

East African Community Presentation

Focus on Kenya, Tanzania, Uganda, Rwanda and Ethiopia





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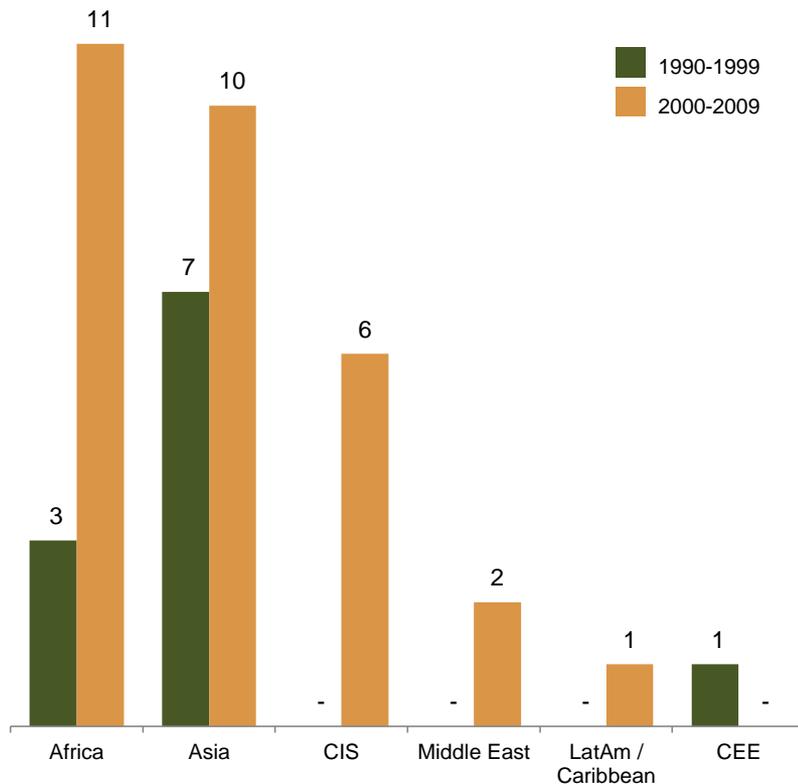


Africa – Overview (1/2)

Rapid and sustainable growth



Number of Countries that Grew GDP >7% per annum



Source: IMF, World Economic Outlook

Analysis

Africa Snapshot

- ▶ Africa is the largest continent in the world in terms of both land mass and population
 - ▶ Over 1 billion people, or 15% of the world's total population
 - ▶ 52 cities with more than 1 million people, which is equal to or greater than Europe, the United States and India
 - ▶ Larger land mass than the United States, China and India, combined
- ▶ Africa has demonstrated strong and resilient economic growth
 - ▶ Average GDP growth of 5.2% since 2002, despite global economic crisis
- ▶ Sub-Saharan Africa is home to 7 of the top 10 (and 10 of the top 20) fastest growing economies in the world



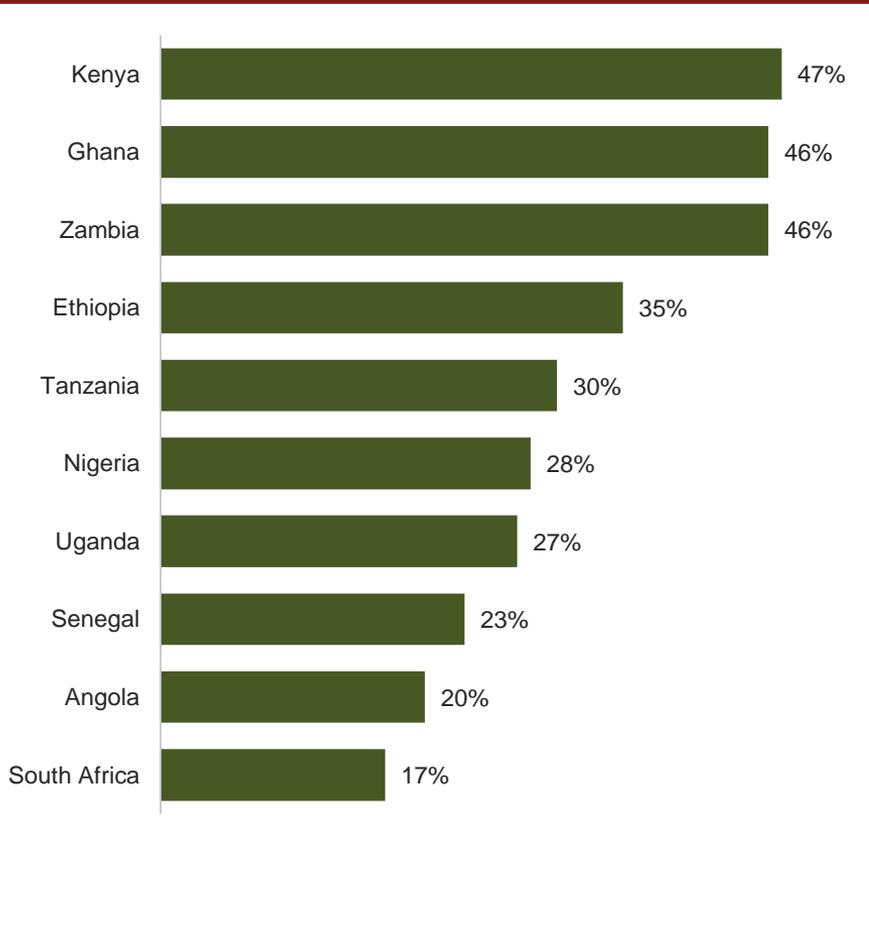
Building trust
Sharing success

Africa – Overview (2/2)

Rapid and sustainable growth



Projected GDP Per Capita Growth Per Country, 2013-2018E



Source: Renaissance Capital, IMF

Analysis

Going forward, Africa should continue to present highly compelling investment opportunities due to its

- ▶ **Attractive macroeconomic fundamentals and favorable demographics**
- ▶ **Accelerating regional integration and improving regulatory environment**
- ▶ **Large number of sectors that are experiencing hyper growth and/or rapid structural change**
- ▶ **Improved governance and new democracies leading to a more stable political context**

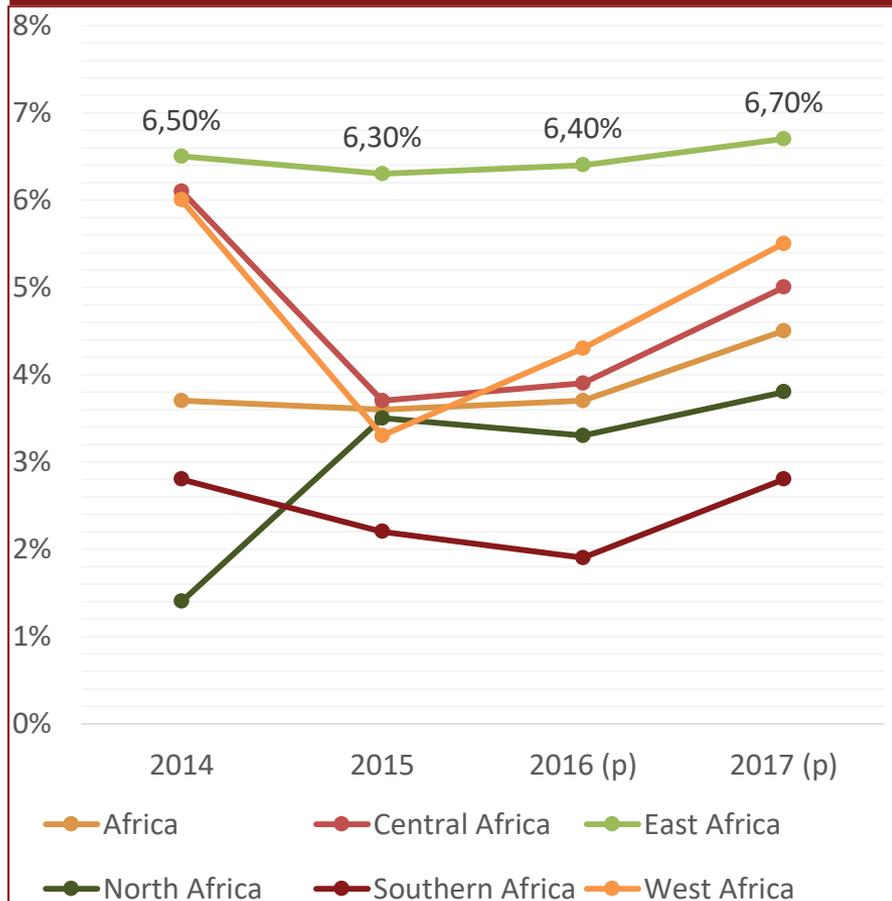


Africa's growth by region

East Africa, the continent's fastest-growing region



GDP Evolution by region in Africa (2014-2017)



Analysis

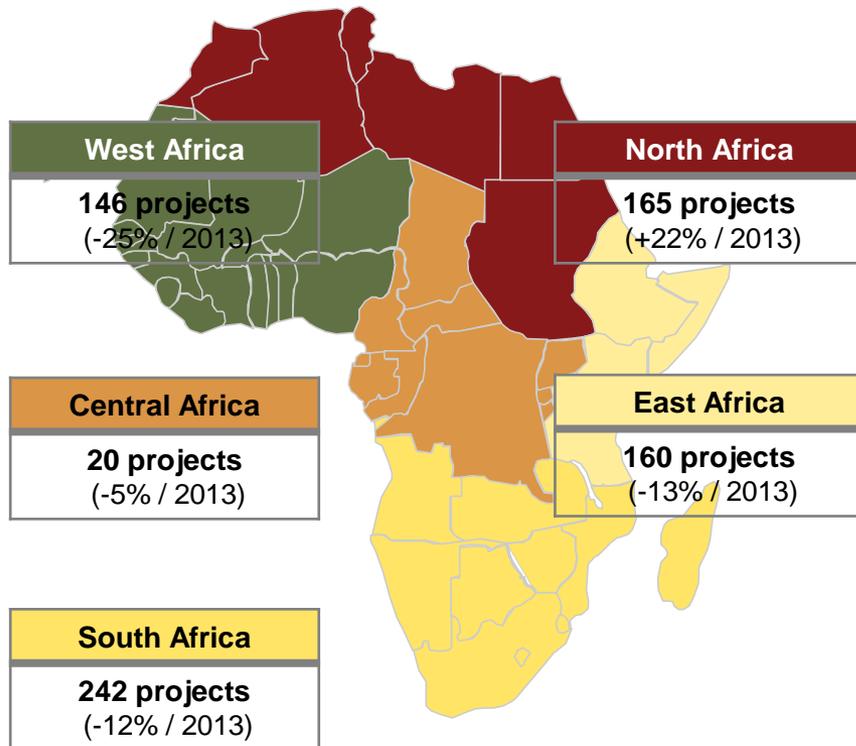
- ▶ **East Africa is the continent's fastest-growing region** and is expected to continue its high growth path in 2016/17. The region benefits from large FDI inflows.
- ▶ East Africa's strong growth performance in 2015 was widespread with many countries achieving growth of more than 5% (Djibouti, Ethiopia, Kenya, Rwanda, Tanzania and Uganda) and expected to continue on a high growth path in 2016/17.
- ▶ In West Africa, growth slowed in 2015 due to the sharp fall in commodity prices and the Ebola crisis.
- ▶ In Southern Africa, growth slowed down in 2015 due to weak international conditions including lower commodity prices, the drought and other factors, such as power shortages,
- ▶ In North Africa, the macroeconomic situation remains uneven due to disruption in oil production and ongoing political conflicts and uncertainty in Libya.



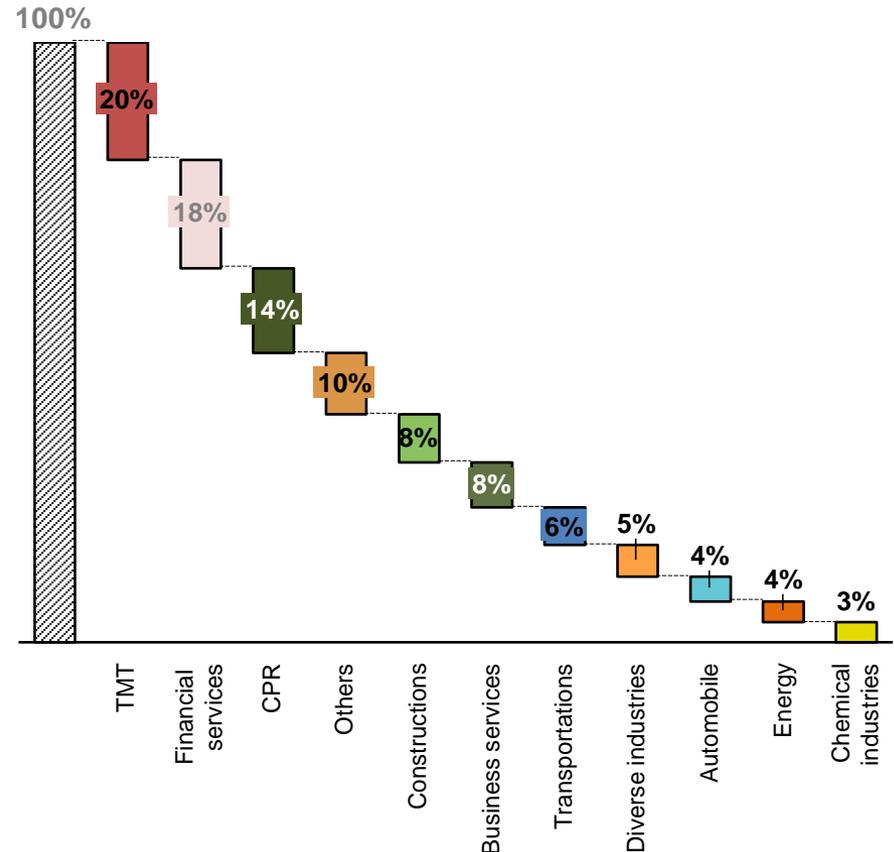
Africa's FDI's by region

In 2014, South, North and East Africa were the most attractive regions in terms of FDI's (number of projects)

Number of FDI's in Africa by region (2014)



Number of FDI's in Africa by industry (2014)

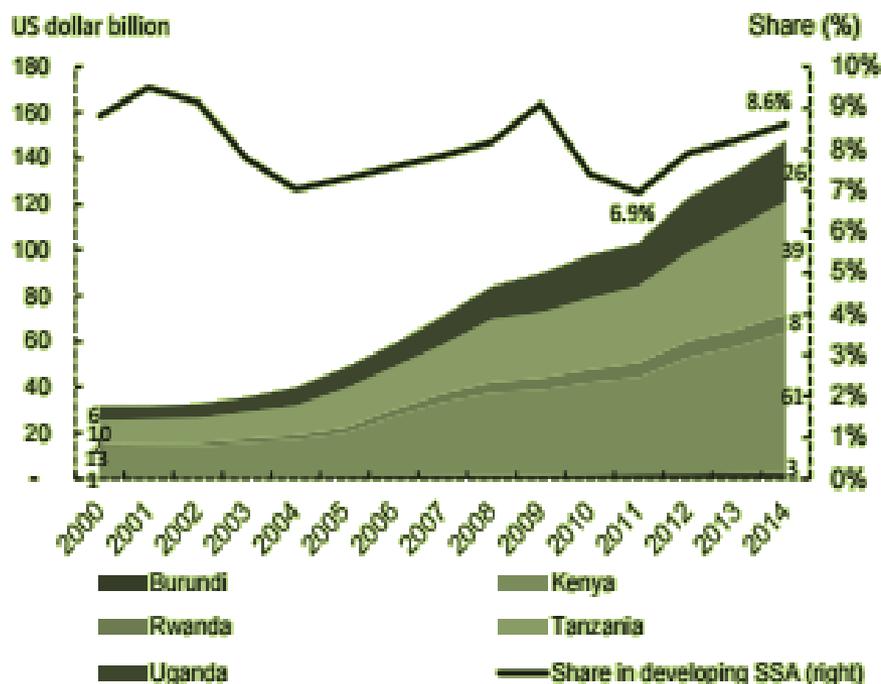


Economic Growth in East Africa

The EAC's economy has grown by almost five folds from 2000 to 2014



Size of the EAC evolution 2000-2014



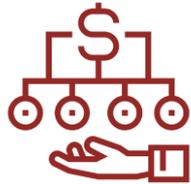
Analysis

- ▶ The combined size of EAC countries has significantly increased from \$31b in 2000 to \$147b in 2014 (11.6% per year, excluding Ethiopia)
- ▶ Kenya was the highest contributor with 41%.
- ▶ In recent years, the growth performance of EAC has outpaced other SSA countries and global growth rates.

EAC: Favorable Macroeconomic Environment and Attractive Demographics



East Africa's robust growth is underpinned by its large and growing consumer class, increasing economic diversification, favorable demographics and accelerating urbanization



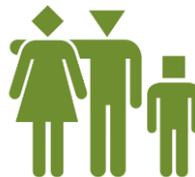
Large & Growing Consumer Class

- ▶ East Africa's middle class has grown significantly
- ▶ Private consumption in Africa is already higher than in India or Russia: Increase by >\$550 billion FY2000-FY2010; expected increase by \$410 billion by 2020
- ▶ Projections for 2060: the African middle class will grow to 1.1 billion, representing 42% of the continent's population



Increasing Economic Diversification

- ▶ While East Africa benefits from a large and growing natural resource endowment and has recently benefited from lower oil prices, continued exploration in the region and commercialization of deposits will benefit the economies of the EAC
- ▶ 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 market



Favorable Demographics

- ▶ East Africa has one of the youngest population in the world and is expected to double by 2045
- ▶ East Africa currently has over 100 million working age people and expected to increase further, creating one of the largest labor forces in the world
- ▶ Education levels are improving among young people, with increased literacy rates, lowered youth employment



Accelerating Urbanization

- ▶ Urbanization is a key economic growth driver as urban populations have higher incomes and consume more goods and services (e.g., while only a third of Africa's population is urban, this segment currently accounts for 80% of total GDP)
- ▶ It is expected that over 500 million Africans will live in urban centers by 2016 and by 2030, the continent's top 18 cities are expected to have combined annual spending power of \$1.3 trillion





Overview – Attractive Investment Environment

The investment opportunity is driven by attractive macroeconomic fundamentals, increasing regional integration, and rapid underlying growth across numerous sectors

Attractive Macroeconomic Fundamentals

- ▶ East Africa's strong growth is expected to continue and exceed 5% per annum over the next several years
 - ▶ Growing population with favorable demographics (young, educated, and increasingly urban populations)
 - ▶ Rising domestic demand driven by expanding consumer class with increasing purchasing power
 - ▶ Large natural resource endowment coupled with substantial new discoveries
- ▶ More resilient growth due to diversification beyond exports and commodities
- ▶ Improved governance and nascent democracies point towards more political stability

Increasing Regional Integration & Cooperation

- ▶ Dramatic increase in regional integration and intra-African trade driven primarily by the private sector but also supported by regulatory and policy initiatives (over 3x increase in intra-African trade over past 10 years)
 - ▶ Regional integration led by dominant local companies expanding into adjacent and/or complementary markets
 - ▶ Implementation of regional trade pacts is creating a favorable environment for continued regional integration
- ▶ Increased interdependence and cooperation among countries has resulted in improving transparency, coordinated economic policies, and improved fiscal management (e.g. COMESA)

Numerous Sectors Experiencing Hyper Growth and/or Rapid Change

- ▶ Rising incomes have unleashed demand for a wide variety of products and services, which is facilitating growth across numerous new and underpenetrated sectors (e.g. financial services, FMCG, healthcare, education, etc.)
- ▶ Many of East Africa's largest industries remain highly fragmented and represent excellent candidates for consolidation
- ▶ Changing regulatory requirements and increasing customer expectations are forcing mid sized companies to upgrade capabilities and professionalize operations, exacerbating need for value-added investors/partners
- ▶ Local content regulations give priority to domestic companies in sectors such as oil and gas and insurance providing opportunities to build scale quickly but also creating significant funding needs





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Kenya – Key data



Kenya 2015 GDP growth seen at 5,7% in 2015

Category	Indicator	Value
General data	▶ Regime	Republic of Kenya
	▶ President	Uhuru Kenyatta
	▶ Capital	Nairobi
	▶ Population	46.05 million (2015)
	▶ Surface Area	580,370 km ²
	▶ Density	78.83/km ²
	▶ Main cities	Nairobi, Mombasa, Kisumu, Nakuru, Eldoret
	▶ Literacy rate	78% (2015)
	▶ Official Languages	English, Kiswahili
	▶ Main Airport	Jomo Kenyatta International Airport (Nairobi)
Economic data	▶ Employment rate	61.2% (2015)
	▶ Currency	Kenya Shilling (~103 / \$)
	▶ Inflation rate	9,04% (2015)
	▶ Trade Balance	– \$12 B (2014)
	▶ GDP	\$63.4b
	▶ GDP per capita	\$1,133 (2015)
	▶ GDP Growth	5,7% (2015)
	▶ Government Debt / GDP	52.8% (2015)

Source: World Bank Group

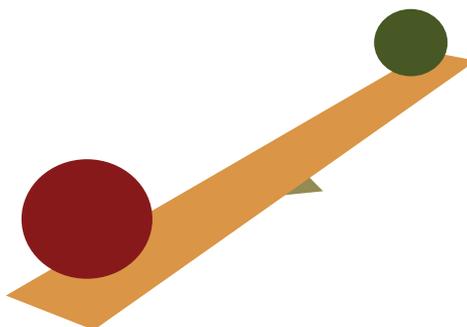
Kenya – Strengths Vs. Weaknesses



Kenya's economic growth is expected to increase to 6,1% in 2018

Strengths

- ▶ First East African Economy
- ▶ A pivotal role within the East African Community, First African Common Market
- ▶ Expected increasing economic growth at 5,9 percent in 2016, from 5,7 in 2015, and strengthening to 6,1% in 2018
- ▶ Diversified agriculture and developed services (telecommunications and financial services)
- ▶ Improving Business Climate
- ▶ Growth in private consumption
 - ▶ Growing middle class
 - ▶ Ongoing demographic transition
 - ▶ Rising incomes
- ▶ Emergence of a middle class



Weaknesses

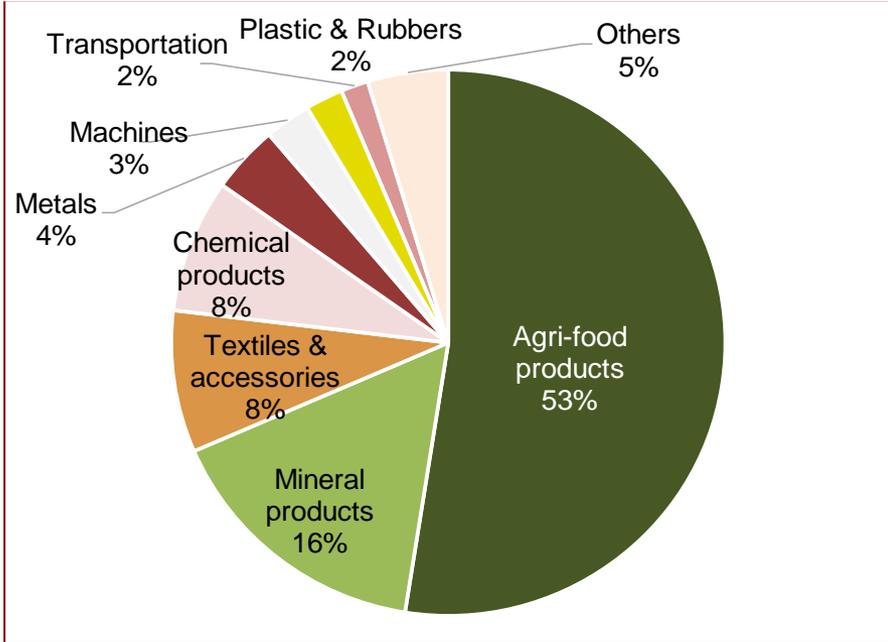
- ▶ Dependence on Hydroelectric power and rainfed agriculture
- ▶ Skill shortages
- ▶ Terrorist risks (especially close to the border with Somalia)
- ▶ Improving governance but persistent corruption

Kenya – Focus on Exports

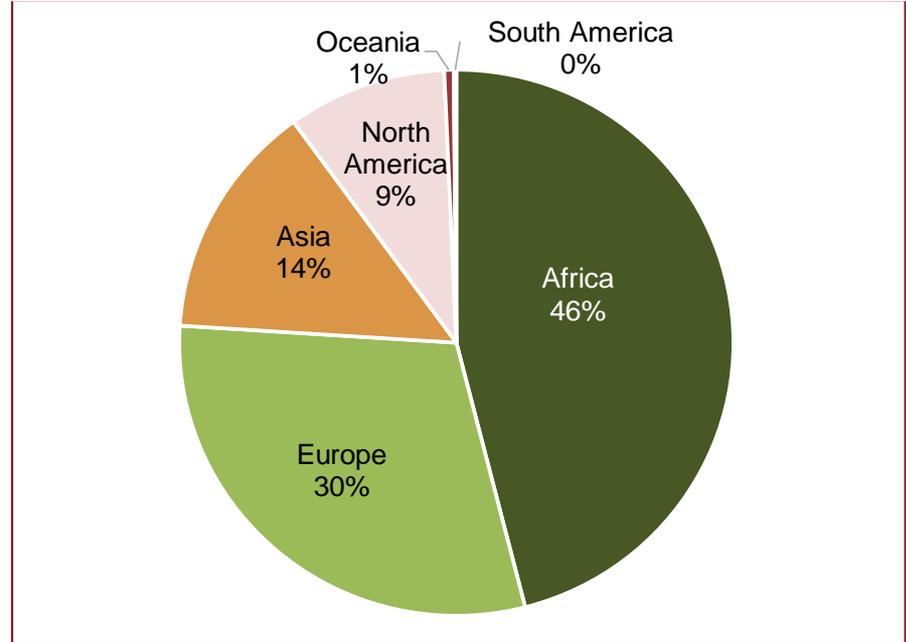


Exports in Kenya are led by agri-food products representing more than ½ of total exports

Exportations by product category (2014)
Exports value = \$6B



Exportations by region (2014)
Exports value = \$6B



- ▶ Kenya is the 106th largest export economy
- ▶ The top exports of Kenya are Tea (\$957M), Refined Petroleum (\$721M), Cut Flowers (\$700M), Coffee (\$227M) and Legumes (\$170M)

- ▶ The top export destinations of Kenya are Zambia (\$741M), Tanzania (\$646M), Uganda (\$569M), the Netherlands (\$519M) and the United States (\$519M)

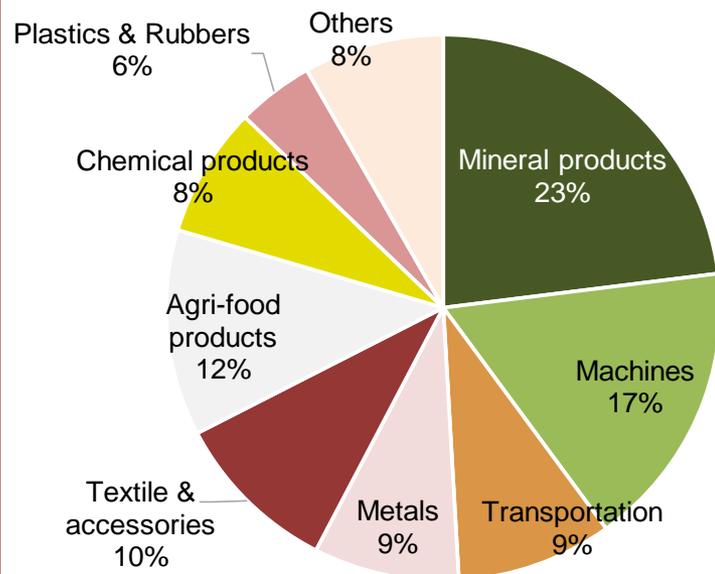
Source: Observatory of Economic Complexity

Kenya – Focus on Imports

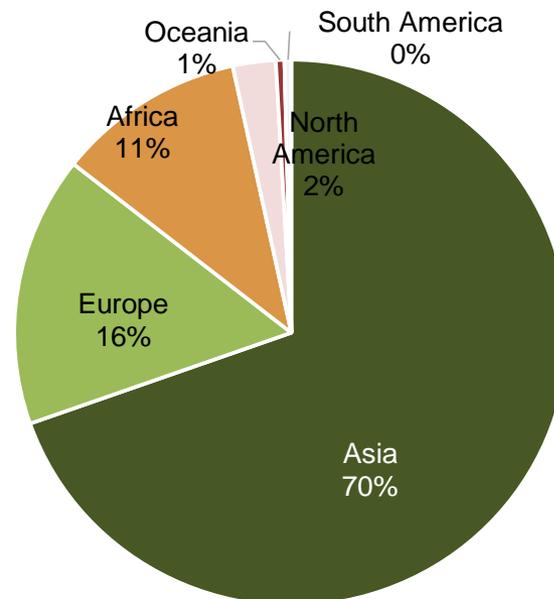
70% of total imports to Kenya are from Asia



Importations by product category (2014)
Imports Value = \$18B



Importations by region (2014)
Imports Value = \$18B



- ▶ The 81st largest importer in the world.
- ▶ During 20014-2009, imports have increased at an annualized rate of 10,8%.
- ▶ In 2014, imports are led by Refined Petroleum (22.4% of the total imports), followed by Cars (2.9% of the total imports).

- ▶ The top import origins of Kenya are China (\$4.9B), India (\$4.39B), Japan (\$928M), Malaysia (\$739M) and South Africa (\$718M).

Tanzania – Key data



Tanzania 2015 GDP growth seen at 7% in 2015

General data	▶ Regime	United Republic of Tanzania
	▶ President	John Magafuli
	▶ Capital	Dodoma
	▶ Population	53.4m
	▶ Surface Area	947,303 km ²
	▶ Density	47.5/km ²
	▶ Main cities	Dar es Salaam, Arusha, Mwanza, Mwtapa, Dodoma
	▶ Literacy rate	79% (2015)
	▶ Official Languages	Swahili (Official), English
	▶ Main Airport	Julius Nyerere International Airport
Economic data	▶ Employment rate	76% (2015)
	▶ Currency	Tanzanian Shilling
	▶ Inflation rate	5.2% (2015)
	▶ Trade Balance	– \$7.07B (2014)
	▶ GDP	\$45.6b (2015)
	▶ GDP per capita	\$2540 (2014) (150 th of 185)
	▶ GDP Growth	7% (2015)
	▶ Government Debt / GDP	40% (2015)

Source: World Bank Group

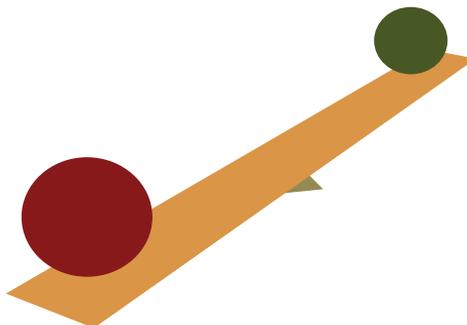
Tanzania – Strengths Vs. Weaknesses



Tanzania registered the highest sustained economic growth in the EAC during 2011-2015

Strengths

- ▶ During 2011 to 2015, Tanzania registered the highest sustained economic growth in the EAC
- ▶ Steady decline in the inflation rate during 2012 to 2015
- ▶ Different contributing sectors to growth: construction, financial services and transports
- ▶ In 2016, Tanzania expected an economic growth of 7%
- ▶ Wealth in mineral resources (gold)
- ▶ Large gas potential thanks to offshore reserves discovered in 2010
- ▶ International support



Weaknesses

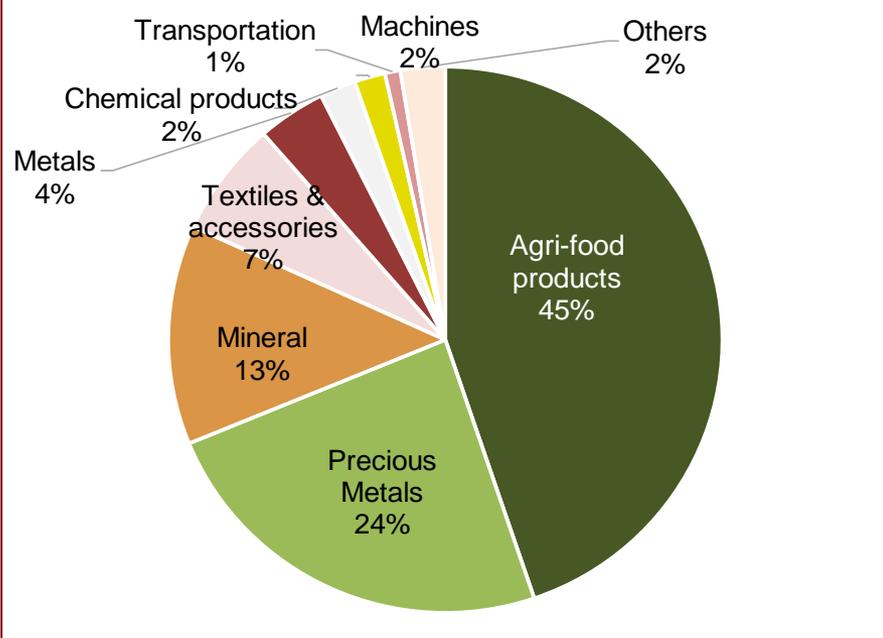
- ▶ Gaps in infrastructure, particularly in the fields of energy (electricity) and transport
- ▶ Strong dependence on gold prices
- ▶ Religious tensions between Zanzibar and the continent



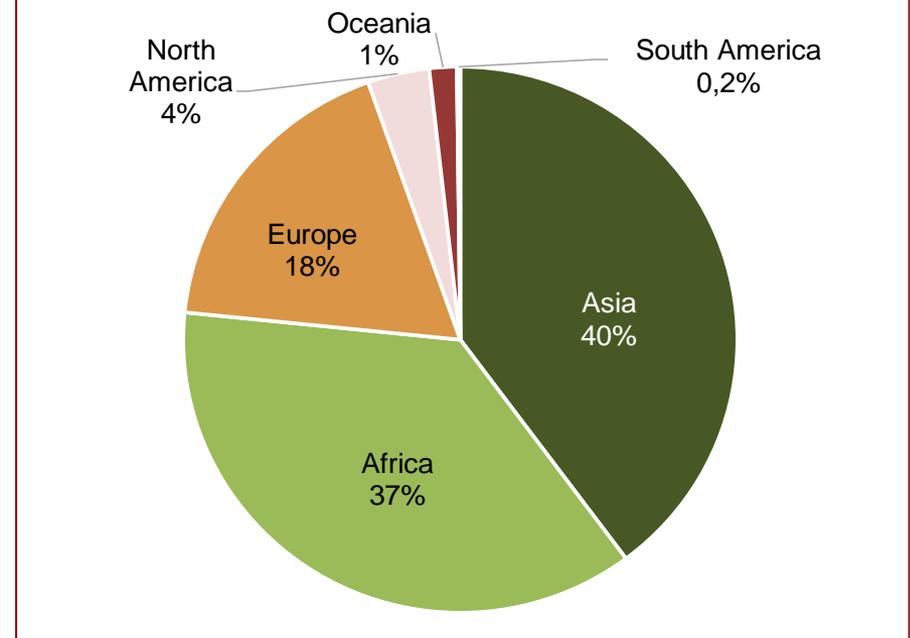
Tanzania – Focus on Exports

Tanzania exports are led by Gold representing 21.5% of total exports in 2014

Exportations by product category (2014)
Exports value = \$6,4B



Exportations by region (2014)
Exports value = \$6,4B



- ▶ Tanzania is the 102nd largest export economy in the world
- ▶ An increasing annualized rate of exports of 14.9% (2009-2014)
- ▶ Top exports: Gold (\$1.37B), Raw Tobacco (\$402M), Precious Metal Ore (\$366M), Other Oily Seeds (\$280M) and Copper Ore (\$244M).

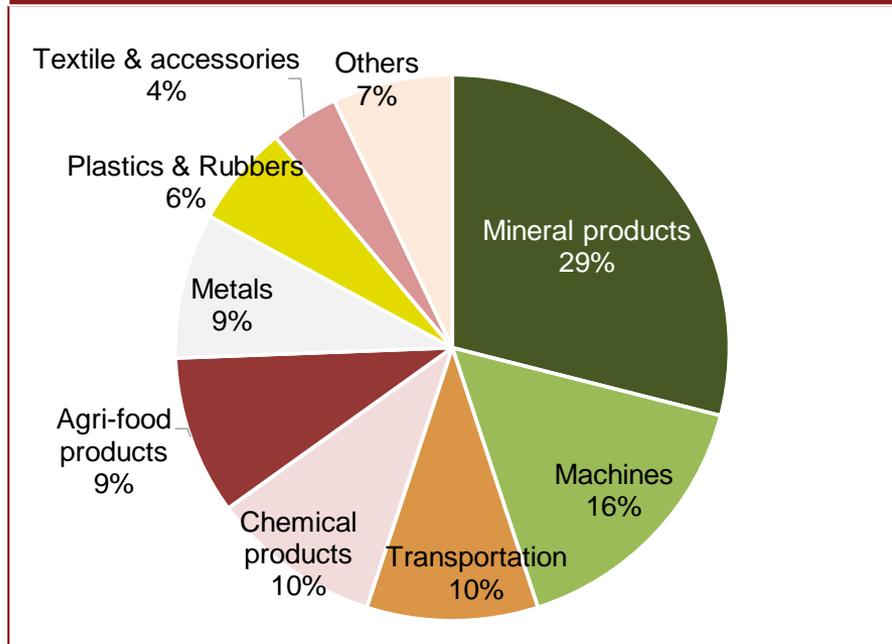
- ▶ The top export destinations of Tanzania are India (\$1.09B), South Africa (\$754M), China (\$530M), Kenya (\$445M) and Japan (\$392M).

Tanzania – Focus on Imports

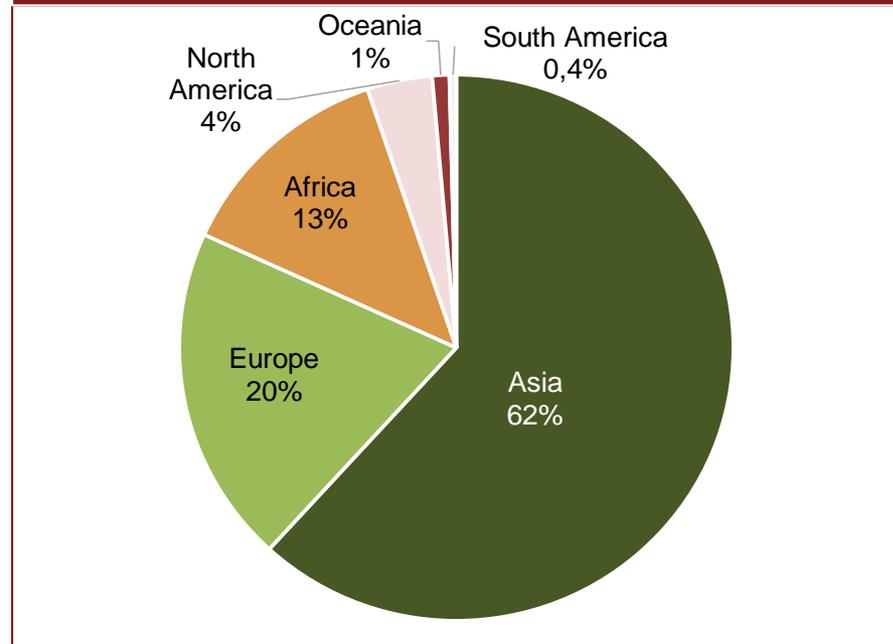


Tanzania imports are led by Refined Petroleum representing 21.5% of total imports in 2014

Importations by product category (2014)
Imports Value = \$13,5B



Importations by region (2014)
Imports Value = \$13,5B



- ▶ The 90th largest importer in the world.
- ▶ An increasing annualized rate of imports of 15% (2009-2014)
- ▶ Its top imports are Refined Petroleum (\$3.42B), Palm Oil (\$354M), Packaged Medicaments (\$339M), Cars (\$310M) and Wheat (\$247M)

- ▶ The top import origins are India (\$2.55B), China (\$2.32B), the United Arab Emirates (\$1.12B), Switzerland (\$839M) and Kenya (\$646M).

Uganda – Key data



Uganda 2015 GDP growth seen at 4,6% in 2015

General data	▶ Regime	Republic of Uganda
	▶ President	Yoweri Museveni
	▶ Capital	Kampala
	▶ Population	37.8m
	▶ Surface Area	241,038 km ²
	▶ Density	157.1/km ²
	▶ Main cities	Kampala, Entebbe, Jinja
	▶ Literacy rate	70% (2015)
	▶ Official Languages	English, Swahili (Official)
Economic data	▶ Main Airport	Entebbe International Airport
	▶ Employment rate	84% (2015)
	▶ Currency	Ugandan Shilling
	▶ Inflation rate	6.7% (2015)
	▶ Trade Balance	– \$3.7B (2014) (162 th of 185)
	▶ GDP	\$29.2b (2015)
	▶ GDP per capita	\$1770 (2015)
	▶ GDP Growth	4.6% (2015)
	▶ Government Debt / GDP	34% (2015)

Source: World Bank Group

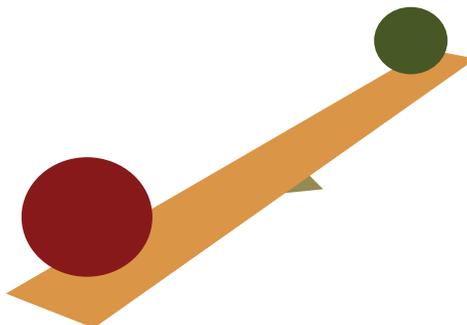
Uganda – Strengths Vs. Weaknesses

An expected economic growth of 5,9% in 2016/17



Strengths

- ▶ The economy is projected to grow at approximately 5,9 % in FY 2016/17
- ▶ Significant natural resources: fertile soils, oil fields, hydroelectric potential
- ▶ Diversification efforts in particular in the agri-food sector
- ▶ International support for infrastructure projects
- ▶ Debt mainly on concessional terms



Weaknesses

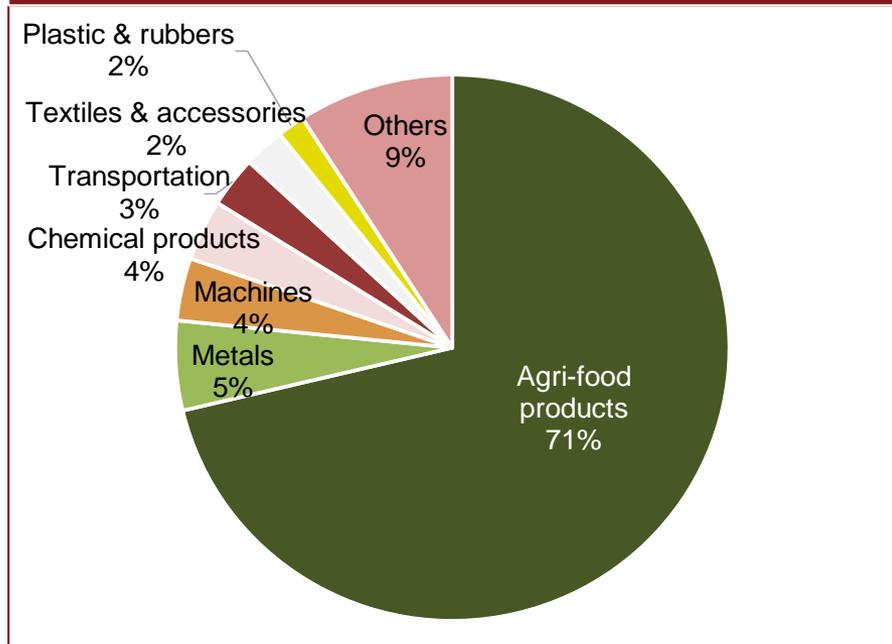
- ▶ Poverty, inequality
- ▶ Insufficient infrastructure
- ▶ Insecurity in border areas (DRC and South Sudan)
- ▶ Little progress in governance (particularly in terms of fighting corruption)

Uganda – Focus on Exports

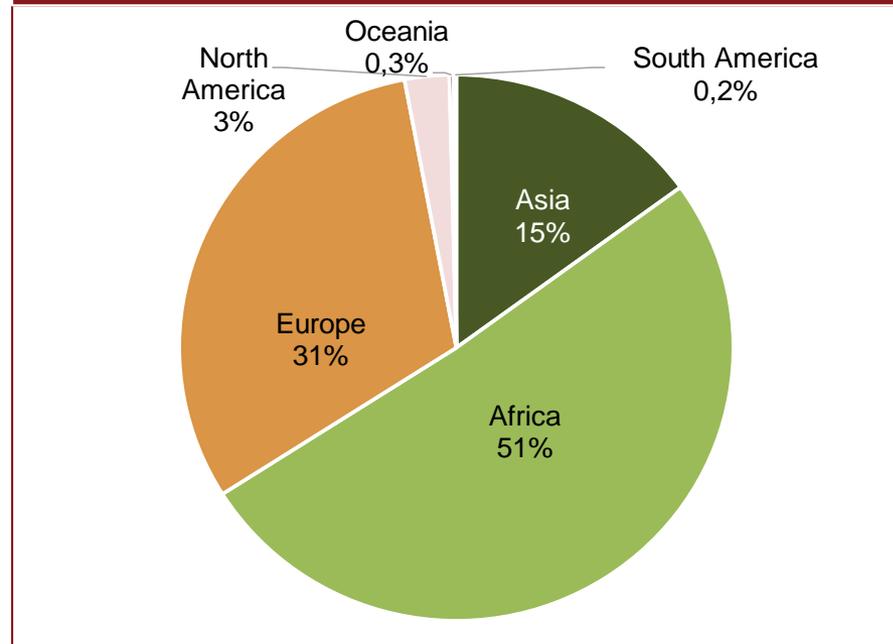


Uganda exports are led by coffee representing 20.2% of total exports in 2014

Exportations by product category (2014)
Exports value = \$2,34B



Exportations by region (2014)
Exports value = \$2,34B



- ▶ Uganda is the 133rd largest export economy in the world
- ▶ An increasing annualized rate of exports of 4,7% (2009-2014)
- ▶ Top exports: Coffee (\$471M), Raw Tobacco (\$131M), Fish Fillets (\$99M), Cement (\$93.7M) and Tea (\$93.4M).

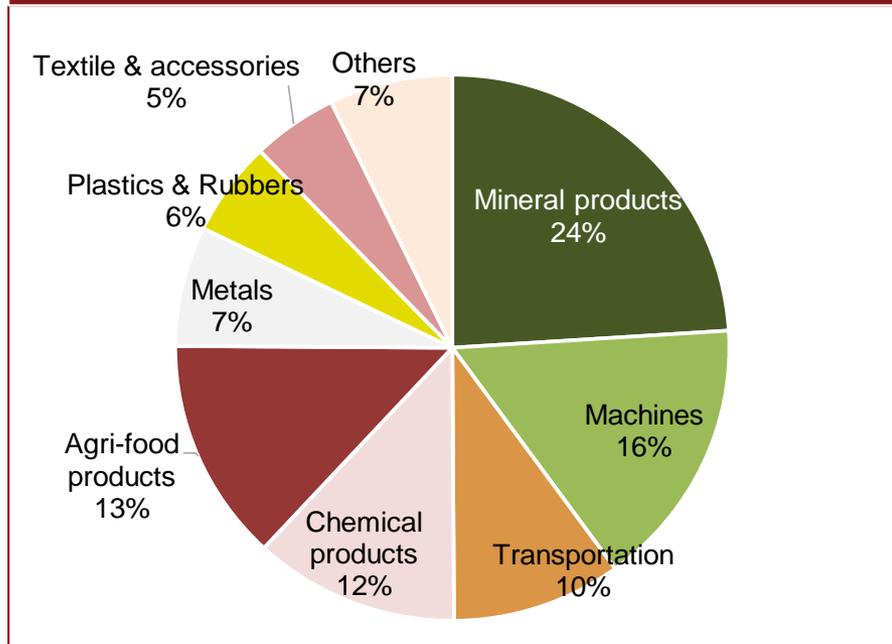
- ▶ The top export destinations of Uganda are Kenya (\$268M), Rwanda (\$263M), South Sudan (\$249M), the Democratic Republic of the Congo (\$180M) and the Netherlands (\$150M).

Uganda – Focus on Imports

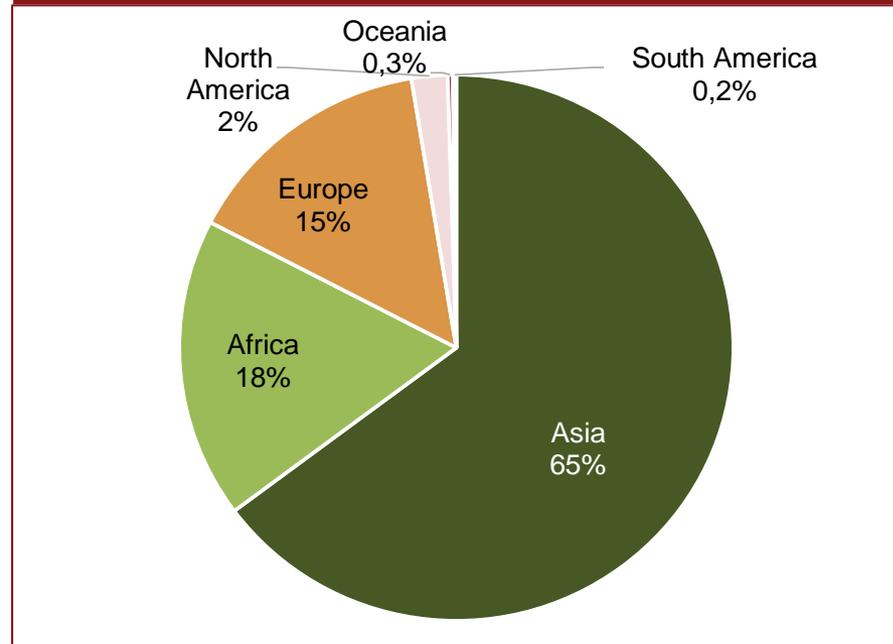


Uganda imports are led by Refined Petroleum representing 21 % of total imports in 2014

Importations by product category (2014)
Imports Value = \$13,5B



Importations by region (2014)
Imports Value = \$13,5B



- ▶ The 125th largest importer in the world.
- ▶ An increasing annualized rate of imports of 7,4% (2009-2014)
- ▶ Its top imports are Refined Petroleum (\$1.27B), Packaged Medicaments (\$321M), Palm Oil (\$224M), Cars (\$207M) and Delivery Trucks (\$135M).

- ▶ The top import origins are India (\$1.4B), China (\$742M), Kenya (\$569M), the United Arab Emirates (\$384M) and Japan (\$336M).

Rwanda – Key data



Rwanda 2015 GDP growth seen at 6,9% in 2015

General data	▶ Regime	Republic of Rwanda
	▶ President	Paul Kagame
	▶ Capital	Kigali
	▶ Population	11.3m
	▶ Surface Area	26,338 km ²
	▶ Density	445/km ²
	▶ Main cities	Kigali
	▶ Literacy rate	72%
	▶ Official Languages	Kinyarwanda, English, French
	▶ Main Airport	Kigali International Airport
Economic data	▶ Employment rate	78% (2015)
	▶ Currency	Rwandan Franc
	▶ Inflation rate	12% (2015)
	▶ Trade Balance	– \$1.18B (2014)
	▶ GDP	\$8.8b (2015)
	▶ GDP per capita	\$1660 (2014)
	▶ GDP Growth	6.9% (2015)
	▶ Government Debt / GDP	28% (2015)

Source: World Bank Group

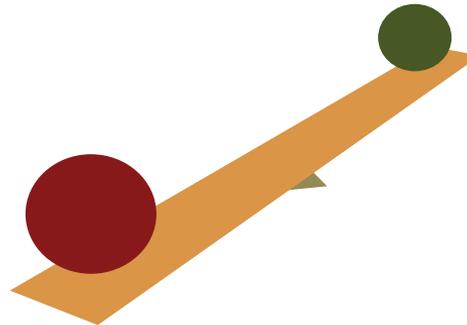
Rwanda – Strengths Vs. Weaknesses

An average economic growth of 7% in 2010 – 2015



Strengths

- ▶ From 2010 to 2015, the economy grew by 7% on average, more than twice as high as the average growth rates of all countries globally (including high-income and developing countries)
- ▶ Geological potential: cassiterite, coltan, gold
- ▶ Skilled labor and quality infrastructure
- ▶ Significant progress in governance (anti-corruption)
- ▶ Accelerated contribution of private consumption to growth



Weaknesses

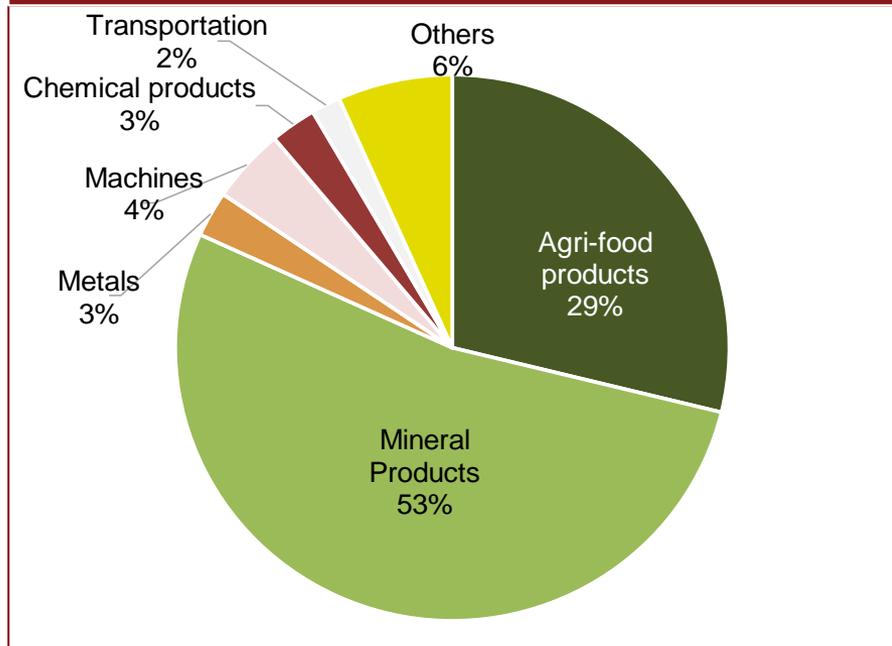
- ▶ Strong dependence on prices of primary products (tea, coffee) and international aid
- ▶ Exposure to geopolitical tensions in the Great Lakes region
- ▶ Demographic pressure and population density among the highest in Africa

Rwanda – Focus on Exports

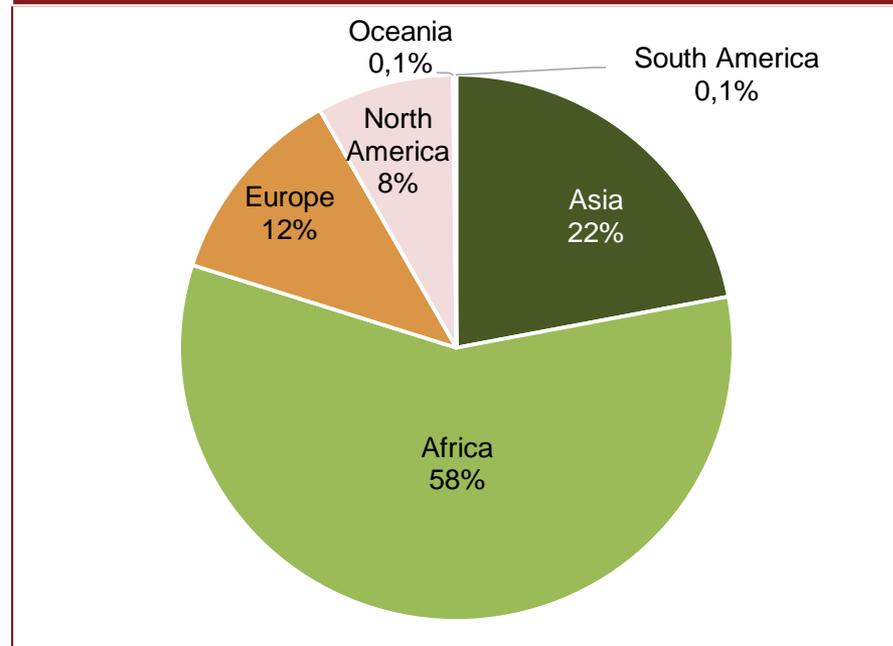


Rwanda exports are led by Tin Ores representing 17,7% of total exports in 2014

Exportations by product category (2014)
Exports value = \$836M



Exportations by region (2014)
Exports value = \$836M



- ▶ Rwanda is the 155th largest export economy in the world
- ▶ An increasing annualized rate of exports of 20,2% (2009-2014)
- ▶ Top exports: Tin Ores (\$148M), Niobium, Tantalum, Vanadium and Zirconium Ore (\$130M), Refined Petroleum (\$101M), Tea (\$81.9M) and Coffee (\$68.3M)

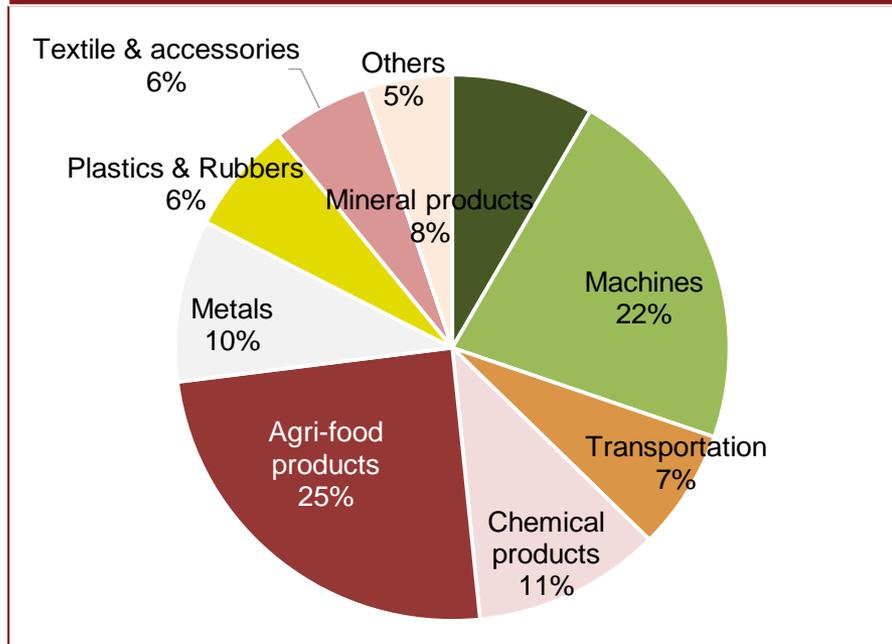
- ▶ The top export destinations of Rwanda are Tanzania (\$170M), the Democratic Republic of the Congo (\$153M), Kenya (\$74.2M), Uganda (\$62.9M) and Malaysia (\$49.9M).

Rwanda – Focus on Imports

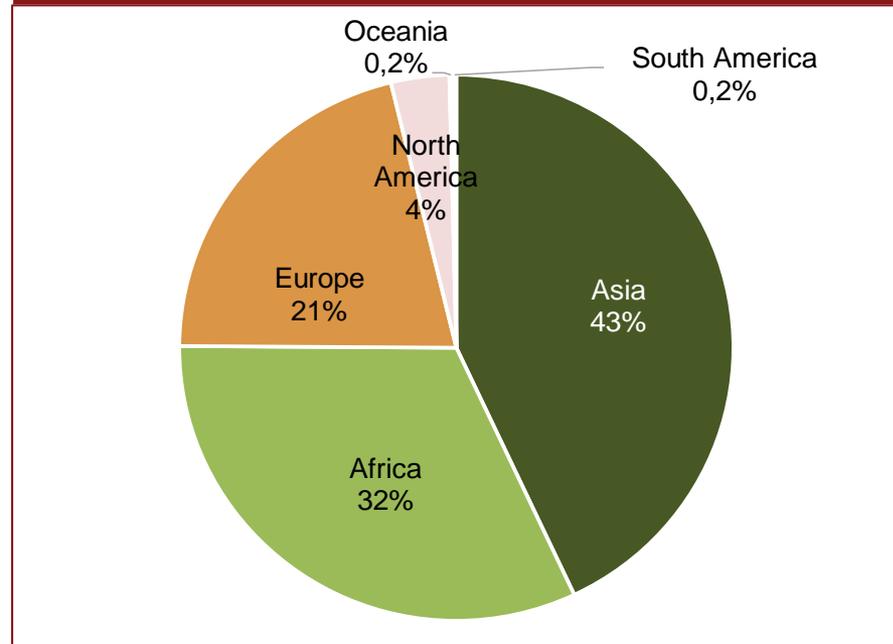


Rwanda imports are led by Cement representing 3,65 % of total imports in 2014

Importations by product category (2014)
Imports Value = \$2,02B



Importations by region (2014)
Imports Value = \$2,02B



- ▶ The 163th largest importer in the world.
- ▶ An increasing annualized rate of imports of 10,5% (2009-2014)
- ▶ Its top imports are: Cement (\$73.6M), Broadcasting Equipment (\$70.9M), Packaged Medicaments (\$67M), Refined Petroleum (\$63.3M) and Acrylic Polymers (\$62.8M).

- ▶ The top import origins are China (\$350M), Uganda (\$263M), India (\$193M), Kenya (\$177M) and the United Arab Emirates (\$122M).

Ethiopia – Key data



Ethiopia 2015 GDP growth seen at 9,6% in 2015

General data	▶ Regime	Federal Democratic Republic of Ethiopia
	▶ President	Mulatu Teshome
	▶ Capital	Addis Ababa
	▶ Population	99.4m
	▶ Surface Area	1,104,300 km ²
	▶ Density	82.58/km ²
	▶ Main cities	Addis Ababa
	▶ Literacy rate	40%
	▶ Official Languages	Amharic
	▶ Main Airport	Bole International Airport
Economic data	▶ Employment rate	78% (2015)
	▶ Currency	Birr
	▶ Inflation rate	10.1% (2015)
	▶ Trade Balance	– \$10,8B (2014)
	▶ GDP	\$61.5b (2015)
	▶ GDP per capita	\$1500 (2014)
	▶ GDP Growth	9.6% (2015)
	▶ Government Debt / GDP	32% (2015)

Source: World Bank Group

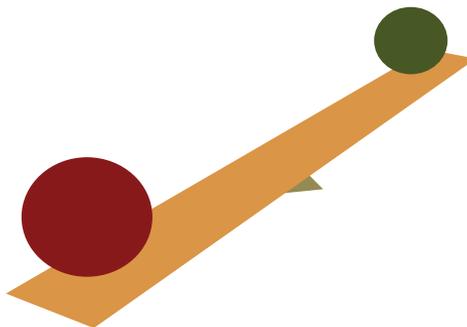
Ethiopia – Strengths Vs. Weaknesses

An average economic growth of 10,8% during the last decade



Strengths

- ▶ A remarkable record of growth: an average economic growth of 10,8% during 2003/04 to 2014/15
- ▶ A significant poverty reduction during the last decade
- ▶ Public investment in infrastructure
- ▶ Efforts to diversify the economy
- ▶ High Hydroelectric Potential



Weaknesses

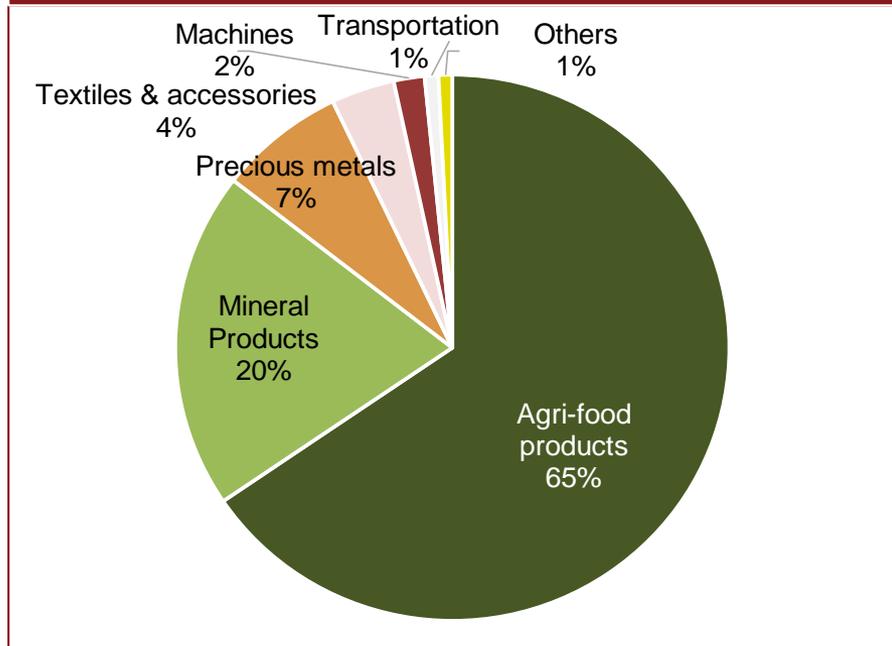
- ▶ Vulnerability to weather conditions and to changes in world commodity prices
- ▶ Insufficient level of foreign exchange reserves
- ▶ Persistent disabilities in the business environment and governance
- ▶ Unstable regional environment
- ▶ Exacerbated ethnic tensions

Ethiopia – Focus on Exports

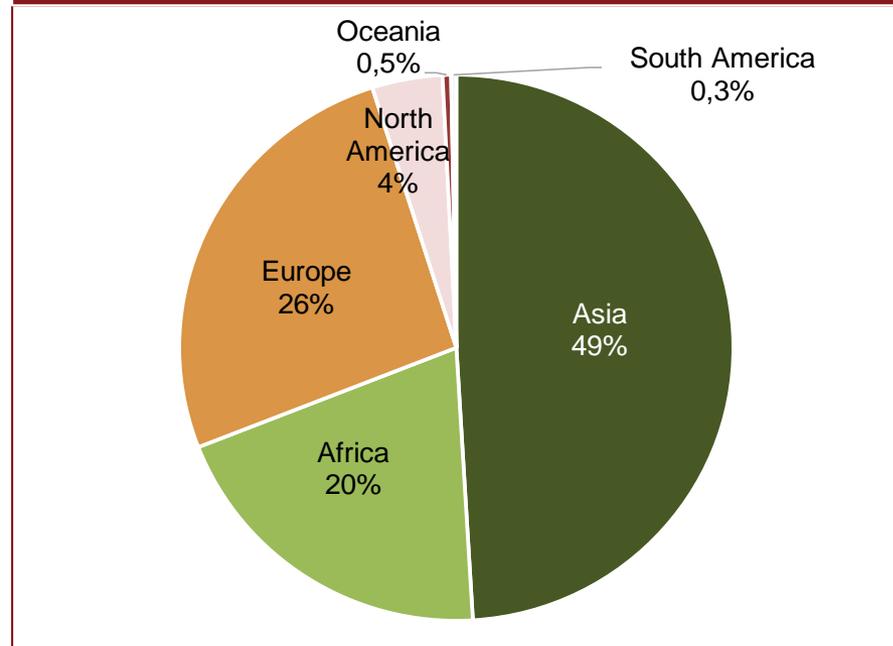


Ethiopia exports are led by Agri-food products representing 65% of total exports in 2014

Exportations by product category (2014)
Exports value = \$5,56B



Exportations by region (2014)
Exports value = \$5,56B



- ▶ Ethiopia is the 110th largest export economy in the world
- ▶ An increasing annualized rate of exports of 24,6% (2009-2014)
- ▶ Top exports: Refined Petroleum (\$1.08B), Coffee (\$842M), Other Oily Seeds (\$724M), Other Vegetables (\$569M) and Cut Flowers (\$407M)

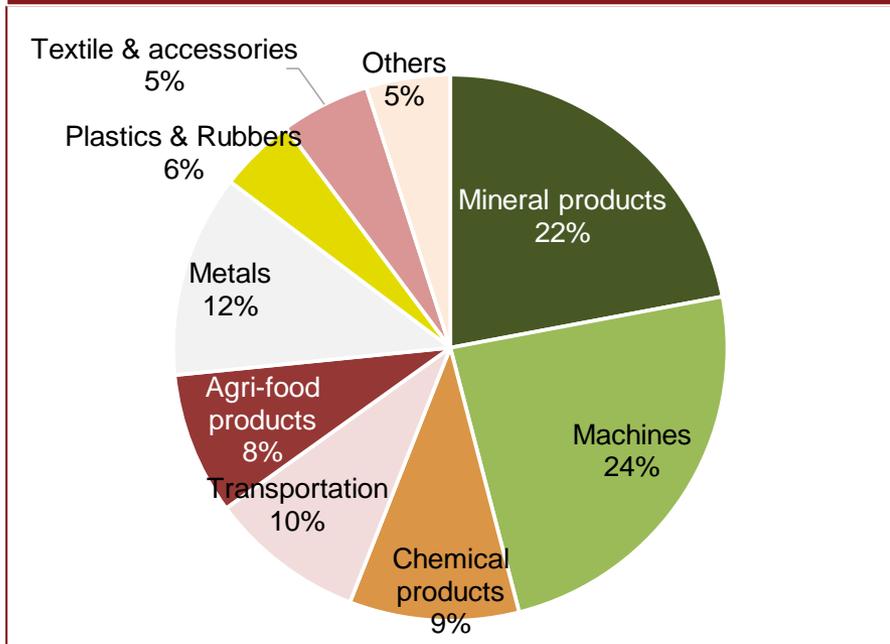
- ▶ The top export destinations of Ethiopia are Kuwait (\$801M), Somalia (\$675M), Saudi Arabia (\$571M), China (\$528M) and Switzerland (\$437M).

Ethiopia – Focus on Imports

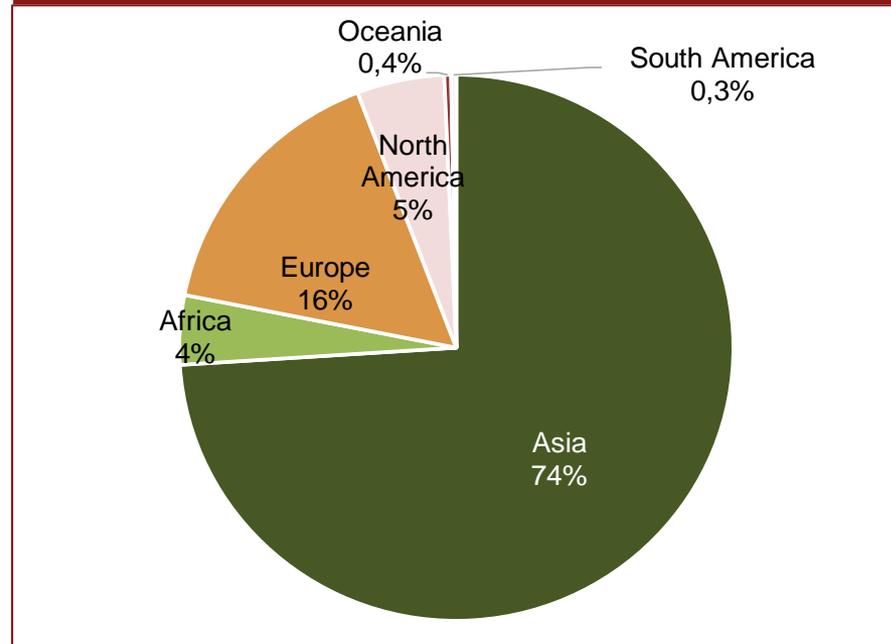


Ethiopia imports are led by Refined Petroleum representing 20,7% of total imports in 2014

Importations by product category (2014)
Imports Value = \$16,4B



Importations by region (2014)
Imports Value = \$16,4B



- ▶ The 84th largest importer in the world.
- ▶ An increasing annualized rate of imports of 15,4% (2009-2014)
- ▶ Its top imports Refined Petroleum (\$3.4B), Delivery Trucks (\$522M), Telephones (\$477M), Iron Structures (\$364M) and Palm Oil (\$336M).

- ▶ The top import origins are China (\$4.98B), Kuwait (\$1.71B), Saudi Arabia (\$1.54B), India (\$1.14B) and the United States (\$685M).



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2	Focus on Kenya, Tanzania, Uganda, Rwanda and Ethiopia	P.11
3	Focus on investment opportunities in East Africa	P.31



Midsized Companies – High Growth Potential



1 Large Universe of High Potential Companies

- ▶ Mid-sized businesses are the backbone of East Africa's commercial and industrial structure
 - ▶ The vast majority of private companies in Africa are small and mid-sized businesses (i.e. revenues <€70 million)
- ▶ Many of these companies have excellent assets and/or sustainable competitive advantages that can be leveraged to establish dominant local and/or regional companies
 - ▶ Strong local or regional brands, established distribution channels, differentiated products or services, and solid customer bases in their local markets

2 Significant Opportunities for Improved Growth

- ▶ Often have significant untapped potential for improved performance and growth through implementation of professional management systems and formal strategic planning processes
- ▶ Are typically dramatically under capitalized, particularly in light of changing regulatory requirements and customer expectations
- ▶ Often represent excellent consolidation or growth platforms within large, highly fragmented, and/or underpenetrated sectors
- ▶ Potential to introduce product or service line extensions, rationalize operations and divest or separate non-core businesses

3 Attractive Entry Valuations Relative to Growth Potential

- ▶ Lack adequate access to capital (both debt and equity), particularly term financing from value-added investors
- ▶ Recognize need for support/assistance to reach next level, particularly in light of increasing customer expectations and when looking to expand beyond domestic markets
- ▶ Lack of professional governance, financial controls, audited financials, etc. often rules out strategic buyers and/or passive financial investors
- ▶ Often facing succession issues, disjointed shareholder bases with differing liquidity desires, and/or over diversification into unrelated businesses and in need of assistance from experienced investors

4 Favorable and Improving Exit Environment

- ▶ Increasing universe of multinational corporations that are interested in expanding into Africa to establish presence within large markets with favorable demographics
- ▶ Regional consolidation led by large companies is creating demand for well-managed mid-sized businesses
- ▶ Growing number of larger private equity investors, creating opportunities to realize investments through secondary sales
- ▶ Local stock exchanges, which have increased in number and size, represent viable exit option for mid-to-large sized companies with strong growth prospects

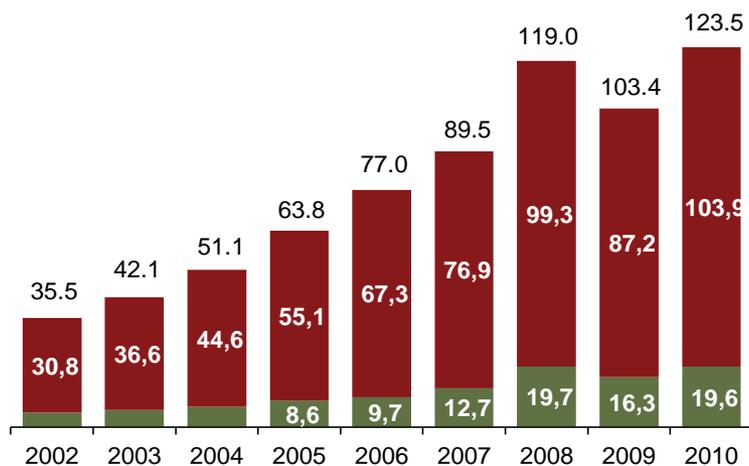


Increasing Regional Integration



Dramatic increase in regional integration and intra-African trade driven by the private sector and supported by both regulatory and policy initiatives

Total Intra-Africa Bilateral Trade, 2002-2010



Zoom on Regional trade agreements signed in the past decade:

- ✓ The Economic Community of West African States
- ✓ The Arab Maghreb Union
- ✓ The Southern African Development Community
- ✓ The East African Community
- ✓ The Common Market for Eastern and Southern Africa
- ✓ The African Free Trade Zone
- ✓ The Community of Sahel-Saharan States
- ✓ The Economic Community of Central African States
- ✓ The Greater Arab Free trade Area

Analysis

- ▶ Continued regional integration (e.g. COMESA) will provide additional growth opportunities for leading companies looking to expand into regional markets
- ▶ Regional integration has been driven by the private sector:
 - ▶ Leading companies, especially those based in smaller countries and economies, that have achieved local market dominance, seek to export or open operations in neighboring countries which often exhibit similar levels of demand
 - ▶ Opportunities to form regional value chains and achieve economies of scale in production
 - ▶ Regional trade has been of particular importance for African companies recently in light of the uncertainty of the global economy and stagnation in developed markets in Europe and North America
- ▶ Going forward, regional integration is expected to be reinforced by the implementation of regulatory and policy initiatives:
 - ▶ Political efforts to sustain the continent's growth and stability and achieve long-term competitiveness have assisted in promoting intra-African trade
 - ▶ Large number of regional trade pacts have been signed over the past 10 years
 - ▶ Emphasis on improving infrastructure to reduce cost and improve reliability of transport within the region
- ▶ Increased interdependence and cooperation among countries has resulted in improving transparency, coordinated economic policies, and improved fiscal management

Numerous High Growth and/or Rapidly Changing Sectors



Many sectors in East Africa are experiencing hyper growth and/or rapid change, which is creating significant funding needs and driving demand among business owners for value-added partners

Rapid Growth

- ▶ Large and growing consumer class has unleashed demand for a wide variety of products and services
- ▶ Increasing disposable income and evolving consumer tastes are driving significant growth within numerous new and underpenetrated sectors
- ▶ Substantial investment (both local and foreign) is driving growth within the supply chain supporting commodity and extractive industries
- ▶ Many large industries remain highly fragmented and provide excellent opportunities for growth through consolidation

Structural Changes

- ▶ Increasing capital requirements and newly implemented single shareholder limits driving transaction opportunities in the financial sector
- ▶ Local content programs in certain countries/industries (e.g. oil and gas, insurance, etc.) favor indigenous companies, providing a considerable advantage in building scale quickly
- ▶ Economic liberalization and reduced barriers to trade have facilitated significant cross border expansion and investment
- ▶ Growing presence of MNCs is driving need to upgrade product/service capabilities and HSEQ standards

Representative Sectors

Financial Services

**Agribusiness / Food Processing/
FMCG**

Pharma/ Healthcare

Education

Manufacturing

IT and Telecom

Distribution & Logistics

AfricInvest's Investments in East Africa



AfricInvest has made a number of investments in East Africa in a variety of sectors. A sample of these are highlighted below.

	<p>Insurance (Financial Services)</p>	<p>KE, UG, RW, SS, TZ, DRC</p>	<p>Following the investment, the group's operations were expanded through acquisition in Tanzania, greenfield operations in Rwanda and DRC, and launching of asset management businesses in Kenya and Uganda. The life and general insurance businesses were further capitalised and began to diversify its investments into property.</p>
<p>Brookhouse Intl. Schools</p> 	<p>Primary and Secondary Education</p>	<p>KE</p>	<p>Leading K-12 educational institution in Kenya. Together with the management, the School capacity was expanded, governance enhanced, and land acquired for a new campus to be developed in Nairobi doubling the capacity from 800 to 1600 students.</p>
	<p>Banking</p>	<p>KE</p>	<p>A commercial bank operating in the retail space in Kenya with a wide outreach through branch operations. Governance and compliance mechanisms were enhanced for the business, while expanding into the corporate and SME spaces.</p>
<p>Kiboko Group</p> 	<p>FMCG Distribution & Pharma Manufacturing</p>	<p>UG, KE, TZ, SS, BU</p>	<p>A major Ugandan FMCG distributor for P&G and manufacturer of IV parenteral products. The group's operations were expanded into Tanzania, South Sudan and Kenya; new products were introduced as well as upgrades to IT systems, governance and compliance.</p>
<p>Silafrica</p> 	<p>Packaging</p>	<p>TZ, KE, ET, UG</p>	<p>A regional packaging business serving retail, trade and corporate spaces as well a number of multinationals offering a variety of plastic packaging solutions. Recent expansion into Uganda and expansion of manufacturing facilities in Ethiopia is ongoing.</p>



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