

WHY INVEST IN AFRICA



DEALMAKING OPPORTUNITIES IN AFRICA

1. DEMOGRAPHICS AND MACRO FINANCIALS
2. AFRICA IS NOT FOR SISSIES!
3. THE AFRICAN RENAISSANCE
4. WHY FOCUS YOUR DEALMAKING ON AFRICA?
5. CHINA – ALREADY A MAJOR PLAYER
6. DEALMAKING REQUIREMENTS ACROSS AFRICA
7. INDIVIDUAL COUNTRIES OPPORTUNITIES
8. DEALS – COMPLETED
9. THE A-TEAM

AFRICA: 55 Countries. US\$1.7 trillion GDP. Area 30m km². Home to 1.07 bn people. Africa holds 30% of earth's mineral resources, but only gets 13% of its exploration \$.



SUB-SAHARAN AFRICAN DEMOGRAPHICS

Country	Population	GDP per capita (US\$)	GDP Growth
Equatorial Guinea	504,000	16,312	-5.40%
Gabon	1,384,000	7,055	-1.00%
Republic of the Congo	4,012,000	3,919	1.10%
Ghana	23,000,000	2,700	14.30%
Cameroon	17,795,000	2,421	3.20%
Sudan	36,787,000	2,300	4.00%
Djibouti	906,000	2,070	4.50%
Guinea	9,402,000	2,035	-0.30%
Gambia	1,517,000	2002	4.60%
Senegal	11,658,000	1,759	2.60%
Togo	6,100,000	1,700	2.50%
Uganda	27,616,000	1,700	6.60%
Côte d'Ivoire	17,654,000	1,600	-4.70%
South Sudan	8,260,000	1,546	N/A
Chad	10,146,000	1,519	-1.60%
Kenya	34,707,000	1,445	4.50%
Rwanda	7,600,000	1,300	5.60%

SUB-SAHARAN AFRICAN DEMOGRAPHICS

Country	Population	GDP per capita (US\$)	GDP Growth
Burkina Faso	13,228,000	1284	3.50%
Central African Republic	4,216,000	1,198	2.40%
Nigeria	154,729,000	1,188	6.60%
Benin	8,439,000	1176	3.00%
Mali	13,518,000	1154	2.60%
Ethiopia	85,237,000	1,100	7.20%
Liberia	3,283,000	1,003	4.60%
Eritrea	5,880,000	1000	3.60%
Sierra Leone	6,144,000	903	4.00%
Niger	13,957,000	872	1.00%
Democratic Republic of the Congo	71,712,000	774	6.80%
Burundi	7,548,000	739	3.50%
Guinea-Bissau	1,586,000	736	3.00%
Tanzania	37,849,000	723	5.50%
Somalia	9,832,000	600	2.60%

SOUTHERN AFRICAN DEMOGRAPHICS

Country	Population	GDP per capita (US\$)	GDP Growth
South Africa	47,432,000	12,161	3.10%
Botswana	1,839,000	11,400	-6.00%
Namibia	2,031,000	7,478	-0.80%
Swaziland	1,032,000	5,245	2.00%
Angola	15,941,000	2,813	0.70%
Zimbabwe	13,010,000	2,607	-6.30%
Lesotho	1,795,000	2,113	2.10%
Mozambique	20,366,000	1,389	6.30%
Zambia	14,668,000	931	6.30%
Malawi	12,884,000	596	7.70%



DEALMAKING OPPORTUNITIES IN AFRICA

WHY INVEST IN AFRICAN COMMODITY MARKETS?

Global demand increasing

- World population is growing and commodities have finite supply.
- Humans are full of aspiration. More commodities per person are needed.
- Low interest rates mean more commodities are needed and used faster – especially through easy access to credit and leverage and derivatives.
- Capitalism leads to more consumers, more consumption per person.

African countries have structural advantages

- Better deposits still remaining
- Less extreme environmental and urban constrictions

African governments provide policy advantages and incentives

- Governmental financial assistance
- Currencies devalue vs. -1st World currencies over time
- More political will to produce commodities in 3rd world countries.

DEALMAKING OPPORTUNITIES IN AFRICA

DEALMAKING – THE REQUIREMENTS ACROSS AFRICA

1. INFRASTRUCTURE

- Electricity
- Roads and Civils
- Water and Sanitation
- Harbour and Railways

2. MINING AND MINERALS

DEALMAKING OPPORTUNITIES IN AFRICA

3. TECHNOLOGY

- Telecommunications
- Information Technology

4. ENGINEERING – All disciplines

5. FOOD – Production and Processing

6. RETAIL AND WHOLESALE

DEALMAKING OPPORTUNITIES IN AFRICA

CHINA ALREADY A MAJOR PLAYER

- Huge market of their lower cost retail products
- China Malls now into major cities
- Building infrastructure for governments in exchange for mineral rights
- Billion \$ Chinese Development funds made available for African countries
- Chinese double digit growth wanted to be emulated by African Head of States

DEALMAKING OPPORTUNITIES IN AFRICA

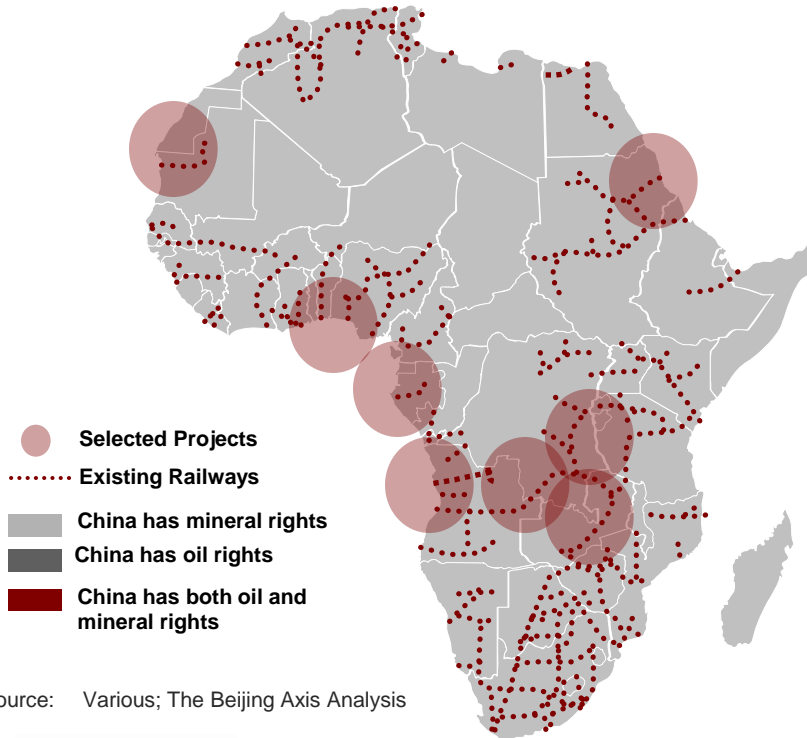
ANNOUNCED DEALS BETWEEN CHINA AND AFRICA 2011-2012

Date announced	Target / New Company	Target country	Acquirer / Investor(English Name)	Commodities	Value	Stake
Mar 2012	Extract Resources	Nambia	CGNPC	Uranium	USD 46 mn	14%
Dec 2011	Zara Mining Share Company	Eritrea	Shanghai Construction Group	Gold	USD 80 mn	60%
Nov 2011	Pecten Cameroon	Cameroon	Sinopec	Oil & Gas	n/a	80%
Oct 2011	Anvil Mining Ltd.	DRC	China Minmetals Group	Copper	USD 1.3 bn	100%
Aug 2011	Pamodzi Gold Orkney	South Africa	China African Precious Metals Ltd.	Gold	USD 22 mn	n/a
Jul 2011	Metorex	South Africa	Jinchuan	Copper	USD 1.32 bn	100%
Jun 2011	Aurora Holdings Limited	South Africa	two China's mining companies	Gold	USD 100 mn	65%
May 2011	Tonkolili Iron Ore Project	Sierra Leone	Shandong Iron & Steel	Iron Ore	USD 1.5 bn	25%
Apr 2011	Banro Canada	Congo	China Gold International Resources Corp. Ltd	Gold	n/a	n/a
Dec 2011	Shanduka Group	South Africa	China Investment Corporation	Financial	USD 240 mn	25%
Apr 2011	Chad International Airport	Chad	China CAMC Engineering Co., Ltd.	Construction	USD 1 bn	n/a

DEALMAKING OPPORTUNITIES IN AFRICA

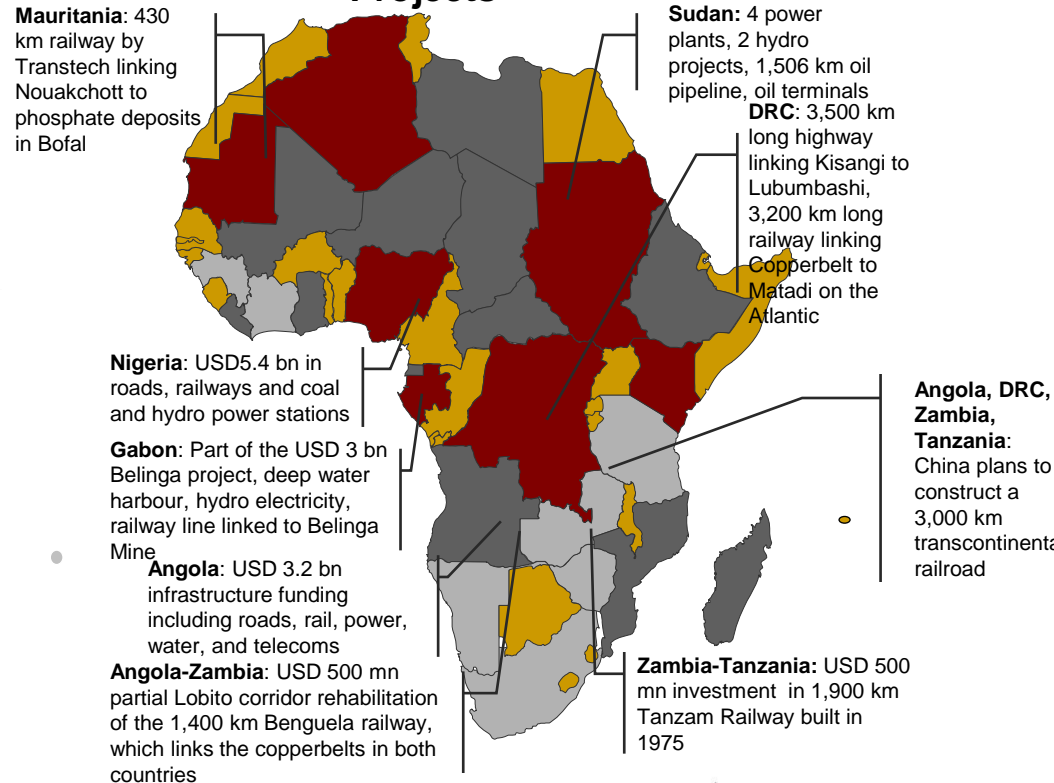
To link resource sites with ports, China is building up Africa's infrastructure capacity

Africa's Railways (2007)



Source: Various; The Beijing Axis Analysis

Selected Chinese Infrastructure Projects



DEALMAKING OPPORTUNITIES IN AFRICA

GLOBALSCOPE OPPORTUNITIES – BANKING & TECHNOLOGY

- African banks need technology partners for new wave of innovation e.g. Kenia banks and IBM. But many small banks can't afford IBM?
- Huge requirement for mobile technology solutions across Financial Services (e.g. Old Mutual and Thawte Express)
- Mobile operators offering financial transactions (MTN in Nigeria)

DEALMAKING OPPORTUNITIES IN AFRICA

OTHER OPPORTUNITIES

- Massmart and Walmart
- Strong growth in middle class for innovative lending and investment products
- Explosive growth in mobile (118 million Internet and 30 million Facebook)
- Internet and social media exploding – requires support services
- South Africa's infrastructure spending

DEALMAKING OPPORTUNITIES IN AFRICA

SOUTH AFRICAN INFRASTRUCTURE SPENDING

- 2012 – 2010: US \$ 386bn over 43 major projects in SA.
- 2012 – 2016: US \$ 30bn per annum for public service spending alone.
- **2012 – 2022: US \$ 39bn for renewable energy, solar, wind, bio, hydro, thermal, other.**
 - US \$ 15bn Passenger Rail. 7 224 passenger rail coaches over 20 years.
 - US \$ 184bn coal and nuclear power plants.**
 - US \$ 45bn for Railways and Harbours for freight & goods.

THIS IS NOW REPEATED IN MANY AFRICAN COUNTRIES!

BOTSWANA

PROJECTED GROWTH: 4.8%

POPULATION: 1 839 000

Investment and deal opportunities:

- Mining & Minerals
- Sophisticated IT
- Food Production
- Retail
- Wholesale



ANGOLA

PROJECTED GROWTH: 8.2%

POPULATION: 15 941 000

Investment and deal opportunities:

- Petrochemical
- Core Infrastructure
- Construction
- Financial Services
- Information Technology



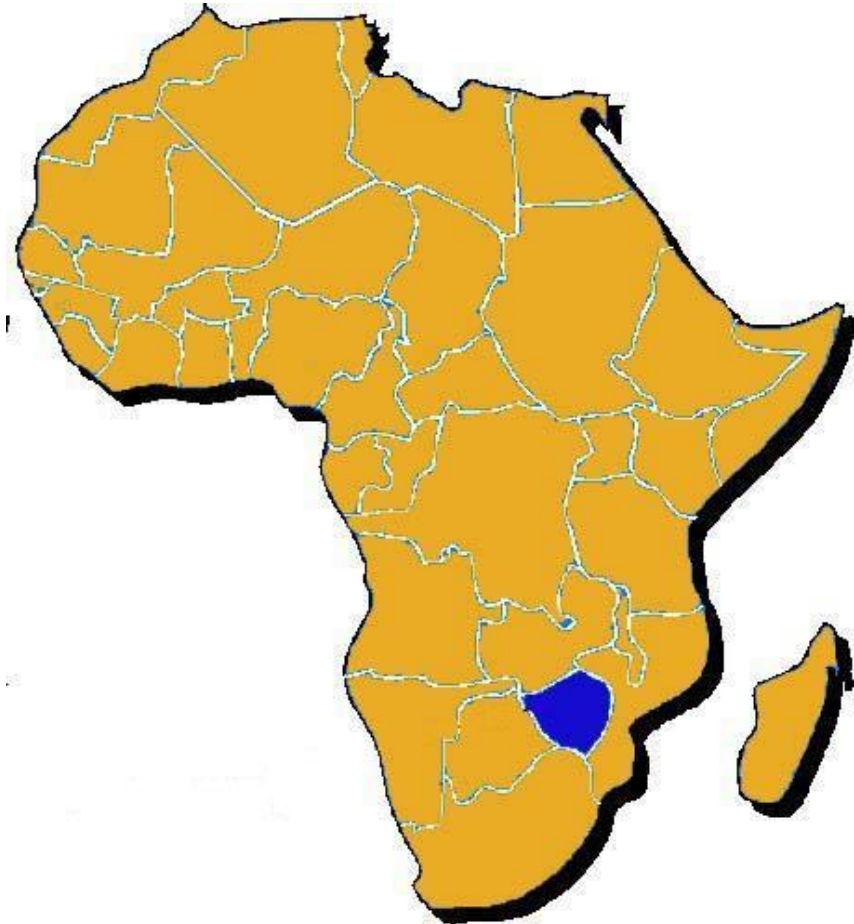
ZIMBABWE

PROJECTED GROWTH: 5.0%

POPULATION: 13 010 000

Investment and deal opportunities:

- Financial Services
- Information Technology
- Retail and Wholesale
- Food Production
- Mothball Factories



MOZAMBIQUE

PROJECTED GROWTH: 2.5%

POPULATION: 20 366 000

Investment and deal opportunities:

- Second tier services
- Infrastructure
- Mining & Minerals
- Hospitality
- Retail
- Wholesale



SOUTH AFRICA

PROJECTED GROWTH: 4.1%

POPULATION: 47 432 000

Investment and deal opportunities:

ALL BUSINESS DOMAINS

THE GATEWAY TO
AFRICA WITH NIGERIA



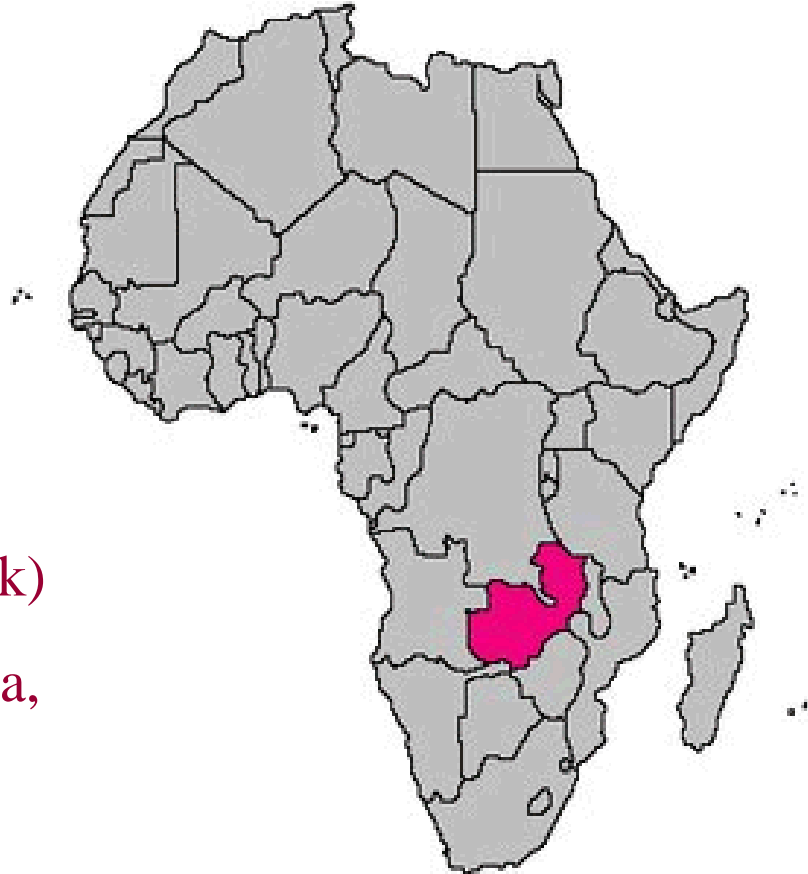
ZAMBIA

PROJECTED GROWTH: 7.4%

POPULATION: 14 668 000

Investment and deal opportunities:

- Oil, gas & mining (AEF Drilltech)
- Telecoms (Zamcell)
- Finance & Insurance (Stanbic Bank)
- Tourism Services (Protea, Chingola, Michaelangelo hotels)
- Retail and Wholesale



MALAWI

PROJECTED GROWTH: 4.3%

POPULATION: 12 884 000

Investment and deal opportunities:

- Mining (Kaylekera uranium mine)
- Agriculture
- Retail
- Wholesale
- Tourism



NAMIBIA

PROJECTED GROWTH: 4.5%

POPULATION: 2 031 000

Investment and deal opportunities:

- Power
- Food
- Tourism
- Mining



SWAZILAND

PROJECTED GROWTH: 0.6%

POPULATION: 1 032 000

Investment and deal opportunities:

- Manufacturing (Textiles, sugar)
- Forestry
- Mining
- Tourism

HIGH POLITICAL RISK



LESOTHO

PROJECTED GROWTH: 3.0%

POPULATION: 1 795 000

Investment and deal opportunities:

- Transport
- Infrastructure – construction
- Food Production
- Tourism



REGIONAL INTEGRATION ASSISTANCE STRATEGY PROJECTS

- Transport: Abijan-Lagos transport facilitation (Benin, Ghana)
- ICT: West African broadband network (Liberia, Sierra Leone)
- ICT: Extending Central African Backbone (CAR, Congo, Chad)
- Finance: East-African development program
- Power: Zambia transmission line- Southern Africa Power Pool

WHY USE GKA BAYETE?

- Project Sealant
- We understand Africa – especially Southern Africa
 - Culture and Values
 - How deals are done
 - Access to finance
 - Access to decision makers
- Track Record
 - Best advisors
 - Deals done