

AN ORIGINAL RANKING OF SOUTH AFRICA'S

FOR 2013-2015

GLOBAL PLAYERS



NORTH-WEST UNIVERSITY
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STRENGTHEN INVESTMENT

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AN ORIGINAL RANKING OF SOUTH AFRICA'S GLOBAL PLAYERS FOR 2013-2015

INTRODUCTION

The Emerging Market Global Players project (EMGP) focuses on the relatively new phenomenon of large-scale outward foreign direct investment (FDI) from emerging markets. The project was launched, and is globally coordinated, by the Columbia Center on Sustainable Investment (CCSI). Its objective is to gather basic data about the multinational enterprises (MNEs) undertaking this increasing outward FDI and to present it in annual reports. Eventually, the findings of these reports will be used to create archival resources that can support further research and policy formulation. The EMGP Project can now include South Africa to their growing portfolio of emerging markets.

Foreign direct investment involves long-term business-to-business relationships, the basis for which is ownership and the control and divisions of assets. For such reasons, many benefits can be drawn out of FDI, both for companies and for countries as a whole. These benefits include opportunities for increased financial inflow, increased market share and increased access to technological and technical know-how. This report will dissect South Africa's FDI trends and figures.

South Africa's foreign outward investment did not change significantly over the course of 2013-2015. Since 1993, when South Africa re-entered the international business environment after the

abolishment of Apartheid, most ranked MNEs have become well established abroad. As such, steady rather than significant increases of outward investment are both observed and expected. The most important factors cited by the MNEs for their successes abroad were: cost management, relationship with local employees, and relationships with host governments. South African MNEs' market-seeking motivation that drive many foreign investments can be observed by looking at detailed FDI data included in this report. Further, South African MNEs view of the African market not yet being saturated can be observed through their increasing footprint in Sub-Saharan Africa. We expect this foray into Africa to continue.

At year-end 2015, the top 20 ranked South African non-financial MNEs had a shared total of nearly US\$ 50 billion in foreign assets, almost the same figure (US\$ 49.0 billion) in foreign sales and in excess of 222,000 employees abroad. In terms of foreign assets, Sasol (Energy & Chemicals) led the way with US\$ 9.1 billion, followed by Retail-giant Steinhoff (US\$ 8.7 billion) and Goldfields (Mining) (US\$ 5.3 billion). The top five MNEs dominated the list, accounting for more than two-thirds of the foreign asset-share. Adding the following five MNEs on the list, the combined share of foreign assets held by the top 10 ranked MNEs rose above 90% of the total.

Sixteen of the top 20 South African MNEs were partially publicly owned, with the state having no more than a 22% (Sasol) controlling share in any company. Only four firms (Steinhoff, Barloworld, Altron and Pick n Pay) had zero state involvement. Only a quarter of the top 20 MNEs reported having a board member who was currently affiliated with a political and/or governmental agency, whilst half of the ranked MNEs reported having a board member who was affiliated with a social and/or civil association.

TABLE 1. South Africa: The top¹ 20 non-financial² multinationals, by foreign assets, 2015

RANK	NAME	INDUSTRY	OWNERSHIP STATUS (% STATE OWNERSHIP)	FOREIGN ASSETS
1	Sasol	Energy & Chemicals	LISTED 22%	9,076
2	Steinhoff	Retail	LISTED	8,704
3	Goldfields	Mining	LISTED 8.97%	5,340
4	MTN	Telecommunications	LISTED 16.33%	5,220
5	AngloGold	Mining	LISTED 7.51%	5,166
6	Bidvest	Services, Trading & Distribution	LISTED 15.27%	4,117
7	Naspers	Multimedia	LISTED 15%	2,794
8	Sappi	Forestry & Paper	LISTED 14.2%	2,345
9	Imperial	Transport & Logistics	LISTED 11.81%	1,645
10	Datatec	Information Technology	LISTED 16.61%	1,185
11	Barloworld	Wholesale & Retail	LISTED	799
12	Supergroup	Transport & Logistics	LISTED 12.75%	706
13	Aveng	Construction	LISTED 13.71%	652
14	Impala Platinum	Mining	LISTED ~13%	540
15	Shoprite	Retail	LISTED 12.77%	480
16	Tiger Brands	Food & Beverage	LISTED 13.3%	352
17	Life Healthcare	Medical	LISTED 13%	266
18	Altron	Electronical Conglomerate	LISTED	234
19	Harmony Gold	Mining	LISTED 5.93%	165
20	Pick n Pay	Retail	LISTED	84
	TOTAL			49,870

Source: NWU-CSI research on leading South African multinationals, 2015.

¹Information was not available on all likely candidates for the top rankings due to the poor response rates. The MNEs on this ranking may thus not reflect the largest outward investors from South Africa although they are certainly among the largest. Our ranking is based on the Bureau Van Dijk Orbis database. This database is the largest international corporate database that includes all listed companies and more than 3 million non-listed companies. Directly linked to more than 25 stock exchanges for real-time updates of listed companies, data will be as recent as the last month. ²Financial firms are excluded as per the methodology of the EMGP project. ³US\$ 1 = ZAR 15.545 as reported by the IMF on December 31, 2015.

MAJOR DRIVERS OF OUTWARD SOUTH AFRICAN FDI

The majority of ranked South African MNEs were driven by market-seeking FDI. In order to increase their market share, expansion occurred in foreign markets that were similar to the domestic market, as growth prospects were attractive. Market-seeking expansion was particularly attractive with regard to ventures in Sub-Saharan Africa, where demographics are very similar to South Africa but where markets remain untapped. Examples of industries exhibiting this trend were Telecommunications (MTN) and Retail (Shoprite and Pick n Pay). Asset-seeking FDI also continued to be a key driver of outward foreign direct investment (OFDI), especially with regard to South African mining firms. An example thereof is Goldfields' acquisition of Canadian gold mining company Barrick Gold Corporation's Granny Smith, Lawlers and Darlot gold mines in Western Australia. Another example is AngloGold's continued expansion of its mineral exploration in Continental Africa, Australia and Argentina.

“Market-seeking expansion was particularly attractive with regard to ventures in Sub-Saharan Africa, where demographics are very similar to South Africa but where markets remain untapped.”

Many South African MNEs had a large footprint elsewhere in Sub-Saharan Africa where technological readiness and technical know-how was very often much less developed than in South Africa, resulting in MNEs' ability to replicate their domestic operations abroad. MNEs used the lack of technological readiness and technical know-how to their advantage to gain market share, with



South African firms in various instances being the first to supply technologically advanced services in Sub-Saharan Africa. Examples thereof are Naspers with its direct-to-home video entertainment reaching more than eight million African customers in 37 African countries through DSTV and GOTV. Telecommunications-giant MTN is another example with services set up in more than 21 countries throughout Africa.

Certain negative domestic factors may have increasingly driven South African MNEs to invest outside of South Africa, including the uncertain domestic political climate, the unreliable supply of electricity, and the increasingly difficult task of obtaining skilled labor under the Broad-Based-Black Economic Empowerment (B-BBEE) legislation in South Africa. More than 85% of respondents ranked in the top 20 cited these factors as important with regard to their strategic operations. Another concern that may have negatively impacted future domestic investment was the new investment legislation in South Africa. Published on December 13, 2015, the “Promotion and Protection of Investment Bill” was vehemently criticized by both the European and American Chambers of Commerce in South Africa stating that investors might think twice when considering South Africa as a destination.

LEGAL BACKGROUND FOR INVESTING IN SOUTH AFRICA: B-BBEE AND THE PROTECTION OF INVESTMENT ACT

BROAD-BASED-BLACK ECONOMIC EMPOWERMENT

Introduced in 2003, Broad-Based-Black Economic Empowerment (B-BBEE) is a set of policies aimed at increasing the involvement of previously disadvantaged communities into the mainstream economy of South Africa. The Act was introduced in the face of widespread criticism against narrow-based empowerment which, instead of enriching only a small number of previously disadvantaged South Africans, would now distribute wealth across as broad a spectrum of previously disadvantaged South Africa as possible. Narrow-based empowerment was only concerned with ownership and management, whereas B-BBEE now impacted a wide arrangement of corporate governance.

B-BBEE is measured using a relative weighing system based on seven pillars: equity ownership, management, employment equity, skills development, preferential procurement, enterprise development and socio-economic development. For any entity operating in South Africa whose annual revenue is likely to exceed R5 million (US\$ 357,000), B-BBEE status must be provided, however confusion still exists about the verification of B-BBEE status of MNEs. For example, equity ownership accounts for 20 points out of 100, but MNEs are allowed to comply with B-BBEE requirements through arrangements other than equity ownership per se, including through participation in public programmes as well as through skills and small-business development.

PROTECTION OF INVESTMENT ACT

The Protection of Investment Act was signed into law on December 13, 2015 signalling a substantial change in South Africa's investment protection policy for foreign investors. Designed to modernize and strengthen South Africa's approach to foreign investment, the

Protection of Investment Act aims to codify some of the provisions of various bilateral investment treaties that South Africa have in place with foreign countries into a single legislative framework. South Africa has indicated its intent, and has taken steps, to phase out its bilateral investment treaties (pursuant to their terms) in favor of foreign investment being governed by this domestic legislation on an ongoing basis.

The Protection of Investment Act retains some national treatment and full protection and security provisions frequently found in investment treaties, but does not include an obligation to provide investors with full compensation at market value in the event of expropriation and investors will not benefit from the international law "fair and equitable treatment" standard, although they are protected against domestic law denials of justice. In addition, this Act eliminates the ability for investors to resolve disputes through investor-state dispute settlement. Rather, investors have recourse through mediation, domestic courts or through state-to-state arbitration upon consent of the South African government, alongside any contractual provisions that are relevant to a specific investment.



CONCENTRATION

The largest MNE in terms of foreign assets was Sasol (US\$ 9.1 billion), followed by Retail-giant Steinhoff (US\$ 8.7 billion) and Goldfields (US\$ 5.3 billion). The top five MNEs dominated the list, accounting for more than two-thirds of the foreign asset-share. Adding the next five MNEs on the list, this combined share of foreign assets held by the top 10 MNEs rises above 90%.

Of the top 20 ranked firms, foreign assets, foreign sales and

foreign employees accounted for 40%, 44% and 27% of the respective firms' totals in 2015. In terms of foreign sales, MTN was the top-ranked MNE with a total of US\$ 10.5 billion in foreign sales in 2015. Datatec is next on the list with US\$ 5.8 billion, followed closely by Naspers with US\$ 5.7 billion. With regard to foreign employment, Bidvest came out on top with a total of 27,975 foreign employees. AngloGold is second on the list with 26,164 foreign employees, followed by Shoprite with 22,600 foreign employees.

TABLE 2. South Africa: Snapshot of the top 20 multinationals, 2013-2015

(US\$ million, ZAR million and number of employees)

VARIABLE	2013	2014	2015	% CHANGE (2013 - 2014)	% CHANGE (2014 - 2015)	% CHANGE (2013 - 2015; YEAR ON YEAR)
ASSETS, IN US\$						
Foreign	45,199	45,831	49,870	1%	9%	3%
Total	105,470	114,218	123,546	8%	8%	5%
ASSETS, IN ZAR						
Foreign	789,135	712,439	768,934	-10%	8%	-1%
Total	1,632,718	1,775,512	1,920,525	9%	8%	6%
Share of Foreign	48%	40%	40%	-17%	0%	-6%
SALES, IN US\$						
Foreign	40,020	47,049	48,968	18%	4%	7%
Total	89,611	104,037	107,536	16%	3%	6%
SALES, IN ZAR						
Foreign	622,114	731,375	728,391	18%	0%	5%
Total	1,393,009	1,617,251	1,671,652	16%	3%	6%
Share of Foreign	45%	45%	44%	1%	-4%	-1%
EMPLOYEES						
Foreign	205,052	213,321	222,254	4%	4%	3%
Total	782,843	793,703	817,357	1%	3%	1%
Share of Foreign	26%	27%	27%	3%	1%	1%

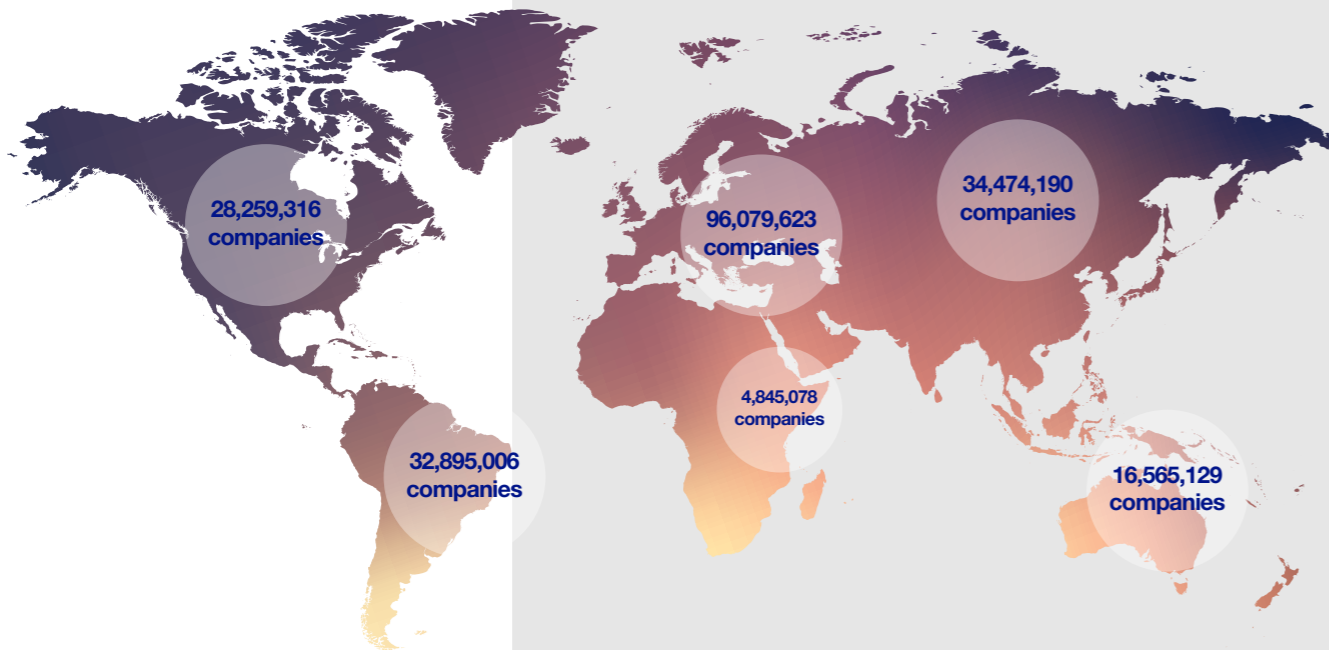
Source: NWU-CCSI research on leading South African multinationals, 2015.

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BUREAU VAN DIJK

TRANSNATIONALITY INDEX

When surveying the average TNI, more than one-third of all South African ranked MNEs' operations transpired abroad. The company with the highest TNI was Goldfields, with 84% of activities being carried out abroad. Other South African MNEs with a greater foreign than domestic presence were Datatec (73%), AngloGold (67%), Naspers (61%) and Sappi (58%). Harmony Gold was on the opposite end of the TNI spectrum with merely 5% of activities located in foreign countries. This can be attributed to the fact that the company controls only two foreign affiliates in two respective countries. Over the 2013–2015 period, the average TNI of the top 20 decreased slightly (40% (2013), 37% (2014), 36% (2015)). These figures are expected to increase over the next couple of years, particularly with regard to the aforementioned factors driving investment outside of South Africa rather than within South Africa.

REGIONALITY INDEX, FOREIGN AFFILIATES AND GEOGRAPHICAL DISTRIBUTION

The vast majority of South African MNEs enjoy a large geographical footprint in Sub-Saharan Africa, with the region accounting for nearly 40% of all foreign affiliates. Only Sappi and Harmony Gold do not have any African affiliates. The EU is also a notable region in our survey, where nearly a quarter of the total foreign affiliates of the 20 ranked MNEs are located. Bidvest and Aveng have a large footprint in EU countries, with 93 and 42 affiliates respectively. Twelve percent of the foreign affiliates of the ranked MNEs are situated in East Asia and the Pacific.

TABLE 3. South Africa: The top 20 multinationals: Key variables, 2015
(US\$ million, ZAR million and number of employees)

RANK	NAME	ASSETS US\$		ASSETS ZAR		SALES US\$		SALES ZAR		EMPLOYEES		TNI %	FOREIGN AFFILIATES	HOST COUNTRIES
		Foreign	Total	Foreign	Total	Foreign	Total	Foreign	Total	Foreign	Total			
1	Sasol	9,076	20,817	141,079	323,599	1,782	11,725	27,701	182,266	4,781	30,919	25%	49	37
2	Steinhoff	8,704	19,082	135,304	296,630	1,341	8,676	20,846	134,868	17,500	90,000	27%	49	29
3	Goldfields	5,340	5,878	83,010	91,369	2,545	2,545	39,568	39,568	5,431	9,052	84%	9	5
4	MTN	5,220	21,970	81,145	341,524	10,523	13,587	163,580	211,210	4,695	22,204	41%	21	21
5	AngloGold	5,166	7,284	80,305	113,230	3,219	4,015	50,039	62,413	26,154	52,266	67%	13	10
6	Bidvest	4,117	5,781	63,999	89,861	4,540	11,718	70,582	182,164	27,975	141,015	43%	311	41
7	Naspers	2,794	10,102	43,425	157,043	5,745	8,520	89,303	132,446	21,354	24,128	61%	224	130
8	Sappi	2,345	4,913	36,458	76,373	4,037	5,925	62,755	92,104	7,191	12,317	58%	30	5
9	Imperial	1,645	4,227	25,572	65,712	2,766	7,108	42,997	110,487	20,544	51,361	39%	60	30
10	Datatec	1,185	3,275	18,421	50,910	5,840	6,444	90,783	100,172	7,599	8,248	73%	105	70
11	Barloworld	799	3,098	12,420	48,155	1,071	4,035	16,651	62,720	4,650	19,745	25%	57	23
12	Supergroup	706	984	10,974	15,291	0.36	1,275	6	19,818	1,850	8,579	17%	23	8
13	Aveng	652	1,770	10,135	27,519	2,119	2,826	136	43,930	17,826	25,466	36%	138	46
14	Impala Platinum	540	4,672	8,394	72,627	236	1,775	3,665	27,593	10,089	52,257	15%	2	1
15	Shoprite	480	2,825	7,462	43,920	1,097	7,314	17,054	113,694	22,600	132,942	16%	46	14
16	Tiger Brands	352	1,596	5,472	24,803	510	2,032	7,927	31,588	5,990	20,591	25%	7	5
17	Life Healthcare	266	1,025	4,135	15,935	42	942	648	14,647	10,222	24,404	24%	3	3
18	Altron	234	977	3,644	15,182	1,359	1,777	21,120	27,623	943	12,049	36%	22	16
19	Harmony Gold	165	2,325	2,572	36,137	0	991	0	15,400	2,425	31,114	5%	2	2
20	Pick n Pay	84	946	1,309	14,707	195	4,306	3,029	66,941	2,435	48,700	6%	7	6
TOTAL		49,870	123,546	768,934	1,920,525	48,968	107,536	728,391	1,671,652	222,254	817,357	36%	1178	502

Source: NWU-CCSI research on leading South African multinationals, 2015

FIGURE 1. South Africa: Foreign affiliates of the top 20 multinationals, by region, 2015 (number of affiliates)



Source: NWU-CCSI research on leading South African multinationals, 2015.

The first foreign affiliate of the ranked MNEs was established in 1993, shortly after the end of South Africa's international isolation due to Apartheid, when Goldfields acquired the then underground Tarkwa mine in Ghana for US\$ 3 million. Of the top 20, Life Healthcare most recently became an MNE (as opposed to a purely domestic enterprise) with the establishment of foreign affiliates in India in November 2011 and Poland in April 2014.

TABLE 4. South Africa: *The top 20 multinationals: Stock exchange listings, 2015*

RANK	NAME	DOMESTIC STOCK EXCHANGE	FOREIGN STOCK EXCHANGE	TOP 40	TOP 100
1	Sasol	JSE	NYSE	YES	YES
2	Steinhoff	JSE	FSE	YES	YES
3	Goldfields	JSE	NYSE; Dubai; SIX		YES
4	MTN	JSE	None	YES	YES
5	AngloGold	JSE	NYSE; GSE; LSE; ASX; Euronext	YES	YES
6	Bidvest	JSE	None		YES
7	Naspers	JSE	LSE	YES	YES
8	Sappi	JSE	OTC Pink		YES
9	Imperial	JSE	None		YES
10	Datatec	JSE	None		YES
11	Barloworld	JSE	None		YES
12	Supergroup	JSE	None		
13	Aveng	JSE	None		YES
14	Impala Platinum	JSE	None		YES
15	Shoprite	JSE	None	YES	YES
16	Tiger Brands	JSE	None	YES	YES
17	Life Healthcare	JSE	None		YES
18	Altron	JSE	None	YES	YES
19	Harmony Gold	JSE	NYSE	YES	YES
20	Pick n Pay	JSE	None	YES	YES

STOCK EXCHANGE LISTINGS

All of the top 20 MNEs were listed on the Johannesburg Stock Exchange, with seven firms having a secondary listing on a foreign stock exchange. Seven firms were ranked in the JSE Top 40 Index, with all the other firms bar Supergroup ranked in the JSE Top 100 Index. The most recent addition to foreign stock exchange listings was Steinhoff's listing on the Frankfurt Stock Exchange on December 7, 2015. Other notable listings include all three gold-mining entities' (Goldfields, AngloGold and Harmony Gold) listings on the New York Stock Exchange.





Source: NWU-CCSI research on leading South African multinationals, 2015.

CORPORATE GOVERNANCE

Despite the fact that most ranked South African MNEs had an established, strong international footprint, all of the CEOs of the top 20 (bar Sasol, Sappi, Datatec and Pick n Pay) were South African nationals. The governing bodies of the companies in the ranking primarily consist of men. While 75% of ranked MNE's reported

a policy of actively promoting women, the share of women on executive boards constituted only 20%, and no company had a female CEO. Social corporate transformation, including from the perspective of both gender and racial (primarily through the B-BBEE legislation) equality, is actively encouraged by the government in South Africa, although very little change from a gender perspective has actually occurred.

#	NAME	INDUSTRY	# BOARD MEMBERS	SOUTH AFRICAN	FOREIGN			CEO	MALE / FEMALE
1	Sasol	<i>Energy & chemicals</i>	12	8	4	9	3	Canadian	Male
2	Steinhoff	<i>Retail</i>	9	9	0	8	1	South African	Male
3	Goldfields	<i>Mining</i>	9	6	3	7	2	South African	Male
4	MTN	<i>Telecommunications</i>	12	9	3	11	1	South African	Male
5	AngloGold	<i>Mining</i>	12	7	5	8	4	South African	Male
6	Bidvest	<i>Services, trading & distribution</i>	7	6	1	5	2	South African	Male
7	Naspers	<i>Multimedia</i>	14	11	3	12	2	South African	Male
8	Sappi	<i>Forestry & Paper</i>	9	3	6	9	0	British	Male
9	Imperial	<i>Trasport & logistics</i>	8	8	0	7	1	South African	Male
10	Datatec	<i>Information Technology</i>	9	3	6	8	1	British	Male
11	Barloworld	<i>Wholesale & retail</i>	16	14	2	12	4	South African	Male
12	Supergroup	<i>Trasport & logistics</i>	8	7	1	7	1	South African	Male
13	Aveng	<i>Construction</i>	13	11	2	9	4	South African	Male
14	Impala Platinum	<i>Mining</i>	13	10	3	8	5	South African	Male
15	Shoprite	<i>Retail</i>	10	10	0	10	0	South African	Male
16	Tiger Brands	<i>Food & beverage</i>	13	12	1	10	3	South African	Male
17	Life Healthcare	<i>Medical</i>	11	11	0	8	3	South African	Male
18	Altron	<i>Electronical conglomerate</i>	13	12	1	11	2	South African	Male
19	Harmony Gold	<i>Mining</i>	15	14	1	12	3	South African	Male
20	Pick n Pay	<i>Retail</i>	12	11	1	9	3	British	Male
	Total		225	182	43	180	45		
	Share			81%	19%	80%	20%		

Source: NWU-CCSI research on leading South African multinationals, 2015.

MAIN INDUSTRIES

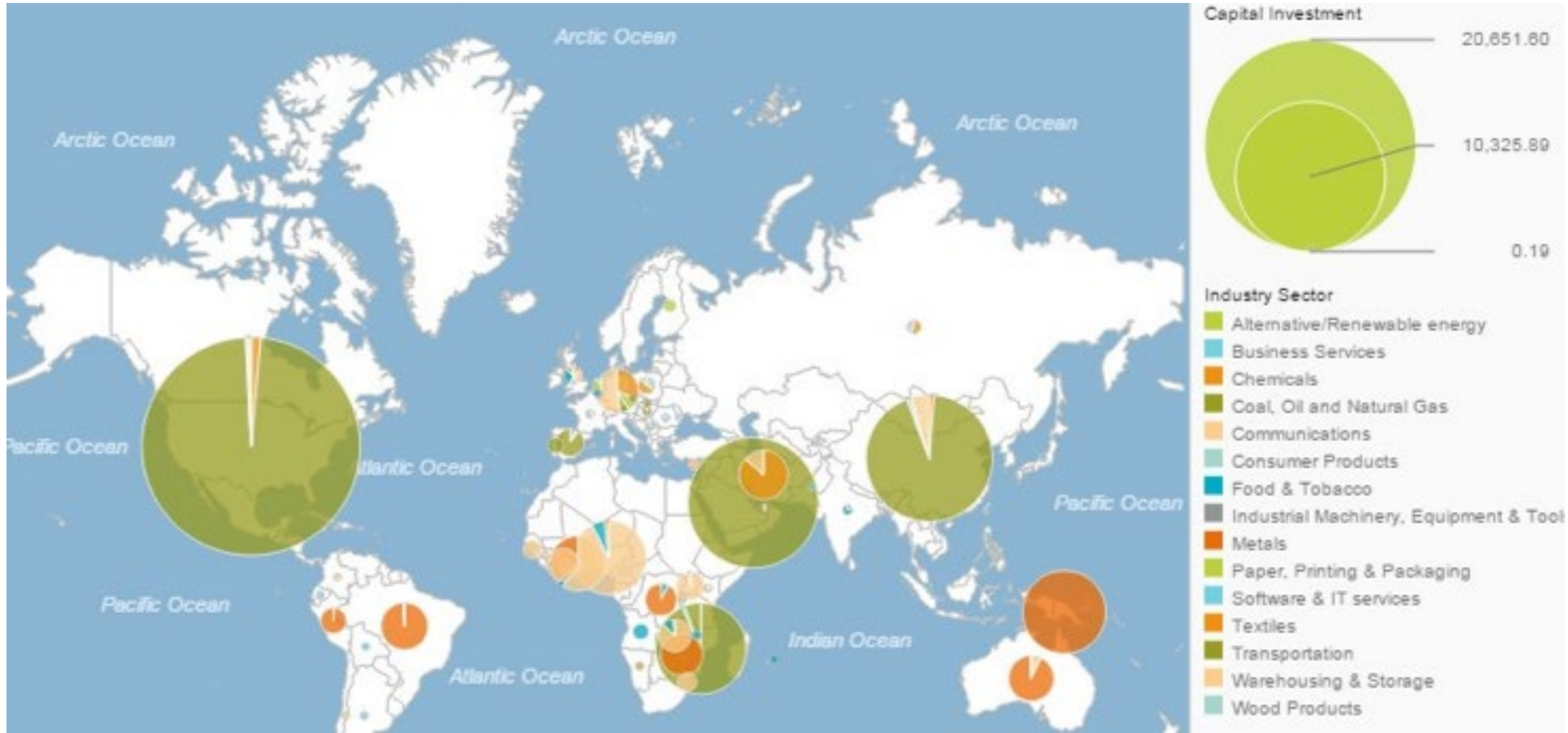
The principle industries of the top 20 firms generally reflect South Africa's profile as being a naturally resource rich country. South Africa has a large quantity of natural resources such as gold, platinum, iron, uranium and petroleum amongst others, and therefore firms with interest and expertise in these areas. Twenty-three percent of foreign assets of the top 20 MNEs were in the mining industry (Goldfields, AngloGold, Impala Platinum and Harmony Gold), notably in gold mining (three of the four firms, with the other engaged in platinum mining). Besides natural resources, other industries that reflect South Africa's status as an emerging market were also represented within the top 20 ranked MNEs. Behind mining, the second largest industry in terms of foreign assets was Retail (Steinhoff, Barloworld, Shoprite and Pick n' Play) with 20% of the foreign asset-share of the 20 MNEs. Sasol, the sole representative of the Energy and Chemicals industry, made up 18% of the total foreign assets of the top 20 MNEs. Aside from the Mining and Retail industries, the only other industry with multiple firms represented in the top 20 was the Transport and Logistics industry with Imperial and Supergroup combining for 5% of total foreign assets. The flourishing Transport and Logistics industry can be attributed to South Africa's status as being the 'Gateway to Africa'. All other industries (Services, Multimedia, Forestry and Paper, Information Technology, Construction, Food and Beverage as well as Medical) were represented solely by one firm. (See Figure 2 on page 14 and Figure 3 on page 15).

TOP MERGERS AND ACQUISITIONS (M&AS)

Only Goldfields, Naspers (three transactions), Bidvest, Life Healthcare and Sasol are found on the list of the top 20 M&As that occurred during the 2013-2015 period. Most of the top 20 MNEs' foreign investments were well established prior to the period. The top 20 ranked MNEs are therefore not well represented in the top 20 largest M&A transactions during the period from 2013-2015, which were more reflective of the next wave of smaller companies expanding internationally. The largest M&A transaction in the relevant period was executed by Aspen Pharmacare with its 100% take-over of France's GlaxoSmithKline Plc's Arixtra & Fraxiparine Drug Brands. South African MNEs do not generally report on their strategies or reasons behind large M&As, with the exception of, in this case, Steinhoff. Through continuous investments in its EU store expansions, Steinhoff listed 'Footprint Expansion' and 'Continuous Investment in Stores' as its platform for vertical integration into retail in the EU. We expect more M&A transactions from Steinhoff in subsequent reports. (See Table 6 on page 16).

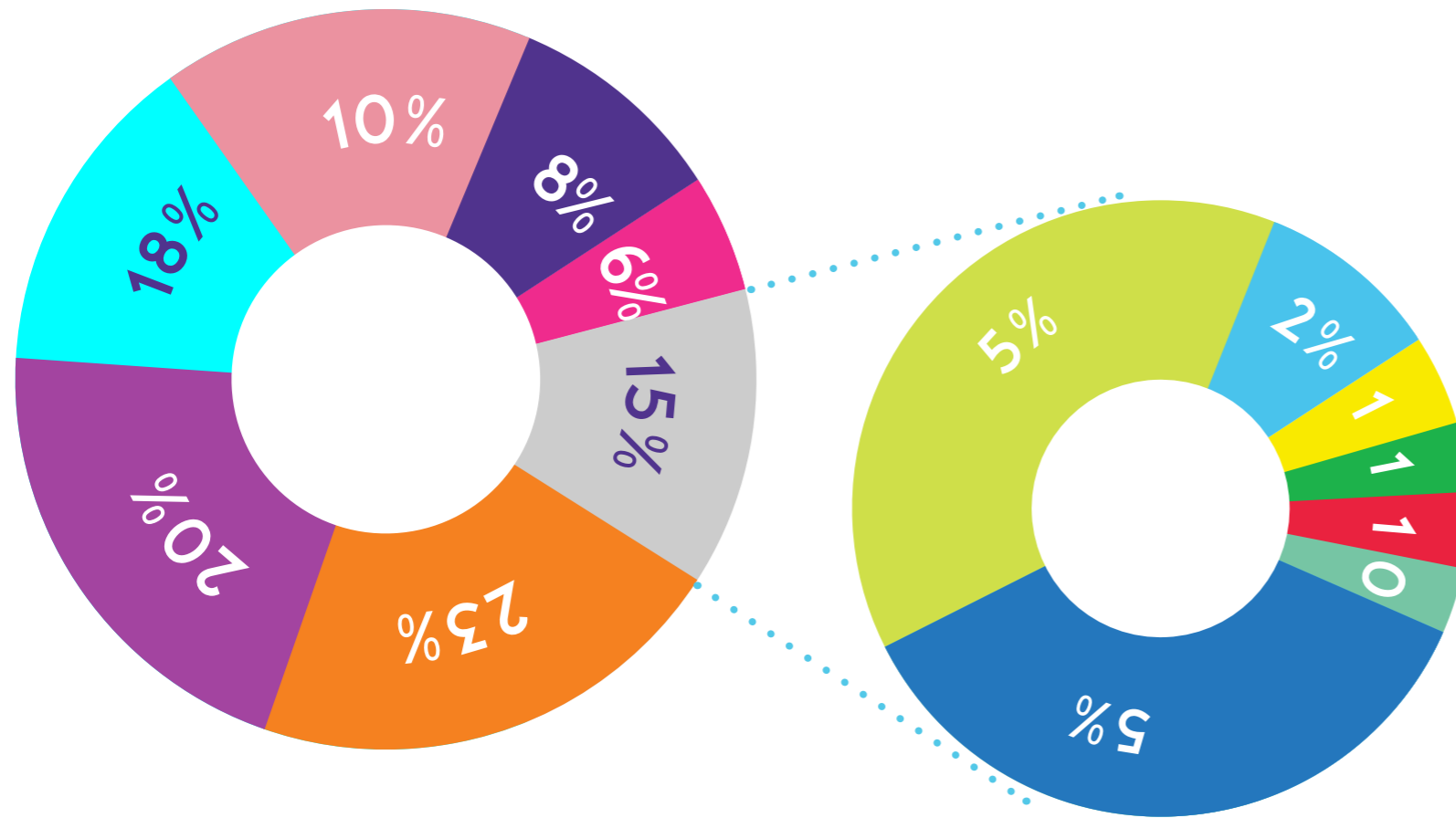


FIGURE 2. South Africa: Geographic distribution of the foreign assets of the top 20 multinationals, by main industry, 2015 (US\$ million)
















Source: NWU-CCSI research on leading South African multinationals, 2015.

FIGURE 3. South Africa: Breakdown of the foreign assets of the top 20 multinationals, by main industry, 2015 (US\$ million)



-  Mining
-  Retail
-  Energy & Chemicals
-  Telecommunications
-  Services, Trading & Distribution
-  Multimedia
-  Transport & Logistics
-  Forestry & Paper
-  Information Technology
-  Construction
-  Food & Beverage
-  Medical
-  Electronical Conglomerate

INDUSTRY	COMPANIES	FOREIGN ASSETS
	Goldfields, AngloGold, Impala Platinum & Harmony Gold	11,211
	Steinhoff, Barloworld, Shoprite & Pick 'n Pay	10,067
	Sasol	9,076
	MTN	5,220
	Bidvest	4,117
	Naspers	2,794
	Imperial & Supergroup	2,351
	Sappi	2,345
	Datatec	1,185
	Aveng	652
	Tiger Brands	352
	Life Healthcare	266
	Altron	234

Source: NWU-CCSI research on leading South African multinationals, 2015.

TABLE 6. South Africa: The top 20 outward M&A transactions, 2013-2015 (US\$ million)

	ACQUIRER'S NAME	TARGET FIRM'S NAME	TARGET COUNTRY	TARGET INDUSTRY	% OF SHARES ACQUIRED	VALUE OF TRANSACTION
1	Aspen Pharmacare	GlaxoSmithKline Plc's Arixtra & Fraxiparine Drug Brands	France	Chemicals, rubber, plastics, non-metallic products	100	1,153
2	Alaris	Antenna Research Associates	USA	Machinery, equipment, furniture, recycling	100	1,013
3	Mediclinic International	Remgro Jersey	UK	Services	100	645
4	Nedbank	Ecobank Transnational	Togo	Banks	20	493
5	Foschini	Phase Eight (Fashion & Designs)	UK	Wholesale & retail trade	100	361
6	Public Investment Corporation	Dangote Cement	Nigeria	Chemicals, rubber, plastics, non-metallic products	1.5	287
7	Goldfields	Barrick Gold Corporation (certain Western Australian mines)	Australia	Metals & metal products	100	270
8	Public Investment Corporation	Ecobank Transnational	Togo	Banks	19.578	250
9	Distell	Burn Stewart Distillers	UK	Food & beverages	100	246
10	Naspers	Flipkart Internet	India	Services	Unknown	210
11	Bidvest	PCL 24/7	UK, Italy	Transport	100	162
12	Public Investment Corporation	Bayport Management	Mauritius	Services	20.81	149
13	Life Healthcare	Max Healthcare Institute	India	Education, Health	Unknown	131
14	Naspers	Dante International SA	Romania	Wholesale & retail trade	70	130
15	Investors	Astoria Investments	Mauritius	Other services	29.479	126
16	Resilient Property Income Fund	Rockcastle Global Real Estate Company	Mauritius	Other services	25.714	117
17	Naspers	Ambatana Inc.	USA	Publishing, printing	Unknown	100
18	Sanlam Emerging Markets	MCIS Insurance	Malaysia	Insurance companies	40	94
19	Rainbow Chicken	Capitau Investment Management	Various	Other services	84.3	92
20	Sasol	Wesco China	Hong Kong	Wholesale & retail trade	60	78
TOTAL						6,109

Source: Zypher Database 2015.

TOP GREENFIELD INVESTMENTS

As with the top 20 M&As, a small number of the top 20 South African MNEs made acquisitions that were included within the list of the top 20 outward greenfield investments made by all South African firms between 2013 and 2015. Of the 20 ranked firms, Imperial,

Sasol, Impala Platinum and MTN appear on this list. The top listed greenfield investment was made by Beacon Hill Resources in Mozambique (US\$ 1.4 billion). All but three (China (twice) and the UAE) of the top 20 outward greenfield investments were destined to African countries, once again emphasizing South African firms' presence in Africa.

TABLE 7. South Africa: *The top 20 outward Greenfield investments, 2013-2015 (US\$ million)*

#	PROJECT DATE	INVESTING COMPANY	PARENT COMPANY	DESTINATION	INDUSTRY	INVESTMENT	JOB CREATED
1	Feb-2013	Beacon Hill Resources	Beacon Hill Resources	Mozambique	Coal, Oil and Natural Gas	1641.2	146
2	Aug-2015	Terrace Africa	Terrace Africa	Mozambique	Real Estate	864.9	875
3	Apr-2014	Atterbury Property Developments	Atterbury Property Developments	Mozambique	Real Estate	864.9	875
4	Feb-2013	Delico Property Developments	Atterbury Property Developments	Ghana	Real Estate	864.9	875
5	Feb-2014	Hodna Cement Company	Pretoria Portland Cement (PPC)	Algeria	Building & Construction	350	638
6	Sept-2013	Lehnkering Euro Logistics	Imperial	China	Warehousing & Storage	314	353
7	Jan-2015	MENA International Petroleum	SacOil	Egypt	Coal, Oil and Natural Gas	275.5	214
8	Nov-15	Rompco (Pipeline Investments Company)	SASOL	Mozambique	Transportation	210	777
9	My-2013	Pretoria Portland Cement (PPC)	Pretoria Portland Cement (PPC)	DRC	Building & Construction	200	364
10	Apr-2015	Mediclinic Middle East	Mediclinic	UAE	Healthcare	190.58	800

TABLE 7. South Africa: The top 20 outward Greenfield investments, 2013-2015 (US\$ million) [Continued]

11	Nov-2013	Nampak	Nampak	Angola	Metals	178.9	342
12	Oct-2013	Mimosa	Impala Platinum	Zimbabwe	Metals	178.9	342
13	July-2013	Mondi Group	Mondi Group	China	Paper, Printing & Packaging	170	157
14	July-2013	AEL Mining Services	AECI	DRC	Chemicals	162.2	149
15	July-2013	AECI	AECI	Burkina Faso	Chemicals	162.2	149
16	Sep-2014	Pretoria Portland Cement (PPC)	Pretoria Portland Cement (PPC)	Rwanda	Building & Construction	159.8	342
17	Sep-2014	Pretoria Portland Cement (PPC)	Pretoria Portland Cement (PPC)	Ethiopia	Building & Construction	159.8	342
18	Aug-2015	MTN Zambia	MTN Group	Zambia	Communications	150	89
19	Ma-2014	MTN Guinea Bissau	MTN Group	Guinea Bissau	Communications	150	89
20	Jan-2014	Skywire	Skywire	Botswana	Communications	150	89

Source: FDI-Markets 2015

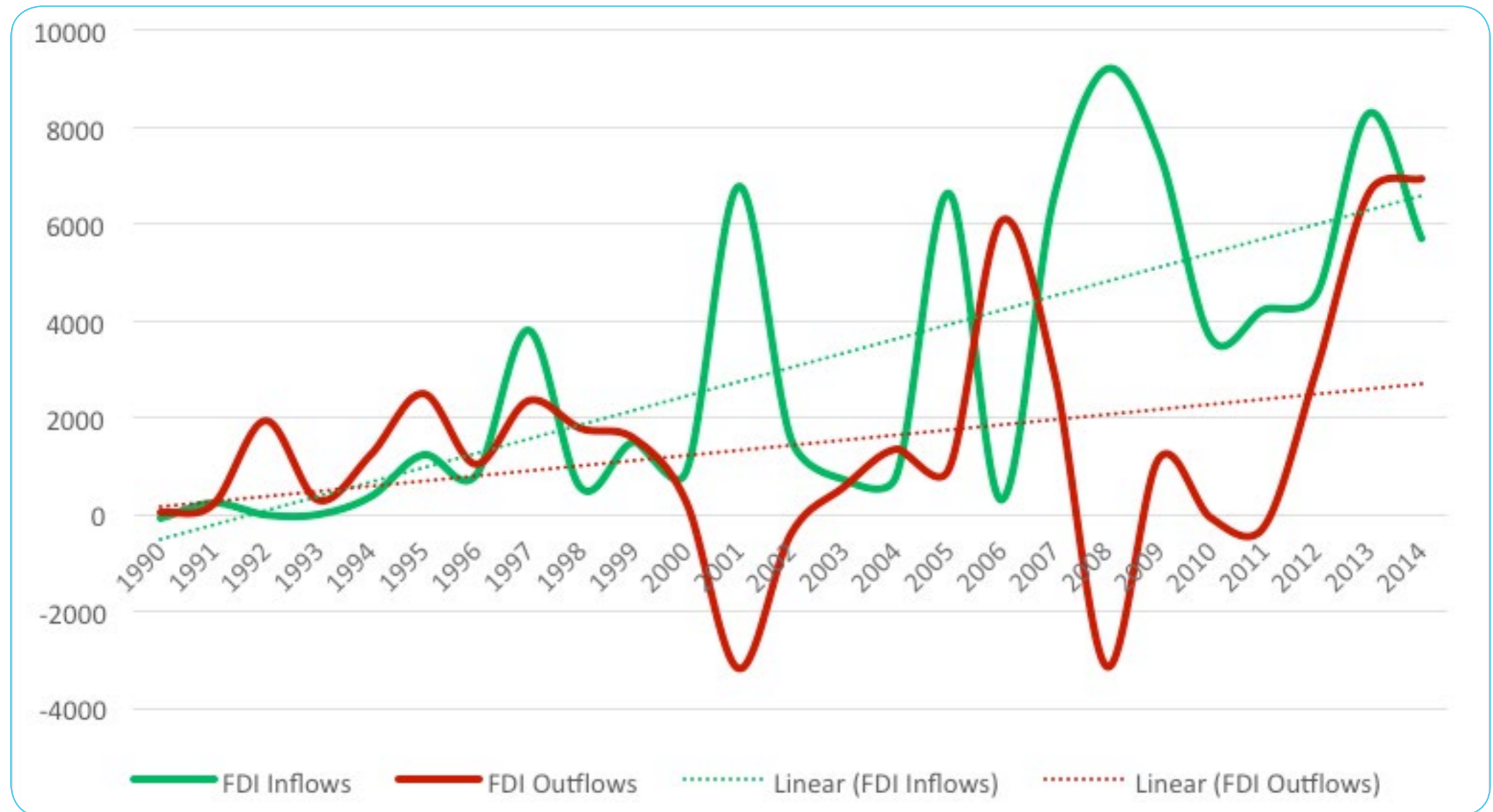


FDI FLOWS

South Africa has experienced a significant incline of inward and outward FDI flows since the year 2000. With the possibility of high returns due to high interest rates, South Africa remains an attractive investment destination. FDI inflows continue to be greater than out FDI outflows, however the gap has been narrowed in recent years.

Both trends continue to be positive, thus we expect FDI activity in the country to continually increase in the near future. It is, however, interesting to note that FDI inflows and FDI outflows have been at a complete opposite in some years (2001/2002 and 2008/2009) and have been more positively correlated in other years.

FIGURE 4. South Africa: Inward & outward FDI flows, 1990-2014 (US\$ million)

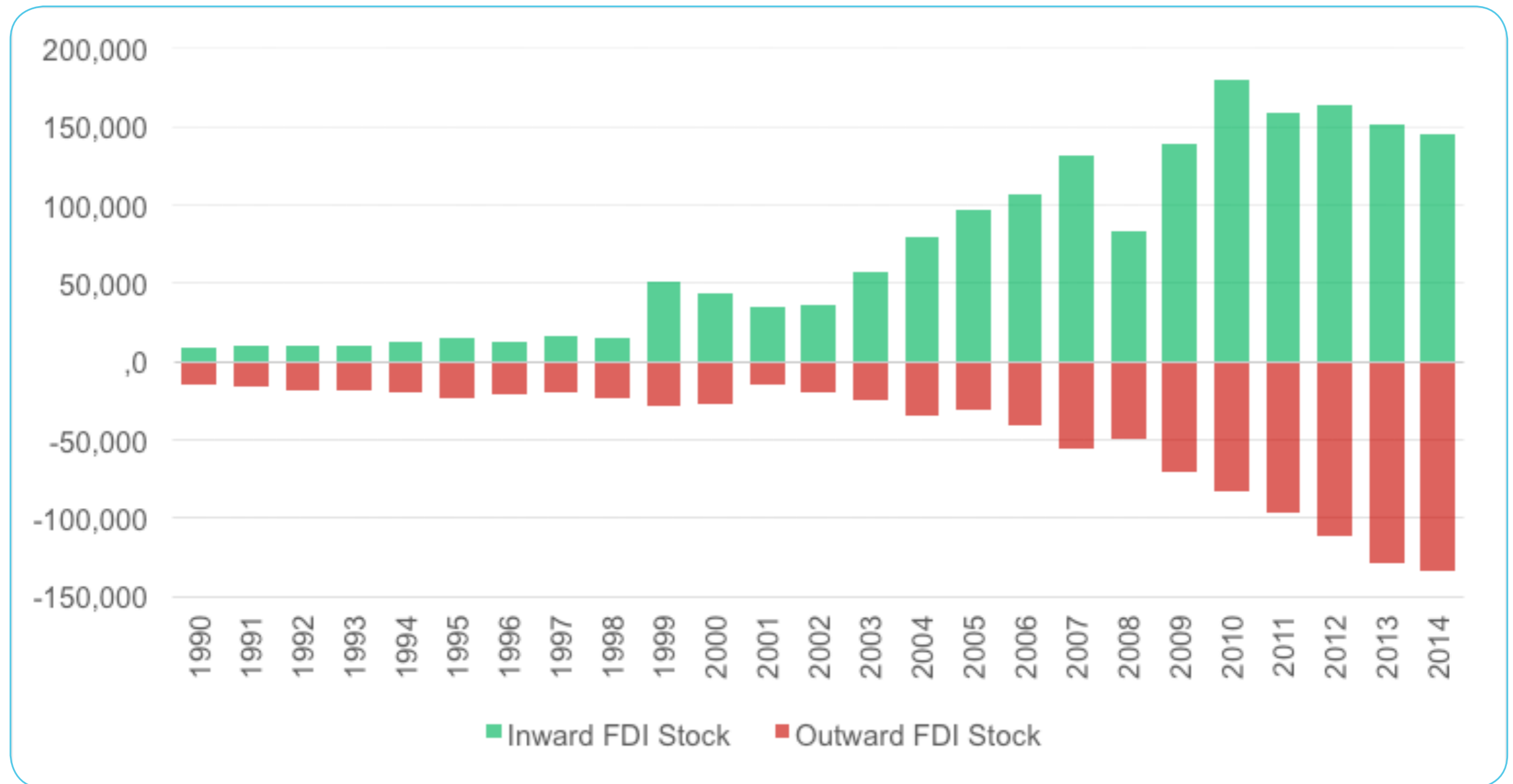


FDI STOCKS

Similar observations can be made with regard to inward and outward FDI stock. Significant increases have been experienced since 2002, with inward stock initially outweighing outward stock, although outward stock has since narrowed the gap. It is anticipated that

this tendency will continue - particularly with regard to the Retail (Steinhoff) and Multimedia (Naspers) sectors - given the reluctance of domestic firms to invest in South Africa due to the unstable current political and economic.

FIGURE 5. South Africa: Inward and outward FDI stock, 1990-2014 (US\$ million)



Source: UNCTAD, 2015.

BOX 2. MAJOR ACTIVITIES OF SOME OF THE TOP SOUTH AFRICAN MULTINATIONALS DURING 2015

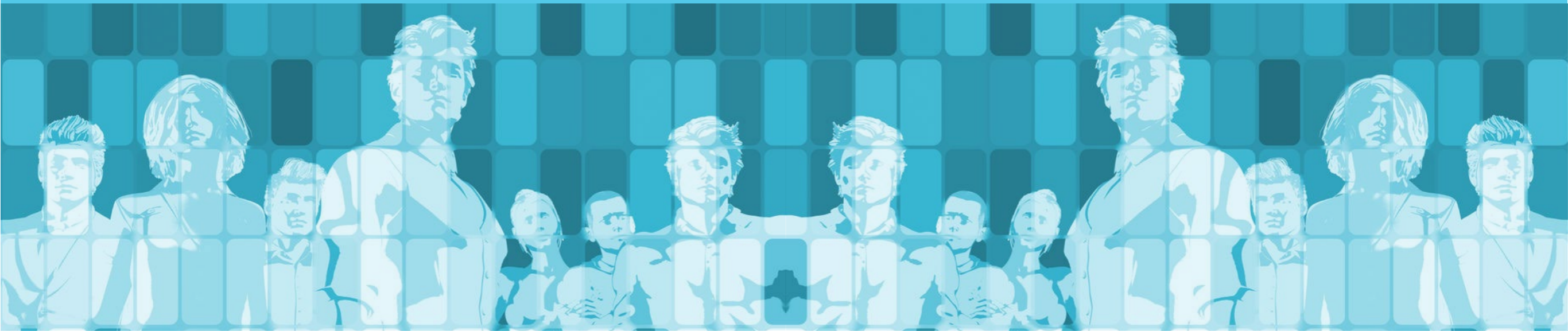
Sasol was South Africa's top multinational at the end of 2015 largely due to the volatility (and ultimate devaluation) of the South African Rand (ZAR), which coincided with Sasol's increase in US-based assets. During this year, in which the ZAR-USD exchange rate started at US\$ 1 = ZAR 11.56 and ended at US\$ 1 = ZAR 15.55, Sasol finished its "Lake Charles Chemical Project (LCCP)" in the United States. In constructing a world-scale petrochemical complex near an existing Sasol site in Louisiana, Sasol aims to produce 1.5 million tons of ethylene annually. The project is anticipated to create more than 500 full-time jobs, more than 5,000 construction jobs (at its peak) and thousands of indirect jobs in the US. The total capital commitment of the project was reported at US\$ 5.6 billion.

Steinhoff, which is continuing its global expansion, is primed to surpass Sasol as South Africa's top multinational in future reports. During 2015, Steinhoff acquired Pepkor Holdings for a massive US\$ 5.7 billion. In addition, the company increased its stake in KAP Holdings, and is now the majority shareholder with 43% of the shares. In a ranking that is beyond the scope of this report of the top 20 South African MNEs, KAP Holdings held the 37th position in terms of foreign assets. Steinhoff's expansion is set to continue

with additional acquisitions in Europe and North America lined up, notably the variety retail chain Poundland in the UK and mattress store chain Mattress Firm in the US.

Telecommunications-giant MTN would in all likelihood have found itself higher in the list of the top 20 had it not been for legal complications in Nigeria. After ignoring several instructions from the Nigerian Communications Commission to cut off unregistered sim cards, the company was handed a US\$ 5.2 billion fine. After MTN took the matter to court, the fine was reduced to US\$ 3.9 billion, however MTN still did not pay. In March 2016, MTN offered US\$ 1.5 billion as a settlement, which was rejected by Nigerian authorities. Ultimately MTN agreed to pay a 330 billion naira (US\$ 1.7 billion) fine to the Nigerian Government on June 10, 2016. MTN's share price weakened by as much as a third during the negotiation process but has rallied following the settlement. During the legal process, MTN engaged the services of former US Attorney General Eric Holder.

Naspers is leaving the South African e-commerce shores behind as various foreign ventures in the same industry are paying decent dividends.



CONCLUSION

Recent political and economic events in South Africa (three Finance Ministers in one week and the constant possibility of a credit downgrade to junk status by the rating agencies) have been unsupportive to many of South Africa's top MNEs. Although the South African Government has very little direct influence over MNEs (as direct influence is primarily established only through the affiliation of board members even when a government equity stake is present), the overall consensus from the firms' point of view is that having a positive relationship with the government is important to their business. This is not to say that South African MNEs are not wary of socio-political events in the country. Eighty-three percent of respondents reported concern that political uncertainty will hamper business activity in South Africa. Thus, not only are foreign investment outflows expected to increase, many firms might even contemplate setting up their corporate offices abroad.

"83% of respondents reported concern that political uncertainty will hamper business activity in South Africa. Thus, not only are foreign investment outflows expected to increase, many firms might even contemplate setting up their corporate offices abroad."

The electricity supply in the country caused further uncertainty. All ranked MNEs reported being increasingly concerned in recent years about the electricity supply situation in South Africa. Another contributing factor to overall business uncertainty in South Africa are concerns surrounding skilled labor. Eighty-five percent of respondents noted that they were becoming more concerned about finding skilled employees under the B-BBEE legislation in South Africa. One respondent noted that there exists an overall skill-crisis in the country.



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However, the benefits that FDI can produce for recipient countries are not automatic. The extent to which the positive effects are realized and the challenges and negative impacts avoided, depends on the policies and practices of governments and investors, and on the institutions available to find satisfactory outcomes for all stakeholders. Against this background, and guided by its five-pillar framework, CCSI works to provide the tools, research, and holistic support necessary to maximize the benefits of investment for sustainable development.

