

Manufacturing Indaba Press Release

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Big opportunities for South African manufacturers in Africa

With growth rates exceeding those in the developed world – at an average of between 4 and 5% between 2002 and 2014 – African countries provide investors with ample reason to tap into booming consumer demand. With relative ease of access to sub-Saharan Africa and beyond, and an understanding of the region, South African manufacturers can get ahead of other investors looking to Africa for new opportunities.

In particular, Africa represents a large and growing opportunity for fast-moving consumer goods companies and retailers and the rapid expansion of Africa's consumer class should convince companies to think differently about Africa.

"800 million people are urbanising in Africa this decade – the biggest urbanisation movement in the world. This means huge opportunities in terms of fast-moving and durable consumer goods for manufacturers," says Coenraad Bezuidenhout, Executive Director of the Manufacturing Circle, which lobbies government and other stakeholders in the interests of the country's manufacturers. "Added to this there are huge energy developments and easing terms of trade, which means satisfying demand from these markets will become more profitable going forward than they ever were before," says Bezuidenhout.

The Manufacturing Circle is one of the strategic partners of the upcoming Manufacturing Indaba, set to take place at Emperors Palace on the 29th and 30th June 2015 in Ekurhuleni, the host city and the location of government's re-industrialisation and revitalisation plans.

The current economic conditions in Africa make it the prime place and time for South African manufacturers to introduce their products to the African market, particularly fast-moving consumer goods.

In 2010, McKinsey forecast total growth in compound annual GDP per capita of 4.5 percent until 2015, which is expected to boost consumer spending by more than 35 percent. "With population growth of 2 percent and continued urbanization, we estimate that 221 million basic-needs consumers will enter the African market by 2015. As a result, the total number of nations with more than ten million consumers and with gross national income exceeding \$10 billion a year will increase to 30 from 22."

According to the McKinsey report, "GDP per capita is the single most important driver of global growth in the consumption of fast-moving consumer goods, accounting for an average of around 73 percent of total growth across 60 product categories."

While the influence of other factors, such as education and local customs, varies between categories, GDP per capita dominates how much money people spend in Africa because most markets are in the early stages of development.

It is critical that South African manufacturers move swiftly to maximise the African opportunity.

"The degree to which South African manufacturers will be able to leverage opportunities in Africa will be a significant driver of their attractiveness to investors all over the world, and the terms of trade we are able to negotiate with our non-African trade partners," concludes Bezuidenhout.

In addition to the Manufacturing Circle other strategic partners of the Manufacturing Indaba include the Department of Trade & Industry (dti), the City of Ekurhuleni, Deloitte South Africa and the NCPC-SA.

The inaugural Manufacturing Indaba in 2014 drew 240 delegates, with both the private and public sectors represented at the workshop and networking sessions around the growth of South Africa's manufacturing industries. Robust debate and discussion were held with delegates from government departments, the private sector, manufacturing industries and the broader African continent considering the role of government policy in boosting South Africa's manufacturing industries. Speakers included City of Ekurhuleni management, senior macro-economists, dti specialists, global mining managers and manufacturing business experts. The second annual event will build on the success of the inaugural event.

For more info on this event, visit www.manufacturingindaba.co.za

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