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## The Perspective of a Global Growth Markets Investor on Pakistan

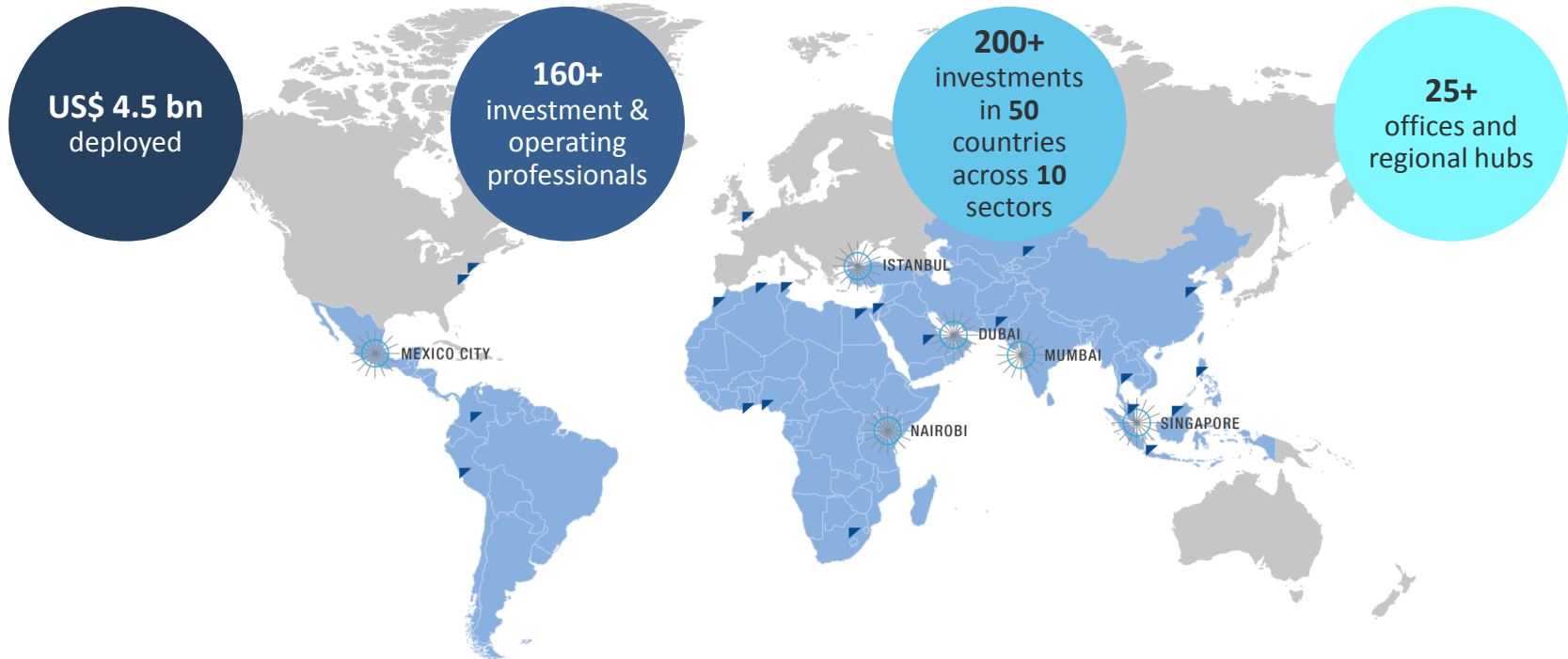
**THE  
ABRAAJ  
GROUP**

*Ahmad.Jalal@Abraaj.Com*



# Who we are

Latin America	Africa	Turkey & Central Asia	Middle East	South Asia	South East Asia
US\$138 mm deployed	US\$2 bn deployed	US\$517 mm deployed	US\$912 mm deployed	US\$841 mm deployed	US\$74 mm deployed
13 investments	59 investments	3 investments	15 investments	22 investments	17 investments
3 offices	8 offices	2 offices	3 offices	2 offices	7 offices
13 professionals	36 professionals	8 professionals	12 professionals	8 professionals	19 professionals

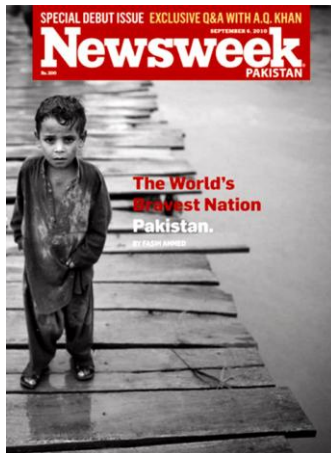
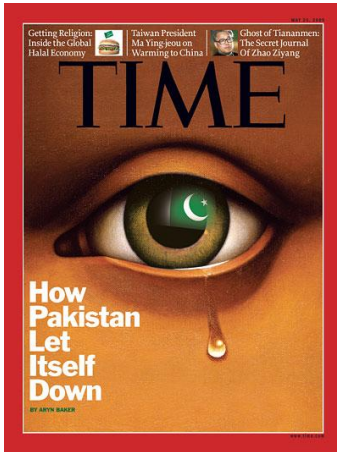


Note: Investment activity data only includes Core Fund investments, Co-Investments and Arranged Investments as of 30/06/2013. US\$7.5 billion AuM based on NAV of private equity funds, real estate funds and undrawn capital together with NAV of co-investments and other investments managed by the Group.

Regional professionals include on-the-ground investment and operating professionals as of 21/10/2013. Offices as of 21/10/2013.

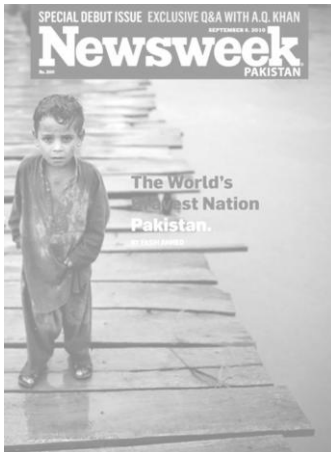
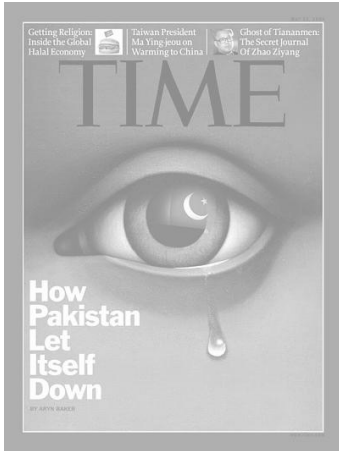
# A Tale of Two Pakistans...

*It is the worst of times....*

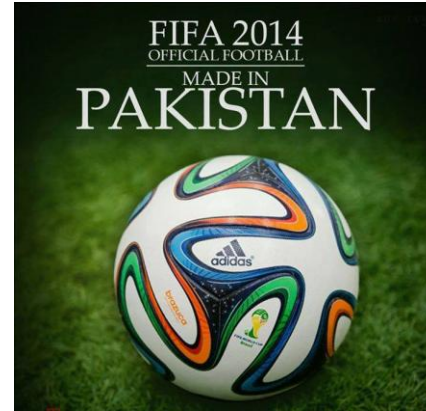


# A Tale of Two Pakistans...

*It is the worst of times....*

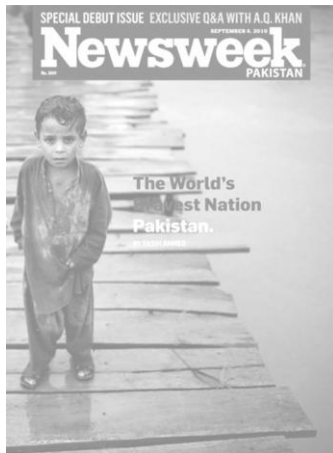
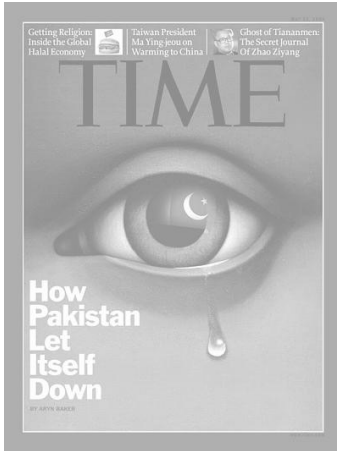


*....And it is the best of times*

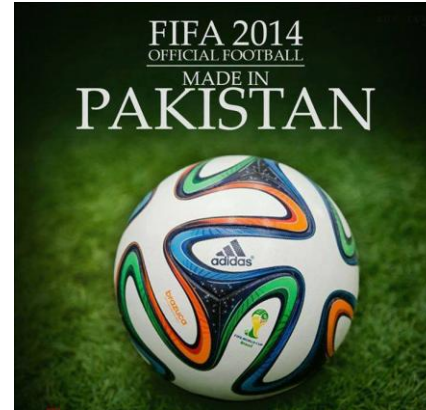


# A Tale of Two Pakistans...

*It is the worst of times....*



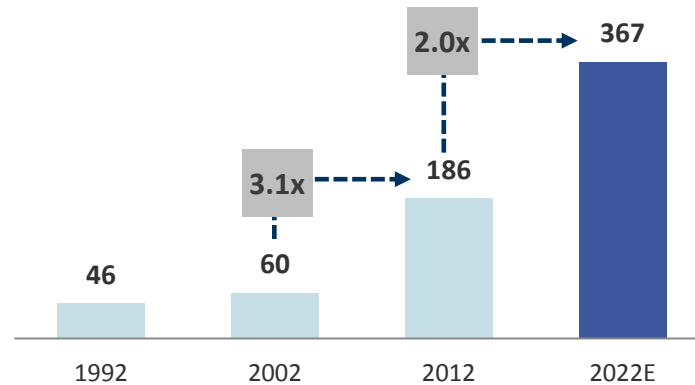
*....And it is the best of times*



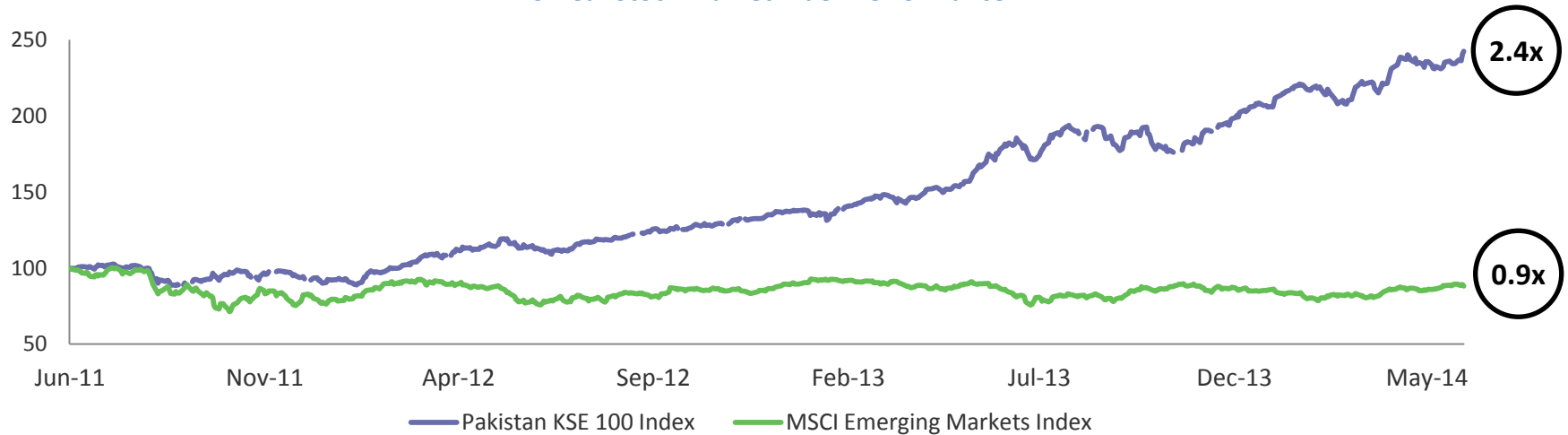
*“There is Never the **Right Time** to be in Pakistan... But it is Always the **Best Time** to be in Pakistan”*

# A Tale of the 'Other Pakistan' in Numbers: Beneath the headlines, solid fundamentals are driving the economy

Private Consumption (US\$ bn)

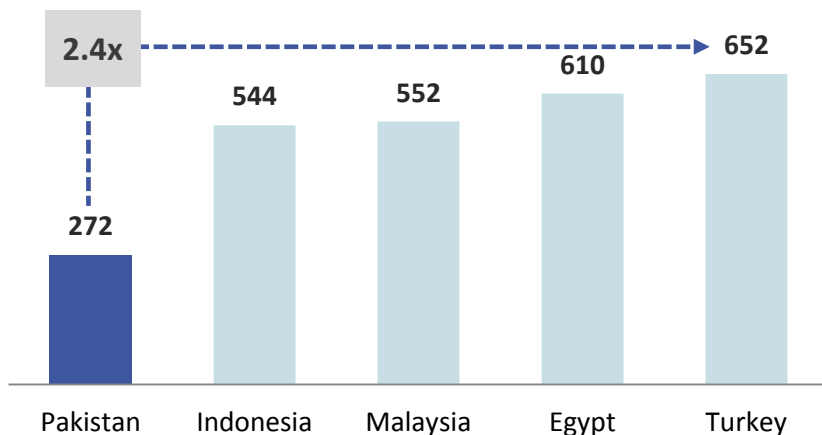


3-Year Stock Market Index Performance<sup>1</sup>

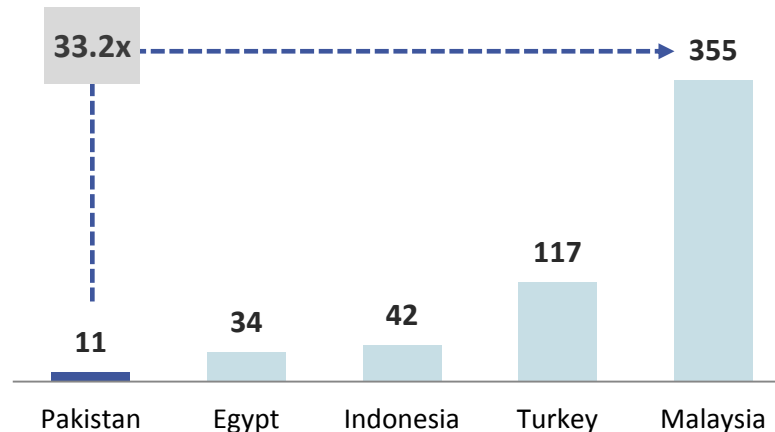


# A Tale of the 'Other Pakistan' in Numbers: ... Driven by significant pent-up demand

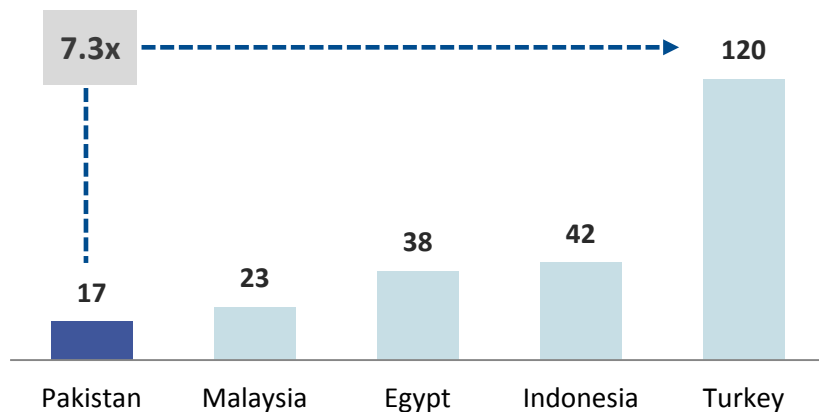
### Food Consumption Per Capita – US\$ 2012



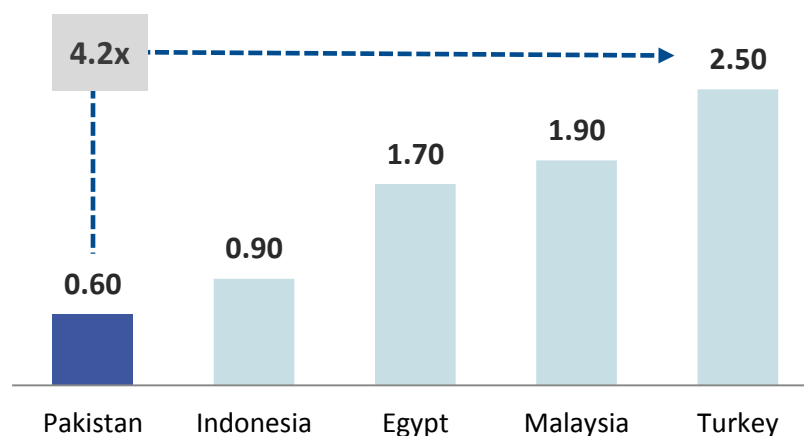
### Passenger Cars Per 1,000 People – 2012



### Soft Drink Sales, Liters Per Capita – 2012

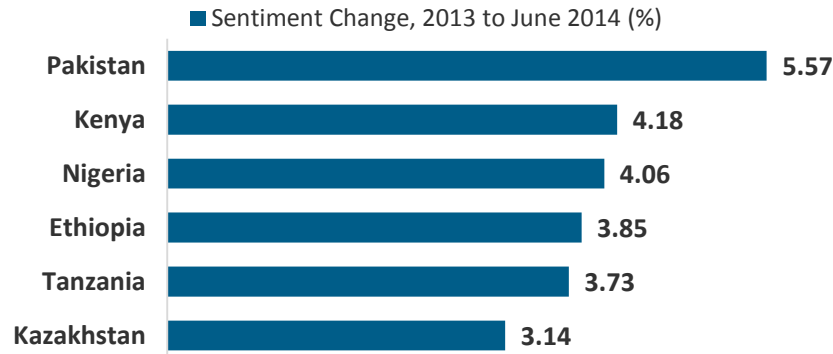


### Hospital Beds Per 1000



# A Tale of the 'Other Pakistan' in Numbers: Outperforming peer economies and attracting leading multinational brands

## Frontier Markets Sentiment Index: Top Gainers



Invested **US\$ 148 mm** over past two years and plans to invest **US\$ 300 mm** to double its dairy output



Investing **US\$ 379 mm** over the next three years to expand production and bottling operations

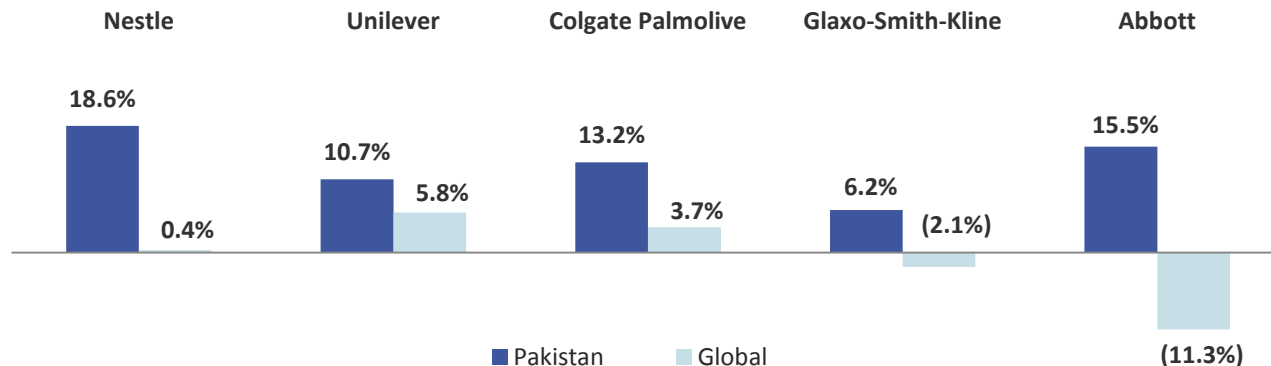


Invested **US\$ 514 mm** to buy-back the listed Unilever-Pakistan stock



Invested **US\$ 800 mm** and is planning to invest an additional **US\$ 400 mm** in energy and food sectors

## 2009-12 Revenue CAGR (Pakistan vs. Global)





# The fundamentals driving our investment thesis

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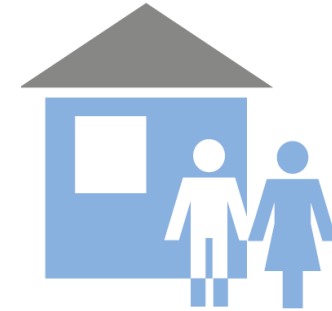
**Attractive Demographics**



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**Strategic Location**

**Catalyzed by  
Human Capital &  
Entrepreneurial  
Talent**



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**Growing Middle Class**

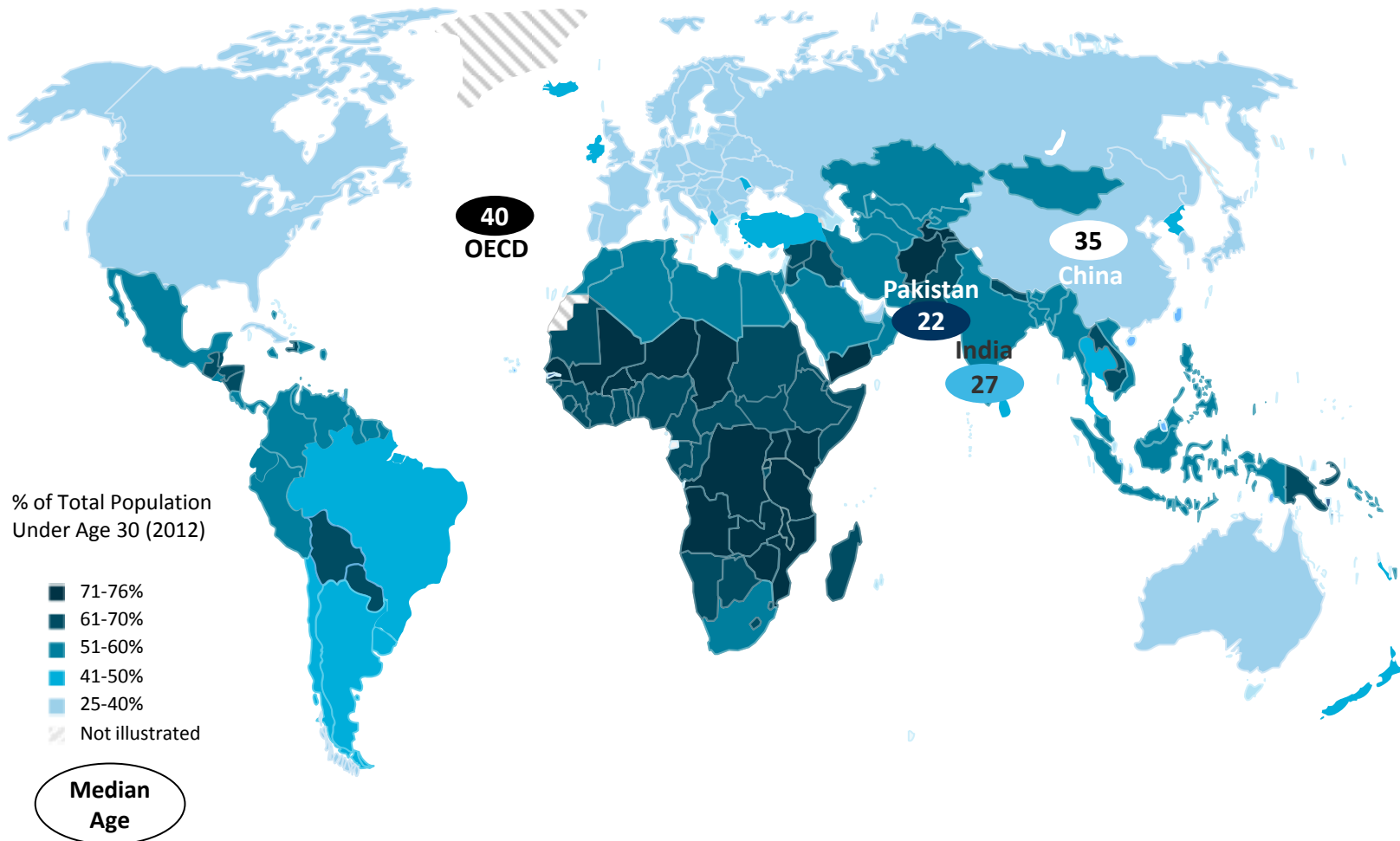


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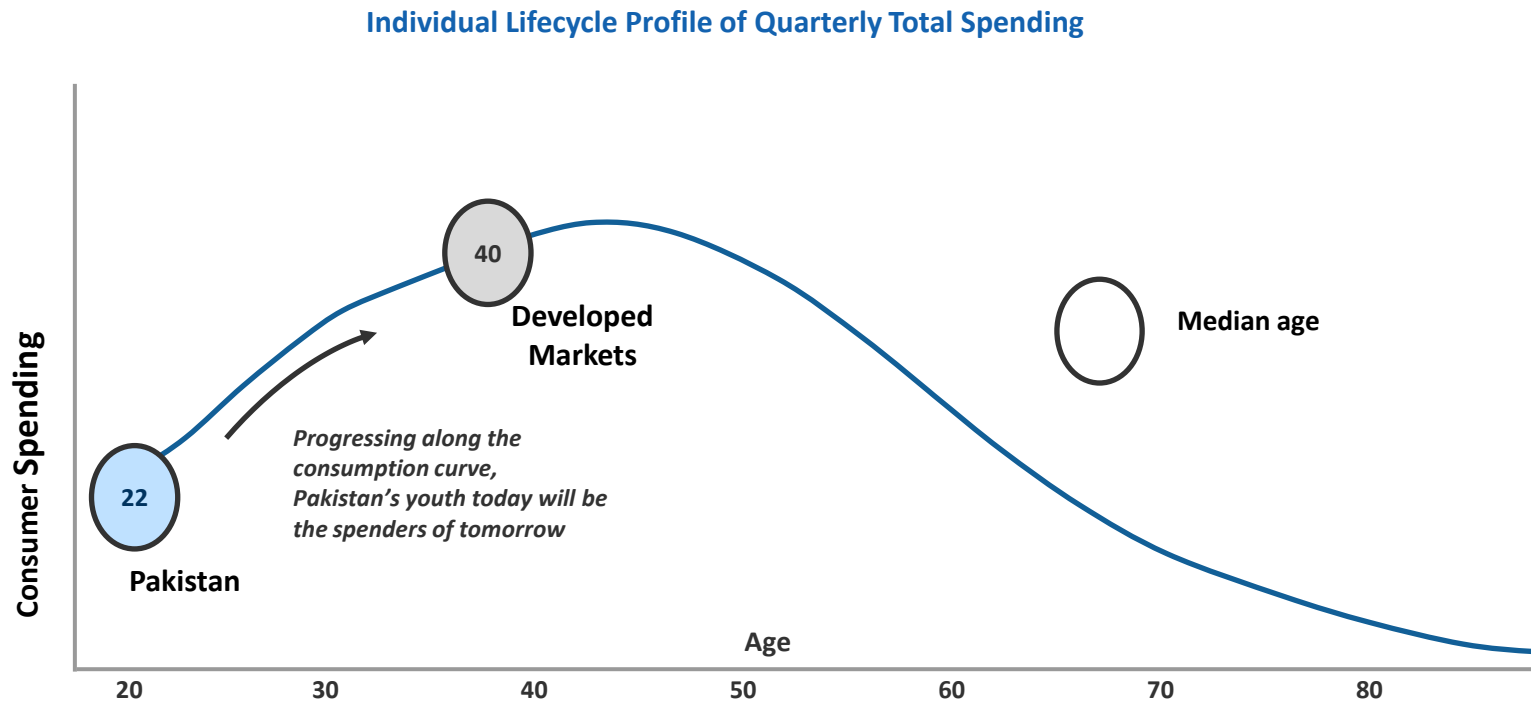
**Increasing Urbanization**

# Attractive Demographics: Pakistan's demographic dividend

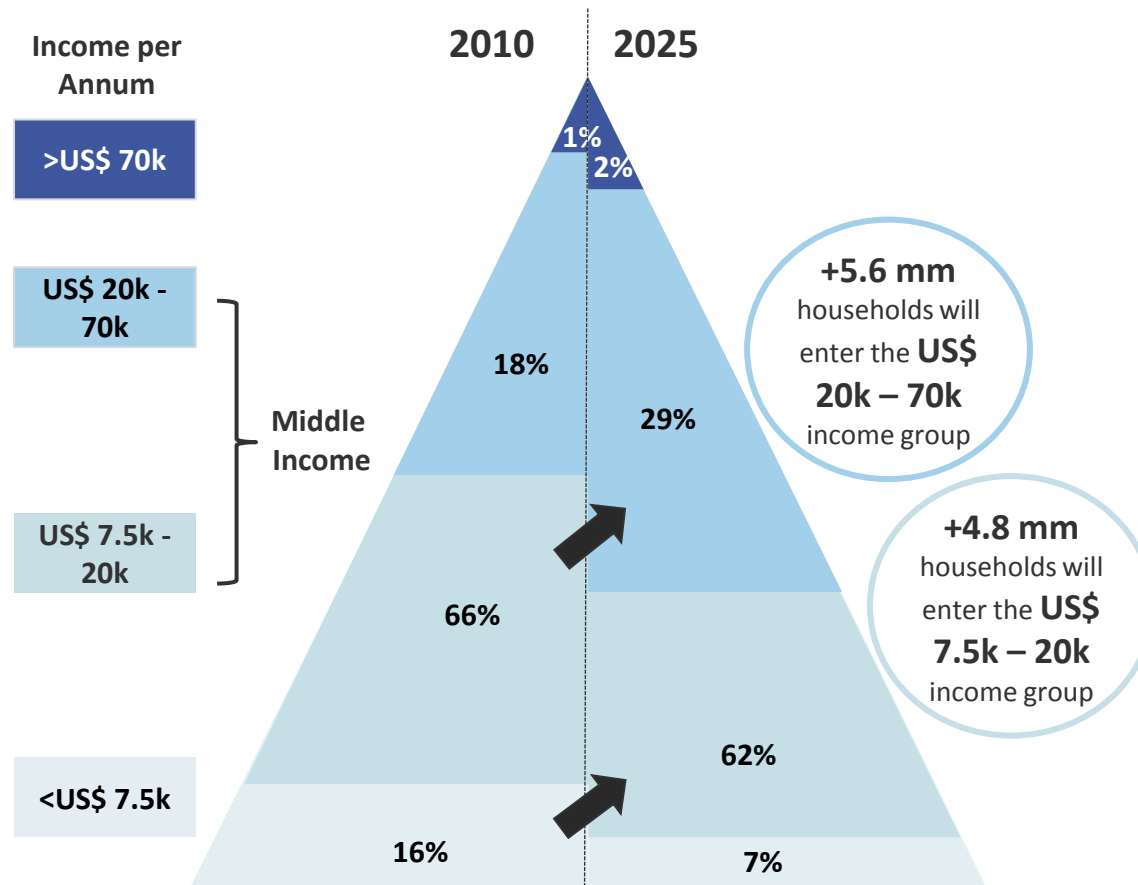
With greater than 60% of the population under the age of 30, Pakistan has one of the youngest populations in the world



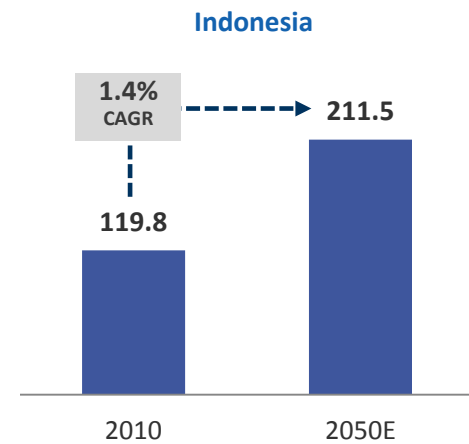
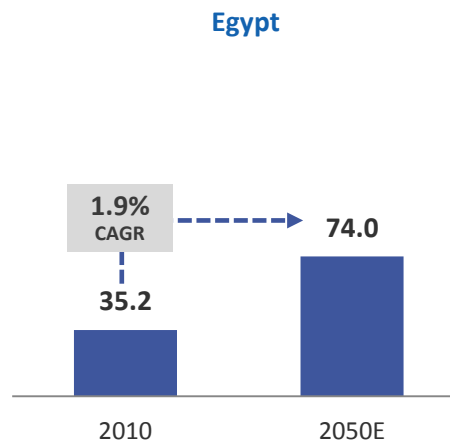
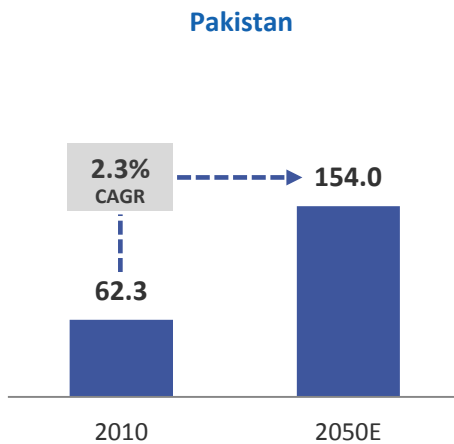
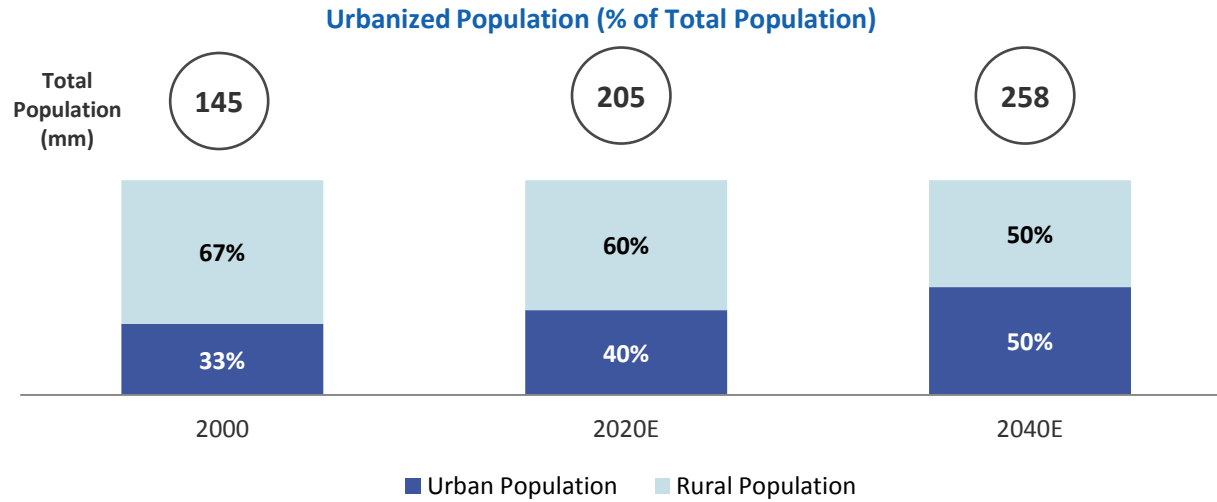
# Attractive demographics: Consumption expected to increase with maturing population



Pakistani Households by Income Group (%)



# Increasing urbanization



# Large urban centers

The GDP of these 7 cities is projected to grow, on average, by more than 2.4x national GDP growth rate between 2010-25E

## 1. Karachi

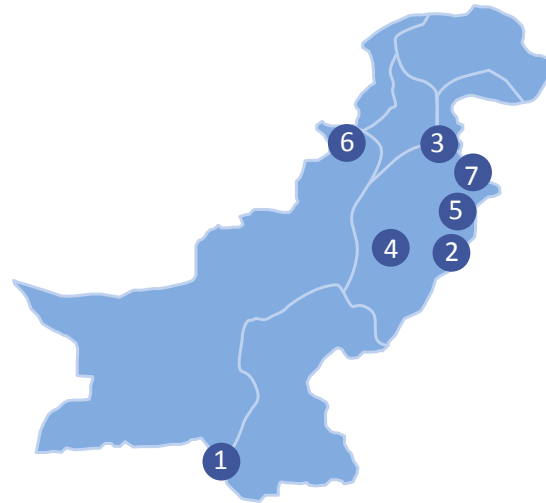


**13.5mm** people


**US\$ 27.9 bn** GDP

**2.6x** GDP growth  
(2010-25E)<sup>1</sup>

Financial Services,  
Logistics,  
General Manufacturing



## 2. Lahore



**7.4 mm** people

**US\$ 13.5 bn** GDP

**2.4x** GDP growth  
(2010-25E)<sup>1</sup>

ICT, Automotive,  
Construction Materials

## 3. Islamabad<sup>2</sup>




**3.0 mm** people

**US\$ 5.5 bn** GDP

**2.6x** GDP growth  
(2010-25E)<sup>1</sup>

Oil & Gas, Steel, Leather,  
General Manufacturing

## 4. Faisalabad



**2.9 mm** people

**US\$ 3.9 bn** GDP

**2.5x** GDP growth  
(2010-25E)<sup>1</sup>

Agri and food processing,  
Chemicals and Pharma,  
Textiles

## 5. Gujranwala



**1.7 mm** people

**US\$ 2.4 bn** GDP

**2.6x** GDP growth  
(2010-25E)<sup>1</sup>

Textiles, Electronic  
Equipment, Surgical  
Equipment

## 6. Peshawar



**1.5 mm** people

**US\$ 1.6 bn** GDP

**2.6x** GDP growth  
(2010-25E)<sup>1</sup>

Retail, Agriculture

## 7. Sialkot



**0.6 mm** people

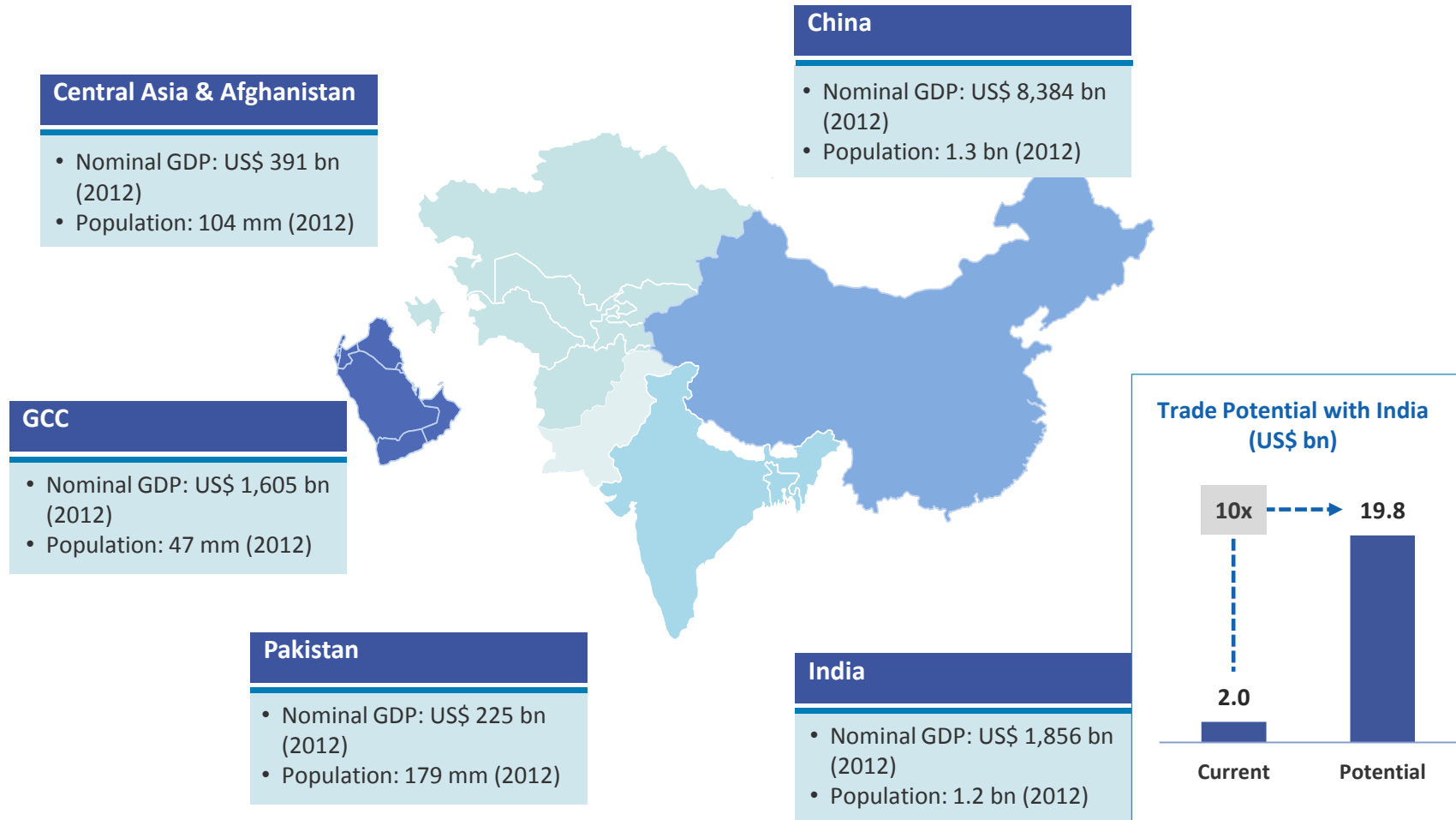
**US\$ 1.3 bn** GDP

**2.4x** GDP growth  
(2010-25E)<sup>1</sup>

Sports Goods,  
Medical Equipment,  
Leather Garments

# Strategic location

Regional countries with a total population of 2.9 bn and GDP of US\$ 12.5 tn in 2012

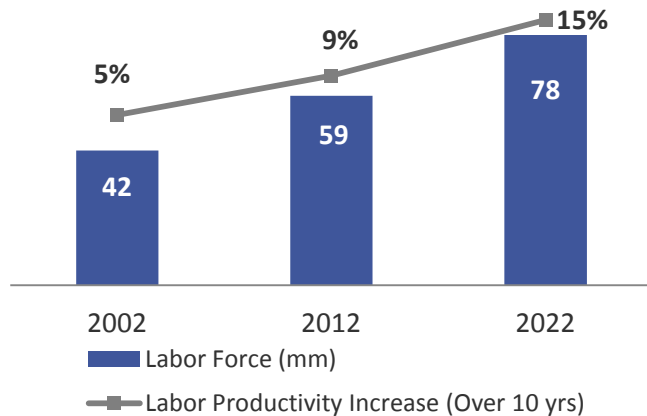


# Strategic Location: Access to key production factors

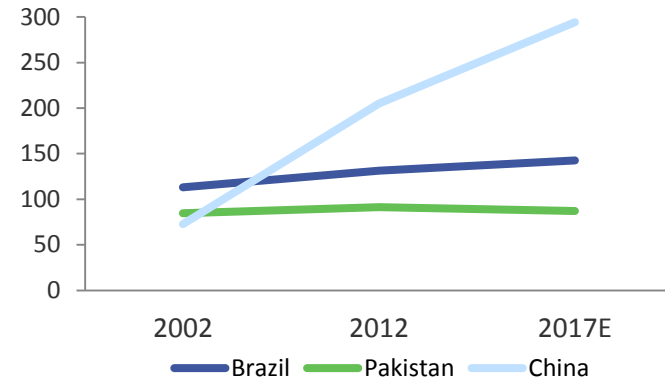
10th largest labor force with rising productivity....

... and cost competitive than key growth markets

Labor Force and Productivity Growth



Average Real Wage Index<sup>1</sup>



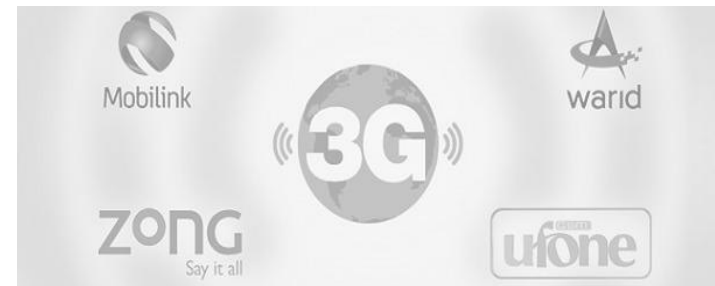
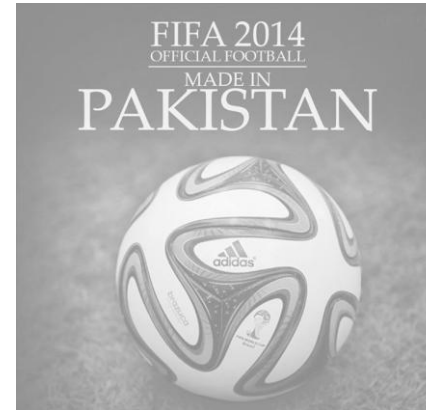
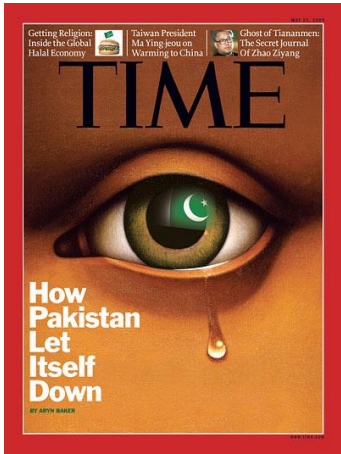
## Large track of cultivable land to supply food to GCC

Current Land Distribution (Hectares mm)

Country	% Arable Land	Arable Land (Ha, mm)	Contribution of Agriculture to GDP %
Saudi Arabia	1.4%	3.11	2.2%
UAE	0.6%	0.05	0.7%
Kuwait	0.6%	0.01	0.5%
Qatar	1.2%	0.01	0.5%
Bahrain	1.8%	0.00	0.5%
Oman	0.1%	0.03	1.9%
<b>Pakistan</b>	<b>26.9%</b>	<b>20.71</b>	<b>24.4%</b>



# A Tale of Two Pakistans: What stops people from investing

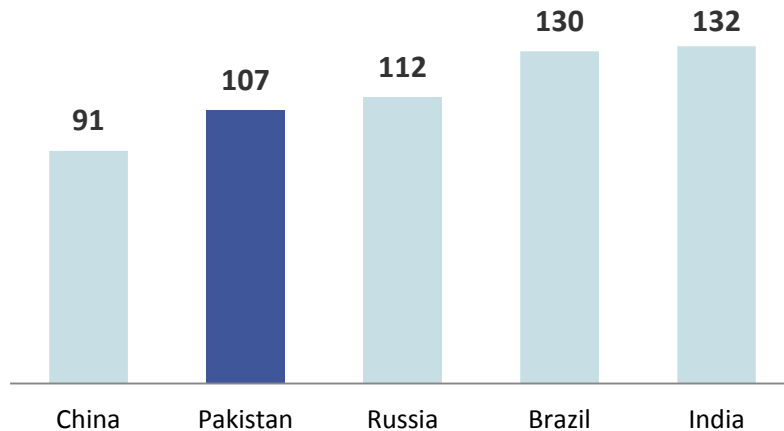


# Pakistan's Risk Profile in Perspective: Governance

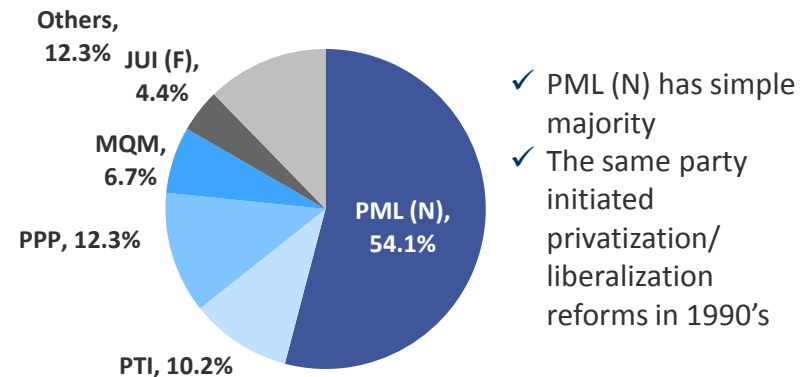
Pakistan ranks favorably to three of the BRIC economies in the World Bank's Doing Business Index

*"OPIC<sup>1</sup> expressed keen interest in long-term partnership with Pakistan through investment in various sectors including energy, but termed poor governance and security as the major concerns for foreign investors"* - **Business Recorder**

World Bank Ease of Doing Business Index<sup>2</sup>



Current Composition of the National Parliament

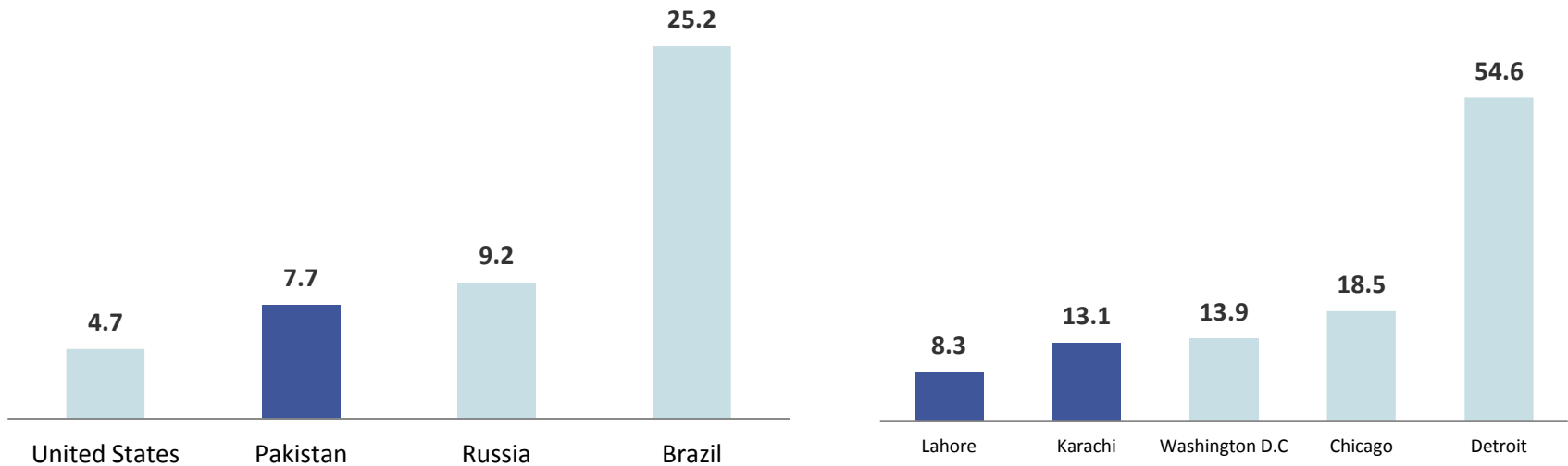


# Pakistan's Risk Profile in Perspective: Security

Beyond the headlines, Pakistani cities have less violent crime than other major economic centers

*"Pakistan investment outlook is clouded by security concerns" – Reuters*

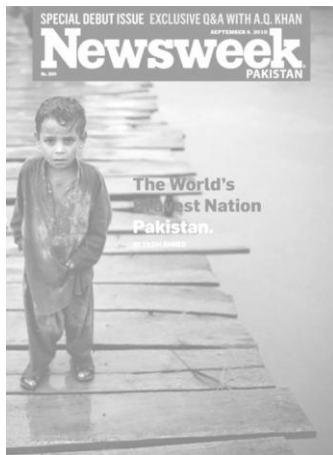
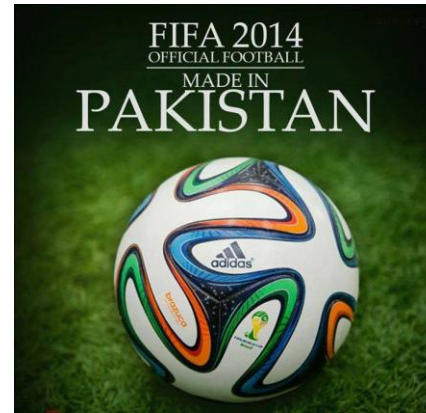
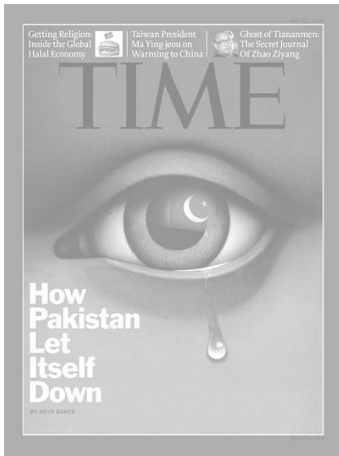
Intentional Homicide Rates (per 100,000)



# How Can One Tap into the Investment Potential of Pakistan

*It was the worst of times....*

*....And it was the best of times*

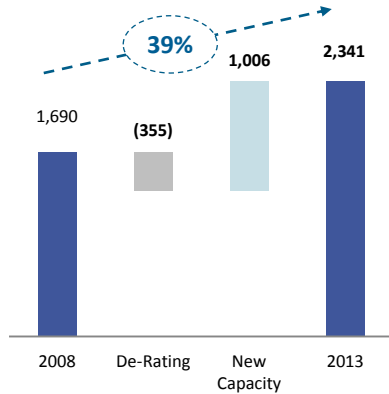


## Our recipe for successful investing in Pakistan (and growth markets)

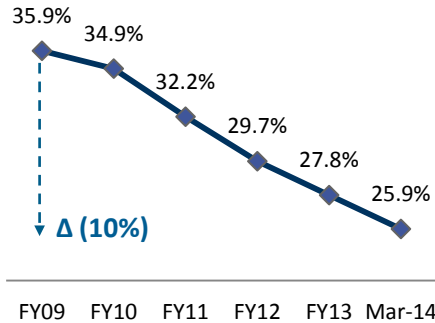


# Tapping into the Potential of Pakistan: Abraaj's K-Electric (KE) Investment

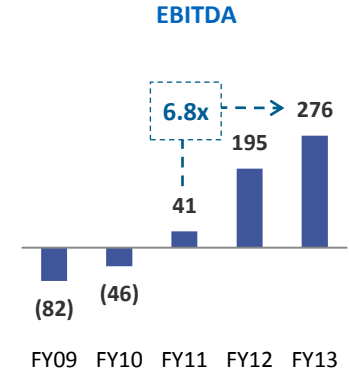
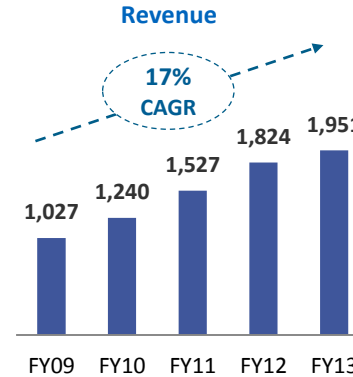
Increase in Generation (MW)



Reduction in T&D Losses (%) – Rolling Average



Financial Performance (US\$ mm)



## Environmental, Social and Governance Impact

- 45% reduction in employee accidents
- More than 2.1mn consumers tapped and **219 MW of load optimized**
- **level “A” Sustainability Report ‘09- ‘12** – first Pakistani organization to achieve this rating
- **Social Investment Program** - subsidized electricity in the healthcare and education sectors impacting 2.2mn individuals directly

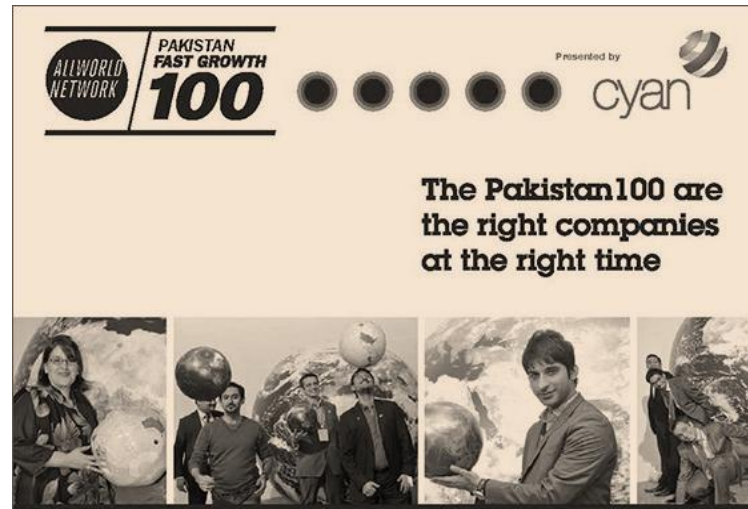


# Tapping into the Potential of Pakistan: Backing the *positive deviance* of entrepreneurs through smart capital and strategic advice

2 year median compound  
annual growth: **35%**

**82%** plan to start **another  
company** in the next 2 years

**Jobs created** between  
2008 and 2010: **13,224**



Aggregate revenue 2010:  
**US\$ 1.5 bn**

Total number of  
employees (2010): **41,692**

**8%** of CEOs are **female  
entrepreneurs**

The AllWorld Network Pakistan 100<sup>1</sup> had the **second highest number of private companies** in the Arabia 500 + Turkey and the second fastest average growth rates

<sup>1</sup>The Pakistan 100 is made up of 87 ranked companies that reach AllWorld's international standard for competitive fast growth companies, and 12 "start-ups to watch" that tend to be younger or smaller but otherwise have a strong growth trajectory that should qualify them in the near future.

## Contact: [Ahmad.Jalal@Abraaj.Com](mailto:Ahmad.Jalal@Abraaj.Com)

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