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African Powers of Consumer Products 2016

The continent's home-grown Top 50 consumer product companies

Contents

Foreword

Welcome to the inaugural edition of our ***African Powers of Consumer Products*** report, which identifies the Top 50 listed African consumer product (CP) companies by revenue. Its methodology is based on the ***Global Powers of Consumer Products 2015*** report.

This report is the first in an annual series where we shall track the progress of the top CP performers on the continent. We provide a comparative overview of African-based ('home grown') listed companies whose core business is manufacturing and where the sale of consumer products accounts for the majority of their revenue.

Their products are produced for and purchased by consumers and are generally marketed under well-known consumer brands. The Top 50 companies we have identified are listed on 15 African stock exchanges, and in FY15 (results up to and including May 2016) their revenues ranged between a minimum of US$147.7m and the highest of US$2.6bn.

We hope to reveal some insights into a crucial industry for Africa and that this report prompts robust conversations around business model adaption, production and logistics innovation, the digital enterprise, evolving consumer dynamics, and strategic decision-making for CP companies in Africa.

We look forward to discussing with you the diverse and exciting opportunities on the continent.

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Executive summary

The African growth story has slowed down recently, but prospects are still positive, especially for CP companies.

As the growth story continues to develop – with GDP growth for the continent expected to have bottomed out in 2016 – regional and country-specific socio-political, economic and cultural differences will have to be recognised.

Economic growth prospects are linked to accelerating urbanisation, a growing middle class and Africa's young population, along with improvements in infrastructure and technological developments.

Despite the short-term growth slowdown, sub-Saharan Africa's (SSA) GDP per capita in purchasing power doubled to US$3,831 between 2000 and 2016. During the same period, in North Africa and the Middle East it increased from US$9,914 to US$18,175, reflecting a compound annual growth rate (CAGR) of 3.9% over the period.

The Top 50 CP companies are spread between 15 countries, with South Africa, Egypt, Nigeria and Morocco accounting for 32 of the companies and just over 80% of their total revenues. Eight of the Top 10 are from South Africa and two from Nigeria. The Top 5 companies by revenues in this analysis are Tiger Brands, RCL Foods, Flour Mills Nigeria, Distell Group and Pioneer Foods Group.

Looking at a regional representation of the Top 50, 18 are from North Africa, 23 from Southern Africa, three from East Africa, and six from West Africa. Not surprisingly, Africa's Top 50 CP companies are made up almost entirely of food, beverage and tobacco companies, demonstrating a strong link between consumer businesses and the agricultural sector, as well as the large share of household income allocated to food and drink. In the Top 50 there are 32 food companies, 14 in beverages, two in personal care, one in tobacco, and one in home furnishing and equipment.

It is interesting that North Africa has some of the fastest-growing CP companies on the continent: the Top 10 fastest-growing companies include five from Egypt, one from Morocco, one from Tunisia. The remaining three are from Southern Africa. The Top 5 by CAGR (FY11-FY15) in local currency revenues are South Cairo & Giza Mills & Bakeries, East Delta Flour Mills, RCL Foods, UNIMER Group and Middle & West Delta Flour Mills.

While South Africa has most of the largest CP companies on the continent, companies from this country do not feature in the Top 10 by profit margin: four of the most profitable companies are from North Africa, and two each from East, West and Southern Africa. In FY15 48 of the Top 50 reported a profit and 16 reported a profit margin in excess of 10%. The Top 5 by profit margin in FY15 were Eastern Tobacco, Tanzanian Breweries, Société Frigorifique et Brasserie De Tunis, Edita Food Industries and Delta Corporation.

Over the FY11-FY15 period, the industry has shown robust growth. More than half of the Top 50 CP companies reported revenue growth measured in US dollars and 90% reported revenue growth in their respective local currencies. Over the period the Top 50 companies grew their revenues by 3.5% in US dollar terms and 12.5% in local currency terms. Twelve companies achieved CAGR in excess of 10% in US dollar terms, and 24 exceeded 10% CAGR in local currency.

Given the positive prospects for the CP sector, this report also highlights a number of trends that we believe deserve further attention. These are:

- the development of localised manufacturing capabilities, requiring both push and pull private and public sector investments
- the opportunities for private labels
- an evolving value equasion – changing dynamics in the producer-consumer relationship
- the requirement for innovative African solutions to overcome logistical challenges.

For both African and international companies looking to invest in Africa, growth opportunities on the continent clearly exist. There are local players making significant inroads, who know the markets, have developed manufacturing bases, understand its business cultures, and speak the languages. A combination of international expertise and local knowledge will be a successful formula for ongoing growth for African CP producers, although infrastructure development is needed to support this, whether private sector- or government-led.

The presence of local and multinational manufacturing facilities on the continent is a reflection of the positive outlook in Africa for CP companies and the increasing importance of African consumer markets in the growth strategies of leading multinational corporations. Of the Top 10 global consumer products companies (as identified by Deloitte's *Global Powers of Consumer Products 2015* report), seven companies have production facilities in Africa.

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African Powers of Consumer Products 2016*

Deloitte ranked the Top 50 listed African consumer product (CP) companies, and explored some of the themes emerging on the continent.

Top 10 by revenue

1. Tiger Brands
2. RCL Foods
3. Flour Mills of Nigeria
4. Distell Group
5. Pioneer Foods Group
6. Nigerian Breweries
7. Tongaat Hulett
8. AVI
9. Astral Foods
10. Illovo Sugar

Top 10 fastest-growing

(CAGR FY11-FY15)

1. South Cairo & Giza Mills & Bakeries
2. East Delta Flour Mills
3. RCL Foods
4. UNIMER Group
5. Middle & West Delta Flour Mills
6. Illovo Sugar Malawi
7. Rhodes Food Group Holdings
8. Société d'Articles Hygiéniques
9. Edita Food Industries S.A.E.
10. Juhayna Food Industries

* (FY15) up to and including May 2016

What you need to know about Africa's Top 50 CP companies

What kind of money are we talking about?

US$30bn

Collectively, Africa's Top 50 consumer products companies generated revenues of
US$30bn in FY15

Average revenues of Top 50
US$605m

Average revenues of Top 10
US$1.5bn

Recorded revenues of the smallest and largest companies in the Top 50 were
US$147.7m and US$2.6bn respectively

Beverage (alcoholic and non-alcoholic) & tobacco companies accounted for
eight of the Top 10
most profitable companies

CAGR in average annual revenue (FY11-FY15)
3.5% in US$,
and **12.5%**
in local currencies

6.7%

Average profitability of the Top 10 (by revenue)
6.7%

On average, the Top 50 companies had a profitability of
7.7%

Product sector split

32 Food

14 Beverages

2 Personal care

1 Tobacco

1 Home furnishing & equipment

Themes affecting Africa's CP companies

Protectionist measures are emerging along with **localised manufacturing** capabilities

Private labels are a possible source of growth for CP companies during challenging economic times

The evolving value equation including increasing **health regulation** and changing **consumer preferences**

Companies are coming up with **innovative solutions** to Africa's logistics challenges

Africa economic outlook

Over the past decade, African economies have achieved robust economic growth, averaging over 5% annually and outperforming advanced and most other developing economies.

The continent's growth was underpinned by high oil and commodity prices, rising consumer spending and the potential for early stage industrialisation. However, following the decline in commodity prices from the second half of 2014, growth in most African economies has slowed down.

In October 2016, the International Monetary Fund (IMF) revised its growth outlook for sub-Saharan Africa (SSA) for that year from 3% down to only 1.4%, reflecting the ongoing uncertainty about African economies and the strain on growth that some of the continent's largest economies are having.[1]

The Fund's April 2017 update estimated Nigeria's economy to be in recession in 2016 (-1.5%), and South Africa and Angola showing no growth (0.3% and 0% respectively).[2] Recently released forecasts for SSA GDP growth for 2017 and 2018 are more optimistic at 2.6% and 3.5% respectively. Subsequent to this, data released for South Africa in June 2017 by Stats SA indicated South Africa entered into a technical recession in Q1 2017. Similarly, growth in North Africa and the Middle East was adjusted down to continuing low oil prices.

Despite this slowdown, SSA's GDP per capita in purchasing power doubled to US$3,831 between 2000 and 2016. During the same period, GDP per capita in purchasing power in North Africa and the Middle East increased from US$9,914 to US$18,175, a compound annual growth rate (CAGR) of 3.9%.

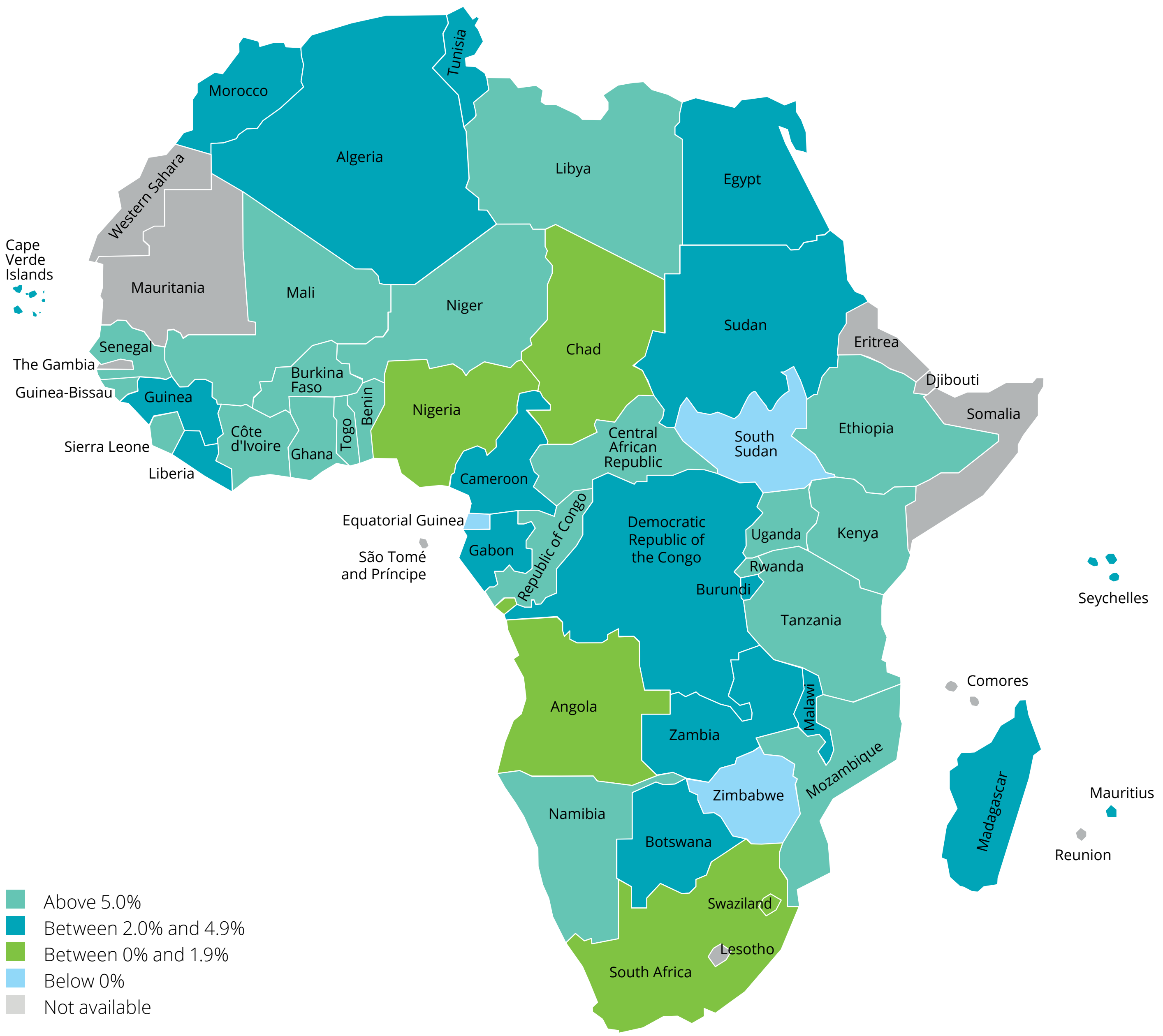
Developments in international commodity markets have affected African economies in different ways. Prior to the decline in commodity prices, commodity exporters such as Nigeria and Angola ranked among the fastest-growing economies on the continent. However, in 2014-15, the growth momentum started to shift towards more diversified and less resource-dependent economies. Most notable amongst these are East African economies, which are less exposed to commodity markets and have been growing at annual rates of 6% or more.

Economic growth prospects linked to accelerating urbanisation, a growing middle class and Africa's young population, along with improvements in infrastructure and technological developments, have attracted the interest of several multinational companies (MNCs).

This, combined with a large increase in final consumption (with a CAGR above 9% in SSA over the last decade[3]), has also supported the expansion of large African consumer product (CP) companies, such as Dangote Sugar Refinery, Flour Mills of Nigeria, Distell Group, Pioneer Foods Group and Tiger Brands.

Although the African growth story has stuttered recently, prospects are still positive. Regional and country-specific socio-political, economic and cultural differences will require attention as the growth story continues to unfold.

Real annual GDP growth, 2017 forecast



Source: International Monetary Fund, 2017

African Powers of Consumer Products Top 50

Our analysis of the Top 50 CP companies on the continent focuses on Africa-domiciled companies with primary listings on African stock exchanges.

The core business of these companies is the manufacture of consumer products (as distinct from commercial or industrial products), and the majority of their sales revenue comes from the sale of goods produced for and purchased by the ultimate consumer.

Based on our analysis and available data, the Top 50 consumer product companies are spread among 15 countries, but over 80% of their total revenues are accounted for by companies in South Africa, Egypt, Nigeria and Morocco. This concentration reflects the size of their economies, their level of development and economic diversification, and also the low degree of capital markets development in most other African countries.

Africa's 50 largest listed CP companies reported average annual revenues of approximately US$605m in FY15, a decline from US$649m in FY14. The sharp depreciation in a number of African currencies, including the Egyptian pound, the Nigerian naira and the South African rand, partly explains the poor revenue performance in US dollar terms of listed African CP companies. Company performance measured in their respective reporting currencies has been more favourable, with the Top 50 companies growing their revenues annually at an average of 12.5% (CAGR FY11-FY15) in local currency.

The conversion of financial results into US dollars is international standard practice, to enable a comparison of companies across different countries and markets. However, the effect of currency fluctuations on reported growth in US dollar terms needs to be recognised. Companies might achieve positive revenue growth in their reporting currency, despite experiencing negative growth in US dollar terms.

Top 50 companies (by revenue in US$)

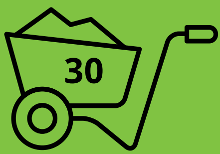
	Company	Country of origin	Region	Product sector	Sub-sector	FY15 Revenue (US$m)	Revenue CAGR (FY11-FY15)		FY15 Profit margin (%)
							In US$	In reporting currency	
1	Tiger Brands Ltd	South Africa	Southern Africa	FDT[5]	Food	2 637.1	-2.7%	11.5%	5.5%
2	RCL Foods Ltd	South Africa	Southern Africa	FDT	Food	2 069.3	20.4%	35.8%	3.7%
3	Flour Mills of Nigeria	Nigeria	West Africa	FDT	Food	1 798.8	3.4%	6.6%	2.9%
4	Distell Group Ltd	South Africa	Southern Africa	FDT	Beverages	1 730.2	-0.5%	12.3%	7.3%
5	Pioneer Foods Group Ltd	South Africa	Southern Africa	FDT	Food	1 566.7	-10.4%	2.7%	6.0%
6	Nigerian Breweries	Nigeria	West Africa	FDT	Beverages	1 485.7	0.1%	6.3%	12.9%
7	Tongaat Hulett Ltd	South Africa	Southern Africa	FDT	Food	1 224.6	-6.9%	8.4%	4.9%
8	AVI Ltd	South Africa	Southern Africa	FDT	Food	993.1	-2.5%	10.0%	11.8%
9	Astral Foods Ltd	South Africa	Southern Africa	FDT	Food	941.4	-6.6%	7.0%	6.9%
10	Illovo Sugar Ltd	South Africa	Southern Africa	FDT	Food	875.9	-8.2%	9.5%	5.1%
11	Eastern Tobacco Co	Egypt	North Africa	FDT	Tobacco	820.8	6.6%	12.9%	21.2%
12	Clover Industries Ltd	South Africa	Southern Africa	FDT	Food	818.4	-3.3%	9.1%	3.8%
13	Innscor Africa Ltd	Zimbabwe	Southern Africa	FDT	Food	814.4	12.1%	12.1%	2.2%
14	Oriental Weavers	Egypt	North Africa	HFE[6]	Carpets	762.5	-0.4%	6.3%	6.1%
15	COSUMAR	Morocco	North Africa	FDT	Food	715.0	-1.2%	3.6%	9.2%
16	East African Breweries Ltd	Kenya	East Africa	FDT	Beverages	712.7	6.9%	9.4%	13.9%
17	Juhayna Food Industries	Egypt	North Africa	FDT	Food	549.2	9.8%	17.2%	6.6%
18	Delta Corporation Ltd	Zimbabwe	Southern Africa	FDT	Beverages	538.2	-0.8%	-0.8%	14.9%
19	Tanzania Breweries Ltd	Tanzania	East Africa	FDT	Beverages	519.6	1.0%	8.6%	20.6%
20	Middle & West Delta Flour Mills	Egypt	North Africa	FDT	Food	516.5	24.4%	31.7%	2.2%
21	Oceana Group Ltd	South Africa	Southern Africa	FDT	Food	515.5	-0.5%	14.0%	9.9%
22	Dangote Sugar Refinery	Nigeria	West Africa	FDT	Food	510.8	-7.0%	-1.3%	11.5%
23	Société Frigorifique et Brasserie de Tunis (SFBT)	Tunisia	North Africa	FDT	Beverages	441.9	-0.7%	7.9%	17.2%
24	7-UP Bottling Company	Nigeria	West Africa	FDT	Beverages	430.2	3.1%	9.4%	3.9%
25	LESIEUR CRISTAL	Morocco	North Africa	PC & HP[7]	Personal care	408.8	-4.0%	0.6%	5.0%
26	Delice Holding	Tunisia	North Africa	FDT	Food	364.6	4.8%	13.9%	5.6%
27	Upper Egypt Flour Mills	Egypt	North Africa	FDT	Food	340.3	10.7%	17.2%	4.2%
28	Cervejas de Moçambique[4]	Mozambique	Southern Africa	FDT	Beverages	317.8	6.6%	12.3%	14.5%
29	National Foods Holdings Ltd	Zimbabwe	Southern Africa	FDT	Food	314.4	11.8%	11.8%	4.1%
30	East Delta Flour Mills	Egypt	North Africa	FDT	Food	300.0	31.5%	39.2%	1.9%
31	Cairo Poultry	Egypt	North Africa	FDT	Food	294.0	-1.9%	4.7%	13.2%
32	Quantum Foods Holdings Ltd	South Africa	Southern Africa	FDT	Food	289.8	-12.3%	-0.2%	3.7%

	Company	Country of origin	Region	Product sector	Sub-sector	FY15 Revenue (US$m)	Revenue CAGR (FY11-FY15)		FY15 Profit margin (%)
							In US$	In reporting currency	
33	Edita Food Industries S.A.E.	Egypt	North Africa	FDT	Food	288.8	10.9%	18.3%	15.5%
34	Société de Limonaderies et Brasseries d'Afrique	Côte d'Ivoire	West Africa	FDT	Beverages	265.5	2.4%	8.0%	14.4%
35	Honeywell Flour Mill	Nigeria	West Africa	FDT	Food	255.6	1.4%	7.5%	-5.9%
36	Rhodes Food Group Holdings Ltd	South Africa	Southern Africa	FDT	Food	252.6	12.1%	27.5%	5.6%
37	Brasseries du Maroc	Morocco	North Africa	FDT	Beverages	232.4	-5.4%	-0.9%	11.6%
38	Royal Swaziland Sugar Corporation	Swaziland	Southern Africa	FDT	Food	218.2	-1.1%	14.1%	8.9%
39	Zambeef Products	Zambia	Southern Africa	FDT	Food	217.0	1.3%	12.1%	-0.8%
40	Zambia Sugar	Zambia	Southern Africa	FDT	Food	216.2	-7.7%	8.0%	5.7%
41	Namibia Breweries Ltd	Namibia	Southern Africa	FDT	Beverages	215.0	-4.2%	7.9%	10.6%
42	Unga Group Ltd	Kenya	East Africa	FDT	Food	207.1	6.6%	9.1%	1.1%
43	Illovo Sugar Malawi Ltd	Malawi	East Africa	FDT	Food	183.3	-5.3%	28.7%	5.5%
44	Société d'Articles Hygiéniques	Tunisia	North Africa	PC & HP	Personal care	164.8	10.4%	19.9%	8.2%
45	UNIMER Group	Morocco	North Africa	FDT	Food	159.0	29.5%	35.6%	10.4%
46	Phoenix Beverages Ltd	Mauritius	Southern Africa	FDT	Beverages	156.4	12.9%	15.5%	6.3%
47	South Cairo & Giza Mills & Bakeries	Egypt	North Africa	FDT	Food	153.0	40.1%	48.3%	0.9%
48	Zambian Breweries Plc	Zambia	Southern Africa	FDT	Beverages	152.6	-4.7%	16.8%	11.3%
49	OULMES	Morocco	North Africa	FDT	Beverages	152.4	2.9%	3.1%	9.1%
50	Delta Sugar	Egypt	North Africa	FDT	Food	147.7	-10.7%	-4.7%	2.4%

Source: Deloitte Africa research and analysis, 2016; based on various stock exchanges, annual/interim financial reports and business information databases

The Top 50 list consists of 'home-grown' African listed companies. To be considered for the list, the company's primary business should be manufacturing, and it needs to be a parent company with operations in Africa and headquarters in Africa. Most of the companies' products are marketed under well-known consumer brands. Automotive and pharmaceutical companies are not included, for consistency with Deloitte's ***Global Powers of Consumer Products*** methodology. The list does not include either consumer product companies and importers with offices only in Africa, or MNCs where the parent company is not African. The 2015 (FY15) financial year defination encompasses companies financial years up to and including May 2016. For more details about the methodology, consult the Study Methodology section at the end of this report.

Top 50 quick stats



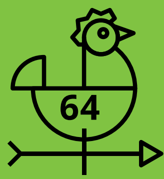
US$30bn
in revenues in FY15

US$605m average
revenue of Top 50 in FY15

On average, FY15 revenues declined by 7.5% in US dollar and **grew by 4.7%** in local currency

CAGR in average annual revenue (FY11-FY15) of
3.5% in US dollar and
12.5% in local currency

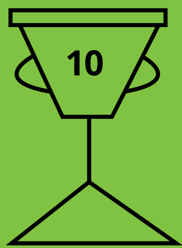
Top 50 companies
are listed on 15 different stock exchanges



South Africa, Egypt, Nigeria and Morocco account for
64% of Top 50

Largest company revenue
US$2.6bn in FY15

US$147.7m
lowest revenue in Top 50

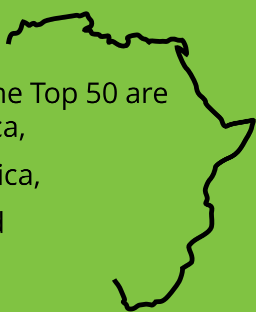


South Africa (8) and Nigeria (2) account for all of the
Top 10

US$875.9m
lowest revenue in Top 10

The food sub-sector accounts for **64%**
of the Top 50
followed by beverages at **28%**

Average profit margins for FY15 were
7.7%



18 companies in the Top 50 are based in North Africa,
23 in Southern Africa,
3 in East Africa, and
6 in West Africa

Top 10 companies (by revenue in US$)

Rank	Company	Country of origin	Region	Product sub-sector	FY15 Revenue (US$m)	Revenue CAGR (FY11-FY15)		FY15 Profit margin (%)
						In US$	In reporting currency	
1	Tiger Brands Ltd	South Africa	Southern Africa	Food	2 637.07	-2.7%	11.5%	5.5%
2	RCL Foods Ltd	South Africa	Southern Africa	Food	2 069.28	20.4%	35.8%	3.7%
3	Flour Mills of Nigeria	Nigeria	West Africa	Food	1 798.80	3.4%	6.6%	2.9%
4	Distell Group Ltd	South Africa	Southern Africa	Beverages	1 730.20	-0.5%	12.3%	7.3%
5	Pioneer Foods Group Ltd	South Africa	Southern Africa	Food	1 566.70	-10.4%	2.7%	6.0%
6	Nigerian Breweries	Nigeria	West Africa	Beverages	1 485.70	0.1%	6.3%	12.9%
7	Tongaat Hulett Ltd	South Africa	Southern Africa	Food	1 224.60	-6.9%	8.4%	4.9%
8	AVI Ltd	South Africa	Southern Africa	Food	993.10	-2.5%	10.0%	11.8%
9	Astral Foods Ltd	South Africa	Southern Africa	Food	941.40	-6.6%	7.0%	6.9%
10	Illovo Sugar Ltd	South Africa	Southern Africa	Food	875.90	-8.2%	9.5%	5.1%

South African and Nigerian companies monopolise the Top 10 of Africa's largest listed CP companies. In FY15, eight of the Top 10 by revenue were listed on the Johannesburg Stock Exchange and the other two were listed on the Nigerian Stock Exchange. Seven of the Top 10 companies had annual revenues of more than US$1bn.

In FY15, the total revenue of the Top 10 companies was about US$15.3bn, which was 6.5% lower than in the previous year. All the Top 10 companies in FY15 were also in the Top 10 in FY11. Tiger Brands was in the number one position throughout this period. Between FY11 and FY15, RCL Foods was the strongest growth performer within the Top 10, and moved up eight positions in the rankings, from #10 to #2.

The South African companies in the Top 10 have a more widespread geographic footprint compared to their Nigerian counterparts, whose operations and investments are restricted to their domestic market. On average, the South African companies have manufacturing facilities or other investments in four countries. Tiger Brands has the largest manufacturing and investment footprint, with a presence in six African (and two Latin American) countries.

Geographic footprint in Africa: Top 10 by revenue[8]

1

Tiger Brands

Nigeria
Cameroon
South Africa
Zimbabwe
Ethiopia
Kenya

Outside Africa: Chile and Peru

2

RCL Foods

South Africa
Uganda
Swaziland
Namibia
Zambia
Botswana

3

Flour Mills of Nigeria

Nigeria

4

Distell Group

South Africa

Outside Africa: UK and France

5

Pioneer Foods Group

South Africa
Nigeria
Namibia
Botswana

Outside Africa: UK

6

Nigerian Breweries

Nigeria

7

Tongaat Hulett

South Africa
Mozambique
Zimbabwe
Swaziland

8

AVI

South Africa
Botswana
Zambia
Namibia

9

Astral Foods

South Africa
Zambia
Mozambique
Swaziland

10

Illovo Sugar Ltd

South Africa
Malawi
Mozambique
Swaziland
Tanzania
Zambia

Top 10 fastest-growing (by revenue in reporting currency)

Rank (FY11-FY15 revenue CAGR)	Rank (FY15 revenue)	Company	Country of origin	Region	Product sub-sector	FY15 Revenue (US$m)	Revenue CAGR (FY11-FY15)		FY15 Profit margin (%)
							In US$	In reporting currency	
1	47	South Cairo & Giza Mills & Bakeries	Egypt	North Africa	Food	153.0	40.1%	48.3%	0.9%
2	30	East Delta Flour Mills	Egypt	North Africa	Food	300.0	31.5%	39.2%	1.9%
3	2	RCL Foods Ltd	South Africa	Southern Africa	Food	2 069.3	20.4%	35.8%	3.7%
4	45	UNIMER Group	Morocco	North Africa	Food	159.0	29.5%	35.6%	10.4%
5	20	Middle & West Delta Flour Mills	Egypt	North Africa	Food	516.5	24.4%	31.7%	2.2%
6	43	Illovo Sugar Malawi Ltd	Malawi	Southern Africa	Food	183.3	-5.3%	28.7%	5.5%
7	36	Rhodes Food Group Holdings Ltd	South Africa	Southern Africa	Food	252.6	12.1%	27.5%	5.6%
8	44	Société d'Articles Hygiéniques	Tunisia	North Africa	Personal care	164.8	10.4%	19.9%	8.2%
9	33	Edita Food Industries S.A.E.	Egypt	North Africa	Food	288.8	10.9%	18.3%	15.5%
10	17	Juhayna Food Industries	Egypt	North Africa	Food	549.2	9.8%	17.2%	6.6%

In the period under review, five out of the ten fastest-growing CP companies are listed on the Egyptian Exchange (South Cairo & Giza Mills & Bakeries (1st), East Delta Flour Mills (2nd), Middle & West Delta Flour Mills (5th), Edita Food Industries S.A.E (9th) and Juhayna Food Industries (10th)). The large representation of Egyptian companies among the fastest-growing companies is probably the result of the recovery in the country's economy and the relative normalisation of the business environment following the Arab Spring.

Bread, rice and cereals are economically priced and are part of the staple diet of Egypt. Bread is also a part of the country's food subsidy programme and could be the reason why three of the five Egyptian companies on the list are flour mills.[9]

Société d'Articles Hygiéniques, the only non-food company in the list, has grown at a CAGR of 20% (FY11-FY15) in local currency terms, benefitting largely from improved standards of living and evolving consumer habits in North Africa. In addition, the company has strong brand recognition and competitive production costs.[10]

Strong brand recognition, a wide distribution network and the ability to produce products at price points attractive to consumers, seem to be major contributing factors for companies that enjoy a good growth rate. For example, Illovo Sugar introduced smaller pack sizes in 2015 to address affordability concerns of consumers. It also moved products away from the lower-priced European Union bulk raw sugar markets to the better-priced regional markets.

Edita Food's core cake and croissant brands have 100% brand awareness, together with a huge local distributor network which works on a cash-in-advance basis despite the fact that Egypt's snacks industry works on credit.[11]

Top 10 by profitability

Rank (FY15 profit margin)	Rank (FY15 revenue)	Company	Country of origin	Region	Product sub-sector	FY15 Revenue (US$m)	Revenue CAGR (FY11-FY15)		FY15 Profit margin (%)
							In US$	In reporting currency	
1	11	Eastern Tobacco Co	Egypt	North Africa	Tobacco	820.8	6.6%	12.9%	21.2%
2	19	Tanzania Breweries Ltd	Tanzania	East Africa	Beverages	519.6	1.0%	8.6%	20.6%
3	23	Societe Frigorifique et Brasserie De Tunis	Tunisia	North Africa	Beverages	441.9	-0.7%	7.9%	17.2%
4	33	Edita Food Industries S.A.E.	Egypt	North Africa	Food	288.8	10.9%	18.3%	15.5%
5	18	Delta Corporation Ltd	Zimbabwe	Southern Africa	Beverages	538.2	-0.8%	-0.8%	14.9%
6	28	Cervejas de Moçambique	Mozambique	Southern Africa	Beverages	317.8	6.6%	12.3%	14.5%
7	34	Société de Limonaderies et Brasseries d'Afrique	Côte d'Ivoire	West Africa	Beverages	265.5	2.4%	8.0%	14.4%
8	16	East African Breweries Ltd	Kenya	East Africa	Beverages	712.7	6.9%	9.4%	13.9%
9	31	Cairo Poultry	Egypt	North Africa	Food	294.0	-1.9%	4.7%	13.2%
10	6	Nigerian Breweries	Nigeria	West Africa	Beverages	1485.7	0.1%	6.3%	12.9%

With the exception of Zambeef Products and Honeywell Flour Mills, all the Top 50 companies reported profits in FY15. Eight of the ten companies with the highest profit margins were beverage (alcoholic and non-alcoholic) and tobacco companies. The remaining two companies, Edita Food Industries and Cairo Poultry (both from Egypt), are engaged in the production of bakery/confectionary products and poultry respectively.

The strong representation of carbonated beverages and beer, and also tobacco products, is due to the generally high margins for non-essential or luxury goods, whose consumers seem to be less price-sensitive. Among the Top 50, essential or basic food producers, such as flour mills, bakeries and pasta producers, reported the lowest profit margins in FY15.

Product sector analysis

Using the same methodology as in Deloitte's *Global Powers of Consumer Products* report, African CP companies are classified into one of seven product sectors:

- electronic products
- food, drink and tobacco
- home furnishings and equipment
- home improvement products
- leisure goods
- personal care and household products
- apparel and accessories.

Of Africa's Top 50 CP companies, 47 are food, beverage and tobacco companies, demonstrating the strong link between consumer businesses and the agricultural sector, as well as the large share of household income spent on food.

32 of these can be classified as food companies, 14 as beverage companies, and one is a tobacco company. Of the remaining three companies, one is in the home furnishing sector (Oriental Weavers from Egypt) and two are personal care and household product companies (Lesieur Cristal from Morocco, and Société d'Articles Hygiéniques from Tunisia).

Listed African CP companies compete against local and international private companies as well as listed multinationals, with certain product segments dominated by foreign companies.

The consumer electronics market, for instance, is dominated by foreign players that either export their products to Africa or operate factories in key markets on the continent. In August 2016, China's Tecno announced it would build its first factory in Egypt to manufacture smart home appliances, mobile phones and LED lighting: 80% of the factory's production output will be for domestic consumption, and the remaining output will be exported. Tecno already has assembly facilities in Ethiopia.[12]

Among the most diversified companies within the Top 50 in terms of product range are South African companies, such as Tiger Brands, RCL Foods, Pioneer Foods Group, AVI and Clover Industries.

Number of companies per sector in the Top 50

32
Food

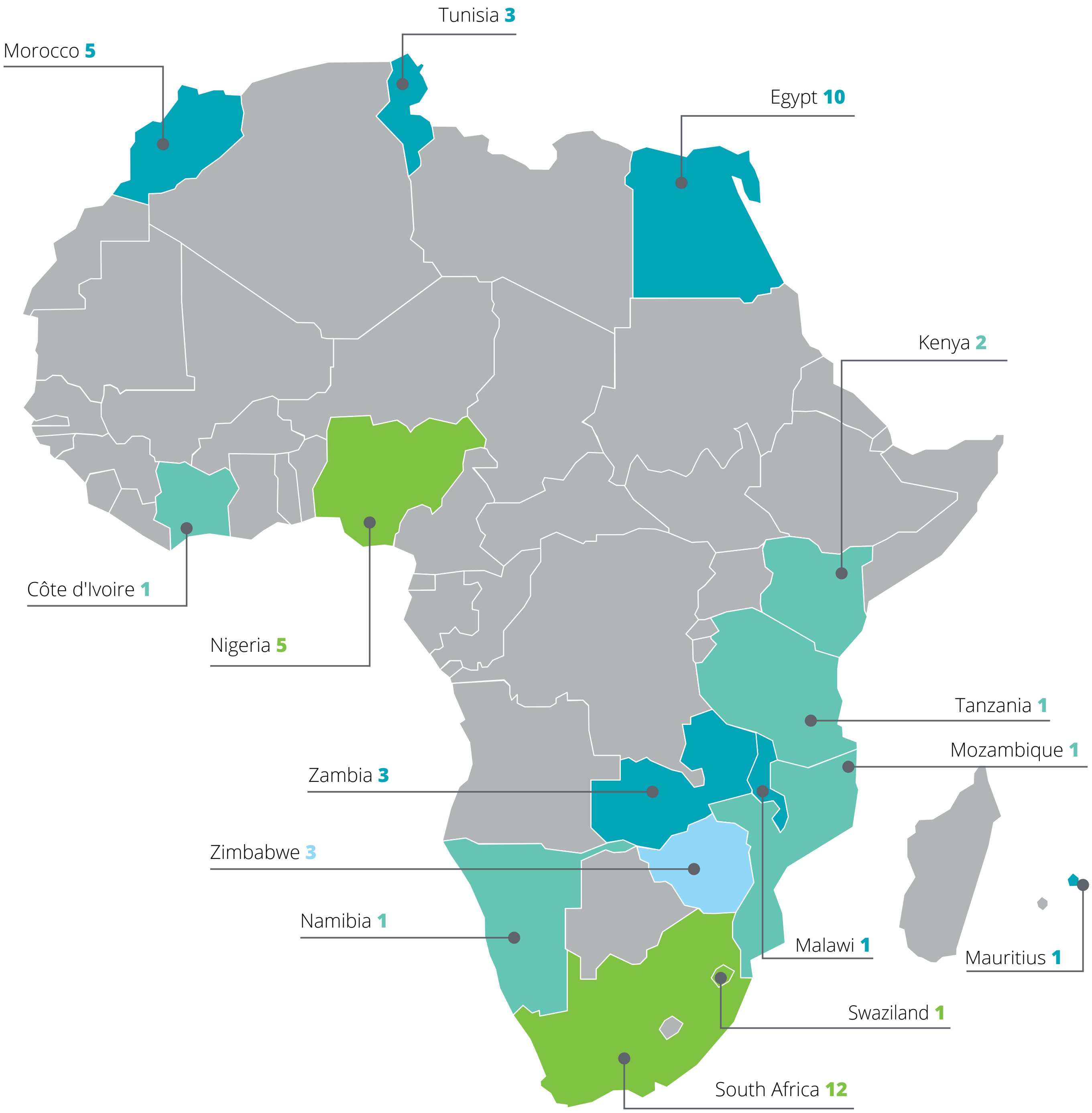
14
Beverages

2
Personal care & household products

1
Tobacco

1
Home furnishing & equipment

Top 50 geographic analysis[13]



Source: Deloitte Africa research and analysis, 2016

The consumer product industry in Africa experienced a challenging year in FY15. Only 14 out of the Top 50 CP companies recorded positive year-on-year revenue growth measured in US dollar terms, although 39 recorded positive growth in their local currency. The relatively weak performance may be seen as the result of slowing economic growth and the depreciation of African currencies against the US dollar, from the second half of 2014, in economies such as Nigeria and South Africa.

Companies in West Africa were among the weakest performers when revenues are measured in US dollars. In US dollar terms none of the Top 50 companies from West Africa recorded positive year-on-year revenue growth in FY15, whereas 28% of North African companies, close to 30% of Southern African companies and two-thirds of East African companies reported positive growth.

In contrast to this, 70% of Southern African companies, about 83% of companies in West and North Africa and all of East African companies reported positive revenue growth in local currency.

Analysis of company revenues in the Top 50 over FY11 - FY15 shows robust growth. Of the Top 50, 26 companies demonstarted positive CAGR over the period in US dollar terms, and 45 in local currency terms.

Top three economies in the Top 50 list

Country	Number of companies in Top 50	Total FY15 revenue of companies in Top 50 (US$bn)	Average year-on-year growth in US$ (%)	Average year-on-year growth in local currency (%)
South Africa	12	13.91	-3.4%	10.1%
Egypt	10	4.17	-1.4%	5.2%
Nigeria	5	4.48	-10.7%	3.5%

Global CP companies in Africa

Subsidiaries of Nestlé and Unilever, both included in Deloitte's ***Global Powers of Consumer Products 2015*** Top 10 companies,[14] are listed on African stock exchanges. Nestlé has a subsidiary listed on the Nigerian Stock Exchange and Unilever has subsidiaries listed on the Nigerian Stock Exchange, the Ghana Stock Exchange and the Bourse Régionale des Valeurs Mobilières (BRVM) based in Abidjan, Côte d'Ivoire.

Other global consumer product companies with subsidiary companies in Africa include Guinness (Ghana and Nigerian stock exchanges) and British American Tobacco (Nairobi, Johannesburg, Uganda and Zimbabwe stock exchanges).

All of the global Top 10 CP companies distribute products in Africa, and seven operate production plants. In particular, global fast-moving consumer goods (FMCG) companies tend to manufacture their products locally in order to be closer to consumers, reduce transport costs, source materials locally, and avoid the impact of currency fluctuations.

The presence of these manufacturing facilities is a reflection of the positive future consumer outlook in Africa and the increasing importance that African consumer markets have in the growth strategies of leading multinational corporations.

African footprint of the Top 10

Global rank	Company name	Primary product sector	Sales in Africa	Production in Africa
1	Samsung	Consumer electronics	Yes	Yes
2	Apple	Consumer electronics	Yes	No
3	Nestlé	FMCG	Yes	Yes
4	Procter & Gamble	FMCG	Yes	Yes
5	Sony	Consumer electronics	Yes	No
6	PepsiCo	FMCG	Yes	Yes
7	Unilever	FMCG	Yes	Yes
8	LG	Consumer electronics	Yes	Yes
9	Coca-Cola Company	FMCG	Yes	Yes
10	Jose Batista Sobrinho (JBS) SA	Meat products	Yes	No

Source: Based on the Top 10 CP companies of Deloitte's Global Powers of Consumer Products, 2015

Developing themes affecting African CP companies

1. Local manufacturing support and backward integration

Over the last few years, currency volatility has been a feature in many African economies. The economic slowdown and low commodity prices have led to a sharp depreciation in a number of African currencies against the US dollar and a shortage of foreign exchange in various markets. This has had knock-on effects for both CP companies and consumers, with imported products and inputs becoming more expensive.

The South African rand lost close to 50% of its value to the US dollar between 2011 and 2015. Nigeria's naira experienced severe downward pressure, leading to the floating of the currency in June 2016. The currency had already lost more than 20% of its value between 2011 and 2015, and it lost another 30% following the decision in mid-June 2016 to remove the currency peg and implement a managed float. Since then the naira has dropped further to below N300/US$.

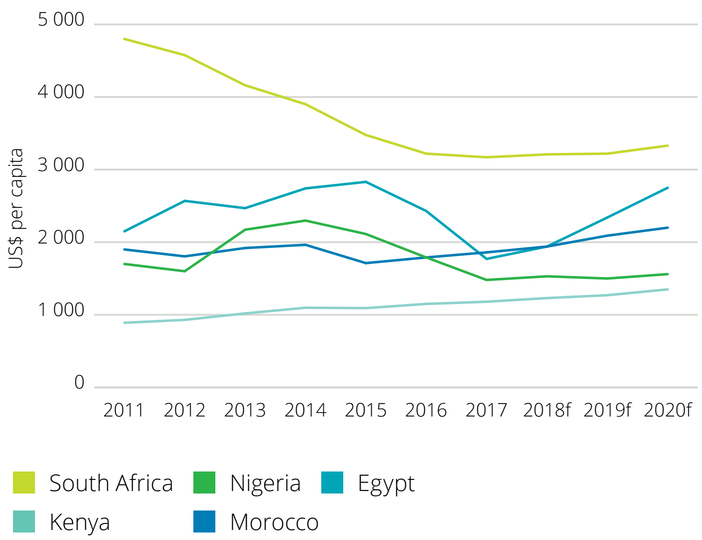
The impact of weaker African currencies is reflected in the weak US dollar revenue performance of African CP companies, but revenues measured in US dollars do not necessarily present the true picture of local consumer product markets and consumer spending. Private consumption per capita in South Africa measured in US dollars declined by approximately 25% between 2011 and 2015; however, measured in South African rand, consumption per capita grew by approximately 40% during the period.[15]

Loss in value of African currencies against US dollar, 2011-15

	31 Dec 2011	31 Dec 2015	% change (2011-15)
Nigerian naira	159.474	197.288	-19.2
Egyptian pound	6.01468	7.80588	-22.9
South African rand	8.11728	15.3979	-47.3
Kenyan shilling	83.6153	100.518	-16.8
Moroccan dirham	8.56763	9.84466	-13.0
Angolan kwanza	91.9300	134.642	-31.7
CFA franc BCEAO	497.257	600.299	-17.2

Source: Oanda, Deloitte Africa analysis, 2016

Private annual per capita consumption, 2011-20f



Source: Economist Intelligence Unit, 2016

A combination of weak domestic currencies and shortage of foreign exchange increased the prices of imported goods. However, this cloud has a potential silver lining, as it provides local companies (or companies with local production operations) with an opportunity to take market share from imported brands and products, especially in the food and personal care categories. Across a range of markets, including Egypt, Nigeria and Kenya, this has led to a strengthening of backward integration within the consumer goods sector and has helped to stimulate agricultural investment. In Nigeria, for example, the government of Lagos State has invested in agricultural production in neighbouring states.[16]

Following the sharp depreciation in their currencies, several countries have introduced restrictions on consumer product imports in order to encourage local production and to prevent the outflow of foreign exchange. Most notably, Zimbabwe introduced import bans in July 2016: the restrictions covered many basic commodities, including maize meal, cooking oil, milk, butter, jams, mayonnaise, cheese, yoghurts, ice creams, coffee creamers, washing soaps, beauty creams and petroleum jellies.[17]

In Nigeria the central bank introduced restrictions on access to foreign exchange for the importation of 41 product groups, including certain basic foodstuff and personal care products, kitchenware and textiles. In January 2016, due to a foreign exchange shortage, the Egyptian government introduced an import ban on more than 50 product groups, including consumer products such as dairy products, canned fruits, personal care products, carpets, kitchen utensils, feminine hygiene products and home appliances. In addition, the Central Bank of Egypt increased import duties on more than 600 products.[18]

While these restrictions may lead to supply shortages and price increases in the short term, where there is insufficient domestic manufacturing capacity, they also present opportunities for local manufacturers to increase market share if they are able to expand their production capacity, and in the long term this will reduce the dependency on commodity exports. In Nigeria, the Dangote Group is taking advantage of the foreign exchange restrictions and has built a US$20m tomato paste factory in Kano.[19] Following the import restrictions and hike in import tariffs in Egypt, a number of appliance and electronics companies such as Egypt's Universal Group, Sweden's Electrolux and China's Tecno have decided to set up production facilities to tap into the local market.[20]

Examples reflecting this theme:

- The Nestlé Grains Quality Improvement Project (GQIP) is one of the ways Nestlé sources its agricultural raw materials. The project was launched in 2007 in collaboration with the Ministries of Agriculture and Rural Development and the International Institute of Tropical Agriculture in Nigeria and Ghana. One of the objectives of the programme is to reduce the dependence on imported raw materials. As a result, a total of 100% of the maize used in cereals brands Cerelac and Golden Morn is now sourced locally. Similarly, 100% of millet used in Cerelac Millet infant cereals is sourced locally from farmers in Ghana, Senegal and Nigeria. In Cameroon prior to 2013, Nestlé did not source salt as an ingredient for its Maggi products from local suppliers, since they did not match its specifications. 80% of the ingredients were sourced from outside Cameroon. Since 2013, it has helped local suppliers to implement good manufacturing practices and as a result currently sources nearly 75% of salt from suppliers in Cameroon. By 2020, the aim is to source 100% of salt from local suppliers across the continent.[21]

- Local players are gaining ground with their lower priced products. Several family-owned businesses have introduced soda products to the market over recent years. In Tanzania, Coca-Cola's biggest local competitor is the Bakhresa Group, which manufactures Azam Cola. Bakhresa's soft drinks are often cheaper than the more mainstream products. MeTL, a family conglomerate, is also expanding its beverage portfolio in Tanzania: Mo Cola (named after chief executive of MeTL) is expected to undercut Coca-Cola's prices.[22]

2. Private labels

Private labels are dependent on the existence of a formalised retail environment, so it is not surprising that South Africa, the most sophisticated retail market in Africa, leads the way in the production and consumption of private label products. Nielsen reported that private labels accounted for close to 20% of South African consumer goods sales in 2014.[23]

Although the market for private label products is relatively well established in some countries, with leading FMCG companies such as Tiger Brands, RCL Foods and Pioneer Foods manufacturing these products, the market for private labels in the rest of the continent is yet to develop fully. Retailers such as Nakumatt, Uchumi, Tuskys, Ukwala and Naivas in Kenya have started to offer store brands in recent years.[24] In North Africa, the expansion of Turkish discount retailer BIM into Morocco and Egypt has the potential to increase penetration of private labels in this region's key retail markets.[25]

In view of the current economic circumstances in South Africa and pressure on the disposable income of consumers, it is likely that private labels will remain attractive alternatives to branded consumer products, since consumers are more likely to consider trading down from branded products when they are under financial pressure.

There is also potential to develop a market for private labels in West and Southern Africa due to the expansion of South African retail chains into these regions. However, the brand-consciousness of African consumers may act as an obstacle to growth if manufacturers fail to showcase the quality of their products.

According to Nielsen, more than 60% of South Africans feel that the quality of private labels are "as good as that of established name brands" and that private labels provide "good value for money".[26]

Private label production provides an opportunity for local CP companies to expand their product portfolio. In addition, retailers are not only able to increase local sourcing and by doing so reduce their exposure to exchange rate fluctuations, but are also able to improve their margins.

Examples reflecting this theme:

- RCL Foods, a leading food producer in South Africa with operations across South Africa, Swaziland, Namibia, Botswana, and Zambia, manufactures a wide range of branded and private label food products. It caters to national retailers such as Pick n Pay.[27]
- Pioneer Foods of South Africa is strengthening its participation in the private label retail segment. It is also a private label manufacturer and supplier to the larger UK retail chains in the breakfast cereal category. Bokomo UK, a subsidiary in the UK, manufactures and packs granolas, crunches, porridges and mueslis for most of the UK retailers.[28]
- According to Nielsen, South Africa is already experiencing a shift in consumer preferences towards private labels, with household incomes under pressure. In the retail sector major players such as Spar, Pick n Pay and Massmart have been expanding their private label exposure.[29]

3. The evolving value equation

Given the rising levels of non-communicable diseases in African countries, CP companies have to be ready to respond to the possible introduction of new regulations. They should also consider their role in contributing to a healthy population in Africa. As Sir Martin Sorrell has stated, "today's business leaders understand that social responsibility goes hand-in-hand with sustained growth and profitability."[30]

Company and consumer dynamics are set to evolve as the African consumer becomes more conscious of a changing value relationship with the brands they consume. Deloitte's ***Capitalizing on the Shifting Consumer Food Value Equation***, while focused on the US consumer, has some relevance for the African continent.[31]

The study found that, regardless of demographic factors, about half of Americans surveyed consider 'evolving drivers' – health and wellness, safety, social impact, experience and transparency – in their purchasing decisions, in addition to the 'traditional drivers' of taste, price and convenience.

While Africa is not as mature a consumer market, increased access to information via the mobile internet and social media will increasingly influence the way in which consumers think about and engage with brands. Local and multinational consumer companies need to adapt to more socially conscious and vocal consumers, and adopt new ways of connecting with their consumer base, to maintain product and brand loyalty.

Rising income levels in African economies and the availability of processed food, together with the rising popularity of convenience food, could potentially be linked to the prevalence of non-communicable diseases such as diabetes, obesity and cardio-vascular diseases. According to the Heart and Stroke Foundation of South Africa, approximately 40% of South African women are classified as obese and just over 30% of South African men are overweight or obese.[32]

While most African countries have not reached South African overweight or obesity levels, it is increasingly becoming a health issue among young Africans. In its April 2015 policy brief about non-communicable diseases in Africa, the Population Reference Bureau highlighted that more than 20% of teenagers between 15 and 19 years in Egypt, Libya, Mauritania, Mauritius and the Seychelles are classified as overweight or obese.[33]

Examples reflecting this theme:

- Driven by health consciousness, there has been an increase in consumption of non-carbonated drinks, specifically fresh juices, bottled waters and energy drinks. Pioneer Foods, which owns the Liqui-Fruit, Ceres and Fruitree brands, has captured nearly 50% market share of the long-life fruit juice category in South Africa.[34]

- In order to counter the negative health implication linked to obesity, the South African government has announced the introduction of a sugar tax. This follows measures taken by governments in other emerging markets, such as the Indian state of Kerala (fat tax on junk food) and Mexico (sugar tax). These taxes aim not only at changing consumer choices and consumption patterns, but also at consumer product manufacturers to reduce the amount of sugar in their products.[35]

- In addition to the announcement of a sugar tax, in June 2016 South Africa also introduced maximum levels of salt for a wide range of foodstuffs, including breakfast cereals, bread, processed meat and confectionary products. The intention is to lower the upper limit of salt in food further by 2019. Global consumer product companies with operations in Africa have also committed to improving the physical, emotional, spiritual, intellectual and sustainable well-being of consumers, shoppers, employees, their families, and the communities they serve.[36]

4. Innovative solutions

African economies feature among the least competitive in terms of transport infrastructure, according to the World Economic Forum.[37] Furthermore, according to the World Bank, import and export costs for most African economies are among the highest in the world.[38]

The relatively low quality of transport infrastructure and logistics services remain a challenge, especially in West and Central Africa, since it increases transport costs for CP companies, which have had to develop innovative logistics strategies in response. For example multinational companies such as Coca-Cola and breweries such as Guinness or SABMiller have established micro-distribution hubs.[39]

Some consumer goods companies opt to use motor cycles or pushcarts to distribute small batches of their products to micro-outlets which cannot be served by large vehicles. This is especially the case for FMCG products. In West Africa, Fan Milk International uses bicycle and push carts to deliver its products to local markets. A similar model is used by agro-processing companies for sourcing agricultural inputs from smallholder farmers.

SABMiller's Impala brand in Uganda and its Chibuku brand in Zambia are examples of products that use locally-sourced raw materials that allow the brewer to limit transport costs and overcome logistics challenges such as supply chain disruptions.

Examples reflecting this theme:

- Coca-Cola's Micro Distribution Centers (MDCs) are an example of solutions developed for Africa. These micro distributors distribute to retailers in crowded markets using handcarts and two-wheelers, where traditional delivery services cannot reach.

- ColaLife, a non-profit medical distributor with which Coca-Cola has a partnership, uses Coca-Cola's distribution channels to distribute medicines to remote regions of Africa.[40]

- In order to capitalise on the need for more efficient logistics services, Agility Logistics, a leading Kuwait-based logistics provider, has plans for developing a network of distribution parks throughout the continent to service its FMCG clients.[41]

- Consumer goods companies have resorted to innovative ways to get their products into the large informal market. Manufacturers such as East African Breweries Limited, Nestlé, Haco, Tiger Brands, British American Tobacco and GlaxoSmithKline are using a local company called KasKazi Network, which has a team of 'motorcycle sales representatives' to distribute products in densely populated areas such as informal settlements which are not easily accessible by motor vehicles.[42]

M&A activity on the continent

According to Deloitte's *2016 Africa Private Equity Confidence Survey*, Africa remains an attractive investment destination, despite deteriorating global market conditions.

This is evident from the deal value for mergers and acquisitions (M&A) in the consumer discretionary and consumer staples industries in the SSA region over 2016, which amounted to US$2.5bn.[43]

The economic slowdown in Nigeria and South Africa, two of the continent's largest economies, has contributed significantly towards the IMF's downward revision of Africa's growth. Furthermore, reduced government revenues on the back of low commodity prices have put additional pressure on fiscal balances in many countries, making it difficult to implement counter-cyclical measures to support economic growth.

Growth in East Africa is expected to be underpinned by sound economic policies and to a large extent the relatively low dependence on oil and metal exports has reduced the negative impact on economies in this region. Investment in East Africa is therefore expected to increase over the next twelve months due to a relatively favourable economic climate. This in turn is expected to result in increased competition for assets, and a number of global and African companies have already shown interest in the region.[44]

Driven by rising populations and growth in the middle class, the investment focus in East Africa is expected to include consumer products to a large extent, since funds mitigate their risk by investing in asset-backed companies. An example was the acquisition in Ethiopia of National Tobacco Enterprises S.C., a consumer staple business, by Japan Tobacco Inc. for a total transaction value of US$510m.[45] A popular source of funding in East Africa remains government and development finance institutions (DFIs) due to contraction in the European capital markets, although Europe remains the favoured international funding source. Historically Kenya, Uganda Tanzania and Ethiopia have been popular destinations for investment in this region.[46]

Côte d'Ivoire and Senegal in West Africa are expected to be among the strongest economic growth performers on the African continent, due to their low dependence on oil exports, whereas Nigeria and various oil-producing economies in this region are expected to experience subdued growth. Lower deal activity is expected in the region as a result of liquidity constraints of local currencies brought on by the low commodity prices, and this is expected to lead to decreased competition for assets.[47]

Although lower investment is expected in the West African region, the consumer product industry is expected to remain a key focus area. The acquisition of Amber Foods in Nigeria by Olam International for an estimated US$275m is evidence of this.[48]

Deal activity in Southern Africa is expected to increase in South Africa, which is characterised by a fairly stable political environment and developed financial institutions. Namibia has introduced a regulation requiring insurance companies and pension funds to invest in unlisted investments in the country.[49]

According to Deloitte's survey, investment in Southern Africa is expected to be focused on asset-backed industries, including consumer products. This is expected to result in greater competition for assets.[50]

The acquisition of Illovo Sugar Limited by Associated British Foods reflects the continuing interest in investment in the consumer products industry in South Africa. Popular sources of funding in Southern Africa remain government and DFIs, followed by pension funds and endowments.

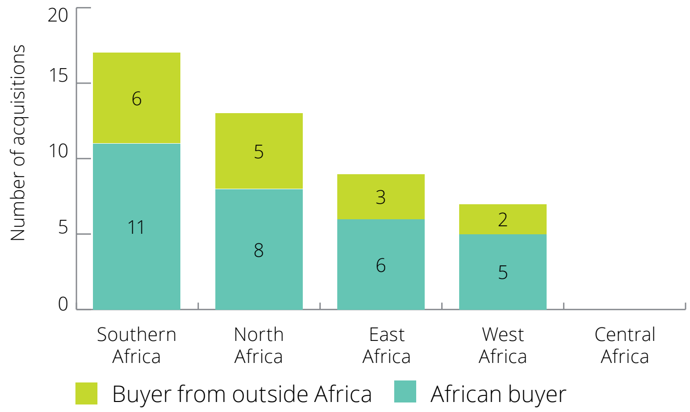
Associated British Foods, Japan Tobacco Inc. and Olam International have been the most active buyers/investors by transaction size in the last twelve months. As companies continue to expand their footprint in Africa in order to tap into a young and fast-growing population, developments in the beverages sector are interesting. In January 2016 Coca-Cola acquired an initial 40% stake in Tropical General Investments Group's Chi, an Ikeja-based manufacturer and wholesaler of fruit drinks, fruit juices and dairy products. Coca-Cola intends to buy the remaining 60% stake within three years.[51]

In November 2015 Diageo of the UK acquired the entire share capital of Brandhouse Beverages Pty Ltd, a Cape Town-based winery.[52] In another transaction, Suntory Beverage & Food Group of Japan acquired the soft drink operations and route to market capabilities of GlaxoSmithKline Consumer Nigeria, through its subsidiary in Nigeria. This acquisition was completed in September 2016.[53]

Among other deals, CDC Group, UK's DFI, has agreed to buy 17.5% stake in Zambia-based Zambeef Products, one of the Top 50 consumer products companies in Africa. CDC's investment will enable Zambeef to grow its cold chain food processing businesses and expand its distribution and retailing platform within Zambia and adjoining markets.[54]
In February 2016 Danone SA of France acquired Egyptian company Halayeb for Dairy Products and Juice, which specialises in fresh cheese, one of the most dynamic segments in the dairy products sector.[55]

East and Southern Africa remain a popular investment destination for both global and African companies. Famous Brands (with six transactions), the Public Investment Corporation (five transactions) and Ceejay Trust (four transactions) are some of the most active buyers/investors by number of transactions in recent times. Japan Tobacco, Associated British Foods and Wendel have been the most active buyers/investors by total transaction size to (US$510m, US$374.9m and US$374.3m respectively).

Acquisitions in the CP industry by target region (number of deals), 2016



Source: Thomson Mergers & Acquisitions database, 2017

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[5] Food, drink and tobacco

[6] Home furnishing and equipment

[7] Personal care and household products

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Study methodology and data sources

Our list of 50 African consumer products companies includes only companies that are African ‘born and bred’. To be included in the list of Top 50 African consumer companies the following criteria have to be met:

- companies have their primary listing on an African stock exchange
- their head office is located in Africa
- operations take place mainly in Africa
- their core business is manufacturing (primary SIC code 20-39)
- they are independent or parent companies
- sale of consumer products (as opposed to commercial or industrial products) accounts for the majority of revenue
- products are made for and purchased by the ultimate consumer and are marketed under well-known consumer brands
- automotive and pharmaceutical companies are not included, for consistency with Deloitte’s ***Global Powers of Consumer Products*** methodology.

The list does not include consumer product companies and importers that have their head office outside Africa, nor does it include multinational companies where the parent company is not African. Several multinational companies operate in Africa with significant differences in their corporate structures and reporting systems, making like-for-like comparison difficult.

Unless otherwise indicated, revenue and profit figures are as of end of the financial year 2015 (FY15). Our financial 2015 definition encompasses companies’ with financial years ending through May 2016.

A number of sources were used in the development of the Top 50 list, including business information databases, company websites and annual financial statements.

To provide a common base for comparison purposes, revenue and net profits were converted into US dollars (US$). Where revenues or profits were not reported in US$, the reporting currency figures have been converted at the exchange rate as at the date of the financial year-end of the company.

Annual revenue growth (FY14-FY15) is calculated as the change in reported revenue in FY15 as compared to FY14.

Profit margin is calculated as reported net income as a percentage of reported revenues.

The compound annual growth rate (FY11-FY15) is the average annual rate of growth achieved over the four years, measured on a compound basis.

The report uses the African Development Bank’s classification for country groupings.

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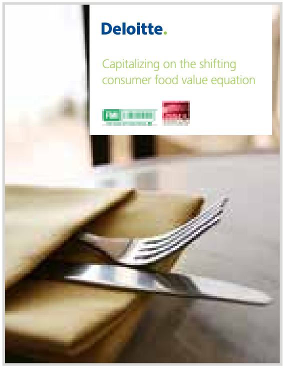

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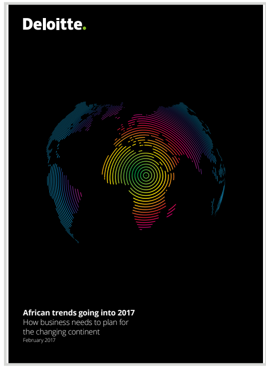

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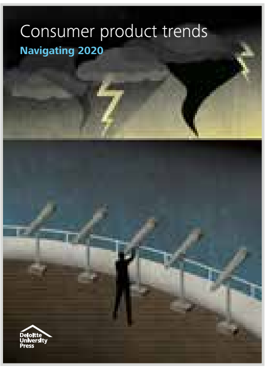

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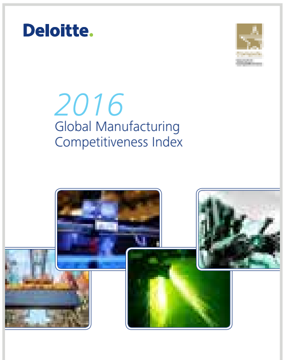

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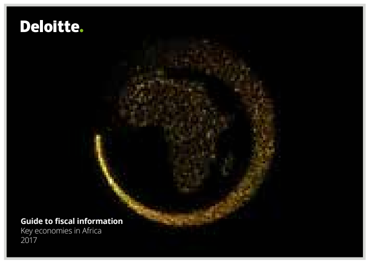

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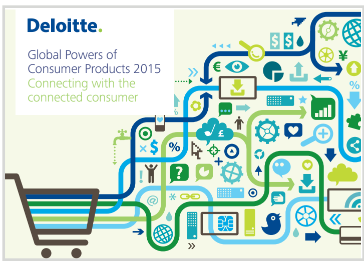

Global Powers of Consumer Products 2015

African Powers of Retailing 2015

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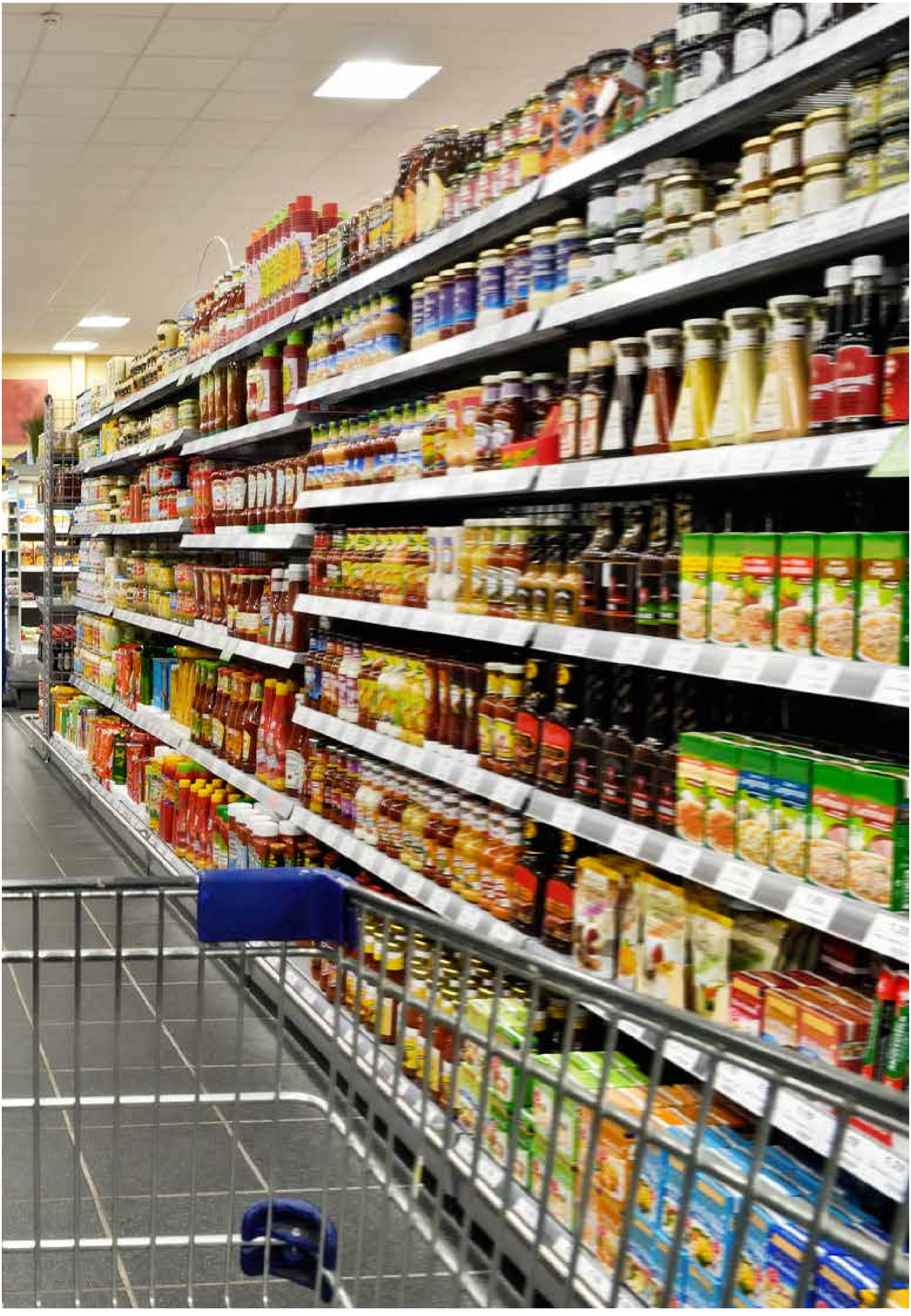

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