



**THE Nigerian
STOCK EXCHANGE**

The Capital Market: A Catalyst for Economic Development at the State Level

Presented by:

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Nigeria Governors Forum
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*Strictly Private
and Confidential*

Outline

- 1 • Why are we here?
- 2 • Why should you listen to us?
- 3 • What is the Big Idea?
- 4 • How can we Unlock these Opportunities?
- 5 • Thank you

Why are we here?

The Sustainable Stock Exchange Championing Africa's Growth

Servicing the
No. 1 Economy in Africa
with a Market Cap* of
N20.22Tn
(\$66.30Bn)

**as at October 16, 2017*

MARKET PARTICIPATION



197

active dealing
members

171

Equities
(N12.74Bn)

79

Bonds
(N7.48Bn)

9

ETFs
(N6.54Bn)

LISTINGS



166

Listed Companies



3 Domestic
Companies



1 Foreign & 152
Domestic Companies



10 Domestic Companies

Why should you listen to us?

The NSE's national impact and global reach

Globally competitive exchange



Partner with leading global associations that promote best practices and financial system stability

Source: NSE market data

Mobilize savings for investment



13.2 Million investor accounts



N271 Billion in retail trades YTD (Aug'17)



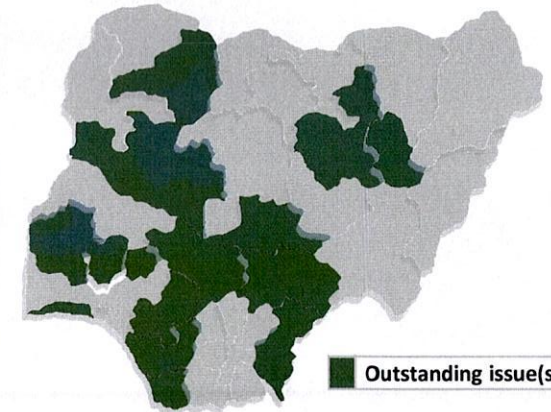
N1.66 Trillion value traded YTD (Sep'17)



N699 Billion in FPI YTD (Aug'17)

Vehicle for state gov'ts to raise long-term capital

N3.59Tn capital raised over the last 5 years



Outstanding issue(s)

..with N435.79Bn raised by state governments (2013 – 2017)

What is the Big Idea?

The capital market can catalyze economic development at the state level via:

1



Infrastructure Development

October 2017

2



Employment Growth

3



GDP (i.e. growing IGR)

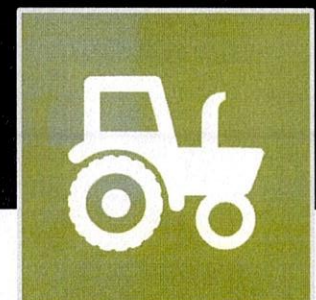
The Nigerian Stock Exchange

4



Investment Promotion

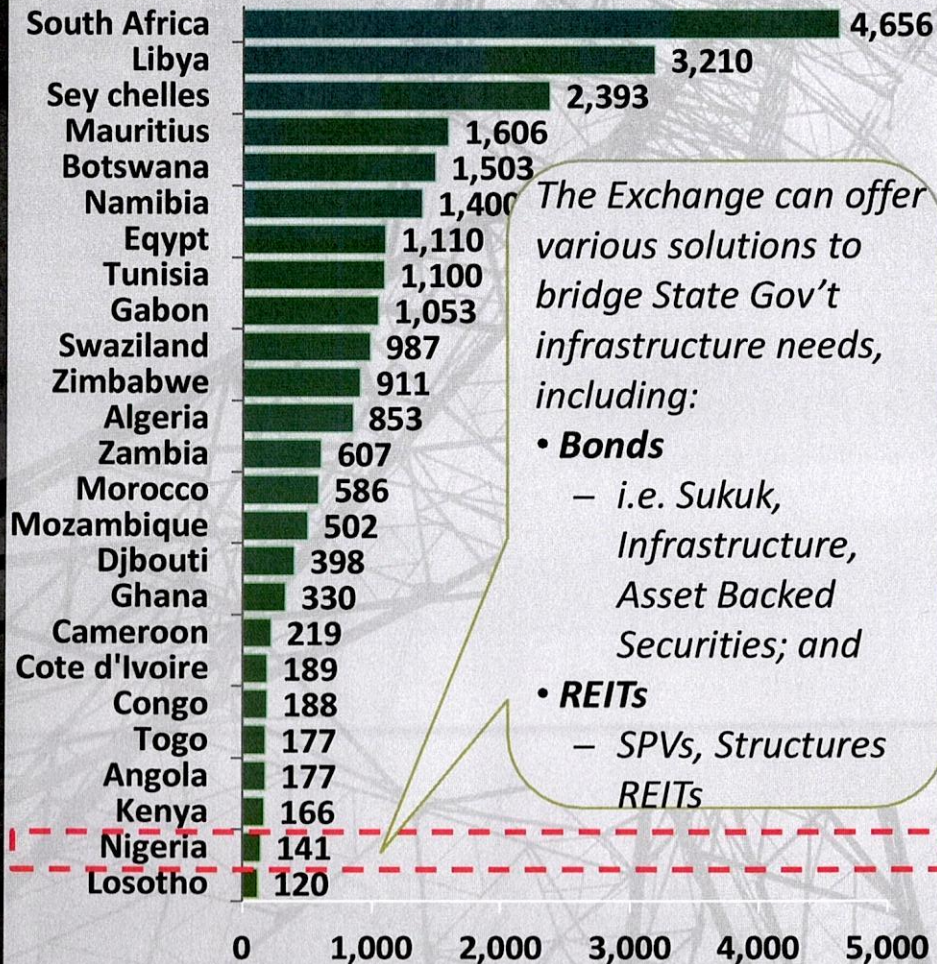
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Agricultural Development

Bridging Nigeria's States' Infrastructure Gap

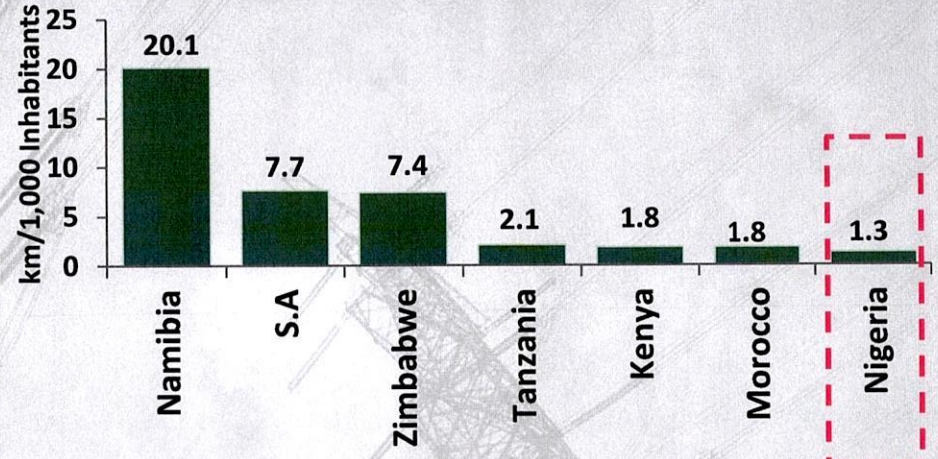
ELECTRICITY CONSUMPTION PER CAPITA, KW/H



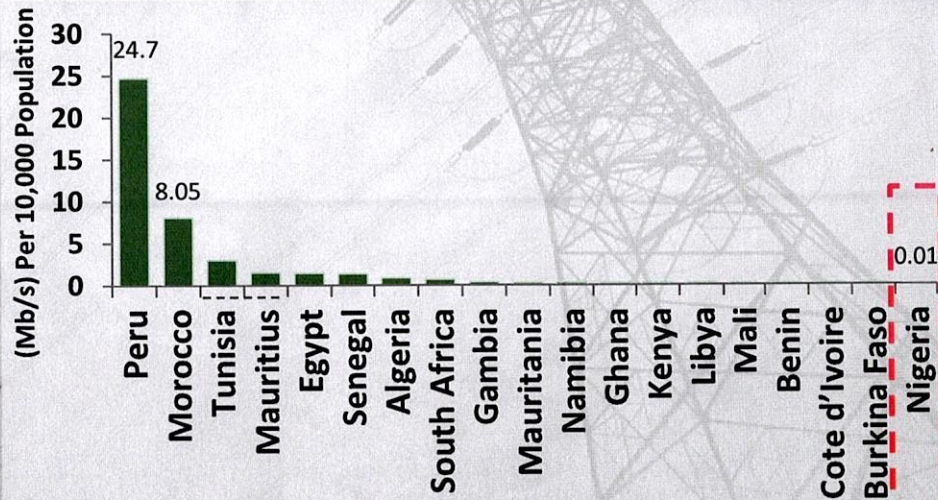
The Exchange can offer various solutions to bridge State Gov't infrastructure needs, including:

- **Bonds**
 - i.e. Sukuk, Infrastructure, Asset Backed Securities; and
- **REITs**
 - SPVs, Structures REITs




AFRICA ROAD NETWORKS (KM/1,000 INHABITANTS)



AFRICA'S BANDWIDTH REQUIREMENTS



Stimulating GDP and Employment

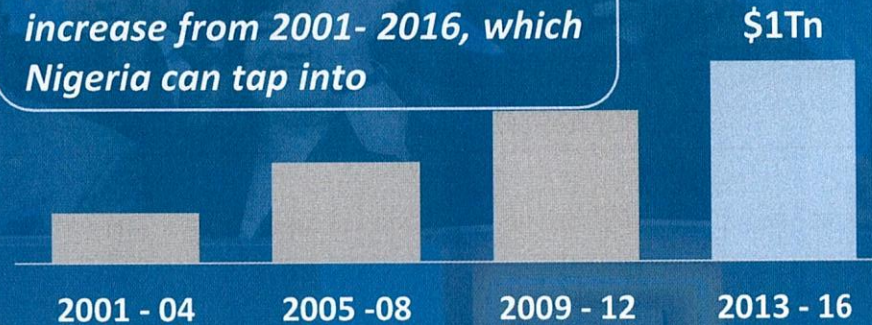
<i>Action</i>	1. List State-Owned Enterprises	2. Promote listing of SMEs
<i>Advantages</i>	<ul style="list-style-type: none"> • Entities providing critical public service are under adequate regulation and broader shareholder control • Public gets to participate in wealth created in strategic economic sectors • Greater financial transparency to gov't • Transparency in governance and CSR 	<ul style="list-style-type: none"> • Quality employment for Nigeria's workforce • Reduced corruption in the private sector via enhanced corporate governance • Enhanced financial reporting and disclosure <ul style="list-style-type: none"> ✓ McKinsey reports that companies listed on the NSE pay 1.1ppts more tax than private companies
<i>Outcomes</i>	<ul style="list-style-type: none"> • Greater efficiency • Higher productivity and output • Increased tax revenues 	<ul style="list-style-type: none"> • Business growth/ expansion • Greater employment • Increased tax compliance -> higher fiscal revenues
<i>Examples</i>		 

Boosting States' Investment Opportunities

- ✓ Privatization & Listing of SOEs
- ✓ Domestic and International Roadshows
- ✓ Globally competitive investment policy framework
- ✓ Adopt PPP models financed via the Capital Market for infrastructure projects

Trending Privatization Opportunity

Growing global trend of privatization as illustrated by 4x increase from 2001- 2016, which Nigeria can tap into



Growing Emerging Market PPP Opportunity



Shanghai S.E.

...launches 2017 Guidelines for Advancing Asset Securitization Business for PPP Projects...while



Philippine S.E.

...published the rules for listing of companies involved in PPP projects, expecting IPO interest...and



Kuwait S.E.

...says stock market offering for first PPP project in Q1 2018.

Continual Investment Promotion Opportunity

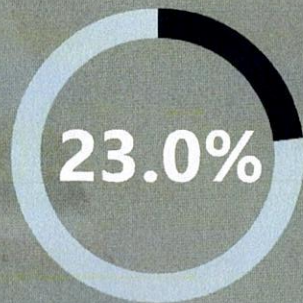
- Promote States' investment attractiveness via roadshows & global partnerships.
- Opportunity to partner with NSE in 2018 and beyond (London, New York, Hong Kong, etc. roadshows)



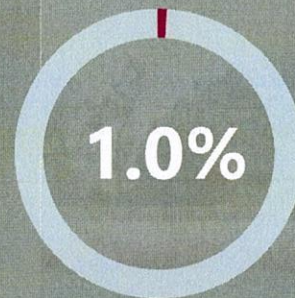
Driving a buoyant agriculture sector



The agriculture sector is significantly under-represented in the Nigerian Capital Market:



Contribution to
GDP (Q2'17)



Contribution to NSE Total
Market Capitalization (Q3'17)

Immense Opportunities exist for State Gov'ts to:

- Promote listing of agri-businesses
- Support the creation of dynamic products (e.g. commodity derivatives)



How can we Unlock these Opportunities?



ONE-ON-ONE MEETING

Articulate long-term goals and build consensus



HOLISTIC NEEDS ASSESSMENT

Statewide needs assessment by NSE to identify key catalysts of change



SEAMLESS IMPLEMENTATION

Execution of agreed objectives, in conjunction with capital market stakeholders

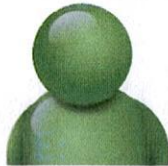
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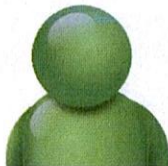
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NSE Awards



**Corporate In-House
Team of The Year 2016
(Capital Market Sector)**

2016 ESQ NIGERIA LEGAL AWARDS



**Most Innovative Stock Exchange
In Africa 2016**

**THE BUSINESS YEAR MAGAZINE
AWARDS 2016**



**Corporate Achievement Award
FINANCIAL LITERACY EXCELLENCE
AWARD 2016**



Employer of Choice 2016

HR PEOPLE MAGAZINE AWARD 2016



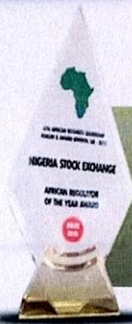
Best Corporate Social Responsibility Award

2015 AFRICAN BUSINESS AWARDS



**Award For Promoting Best Practice
Reporting and Corporate Disclosure**

**LAGOS CHAMBER OF COMMERCE & INDUSTRY (LCCI)
COMMERCE & INDUSTRY AWARD 2015**



**African Regulator
of The Year**

**AFRICAN BUSINESS LEADERSHIP
AWARDS 2015**



**Financial Institution
of The Year**

**THE OIL & GAS YEAR
NIGERIA 2015**



**Best Initiative In Support of SMEs
& The Millenium Development Goals (2014 Winner)**

**AFRICAN INVESTOR (Ai) INVESTOR
AND BUSINESS LEADER AWARDS**



**THE Nigerian
STOCK EXCHANGE**

THANK YOU

Questions & Answers

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