

Research Flash

Investment Ideas

A guide to stocks with exposure to African growth

Private Banking

Africa's development prospects remain intact

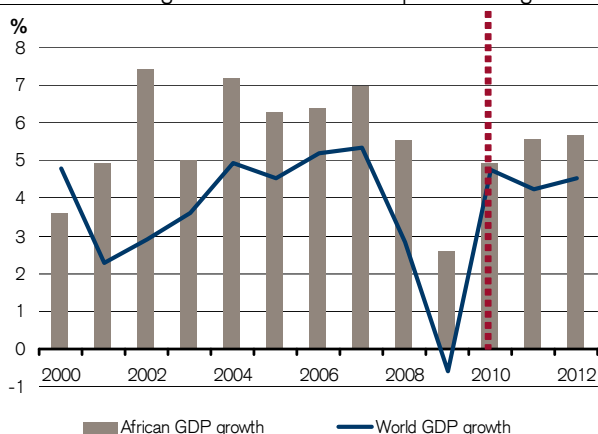
Africa is set to be one of the major beneficiaries of the Multipolar World megatrend. After a strong recovery from the financial crisis and a decade of above-average economic growth, the continent is confounding its skeptics. Africa proved resilient during the crisis, and the rate of economic recovery continues to accelerate at levels above the global growth rate (Figure 1). This growing record of sustained economic growth in Africa continues to strengthen the case that we are currently witnessing a secular transformation in Africa's development prospects. The question many investors are asking at this juncture is: where can one invest?

An overview of pan-African investment opportunities

This report seeks to offer investors an overview of equity investment opportunities across the African continent. The report is structured along the secular growth themes that are driving African economic growth: oil and gas, metals and mining, mobile telephony, banking, agriculture, consumer-related growth and infrastructure investments. These themes also represent the sectors we believe will benefit most as African economies continue to become better integrated into the global economy as part of the Multipolar World megatrend.

Figure 1

African real GDP growth continues to outpace world growth



Source: Datastream, Credit Suisse

Highlights

- Africa is set to be one of the major beneficiaries of the Multipolar World megatrend.
- After a strong recovery from the financial crisis, African economies are set to outpace global economic growth rates through 2014.
- This report offers an overview of equity investment opportunities organized along the continent's secular growth themes: oil & gas, metals & mining, mobile telephony, banking, agriculture, consumer-related growth and infrastructure investments.

Top investment ideas

Tullow Oil (BUY)

A mid cap energy upstream company with a strong focus on African oil and gas. We expect more positive newsflow from the drilling campaigns in Ghana and Uganda.

Sasol (BUY)

Energy company specializing in coal-to-liquids and gas-to-liquids, inexpensive valuation (P/E 2011E: 11.4)

Orascom Construction (BUY)

Construction and engineering company with fertilizer division based in Egypt, but active in a number of African and other emerging markets.

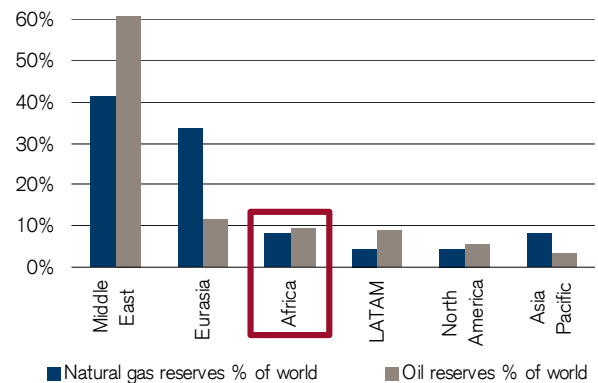
Oil & gas in Africa

Discovering new frontiers

Africa has become a major supplier of global oil and gas wealth. With oil reserves of 120 billion barrels, or 9.5% of global reserves, Africa is the world's third most richly endowed region in terms of oil wealth. Also, in the last decade, African yearly oil production has increased by 3.4% per year, which is double the global rate of 1.4%. Africa also holds 14.6 billion cubic meters (91.8 billion barrels) of natural gas, which represents 8.2% of the world's total natural gas reserves (Figure 2). And since exploration in Africa has been so limited, we expect there is still a lot more oil to be found on the continent. Recent discoveries in Uganda and Ghana seem to support this view, in addition to the fact that proven oil and gas reserves for Africa have risen by 15% in the past ten years, compared to only 8% for the rest of the world. And although the larger oil companies have been the first to invest in Africa, smaller ones are on their heels (Table 1).

Figure 2

Africa has the world's third largest oil and gas reserves



Source: BP Statistical Review, Credit Suisse

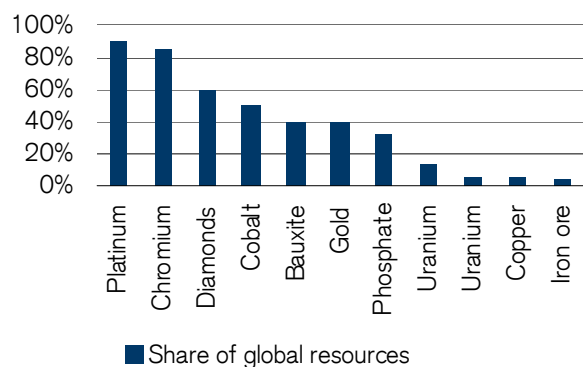
Metals & mining in Africa

Africa has vast industrial and precious metal wealth

Many parts of Africa have long been known to be endowed with large deposits of precious and industrial metals. The continent has a majority of the world's known resources of platinum, chromium, and diamonds, as well as a large share of the world's bauxite, cobalt, gold, phosphate, and uranium deposits (Figure 3). In fact, the continent's mineral wealth ranks in first or second place positions for its share of global reserves of bauxite, cobalt, gold, diamonds, platinum group metals (PGMs), phosphate rock, vermiculite and zirconium. The major miners have been generally slow to invest in Africa. In fact, in 2009, the world's largest miners (BHP Billiton, Vale, Rio Tinto, and Xstrata) generated just 6% of their revenue from Africa. With the majors relatively quiet, small mining companies have played a significant role in developing the continent's resources. And with metal prices hitting new highs, African miners are likely to benefit (Table 2).

Figure 3

Africa is endowed with a vast share of global resource reserves



Source: US Geological Survey, World Nuclear Association, Credit Suisse

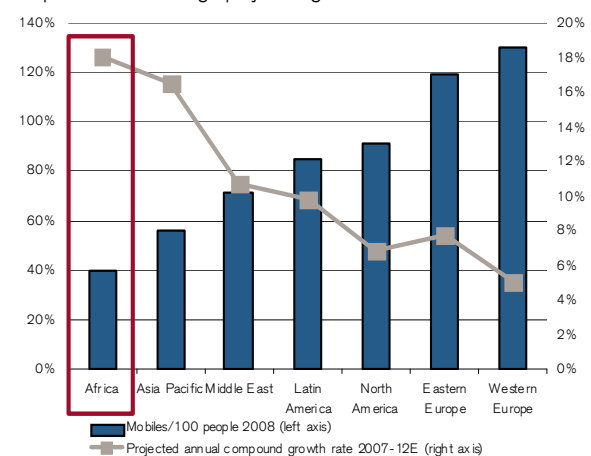
Mobile telephony in Africa

Connecting the unconnected

Africa remains the fastest-growing mobile telecom market in the world, with telecom firms adding around 90 million new subscribers in just the last year – an amount equivalent to the German population. And despite this enormous growth rate, the region still offers significant opportunities for growth since only 4 of every 10 Africans have access to a mobile phone today. This translates into an “unconnected” market of around 600 million. Looking ahead, we expect Africa's penetration rate to reach 75% by 2014, representing 350 million new subscribers from today's levels – equaling the size of the US population. These robust growth prospects are driven on the one hand by rising incomes in most African countries, and secondly, by the uniquely important role mobile phones play in the African development context, e.g. mobile banking, making markets more efficient by facilitating trade and reducing information asymmetries (Table 3).

Figure 4

Low penetration and high projected growth for African telecoms



Source: Cowan Group, Credit Suisse

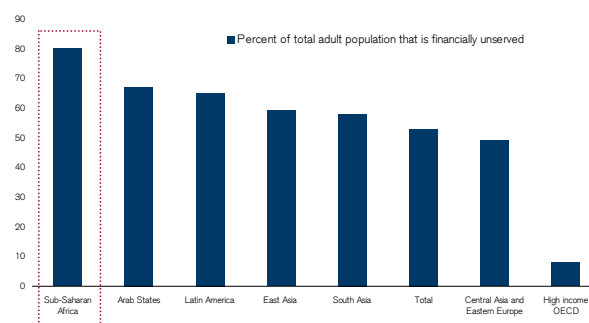
Banking in Africa

Banking the unbanked

In most frontier markets, the banking sector is one of the first to grow. The African case has been no different. According to McKinsey, total banking assets in Africa amounted to USD 1.1 trn in 2008, which is comparable to Russia at around USD 1 trn. And when the Chinese ICBC, the world's biggest bank by market cap, paid USD 5.5 bn for a 20% stake in Standard Bank of South Africa in 2007, bankers around the world started to notice Africa's banking potential. Indeed, with around 80% of Africans still not having access to a banking account (Figure 5), many banks are building on Africa's growth by bringing the "unbanked" into the financial system by developing innovative services such as mobile banking. Indeed, microfinance banking institutions have shown that access to finance, even in the form of very small loans, can enhance business productivity and even unleash a vibrant entrepreneurial culture in low-income nations (Table 4).

Figure 5

80% of African adults still do not have access to a bank account



Source: Access to Finance Initiative, Credit Suisse

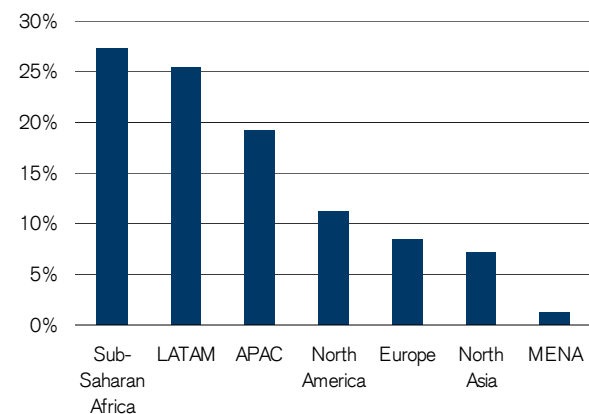
Agriculture in Africa

Tapping the potential of Africa's enormous land wealth

African potential in agriculture is large. Although the continent uses 25% of the world's arable land, it still produces only 10% of global agricultural input. The reason for this is due largely to inadequate technical resources. For instance, the continent has only one tractor for every 868 hectares compared with the global average of one per 56 hectares. Also, African farmers use only 13% of the global average fertilizer used per hectare. The cumulative effect is that African agricultural yields are 66% below the global average. These figures suggest that Africa's agricultural production can likely be increased significantly through greater use of fertilizer and pesticides, irrigation and better technology. Moreover, Africa is endowed with over 27% of the world's potential (unused) arable land (Figure 6). Unlocking this potential can also have a multiplier effect, since over 65% of the population works in the sector.

Figure 6

Net proportion (in %) of global potential arable land: Africa has 27%



Source: FAO, Credit Suisse

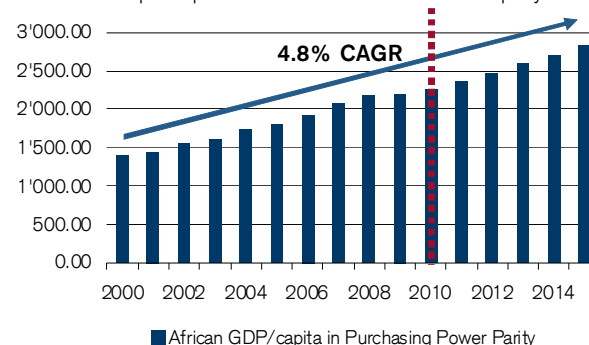
Rise of the African consumer

Increasing spending power of a rising middle class

As Africa continues to grow, its consumer market also becomes more attractive. Indeed, from 2005 to 2008, consumer spending in Africa increased by 16% per year, more than twice the GDP growth rate during this time. This development reflects the rise of an African consumer segment, as consumption spending begins to accelerate as incomes continue to rise. According to the IMF, African GDP per capita rates should continue to grow at around 5% per year on average through 2015 (Figure 7). This translates into at least a 30% increase in spending power by 2015. It also means that more consumers are making the transition from the very low income level (i.e. below USD 1,000) to the basic needs level (USD 1,000–5,000), reflect a rising African middle class. The businesses that are positioning to meet this growing consumer demand from this rising middle class in Africa could very well benefit from a first-mover advantage (Table 6).

Figure 7

African income per capita continues to rise at around 5% per year



Source: IMF, Credit Suisse

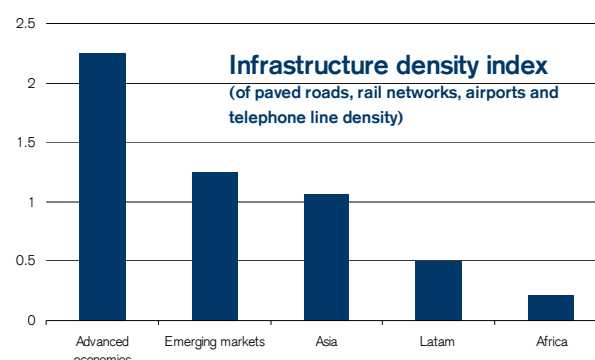
Infrastructure expenditures are rising

Weak earnings expectations suggest underperformance

Africa's productivity continues to be limited by insufficient infrastructure, resulting in transport bottlenecks and electricity supply outages. African transport costs are up to four times higher than those in the developed world, with these high costs representing a de facto barrier to trade and economic activity. The continent has just a few broken-down railways, suffers large electricity supply shortages, and nothing resembling a transcontinental motorway. And although investment spending across Africa has risen appreciably from USD 3 bn in 1998 to 12 bn in 2007 – three-quarters of which is funded by China – the continent will still need an estimated USD 180 bn by 2014 to achieve the Millennium Development Goals, according to McKinsey. This means governments and private companies will have to invest more. Also, with China having demonstrated success in moving early, more international companies could follow suit.

Figure 8

Africa has the lowest regional infrastructure capacity in the world



Source: UN Economic Commission for Africa, Credit Suisse

Stock identification process

In Tables 1–7 listed below we have identified larger, more liquid stocks that offer exposure to African growth (at least 30% of sales). Also, we have organized the stock selections according to the driving themes discussed above. We note that we have official ratings on only nine stocks which are under coverage from Credit Suisse. Stocks without a recommendation are listed for information purposes only and do not constitute a recommendation. To offer investors a better overview, the tables include various financial parameters on the companies: forward price-to-earnings ratios, estimated (by consensus) earnings growth, price-to-book ratios, dividend yields, interest coverage (i.e. EBITDA-to-gross interest), the percentage of sales that come from Africa, and a sustainability rating (abbreviated to "sust. Rating"). The sustainability rating assesses how companies manage environment, social and governance factors, and serves as a proxy for the overall management quality of the respective company. The ratings are arranged in a similar way to a credit rating, with AAA being the highest rating, and CCC the lowest.

Conclusion: Promising but not without risks

Africa's near decade-long economic boom has challenged the conventional view of the continent as being a war-torn, poverty stricken crisis region, undeserving of investors' consideration. And as the multipolar world megatrend continues to shift the economic center of gravity to emerging markets, Chinese/Indian demand for Africa's plentiful resources are likely to keep foreign interest in Africa strong. But for all the promise, investors should not neglect the political, legal and operational risks inherent in any business in Africa. Bearing these risks in mind, we note that many places previously regarded as similarly uncertain, exotic and risky – countries from India to China – have in recent years earned handsome returns for investors. Perhaps it will be Africa's turn in the 21st century.

Table 1: Oil and gas in Africa

Company	Ticker	Listing country	Market cap (USD bn)	P/E 2011	EPS growth 2011%	Price/Book	Div. yield %	Interest cover ¹	% sales in Africa	PB rec.	Sust. rating	Description
Sasol	SOL SJ	S. Afr.	30.9	11.4	11	1.7	3.3	18.6	57	BUY	B	Oil & gas, coal-to-liquids and gas-to-liquids
Saipem SpA	SPMI IX	UK	19.6	18.5	6	3.1	1.7	16.5	40	n.r.	A	Drilling services in W. and N. Africa.
Etablissements Maurel et Prom	MAUP IX	France	1.7	20.4	229	1.6	2.7	3.2	74	n.r.	B	Oil & gas in Gabon.
Afren	AFR LN	UK	1.8	22.4	454	1.8	0	9.3	100	n.r.	n.a.	Exploration & production in Nigeria
InterOil	IOC US	USA	3.2	110.1	354	7.5	0	4.8	100	n.r.	n.a.	Papa New Guinea.
Tullow Oil	TLW LN	UK	17.8	118.2	464	7.7	0.4	131.7	70	BUY	A	Ghana & Uganda
Gulf Keystone	GKP LN	UK	2.0	n.a.	-91	10.3	0	0	100*	n.r.	n.a.	MENA region

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Source: HOLT, Bloomberg, Credit Suisse

Table 2: Metals and mining in Africa

Company	Ticker	Listing country	Market cap (USD bn)	P/E 2011	EPS growth 2011%	Price/Book	Div. yield %	Interest cover ¹	% sales in Africa	PB rec.	Sust. rating	Description
Palabora Mining	PAM SJ	S. AFR.	0.729	8.1	120	3.1	5.1	99.1	47	n.r.	n.a.	Copper in S.Afr.
Metorex	MTX SJ	S. AFR.	0.696	9.2	120	1.3	0	18.9	64	n.r.	n.a.	Gold & coal in Congo, Zambia & S.Afr.
First Quantum	FM CN	CAN.	7.11	11.4	21	2.3	0.6	14.5	100	n.r.	B	Copper in Zambia, Congo & Mauritania.
Anglo American	AAL LN	UK	64.447	12.3	97	2.2	1.1	13.1	48	HOLD	AA	Global in S.Afr.
Merake	MRF SJ	S. AFR.	0.834	12.8	16	1.8	0.2	25.8	100	n.r.	n.a.	Mining in S.Afr.
Centamin Egypt	CEY LN	UK	2.883	14.2	1,487	5.9	0	0	100	n.r.	n.a.	gold mining and exploration in Egypt.
Equinox Minerals	EQN CN	CAN.	4.031	15.6	232	4.07	0	5.3	100	n.r.	BB	mining in Zambia.
Gold Fields	GFI SJ	S. AFR.	12.34	15.9	48	1.7	2.2	35.1	100	n.r.	AA	Precious metals, SA
African Rainbow Minerals	ARI SJ	S. AFR.	5.972	21.7	-34	1.7	1.2	7	38	n.r.	BB	Precious & industrial metals in SA
Aquarius Platinum	AQP SJ	S. AFR.	2.787	24.1	311	3.2	1.4	4.9	100	n.r.	BB	Platinum in S. Africa
AngloGold Ashanti	ANG SJ	S. AFR.	17.962	24.6	283	5.2	0.5	11.9	36	n.r.	A	Gold in SA
Iamgold	IAG US	USA	6.354	25.1	112	2.3	0.3	0	28.7	n.r.	B	Gold in West Africa.
Semafo	SMF CN	CAN.	3.156	30.1	107	3.9	0	72.1	100	n.r.	n.a.	Gold in West Africa.
Anglo Platinum	AMS SJ	S. AFR.	24.814	31.1	85	5.8	0.7	31.9	26	n.r.	AAA	Platinum group metals
Golden Star	GSC CN	CAN.	1.131	31.2	100	1.5	0	11.4	100	n.r.	n.a.	Gold in Ghana.
Randgold	RRS LN	UK	8.738	56.9	101	4.3	0.2	1,732.20	100	n.r.	BBB	Gold in W. & E. Africa.
Paladin En.	PDN AU	AUST.	3.333	77.4	179	2.9		0	100	n.r.	B	Uranium, Namibia & Malawi.
African Copp.	ACU LN	UK	0.063	97.9	0	4.6	0	1.1	73*	n.r.	n.a.	Copper in Botswana
Harmony Gold	HAR SJ	S. AFR.	5.14	116.6	-90	1.1	0.2	23.4	100	n.r.	BBB	gold in S.Afr.
Riversdale Mining	RIV AU	AUST.	2.843	18	1,767	4.3	0	0	100	n.r.	B	Anthracite in S.Afr.
Anvil Mining	AVM CN	CAN.	0.762	n.a.	-87	0.8	0	20.6	100	n.r.	n.a.	Copper in Congo
African Eagle Resources	AFE LN	UK	0.03	n.a.	-40	0.8	0	0	83*	n.r.	n.a.	Gold in Tanzania & Moz.
Katanga Mining	KAT CN	CAN.	2.684	n.a.	-99	0.1	0	-26	100	n.r.	n.a.	Copper/cobalt in Congo.
First Uranium	FIU CN	CAN.	0.176	n.a.	-63	0.7	0	1.3	100	N.R.	n.a.	Minerals in S.Afr.

1 Interest coverage ratio measures the debt burden faced by a firm. It is calculated by taking earnings before interest, taxes, depreciation and amortization and divide by gross interest.

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Source: HOLT, Bloomberg, Credit Suisse

Table 3: Telecoms in Africa

Company	Ticker	Listing country	Market cap (USD bn)	P/E 2011	EPS growth 2011%	Price/Book	Div. yield %	Interest cover ¹	% sales in Africa	PB rec.	Sust. rating	Description
Orascom Tel.	ORTE EY	EGYPT	3.785	7.5	32	3.1	3.6	4.3	100	n.r.	BB	North Africa
Telkom	TKG SJ	S. AFR.	2.716	9.1	-95	0.5	4.1	7.8	100	n.r.	AA	Fixedline SA, expanding in Africa
Tel. Egypt	ETEL EY	EGYPT	5.159	9.6	6	1.1	7.2	49.6	100	n.r.	CCC	Fixed & mobile, Egypt.
Vodacom	VOD SJ	S. AFR.	14.908	11.1	124	6.1	5.3	16.3	91	n.r.	n.a.	Mobile, SA, Tanz. & Moz.
Mobinil	EMOB EY	EGYPT	2.851	11.1	-27	6.5	5.4	6.1	100	n.r.	n.a.	Mobile Egypt
MTN Group	MTN SJ	S. AFR.	35.027	13.8	21	3.1	2.8	11.3	90	HOLD	A	16 African countries
Maroc Tel.	IAM MC	MAR.	16	14.1	n.a.	9.4	n.a.	7.9	97	n.r.	B	North Africa
Millicom	MICC US	USA	10.074	16.2	12	3.41	2.8	8.2	25	HOLD	n.a.	Mobile in S. America and Sub-Saharan Africa
Mobile Tel.	ZAIN KK	KUW.	19.231	16.8	63	1.71	13.4	6.1	50	n.r.	n.a.	14 African countries
Safaricom	SAFCOM KN	KENYA	2.2	14.1	n.a.	9.4	n.a.	n.a.	100	n.r.	n.a.	Fixed & mobile, Kenya.

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Source: HOLT, Bloomberg, Credit Suisse

Table 4: Financials and microfinance

Company	Ticker	Listing country	Market cap (USD bn)	P/E 2011	EPS growth 2011%	Price/Book	Div. yield %	Interest cover ¹	% sales in Africa	PB rec.	Sust. rating	Description
Old Mutual	OML SJ	S. AFR.	11.663	8.36	301	0.72	2.43	26.2	53	n.r.	AAA	insurance in 5 African count.
Investec	INL SJ	S. AFR.	5.501	9.37	46	0.95	2.66	0	50	n.r.	BBB	Asset man. Southern Afr.
Santam	SNT SJ	S. AFR.	1.986	10.12	26	2.55	6.21	24.8	100	n.r.	n.a.	Insurance in Southern Afr.
ABSA Group	ASA SJ	S. AFR.	13.988	11.59	19	1.82	3.51	1.9	99*	n.r.	BBB	Mainly in S.Afr.
Redefine Prop	RDF SJ	S. AFR.	3.102	12.35	63	1.09	8.1	5	100	n.r.	n.a.	Real estate trust, SA
Nedbank	NED SJ	S. AFR.	9.293	12.35	-6	1.53	3.55	4.5	96	n.r.	BBB	financial services, S.Afr.
Bank Egypt	NSGB EY	EGYPT	2.885	12.58	20	1.79	2.88	0	100	n.r.	n.a.	Financial services, Egypt.
FirstRand	FSR SJ	S. AFR.	18.202	12.94	39	1.74	3.26	7.3	96	n.r.	BBB	Fin. services, Southern Afr.
Standardbank	SBK SJ	S. AFR.	23.509	13.06	6	1.89	3.68	1.6	86	n.r.	BB	Active in 17 Afri. nations
Commercial	COMI EY	EGYPT	4.271	13.08	24	2.29	2.26	8.8	100	n.r.	n.a.	Financial services, Egypt.
Sanlam	SLM SJ	S. AFR.	8.117	13.15	-8	1.51	4.11	11.4	83	n.r.	AAA	Insurance in Southern Afr.
Banque Cen.	BCP MC	MAR.	3.1	14.1	n.a.	2.6	n.a.	n.a.	100	n.r.	n.a.	Financial services, Morocco
EFG-Hermes	HRHO EY	EGYPT	2.227	14.87	64	1.1	2.59	13.5	100	BUY	n.a.	Fin. services, N. Africa
African Bank	ABL SJ	S. AFR.	4.18	15.27	6	1.95	4.82	2.4	100	n.r.	n.a.	Microfunding in SA
Attijariwafa Bank	ATW MC	MAR.	7.964	16.35	1	2.46	1.77	10.6	79	n.r.	n.a.	Financial Serv, Morocco
Ecobank Ghana	EBG GN	GHA.	0.7	17.9	n.a.	7.2	3.55	n.a.	100	n.r.	n.a.	Financial services, Ghana
Capitec	CPI SJ	S. AFR.	1.736	20.8	33	4.32	1.92	0	100	n.r.	n.a.	Microfunding in SA
Equity Bank	EOBNK KN	KENYA	1.2	23	33.8	4.2	2.8	n.a.	100	n.r.	n.a.	Microfinance, Kenya
Banque Marocaine	BCE MC	MAR.	4.4	80.5	n.a.	3.9	n.a.	n.a.	100	n.r.	n.a.	Financial services, Morocco
Blue Financial	BFS SJ	S. AFR.	0.026	n.a.	n.a.	n.a.	n.a.	n.a.	100	n.r.	n.a.	Microfunding in 14 African countries

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Source: HOLT, Bloomberg, Credit Suisse

Table 5: Agriculture in Africa

Company	Ticker	Listing country	Market cap (USD bn)	P/E 2011	EPS growth 2011%	Price/Book	Div. yield %	Interest cover ¹	% sales in Africa	PB rec.	Sust. rating	Description
Illovo Sugar	ILV SJ	S. AFR.	1.792	19.1	-12	2.4	2.7	9.3	100	n.r.	n.a.	Sugar prod. S.Afr.
Lonrho	LONR. LN	UK	0.301	n.a.	-57	0.82	0	-3.5	95	n.r.	n.a.	Diversified Oil & gas, agriculture, minerals.
Tongaat Hulett	TON SJ	S. AFR.	1.579	12.5	-66	1.9	2.8	5.3	90	n.r.	n.a.	sugar and bio-fuel production, SA

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Source: HOLT, Bloomberg, Credit Suisse

Table 6: Rising African consumer

Company	Ticker	Listing country	Market cap (USD bn)	P/E 2011	EPS growth 2011%	Price/Book	Div. yield %	Interest cover ¹	% sales in Africa	PB rec.	Sust. rating	Description
Lewis Group	LEW SJ	S. AFR.	0.97	10.38	10	1.52	4.83	2.6	100	n.r.	n.a.	furniture, electrical goods
Olympic Group	OLGR EY	EGYPT	0.386	12.1	76	1.58	3.7	3	100	n.r.	n.a.	household appliances, Egypt
Truworths Int.	TRU SJ	S. AFR.	4.522	17.09	15	5.22	3.12	0	100	n.r.	n.a.	Apparel/jewelry retailer, Southern African nations.
SABMiller	SAB LN	UK	51.266	17.85	49	27.35	2.3	8.8	33	BUY	AAA	Beer & soft drinks
JD Group	JDG SJ	S. AFR.	1.303	19.3	527	1.44	2.57	3.3	94	n.r.	n.a.	Electronics, furniture retailer in Southern Afr.
CFAO	CFAO FP	FRAN.	2.67	20.32	6	4.07	2.46	11	74	n.r.	n.a.	Automotive & pharma products in Africa.
Naspers	NPN SJ	S. AFR.	19.656	20.67	103	3.52	0.79	9.4	86	n.r.	n.a.	Pan-african media company
Shoprite Holdings	SHP SJ	S. AFR.	7.463	23.73	10	5.55	2.14	185.5	88	SELL	n.a.	22 African countries
PZ Cussons	PZC LN	UK	2.652	23.73	9	2.71	1.71	55.2	42	n.r.	CCC	food and health products
Massmart	MSM SJ	S. AFR.	4.118	23.95	-1	5.24	2.69	18	100	n.r.	n.a.	Diverse retail in Africa

¹ Interest coverage ratio measures the debt burden faced by a firm. It is calculated by taking earnings before interest, taxes, depreciation and amortization and divide by gross interest.

Note that we do not rate these stocks and make no recommendations on them as investments; n.a. = not available, n.r. = not rated

Source: HOLT, Bloomberg, Credit Suisse

Table 7: Infrastructure and industrials

Company	Ticker	Listing country	Market cap (USD bn)	P/E 2011	EPS growth 2011%	Price/Book	Div. yield %	Interest cover ¹	% sales in Africa	PB rec.	Sust. rating	Description
Group Five	GRF SJ	S. AFR.	0.684	8.2	58	1.7	3.0	10.5	83	n.r.	n.a.	Construction in Africa
Aveng	AEG SJ	S. AFR.	2.484	9.6	-6	1.1	3.3	204.1	60	n.r.	n.a.	construction in Southern Afr. Also Mauritius
Murray & Roberts	MUR SJ	S. AFR.	1.998	12.6	-51	3.1	2.6	6.7	60	n.r.	n.a.	Construction, materials, transport. & engineering.
Cimpor Cimentos de Portugal	CPR PL	PORT.	4.551	13.9	0	2.3	4	8.7	36	n.r.	B	Construction N. Africa
Bidvest Group	BVT SJ	S. AFR.	7.584	14.1	14	2.1	2.9	7.1	57	n.r.	BBB	Distribute food, office & skin care products. Mainly SA.
Pretoria Portland Cement	PPC SJ	S. AFR.	2.725	14.3	11	19.5	5.5	7.8	100	n.r.	n.a.	Cement, Southern Africa
Imperial Holdings	IPL SJ	S. AFR.	3.764	15.1	5	1.2	2.5	4.9	75	n.r.	n.a.	Diversified industrial services co., growth in Africa
Orascom Construction	OCIC EY	EGYPT	9.882	18.1	29	3.2	4.1	7.2	40	BUY	BB	Construction /fertilizers
Barloworld	BAW SJ	S. AFR.	1.597	26.6	-41	1.1	1.3	2.7	67	n.r.	n.a.	Equipment, automotive, handling and logistics, expanding in Africa

¹ Interest coverage ratio measures the debt burden faced by a firm. It is calculated by taking earnings before interest, taxes, depreciation and amortization and divide by gross interest.

Note that we do not rate these stocks and make no recommendations on them as investments; n.a. = not available, n.r. = not rated

Source: HOLT, Bloomberg, Credit Suisse

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Abbreviations frequently used in reports

Abb.	Description	Abb.	Description	Abb.	Description
CAGR	Compound annual growth rate	EPS	Earnings per share	P/B	Price-to-book value
CFO	Cash from operations	EV	Enterprise value	P/E	Price-earnings ratio
CFROI	Cash flow return on investment	FCF	Free cash flow	PEG	P/E ratio divided by growth in EPS
DCF	Discounted cash flow	FFO	Funds from operations	ROE	Return on equity
EBITDA	Earnings before interest, taxes, depreciation and amortization	IBD	Interest-bearing debt	ROIC	Return on invested capital

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Equity rating history as of 19/11/2010

Company	Rating	Date
ANGLO AMERICAN (AAL LN)	HOLD	since 21/10/2010
	HOLD	since 02/08/2010
	HOLD	since 03/05/2010
	HOLD	since 12/04/2010
	HOLD	since 03/03/2010
	HOLD	since 19/02/2010
	HOLD	since 22/10/2009
EFG-HERMES HOLDINGS (HRHO EY)	BUY	since 16/08/2010
	BUY	since 09/08/2010
	HOLD	since 18/05/2010
	HOLD	since 03/05/2010
	BUY	since 19/01/2010
	BUY	since 15/01/2010
	BUY	since 15/12/2009
MILLICOM INTL CELLULAR SA (MICC US)	BUY	since 10/09/2009
	HOLD	since 20/10/2010
	HOLD	since 20/07/2010
	HOLD	since 20/04/2010
	HOLD	since 16/02/2010
MTN GROUP LIMITED (MTN SJ)	SELL	since 21/10/2009
	HOLD	since 26/08/2010
	BUY	since 06/05/2010
	BUY	since 26/04/2010
	BUY	since 17/03/2010
ORASCOM CONSTRUCTIONS INDUS-	BUY	since 30/10/2009
	BUY	since 31/08/2010

TRY (OCIC EY)	BUY	since 02/06/2010
	BUY	since 19/03/2010
	BUY	since 11/02/2010
	BUY	since 23/11/2009
	BUY	since 07/09/2009
SAB MILLER (SAB LN)	BUY	since 18/11/2010
	BUY	since 18/10/2010
	BUY	since 28/05/2010
	HOLD	since 19/11/2009
	HOLD	since 15/10/2009
SASOL LTD (SOL SJ)	BUY	since 15/09/2010
	BUY	since 09/08/2010
	BUY	since 08/06/2010
	BUY	since 15/03/2010
	BUY	since 05/02/2010
SHOPRITE HOLDINGS LIMITED (SHP SJ)	BUY	since 16/09/2009
	SELL	since 26/08/2010
	SELL	since 16/07/2010
	SELL	since 01/03/2010
	HOLD	since 24/02/2010
TULLOW OIL (TLW LN)	HOLD	since 15/01/2010
	HOLD	since 13/07/2009
	BUY	since 11/11/2010
	BUY	since 12/05/2010
	BUY	since 29/01/2010
	BUY	since 12/11/2009

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Guide to analysis

Equity rating allocation as of 19/11/2010		
	Overall	Investment banking interests only
BUY	45.80%	46.49%
HOLD	49.34%	48.95%
SELL	2.65%	2.28%
RESTRICTED	2.21%	2.28%

Relative stock performance

At the stock level, the selection takes into account the relative attractiveness of individual shares versus the sector, market position, growth prospects, balance-sheet structure and valuation. The sector and country recommendations are "overweight," "neutral", and "underweight" and are assigned according to relative performance against the respective regional and global benchmark indices.

Absolute stock performance

The stock recommendations are BUY, HOLD and SELL and are dependent on the expected absolute performance of the individual stocks, generally on a 6-12 months horizon based on the following criteria:

BUY:	10% or greater increase in absolute share price
HOLD:	variation between -10% and +10% in absolute share price
SELL:	10% or more decrease in absolute share price
RESTRICTED:	In certain circumstances, internal and external regulations exclude certain types of communications, including e.g. an investment recommendation during the course of Credit Suisse engagement in an investment banking transaction.
TERMINATED:	Research coverage has been concluded.

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HOLD:	Expectation that the bond issue will perform in line with the specified benchmark
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