



Demographic Disruption

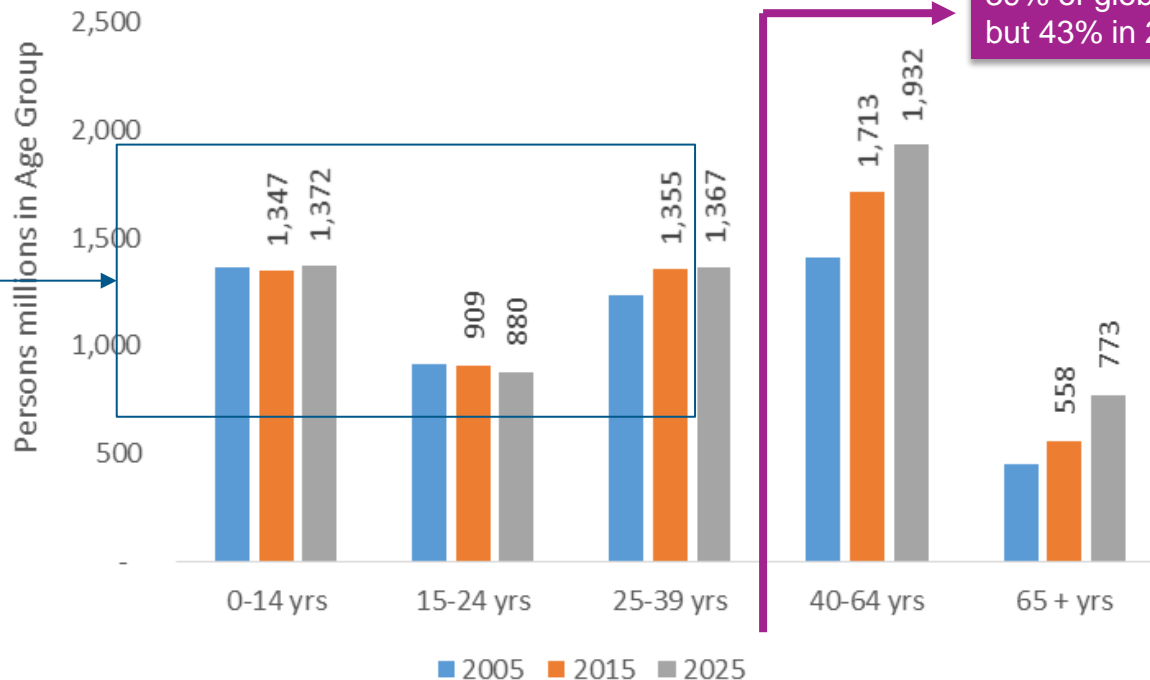
The Future Might be Different
From What you Expect

Global Demographics Limited

YIELD IS NO LONGER A FUNCTION OF 'YOUTH'

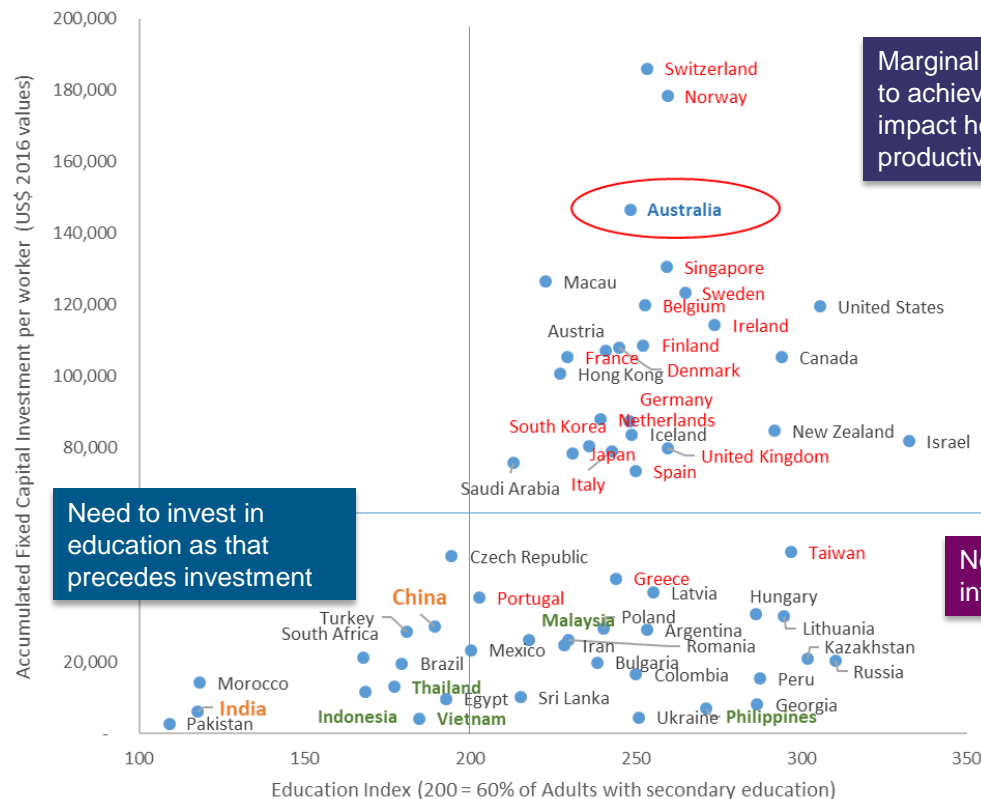
Global Picture

There is no growth in the under 40 age groups.



40 yrs + are ...
39% of global population now
but 43% in 2026

TOTAL GDP GROWTH IS CONSTRAINED BY KEY DRIVERS



THE IMPLICATION OF CHANGING INCOME DISTRIBUTION BY REGION

Households (mns)	2016 US\$ Income Segmgnets				
	0-10K	10K-20K	20K-50K	50K-125K	125K Plus
North America	1	5	28	63	44
Western Europe	2	7	54	88	27
Affluent Asia	2	6	30	42	14
Central and South America	43	32	35	18	8
Eastern Europe	33	14	23	12	2
China	178	137	107	16	2
North Africa and Middle East	45	15	18	7	2
Developing Asia	101	30	20	4	1
Africa	39	12	6	2	1
Russia	20	19	12	2	0
India	223	43	19	2	0
South Asia	45	22	7	0	0
Total	733	340	358	256	101

Households (mns)	2026 US\$ Income Segmgnets				
	0-10K	10K-20K	20K-50K	50K-125K	125K Plus
North America	1	3	22	63	62
Western Europe	1	6	48	95	35
Affluent Asia	2	6	27	45	18
Central and South America	42	36	42	22	10
Eastern Europe	31	13	24	15	3
China	131	114	169	48	3
North Africa and Middle East	53	19	22	10	3
Developing Asia	103	36	31	7	1
Africa	50	16	8	2	1
Russia	20	19	12	2	0
India	238	56	31	4	1
South Asia	48	29	11	0	0
Total	719	354	447	314	142

The growth in the 50K plus segment in the older/affluent countries accounts for 42% of the total increase in incomes.

The redistribution of incomes in China accounts for a further 32%

China

Large Consumer value and Growth but typically lower value products
But...

THE CONSUMER OPPORTUNITY IS NOW VERY DIFFERENT

2006

	Persons 000s in age income segment					Total
	0-14 yrs	15-24 yrs	25-39 yrs	40-64 yrs	65+ yrs	
US\$1-10,000	70.7	70.8	102.5	116.0	33.8	393.8
US\$10,000-20,000	26.6	26.0	39.7	47.9	11.0	151.2
US\$20,000-50,000	6.1	5.8	9.3	11.9	2.1	35.2
US\$50,000-125,000	0.4	0.4	0.7	0.9	0.1	2.5
US\$125,000 plus	0.0	0.0	0.0	0.1	0.0	0.2
Total	103.9	103.0	152.2	176.8	47.0	582.9

Probably one of the most important statistics from China. The consumer segment of 40 yrs and above with a household income between US\$20,000 and US\$125,000 grows from 122 mn persons to 297 mn in the next decade.

2016

	Persons 000s in age income segment					Total
	0-14 yrs	15-24 yrs	25-39 yrs	40-64 yrs	65+ yrs	
US\$1-10,000	33.0	25.3	46.6	67.9	26.1	198.8
US\$10,000-20,000	55.9	41.8	81.3	126.1	38.1	343.2
US\$20,000-50,000	35.9	26.2	53.5	87.7	20.7	223.9
US\$50,000-125,000	4.3	3.1	6.6	11.3	2.1	27.2
US\$125,000 plus	0.4	0.3	0.7	1.3	0.2	2.9
Total	129.5	96.7	188.6	294.2	87.1	796.0

Change in Persons 000s in age income segment

0-14 yrs	15-24 yrs	25-39 yrs	40-64 yrs	65+ yrs	Total
- 37.76	- 45.48	- 55.90	- 48.19	- 7.73	- 195.1
29.27	15.85	41.56	78.24	27.13	192.0
29.77	20.36	44.17	75.78	18.59	188.7
3.87	2.67	5.90	10.38	1.93	24.8
0.42	0.28	0.65	1.19	0.17	2.7
25.6	- 6.3	36.4	117.4	40.1	213.1

2026

	Persons 000s in age income segment					Total
	0-14 yrs	15-24 yrs	25-39 yrs	40-64 yrs	65+ yrs	
US\$1-10,000	21.8	15.6	25.8	45.2	27.1	135.5
US\$10,000-20,000	46.6	32.6	56.7	106.0	49.9	291.9
US\$20,000-50,000	71.5	48.7	89.3	176.1	64.9	450.7
US\$50,000-125,000	16.5	11.0	21.1	43.7	12.4	104.7
US\$125,000 plus	2.2	1.4	2.9	6.2	1.3	14.0
Total	158.6	109.4	195.9	377.2	155.7	996.7

Change in Persons 000s in age income segment

0-14 yrs	15-24 yrs	25-39 yrs	40-64 yrs	65+ yrs	Total
- 11.18	- 9.68	- 20.81	- 22.67	1.01	- 63.3
- 9.29	- 9.23	- 24.51	- 20.15	11.84	- 51.3
35.65	22.58	35.84	88.48	44.23	226.8
12.22	7.93	14.58	32.40	10.38	77.5
1.74	1.11	2.17	4.92	1.16	11.1
29.1	12.7	7.3	83.0	68.6	200.7

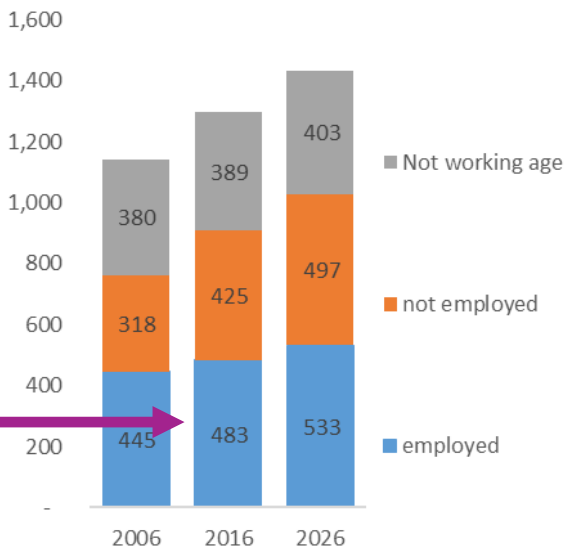
India – Can it Replicate China

THERE ARE NOT ENOUGH JOBS

In 2006 39% of the population and 58% of working age were employed.

To maintain that India needed to find 60 million extra jobs by 2016. It found 38 million!

Unemployed is growing at 2.2 million per annum.

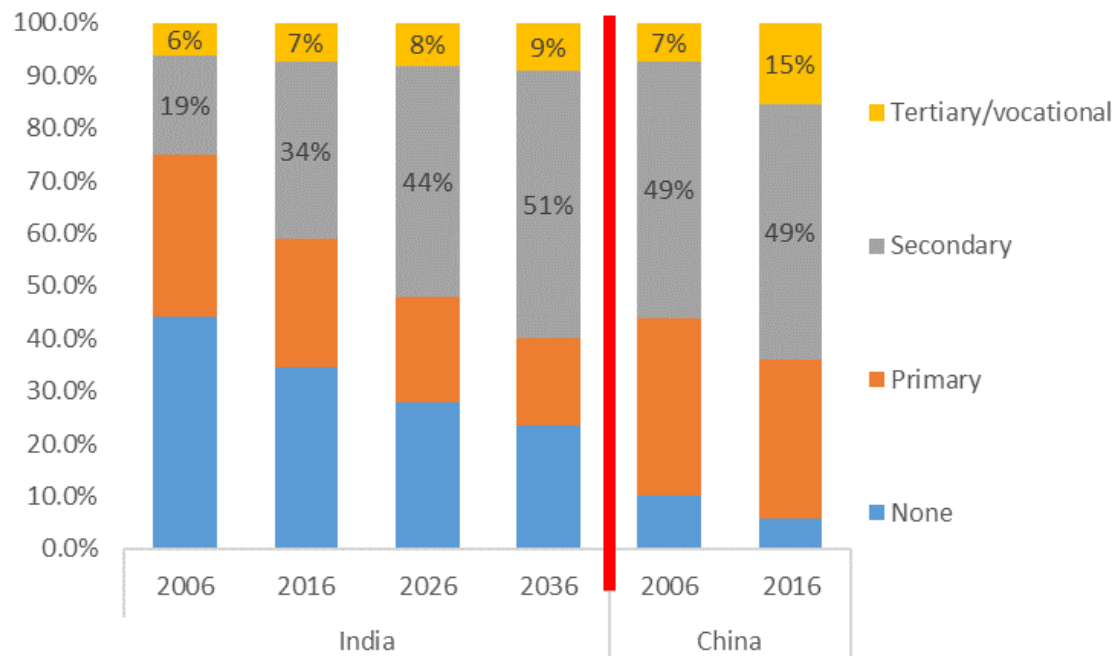


This has significant implications for key social variables, specifically:-

- 1) Dependency rates increase
- 2) Workers per household decline (impacting household incomes)

	2006	2016	2026
Propensity to be employed	58%	53%	52%
Dependency rate	1.57	1.68	1.69
Workers per household	1.85	1.68	1.61

THE ISSUE IS EDUCATION



India has only just reached the point where every child 6 to 12 goes to school.

As such it will not match China's education profile of 2006 until 2026 – it is 30 years behind.

This inhibits ability to lift productivity and lowers potential urbanisation to productive tertiary jobs.

And will there be enough jobs in the meantime?