

London, 29 June 2016

Despite persistent crises, sub-Saharan Africa presents opportunities in 2025 time-frame

- Heavily impacted by the Chinese slowdown and the fall in commodity prices, sub-Saharan Africa posted its lowest level of growth since 2008
- 15 countries, including several that have been severely impacted by crises, show significant potential in terms of consumer spending
- Two sectors offer medium-term opportunities: retail and ICT¹

A continent burdened by major economic crises

The global economy is in turbulence. China's economic slowdown and the fall in commodity prices have weighed on fundamentals in sub-Saharan African countries. Growth, at 3.4% in 2015 and 2.6% in 2016 (according to Coface forecasts), is the weakest since the 2008 crisis.

Commodity-exporting countries have been prompted to rapidly implement measures to counter these growing external risks. Many of these countries have attempted to maintain their exchange rates against the dollar - but with little success, due to heavy downward pressure. Several countries have tried to restrict expenditure, in order to stem the deterioration in their public finances. The persistence of these crises has resulted in a continued state of fragility, with deep structural repercussions. Nevertheless, despite strong disparities within the continent, consumer spending is the one factor which indicates that these countries may become profitable markets in the medium-term.

Consumer spending as a way out?

15 of the 55 countries analysed have the aggregate conditions required for a rise in consumer spending: **Gabon, Botswana, Namibia, South Africa, Nigeria, Ethiopia, Ivory Coast, Mozambique, Tanzania, Senegal, DRC, Ghana, Kenya, Rwanda, Angola**. Calculations based on two determining criteria (demographics and household consumption capacity) have been used to produce a country score ranking.

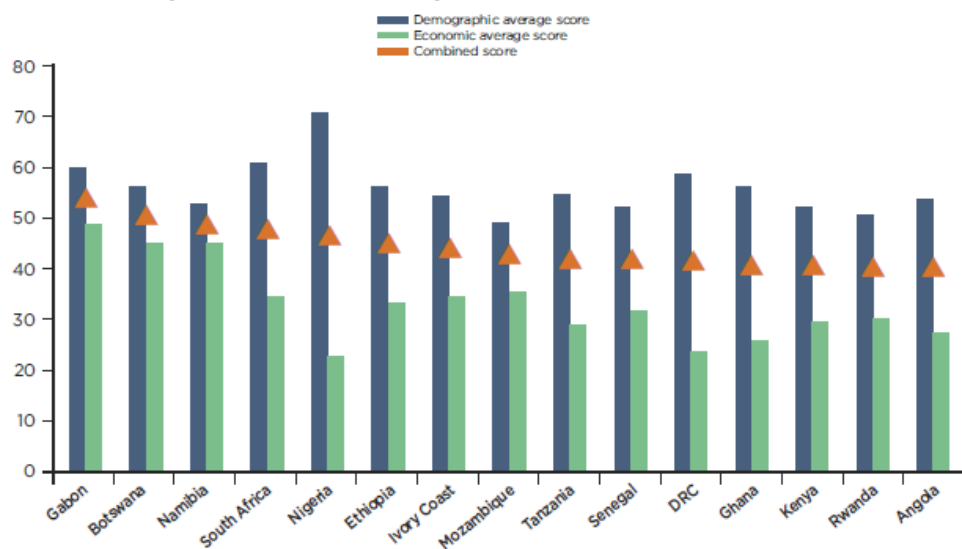
- Demographics provide a gauge of the potential size of a market. The sub-Saharan African urban population will exceed 50% of total population in 2025, with growth in revenues per inhabitant and infrastructures conducive to consumer spending. The age dependency ratio², although high today, should fall over the next 10 years. These countries present a major economic interest, particularly the most highly populated nations (for example Nigeria, with 182 million inhabitants in 2015). The United Nations predicts that the number of inhabitants in sub-Saharan Africa will reach 1.2 billion in 2025.

¹ Information and communication technologies

² Proportion of economically dependent people in the total population (aged under 15 or over 65)

- The economic criteria used to evaluate household consumer spending capacity took into account final consumption per inhabitant in 2014, forecast 2015-2025 annual average GDP growth and the estimated level of GDP per inhabitant in 2025, as indicators of the countries' medium-term wealth.

Ranking of countries according to their scores (/100)



Source: Coface calculation

The combined demographic / economic score for the 15 markets that show potential is above, or equal to, 40/100. This group includes the main oil exporters (Gabon, Nigeria, Angola) and several exporters of other commodities, particularly minerals (such as Botswana, Namibia, Ghana, South Africa).

Nigeria, Angola, Ghana and South Africa: opportunities for retail commerce and ICT companies

- Retail commerce**, which is continuing to expand despite the current economic difficulties, shows strong potential for growth. The increasing wealth of these populations could boost consumption of higher added-value products. The development of retail infrastructures is also playing a key role. This can be seen in countries such as South Africa, which ranks 6th in the world in terms of the number of shopping centres (2,000).
- Information and communication technologies** have significant potential for capturing market share. Installation rates among the population are still relatively low and the range of services accessible by mobile phone is growing rapidly. New technologies also provide a major source of diversification for the economy.



P R E S S R E L E A S E

The growth trajectory of sub-Saharan Africa could be curbed by economic crises and political or governance issues, but these factors do not jeopardise the positive medium-term outlook.

MEDIA CONTACT:

Trevor BYRNE - T. +44 (0)1923 478393 trevor.byrne@coface.com

About Coface

The Coface Group, a worldwide leader in credit insurance, offers companies around the globe solutions to protect them against the risk of financial default of their clients, both on the domestic market and for export. In 2015, the Group, supported by its 4,500 staff, posted a consolidated turnover of €1.490 billion. Present directly or indirectly in 100 countries, it secures transactions of 40,000 companies in more than 200 countries. Each quarter, Coface publishes its assessments of country risk for 160 countries, based on its unique knowledge of companies' payment behaviour and on the expertise of its 660 underwriters and credit analysts located close to clients and their debtors. In France, Coface manages export public guarantees on behalf of the French State.

www.coface.com

Coface SA. is listed on Euronext Paris – Compartment A
ISIN: FR0010667147 / Ticker: COFA



In the **UK and Republic of Ireland** Coface has been a leading provider of [credit management services](#) since 1993 - its objective being to enable businesses to trade securely at home and overseas. Operating from offices in London, Dublin, Watford, Birmingham and Manchester allows Coface to provide a local service.

The company's [credit insurance](#) offer integrates credit assessment, [collection services](#) and cover for unpaid debts. Multinational businesses can protect their worldwide subsidiaries through Coface's international network.

The company also provides access to domestic and international [business information](#) and a collection network at home and overseas. Coface is also a recognised operator in the London [political risk](#) market. www.cofaceuk.com and www.coface.ie