



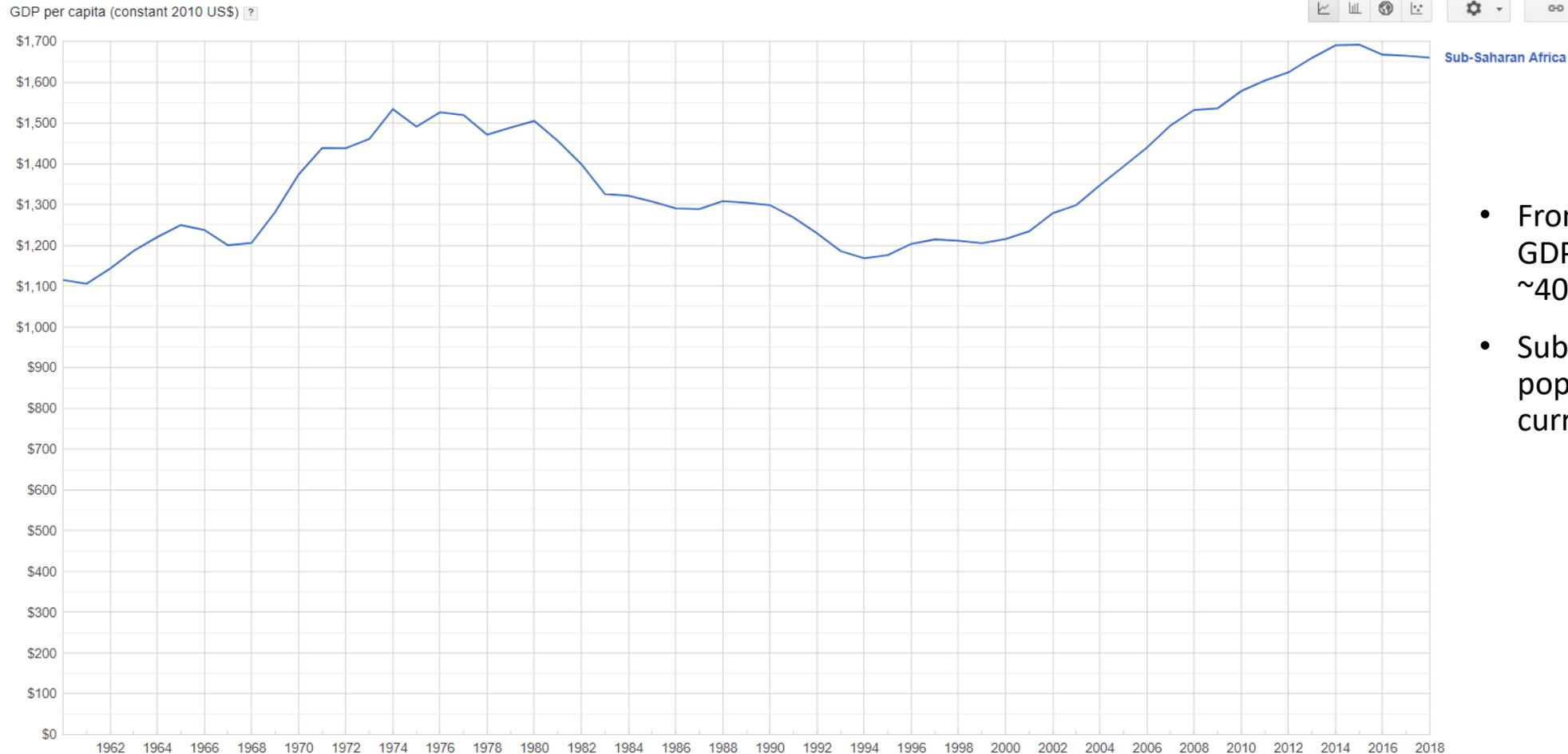
## Slides for Actuarial Society

---

September 2020

# The tailwind – the rising Africa consumer

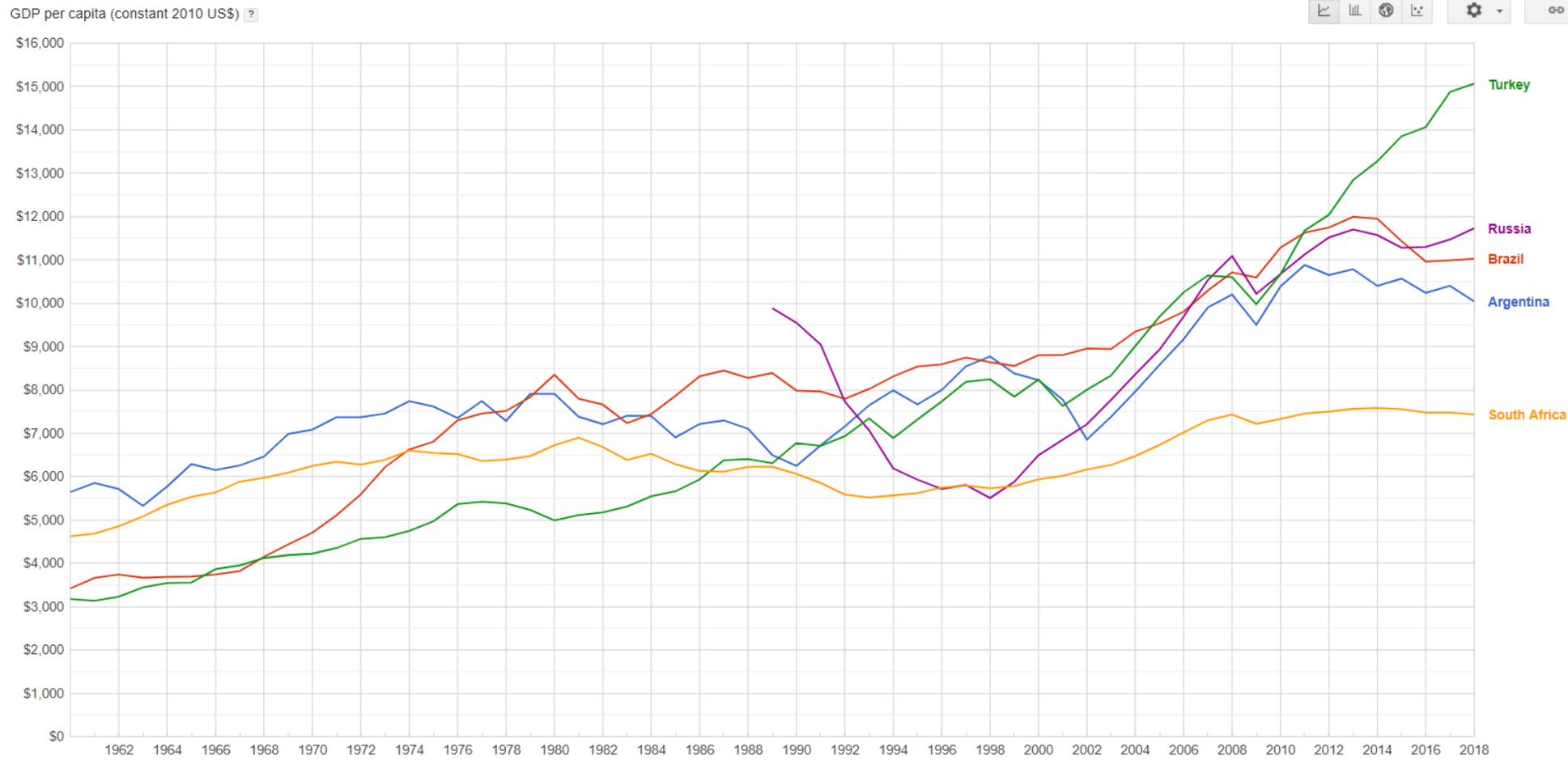
- The below chart shows the GDP per capita of Sub-Saharan Africa measured in constant 2010 USD (i.e. adjusted for inflation) from 1960-2018



- From 1994 to 2018, real GDP per capita has grown ~40%
- Sub-Saharan Africa's population growth is currently > 2.5% p.a.

# The tailwind – the rising of emerging markets

- The below chart shows the GDP per capita of various emerging markets measured in constant 2010 USD (i.e. adjusted for inflation) from 1960-2018

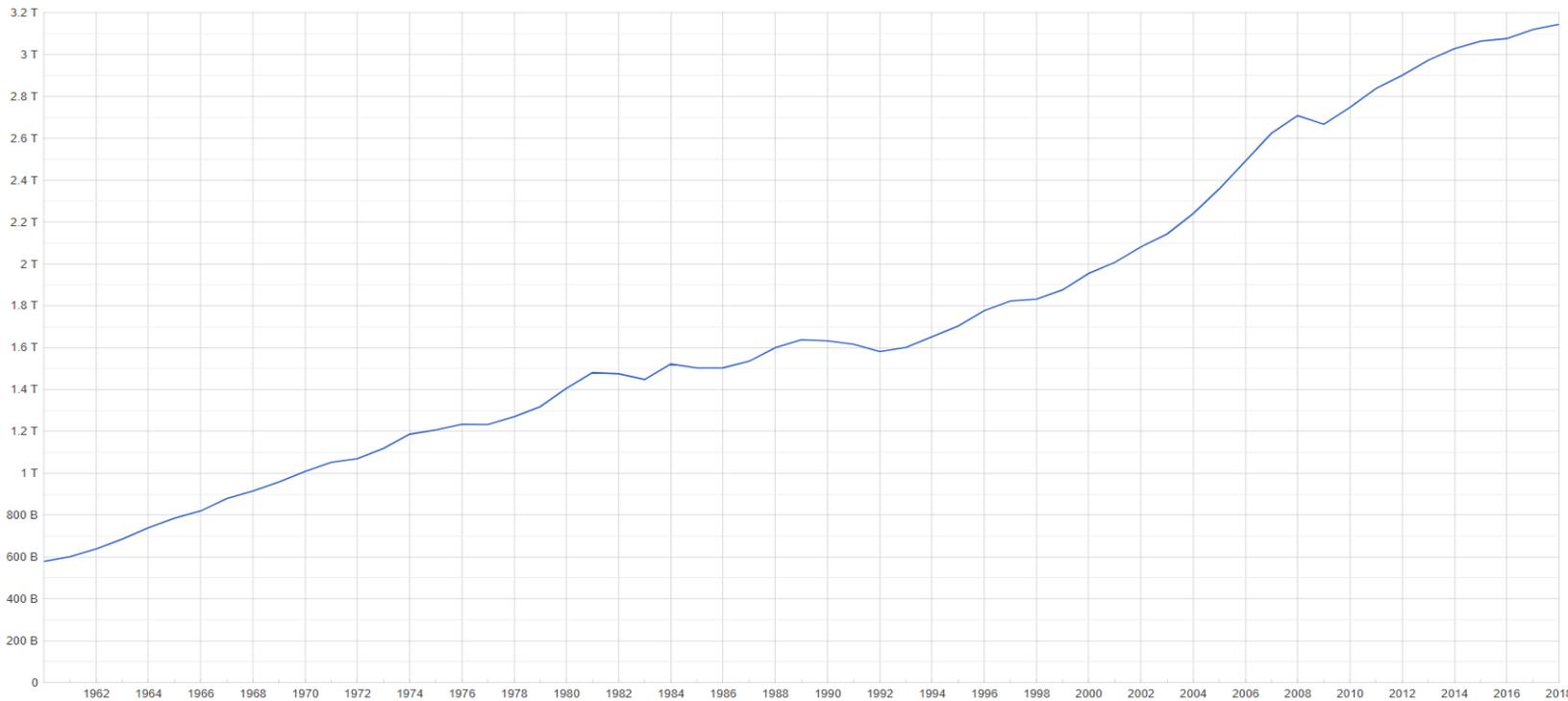


- The general trend for all of these markets is positive
- These emerging markets are not the most successful (none of these are from Southeast Asia)
- Brazil and Argentina have had numerous instances of hyperinflation
- In the mid-late nineties and early 2000's, Russia and Argentina respectively had financial crises including sovereign defaults, yet the per capital wealth recovered in both instances.
- South Africa's performance is tempered by high population growth (see next slide)

Source: World Bank

# Growth in the South African economy

- The below chart shows the total GDP of South Africa measured in inflation-adjusted ZAR (i.e. real GDP) from 1960-2018



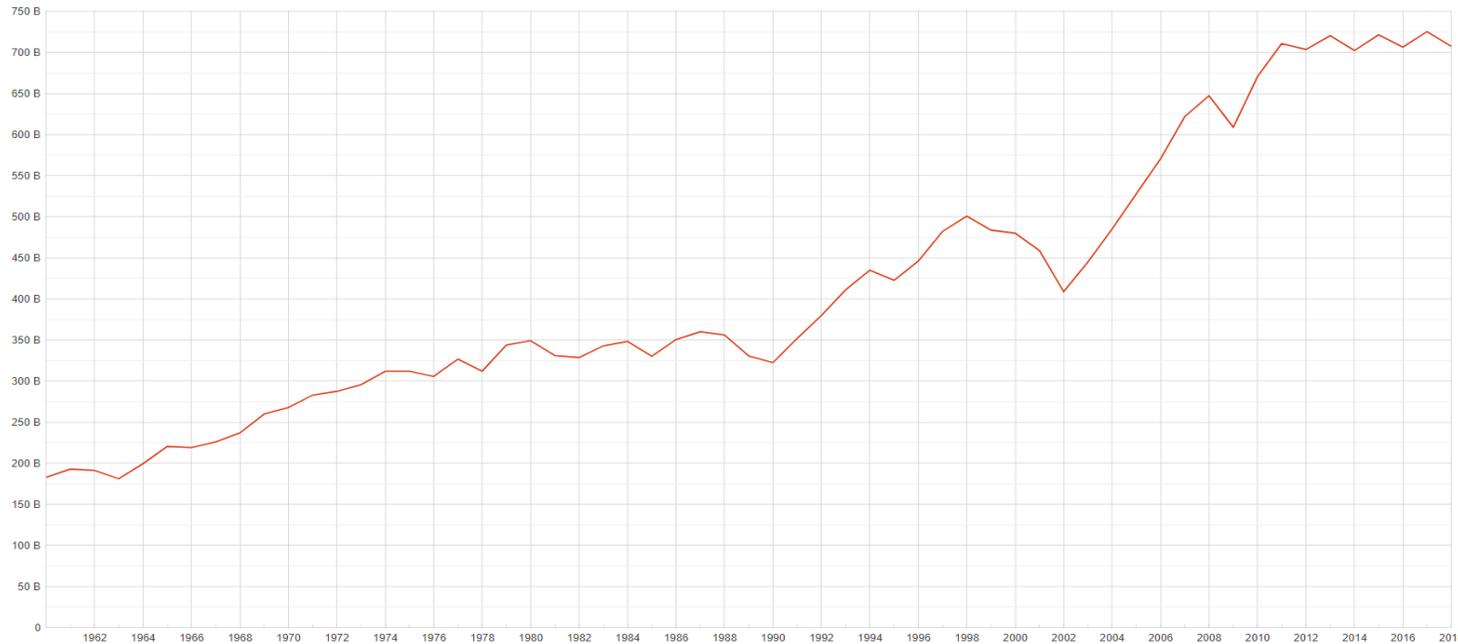
- In real terms the SA economy is (at end-2018):
  - 443% larger than in 1960
  - 155% larger than in 1976 when the Soweto uprising occurred
  - 109% larger than in 1985 when PW Botha made the Rubicon speech
  - 90% larger than in 1994 when the ANC came to power
  - 16% larger than in 2008 just before the Global Financial Crisis
  - 4% larger than in 2014 when Jacob Zuma won his second term (and which was followed by significant load shedding)

Source: World Bank

Even in times of uncertainty and crises the SA economy has grown – partly fueled by a growing population. Certain SA businesses are very well placed to capitalise on the opportunities this presents.

# Was the SA growth story unique/lucky?

- We believe that on balance, the vast majority of emerging markets will grow (though there are some exceptions such as Zimbabwe and Venezuela).
- We have done the same exercise for Argentina – which has had a much more troubled economy than SA
  - Argentina is the only economy that has regressed from first world to third world
    - 100 years ago, Argentina was one of the 10 largest economies in the world
    - The economy declined gradually following the great depression and has had numerous sovereign defaults (incl. in 2020) and hyper-inflation



- In real terms the Argentine economy is (at end-2018):
  - 287% larger than in 1960
  - 155% larger than in 1975 when a period of significant stagnation (incl. hyper inflation) began
  - 114% larger than in 1981 – the year before Argentina defaulted on its sovereign debt for a 5<sup>th</sup> time
  - 99% larger than in 1988 – the year before Argentina defaulted on its sovereign debt for a 6<sup>th</sup> time
  - 41% larger than in 1998 – just before the Argentine Great Depression which included Argentina's 7<sup>th</sup> sovereign debt default in 2001
  - 9% larger than in 2008 just before the Global Financial Crisis
  - 2% smaller than in 2013 – the year before Argentina defaulted on its sovereign debt for an 8<sup>th</sup> time

Source: World Bank

Even in the most troubled times – far worse than what SA has experienced – there remains the opportunity to extract value