



Nigeria

A Compelling Investment Destination

Arunma Oteh

Director General

Securities and Exchange Commission

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Background information on Nigeria



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Macroeconomic data (IMF 2010E)

Population: 156 million

GDP: \$214billion

Real GDP growth: 7%

CPI inflation: 10.7%

Currency: Nigerian naira (NGN)



Market information:

Equity Market Capitalization:

- NGN 6,000.bn (USD 40 bn) as at 31/08/2010

Average daily turnover (H1-10):

- USD 23,589,591

Opening hours: (Mon-Fri)

Local time

- 10.00am - 12.00pm

GMT

10.00am - 12.00pm

Settlement:

T+3(Equity), T+2 (Bonds)

Trading system:

ATS

Delivery:

Electronic

Tradable instruments:

- Equities – Ordinary
- Corporate bonds
- Government bonds
- Preference Stock
- Industrial Loans

Central depository :

Yes

Same-day funds :

Yes

Securities lending/short selling :

No

T+3 rolling settlement :

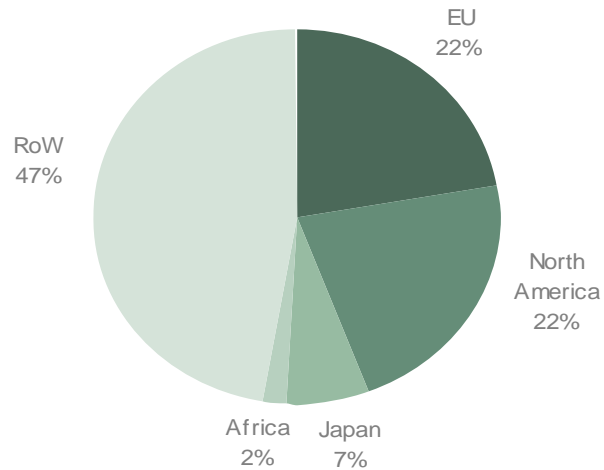
No

Where Nigeria goes, Africa goes

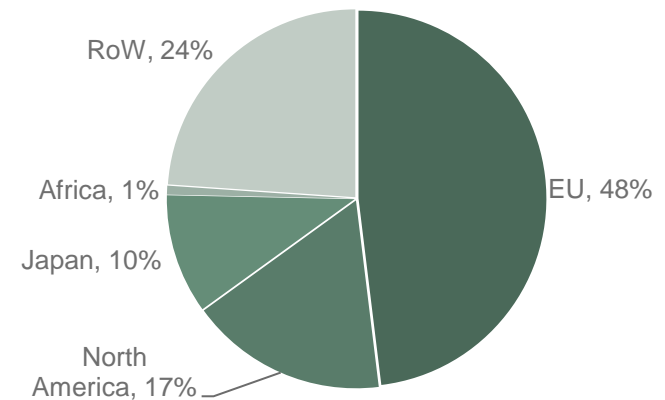


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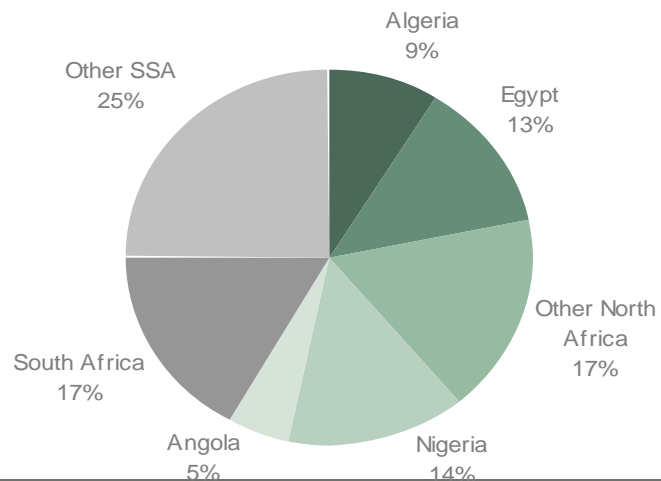
Africa contributes 2% to the world's GDP



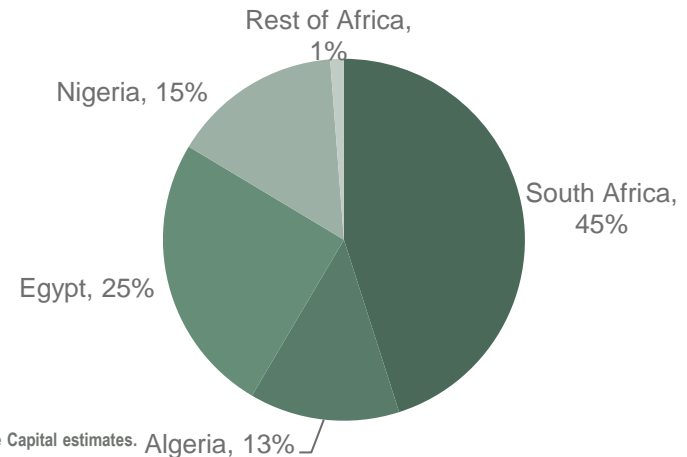
Total Banking Assets Globally, 2008



Nigeria contributes 14% to Africa's GDP



Total Banking Assets in Africa, 2008



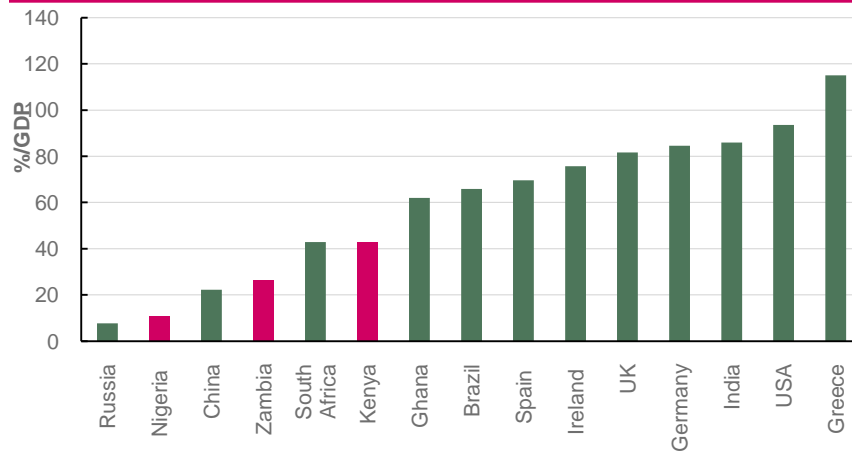
Source: Reuters, IMF and Renaissance Capital estimates.

Stable macroeconomic environment

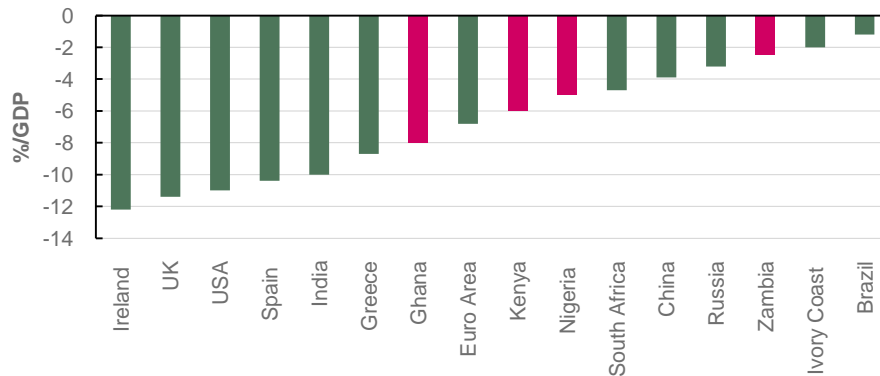


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2010 Public debt estimates



2010 Fiscal Deficit estimates



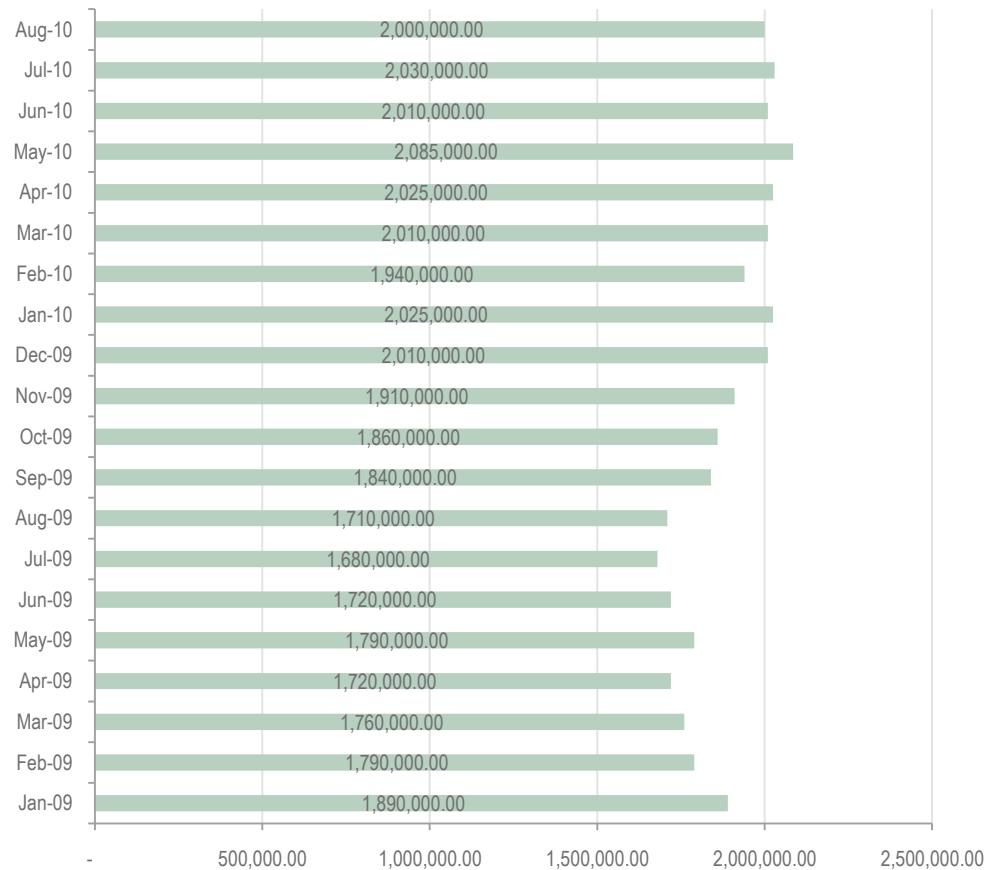
- Low levels of debt
- Reasonable inflation
- Relatively stable exchange rates
- Current account Surplus

Political commitment to reform agenda including Niger Delta amnesty program, free and fair elections, and economic reforms



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Average barrels per day rises post its amnesty program



'I have also given a strong mandate to the head of Securities and Exchange Commission, Arunma Oteh, to use any means backed by law to bring all those who abused the capital market to book. Those who could not retire as planned because of losses sustained in the stock market crash should be confident that i feel their pains and will give the political cover to those whose jobs it is to pursue, apprehend and prosecute those responsible with the aim of restituting losses'.

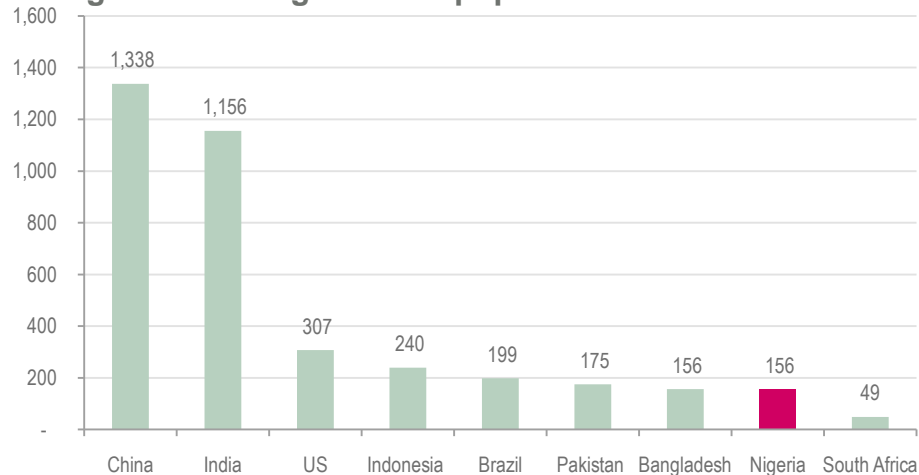
**Facebook comment made on 31st July, 2010
by President Goodluck Jonathan**

Opportunity to benefit from large population and rising income

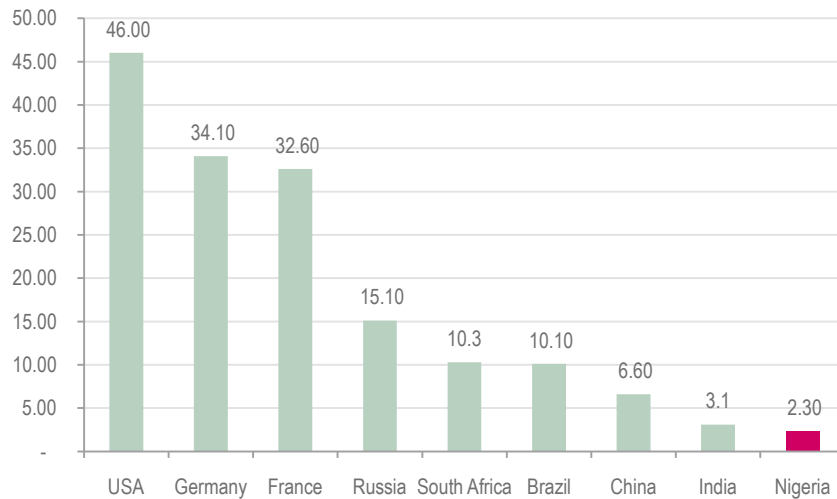


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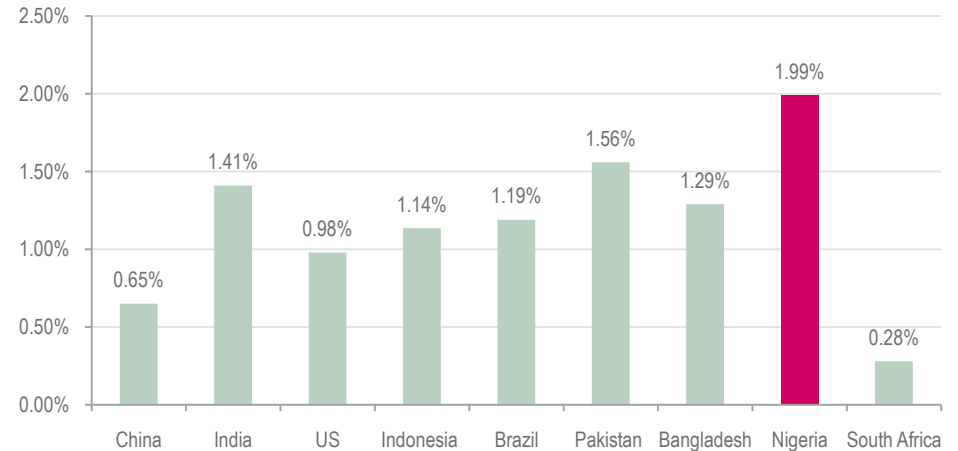
Nigeria is the eighth most populous nation



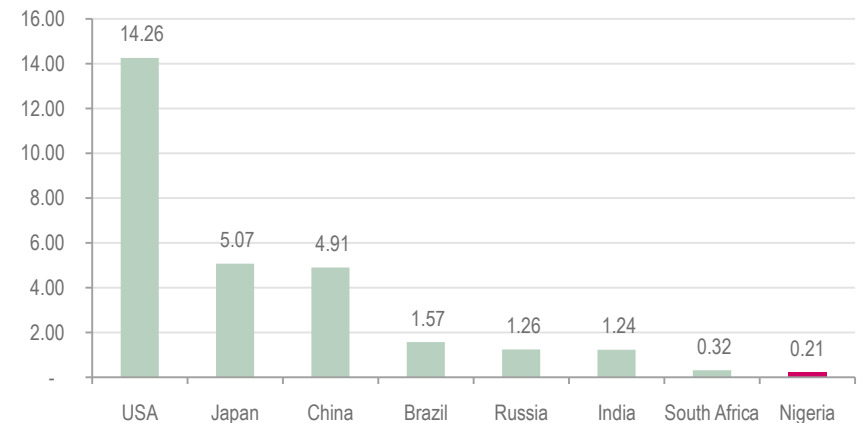
2009 GDP per capita- US\$ ('000)



Population growth prospect



GDP US\$ (Trillion)

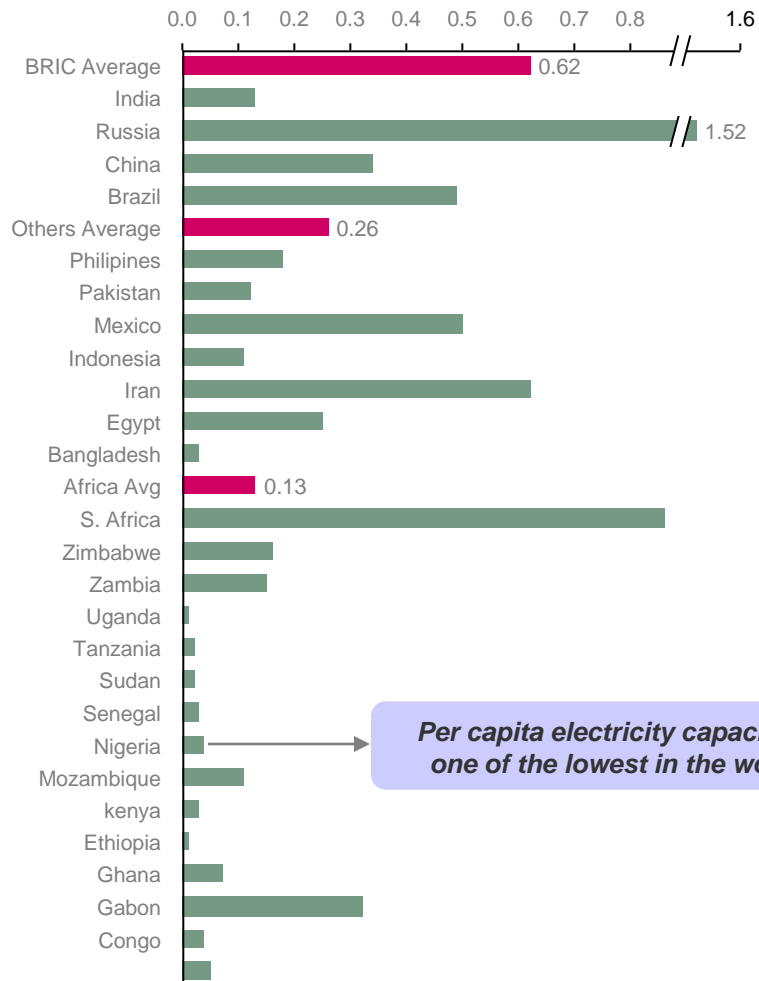


Investment opportunities abound in Nigeria



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Power Sector – Electricity capacity per capita



Per capita electricity capacity is one of the lowest in the world

Roadmap for Power Sector Reforms

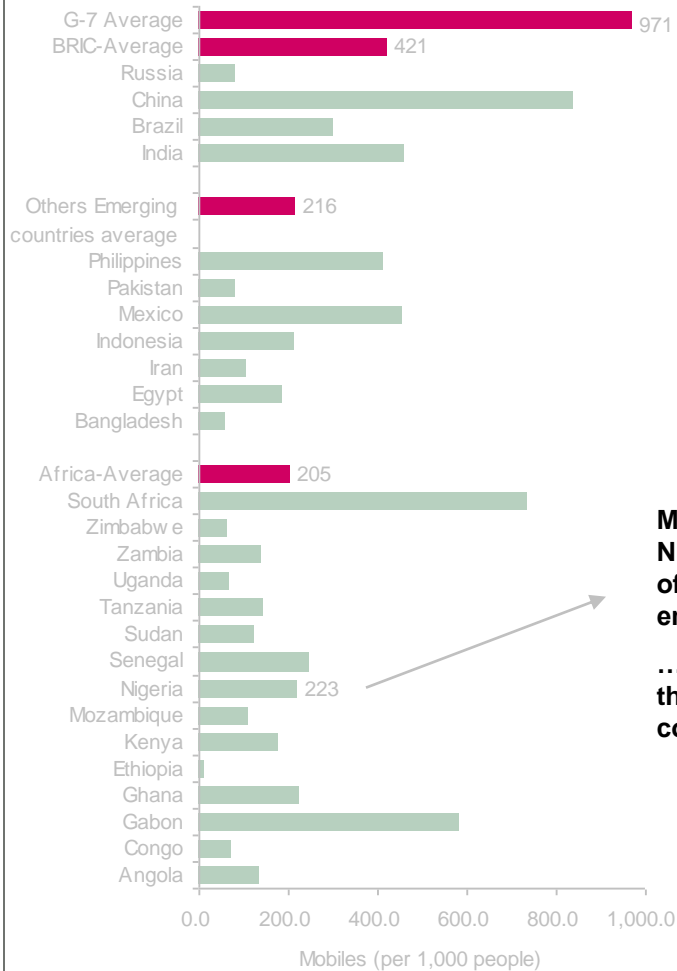
- Achieve 40,000 MW by 2020
- Required investment of US\$3.5 billion/year over the next 10 years
- Government will incentivise private sector to make the required investment
- Pending investments by the private sector, the Government will take active steps to ensure modest but genuine improvements in the amount and quality of electricity supplied
- Government will establish an appropriate pricing regime
- Establish a bulk purchaser who carries out bulk buying pending a developed settlement, accounting system required for bilateral contracting
- Government will provide credit enhancement to the bulk purchasers that will enter into PPA with generating companies and IPPs
- Strengthening the NERC so that private sector operators will have a level playing field
- Government will divest from the 18 successor companies though
 - Concessions to Kainji, Jebba and Shiroro hydro power generating plants
 - Sale of minimum of 51% of Thermal generating plants
 - Transmission company will be handed over to a credible management company under a 5 year management contract
 - Sale of at least 51% of the Distribution companies

Investment opportunities abound in Nigeria



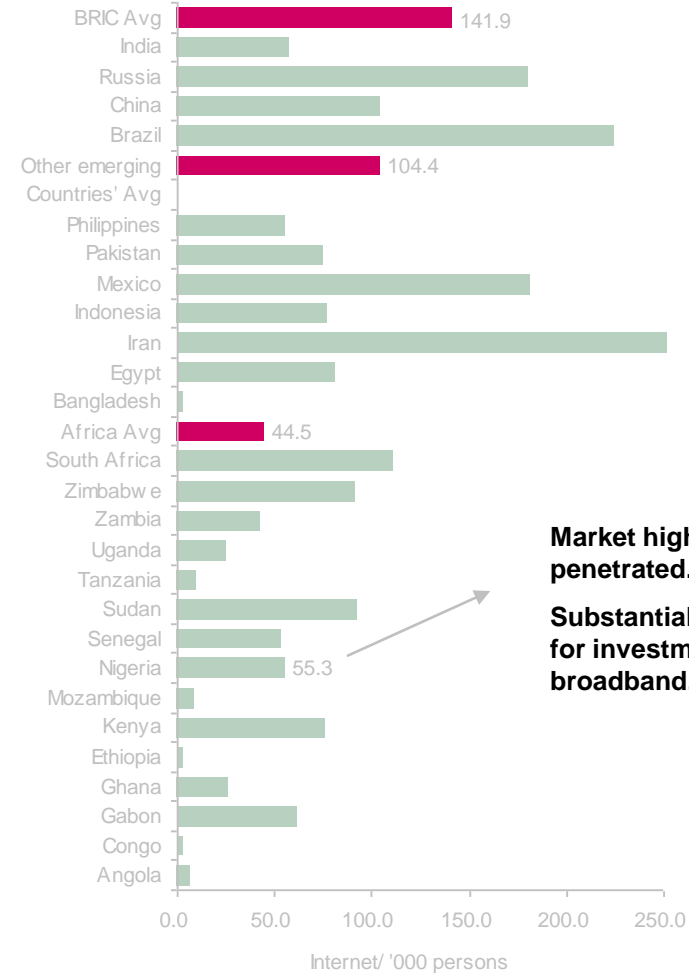
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Mobile penetration



Mobile penetration in Nigeria is at the level of that in other emerging nations...
...but much less than that in BRIC and G7 countries

Broadband penetration



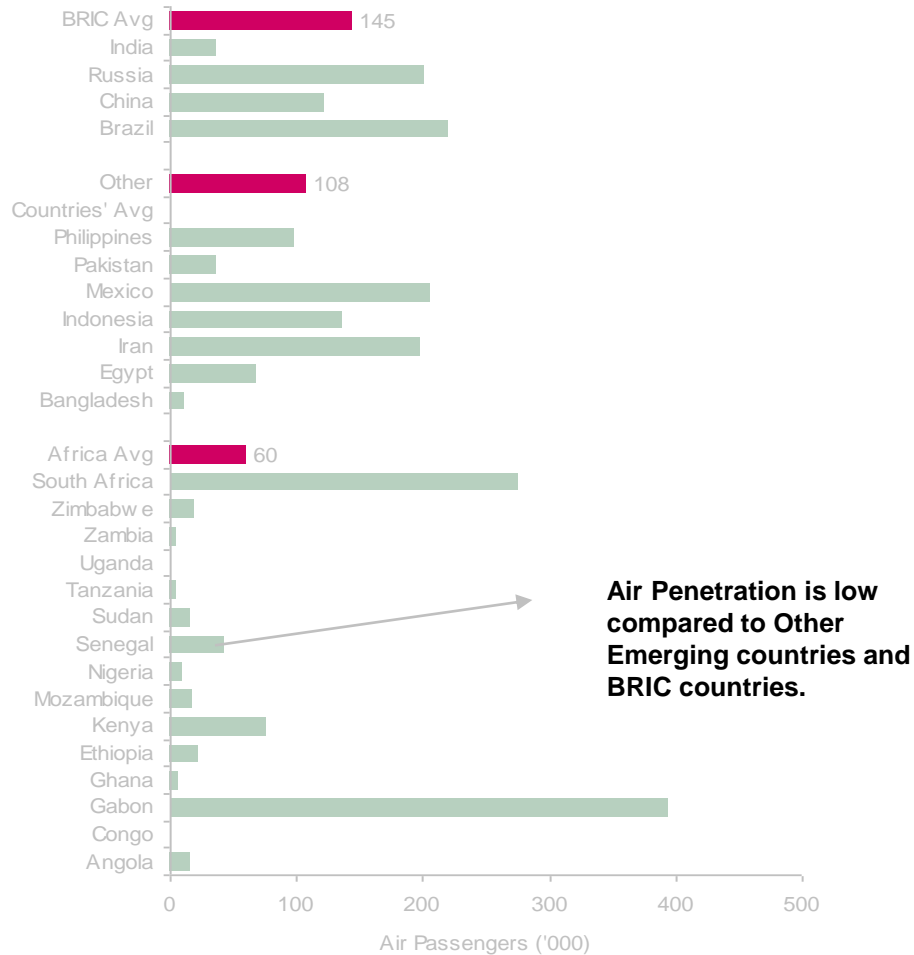
Market highly under-penetrated.
Substantial scope for investment in broadband.

Investment opportunities abound in Nigeria

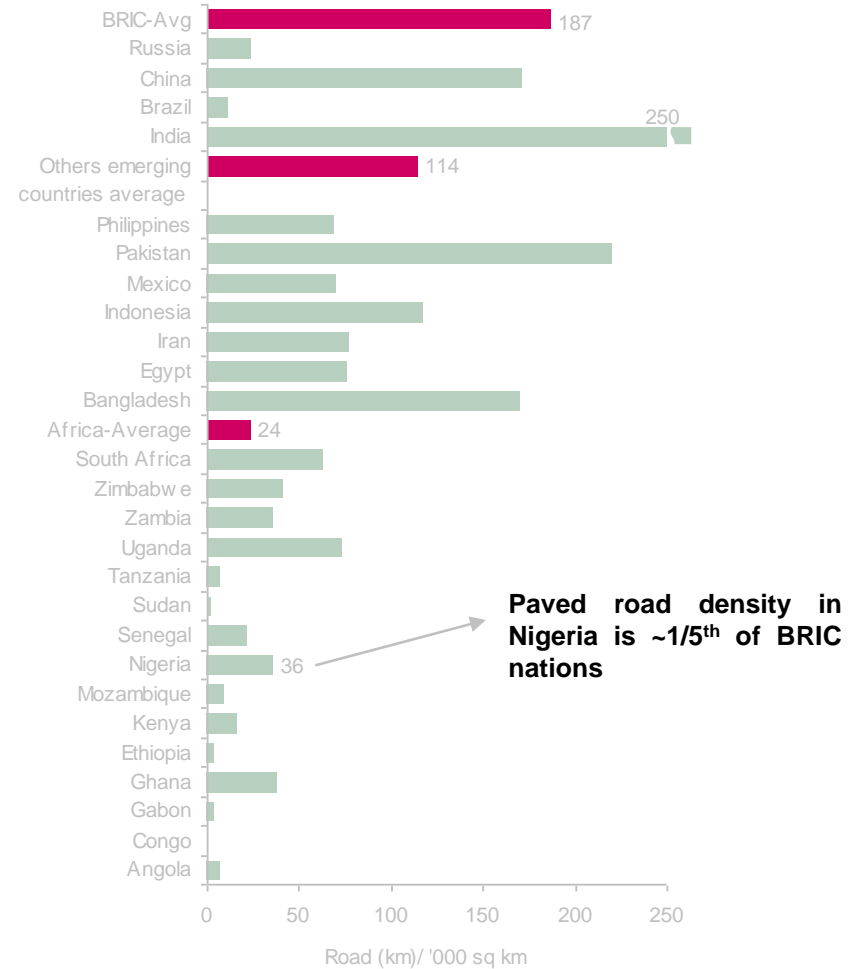


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Air passengers



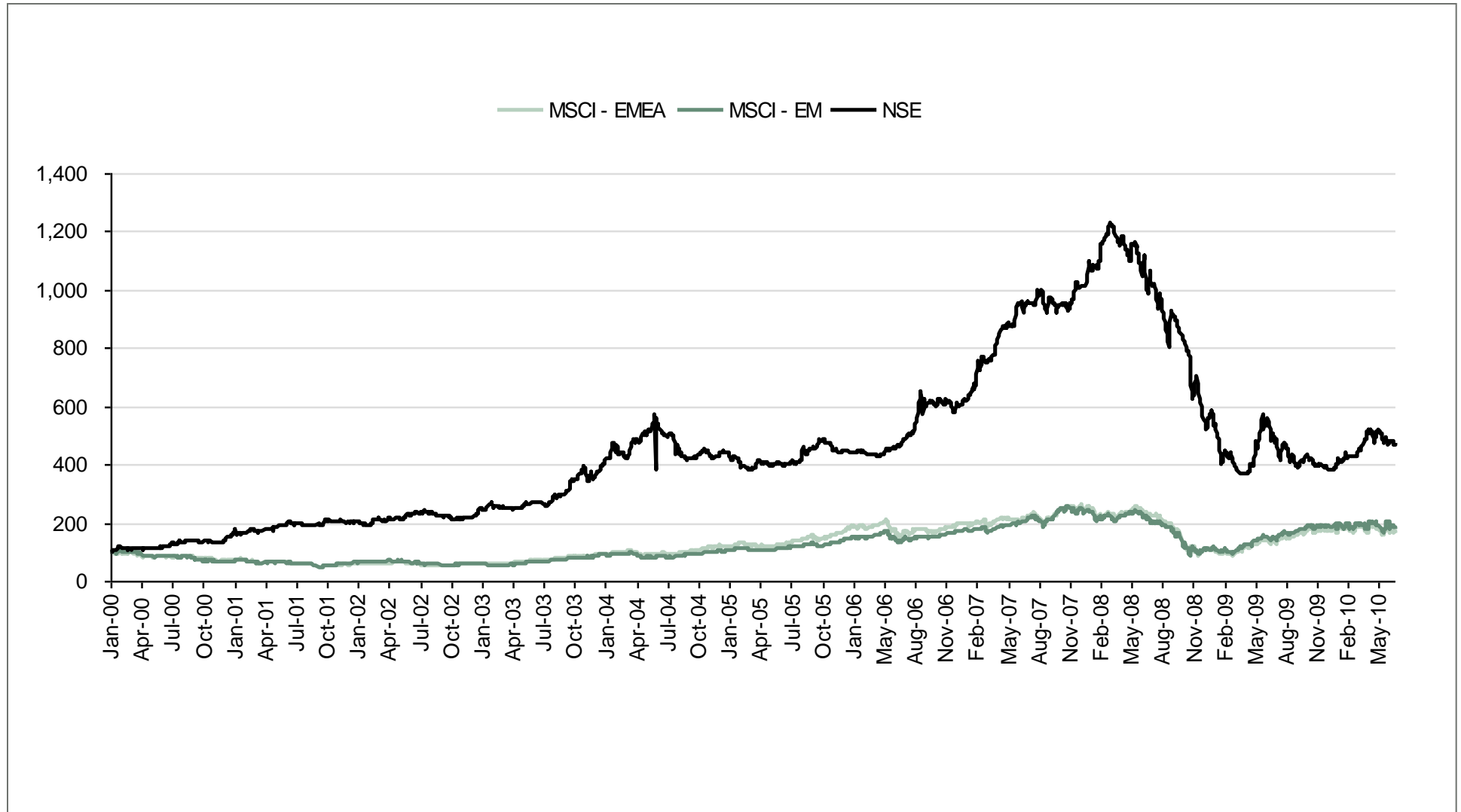
Road density



MSCI-EM & EMEA compared to NSE ALSI



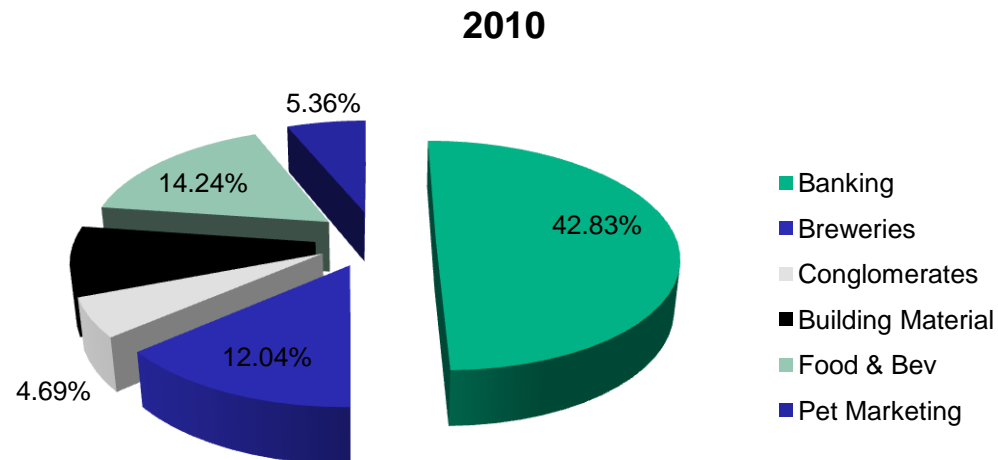
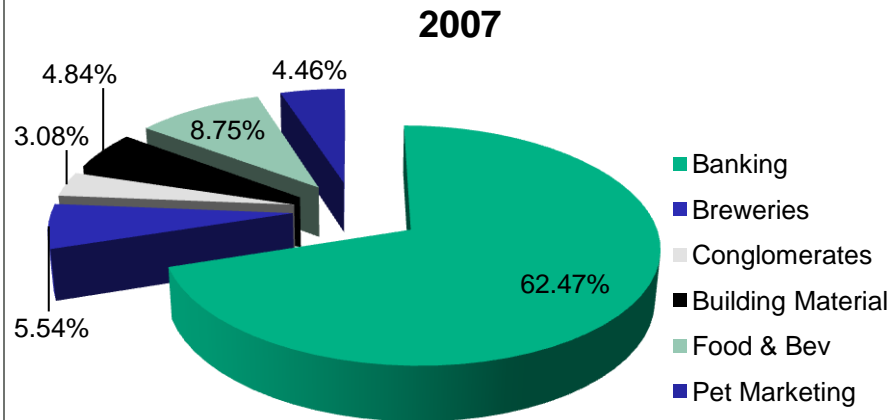
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Deepening and broadening the Nigerian Capital Markets



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- Encourage upstream oil & gas, and telecommunication companies to list in Nigeria to diversify the sector distribution of the NSE.
- Institutionalizing the stock market through encouraging collective investment schemes including exchange traded funds, Islamic funds, and other ethical funds, and REITs.
- Alternative investment Market to address funding needs for SMEs
- Building a vibrant fixed income market on the heels of a successful sovereign bond market
 - President recently granted tax waivers granted that have reduced issuance costs for sub-national and corporate government bonds by 300 basis points
- Pension assets total USD 13 billion and growing at more than 20% pa



- **World class legal framework including Investment and Securities promulgated in 2007 and specified Investment and Securities Court- the Investment and Securities Tribunal**
- **Recently established Asset Management Company to takeover toxic assets**
- **Best practice rules and regulations including**
- **Promulgation of news rules and regulation to ensure a world class capital market**
- **Recent introduction of margin guidelines to curtail excessive risk taking**
- **Adoption of International Financial Reporting Standards (IFRS) for all banks and publicly quoted companies for 2012 financial statements**
- **Ongoing revision of corporate governance code**
- **Leveraging technology to strengthen monitoring and investigation**



- **Fit and proper tests for brokers/dealers**
- **Suspension of brokers that have not been filing statutory returns and plan to revoke licenses where necessary**
- **260 individuals and entities taken to the Investment and Securities Tribunal for allegations of insider dealing and share price manipulation**
- **Seeking declaratory orders for the defendants to disgorge illegally**



- **Addressing governance challenges at the Nigerian Stock Exchange**
- **Upgrading Abuja Securities and Commodities Exchange**
- **Preparing Exchanges for demutualization**
- **Partnering with international agencies to build capacity amongst capital market operators**
- **Strengthening all capital market trade groups**
- **Opportunities to leap frog in terms of technology platforms for exchanges**

How the markets compare?



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	GDP/Capita in US\$	Population in millions	Value traded in USD millions	Market capitalization in US\$ millions
China	3,565.73	1,334.30	19,472.37	3,285,964
Brazil	7,737.32	191.48	2,118.83	855,185
Russia	8,873.61	141.39	4,000	1,050,000
India	1,032.71	1,203.28	1,855.62	700,029
South Africa	5,635.19	49.22	113.26	370,000
Mexico	8,040.24	107.75	298.83	262,508
Egypt	2,450.41	76.7	123.34	109,656
Morocco	2,847.50	31.87	16.589	65,709
Nigeria	1,089.30	151.87	19.29	40,000
Kenya	841.95	35.88	2.146	11,000
Ghana	638.79	23.1	0.62	10,880
Zambia	1,026.92	11.97	0.216	5,002
Zimbabwe	303.14	11.732	0.212	4,203



“.....The frontier index has been helped along by positive returns in three of its important markets – Nigeria, Kuwait and Qatar.The combination of resource wealth and macroeconomic stability is attracting investors....”

Tim Gray, New York Times, 11 July 2010

“....Who is the next Brazil amongst frontier markets? I answer without hesitation that it's Nigeria”- Adam Kutas Fidelity Emerging Group in New York Times, 11 July 2010