

An aerial night view of a city skyline, likely Johannesburg, South Africa, featuring a dense cluster of skyscrapers and a large railway yard with many train tracks. A large yellow trapezoidal shape is overlaid on the right side of the image, containing the title and subtitle text.

Staying the course

EY's attractiveness program: Africa 2016

Africa attractiveness program

2011



*It's time for
Africa*

2012



*Building
bridges*

2013



*Executing
growth*

2014



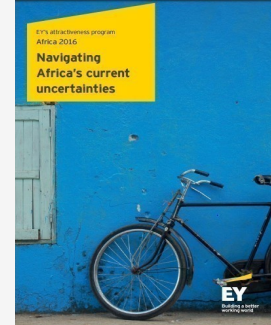
*Getting down to
business*

2015



*Making
choices*

2016



*Navigating
Africa's current
uncertainties*



*Staying the
course*

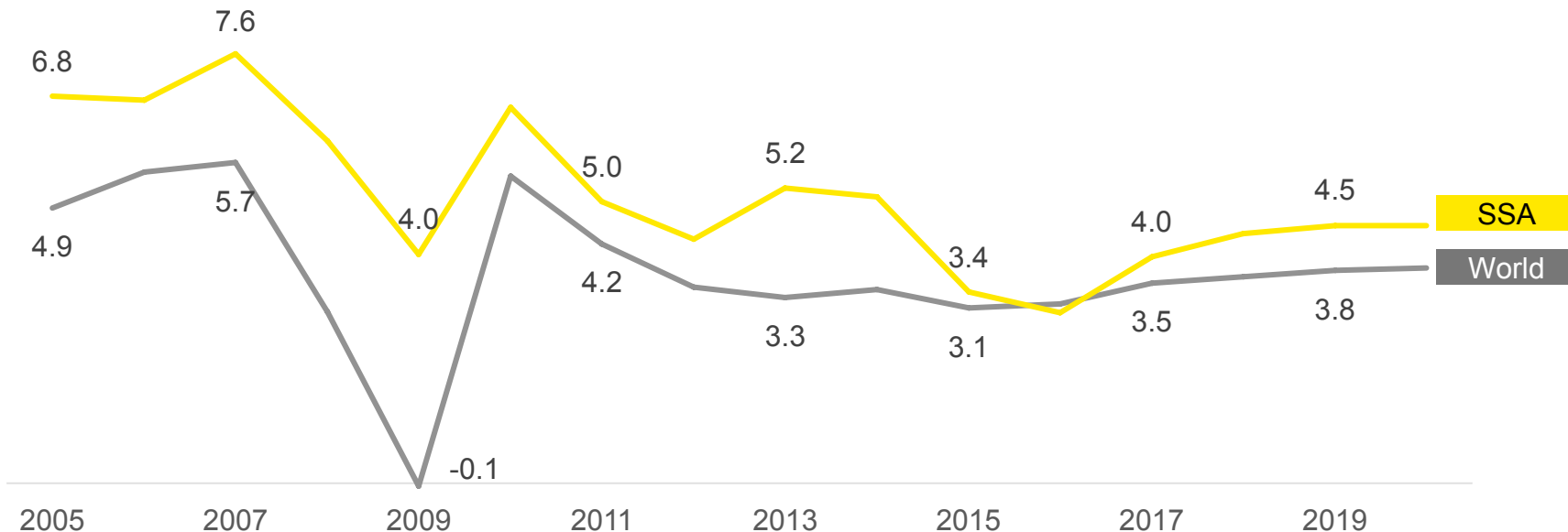
EY Africa attractiveness surveys have been widely recognized by our clients, the media and major public stakeholders as a key source of insight on foreign direct investment (FDI).

The 2016 program seeks to develop the reports from annually to ongoing updates and views.

Slowdown or meltdown?

Our view remains that Africa's rise over the past 15 years is real

GDP growth (%)



Source: IMF World Economic Outlook, Apr'16

FDI trends 2015



FDI 2015: our methodology

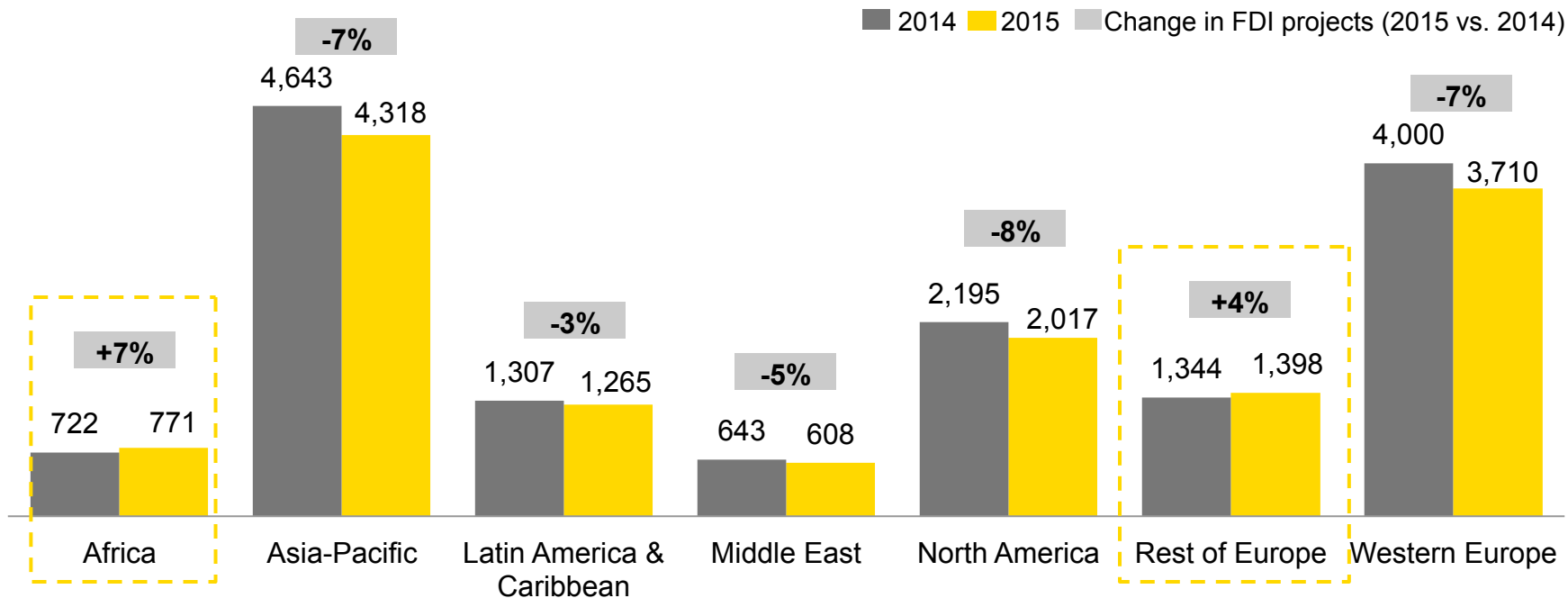
- ▶ Our analysis of FDI is based on data provided by fDi Markets, a service from The Financial Times Limited.
- ▶ Source data covers the calendar year 2015.
- ▶ We track new greenfield and expansion FDI projects – does not include M&A and other equity investments.
- ▶ Key criterion is that every project has to create new jobs directly.
- ▶ We measure three dimensions –project numbers, capital invested and jobs created.

FDI 2015: the global landscape

FDI projects into Africa rise even as other major regions see decline

Africa is amongst the only two global regions that saw growth in FDI projects in 2015

FDI projects by world region



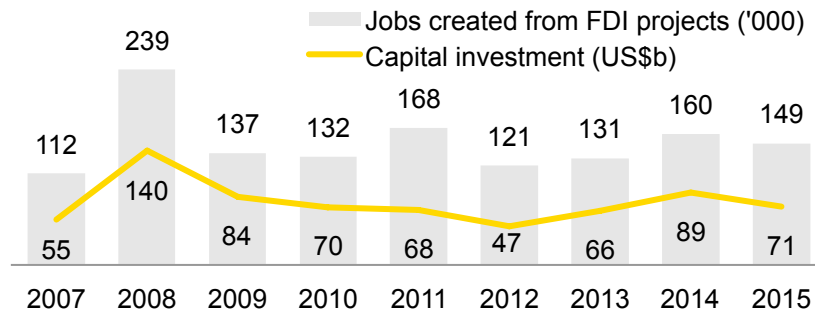
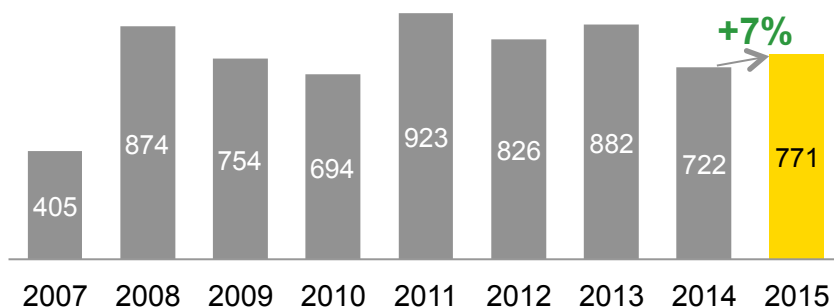
Source: fDi Markets

FDI 2015: the headlines

Despite economic headwinds, FDI flows to Africa remain robust

FDI projects

Value and jobs created from FDI projects



Investors remain confident about Africa's FDI fundamentals



7% rise in FDI projects in Africa vs. 5% drop globally



US\$71.3b investment in 2015 vs. US\$68b average in 2010-14



4.4% more jobs created in 2015 compared to 2010-14 average

Source: fDi Markets

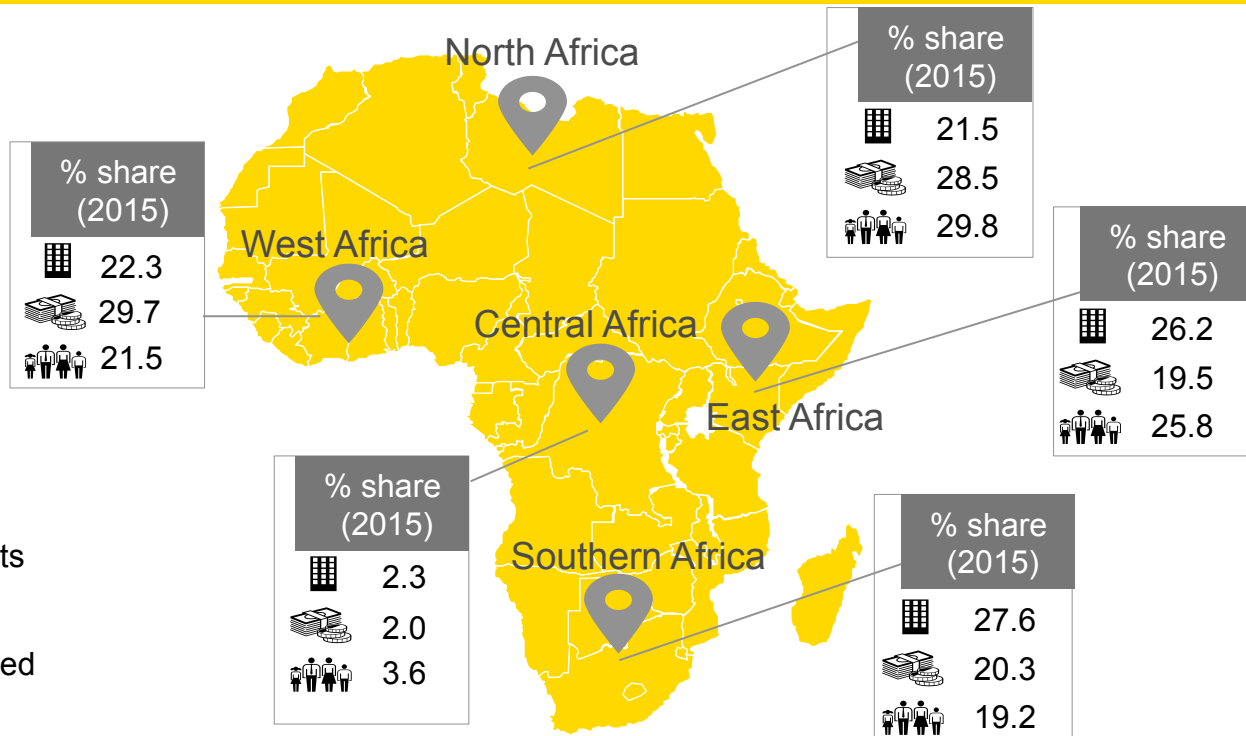
FDI destinations 2015



FDI destinations

East Africa closes the FDI gap with Southern Africa

East Africa recorded its highest ever share of FDI projects with 26.2% of total projects













Source: fDi Markets

FDI destinations

Bumper year for Kenya-destined FDI, other SSA countries recover ground

Kenya becomes biggest gainer, with year-on-year FDI project numbers growing by over 50%

Top 10 destination countries by FDI projects (2015)

Rank	Country	Number of FDI projects				FDI Investment (share in %)		Jobs created (share in %)	
		2015	2014	Change		Share in % (2015)			
1	South Africa	130	120	8.3%	↑	16.9%		6.8%	8,8%
2	Kenya	95	62	53.2%	↑	12.3%		3.6%	8,0%
3	Morocco	74	67	10.4%	↑	9.6%		6.3%	17.4%
4	Egypt	66	59	11.9%	↑	8.6%		20.5%	8.6%
5	Nigeria	53	49	8.2%	↑	6.9%		12.1%	9.2%
6	Ghana	41	39	5.1%	↑	5.3%		2.0%	1.5%
7	Mozambique	32	50	-36.0%	↓	4.2%		7.2%	7.1%
8	Ethiopia	30	32	-6.3%	↓	3.9%		2.5%	9.7%
9	Cote d'Ivoire	28	15	86.7%	↑	3.6%		5.0%	3.3%
10	Uganda	24	23	4.3%	↑	3.1%		6.5%	1.4%

Source: fDi Markets











FDI sources 2015



FDI sources

Substantial reshuffle in source country rankings in 2015

Top 10 source countries by FDI projects (2015)

Rank	Change in rank vs. 2014	Source country	FDI projects (share in %)	FDI value (share in %)	Jobs created (share in %)
1	—	 US	12.5%	9.7%	10.2%
2	+1	 UK	10.0%	6.9%	8.6%
3	+1	 France	7.5%	8.2%	9.6%
4	+1	 UAE	6.5%	6.0%	3.7%
5	+3	 India	5.8%	1.4%	6.0%
6	—	 Germany	4.9%	3.7%	5.7%
7	+6	 Kenya	4.7%	1.4%	1.2%
8	-6	 South Africa	4.3%	2.8%	2.6%
9	-2	 China	4.2%	3.2%	9.5%
10	+2	 Switzerland	2.3%	1.4%	1.5%

 Improvement in rank in FDI projects (2015 vs. 2014)

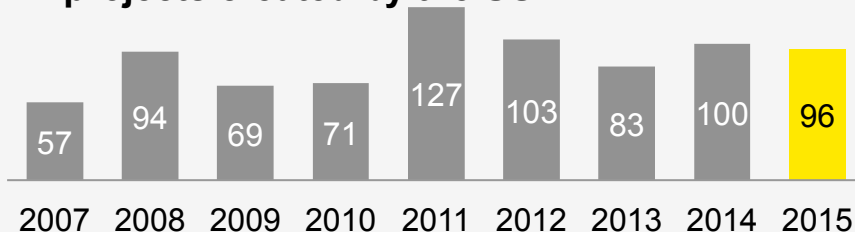
Source: fDi Markets

The US remains the leading investor in Africa



US, #1 investor in Africa

FDI projects created by the US



US\$6.9b

invested in 2015

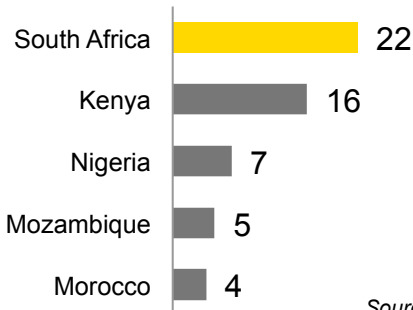


15,164 jobs

created in 2015, **12% higher** than last year

Top 5 destinations for the US by projects

FDI projects by destination (2015)



Source: fDi Markets

Top 5 sectors by projects

Sectors

FDI projects



TMT..... 26



Business services... 17



CPR..... 11

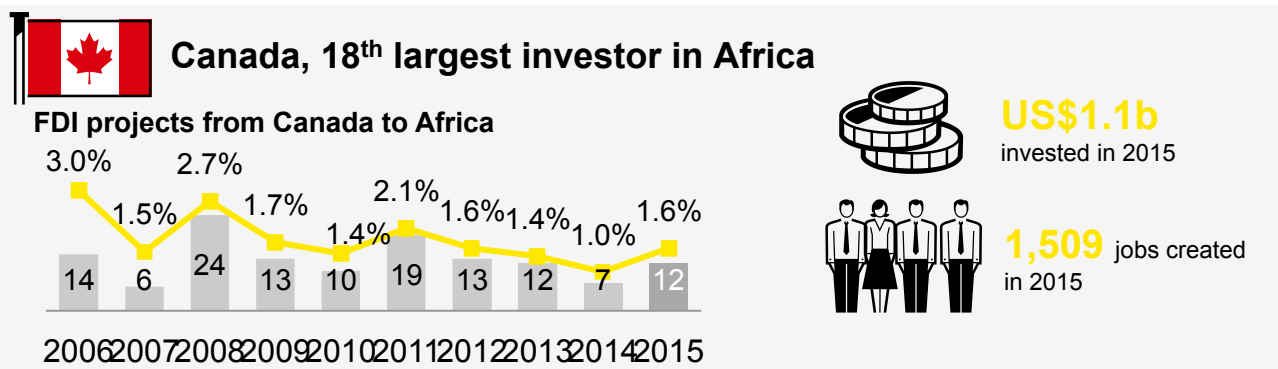


DIP..... 10

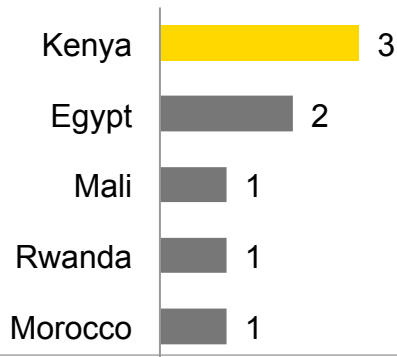


Automotive..... 7

Canada's FDI into Africa



Top 5 destinations by FDI projects (2015)



Top 5 sectors by FDI projects (2015)



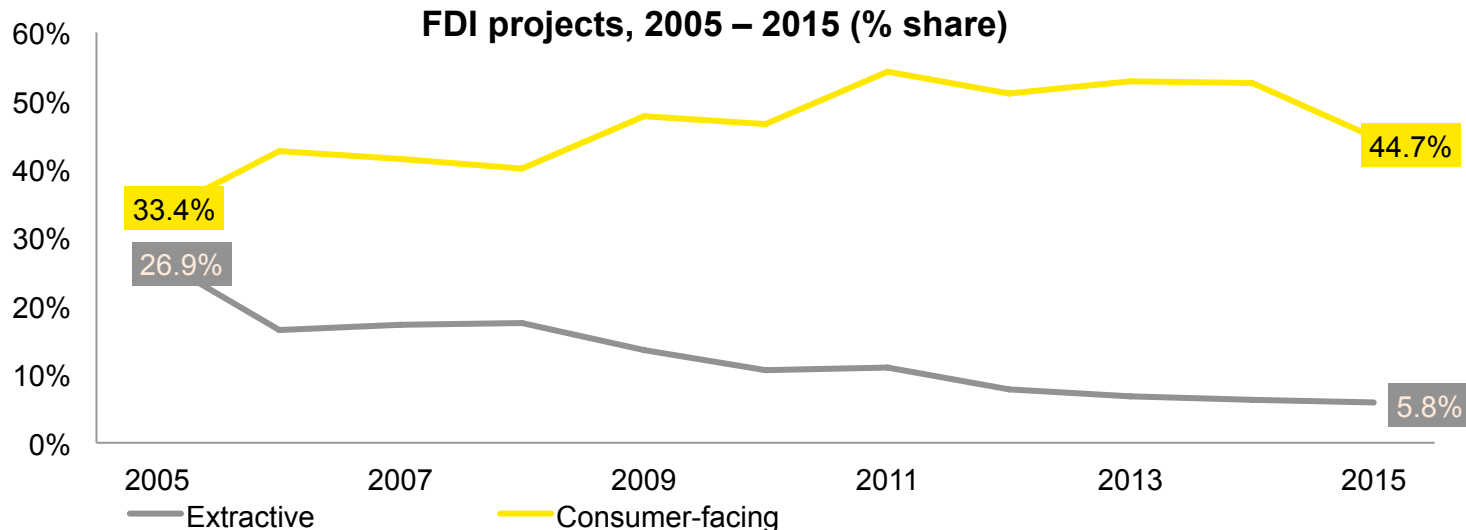
FDI sector trends 2015



FDI sectors

Investors diversify focus across sectors

Proportion of investment in extractive sectors* steadily declined














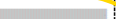




























Technology, media and telecom (TMT), financial services and consumer products and retail (CPR) are the primary beneficiaries of FDI projects in Africa. These three industries have led investment into Africa almost every year since 2009.

*Source: fDi Markets; *Extractive sectors include coal, oil and natural gas as well as mining and metals; Consumer-facing sectors include TMT, CPR and financial services*

FDI sectors

TMT, FS and CPR together hold 44.7% of FDI projects

Diversification continues beyond consumer interest

Top sectors	FDI projects (share in %)	FDI value (share in %)	Jobs created (share in %)
 TMT	16.6% 	8.6% 	6.2% 
 Financial services	15.3% 	2.0% 	2.1% 
 CPR	12.8% 	6.4% 	20.8% 
 Business services	12.8% 	1.7% 	7.8% 
 RHC	6.9% 	16.4% 	14.0% 
 Transport and logistics	5.6% 	4.1% 	3.1% 
 DIP	5.6% 	1.1% 	3.9% 
 Cleantech	5.4% 	17.0% 	1.9% 
 Chemicals	4.4% 	2.8% 	2.0% 
 Automotive	4.0% 	3.8% 	17.1% 

Source: fDi Markets

FDI sectors

Investors line up to service Africa's "next-generation" sectors

"Next wave" of sectors in Africa draw investor interest

Business
services



Fourth most preferred
sector for FDI projects in 2015

123.9% rise in capital
investment in 2015

Automotive



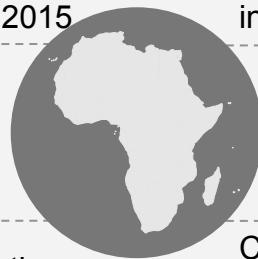
Cleantech



Second most attractive
sector by capital investment

Capital investment in 2015
was **13x** that of 2014

Life
sciences



Source: fDi Markets

Looking forward

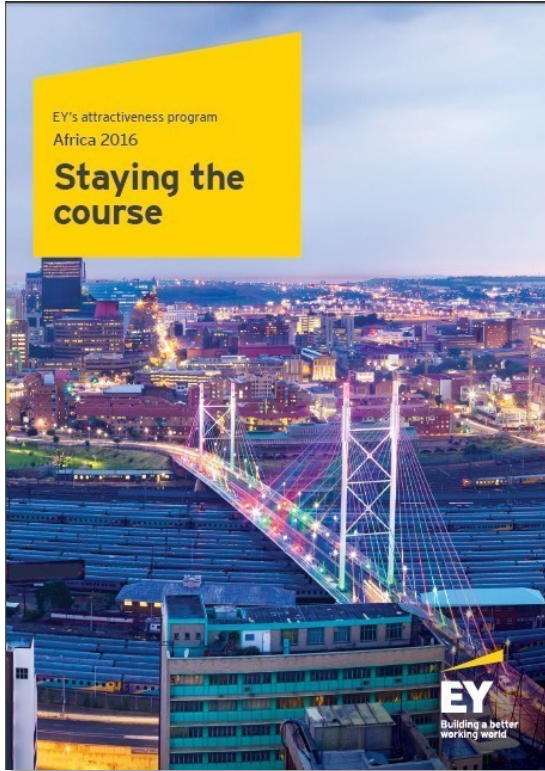


Looking forward

Staying the course: Investors focused on longer term potential

- ▶ Nothing fundamentally new or surprising in our analysis – good news!
- ▶ We are seeing a process of evolution - ongoing diversification of destination markets and sectors, as well as sources of investment.
- ▶ This evolving process will continue in coming years, notwithstanding economic headwinds.
- ▶ Risk & opportunities likely to be more uneven, and we anticipate a shift in emphasis – from rapid expansion to consolidation and striking a greater balance between growth, profitability and risk management.
- ▶ Do not get distracted by shorter term noise ... Maintain the longer term view, keep your focus and stay the course.
- ▶ EY's 7-P's strategic framework provides a tool to support investors to focus on the right questions to stay the course in Africa

EY's 2016 Africa attractiveness program



EY Africa
www.ey.com/za

Follow us on Twitter:
[@EY_Africa](https://twitter.com/EY_Africa)
[@EY_EmergingMkts](https://twitter.com/EY_EmergingMkts)

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

© 2016 EYGM Limited.
All Rights Reserved.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

The opinions of third parties set out in this publication are not necessarily the opinions of the global EY organization or its member firms. Moreover, they should be seen in the context of the time they were expressed.