a 5% annual growth rate in that period, while the well count (70% land, 30% offshore) may grow at a 4.6% rate. These forecasts compare with a global rate of 1.7% for rigs and 3.8% for wells in the same period.

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Oil & Gas Services



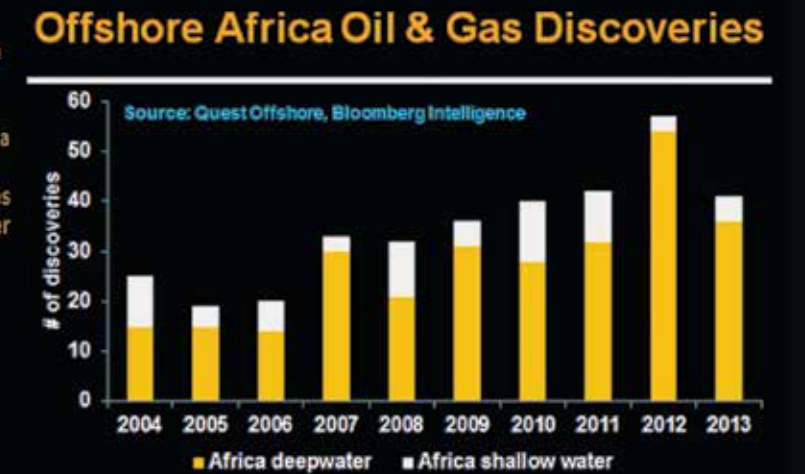
Development Takes E&P Africa Spending at Expense of Exploration

Analyst Andrew Cosgrove

Jul 15, 2014 11:17

There were 41 offshore oil and gas discoveries in Africa in 2013, 30% below 2012, a record year. The decline is due to development garnering a higher percentage of overall spending at the expense of exploration. Given the strong backlog of development, Africa should remain a growth area for both U.S.-based service companies and those abroad. Service companies most active in Africa include Halliburton, Baker Hughes and Schlumberger.

Dashboard Home:
Oil & Gas Services



FINANCIALS



FINANCIALS

Africa Needs Policy Tools to Offset Financial Stability Threats

Analyst Kapilan Theiventhrampillai
Jul 15, 2014 04:20

The Bank for International Settlements recommended the use of policy tools including loan-to-value mortgage caps, credit growth ceilings and countercyclical capital ratios to prevent the boom-and-bust nature of commodity-driven lending cycles in Africa. While a mixture of oil income and loose monetary policy saw cumulative real credit growth in Nigeria of 235% in 2006-08, this shrank 33% in the following three years, with the industry's bad-loan ratio reaching 27.6% in 2009.

Dashboard Home:
Banks

Bank Non-Performing Loan Ratios

	2008	2009	2010	2011	2012	2013
Sub-Saharan Africa (Median)	6.3	7.2	6.8	5.3	4.3	4.9
Ghana	7.7	16.2	17.6	14.1	13.2	12
Kenya	8.8	8.1	6.8	4.7	4.4	4.9
Nigeria	6.3	27.6	15.7	5.3	3.5	3.2
Rwanda	12.6	13.1	11.3	8.2	6	7
Senegal	17.4	18.7	20.2	16.2	18.4	20.6
Sierra Leone	17.9	10.6	15.6	15.1	14.7	22.4
South Africa	3.9	5.9	5.8	4.7	4	3.6
Uganda	2.2	4.2	2.1	2.2	4.2	6

Source: International Monetary Fund

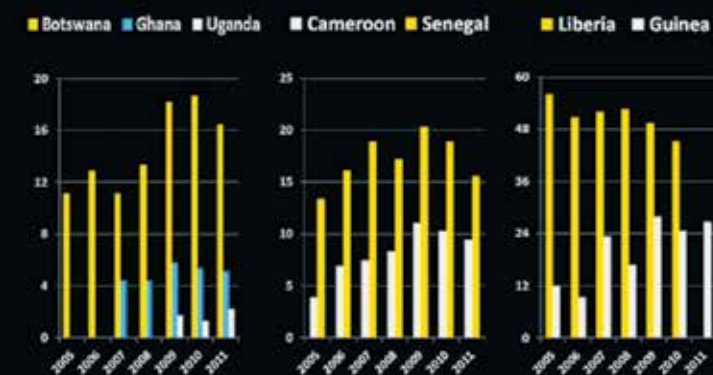
Central Banks May Struggle as Lenders of Last Resort in Africa

Analyst Kapilan Theiventhrampillai
Jul 15, 2014 04:16

With pan-African banks often accounting for a large share of total deposits in a host country, it remains to be seen whether the region's central banks can be the lender of last resort in a funding crisis, according to the Bank for International Settlements. While ringfencing the local subsidiary is one option to limit funding withdrawals by the parent, the BIS said a central bank could be called on to provide lending, akin to the Federal Reserve's action in the crisis, ideally with collateral.

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Banks

Deposits in African Banks as % of Total Deposits



Sources: Bank for International Settlements Paper, Feb 2014

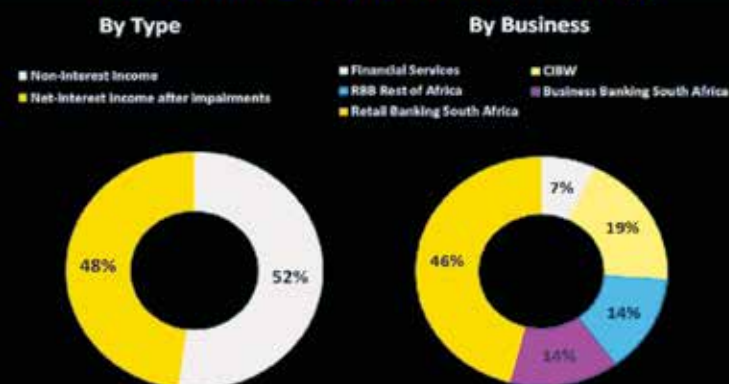
Bank Expansion in Africa Resembles Spanish Lenders' LatAm Forays

Analyst Kapilan Theiventhrampillai
Jul 15, 2014

The BIS welcomed the growth of pan-African banking groups domiciled in South Africa, Morocco and Nigeria, arguing that they tend to raise competition, provide expertise and technology, as well as widening access to financial services. The development mirrors the expansion of Spanish banks into Latin America in the late 1990s, driven by a shared language and culture. With growth at home stagnating, Barclays Africa said it was looking to the rest of Africa for 20% to 25% of revenue.

Dashboard Home:
Banks

Net Revenue Breakdown (FY 2013)



Sources: Barclays Africa FY 2013 Presentation, February 2014

African Monetary Policy Constrained by Lack of Financial Depth

Analyst Kapilan Theiventhrampillai
Jul 15, 2014

When financial strength is measured by metrics such as the ratio of liquid liabilities to gross domestic product or loans to deposits, Africa lags behind other regions, the BIS said. Financial infrastructure remains weak, with little competition in domestic banking, few credit rating companies and riskier lending. Conditions for effective monetary policy may include the use of interest rates to allocate savings and credit, with better-functioning secondary markets to determine interbank interest rates.

Dashboard Home:
Banks

Indicators of Financial Depth

	Liquid liabilities to GDP		Private Sector Bank Credit to Deposits	
	2000-02	2010-12	2000-02	2010-12
Africa*				
Emerging Market	52	60	90	78
Frontier Market	18	31	65	74
Financially Developing	17	26	62	69
Selected Other Emerging Market Economies	39	48	73	97

Source: Bank for International Settlements Paper, February 2014
* Ratio (%), Weighted Regional Averages

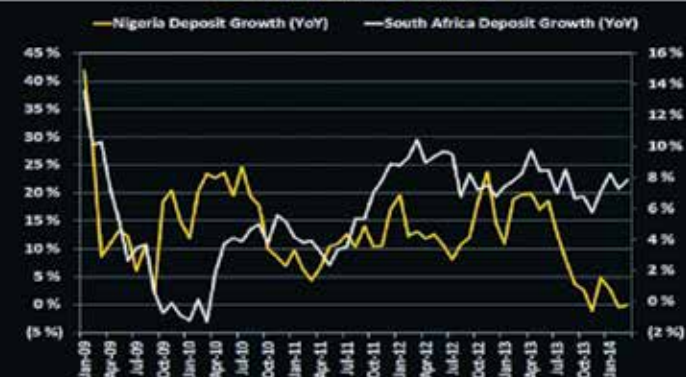
FINANCIALS

Central Banks to Play Pivotal Role in Boosting Africa Liquidity

Analyst Kapilan Theiventhirampillai
Jul 15, 2014 04:09

Central banks from Nigeria to South Africa will play a key role in raising liquidity levels across the continent, to uphold regulation and keep lending flowing. Nigeria's Access Bank said it was targeting lower loan growth in 2014, as reserve requirements on public and private sector deposits make liquidity scarce. The South African Reserve Bank has provided a facility to help banks meet Basel III liquidity coverage ratio requirements, given the dearth of high-quality liquid assets.

African Central Banks Will Play a Key Role in Raising Bank Liquidity Levels



Source: Central Bank of Nigeria, South African Reserve Bank

Dashboard Home:
Banks

Era of 'Abundant' Emerging Market Inflows Over as ECB Readies QE

Analyst Kapilan Theiventhirampillai
Jul 15, 2014 05:26

Easy capital inflows into emerging markets are over, the South African Reserve Bank governor said, as the ECB readies quantitative easing through asset-backed security purchases. With South Africa the recipient of an "undiscriminating wall of money," tapering by the Federal Reserve has led to volatility in the rand and government bond yields. ECB President Mario Draghi warned spillovers into emerging markets must be contained by the IMF amid economic and structural reform.

Quantitative Easing Brought Capital Into Emerging Markets



Source: Johannesburg Stock Exchange

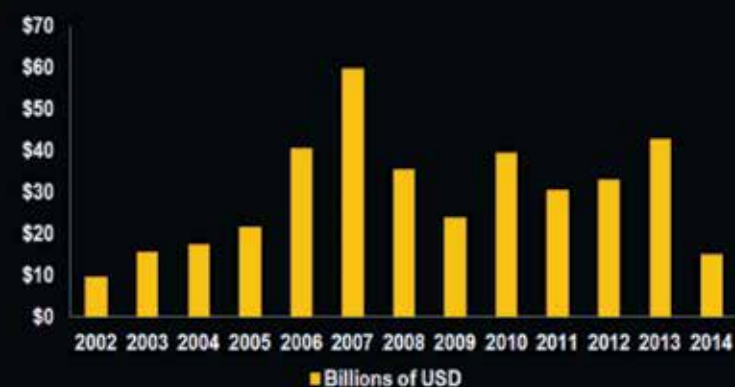
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Banks

Africa M&A at \$14.3 Billion Is Up 53%, Trails 2013 Six-Year High

Analyst Salih Yilmaz
Jul 10, 2014

Mergers and acquisitions in Africa, excluding Egypt, have jumped 53% to \$14.3 billion so far this year compared with a year earlier. Egypt was home to the \$10.5 billion purchase of Orascom Construction by OCI, the region's largest deal last year, the most active for Africa since the \$59.5 billion peak of 2007, with \$42.6 billion. Africa has been a busy market with \$278 billion in transactions since 2007, mainly due to high growth rates, increasing economic stability and abundance of natural resources.

Africa Deal Volume



Source: Bloomberg

Dashboard Home:
Deals

IMF Warning on South Africa Rates May Heap Pressure on Borrowers

Analyst Kapilan Theiventhirampillai
Jul 15, 2014

The IMF says South Africa may need to consider more monetary policy tightening to contain the effects of currency weakness on inflation, which may heighten loan repayment risk. Consensus calls for inflation of 6.3% in 2014, above the central bank target range of 3% to 6%. The rand has depreciated 19% vs. the dollar since the start of 2013. FirstRand said in its first-half earnings release that loan quality may remain under pressure as consumers succumb to rising interest rates.

Inflation Rate (%) Consensus Estimates

	Current Forecast	Forecast - 1 week Ago	Forecast - 1 Month Ago	Forecast - 3 Months Ago	Forecast - 6 Months Ago
2014 Consensus Estimates					
South Africa	6.30	6.30	6.20	6.05	5.60
Nigeria	8.55	8.55	8.55	9.00	8.80
Ghana	14.65	14.65	14.05	13.20	9.90
2015 Consensus Estimates					
South Africa	5.80	5.80	5.80	5.80	5.50
Nigeria	9.20	9.20	9.20	9.50	9.00
Ghana	12.35	12.35	11.75	10.10	8.00

Source: Bloomberg

Dashboard Home:
Banks

FINANCIALS

South Africa, U.S. Yield Correlation Unhooks as Fed Effect Wanes

Analyst Kapilan Theiventhrampillai
Jul 15, 2014

The impact of U.S. monetary policy on South Africa's economy is starting to wane. The central bank said that the correlation between the two nations' 10-year government bond yields had turned negative in 2014, after closely tracking each other in the wake of the Federal Reserve's decision last year to start tapering. With the connection broken, South African yields are now tracking the rand and emerging market sentiment, the central bank said.

South Africa-US Bond Yield Correlation Has Broken This Year



Source: Bloomberg

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Banks

South Africa's Weak Loan Growth Makes Capital Buffers Redundant

Analyst Kapilan Theiventhrampillai
Jul 15, 2014 05:34

South Africa's weak credit extension has rendered redundant the counter-cyclical capital buffer required under Basel III ratios. The nation's private sector credit-to-gross domestic product gap continues to widen, with leasing finance and mortgages below long-term trends. The buffer is intended to guard against impairments after periods of rapid credit growth. With credit increasing 8.7% year over year in February vs. almost 26% in 2006, South Africa has no need to consider this buffer.

South African Credit Growth Has Slowed Post-Crisis



Source: South African Reserve Bank

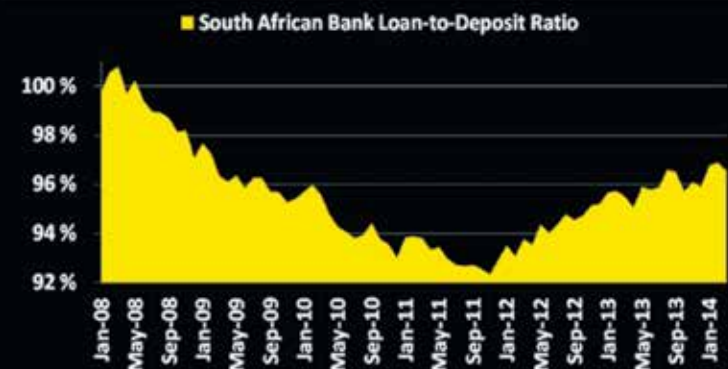
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Liquidity Alert at South Africa Banks, Key Ratio Near 2008 Highs

Analyst Kapilan Theiventhrampillai
Jul 15, 2014 05:41

Loan-to-deposit ratios at South Africa's banks have dipped since the financial crisis, exacerbated by a drop in mortgage lending, even as the onset of the Federal Reserve's quantitative easing led to an influx of capital. The ratio was at 100% at the start of 2008, and is only now approaching that mark again, after falling to 92.3% in November 2011. Lending growth has exceeded deposit taking every month since April 2012, partly driven by a boom in unsecured lending.

Loan-To-Deposit Ratios Remain Below Pre-Crisis Levels



Source: South African Reserve Bank

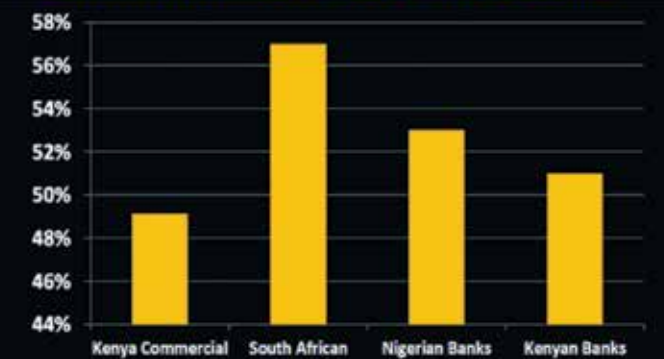
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Banks

Kenya Commercial Bank Uses IT, Agency Model to Reduce Costs

Analyst Kapilan Theiventhrampillai
Jul 15, 2014

Kenya Commercial Bank displayed the virtues of mobile and Internet banking in driving down costs, as the industry increasingly diversifies from the branch model. KCB's efficiency ratio of 49.1% in the first quarter exceeded regional peers from South Africa to Nigeria. The bank has also used the agency model to leverage third-party infrastructure, increase account openings and bring financial services, such as bill and rent payments, to consumers.

Efficiency Ratios Across African Banks



Source: Kenya Commercial Bank 1Q Results Presentation, Apr 30, 2014

Dashboard Home:
Banks



MATERIALS

MATERIALS

Billions in Private-Equity Capital May Take Aim at Africa Mining

Analysts Kenneth Hoffman & Oliver Nugent
Jul 10, 2014

Private equity has raised more than \$6 billion targeted for metals and mining in Africa and the Mideast in the past decade, according to Bloomberg Intelligence research. Private equity could help finance potential consortium bids. Also, the China-Africa Development Fund has already invested more than \$2 billion in Africa out of a \$5 billion allocation. In May, the People's Bank of China and the African Development Bank set up a \$2 billion co-financing fund.

Private-Equity Capital for African Mining

Fund	Vintage	Size (USD \$)	Status
Gulf One Infrastructure Fund I	2008	2B	Investing
Pamodzi Resources Fund I LP	2007	1.3B	Investing
Global Opportunistic Fund II	2006	1B	Harvesting
Global Opportunistic Fund I	2005	550M	Harvesting
Citadel Capital MENA Joint Investment	2010	500M	Investing
Citadel Capital Africa Joint Investment	2010	500M	Investing
New Africa Mining Fund II	2011	120M	Investing
Musa Kubu Fund	2008	80M	Investing
African Lion 3	2008	79M	Harvesting
Takura II	2012	50M	Investing
Kibo Fund LLC/The	2008	42.5M	Investing

Source: Bloomberg

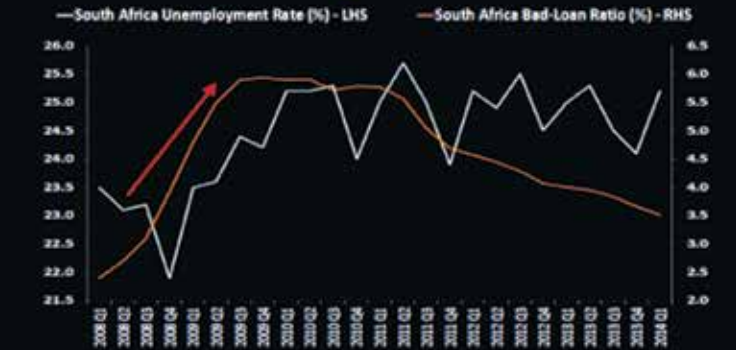
Dashboard Home:
Precious Metals

South African Bank Bad Debt Risk Exacerbated by Miners' Strikes

Analyst Kapilan Theiventhirampillai
Jul 15, 2014 05:08

Ongoing strikes by South Africa's steelmakers may ultimately result in higher unemployment, reversing recent improvements in the bank system's asset quality. From 2008 to mid-2011, unemployment rose nearly four percentage points to 25.7%, almost tripling the country's impaired loan ratio. A recent drop in this ratio to 3.5% may reverse should unemployment rise. Provisioning for a 10% increase in the current stock of bad debt would erode a quarter of the bank system's 2013 profit.

Rising Unemployment May Drive South African Banks Asset Quality Deterioration



Source: South African Reserve Bank, Statistics South Africa

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Banks

Mining Projects Threatened by Electricity Shortages in Africa

Analysts Kenneth Hoffman & Oliver Nugent
Jul 10, 2014

A lack of stable power capacity may deter investment in African mining. Zimbabwe is targeting domestic smelting of platinum group metals, even with frequent blackouts as outdated plants run at less than 50% capacity. The DRC announced in March that it is instituting an electricity-rationing program for mines amid a shortage. Rio Tinto's 2009 decision to scrap a \$2 billion aluminum project in South Africa is an example of how an unreliable power supply can discourage investment.

Zimbabwe Power Capacity

	Installed Capacity (MW)	Available Capacity (MW)
Hwange Thermal Power Station	920	450
Kariba Hydro Power Station	750	327
Munyati Thermal Power Station	120	60
Bulawayo Thermal Power Station	90	60
Harare Thermal Power Station	90	30

Source: Zimbabwe Power Company (as of 2011), Bloomberg Intelligence

Dashboard Home:
Precious Metals

South Africa Strikes Plague Platinum, Drain Markets of Metal

Analyst Kenneth Hoffman
Jul 10, 2014

Strikes have historically plagued South Africa's platinum miners. A recent five-month stoppage, which ended June 23, deprived markets of 1.1 million ounces of platinum production, according to a Bloomberg Intelligence analysis. Those losses may increase as the three major mining companies take time to restart their operations and resume production. Anglo American Platinum lost the most production, about 437,000 ounces. Lonmin lost 360,000 ounces and Impala Platinum 327,000.

Platinum Volume Impacted by South African Strike

	Volume Loss Announced by Company (koz)	Implied Weekly Loss (koz)	Implied 2014 Loss til Jun 23 (koz)
Anglo American Platinum Ltd	185 til Mar 31	21	437
Impala Platinum	246 til May 16	15	327
Lonmin PLC	156 til Mar 31	17	360
Total		53	1,124

Source: Company Reports, Bloomberg Intelligence

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Precious Metals

MATERIALS

Platinum Deficit May Top 1.6 Million Ounces on South Africa Strike

Analyst Kenneth Hoffman
Jul 10, 2014

The platinum market deficit may surpass 1.6 million ounces in 2014, following a five-month strike by South African miners. A Johnson Matthey report forecast a 1.2 million deficit, assuming that the South African strike would end in April. The strike didn't end until June 23. Based on losses reported by the three affected producers, another 350,000 to 400,000 ounces of lost production could be added to the projection, according to Bloomberg Intelligence calculations.

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Precious Metals

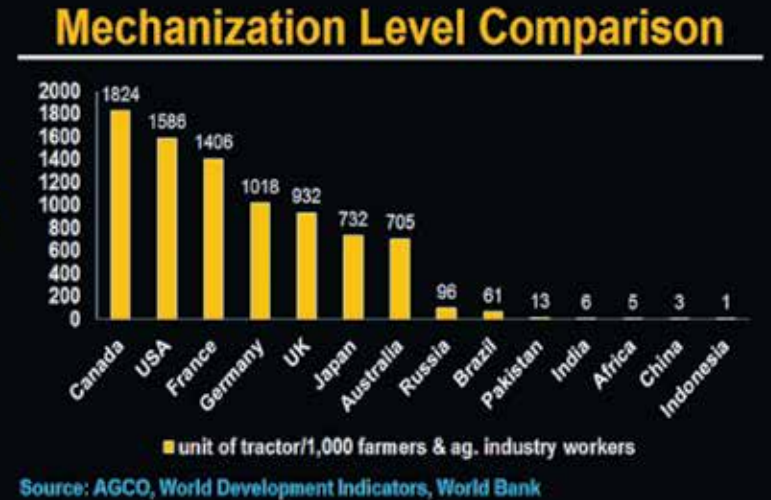


Africa Considered the Next Frontier for Agricultural Machinery

Analyst Karen Ubelhart
Jul 9, 2014

Agricultural machinery companies consider Africa the next frontier, and are increasing investments in the region. Food shortages, population growth and lack of mechanization support investment in the farm segment. Africa holds more than 50% of the world's available cropland, with a population expected to double during the next 20 years. More than two-thirds of farmers work manually, according to Agco, and yields of 1.1 tons per hectare are one-third of world average.

Dashboard Home:
Machinery



Zimbabwe Surge Has It Aiming for Platinum King South Africa

Analysts Oliver Nugent & Kenneth Hoffman
Jul 16, 2014

Zimbabwe's mined platinum grew at a 12.6% compound annual rate in 2010-13, according to Johnson Matthey, while traditional giant South Africa's production fell 9.19% as it closed mines on poor margins and strikes. Zimbabwe needs to increase output another 25% to 500,000 ounces in the near term in order for a government-planned \$3 billion refinery to be economically viable. Shallower mines make its operating costs far cheaper than South Africa.

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Precious Metals

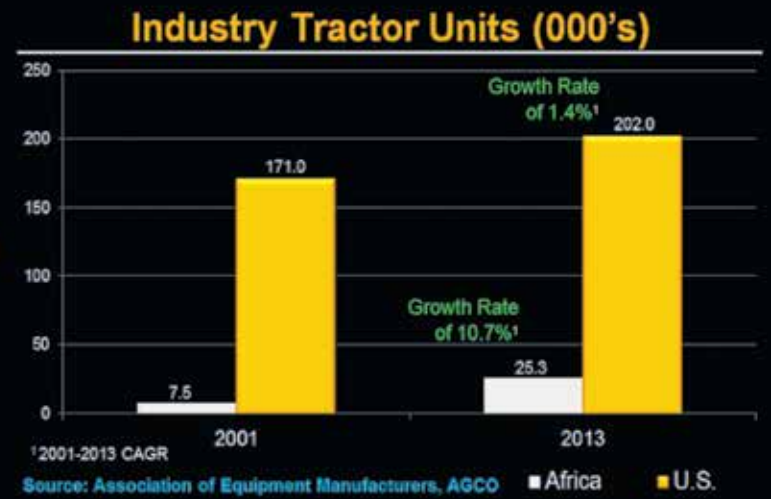


Africa's 11% Growth in Tractor Sales Attracts Machinery Makers

Analyst Karen Ubelhart
Jul 9, 2014

Tractor sales in Africa reached 25,300 units in 2013, about 13% of the U.S. market size, with a compounded average growth rate of 11% from 2001 to 2013 vs. 1% growth in the U.S. While Africa is a small market, major agricultural machinery companies view the long-term positively and are increasing investment in facilities and dealer organizations. Agco established a tractor assembly joint venture in Algeria, and Deere and CNH Industrial have invested in sales outlets.

Dashboard Home:
Machinery



UTILITIES



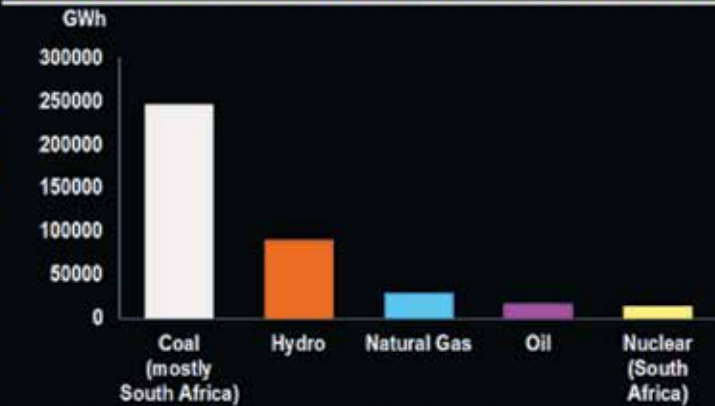
UTILITIES

African Gas-Fired Power Generation Expected to Increase

Analyst Stacy Nemeroff
Jul 11, 2014

Natural gas will become an increasingly important fuel in the power generation mix in sub-Saharan Africa. Countries including Nigeria, Cameroon and Namibia are looking to their natural gas reserves to fuel generation growth with costs that could be about three times less than diesel. A West Africa gas pipeline corridor may supply countries without their own natural gas supplies, and South Africa may also exploit its shale gas reserves.

Sub-Saharan African Power Generation Fuel Mix



Source: World Bank, Bloomberg - data sourced as of 2011

Dashboard Home:
Power Generation

Statoil, BG to Build Tanzania LNG Plant, Ship Africa Gas to Asia

Analysts Gillian Davis & Philipp Chladek
Jul 10, 2014

The majority of the gas discovered in Tanzania is expected to go to Asia, which offers the highest profit potential. Qatari gas sent to South Korea can earn more than double that sent to the U.K. Statoil's gas discovery of 20 trillion cubic feet, and BG's 15 trillion cubic feet of recoverable gas, will feed the first LNG terminal planned in Tanzania. Statoil and BG Group plan to build the unit, which is expected to cost \$30 million and will come on line in 2021.

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	5/2014	4/2014	3/2014	2/2014	1/2014
Globally by Exporter	7.63	7.84	8.44	12.51	9.21
From Australia To	7.40	7.59	8.19	12.18	8.88
From Egypt To	7.93	8.16	8.75	12.89	9.62
From Indonesia To	7.43	7.63	8.22	12.19	8.91
From Nigeria To	7.76	7.98	8.57	12.70	9.39
From Qatar To	7.54	7.75	8.34	12.40	9.11
Belgium	4.99	5.26	6.37	7.54	7.29
Japan	14.95	14.99	15.15	15.50	15.03
South Korea	15.02	15.07	15.23	15.58	15.12
Spain	8.93	8.71	9.08	9.01	8.51
United Kingdom	5.00	5.27	6.37	7.54	7.30
(+) Gas Price	6.84	7.17	8.26	9.50	9.53
(-) Regasification Cost	0.40	0.40	0.40	0.40	0.40
(-) Shipping Cost	1.44	1.50	1.49	1.56	1.63
U.S. East Coast	1.63	2.51	4.13	29.38	8.34
U.S. Gulf Coast	2.23	2.42	2.07	2.24	2.16
From Trinidad To	7.73	7.95	8.55	12.73	9.38

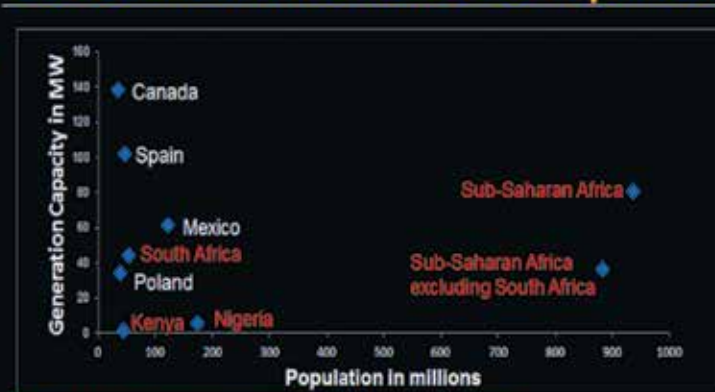
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Oil & Nat Gas E&P

African Development Hinges on Increased Electrification

Analyst Stacy Nemeroff
Jul 11, 2014

Sub-Saharan Africa's low electrification rate is a hindrance to development, with only 32% of the total population having electricity, according to the International Energy Agency. South Africa's rate is highest at 85%, and the country has 44 gigawatts of generation capacity and a population of 53 million. The remainder of the region has more than 850 million people with only 36 gigawatts of capacity, about the equivalent of Poland, which has a population of 39 million.

Sub-Saharan Africa: Power vs. Population



Note: 2011 data for generation capacity, 2013 data for population
Source: World Bank, EIA

Dashboard Home:
Power Generation

African Distributed Generation May Aid Rural Electrification

Analyst Stacy Nemeroff
Jul 11, 2014

Electricity generated separately from large plants, such as from solar, is being pursued to address reliability and low electrification rates in sub-Saharan Africa -- particularly in rural areas where fewer than 10% may have access, as was the case in Kenya and Tanzania, according to the International Energy Agency. Supporters point to the proliferation of cell phones in Africa, which bypassed the challenges of installing and maintaining a functioning telephone landline grid.

Electricity Access in Africa

Region	Population without electricity	Electrification Rate	Urban Electrification Rate	Rural Electrification Rate
	millions	%	%	%
Sub-Saharan Africa	599	31.8	55.2	18.3
South Africa	8	85	96	67
Ghana	7	72	90	52
Cote d'Ivoire	8	59	85	32
Cameroon	9	54	88	17
Nigeria	85	48	35	61
Ethiopia	65	23	85	11
Kenya	34	19	58	7
Tanzania	39	15	46	4
DR of Congo	62	9	26	0
North Africa	1	99.4	100.0	98.7
Africa	600	42.6	65.2	27.8

Source: IEA, World Energy Outlook, data sourced as of 2011

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Power Generation

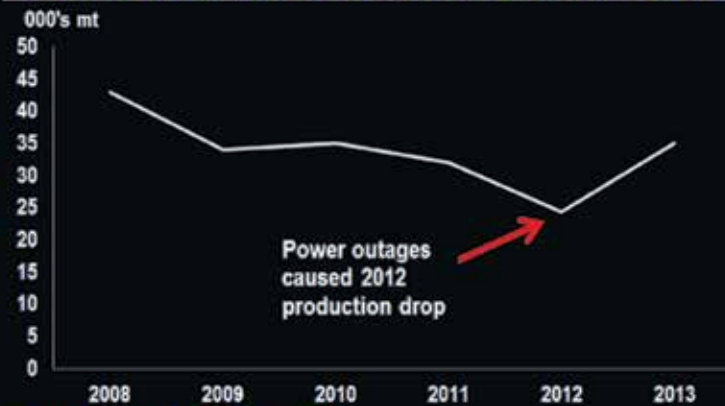
UTILITIES

Large-Scale Power Development Supported by Africa Mining Needs

Analysts Stacy Nemeroff & Kenneth Hoffman
Jul 11, 2014

Demand from the mining industry is providing support needed to finance large-scale African power development. Rio Tinto will be the key user for the 360-megawatt hydropower project in Natchtigal Falls, Cameroon owned by the government and Electricite de France. The company is a key sponsor of the multibillion dollar infrastructure investments, which include power generation, that are part of the development of its iron ore mines in Simandou, Guinea.

Rio Tinto Aluminum Production In Cameroon - Alucam



Source: Company Filings, Bloomberg

Dashboard Home:
Power Generation

Private-Equity Firms Join \$7 Billion Power Africa Initiative

Analyst Stacy Nemeroff
Jul 11, 2014

President Barack Obama's Power Africa initiative targets doubling electricity access in six countries: Kenya, Tanzania, Ghana, Nigeria, Ethiopia and Liberia. Obama committed to \$7 billion in funding, primarily through loans and guarantees, though most investment will come from the private sector, including private equity. American Capital is a U.S.-based partner. Historically much of the foreign investment in African power has come from Europe, Asia or South Africa.

Power Africa Private-Equity Partners

General Partner	Headquarters
The Abraaj Group	Dubai/Variou [*]
African Infrastructure Investment Managers	South Africa
American Capital Energy & Infrastructure	U.S.
Denham Capital Management	U.S.
Harith General Partners	South Africa
Heirs Holdings	Nigeria
Industry Capital	U.S.

Source: USAID Power Africa website
^{*}Founded in Dubai, six global regional hubs

Dashboard Home:
Power Generation

South African Blackouts May Persist With Delay in New Generation

Analyst Stacy Nemeroff
Jul 11, 2014

Even sub-Saharan Africa's most developed economy, South Africa, has been affected by power shortages due to a lack of generation capacity. Mining companies including Lonmin and Amplats may be affected. The primary electric utility Eskom has received sizable tariff increases to finance new capacity. Construction of two of the world's largest coal generation plants, more than nine gigawatts total, would increase capacity by 20%, though work has been delayed by strikes.

New South African Coal Plants Under Construction: 9.6 Gigawatts



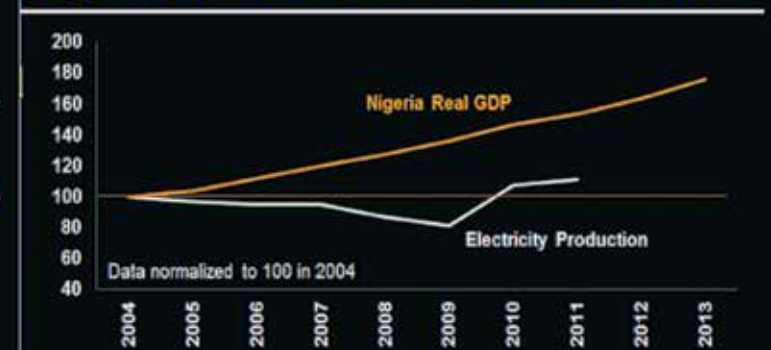
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Power Generation

Nigeria Privatizes Power to Increase Reliability, Capacity

Analyst Stacy Nemeroff
Jul 15, 2014 18:11

Nigeria completed privatization of its public power company in late 2013, breaking it into 10 distribution and five generation companies to improve reliability and increase capacity. It will also be selling 10 government-developed gas generation projects. Nigeria's power sector has trailed growth in the overall economy. Other countries will likely be looking to Nigeria's experience in modeling their reforms.

Nigeria Power Generation Trails GDP Growth



Note: Latest Electricity Data as of 2011
Source: World Bank, Bloomberg

Dashboard Home:
Power Generation

GOVERNANCE



GOVERNANCE

African Companies Embrace Human Rights Policies, Customer Appeal

Analyst Gregory Elders
Jul 15, 2014

African companies are more likely to have a human rights and anti-child-labor policy than U.S. companies. About 55% of 104 African companies tracked by Bloomberg have a human rights policy, versus only 36% across the S&P 500. A human rights policy can help appeal when selling to overseas markets, and 76% of Bloomberg Europe 500 companies have one.

African Company ESG Policies

	Anti-Bribery Policy	Human Rights Policy	Anti-Child Labor Policy	Market Cap	ESG Disclosure Score
Average	60%	55%	42%	5,127	35
NASPERS	N	N	Y	51,168	24
MTN GROUP	Y	Y	Y	38,860	38
SASOL	Y	Y	N	37,810	58
DANGOTE CEMENT	N	N	N	25,314	10
STANDARD BANK	Y	Y	Y	21,964	50
FIRSTRAND	Y	N	N	21,712	37
VODACOM GROUP	Y	N	Y	18,064	37
STEINHOFF INTL	N	Y	Y	13,276	26

Source: Company filings, Bloomberg Intelligence
* Based on study of 104 African companies

Dashboard Home:
Corporate Governance

South Africa Black Empowerment Puts Diversity Center Stage

Analysts Gregory Elders & Tal Smoller
Jul 17, 2014

A higher rating in the South African government's black economic empowerment initiative improves a company's position in private sector and government contract tendering, potentially helping win business. Twenty companies achieved the second-highest level among 117 listed entities tracked by Bloomberg, up from 16 the previous year. More companies are also beginning to report Historically Disadvantaged South Africans data, as well as provide detail on female employees.

South Africa Black Economic Empowerment

	Black Economic Empowerment Rating	% Minority/HDSA in Management	% Female Employees
Phumelela Gaming	2	20.68	74.64
Basil Read Hldgs	2	14.03	9.00
Barloworld	2	n/a	24.37
Reunert	2	21.47	41.18
Oceana Group	2	46.52	20.47
RMI Holdings	2	n/a	n/a
Aveng	2	n/a	n/a
Sanlam	2	18.40	59.13

Source: Bloomberg

Dashboard Home:
Corporate Governance

Africa's Women Confront Same Glass Ceiling as U.S., Europe

Analyst Gregory Elders
Jul 15, 2014

Women hold a median 13% of company board seats and 3.8% of chief executive roles among 213 African companies tracked by Bloomberg. This compares with 17% and 4.2% among the U.S. S&P 500 and 18% and 2.4% in the Bloomberg Europe 500. South Africa and Kenya lead in Africa, with a median 18% female boards. Female executive empowerment is a global focus, with studies showing a link between greater board gender diversity and company outperformance.

African Company Female Empowerment

	% Women on Board	Female CEO	Market Cap (US\$ M)	Number of Companies in Study
Botswana	25.00	1	448	3
Kenya	18.18	0	1084	9
South Africa	17.65	4	1959	117
Namibia	16.67	0	263	5
Zambia	16.67	1	155	8
Malawi	14.29	0	155	5
Uganda	12.50	0	104	5
Nigeria	7.69	2	234	39

Source: Company filings, Bloomberg Intelligence

Dashboard Home:
Corporate Governance

Good Governance Gains as African Boards Embrace Independence

Analyst Gregory Elders
Jul 17, 2014

A majority of African companies tracked by Bloomberg have an independent board of directors. Across boards at 214 tracked companies, 52.5% of directors are independent, 75% are non executive and most have fully independent audit committees. Companies that have stronger corporate governance practices, including rules on independence and protecting minority shareholders, are often viewed as less risky by investors.

African Company Board Structure

	% Independent Directors	% Non-Exec Directors	% Independent Directors on Audit Committee	# of Securities in Study
Kenya	67.8	77.6	93.3	9
South Africa	56.2	73.5	96.2	117
Namibia	55.9	79.7	91.7	5
Egypt	55.6	77.1	100.0	6
Botswana	55.1	75.9	86.7	3
Zambia	43.5	61.1	43.7	9
Mauritius	38.3	76.1	63.0	12
Malawi	37.5	79.1	33.3	5
Nigeria	34.2	68.1	24.2	39

Source: Company filings

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Corporate Governance

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