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Africa

How to Invest in Namibia

By Investment Frontier - 23 Nov 2016



Beautiful african sunset

Namibia is perpetually overlooked when there is talk of investment in Africa. Investors tend to focus on larger more well-known countries like Kenya or Nigeria, or on more developed economies like South Africa. But Namibia, a country with a population of over 2 million people and a GDP per capita (PPP) of almost \$12,000 USD, presents a compelling investment case as an alternative to its more well-known neighbors, Botswana and South Africa.

Namibia prides itself as a stable, democratic country that is reasonably developed compared to many of the other countries in Africa. It is one of the least densely populated countries in the world, and its capital, Windhoek, has a population of just under 350,000 with no other towns with over 100,000 people.

It's economy is enormously tied to South Africa, particularly since its currency the Namibian Dollar (NAD), is pegged to the South African Rand and exchanged on a one-to-one basis. It is also a member of the Southern African Customs Union (SACU). English is the official language which makes investing a bit smoother for foreigners.

The main stock exchange is the Namibia Stock Exchange (NSX), and the performance of its main index has been rocky. Over the past 10 years, it has gained almost 32% for an annualized return of 2.8%, while over the past 5 years it is up 28% for an annualized return of 5%.

Economy

Namibia's economy remains highly reliant on two of its neighbors: Botswana and South Africa. In 2015, Botswana was its biggest export partner with around 22% of exports going there, with South Africa making up 20% of its exports. Switzerland was third at 15% with no other country making up more than 5% of its exports.

Why Switzerland? Namibia's biggest export is diamonds, with Switzerland the main recipient. Copper cathodes are number two and other minerals make up four of the top five exports from Namibia, with fish, another natural resource, rounding out the top 5.

Despite how small Namibia is, its economy is still a tale of two halves. Due to how rural the country is, over half the country survives with subsistence agriculture. But in the cities the infrastructure is decent, especially in the financial center. Tourism is also a significant part of the economy.

As a reflection of Namibia's developed economy, Moody's has its sovereign debt rated an investment grade level Baa3 stable.

Notable Companies in Namibia:

Due to mining being its largest industry, most of the largest companies operating in Namibia are privately held or foreign owned. Some notable local companies are:

- **Namdeb Diamond Corp** (Not listed): half owned by De Beers and half owned by the Namibian government, they own the diamond mines in Namibia. It's not listed on the exchange, but Anglo American, De Beers' parent company, has a cross-listing there
- **First National Bank (FNB) Namibia Holdings** (Listed): Namibia's largest bank, although by market cap it's much smaller than the cross-listings of large South African banks like FirstRand and Standard Bank
- **Bidvest Namibia** (Listed): a conglomerate but main focus is as the largest fisheries company in Namibia
- **Mobile Telecommunications Limited (MTC)** (Not listed): Namibia's largest telecom company
- **Namibia Breweries** (Listed): Namibia's largest brewery company, known for their Windhoek lager, but also a brewery for Heineken and Smirnoff under license and a distributor for Guinness and Erdinger among others
- **Ohlthaver & List Group (O&L)** (Not listed): Namibia's largest private holding company. Its four largest companies are Model Pick N Pay (a supermarket chain), Hangana Seafood (fishery), Namibia Breweries (listed above), and O&L Leisure (tourism)

Is It Safe To Invest In Namibia?

According to our [Investment Safety Rankings](#), Namibia is ranked #74 in the world and is relatively safe to invest in. In Sub-Saharan Africa, it is the fifth safest country to invest in after Mauritius, Botswana, the Seychelles, and South Africa. From reports we've read from the US State Department and from large MNCs, its stability and democratic institutions make Namibia a stand-out in Africa.

Can Foreigners Invest In Namibia?

Yes, Namibia has a very progressive attitude toward foreign investment and there are few restrictions on it. The core of their policies is in the Foreign Investment Act established in 1990 which stipulates equal treatment of foreign and local investors. There are few restrictions on foreign ownership of shares.

For equity investors, the Namibia Stock Exchange is the main avenue for investment, although property is also allowed to be owned by foreign investors with the exception of some agricultural lands.

Namibia Stock Exchange (NSX) Snapshot:

In operation since: 1992

Location: Windhoek, Namibia

Market hours: 09:00 to 17:10

Currency: Namibia Dollar (NAD)

Market Capitalization (as of Nov 2016): For just local companies, 10.7 billion NAD (around \$800 million USD). For all companies including dual listings, 1.6 trillion NAD (\$120 billion USD) for total shares issued, 1.16 trillion NAD (\$86 billion USD) for free float

Local Listed companies (as of Oct 2016): 33 total companies listed, of which 8 are local companies. There are also 4 ETFs focused on metals, and 5 stocks listed on the minor DevX part of the exchange.

Exchange Fees: Depends on your brokerage firm

Taxes: Capital gains are currently not taxed, dividends are taxed at 10-20% depending on ownership percentage, but dependent on foreign tax treaties as well

Main Index: FTSE JSE Namibia Overall Index



How the Namibia Stock Exchange is Structured:

The Namibia Stock Exchange is focused on equities, and is dominated by foreign cross-listed firms. While those stocks make up the bulk of the exchange, there are 4 ETFs that focus on Gold, Palladium, and Platinum. Finally there is the Development Capital Board (DevX) which focuses on junior mining and energy companies.

Local Companies Listed on the Namibia Stock Exchange:

Here are the 8 local Namibian companies listed on the Namibia Stock Exchange (as of Oct 2016):

Company	Ticker	Sector	Market Cap (mio NAD)
Bidvest Namibia	BVN	Food Processors	2,179
Capricorn Investment Group	CGP	Banks	8,590
FNB Holdings	FNB	Banks	12,842
Namibia Asset Management	NAM	Financial	150
Namibia Breweries	NBS	Beverages	5,886
Nictus Holdings	NHL	Consumer Services	107
Oryx Properties Limited	ORY	Real Estate	1,663
Stimulus Investments	SILP	Financial	455

How to Invest on the Namibia Stock Exchange:

To trade on the Namibia Stock Exchange, you need to trade through an authorized Namibian brokerage firm which is a member of the exchange. Currently there are [4 brokers](#) that you can choose from:

1. IJG Securities
2. Namibia Equity Brokers
3. PSG Wealth Management
4. Simonis Storm Securities

The retail market pales in comparison to the institutional investor market in Namibia, and it shows when you visit the brokerage's websites as all seem to cater to institutions or high net worth individuals.

This article was written by [Investment Frontier](#).