
The 2015 results

of the CIAN survey

Investment, profitability, business environment. Every year, CIAN surveys the companies operating in Africa to draw up its Barometer of their activities and of the business climate, including testimonies from the field and reference indices for any investors interested in the continent.

For the 27th CIAN Barometer, companies operating in Africa were once again questioned on a range of topics affecting business development and divided into two major parts:

1. the first, cyclical, concerns the company's performance and business prospects over a three-year period: earnings, investment, profitability, claims on the Government and claims on local private industry;

2. the second, more structural, concerns an assessment of the business environment in the country examined: 39 criteria spread across seven major headings – infrastructures, administration, the economy and finance, social, socio-cultural, input costs and sustainable development.

In 2015, 645 heads of companies or subsidiaries of French groups responded to the survey: 107 in North Africa, 268 in West Africa, 110 in Central Africa and 160 in Southern and East Africa and the Indian Ocean (SEAIO).

I/ An assessment of company activity 2014-2016

Falling raw material prices, downturn in worldwide growth, particularly in China, health crisis, complex security environment, elections. Despite the many factors that have undermined growth in the African countries this year, the continent remains a dynamic market, as can be seen from the French companies established there.

Over the 2014 financial year, more than half of them recorded higher revenues and forecasts for 2016 are encouraging, with 58% predicting an increase in revenues. North Africa comes top of the table for this indicator with 68% of companies surveyed predicting an increase in revenues in 2016.

Among the most dynamic countries in which more than two-thirds of companies are predicting an

increase in revenues in 2016 are Egypt (100%), Morocco (94%), Nigeria (76%), South Africa (86%), Mauritius (83%), Tanzania (78%) and Zambia (80%). The situation is less flourishing in Mauritania, Tunisia, Angola and Equatorial Guinea, where 100%, 73%, 86% and 75% respectively of those surveyed predicted stable or falling revenues in 2016.

Investment is stable on the continent, after a slight contraction in 2015 with 43% of companies having increased their investment compared to 46% in 2014; 51% are planning extra investment in 2016. SEAIO is the region in which companies are investing most: from 51% in 2014, nearly 60% are expecting to increase their investment in the region in 2016. In Djibouti, Ethiopia, Mozambique, Tanzania and Mauritius, over 65% of companies questioned are planning to invest in the coming year. Outside SEAIO, we note Senegal with 63% and Egypt with 89% of investment intentions in 2016.

This increase in investment is explained in particular by a level of profitability that is high and quickly achieved in Africa. This has been confirmed again this year: while 28% of companies recorded losses in 2014, only 11% are expected to do so in 2016. In 2015, 78% of those surveyed made a profit or broke even.

Unlike last year, when the largest number of companies making a profit were to be found in Central Africa, SEAIO has taken the lead, with 71% of companies making a profit or breaking even in 2014, 82% in 2015 and 91% for 2016. For example, in Gabon, the percentage of companies making a profit was 53% of those surveyed in 2014 but is down to 32% in the 2016 forecasts, while we see the reverse in Kenya, with 42% in 2014 and 75% for 2016.

Debt and payment arrears (local public and private sectors together) remain globally contained on the continent with only 23% of those surveyed

ECONOMIC ANALYSIS BY ZONE AND COUNTRY

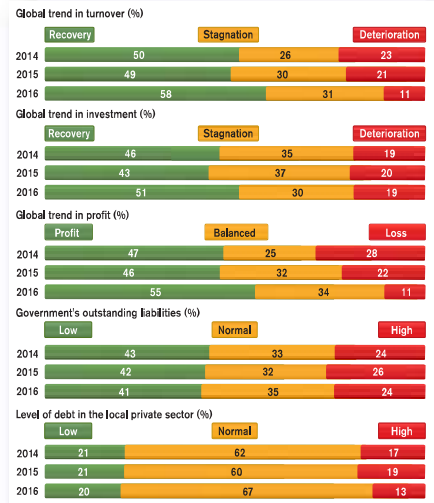
Company activity 2014-2016

The CIAN survey focuses on the trends shown by five indicators over the financial years 2014, 2015 and 2016:

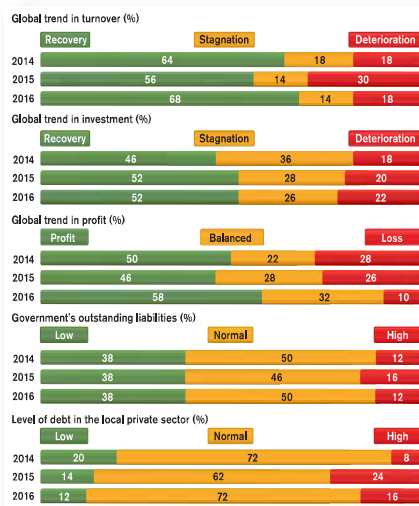
- revenues: growth, stagnation, decline;
- investment: recovery, interruption, reduction;
- results: in profit, break-even, deficit;
- level of claims on the State: high, normal, low;
- level of claims on the local private sector: high, normal, low.

The tables show the trends by large geographical zones, which are then broken down for each of the 34 countries assessed this year.

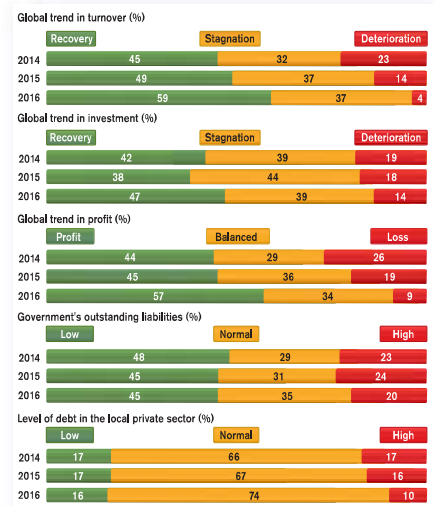
Africa (Continent)



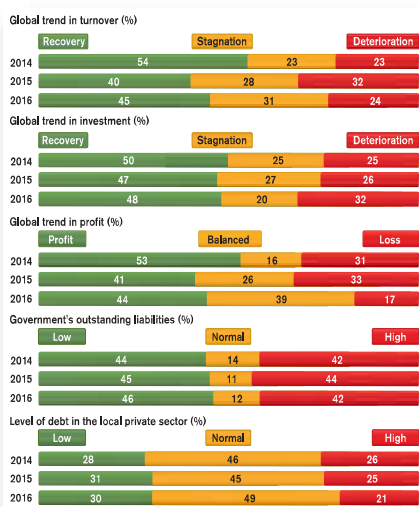
North Africa



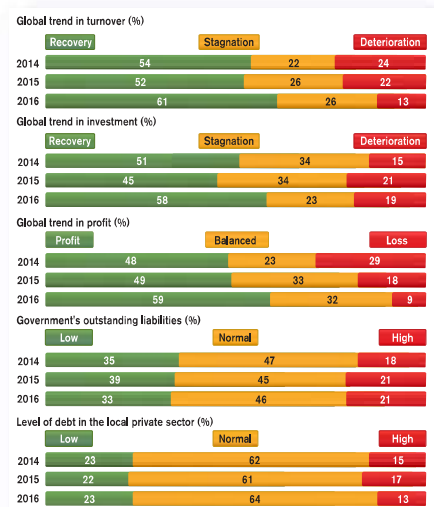
West Africa



Central Africa



Southern and East Africa and the Indian Ocean





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considering them to be at a high level in 2015. However, the situation has deteriorated significantly in Central Africa, where companies are pointing to a rise in debt. While an average of 34% of them considered the level of their claims on the State to be high over the period 2013-2014-2015, this figure rises to 43% for the period 2014-2015-2016. In 2015, claims on the State were judged to be high by 63% of heads of companies in Gabon, 50% in Equatorial Guinea, 50% in DRC, 47% in Cameroon and 44% in Chad.

II/ The business environment in 2015

The overall assessment of the business climate on the continent has not changed between 2014 and 2015. The score remains the same at 2.39 out of 5, i.e. below the average. The scores by region follow this trend with very slight variations from one year to the other, apart from North Africa which, after a drop in 2014 (2.56) climbed back to 2.95 out of 5 in 2015.

Of the 34 countries assessed this year, 15 achieved a score of over 2.5 out of 5, including every country in North Africa and 7 of the 12 SEAIO

countries assessed. Those whose score remains lower than the average include every country in Central Africa and 7 out of the 10 West African countries assessed.

Across the board, Morocco comes top with a score of 3.48, followed by Mauritius with 3.34, while DRC and CAR have a score below 1.60. These scores testify to a globally complex business environment that offers only limited visibility for the risk manager, i.e. the head of the company. The level of profitability presented in the previous section is simply just reward for this high level of risk and confirms that Africa is a good risk for investors.

Among the constraints most often mentioned by the companies surveyed, we note:

- the weakness of the electricity production and distribution systems and therefore the high cost of electricity, scored at 1.90 out of 5;
- the ponderousness and inefficiency of the authorities, with customs fraud scoring 1.80 out of 5, the delays in legal procedures and the virtual non-existence of property law;
- the impact of the informal sector and the level of corruption, scored at 1.76 out of 5;

Assessment of the business environment

Average score per region/country

	Score > 2.5/5			Score < 2.5/5	
	2015	2014		2015	2014
Morocco	3.48	3.22	Burkina Faso	2.45	2.55
Mauritius	3.34	3.40	Equatorial Guinea	2.37	2.55
South Africa	2.92	2.96	Mozambique	2.37	2.33
Tunisia	2.91	2.40	Cameroon	2.35	2.33
Uganda	2.90	3.09	Gabon	2.34	2.30
Kenya	2.72	3.07	Ivory Coast	2.32	2.34
Djibouti	2.72	2.35	Congo	2.26	1.99
Togo	2.71	2.83	Burundi	2.26	2.05
Egypt	2.70	-	Nigeria	2.20	2.14
Ghana	2.69	2.68	Benin	2.19	2.26
Mauritania	2.68	2.10	Mali	2.16	2.15
Senegal	2.61	2.45	Guinea	2.11	1.97
Ethiopia	2.59	2.31	Angola	2.07	2.24
Zambia	2.58	2.46	Tanzania	1.99	2.08
Algeria	2.56	2.67	Niger	1.95	1.96
			Madagascar	1.93	2.04
			Chad	1.88	1.91
			DR of Congo	1.60	1.78
			CAR	1.59	2.19

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- A **documentation service** focusing on African business law and tax, built up over a period of more than fifty years;
- An extensive network of **African professionals** throughout the entire continent.



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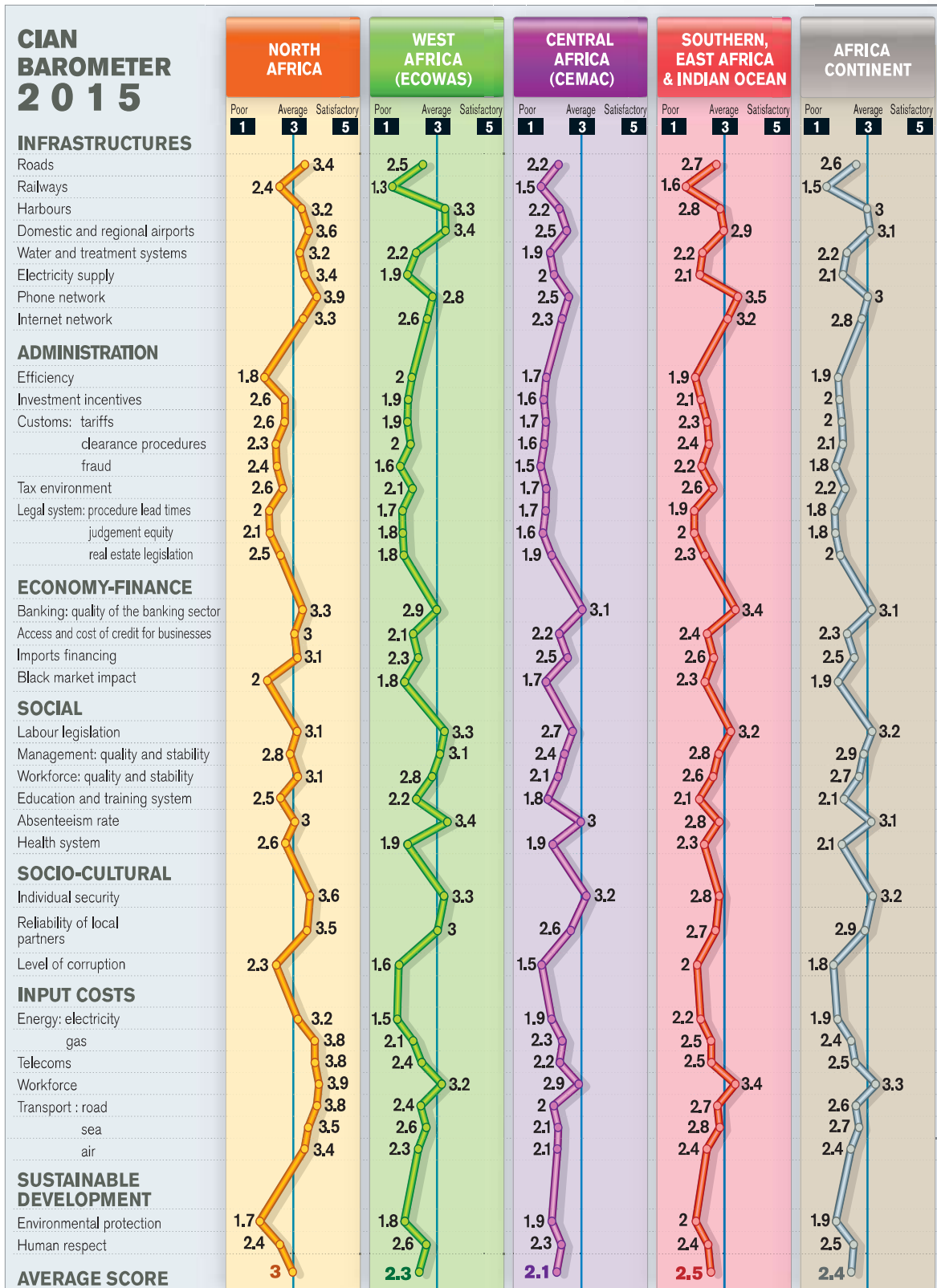
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on the African markets.**

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+6% of growth

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ECONOMIC ANALYSIS BY ZONE AND COUNTRY

- the failure of national training systems and therefore the low level of skills to be found among the local labour forces;
- However, the continent also offers certain advantages for business development:
- a comprehensive, operational airline network, scored at 3,08 out of 5, and an efficient telecommunications network;
 - a high-quality banking system and an increasingly structured offer adapted to the African market;
 - labour regulations and labour costs considered to be attractive, scored at 3.36;

- apart from a minority of countries, a stable security environment and a certain reliability among local partners.
- As a result of their historic knowledge of Africa, their expertise and know-how in a wide range of sectors and their CSR initiatives, French companies are continuing to develop in an African market which, though complex, offers a great deal of opportunity.

*Survey and analysis
by Alix Camus,
Managing Director of CIAN*

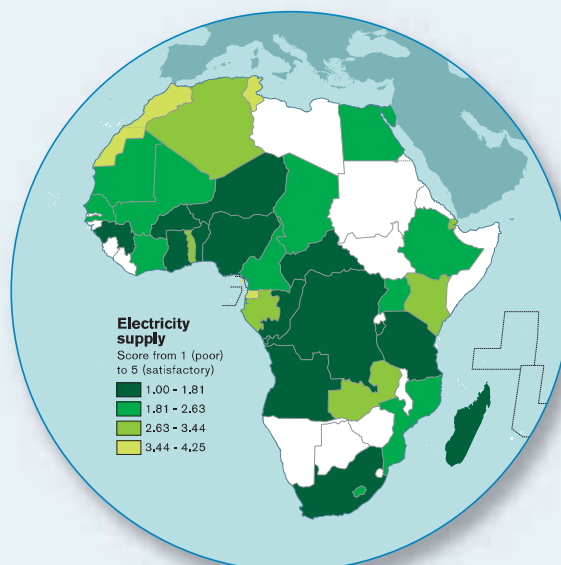
Business environment in 2015

In responding to the CIAN survey, the company head gives his perception of the business environment in the country of operations, qualifying 39 criteria, spread across 7 headings, as poor (1), average (3) or satisfactory (5):

- infrastructures: 8 criteria
- administration: 9 criteria
- economy and finance: 4 criteria
- social: 6 criteria
- socio-cultural: 3 criteria
- input costs: 7 criteria
- sustainable development: 2 criteria

The overall CIAN Barometer graph presents the results by large geographical zones. The maps show the assessments given for a few major criteria. On the following pages, the country factsheets summarise the strengths and weaknesses of the business environment in the 34 countries assessed this year.

ELECTRICITY SUPPLY



Africa (Continent)

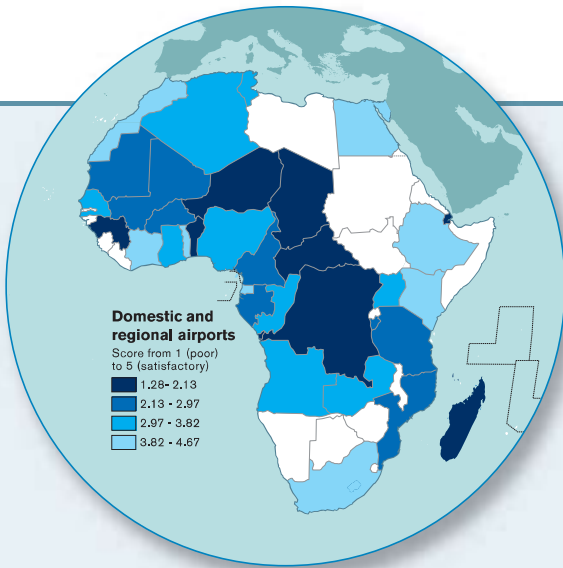
Assessment of the business environment: 2.39 sur 5 ▶

Strengths	Var/2014	Weaknesses	Var/2014
Airline network	▲	Efficiency of the authorities	▼
Telecoms network	▶	Property law	▶
Quality of the banking sector	▶	Impact of the informal sector	▶
Labour law	▲	Level of corruption	▶
Personal security	▲	Cost of electricity	▼

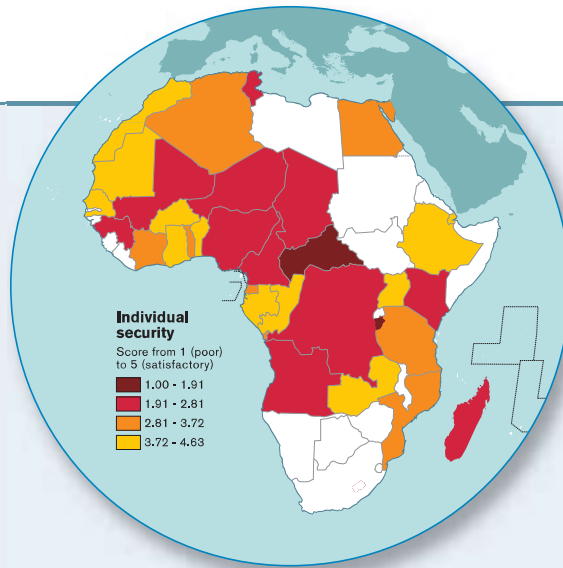
ACKNOWLEDGEMENTS

We extend our thanks to all the company heads who took the time to respond to the CIAN survey, along with all the organizations that helped to distribute it locally: CIAN members, external trade advisors, local French chambers of commerce and industry, employers' organizations and French economic missions and embassies. The survey assesses only those countries for which the number of responses received was considered sufficient in proportion to French economic presence in the country.

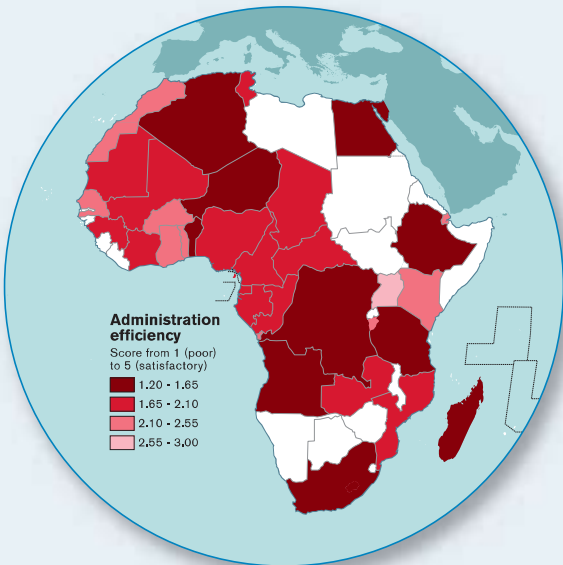
AIRLINE NETWORK



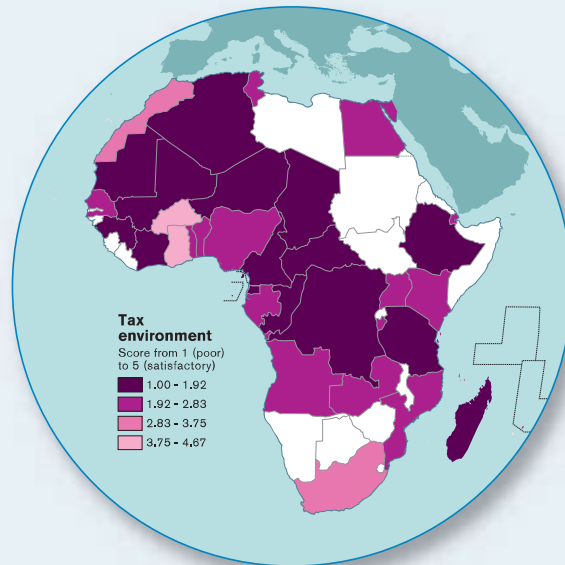
PERSONAL SECURITY



EFFICIENCY OF THE AUTHORITIES

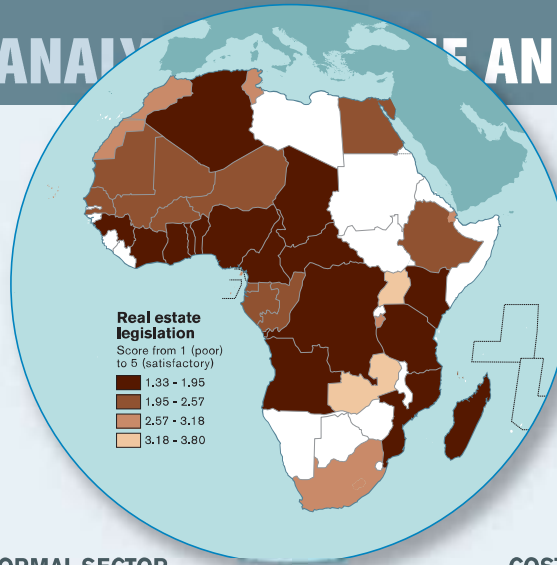


TAX ENVIRONMENT

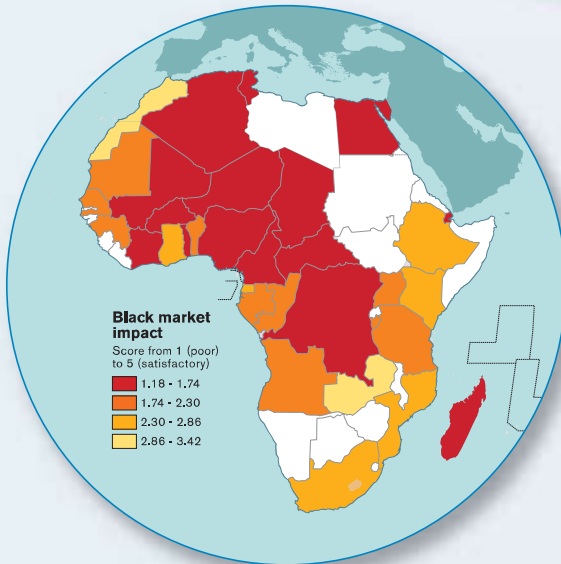


ECONOMIC ANALYSIS BY REGION AND COUNTRY

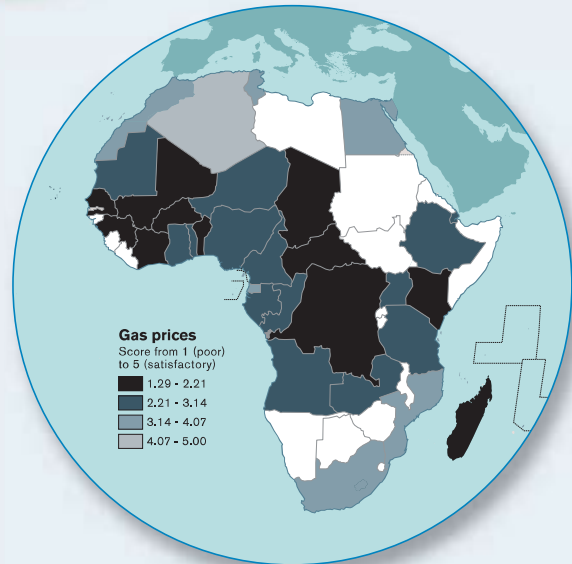
REAL ESTATE LEGISLATION



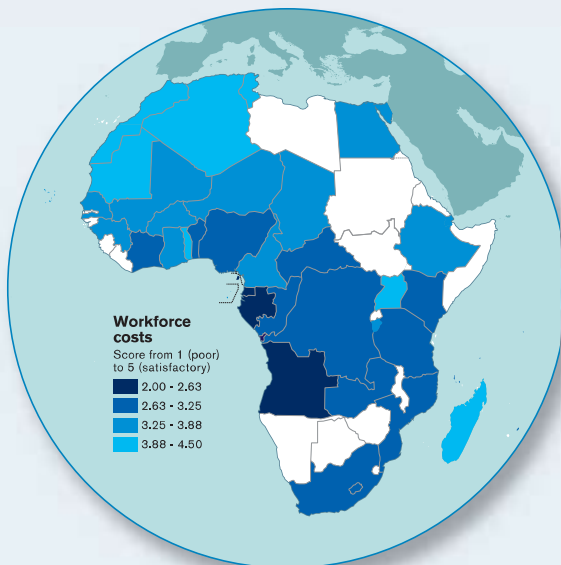
IMPACT OF THE INFORMAL SECTOR



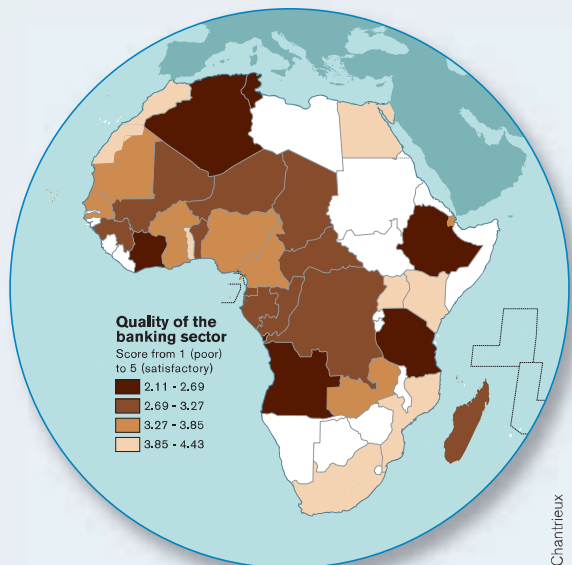
COST OF FUEL



COST OF LABOUR



QUALITY OF THE BANKING SECTOR



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