



BSE Development Plans



Thapelo Tsheole
Product Development Manager

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AGENDA

- 1. Market Performance
- 2. BSE Footprint
- 3. Strategic Position
- 4. BSE Potential
- 5. Development Plans

Market Performance

	2006	2007	2008	2009
% Change - DCI	74.1	35.9	(16.5)	2.9
% Change - FCI	57.3	23.8	(45.8)	19.0
Dom Mkt Capital (P'Mn)	23,777	32,703	27,706	28,536
Foreign Mkt Capital (P'Mn)	534,185	568,028	286,260	346,001
Aver Turnover/Day (P' Mn)	1.7	3.4	4.8	3.1
No of Shares Traded (Mn)	87.2	124.6	193.3	167.6
Turn/Dom Mkt Cap (%)	1.8	2.5	3.9	2.7
Dom Mkt Capital/GDP (%)	28.4	37.1	40.7	29.5
P/E Ratio	16.3x	15.6x	12.0x	13.5

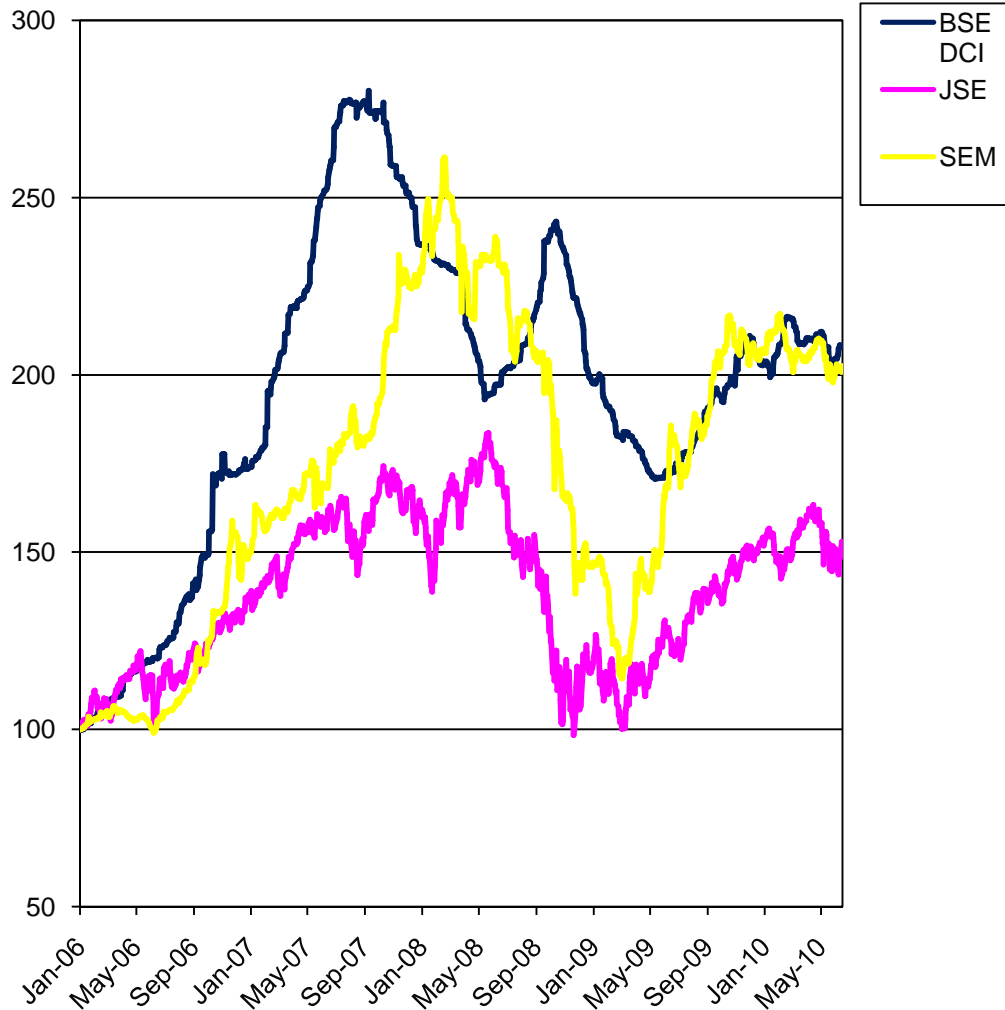
Quarterly Market Performance 2010

	2009	2010 <small>note1</small>		
		Q1	Q2	YTD
% Change - DCI	2.9	3.3	(1.7)	1.5
% Change - FCI	19.0	(0.7)	16.3	15.5
Domestic Market Capitalization (P'Mn)	28,536	29,465	30,187	30,187
Foreign Market Capitalization (P' Mn)	346,001	343,718	399,875	399,875
Average Turnover/Day (P' Mn)	3.1	4.00	3.5	3.7
No of Shares Traded (Mn)	167.6	30.4	75.9	106.2
P/E Ratio	13.5	12.7	11.8	11.8
Dividend Yield	4.3	4.4	4.3	4.3
Price/ Book Value	4.8	4.6	4.4	4.4

Note1: 2010 stats as at 29th June

Comparative Performance

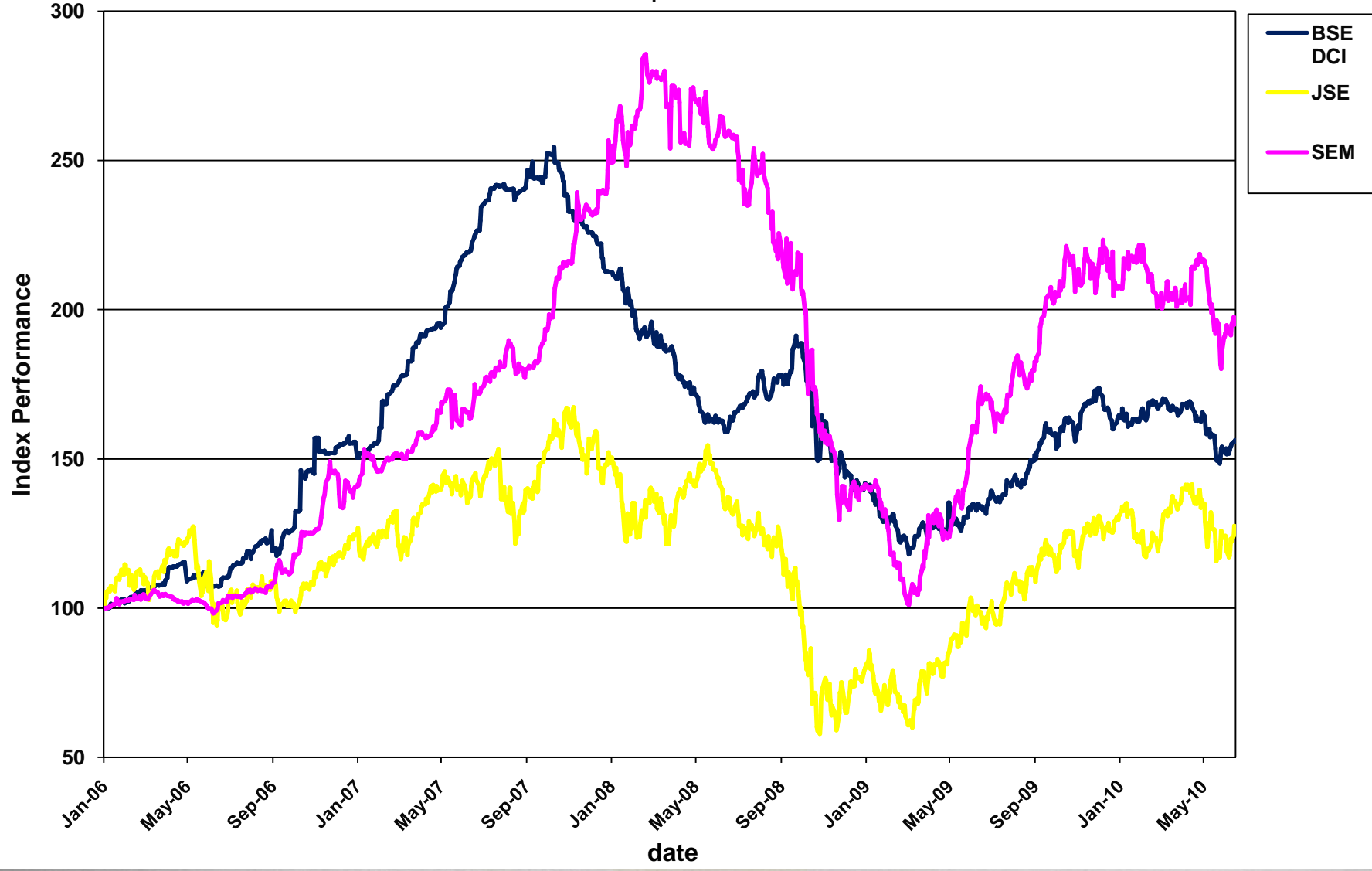
Performance of the BSE DCI in relation to other markets (domestic currencies)



	JSE	SEM	BSE
% change in index	28.6	40.4	2.9
Turnover/ Mkt Cap (%)	48.0	6.9	2.7
Mkt Cap/ GDP (%)	244.7	76.0	29.5
Market P/E ratio	19.4	10.7	13.5

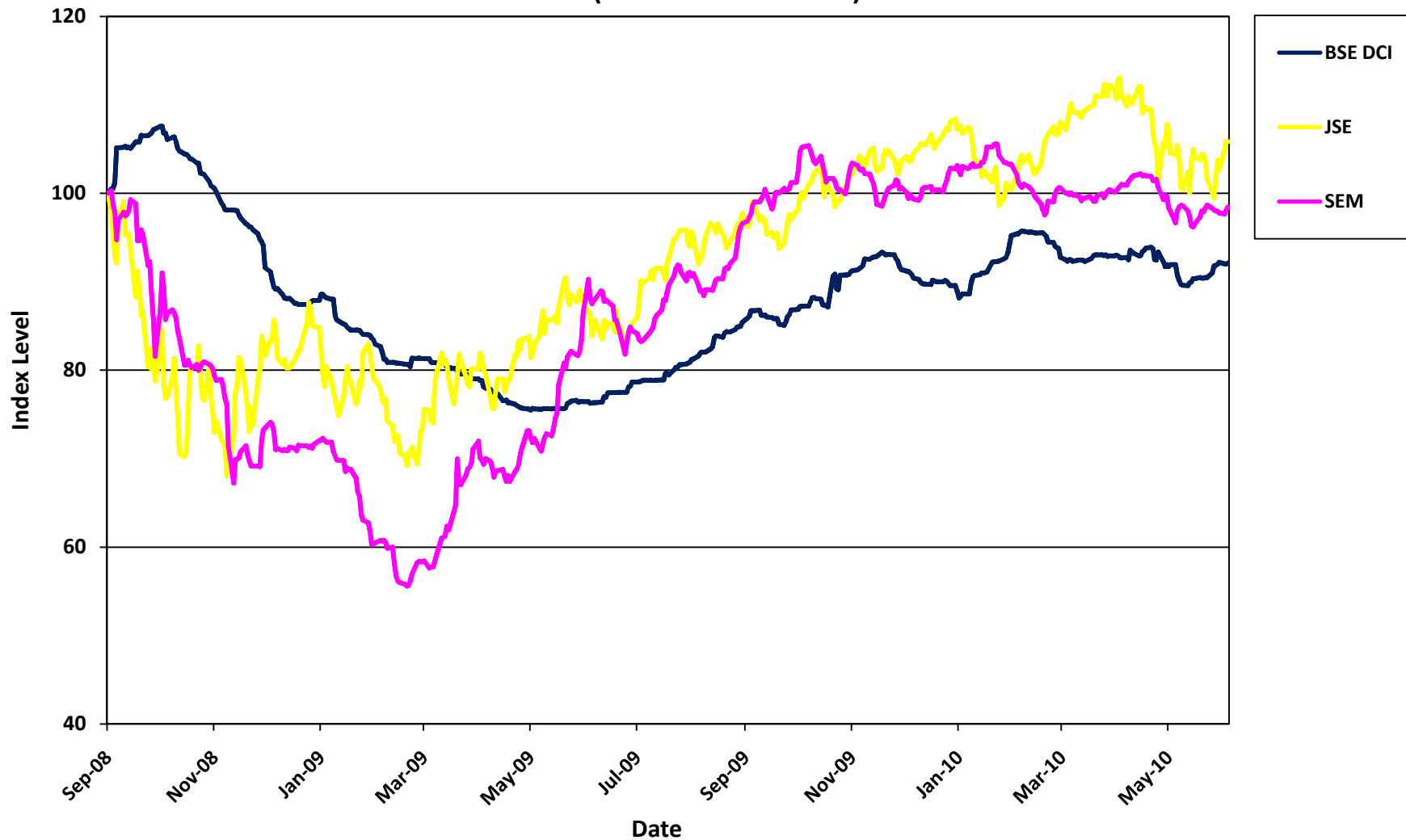
BSE-Comparative Performance

Performance of the BSE DCI in relation to other markets in US
\$ 2006-2010



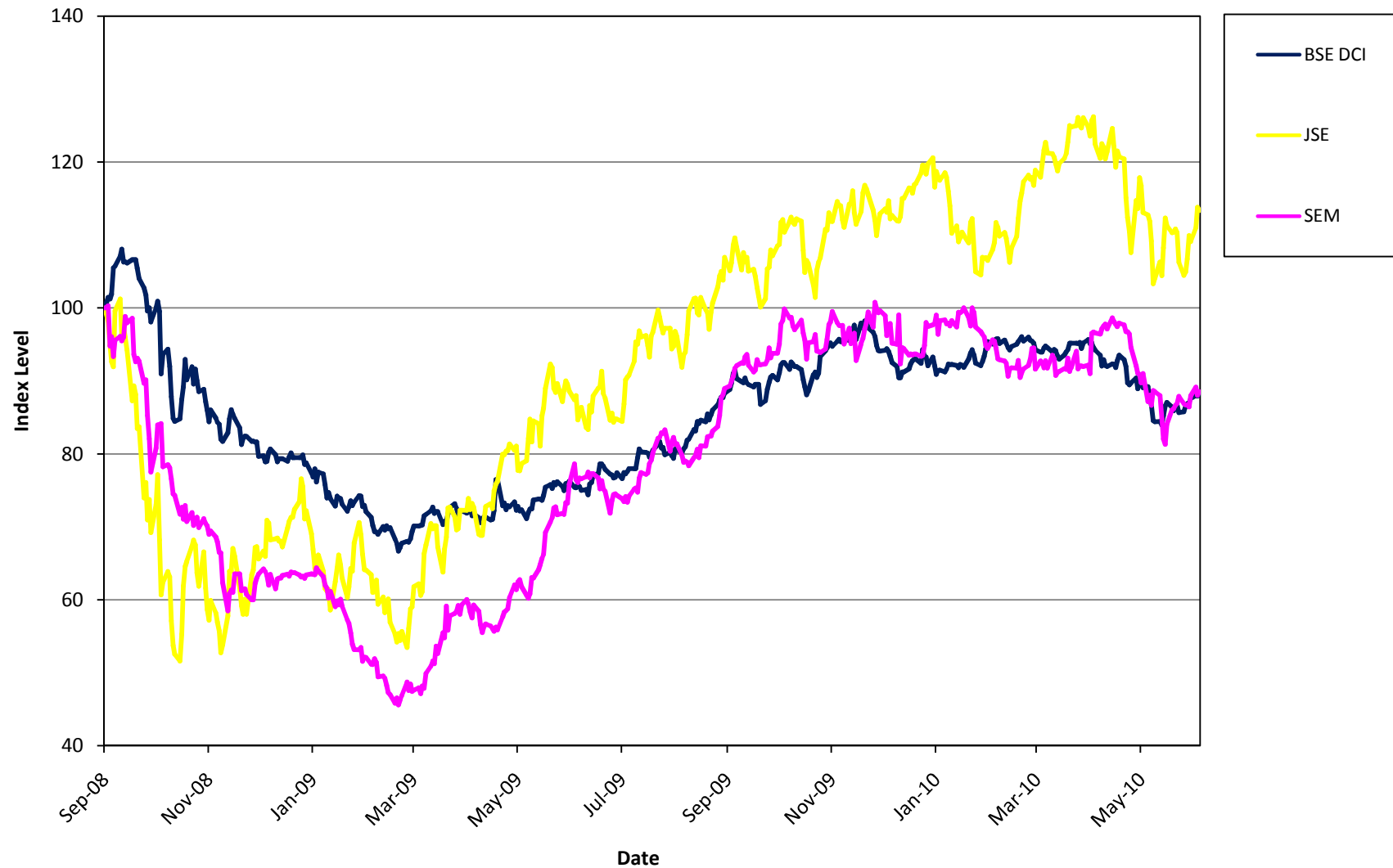
BSE-Comparative Performance

Performance of the BSE DCI in relation to JSE and SEM 13th September 2008- June 2010
(domestic currencies)

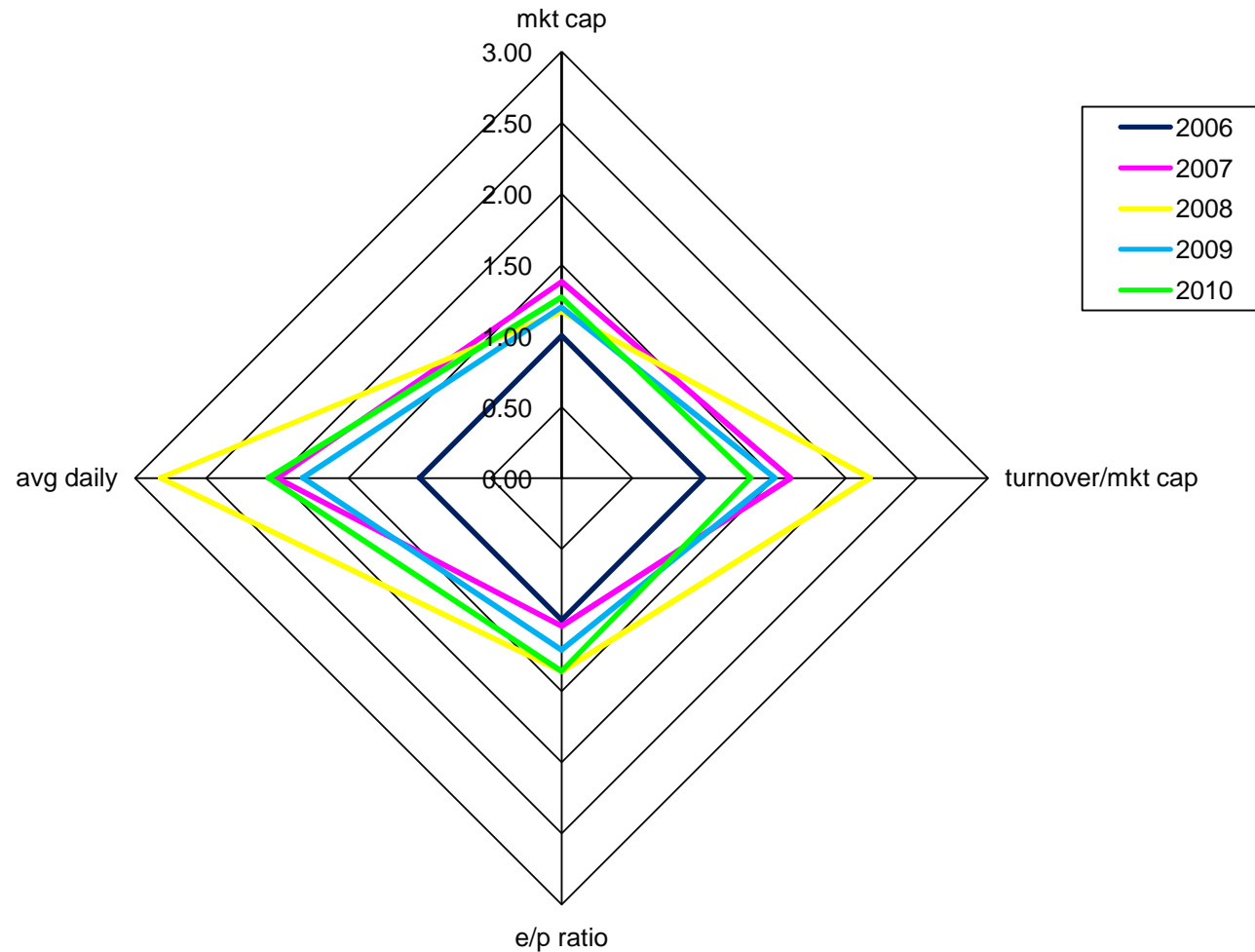


BSE-Comparative Performance

Performance of the BSE DCI in relation to JSE & SEM 13th September 2008-June 2010 (US \$)



BSE Footprint-2006 to 2010



Note: Scale; Turnover/Mkt Cap 10:1, Mkt Cap/GDP 100:1, E/P Ratio 1:100, Avg Daily Turnover 1:1

Source: BSE

	2006	2007	2008	2009	2010
BSE	100%	205.10%	315.62%	200.03%	222.89%

Source: BSE

Strategic Position

- Market Capitalization has grown steadily and is comparatively high
- Turnover has increased but Liquidity has remained extremely low
- Appreciation of the Indices a positive, but is value represented in price?

Is There Potential?

- Increasing listings
 - Botswana's private sector is young & small
 - Government is encouraging economic diversification and private enterprises to grow the private sector
 - Infrastructure Development and Privatization affords opportunities

- Expanding the investor base
 - Awareness is low
 - Perceptions of an exclusive club
 - Response to road shows outstanding
 - Language barrier has to be bridged
 - Foreign Investors hardly tapped

- The capital market as a means of empowering Botswana to become stakeholders in the economy

- Leveraging on competitive advantages – is Botswana too small?

What Is The Way Forward?

- Strengthen the 'Pillars' that support the Market
 - Infrastructure Development
 - Market Development
 - Product Development
 - Regulation
 - Governance
 - Human Resource Development
 - Financial Resources

Infrastructure

- 1. CSD implemented in May 2008
 - All Domestic Companies dematerialized
 - All Foreign Companies demat. except UK incorporated companies
- 2. Implementation ATS - automate trading
 - last stage of technical evaluation
 - target date is 4th Quarter 2010 to start implementation

Market Development

- Structure of the Market is skewed
 - 30% of funds to should be invested in LAS securities
 - 90% of the market turnover accounted for by funds
 - need for a balance

- Strategy to attract local retail investors
 - road shows a resounding success
 - Translation of information sheets

- Attracting foreign investors
 - will commence when infrastructure is in place

- Marketing listings
 - local companies – need for Institution Building – hand holding companies through
 - Foreign companies - leverage on Botswana's competitive advantages

Product Development

- Botswana is too small a market for the BSE to focus on equity

- Potential products that could be developed
 - Debt
 - Bond Market Development Strategy
 - Training courses started in 2010
 - Exchange Traded Funds
 - Provides a basis for the BSE to attract foreign listings
 - Can be used to increase liquidity
 - Database constructed
 - Series of indices constructed
 - Total Return
 - Free Float

Regulation

- Securities Bill

- Task force established met in June to discuss draft bill and make final submission


- Listing Rules

- move away from equity bias
 - encourage free float and liquidity
 - Draft listing rules forwarded to consultants
 - listings and continuing obligations
 - BSE working on Member rules

Member Rules

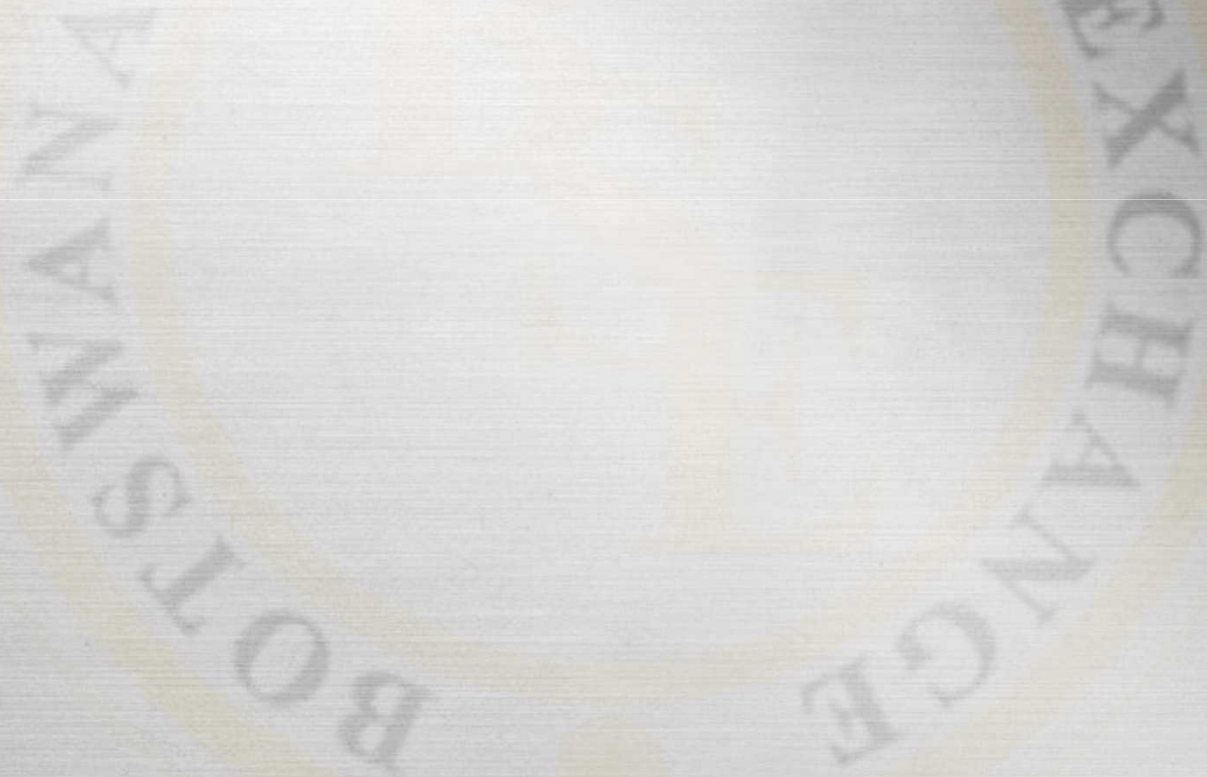
- Admissions and continuing obligations

Governance of the BSE

- Parastatals  Corporate
 - pave the way for demutualization

Human Resource Development

- Staff training intensified



Financial Resources

- Commercialisation of the BSE



Thank You