

News Release

PwC CEO Survey: Africa at a Crossroads

Ebène, 25 May 2010 – Africa’s business leaders are at a crossroads between feeling confident and being weighed down by the risks of doing business in the region. This is according to a report by PricewaterhouseCoopers (PwC) entitled ‘Africa at a Crossroads’, which features responses from a survey of 1,198 company leaders and government officials in Africa and around the world.

‘Africa at a Crossroads’ is being launched by PwC to coincide with the 20th World Economic Forum on Africa in Dar es Salaam, Tanzania. This publication and the Forum are important platforms for us to aggregate experience and seek clarity on the challenges—as well as the tremendous opportunities—of doing business in Africa.

‘Africa at a Crossroads’ finds that 87% of CEOs headquartered in Africa anticipate regional expansion in the next 12 months, the highest percentage among CEOs headquartered anywhere in the world. Their optimism contrasts sharply with that of global CEOs, whose confidence has plummeted from similar levels three years ago, following the global downturn.

Philip Kinisu, Territory Senior Partner, PwC Africa Central said, “There is a relative sense of confidence in many African countries, thanks to the muted impact of the global economic downturn. And in many ways the business environment continues to improve – driven by relentless economic, social and political changes. It means businesses are increasingly focused on growth within the region and tapping new consumers in their existing markets. In a sense we Africans are rediscovering Africa.”

Growth through better penetration of existing markets is expected among 77% of CEOs in Africa, compared to 38% of global CEOs. South Africa differs from the rest of the continent with only 33% of respondents targeting existing markets – instead they are much more focused on expanding into new geographical markets.

The effectiveness of Africa’s regional economic communities - like the East African Community, the Economic Community of West African States and the Southern African Development Community – has been mixed. However, 87% of CEOs headquartered in Africa expect pan regional growth in the next 12 months, the highest percentage anywhere in the world.

The report shows that CEOs in Africa simultaneously demonstrate the highest confidence and anxiety among their global peers. The ‘Anxiety Index’ – a theoretical measure of concern about 20 potential threats to business growth – shows Africa out in front with a score of 52.39 out of 100, compared to the global average of 38.89.

Philip Kinisu said, “We know that the region’s political instability is what dominates most risk agendas. Elections in 2010 and 2011 will test Africans’ faith in democracy and African leaders’ confidence in peace and prosperity. At an operational level, businesses are also wrestling with a set of persistent risks to growth.”

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The global economic crisis has forced companies worldwide to re-evaluate their fundamental relationship to risk, but African companies' risk profiles are more complex than those of companies elsewhere. The PwC survey asks CEOs to rank a selection of risks to business growth – availability of key skills (80%), energy costs (80%) and lack of basic infrastructure (78%) stand out as risks that are much more keenly felt in Africa.

Philip Kinisu concluded “The World Economic Forum on Africa gives business a valuable opportunity to engage with governments, regulators and multi-lateral organisations and address these risks. The key will be to translate our discussions into real political and business will to make the required changes and set Africa on the road to sustainable growth.”

End

Notes to editors:

- The 20th World Economic Forum on Africa was held for the first time in East Africa, in Dar es Salaam, Tanzania, from 5 – 7 May, 2010.
- The World Economic Forum is an independent, international not-for-profit organisation based in Switzerland.
- PwC is the Knowledge Provider to the 20th World Economic Forum on Africa.
- The full report of 'Africa at a Crossroads' is available at www.pwc.com/mu.

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The name PricewaterhouseCoopers is one word, with upper case P, upper case C, and all other letters in lower case.