ZAMBIA – Land of OPPORTUNITIES & PROFITS
Presentation Strategy

- Strengths of Zambia
- Key Investment Consideration
- Zambia from a Foreign Perspective
- Sectors of focus for Investment
- Why Invest in Zambia
<table>
<thead>
<tr>
<th></th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area</td>
<td>752,614 km² (39th)</td>
</tr>
<tr>
<td>Population</td>
<td>14.1 million (71st)</td>
</tr>
<tr>
<td>GDP (PPP)</td>
<td>$24.714 billion</td>
</tr>
<tr>
<td>Per Capita</td>
<td>$1,752</td>
</tr>
<tr>
<td>GDP Growth Rate</td>
<td>6.6% 2013</td>
</tr>
<tr>
<td>Trade Export</td>
<td>$10.434bn 2013</td>
</tr>
<tr>
<td>(f.o.b) Import</td>
<td>$9.414bn</td>
</tr>
<tr>
<td>Inflation (CPI)</td>
<td>7.0% (Dec 2013)</td>
</tr>
<tr>
<td>Unemployment</td>
<td>14% (2013)</td>
</tr>
<tr>
<td>Fiscal Deficit</td>
<td>• Overall Balance: 4.3% of GDP</td>
</tr>
<tr>
<td>External Debt</td>
<td>$3.1 Billion (Sep. 2013)</td>
</tr>
</tbody>
</table>

Credit Rating
- Moody’s B1
- Fitch B+ (neg. outlook)
- S&P B+ (neg. outlook)

Foreign Exchange Reserves
- $1.892 Billion (Dec. 2013)
Strategically Located

By Road
Organized Regional Roads

By Air
Three Intl. Airports

By Rail
Inter-connected rail
At the Centre of Two Regional Markets
Untapped growing regional market

SADC
Approx. 277 million people
GDP US $ 575.5 billion

COMESA
Approx. 459 million people
GDP US $ 508 billion

Other Market Opportunities include:
- EU through EBA
- USA through AGOA initiative
- Canadian, Chinese & Japanese Market Access Initiatives
Economic Growth 2003 - 2014

GDP growth forecast for 2014 is 7.8%

Source: Central Statistics Office
Trend in Annual Inflation Rate (%) for the period 2004 – 2014e

Source: Central Statistics Office (CSO)
Trend in FDI Inflow (Million US $) for the period 2000 – 2013

FDI Stocks by Source Country (Million US $) for the period 2011 – 2012

- Canada:
  - 2012:
    - Stock: 3000
  - 2011:
    - Stock: 2500

- Australia:
  - 2012:
    - Stock: 2700
  - 2011:
    - Stock: 2600

- United Kingdom:
  - 2012:
    - Stock: 2200
  - 2011:
    - Stock: 2100

- China:
  - 2012:
    - Stock: 1800
  - 2011:
    - Stock: 1700

- South Africa:
  - 2012:
    - Stock: 1100
  - 2011:
    - Stock: 1000

- Netherlands:
  - 2012:
    - Stock: 900
  - 2011:
    - Stock: 800

- Switzerland:
  - 2012:
    - Stock: 600
  - 2011:
    - Stock: 500

- Bermuda:
  - 2012:
    - Stock: 400
  - 2011:
    - Stock: 300

- Mauritius:
  - 2012:
    - Stock: 200
  - 2011:
    - Stock: 100

- Other:
  - 2012:
    - Stock: 1000
  - 2011:
    - Stock: 800

Source: Foreign Private Investment & Investor Perceptions Survey 2013
In Top 15 African countries that attracted 82% of new FDI Projects since 2003

South Africa: 827 projects, 16.0% share of total
Egypt: 563 projects, 10.9% share of total
Morocco: 537 projects, 10.4% share of total
Algeria: 328 projects, 6.3% share of total
Tunisia: 317 projects, 6.1% share of total
Nigeria: 307 projects, 5.9% share of total
Angola: 282 projects, 5.5% share of total
Kenya: 207 projects, 4.0% share of total
Ghana: 178 projects, 3.4% share of total
Libya: 141 projects, 2.7% share of total
Uganda: 134 projects, 2.6% share of total
Tanzania: 128 projects, 2.5% share of total
Zambia: 119 projects, 2.3% share of total
Mozambique: 96 projects, 1.9% share of total
Botswana: 80 projects, 1.5% share of total
Other countries in Africa: 924 projects, 17.9% share of total

Source: fDI Intelligence, data as of 3 February 2012: Ernst & Young
Among the Top 10 Fastest Growing Economies

### World’s ten fastest-growing economies*

<table>
<thead>
<tr>
<th></th>
<th>Annual average GDP growth, %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2001-2010†</strong></td>
<td></td>
</tr>
<tr>
<td>Angola</td>
<td>11.1</td>
</tr>
<tr>
<td>China</td>
<td>10.5</td>
</tr>
<tr>
<td>Myanmar</td>
<td>10.3</td>
</tr>
<tr>
<td>Nigeria</td>
<td>8.9</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>8.4</td>
</tr>
<tr>
<td>Mozambique</td>
<td>7.9</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>8.2</td>
</tr>
<tr>
<td>Chad</td>
<td>7.9</td>
</tr>
<tr>
<td>Mozambique</td>
<td>7.9</td>
</tr>
<tr>
<td>Cambodia</td>
<td>7.7</td>
</tr>
<tr>
<td>Rwanda</td>
<td>7.6</td>
</tr>
<tr>
<td><strong>2011-2015‡</strong></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>9.5</td>
</tr>
<tr>
<td>India</td>
<td>8.2</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>8.1</td>
</tr>
<tr>
<td>Mozambique</td>
<td>7.7</td>
</tr>
<tr>
<td>Tanzania</td>
<td>7.2</td>
</tr>
<tr>
<td>Vietnam</td>
<td>7.2</td>
</tr>
<tr>
<td>Congo</td>
<td>7.0</td>
</tr>
<tr>
<td>Ghana</td>
<td>7.0</td>
</tr>
<tr>
<td><strong>Zambia</strong></td>
<td><strong>6.9</strong></td>
</tr>
<tr>
<td><strong>Nigeria</strong></td>
<td><strong>6.8</strong></td>
</tr>
</tbody>
</table>

**GDP growth, unweighted annual average, %**

*Excluding countries with less than 10m population and Iraq and Afghanistan  †2010 estimate ‡Forecast

Sources: *The Economist; IMF*
Africa’s Leading Copper Producer, 7th in the World

Chile: 5.37
China: 1.5
Peru: 1.2
USA: 1.1
Australia: 0.97
Russia: 0.72
Zambia: 0.675
Congo DR: 0.58
Canada: 0.53
Mexico: 0.5

TARGET
1.5 million tonnes by 2015

Data Source: www.copperminingnews.com (2012)
Index of African Governance out of 52 Countries

2012 Rank: 12th
2013 Rank: 16th

Categories considered in the rank:
- Safety & rule of law
- Participation & human rights
- Sustainable economic development
- Human development

Source: www.moibrahimfoundation.org
Map depicting the relative ease of doing business across Africa

(on a scale from green being relatively easier to red being the most difficult)

Data Source: Ernst and Young: Africa-By-Numbers 2012
World Bank’s Doing Business 2014
Ranking for ease of doing business (out of 189 economies)

5th in Sub Sahara Africa
3rd among SADC Countries (1st – Mauritius, / 2nd RSA / 3rd Zambia)
# Profitability in Zambia (US$ Millions)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Return on Equity (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation and Food</td>
<td>15.7</td>
</tr>
<tr>
<td>Agriculture, Forestry &amp; Fishing</td>
<td>14.5</td>
</tr>
<tr>
<td>Administrative &amp; Support Service</td>
<td>6.0</td>
</tr>
<tr>
<td>Deposit taking Corporation (Banks)</td>
<td>6.9</td>
</tr>
<tr>
<td>Electricity, Gas, Steam</td>
<td>16.6</td>
</tr>
<tr>
<td>Information, Communication</td>
<td>9.2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>34.9</td>
</tr>
<tr>
<td>Mining and Quarrying</td>
<td>15.1</td>
</tr>
<tr>
<td>Professional, Scientific and Technical Services</td>
<td>193.3</td>
</tr>
<tr>
<td>Real Estate</td>
<td>17.2</td>
</tr>
<tr>
<td>Transport &amp; Storage</td>
<td>13.9</td>
</tr>
<tr>
<td>Wholesale and Retail</td>
<td>36.3</td>
</tr>
</tbody>
</table>

*Source: Foreign Private Investment & Investor Perceptions Survey 2013*
Export Performance (Million US$) 2006 - 2012

- NTEs
- Metal Exports
Main Imports include:
- Petroleum products
- Industrial Vehicles, Equipment & Machinery
- Motor Vehicles
- Chemicals
Investment Incentives

1. **Tax Reduction**
   - Corporate Income Tax: 0% for 5 years
   - Import Duty on Capital Goods, Machinery & Specialised vehicles

2. **Location Support**
   - Multi Facility Economic Zones
   - Industrial Park
   - Rama Area

3. **Others**
   - Assistance in getting Government approvals
   - Identification of local suppliers
Routes to Investing in Zambia

1. Direct FDI
2. Joint Ventures
3. Private Equity
4. Local Listing
Magic Quadrant for Sector attractiveness/Developmental Impact
Investment Opportunities still exist........

Key Sectors

- Tourism
- Manufacturing
- Agriculture
- Infrastructure
- Energy
Zambia’s growing economy requires efficient electricity supply.

Increasing demand for energy, especially by mines, projected to exceed existing capacity in the next few years.

Existing transmission network is ageing.

Government focus is to develop new capacity by investing and attracting private sector investment in:

- Large projects such as *Kariba North Bank Extension*, *Itezhi Tezhi* and the *Kafue Gorge Lower*
- Smaller projects like *Kabompo* and *Kalungwishi* and mini hydro stations in *Lunzuwa, Chishimaba, Lusiwasi* and *Musonda Falls.*
**Tourism Sector**

**Zambia’s Potential**
- Endowed with a vast variety of wildlife species
- 20 national parks and game reserves
- Spectacular sites such as *Victoria Falls*
- Rich cultural heritage
- Home to Africa’s 2nd largest park – *Kafue National Park.*

**Government’s focus** – to promote the sector through development of essential infrastructure.

*Top of the list* – promoting the development of;
- Kasaba Bay (Northern Circuit) and
- Livingstone Tourism Zone
Zambia’s manufacturing base is narrow
- Excessive import dependence
- Most mining inputs are imported from SA

Government focus has been on facilitating creation of economic zones and industrial parks:
Land identification, Infrastructure provision (roads, water and sanitation, electricity)

- Chambeshi Zone has commenced operations
- New Zones in Lusaka-East,
- Lusaka-South and Lumwana are in progress
Infrastructure Sector

- Construction and maintenance of roads
- Development of a various inland ports and logistics centres at:
  - Chipata
  - Kapiri-Mposhi
- Development of 2,500 km stretch of railway lines
  - Mpika – Chipata : Tazara railway connection (Tazara corridor)
  - Mulobezi- Namibia – Livingstone – Kazungula- Sesheke (north-corridor)
  - Kafue-lions den in Zimbabwe (Beira corridor)
  - Intra-city I
  - Lusaka mass transit system
  - Nseluka – Mpulungu railway connection
**Agriculture Sector**

- Abundant Land; 27 million hectares of arable land 9 million hectares under cultivation
- Vast water resources; 40 percent of water resources in the SADC region
- Government focus: to encourage investment of large scale and commercial farmers.
  Model of choice: farm blocks with ready infrastructure such as roads, water and electricity
  - Nansanga Farm block (120,000 hectares) completed & has been advertised:
  - Luena and Kalumangwe farm block preparation in progress (approx. 100,000 hectares each)
Successful Investors in Zambia
ZDA Support System

Comprehensive support to foreign & local investors

- Provide information on markets and industries
- Assist in plant site selection
- Assist in seeking business partners
- Consult on Investment incentives
- Provide administrative support
- Arrange meetings with government officials
<table>
<thead>
<tr>
<th></th>
<th>10 Reasons to Invest in Zambia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Stable Political System</td>
</tr>
<tr>
<td>2</td>
<td>Positive and investor friendly economic environment</td>
</tr>
<tr>
<td>3</td>
<td>Investment guarantee and securities</td>
</tr>
<tr>
<td>4</td>
<td>Abundant natural resources presenting excellent investment and trade opportunities</td>
</tr>
<tr>
<td>5</td>
<td>Thriving private sector</td>
</tr>
<tr>
<td>6</td>
<td>Attractive investment incentives</td>
</tr>
<tr>
<td>7</td>
<td>Unlimited repatriation of profits</td>
</tr>
<tr>
<td>8</td>
<td>Duty free access to regional, wider Africa, EU and USA Market.</td>
</tr>
<tr>
<td>9</td>
<td>Progressive banking, legal and insurance services of international standards and stock exchange.</td>
</tr>
<tr>
<td>10</td>
<td>Good place to work and live friendly people with a rich culture.</td>
</tr>
</tbody>
</table>
A-to-Z information on the Zambian market

Guidance through the entire export and investment process and aftercare

Provision of matching Zambia partners and building contact networks

Global export market information & product development

SME & business development services