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Angola's Growing Middle Class Attracts Wal-Mart: Eaglestone Securities

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Sept. 25 (Bloomberg) -- Southwest African nation offers "sweet spot" for 8% retail expansion next yr to \$30b in rev, possible M&A in medium-term, London-based Eaglestone Securities says in new report.

* Wal-Mart via Massmart, Sonae-Condís JV backed by president's daughter Isabel dos Santos to start 2 stores each in 2015; South Africa's Spar under Webcor Group's AngoAlissar to expand from 1 to 20 stores by end-2015

* South Africa's Shoprite to add 7 stores by mid-2015 for 43 total; Kero to open 2 outlets this yr for total 12; Teixeira Duarte's Maxi to add 5 stores in 2014 for 18 overall; Angola's Score Distribuicao plans 18 Deskontao stores, 60 Mel supermarkets; AngoAlissar-Danone production JV to start soon

* Early entrants can solidify base as 21m pop. to reach 50m by 2054

* Urbanization increasing, informal market composes 70-80% retail vs 90-95% in 2002 as consumers seeks higher quality

* Challenges: little local production, 60% food imported, insufficient transport, excessive bureaucracy, need to diversify away from oil in Africa's 2nd-largest producer, higher tariffs keeping out imports may deter local investment

* NOTE: Angola ended 27-yr civil war in 2002