



AFRICAN – GERMAN INVESTORS' CONFERENCE

OPPORTUNITIES IN AFRICA

Phillips Oduoza

GMD/CEO

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AFRICA: ECONOMY FACTS & FIGURES

AFRICA IS RICH IN NATURAL RESOURCES, LAND AND MANPOWER, MAKING IT A CHOICE LOCATION FOR BUSINESS ACTIVITIES



GROSS DOMESTIC PRODUCT	<ul style="list-style-type: none">• GDP (PPP): \$3,006bn (2010)• GDP Growth Rate: 4.9% (2010)• GDP (PPP) per Capita: \$2,941 (2010)
EXPORTS:	<ul style="list-style-type: none">• Total: \$450bn• Commodities: Crude oil, cotton, diamonds, Coffee, Cocoa, gold, Copper, etc• Partners: Europe (31%) and China (11%), Other advanced countries 36% and intra-Africa export, 9%
DEMOGRAPHICS	<ul style="list-style-type: none">• Land Area: 30,323km²• Population: 1,037,524,058 (approximately 1 billion)• Over 50% of Africa's population is below the age of 25
INFLATION:	<ul style="list-style-type: none">• 7.7% (2010)
NATURAL RESOURCES*:	<ul style="list-style-type: none">• Cobalt - 90% platinum-90% , gold-50% , chromium - 98%, tantalite-70% , manganese - 64%, proven oil reserves -9%, proven natural gas reserves - 8% and uranium-33%• Democratic Rep. of Congo has 70% of the world's Coltan as well as more than 30% of the world's diamond reserves while Guinea is the world's largest exporter of bauxite.
FOREIGN DIRECT INVESTMENT	<ul style="list-style-type: none">• \$55 Billion(2010)
COMMUNICATIONS INFRASTRUCTURE:	<ul style="list-style-type: none">• Mobile Users: 500 million (2011)• Internet Users: 140 million (2011)

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*as a percentage of the world's total resource

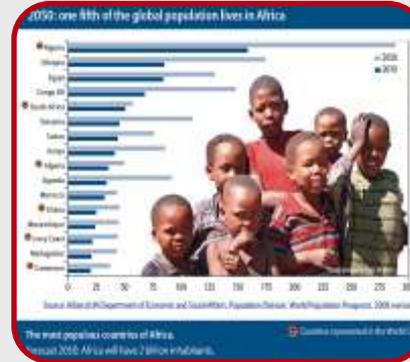
Source: Africa Economic Outlook, Internet World Stats, United Nations Information Centre



- ❑ Although Africa has a history of political/ethnic conflicts, the political terrain in Africa has been stable over the last two decades allowing the continent attract investors to partner with African business.
- ❑ Africa has rebounded from the global economic crisis much faster than expected, with growth rates of 4.9% in 2011 and projection of 5.5% in 2012
- ❑ Growth prospects remain favorable for many developing countries in Sub-Sahara Africa especially commodity producers in the regions
- ❑ While food and fuel price increases are “serious risks” to the positive outlook, improved harvests in many countries are providing a “cushion” and African governments have better economic policies in place to mitigate the impact
- ❑ Output growth in most oil exporters and low-income countries (LIC)* is now close to pre-crisis highs

ECONOMIC GROWTH DRIVERS

SEVERAL FACTORS HAVE DRIVEN ECONOMIC GROWTH IN AFRICA SINCE THE 1990'S



INCREASED COMMODITY PRICES

Crude oil prices, for example, have grown by 60% over the past two years, from \$75 in Feb 2010 to \$120 in Feb 2012, propelling the growth of commodity-rich African economies such as Nigeria, Gabon, Angola e.t.c.

FOREIGN DIRECT INVESTMENTS

Africa's FDI increased from US\$38bn in 2005 to US\$88bn in 2008 but dropped in 2010 to \$55bn as a result of the global economic crises. It is expected that FDI into Africa will improve to pre-crisis levels in the medium term

DEMOGRAPHICS

At about 1 billion, over 50% of Africa's population is below the age of 25 signifying immense human resources potential and a growing retail market. Total population is expected to increase by about 20 million between now and 2015

INCREASED REMITTANCES

Increased remittances - The inflow of remittances increased from \$11.2 billion in 2000 to \$40.8 billion in 2008. In 2008, remittances accounted for more than 5% of GDP in 10 African countries

AFRICA's VAST OPPORTUNITIES



Commodities Market

- The commodities market has re-bounded, though below their peaks in mid-2008
- Optimism for a continued economic turnaround combined with the crises in MENA have pushed oil prices upward, benefitting African oil-producers



Arable Land for Agriculture

- Sub-Sahara Africa controls about 27% of arable land in the world and generates about 10% of global agricultural output
- 9% of global freshwater is in Africa



African Trade

- Trade in Africa is set to grow significantly with increasing trade openness and the promulgation of favorable economic policies
- Total export in Africa was about \$450bn in 2008 from about \$330bn in 2007
- Key destinations of exports are Europe (31%) and China (11%). Other advanced countries collectively received 36% of Africa's exports; intra-Africa export contributed 9%



Emergence of the African Middle Class

- Africa has recorded significant growth in the middle class over the recent past, representing a highly viable market for global businesses to tap into
- Per Capita income has grown from \$1,600 in the year 2000 to \$2,500 in 2009 and is expected to improve to over \$3,000 by 2014



Infrastructure Financing

- With the rate of return on donor-funded infrastructure projects averaging as much as 30% to 40%, these investments can be highly profitable
- A World Bank study estimates that sustained funding of nearly \$100bn annually is required to address Infrastructure gaps in Sub-Saharan Africa.
- Current funding is put at \$45bn per annum, indicating a shortfall of about \$55bn.
- The greatest needs are in power generation, transport, telecommunications, water & sanitation.



Financial Services Reform

- Only 22% of the population has access to financial services in the continent and financial depth, measured by ratio of broad money to GDP, is at 48.8% as at 2008
- Infrastructure financing and retail banking are key drivers of growth in this sector in Africa
- The FS sector in Africa is a major driver of innovation with success stories such as the adoption of Chip and PIN cards, mobile payments (e.g. M-Pesa in Kenya) e.t.c.

....THOUGH THESE OPPORTUNITIES IN VARIOUS SECTORS OF THE AFRICAN ECONOMY ARE YET TO BE FULLY TAPPED



AGRICULTURE

Africa's agro-ecological potential is massively larger than its current output. Though Africa has more than 27% of the world's arable land, only 1.9% of this is cultivated and largely for subsistence farming

CONSUMER GOODS

Consumer Goods: From 2005-2008, consumer spending across Africa increased at a compound annual rate of 16%, more than twice the GDP growth rate. It is estimated that by 2015, 200 million new consumers will emerge

MINING

Eleven African countries are among the Top10 global resource countries in at least one major mineral. In the next 10 – 20 years, demand for major mined commodities is expected to grow strong and Africa will be well positioned to play a significant role in meeting that demand, given its share of global resources

BANKING

Africa's banking sector has grown rapidly in the last decade and its banking assets compares favorably with those of other emerging markets

TELECOM

Telecom revenue in Africa has increased at a compound annual growth rate of 40%. Although annual growth will slow down to the low double digit, data and rural voice are key untapped pockets of growth with an additional revenue expectation of \$12 billion to \$15 billion by 2012

\$2.6 TRILLION

• Africa's Collective GDP in 2020

\$1.4 TRILLION

• Africa's Collective Consumer Spending in 2020 *affect others*

1.1 BILLION

• The Number of Africans of Working Age in 2040

128 MILLION

• The Number of African Households with Discretionary Income in 2020

50%

• The Portion of Africans Living in Cities by 2030

- ❑ The political climate in Africa is improving with the internationally acclaimed successful elections in Niger Republic, Nigeria and Benin in 2011
- ❑ For the first time in years, the Political Freedom Index (PFI) for 2009 showed more improvements than setbacks in sub-Saharan Africa
- ❑ Currently, 42 of the 48 Sub-Saharan African countries are running democratic governments, compared with only 3 democratic countries in 1989
- ❑ The positive political terrain in Africa is expected to improve over the years



AFRICA's GROWTH CHALLENGES

GOVERNMENT BUREAUCRACY



- Historically, the public sector has been the major driver of economic activities in many African nations
- This has resulted in immense cost of bureaucracy and economic mismanagement driving several of these countries to execute privatization programs and promote economic liberalization leading to buoyant private sectors
- Public-Private partnerships have proven very effective in reducing bureaucratic constraints to growth

SKILL DEFICIENCY



- Although the cost of labor is relatively low, the dearth of skilled labor remains a major challenge
- It is therefore imperative to train and develop local human resources to address the skill deficiencies in the region

POLITICAL RISK



- Africa can only sustain economic growth if peace is maintained
- Countries such as Angola, Uganda and Liberia that were previously torn by conflicts are currently benefiting from steady growth as a result of relatively peaceful political climate.
- Needless to say, creative leadership is still a requirement in Africa



ACCESS TO FINANCE

- Fewer than 20% of African adults have bank accounts
- Microfinance institutions have limited outreach and many are not well resourced
- Finance for SMEs development is particularly very low due to risk management tied to banking SMEs in Africa



INFRASTRUCTURAL DEFICIENCY /COST OF DOING BUSINESS

- Cost of doing business in Africa remains relatively high, largely due to infrastructure deficits and weak logistics
- By closing the huge infrastructural gap in crucial areas such as power, transport, water supply and sanitation, the macroeconomic landscape of Africa and the lives of Africans are bound to be impacted positively
- Governments and the development Finance Institutions (e.g. IFC) have prioritized this in their agendas by promoting private sector developments as a key source of improving infrastructure deficiency in Africa

AFRICA's INVESTMENT OUTLOOK

KEY FACTORS WILL DRIVE INVESTMENTS IN AFRICA INTO THE NEAR FUTURE (1/2)

INVESTMENTS IN INFRASTRUCTURE

- Infrastructural gap in critical sectors such as Transportation, Power presents opportunities for investment. Over \$90 billion annual investment in infrastructure is required over the next 10 years with the rate of return on donor-funded infrastructure projects averaging as much as 30% to 40%, these investments can be highly profitable.

AFRICAN TRADE

- Trade in Africa is set to grow significantly with increasing trade openness and the promulgation of favourable economic policies. Total export in Africa reached about \$450bn in 2008 from about \$330bn the previous year. Key destinations of exports are Europe (31%) and China (11%). Other advanced countries collectively received 36% of Africa's exports; intra-Africa export contributed 9% while the rest of the world made up 13%.

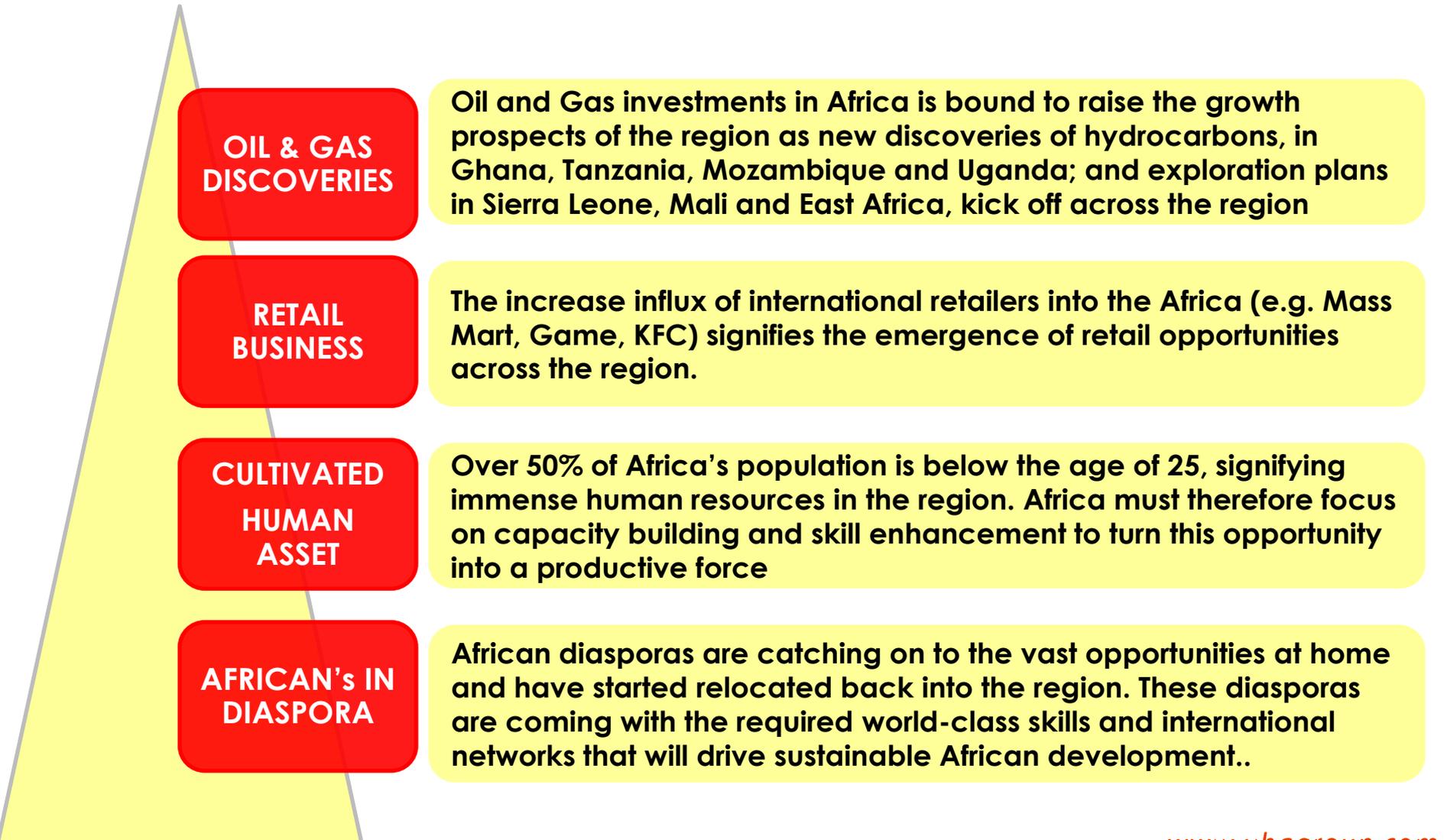
PROMOTE AGRICULTURE

- African agriculture and allied industries present vast opportunities for targeted investment in global food security requiring significant foreign direct investments/technical assistance to support growth in the sector

EMERGING MIDDLE CLASS

- The continent has recorded significant growth in the middle class over the recent past, representing a highly viable market for global businesses to tap into:
Per Capita income in the year 2000 was approximately \$1,600 and has grown at a compounded annual growth rate of 5% to \$2,500 in 2009 and it is expected to improve to over \$3,000 by 2014

KEY FACTORS WILL DRIVE INVESTMENTS IN AFRICA INTO THE NEAR FUTURE (2/2)



OIL & GAS DISCOVERIES

Oil and Gas investments in Africa is bound to raise the growth prospects of the region as new discoveries of hydrocarbons, in Ghana, Tanzania, Mozambique and Uganda; and exploration plans in Sierra Leone, Mali and East Africa, kick off across the region

RETAIL BUSINESS

The increase influx of international retailers into the Africa (e.g. Mass Mart, Game, KFC) signifies the emergence of retail opportunities across the region.

CULTIVATED HUMAN ASSET

Over 50% of Africa's population is below the age of 25, signifying immense human resources in the region. Africa must therefore focus on capacity building and skill enhancement to turn this opportunity into a productive force

AFRICAN'S IN DIASPORA

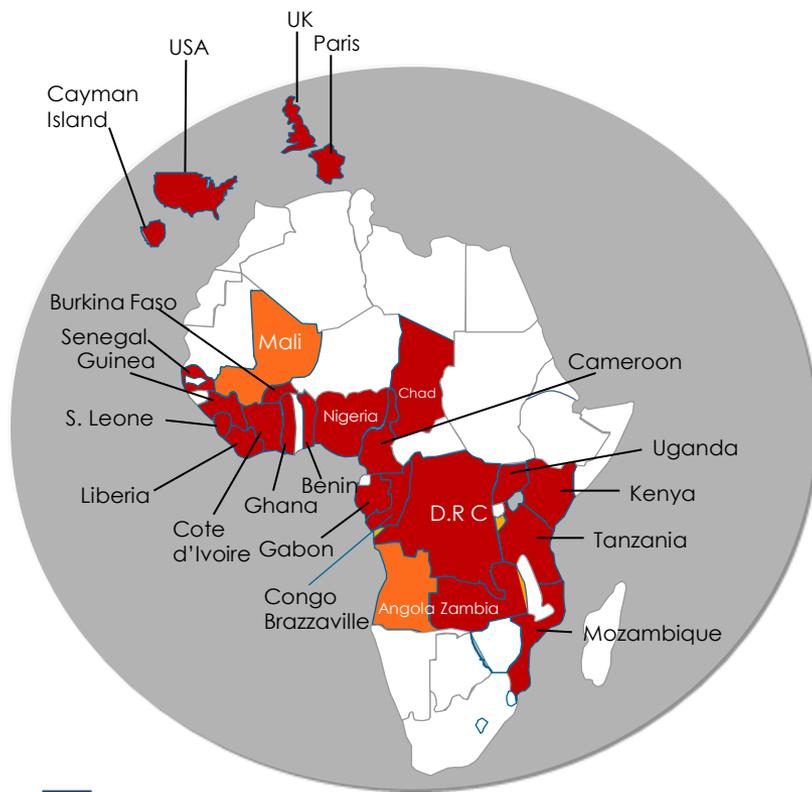
African diasporas are catching on to the vast opportunities at home and have started relocated back into the region. These diasporas are coming with the required world-class skills and international networks that will drive sustainable African development..

INTRODUCING UNITED BANK FOR AFRICA PLC

UBA Plc. is a leading full service financial services institution headquartered in Nigeria and operating in 18 other African countries (with regulatory licenses in two others) as well as offices in the UK (London), US (New York) and France (Paris)

Our Mission

To be a role model for African businesses by creating superior value for all our stakeholders, abiding by the utmost professional and ethical standards, and by building an enduring institution



- Operating Locations
- Regulatory License

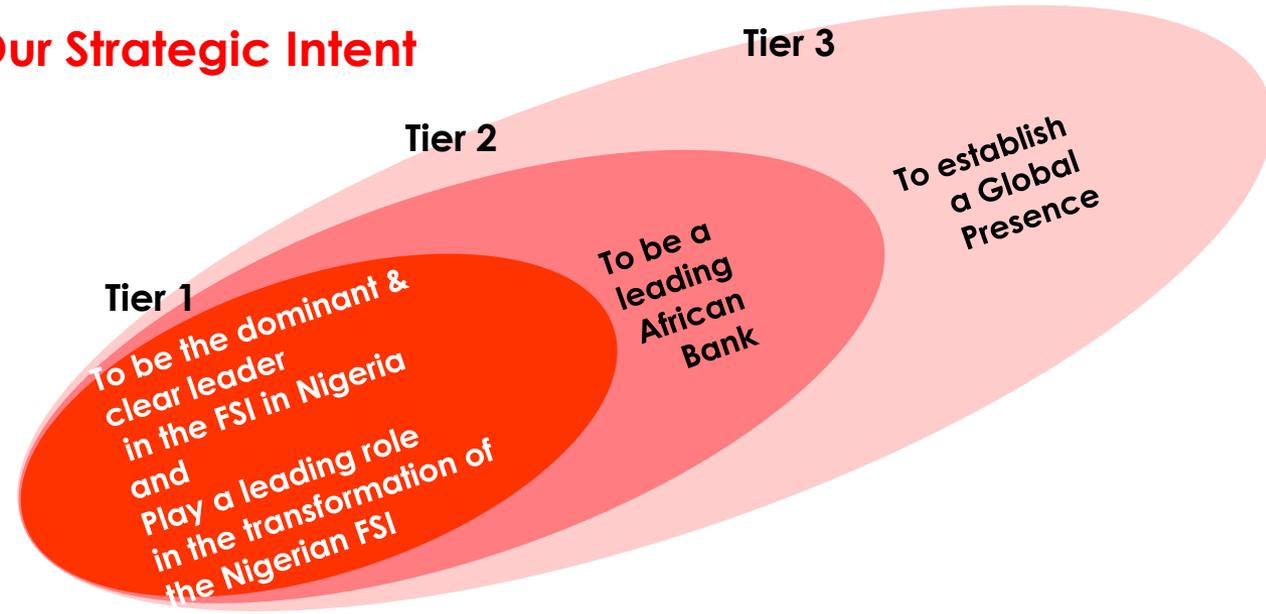
	FY 2010
BALANCE SHEET SIZE	N2.272trn
TOTAL ASSET	N1.618trn
TOTAL LOANS	N629 bn
NUMBER OF STAFF	12,542
NUMBER OF BRANCHES	619
NUMBER OF PRODUCTS	200+

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UBA Plc.'s Strategic Intent is "To become Africa's Global Bank"

We have built strong links and working partnerships with DFIs, International Financial Institutions & Multilateral agencies across African and the rest of the world with whom we share similar goals, values & aspirations

Our Strategic Intent



Our Global Partnerships



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We leverage our African footprint to facilitate Africa's business

Our superior coverage of the African continent positions us as the preferred partner for international businesses with interest in Africa, leveraging our integrated trade and remittances platforms across our 19 African countries of presence as well as our location in 3 global financial centers of New York, London

UBA' AFRICA FOOTPRINT



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Ghana'



Cameroon



Uganda



Cote d'Ivoire



Liberia



Sierra Leone



Burkina Faso



Benin



Senegal



Chad



Kenya



Tanzania



Gabon



Zambia



Guinea



Congo DRC



Congo Brazzaville



Mozambique

INTERNATIONAL FOOTPRINT



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THANK YOU
