

# NAIROBI SECURITIES EXCHANGE

2015 Half Year Results Presentation  
25<sup>th</sup> August 2015

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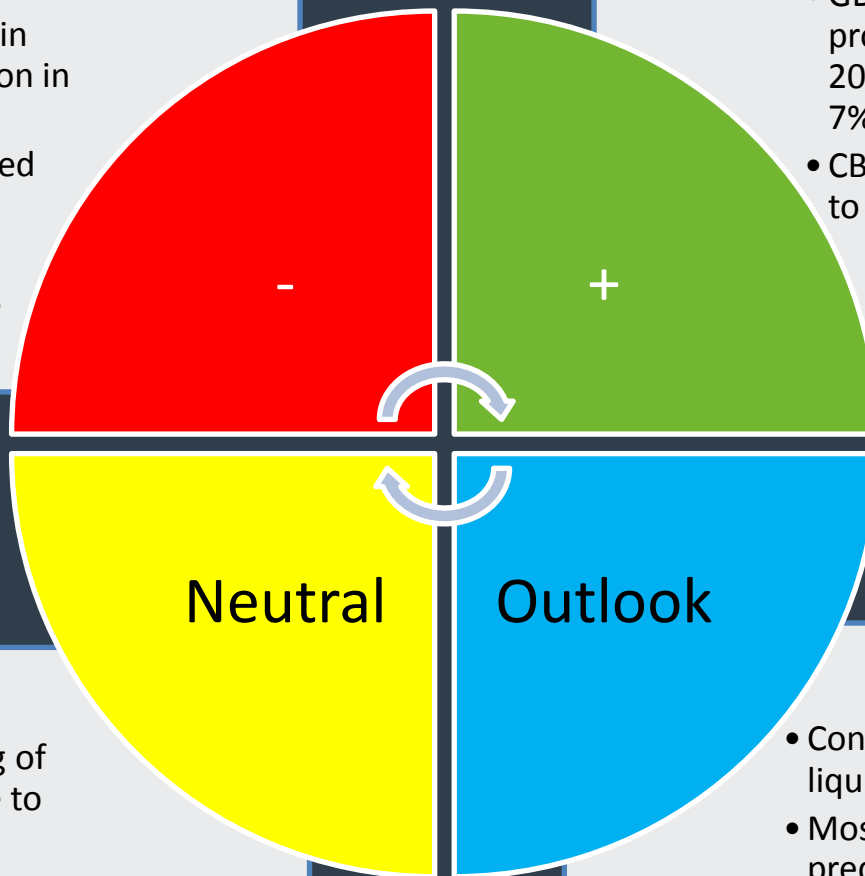
# Economic Environment



# Economic Environment

- Agricultural output fell from KES 334.8 billion in 2013 to KES 333.2 billion in 2014
- Tourism arrivals declined by 11% in 2014
- Weakening Shilling
- Inflation rose to 6.66% in H1 2015

- GDP growth rate projected at 6% for 2015, 6.6% for 2016 and 7% for 2017.
- CBK raising import cover to 4.5 months from 4.0



- The MPC in its meeting of 5th August 2015 chose to hold the CBR constant;

- Continued money market liquidity tightness.
- Most listed companies predicted to report stunted earnings growth

# Market Performance



# African Market Performance

## Peer Review (June 2015)

<b>STOCK MARKET</b>	<b>1M</b>	<b>1Y</b>	<b>3Y</b>	<b>5Y</b>	<b>YTD</b>
Botswana Stock Exchange	1.9%	3.8%	16.0%	5.6%	7.9%
BRVM	5.8%	-4.6%	66.1%	76.6%	0.0%
Dar es Salaam Stock Exchange	-4.2%	-4.8%	35.8%	59.1%	-14.1%
Ghana Stock Exchange	-6.7%	-31.5%	0.5%	N/A	-23.0%
Johannesburg Stock Exchange	0.7%	-4.8%	2.4%	25.2%	1.0%
Lusaka Stock Exchange	-5.5%	-20.7%	2.1%	34.2%	-19.9%
Malawi Stock Exchange	-1.0%	7.3%	62.5%	N/A	15.1%
Nairobi Securities Exchange	0.0%	-3.3%	73.3%	49.0%	-7.7%
Namibian Stock Exchange	0.9%	9.5%	23.1%	75.7%	6.2%
Nigerian Stock Exchange	-2.5%	-35.5%	26.4%	1.0%	-11.0%
Rwanda Stock Exchange	-6.6%	-22.3%	N/A	N/A	-11.9%
Stock Exchange of Mauritius	1.3%	-17.9%	-3.6%	13.2%	-13.8%
Uganda Securities Exchange	-2.1%	-7.4%	42.3%	37.9%	-9.8%
Zimbabwe Stock Exchange	-3.0%	-20.5%	13.9%	16.4%	-8.8%

All figures in USD unless stated otherwise

# Kenya Market Performance

## H1 Comparisons 2014 - 2015

Parameter	Jan - Jun. 2014	Jan - Jun. 2015	% Change
NSE 20 share Index	4,885	4,907	0.45
NSE All share index	150	164	9.33
FTSE NSE 15 Equity index	196	218	11.22
FTSE NSE 25 Equity index	198	217	9.60
Equity Market Cap. (Kshs Billion)	2,106	2,302	9.31
FTSE NSE Kenyan Shiling Government Bond Index	92	92	-
Equity Turnover (Kshs. Billion)	116	128	10.34
Bond Turnover (Kshs. Bililon)	278	202	(27.34)

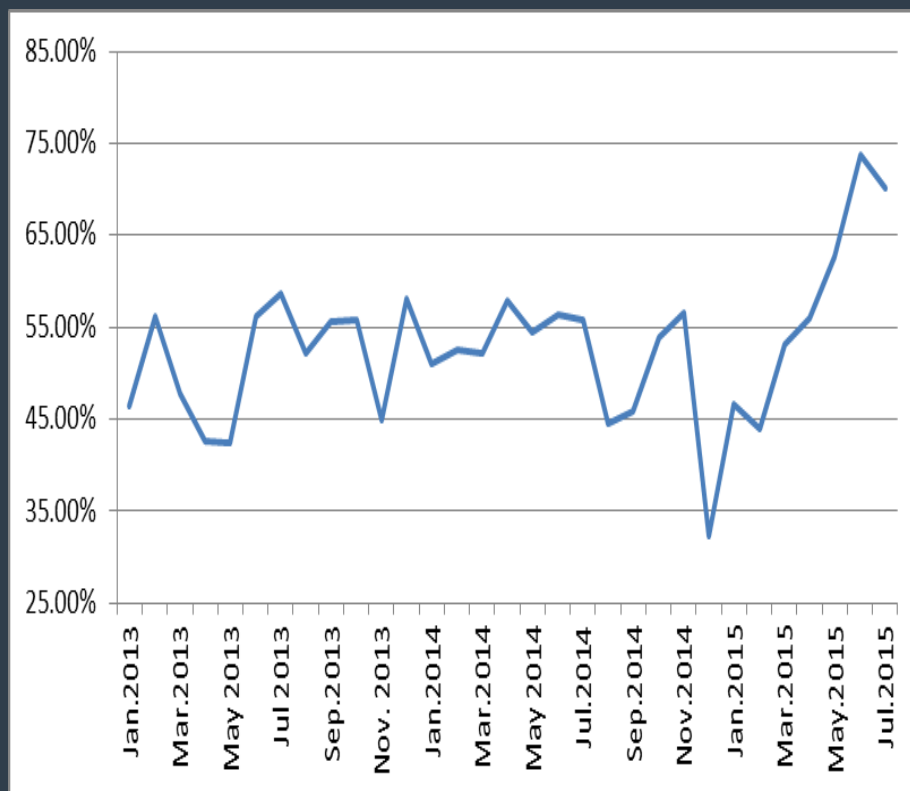
## Capital Raised in 1HY 2015

	Amount (Ksh .Mn)
<b>Equity Market</b>	
Rights Issue	9,012
<b>Bond Market</b>	
Treasury Bonds	93,767
Corporate bonds	23,605
<b>Total Capital Raised</b>	<b>126,384</b>



# Market Performance

## Foreign Investor Participation



Month 2015	Foreign purchases (FP)	Foreign sales (FS)	% overall foreign participation to ET
January	4,401	4,674	46.71%
February	7,176	6,975	43.92%
March	9,368	12,453	53.18%
April	8,175	8,242	56.06%
May	12,360	14,390	62.70%
June	17,659	18,106	73.74%
July	14,552	15,679	70.13%

# Financial Highlights

## FINANCIAL HIGHLIGHTS

Medical Services Income  
an increase of 10%  
University  
streamlined  
services  
The  
University  
of  
Central  
Florida  
is  
the  
largest  
academic  
and  
the  
largest  
in  
Connecticut

Grant and Contract Income  
Five-year trend analysis (in millions)



Capital Spending by Year  
(in 2014 dollars, in millions)



Many School of Medicine programs have received  
increases in medical services revenue during fiscal year 2014,  
including Anatomical, Dental Study Center, Diagnostic  
Pathology, Environmental, Laboratory Medicine, Internal Medicine,  
Pediatrics, Pathology, Perinatal Pathology, Psychiatry,  
Ophthalmology, and Otolaryngology. The total increase in  
revenue for these programs was \$133 million, a total of \$133.2 million.



## H1 Comparisons 2015 - 2014

	H1 2015	H1 2014	Increase %
Equity turnover	213 Bn	201 Bn	6%
Total income	401.1 Mn	353.2 Mn	14%
Interest Income	44.2 Mn	13.5 Mn	Over 200%
Profit before tax	218.7Mn	178.9Mn	22%
Total assets	1.89 Bn	1.14 Bn	66%

All figures in KSH unless stated otherwise

# H1 Comparisons 2015 – 2014 P&L

Condensed Statement of Profit or Loss and Other Comprehensive Income For the	6 Months Ended	6 Months Ended
	30.06.2015	30.06.2014
	Kshs '000	Kshs '000
Operating income	314,345	300,218
Interest income	44,241	13,536
Other income	42,544	39,444
<b>Total income</b>	<b>401,130</b>	<b>353,198</b>
Administrative expenses	(203,458)	(184,667)
Finance costs	-	(10,260)
Share of profit of associate company	21,072	20,590
Net recovery on doubtful debts	-	-
<b>Profit before taxation</b>	<b>218,744</b>	<b>178,861</b>
Taxation charge	(40,164)	(50,980)
<b>Profit for the period</b>	<b>178,580</b>	<b>127,881</b>
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>178,580</b>	<b>127,881</b>
<b>Earnings Per Share* - Basic and diluted (Kshs)</b>	<b>0.92</b>	<b>0.99</b>
*EPS based on weighted average no. of shares	194,625,000	128,625,000

# H1 Comparisons 2015 – 2014

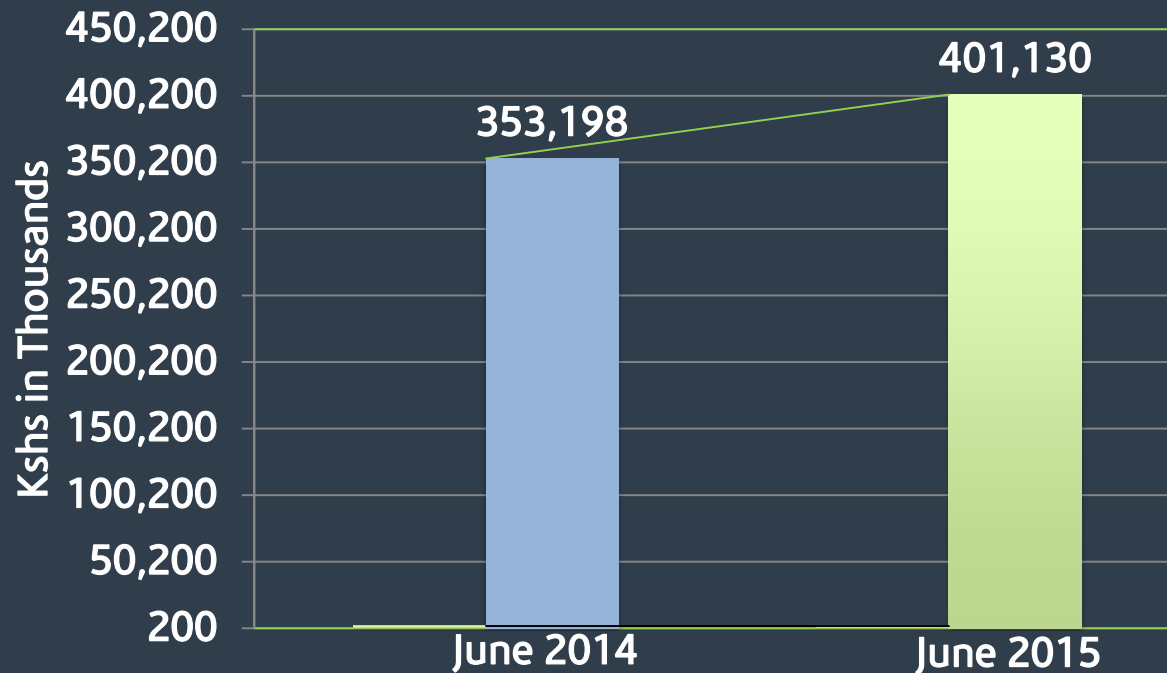
## Operating Income

	2015 Actual	2014 Actual
	Kshs '000	Kshs '000
Transactions levy	269,004	257,702
Annual listing fees	40,714	39,128
Initial listing fees	3,750	2,750
Application and additional listing fees	877	638
<b>TOTAL</b>	<b>314,345</b>	<b>300,218</b>

# H1 Comparisons 2015 – 2014

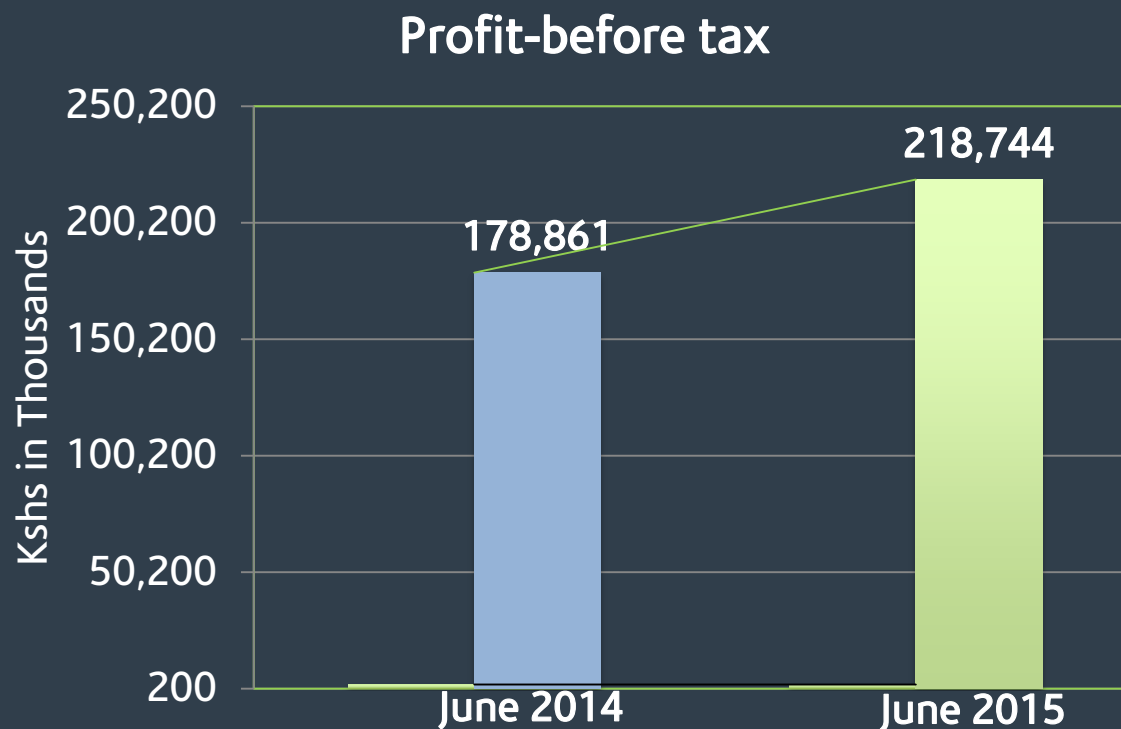
## Growth in Income (14%)

### Total Income



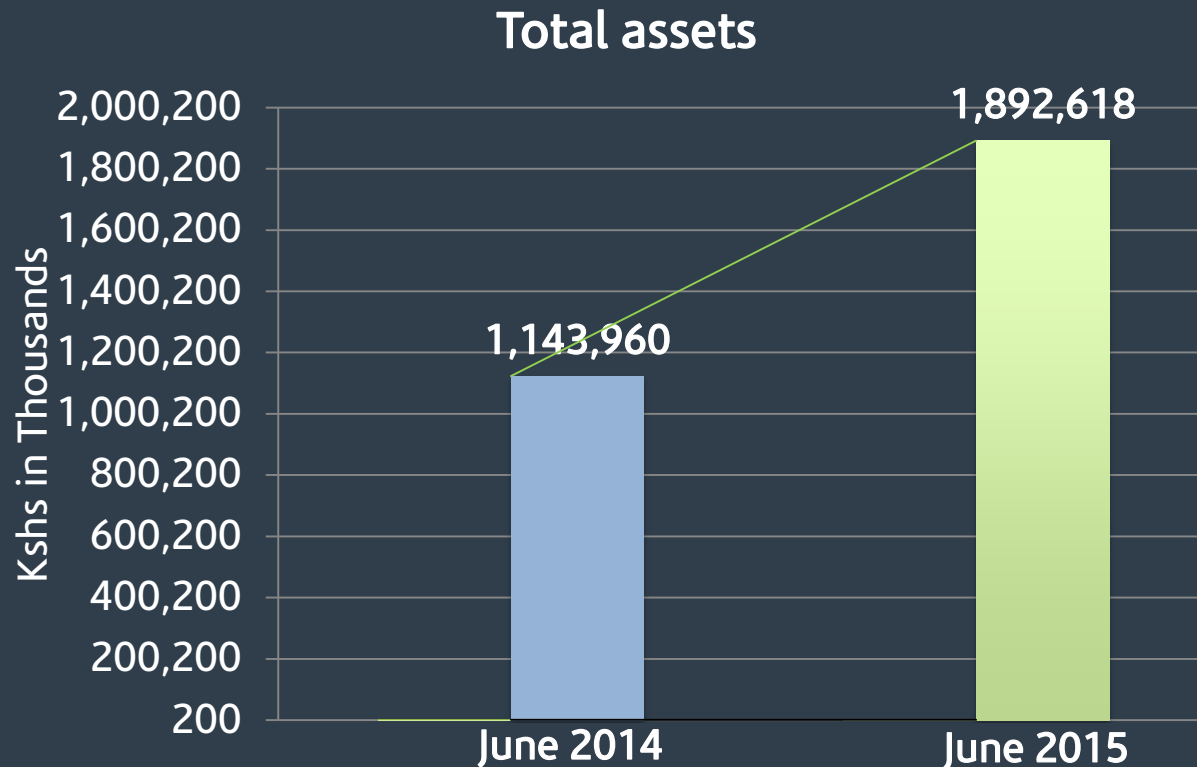
# H1 Comparisons 2015 – 2014

## Growth in Profit-Before-Tax (22%)



# H1 Comparisons 2015 – 2014

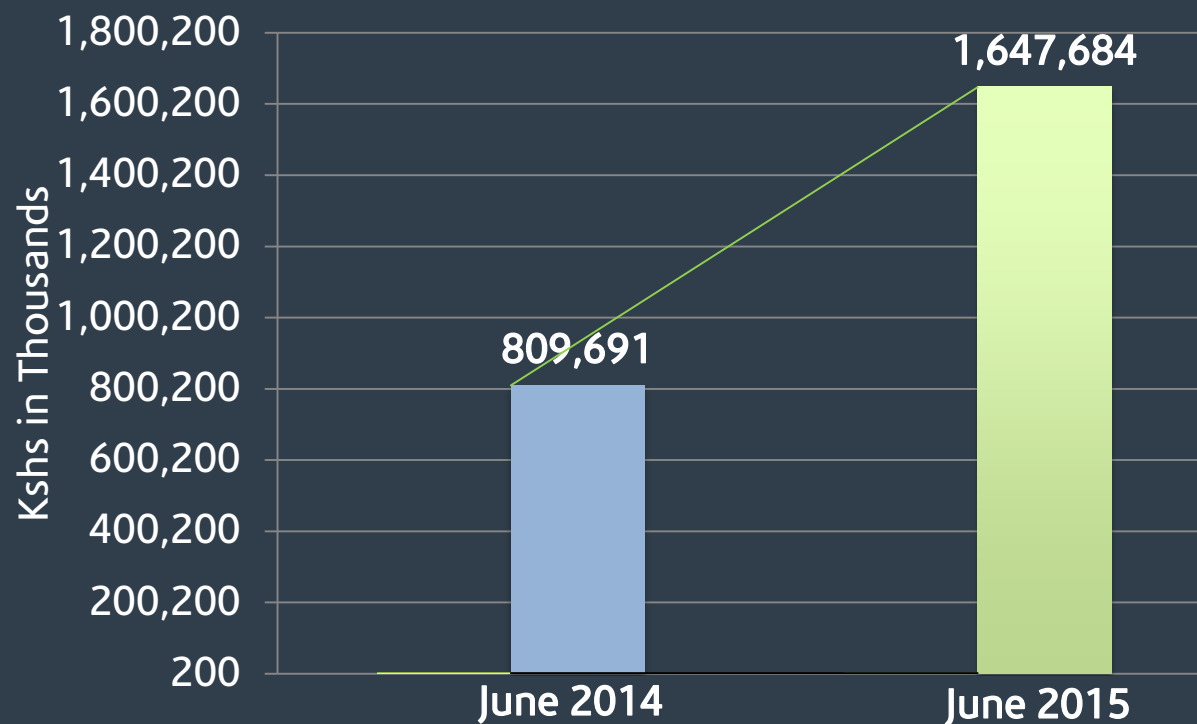
## Growth in Total Assets (66%)





# H1 Comparisons 2015 – 2014

## Growth in Shareholder Equity (103%)



# Outlook & Strategy



## Economy

- Interest in Kenya as an Investment destination remains strong
- Optimistic of improved performance in the second half of 2015.

Challenges to our outlook can arise from:

- Weakening of the shilling
- Continued fiscal challenges
- Security concerns
- Global economic downturn

## NSE Products & Services

- We expect further listings on the Main Investment Market Segment (MIMS) and the Growth Enterprise Market Segment (GEMS)
- NSE to host forum for potential GEMS issuers in Q4
- The Fixed Income Market will witness further Corporate and Government Debt issues
- The Exchange is on course to launch the following markets in Q3 – Q4
  - Derivatives Market,
  - Real Estate Investment Trusts (REITS),
  - Exchange Traded Funds (ETF),
  - M-Akiba Bond - deepening financial inclusion
- We have commenced the upgrade of our automated trading system (ATS) and expect to complete the same in 2016 enhancing our capability to support the trading of our new product offering

Thank You



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securities  
exchange**

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