



MASSMART

GROUP UPDATE

# Massmart in Africa

## May 2012 Review

*While all of Massmart's stores serve customers in South Africa, some of the wholesale and retail group's chains also run operations in other African countries. As of May 2012 Massmart operates in 11 African countries other than South Africa.*

In addition to the 309 stores in South Africa, Massmart has 12 stores in Botswana, 1 store in Ghana, 2 stores in Lesotho, 2 stores in Malawi, 17 stores in Mozambique, 3 stores in Namibia, 2 stores in Nigeria, 1 store in Swaziland, 1 store in Tanzania, 1 store in Uganda and 1 store in Zambia.

Expanding this network of stores across the continent is a priority for Massmart, not least because of the consumer markets that are burgeoning in many previously underserved African markets.

### Retail opportunities in Africa

According to The Wall Street Journal, Africa's middle class is expected to triple to more than one billion people in the next half-century.

Africa is home to around one billion people. There are 67 large cities in Africa and each of these has a population of over one million people. This means there are approximately 100 million people living in urban environments across Africa,

but many of these markets are currently underserved.

According to global management consulting firm McKinsey and Company, the number of



households with discretionary income is projected to rise by 50% over the next 10 years, reaching 128 million households. By 2030, the continent's top 18 cities could have a combined spending power of \$1.3 trillion (+/- R9.31 trillion). This makes Africa an attractive investment opportunity with the potential to yield high returns.

### Massmart's African presence

When selecting which African markets in which to expand, Massmart takes the following factors into careful consideration:

- the presence of a stable government;
- the application of the rule of law;
- the availability of retail sites;
- the presence of basic logistics infrastructure; and
- the size and concentration of urban consumer markets.

Not all of Massmart's chains have stores outside of SA, but Massdiscounters division's Game and Masscash division's CBW have led the pack in African operations thus far. Specifically, there are 76 CBW stores across Africa, including Lesotho, Botswana, Namibia and Swaziland.

Looking forward, growing the group's retail presence in Africa is one of Massmart's main points of focus. Together with Walmart, Massmart looks forward to creating more opportunities to help people live better throughout Africa.



## An overview of Massmart's current African operations by country

### Botswana

- Capital: Gaborone
- Population: 2 million
- GDP: \$26bn (+/- R179bn)
- Massmart stores: 12 stores; 2 Game stores, 9 CBW stores and 1 Builders Warehouse

### Lesotho

- Capital: Maseru
- Population: 2 million
- GDP: \$3.3bn (+/- R23bn)
- Massmart stores: 2 CBW stores

### Ghana

- Capital: Accra
- Population: 24 million
- GDP: \$33bn (+/- R228bn)
- Massmart stores: 1 Game store

### Malawi

- Capital: Lilongwe
- Population: 13 million
- GDP: \$13bn (+/- R90bn)
- Massmart stores: 2 Game stores

### Mozambique

- Capital: Maputo
- Population: 21 million
- GDP: \$22bn (+/- R132bn)
- Massmart stores: 17 stores; 1 Game Foodco and 16 Kangela

### Namibia

- Capital: Windhoek
- Population: 2 million
- GDP: \$14bn (+/- R97bn)
- Massmart stores: 3 stores; 2 Game stores and 1 CBW store

### Nigeria

- Capital: Lagos
- Population: 154 million
- GDP: \$369bn (+/- R2 546bn)
- Massmart stores: 2 Game stores

### South Africa

- Capital: Pretoria
- Population: 49 million
- GDP: \$357bn (+/- R2 463bn)
- Massmart stores: 309 stores

### Swaziland

- Capital: Mbabane
- Population: 1.2 million
- GDP: \$3.65bn (+/- R28bn)
- Massmart stores: 1 CBW store

### Tanzania

- Capital: Dar Es Salaam
- Population: 41 million
- GDP: \$54bn (+/- R393bn)
- Massmart stores: 1 Game store

### Uganda

- Capital: Kampala
- Population: 29 million
- GDP: \$41bn (+/- R283bn)
- Massmart stores: 1 Game store

### Zambia

- Capital: Lusaka
- Population: 13 million
- GDP: \$20bn (+/- R138bn)
- Massmart stores: 1 Game Foodco store