



## Agriculture Equity Opportunities in Africa

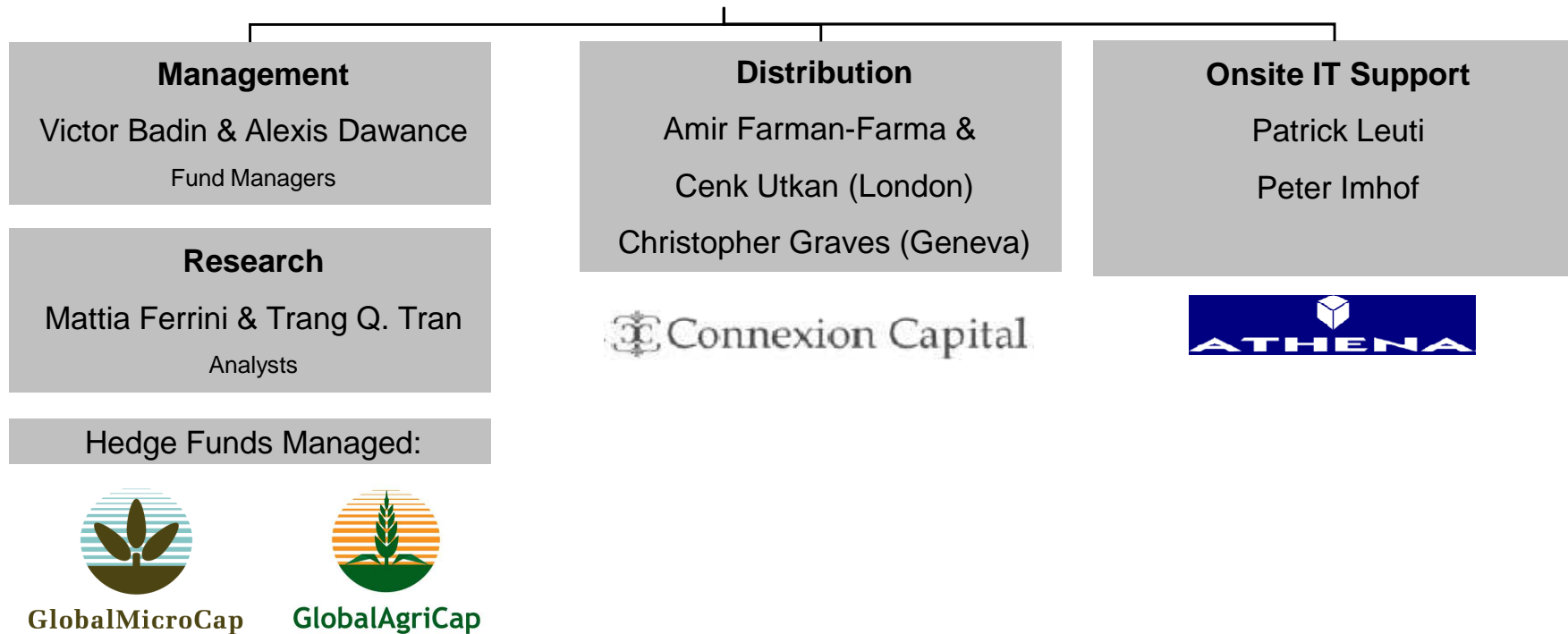
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## 1. Overview of Global-Cap AG



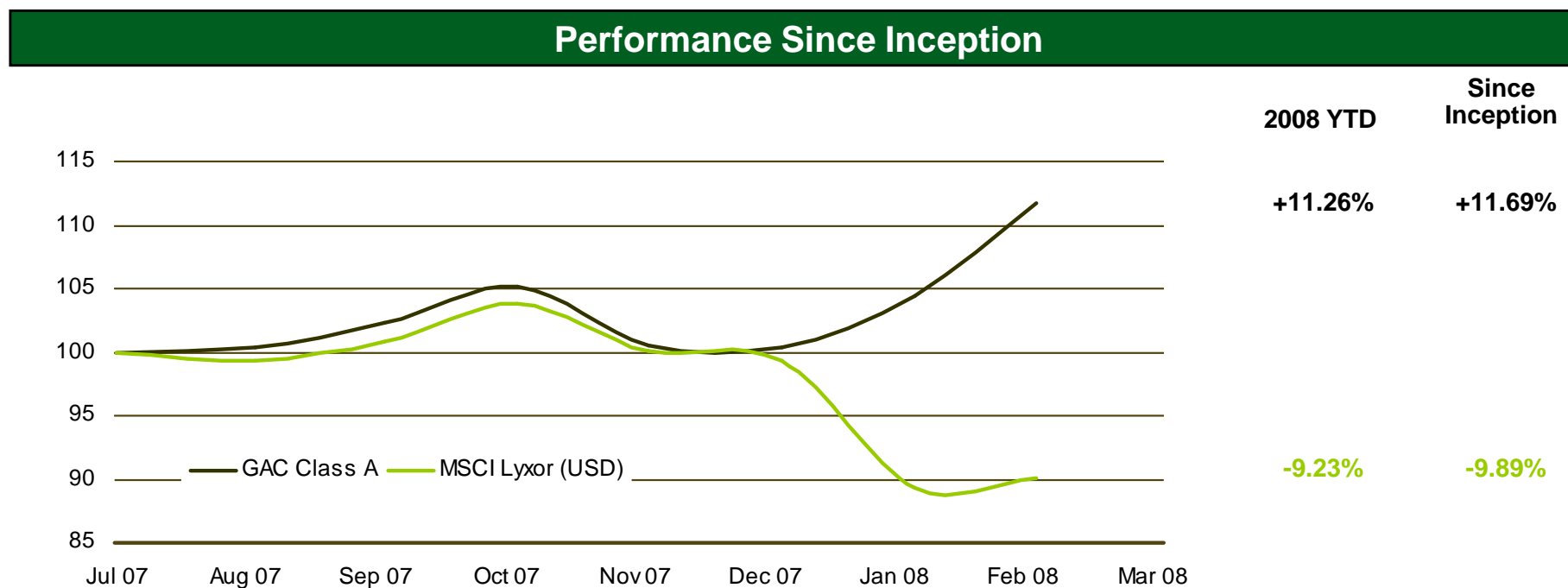
# Global-Cap AG

- ▶ Global-Cap is a Swiss limited liability firm founded in 2006 by Victor Badin and Alexis Dawance
- ▶ Our goal is to become a niche player in Asset Management by innovating with pioneering new strategic approaches for investment funds
- ▶ Global-Cap currently manages two long/short Equity Hedge Funds and is regulated by ARIF



# Global-Cap's Expertise in Agriculture Investments

- ▶ Global-Cap manages the GlobalAgriCap Fund which was launched in August 2007
- ▶ The fund is up 11.26% YTD 2008 and has 24 USDm assets under management
- ▶ **The GlobalAgriCap Fund was the first long/short equity hedge fund focusing on agriculture globally**



# The Team

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**Victor Badin – Fund Manager:** Mr. Badin is the co-manager of the GlobalAgriCap Fund and the GlobalMicroCap Fund. He has been employed in the investment banking industry since 2001 as a leveraged finance banker. He reached the position of senior associate covering European and Middle Eastern corporate clients of Credit Suisse. Mr. Badin acquired expertise in Media, Telecom and Leisure. He Co-founded Global-Cap SA in Zurich in April 2006. Mr. Badin graduated from the University of Kent at Canterbury in 1999 where he completed a LLB in English and French Law. In 2001 he completed a Masters in Trade, Transport and Finance at the City university in London.

**Alexis Dawance – Fund Manager:** Mr. Dawance is the co-manager of the GlobalAgriCap Fund and the GlobalMicroCap Fund. He started his career with Merrill Lynch in the private banking division in 1999. In 2000, he joined Lehman Brothers in London in Debt Capital Markets. He moved to the Zurich office in 2002 where he reached the Director position in Equity sales focusing on US & Global stocks and acquired expertise in Technology, Financials and Industrials. He Co-founded Global-Cap SA in Zurich in April 2006. Alexis obtained his BA from HEC Lausanne in Finance and Economics. He currently holds a Series 7 and SFA.

**Mattia Ferrini - Analyst:** Mr. Ferrini holds a Bsc in Industrial Engineering and will be awarded a Msc in Financial engineering from Politecnico di Milano as well as a Msc in Industrial Engineering with specialization in financial mathematics from the Royal Institute of Technology (KTH), Stockholm. Previously Mr. Ferrini worked as a quantitative analyst for Swedbank where he has developed mathematical models for FI securities pricing.

**Quynh Trang Tran – Assistant:** Mrs. Tran holds a Masters degree in Logistics and Transport Management from the university of Göteborg in Sweden. Mrs. Tran has worked at GBS, a Vietnamese translation company and DYM Logistics Vietnam, an international freight forwarder. Mrs. Tran is a Vietnamese national and is fluent in Vietnamese and English.

**Information Technology:** Two IT engineers are based in our offices and organize all IT issues (daily backups, network connections, VPN and emergency problems)

# Fund Managers On CNBC

- Appearances on TV
  - Cumulative air time of Almost 2 hours on CNBC since 2006 (**Watch past interviews on [www.cnbc.com](http://www.cnbc.com)**)
  - Every second Monday on the World Wide Exchange show at 11h10 CET
  - Occasional interviews on Bloomberg TV

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## Small Caps vs. Large Caps

13/06/2007 11:20 CEST

In the face of rising interest rates around the world, are small caps or large caps the best investment? CNBC's Michelle Caruso-Cabrera asks Victor Badin, Fund Manager at Global-Cap.

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## Alternative Energy

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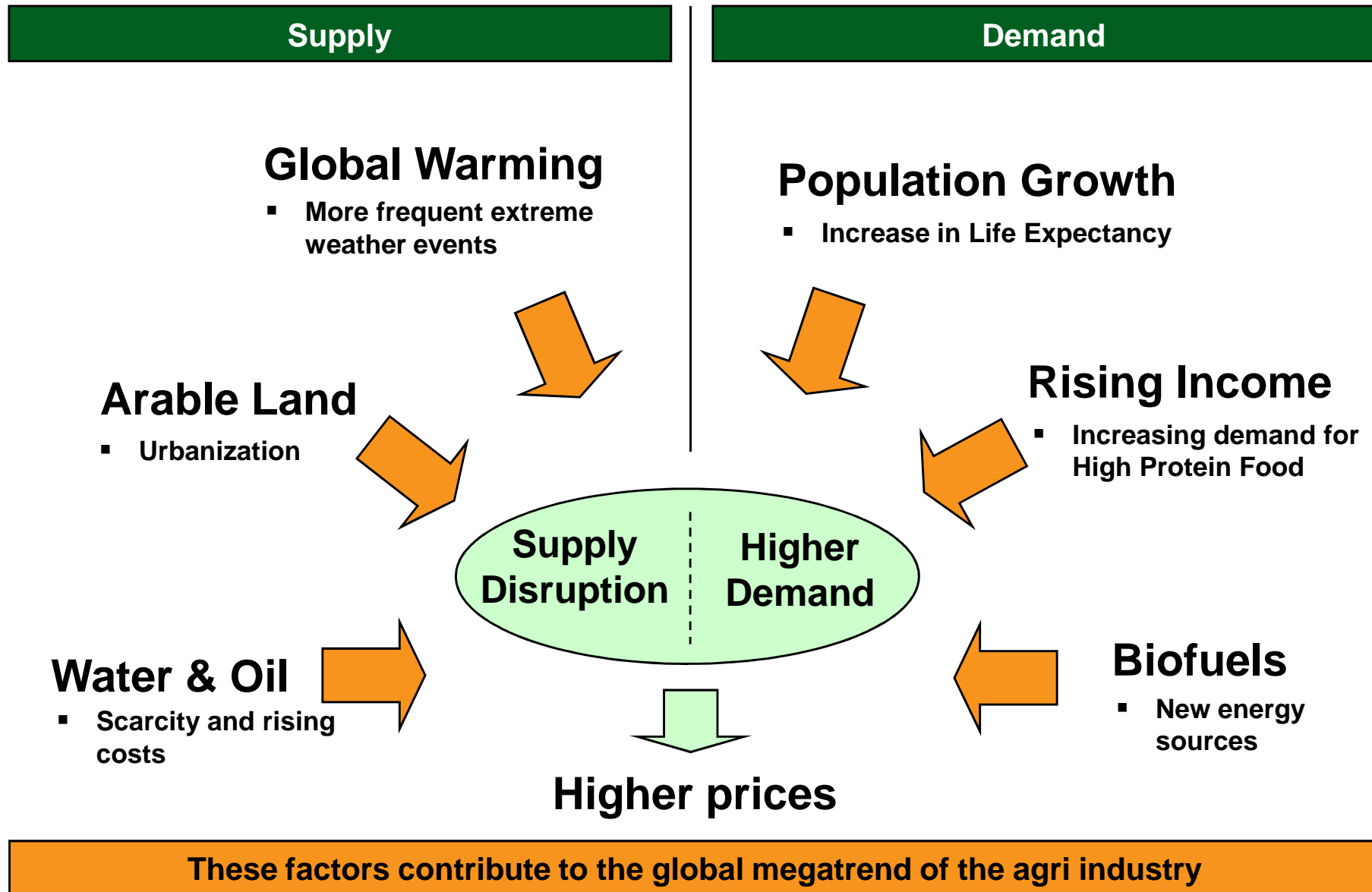
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## 2. Agriculture Mega Trend



# Agricultural Mega Trend





## 2. Agriculture In Africa



# Listed Agricultural Equity Universe in Africa

## Listed African Agriculture Companies

Country	Companies	Total Market Cap (USD m)
Saudi Arabia	9	14,181
Nigeria	8	8,768
South Africa	9	6,541
Egypt	12	5,072
Morocco	10	3,828
Non African Exchange	7	2,096
Kenya	5	2,029
Ivory Coast	6	1,816
Zambia	4	1,461
Tunisia	2	724
UAE	3	457
Ghana	5	437
Botswana	1	352
Zimbabwe <sup>(1)</sup>	6	223
Mauritius	4	142
Namibia	1	128
Senegal	1	119
Swaziland	1	119
<b>Total</b>	<b>94</b>	<b>48,495</b>

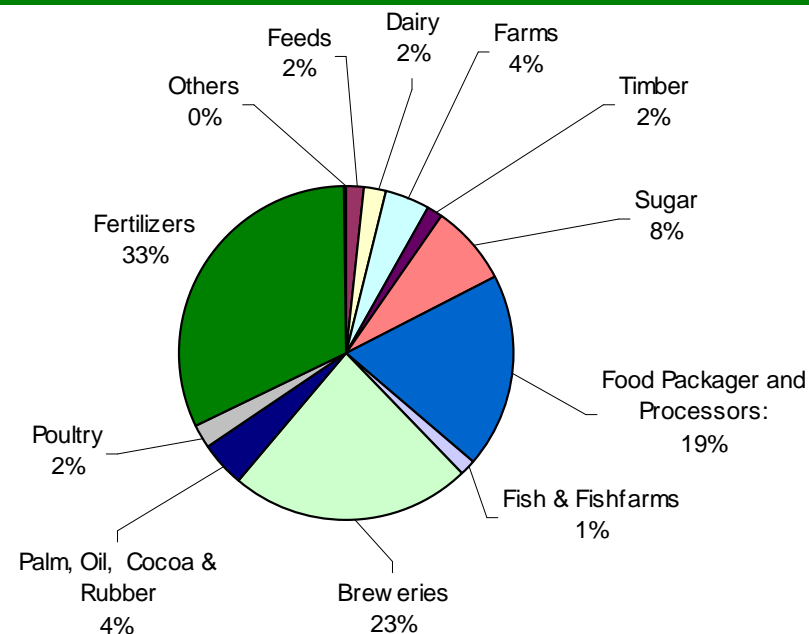
Note: (1) Zimbabwe FX rate of 1USD = 33m ZWD

## African Agriculture Universe Breakdown

Category	Companies	Mrkt Cap	Avg Mrkt Cap
Penny	3	17	6
Micro	54	5,276	98
Small	28	14,864	531
Mid	8	16,170	2,021
Large	1	12,168	12,168
Mega	0	-	-
<b>Total</b>	<b>94</b>	<b>48,495</b>	<b>516</b>

Source: Bloomberg, Global-Cap Research. As of March 28, 2008.

## African Agriculture Sector Breakdown

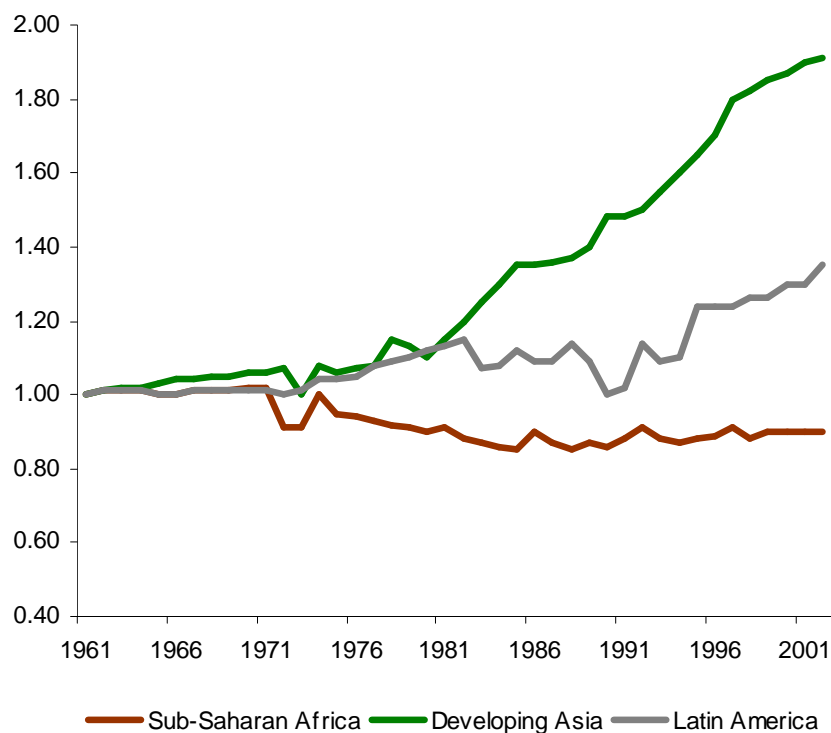


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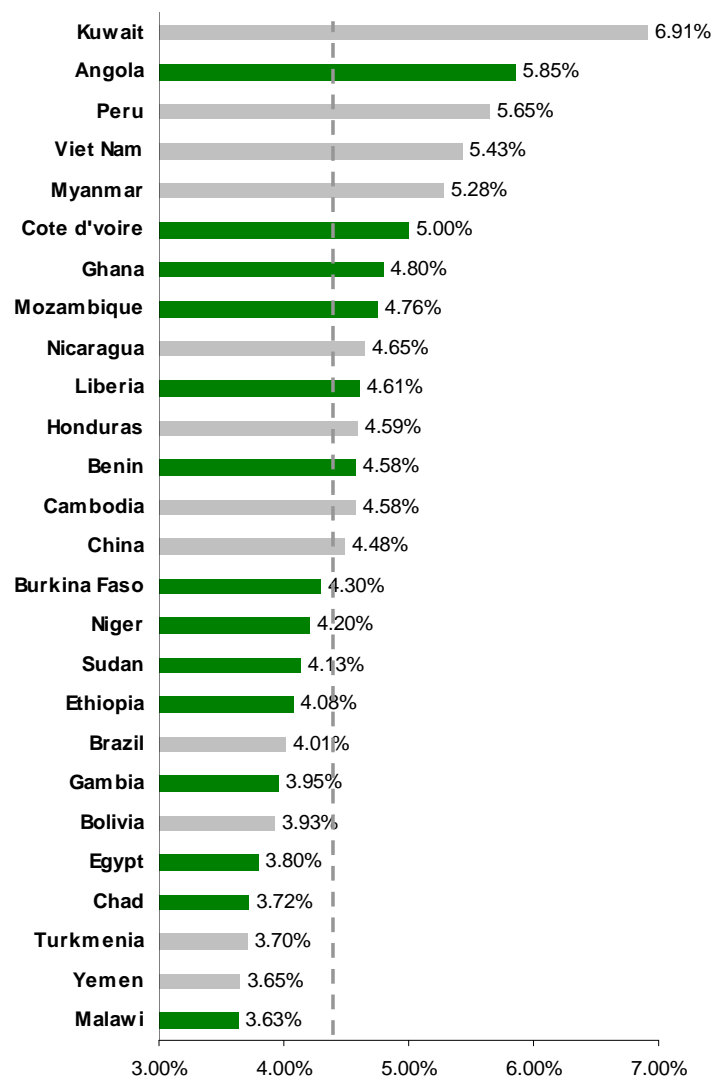
# Agricultural Sector Growth

- ▶ Africa's agriculture sector has been growing at a rate of 4.35% between 1990 and 2006, one of the fastest in the World
- ▶ This continues to be insufficient on a per capita basis, the sector needs a lot more investment

## Agricultural Production Per Capita 1961-2002



## World's Fastest Growing Agricultures



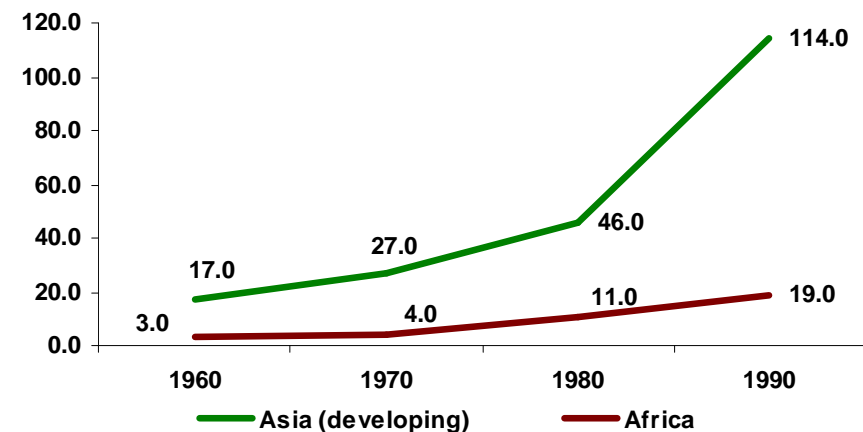
# Significant Infrastructure Investments Are Expected

- ▶ Africa is a commodity-rich continent with valuable forests and plenty of arable land and water
- ▶ Investors are warming up to invest in Africa with many new funds being launched but the risk premium perception is still very high, implying low valuations and high returns
- ▶ New negotiation on Agriculture at the WTO will benefit the poor countries and Africa in general
  - This will encourage exports to rich countries
- ▶ Increase in local food production & consumption as living standards increase making the availability of food broader

## Required Investment in African Agriculture 2002-2015

Activity	US\$ bn
Land and water investment	37.0
operations and maintenance	32.0
Rural infrastructure investment	89.0
operations and maintenance	37.0
Trade-related capacities	3.0
National food security	6.0
Regional food security	1.0
Research and technology	5.0
Humanitarian safety nets	42.0
<b>Total</b>	<b>251.0</b>

## Investment In Irrigation (USD bn)



# Investments Opportunities in Agriculture in Africa

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- ▶ The following sector can offer interesting opportunities in Africa:
  - Biofuels
  - Palm oil & Rubber
  - Wood
  - Fertilizers
  - Agricultural Operations
  - Breweries
  - Poultry
  - Farms
  - Fish & Fishfarms
  - Feeds
  - Sugar
  - Food



## 2. Investment Themes



# Natural Rubber Plantations

## Demand

- ▶ China represents 25% of natural rubber demand, most of which is imported
  - China's car industry produces 22'000 new cars every day
  - China's natural rubber imports are rising at a rate of 9% per annum

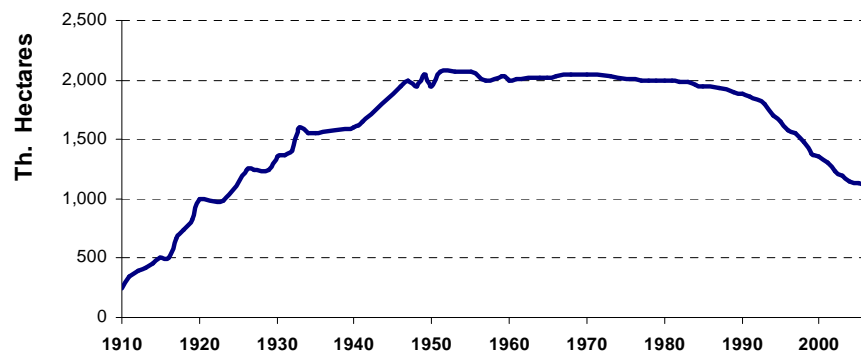
## Supply

- ▶ Lack of investment during the last decade due to the Cyclical downturn in the 1990's
- ▶ Preference by growers to plant palm oil which is currently more profitable and has a harvesting maturity of 3 years instead of 7 for the rubber trees

## Conclusion

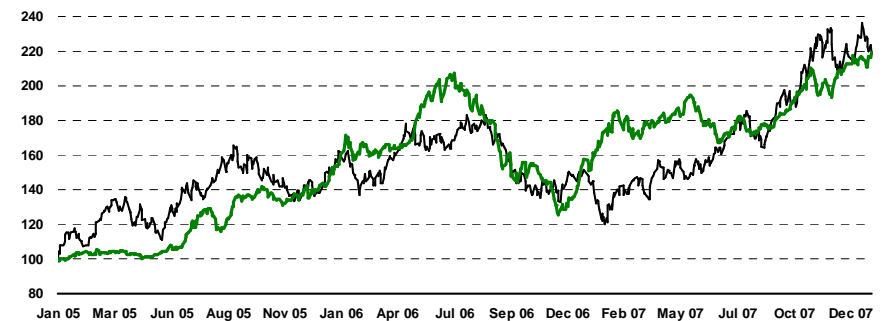
- ▶ Supply should not increase much before 2011. Africa is a good location to invest in new plantations

### Malaysian Hevea Crop Area



Source: International Rubber Study Group, August 2006

### Natural Rubber and Oil indexed to 100



# Timber: African Sustainable Timber Industry

## Supply

- ▶ Slowdown in deforestation in Malaysia and Brazil will reduce the tropical wood available on the international market

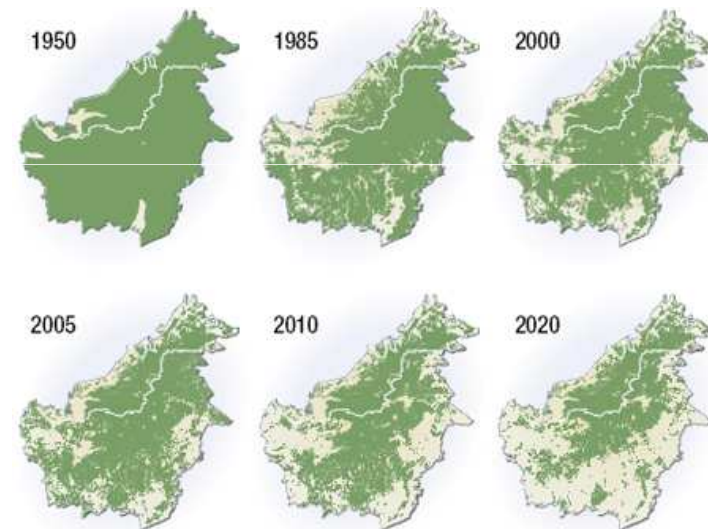
## Demand

- ▶ High Tropical Wood demand mainly driven by BRICs. Not impacted by US Housing slowdown

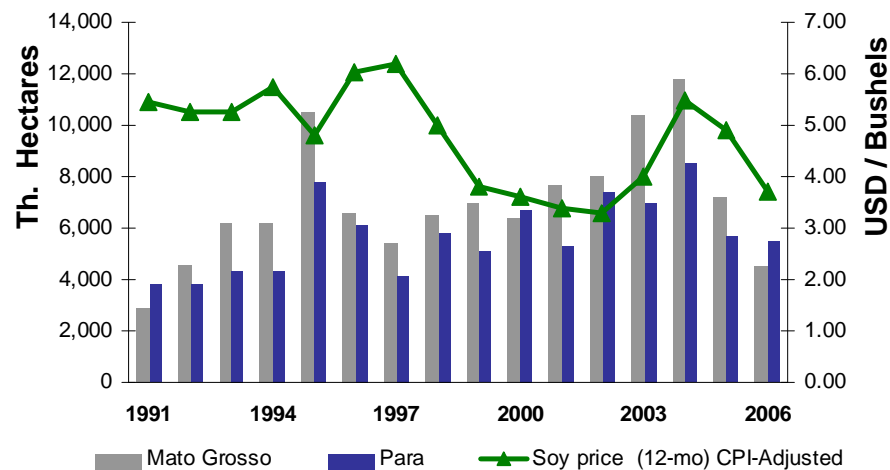
## Conclusion

- ▶ Sustainable forestry operations in Africa will benefit from this trend as exports from Brazil and Malaysia slow

## Forest Land in Borneo



## Influence of Soy Prices on Deforestation in the Brazilian Amazon





# Sugar

## Demand

- ▶ Sugar is increasingly seen as an alternative source of energy
  - 85% of November cars sold in Brazil were Flex Fuel Vehicles (FFVs) running on ethanol produced from sugar cane
  - India is starting to build ethanol plants to process its raw sugar into ethanol

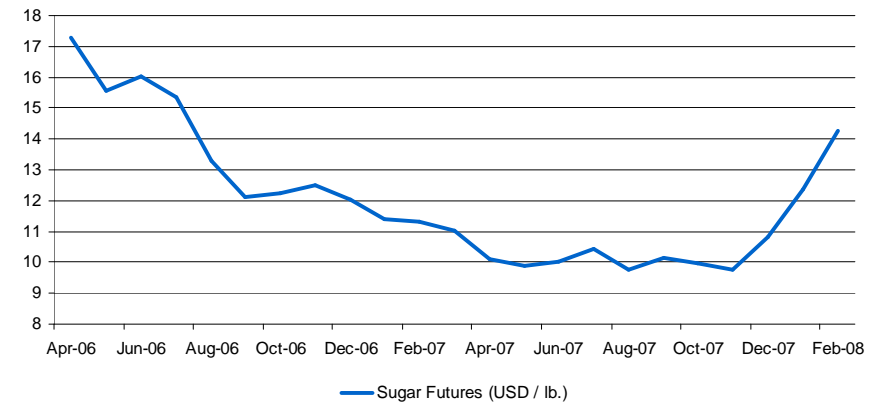
## Supply

- ▶ An increasing amount of sugar will be diverted to the ethanol market
- ▶ This reduces the amount of sugar available in the international market which will be bullish for sugar prices

## Conclusion

- ▶ Sugarcane growers in Africa will benefit from this trend

## Sugar Prices in USD





## Questions & Answers



# Global-Cap

