



Nairobi Securities Exchange

Kenya Diaspora Trade and Investment Conference

Investment in Securities For The Kenyan Diaspora

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1. ABOUT THE NSE



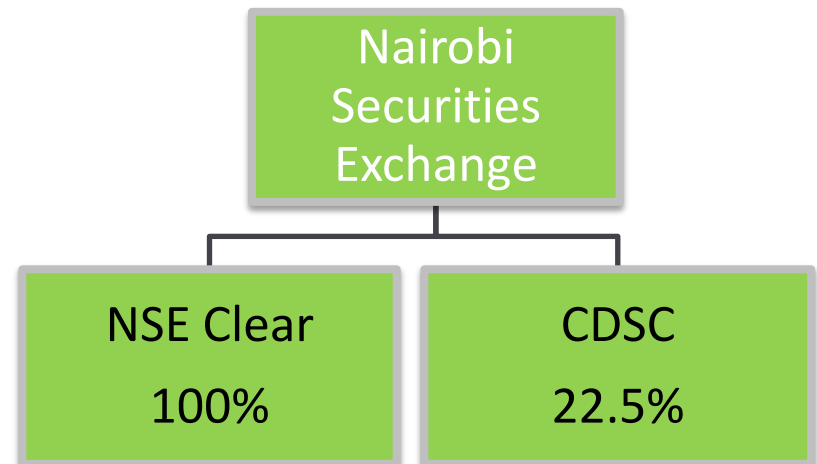
1. ABOUT THE NSE

Overview

- Formed as a Satellite Exchange of the London Stock Exchange in the 1920s
- Formal Constitution as the Nairobi Stock Exchange in 1954
- First Government divestiture via NSE occurred in 1988
- In 1994, NSE tops IFC Rankings as top performing stock market globally
- 2004: The process of clearing and settlement of securities traded in Kenya's capital markets was automated.
- In 2014 the NSE IPO was 600% oversubscribed
- Bourse is owned by 15,000 shareholders
- NSE is the second listed exchange in Africa

Shareholding Structure (Top 5)

Name	No shares
CFC Stanbic Nominees A/C R3407351	14,199,100
Investor Compensation Fund Board	6,562,500
PS National Treasury	6,562,500
Renaissance Capital	5,250,000
Old Mutual	5,250,000

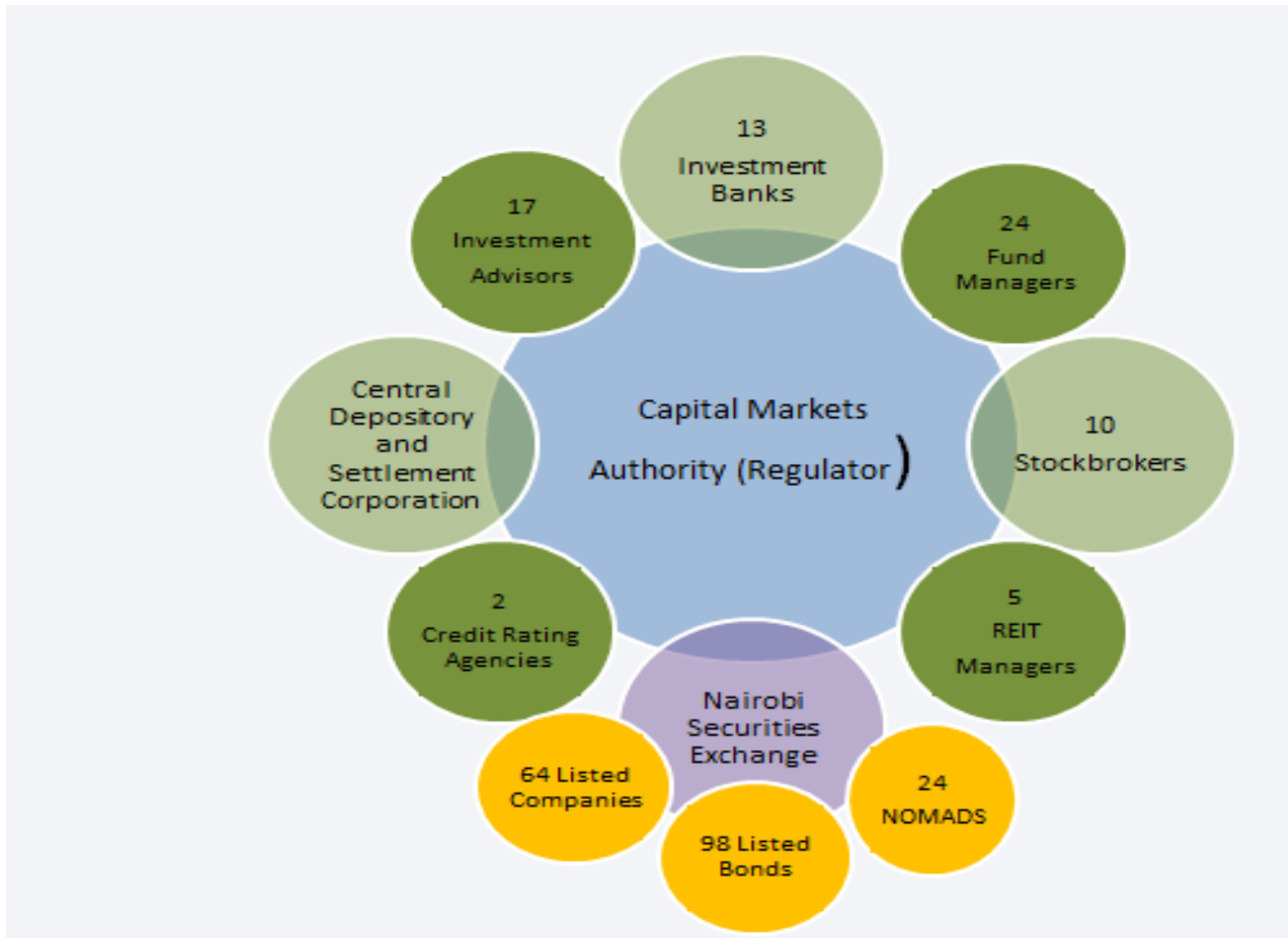


1. ABOUT THE NSE

- Africa has 29 stock exchanges
- NSE is the 5th largest exchange on the continent in market capitalization ranking after the Johannesburg, Nigeria, Egyptian and Casablanca Stock Exchanges



2. KENYAN CAPITAL MARKET ECOSYSTEM



3. ECONOMIC OUTLOOK



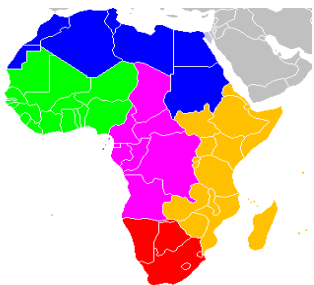
3. ECONOMIC OUTLOOK

Africa Macro Prospects

- Africa's gross domestic product (GDP) growth is expected to strengthen to 4.5% in 2015 and 5% in 2016
- This is after subdued expansion in 2013 (3.5%) and 2014 (3.9%).
- Africa will soon be closing in on the impressive growth levels seen before the 2008-09 global economic crisis.
- On the supply side Africa's growth has been mainly driven by agriculture, extractive industries, construction and services.
- On the demand side, the boost has come from private consumption and infrastructure investment.

Africa Financial Flows

- The financial landscape has changed considerably in Africa since 2000.
- Private external flows in the form of investment and remittances now drive growth in external finance.
- Foreign investments are expected to reach USD 73.5 billion in 2015
- Foreign direct investment (FDI) is diversifying away from mineral resources into consumer goods and services and is increasingly targeting large urban centres in response to the needs of a rising middle class.
- African sovereign borrowing is rocketing.
- Remittances have increased six-fold since 2000 and are projected to reach USD 64.6 billion in 2015



3. ECONOMIC OUTLOOK

East African Integration

- The East African region's combined GDP has risen to \$ 75 billion, up from \$ 20 billion in 1999.
- The EAC region now boasts a sizeable market of a combined population of 130 million.
- The membership of the EAC has expanded from the original three, Kenya Uganda and Tanzania, to the current five that includes Rwanda and Burundi.
- DRC and South Sudan have indicated interest in joining the EAC
- There has been progress in integrating the financial markets
- Partner States are modernizing and integrating payment and settlement systems, which will facilitate regional trade



Integration Challenges

- Poor regional transport infrastructure network limits growth and trade expansion.
- Energy deficit limits productivity
- Significant gaps in ICT networks
- Insecurity and political instability (Nkurunziza)
- Uneven policy, regulatory and institutional readiness for integration

3. ECONOMIC OUTLOOK

Kenya Macro Prospects

Indicator	2014	2015 Forecast	Remarks
Nominal GDP	KES 5.643 Trillion (\$ 62.7 Billion)	KES 6.3 Trillion (\$ 70.0 Billion)	Positive Outlook for the economy in 2015
Change in Real GDP	5.2%	5.6%	Growing economy
Inflation (end of year)	6.2%	6.3%	Central Bank expected to maintain its current policy; Oil price stability;
Gross Investment/GDP	19.6	20.7	Driven by increased investment in infrastructure
Gross Domestic Savings/GDP	11.6	12.6	Kenyans adopting a savings culture. Mobile money accounts playing a major role
Govt. Debt	KES 2.5 Trillion (\$ 28.7 Billion)	KES 2.9 Trillion (\$ 32 Billion)	Govt. continues to face fiscal deficits and will maintain its borrowing programme

4. EXISTING PRODUCTS



4. EXISTING PRODUCTS

Traditional Products Offered: Equities and Bonds

1. Equity is listed on Main Investment Market Segment (MIMS); Alternative Investment Market Segment (AIMS); Growth Enterprise Market Segment (GEMS)
2. Debt is listed on the Fixed Income Market Segment (FISMS)

Product	No. of Issues	Mkt. Cap. Amount (Kshs.)	Mkt. Cap. Amount (\$)
Equity	64	2.38 Trillion	25.53 Billion
Corporate Debt	17	Face Value 91.25 Billion	Face Value 977.28 Million
Government of Kenya Treasury Bonds	81	1.56 Trillion	16.75 Billion

4. EXISTING PRODUCTS

2014 Capital Raisings	Amount (Kshs. Million)	Amount (\$ Million)
IPOs	627	6.87
Additional equity	6,096	66.8
Corporate Debt	30,580	335.04
Government of Kenya	81,848	896.86
TOTAL		1,305.57

2014 Corporate Actions	Amount (Kshs. Million)	Amount (\$ Million)
Listing by Introduction	8,355.43	91.55
TOTAL	8,355.43	91.55

5. MARKET PERFORMANCE



5. MARKET PERFORMANCE

- Key Market Indicators

Market Indicator	March 2015	April 2015	%Change
NSE 20 Share Index	5,346	5,091	(4.76)
NSE All Share Index (NASI)	174	173	(0.46)
Market P/E Ratio	16	16	-
Market Capitalization (Kshs.billions)	2,452	2,430	(0.90)
No. of issued shares (billions)*	83	83	-
No. of shares traded (millions)	614	488	(20.52)
No. of equity transactions	44,715	36,148	(19.16)
Equity turnover (Kshs.millions)-ET	20,516	14,642	(28.63)
% foreign participation to ET	53	56	5.66
Bond turnover (Kshs.billions)	46	25	(45.65)
Bond deals	500	543	8.60
Kshs/US Dollar currency exchange	92	95	3.26
No. of trading days	22	20	(9.09)



5. MARKET PERFORMANCE

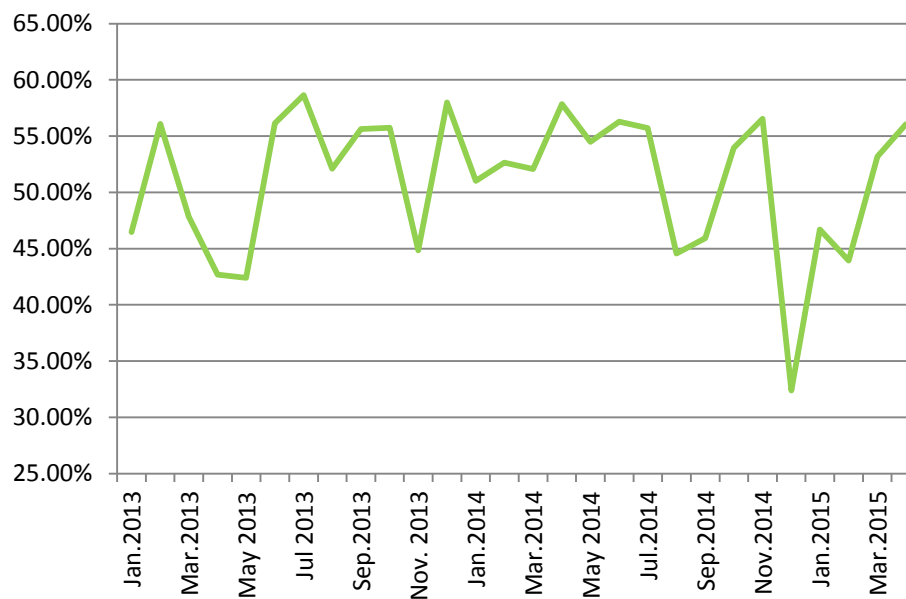
- Largest Capitalized Firms By Sector (As at April 30th)

SECTOR	SECTOR Firm	Capitalization (KES)
AGRICULTURAL	Kakuzi Ltd Ord.5.00	5,566,399,716
AUTOMOBILES & ACCESSORIES	Car & General (K) Ltd Ord 5.00	1,955,036,265
BANKING	Kenya Commercial Bank Ltd Ord 1.00	186,514,230,750
COMMERCIAL AND SERVICES	Nation Media Group Ltd Ord. 2.50	44,118,894,924
CONSTRUCTION AND ALLIED	Bamburi Cement Ltd Ord 5.00	54,443,891,250
ENERGY AND PETROLEUM	Kenya Power & Lighting Co Ltd Ord 2.50	33,370,086,470
INSURANCE	British-American Investments Co.(Kenya) Ltd Ord 0.10	42,645,148,436
INVESTMENT	Centum Investment Co Ltd Ord 0.50	42,255,552,713
INVESTMENT SERVICES	Nairobi Securities Exchange Ltd Ord 4.00	3,814,650,000
MANUFACTURING AND ALLIED	East African Breweries Ltd Ord 2.00	253,838,568,276
TELECOMMUNICATION AND TECHNOLOGY	Safaricom Ltd Ord 0.05	697,138,447,200
		MOST VALUABLE FIRM
GEMS	Kurwitu Ventures Ltd Ord 100.00	7,433,268,774
	OVERALL MARKET CAPITALIZATION	2,430,261,541,354

5. MARKET PERFORMANCE

- Foreign Participation (As at April 30th)

Month	% of foreign participation
Jan.2015	46.71%
Feb.2015	43.92%
Mar.2015	53.18%
Apr.2015	56.06%



5. MARKET PERFORMANCE

- African Stock Markets Performance (As at May 31st 2015)

STOCK MARKET	1M	1Y	3Y
Botswana Stock Exchange	2.9%	1.5%	18.0%
BRVM	-0.9%	-6.3%	64.8%
Dar es Salaam Stock Exchange	-4.2%	7.4%	55.1%
Ghana Stock Exchange	-1.7%	-24.9%	6.7%
Johannesburg Stock Exchange	-8.0%	-3.9%	4.4%
Lusaka Stock Exchange	1.3%	-7.9%	11.9%
Malawi Stock Exchange	0.7%	10.1%	58.2%
★ Nairobi Securities Exchange	-9.4%	-3.1%	81.8%
Namibian Stock Exchange	-1.6%	9.0%	28.1%
Nigerian Stock Exchange	-1.2%	-32.4%	24.2%
Rwanda Stock Exchange	-2.6%	-14.2%	N/A
Stock Exchange of Mauritius	-2.6%	-19.1%	-10.1%
Uganda Securities Exchange	-8.2%	-2.2%	54.6%

6. NEW PRODUCTS



6. NEW PRODUCTS

REITs

- For income investment and for development of real estate

ETFs

- Cost efficient exposure to a basket of securities
- Similar to ETFs that are in France
- These give exposure to Kenya and East Africa

Derivatives

- Risk hedging in currencies, securities
- Establishing price certainty for agriculture and mining

6. NEW PRODUCTS

ABS

- For investment in income generating assets e.g. power plants, residential estates

Green Securities

- Investment in firms and projects that comply with the highest environmental, social and governance standards

Mobile Bond

- A financial inclusion bond
- Citizens will be able to influence macro policy

7. YOUR OPPORTUNITY



7. YOUR OPPORTUNITY

INVEST, DEVELOP, RETURNS

- Get in touch with a Kenyan investment bank or stockbroker
- Contact details on NSE site (www.nse.co.ke)
- Open a Central Depository Account (from Kenya or France—both possible)
- Channel funds to the licensed intermediary and purchase the desired type of listed securities
- Your funds will be used to develop the private and public sectors
- YOU not only get a return on your investment, but also participate in building the country and attaining the goals of Vision 2030

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