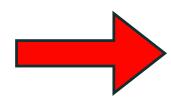


LBS BREAKFAST SESSION

TWO YEARS AFTER







REFORM FATIGUE

&

IDEOLOGICAL BACKSLIDING SETS IN...

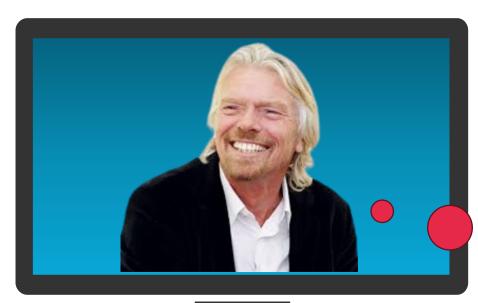
Presented by Mr. Bismarck Rewane August 6, 2025



- In some countries that have embarked on bold reforms, like the UK under Margaret Thatcher, Myanmar, and Moldova in Eastern Europe
- The unintended consequences have blighted the populace
- The people bear the brunt of the policies
- ☐ Typically, two years later, reform fatigue sets in
- Countries usually embark on palliative distribution and other subsidies again

QUOTE!







Richard Branson

Co-founder, Virgin Group



QUOTES!





Warren Buffet
One of the best-known investors in the world

The airline industry's demand for capital ever since that first flight has been insatiable. Investors have poured money into a bottomless pit, attracted by growth when they should have been repelled by it



Valerie Plame
Former Central Intelligence Agency officer

Privatization is more efficient and effective in some cases, but not in intelligence





The Aviation Sector:
Catalyst or Drag?

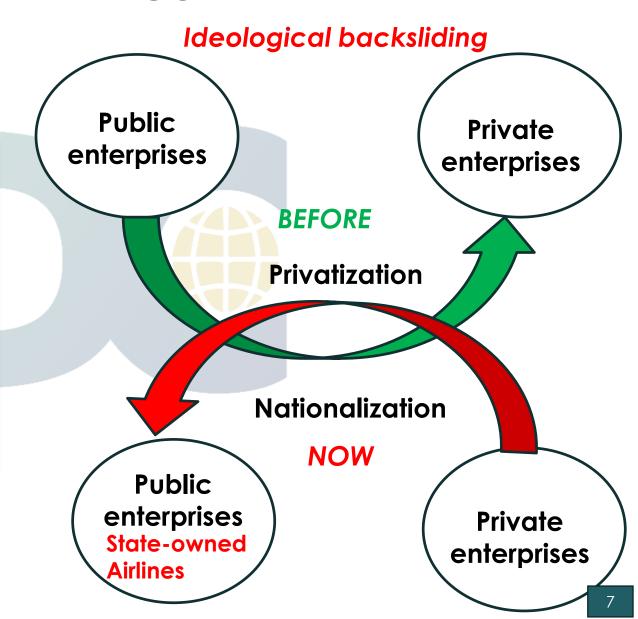


NATIONAL INCOME

- Some states are repaying debt
- Some are building airports
- Others are venturing into airlines
- Little can be traced to investments, agriculture expositions, healthcare, etc.

SUBSIDY REMOVAL INCREASES GOVERNMENT REVENUE & REDUCES DISPOSABLE INCOME

- Commercialization and privatization are key economic reform policies in Nigeria to improve efficiency and reduce the fiscal burden on the government
- Property rights theory posits that private
 ownership leads to efficient resource allocation





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BEFORE AND AFTER PRIVATIZATION

Telecommunication



Privatized since 1999

From NITEL to MTN, Airtel, Glo

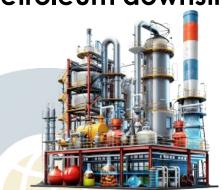
Before

- ➤ Low accessibility
- Poor service quality
- ➤ Teledensity 0.04%
- ➤ 400,000 telephone lines

After

- ➤ High accessibility
- ➤ Better service quality
- ➤ Teledensity 79.65%
- Over 169 million active lines
- ➤ Broadband penetration 48.15%

Petroleum downstream sector



Dangote refinery, modular refineries

Before

- Low-capacity utilization of refineries
- > 80% import reliance
- Operational inefficiencies and corruption
- > Subsidized

After

- Increasing private sector participation
- Moved towards market-based pricing
- > Improving efficiency
- ➤ Reduced importation
- Proposed uniform pricing by Dangote refinery

STATE GOVERNMENTS' OBSESSION WITH OWNING AIRLINES

IN THE LAST 8 YEARS

AIRLINES



IBOM AIR (2019) AKWA IBOM STATE



CALLY AIR (2021)
CROSS RIVER STATE



ENUGU AIR (2025) ENUGU STATE

- Prospects
 - Ebonyi Air No airport
 - Air Taraba

AIRPORTS

Ekiti Cargo Airport (Ekiti State), 2019

Ogun State Gateway Agro-Cargo International Airport (Ogun State), 2021

Ebonyi State International Airport (Ebonyi State), 2023

Gusau International Airport (Zamfara State), 2024

Abia State Airport (Abia State), 2024



NIGERIA'S AIRLINES TOMBSTONES – STATE OWNED & PRIVATE

NIGERIA AIRWAYS



- Poor management associated with poor leadership
- Two major crashes Flight 825 (1973)
 and Flight 2120 (1991) devastated
 public trust

VIRGIN NIGERIA AIRWAYS / AIR NIGERIA



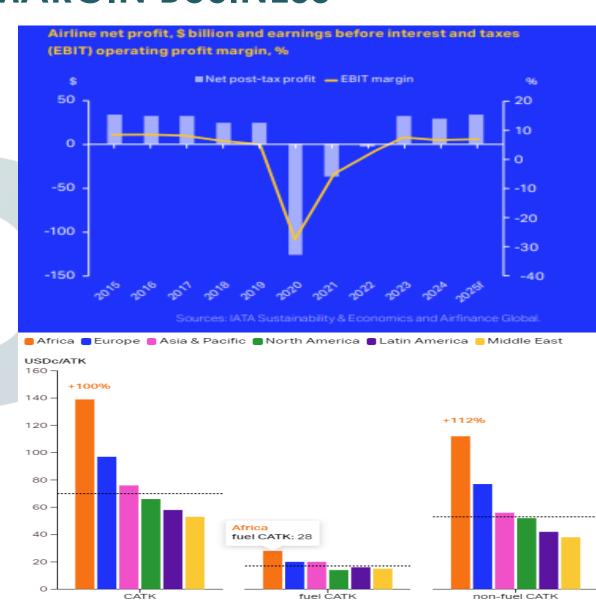
- A public-private partnership with Virgin Group,
 but government interference led to its
 rebranding as Air Nigeria
- Ceased operations in 2012 due to financial mismanagement, & regulatory disputes

AIRLINES – HIGH VOLUME, LOW MARGIN BUSINESS

- Airlines made \$32.4bn in net profit in 2024, with a3.4% net margin
- Airlines average a thin margin (2.5%) compared to other industries like tech (>20%), banking (>15%), pharma (>15%)
- This is due to high fixed costs, tight regulations and susceptibility to external shocks
- African airlines' operating costs are twice the global average, with CATK at 140 USD cents in 2024
- ➤ This is due to deep structural inefficiencies with

 African carriers averaging a net margin of **0.6%** in

 2024



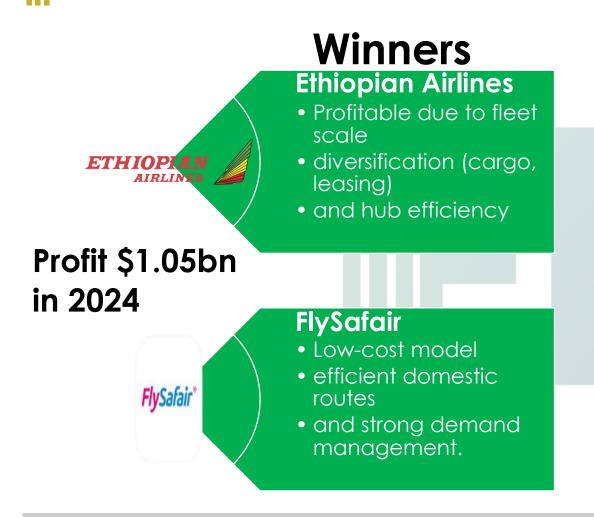
MOST PROFITABLE AIRLINES ARE PRIVATELY OWNED

Rank	Airline	Net Profit (2024)	Ownership Notes	
1	Emirates	\$5.8 billion	Fully state-owned (100% Government of Dubai)	
2	Delta Air Lines	\$3.46 billion	Privately owned	
3	United Airlines	\$3.15 billion	Fully privatized, publicly traded (NASDAQ)	
4	IAG (British Airways, etc.)	\$3.0 billion	Formerly UK state-owned	
5	Turkish Airlines	\$2.4 billion	Majority state-owned (49.1% via Turkey Wealth Fund)	
6	Ryanair	\$2.07 billion	Fully privatized, publicly traded	
7	Singapore Airlines	\$2.05 billion	Majority state-owned (55% via Temasek Holdings)	
8	Air France–KLM	\$1.73 billion	Partially state-owned (28.6% by French & Dutch govts)	
9	Qatar Airways	\$1.7 billion	Fully state-owned (100% Government of Qatar)	
10	Lufthansa	\$1.51 billion	Mostly privatized; 6% German gov't stake post-COVID	

owned.

- > The only fully state-owned carriers are Emirates and Qatar Airways, both based in the Middle East
- This reflects the Middle East's growing influence in the modern global aviation and economic landscape

PROFITABILITY DIVIDE IN AFRICAN AIRLINES



Losers **South African Airways** History of mismanagement, overstaffing, • and political interference. Loss \$19.8mn in 2024 Air Zimbabwe Aging fleet, poor demand, heavy government zimbabwe dependence, and lack of scale.

- Profitable airlines tend to have modern fleets, strong operational autonomy, and diversified revenue streams.
- Loss-making airlines often rely on government subsidies, operate in low-demand markets, and suffer from inefficiency or mismanagement.





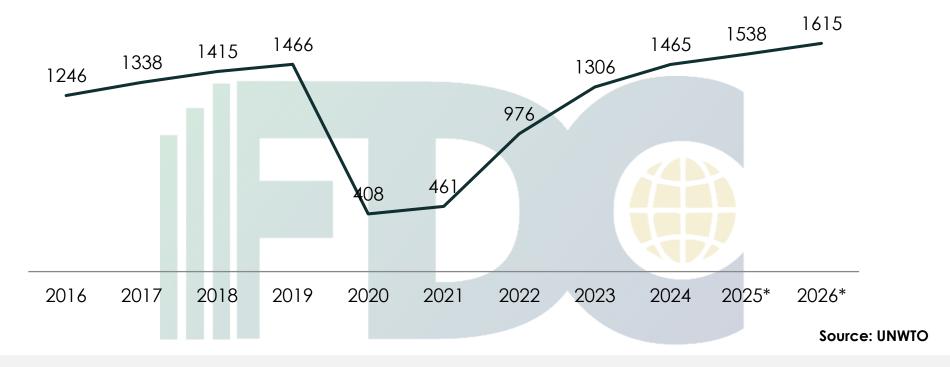
■ Africa • New York • London • Paris

Web: www.ubagroup.com Email: cfc@ubagroup.com Africa's global bank



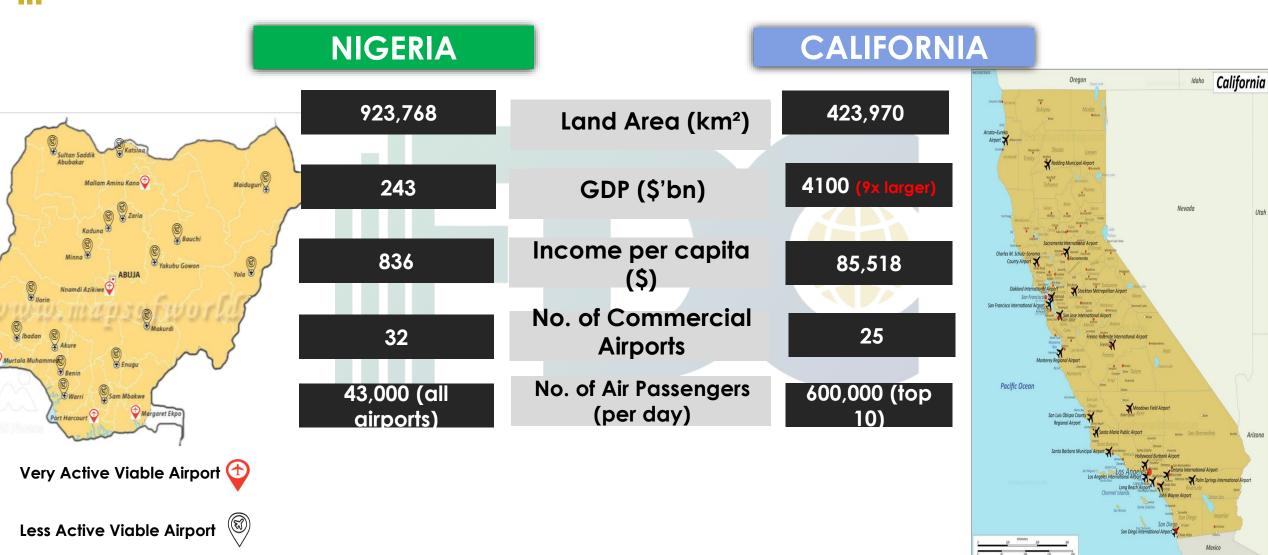
AIR TRAVEL DEMAND INCREASES SHARPLY

International Tourist Arrivals (mn)



- International travel arrivals are forecasted to rise by 5% to 1,538mn in 2025, a record high
- Air travelers include business professionals, tourists, vacationers, students, medical patients, traders, government officials, pilgrims, and those visiting friends or families

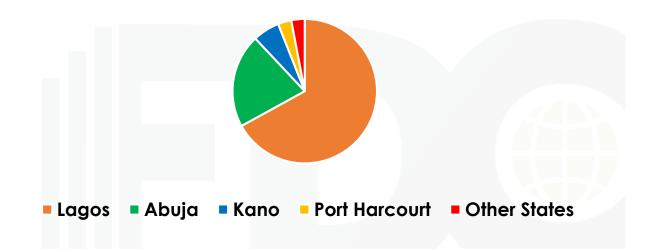
CALIFORNIA Vs. NIGERIA – COMPARATIVE ANALYSIS





4 AIRPORTS GENERATE OVER 90% OF NIGERIA'S AVIATION REVENUE

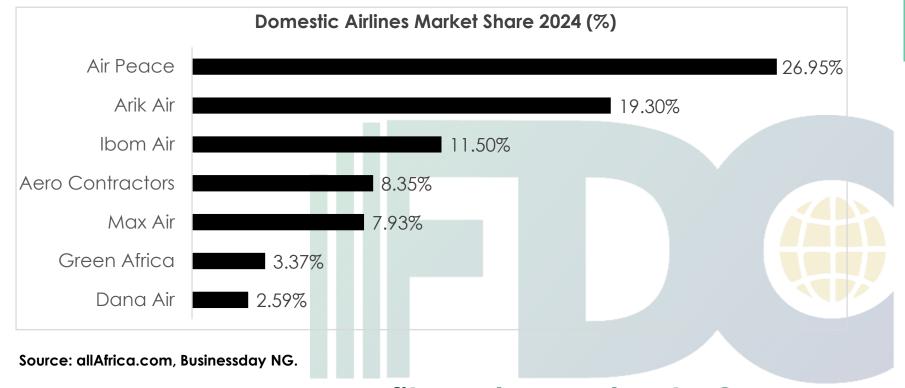
STATE DISTRIBUTION OF AVIATION SECTOR REVENUE



- Nigeria has 32 airports 26 run by FAAN, 5 international, and 2 state-owned in Akwa Ibom, Delta-asaba
- In 2024, 20 airports were considered viable, generating \textbf{\textit{8}}382.1bn in total revenue
- Four airports account for the bulk of traffic
- Lagos (67%, N256bn), Abuja (21%, N81bn), Kano (5–6%, N20bn), and Port Harcourt (3%, N10.8bn)
- All others, like Enugu, Akwa Ibom, and Kaduna, contributed less than 1% and are barely viable

5

5 AIRLINES CONTROL 75% OF NIGERIA'S DOMESTIC AIR TRAFFIC



23 ACTIVE DOMESTIC AIRLINES

Air Peace — Largest fleet Arik Air —still strong despite financial restructuring.

Ibom Air — Most reliable;

New Carriers includes

ValueJet, United

Nigeria, Max Air

Profit Leaders and Data Gaps

- Ibom Air made ₦96 billion in 2024 revenue, with ₦16.6 billion PBT and ₦6.8 billion PAT, rebounding from a ₦8.7 billion loss in 2023
- Other domestic airlines have not disclosed their financial results for 2024 or 2025, making it difficult to verify their profitability or accurately rank them

ON TIME PERFORMANCE IS KEY FOR AIR TRAVELLERS

PASSENGER PRIORITIES

On-time performance

Low flight cancellations & delays

Safety record

Refund Policy

Reasonable ticket prices

REQUIRED FACTORS

Efficient Fleet Operations

Reliable Fuel Supply

Skilled Crew &Routine Maintenance

DELAYED FLIGHTS (2024)

Air Peace (7619)

Arik Air (5027)

United Nigeria (4559)

Max Air (2961)

Ibom Air (2749)

COST ESTIMATIONS TO RUN AN AIRLINE

Aircraft Acquisition (3 Planes)

Estimated cost per aircraft:

N75bn – N150bn

Total cost for 3 aircraft:

N225bn – N450bn

Fuel Cost (Domestic Flight)

Jet A1 Fuel Price: ₦800/litre
Medium-sized jet:
₦3.9mn/flight

Crew Salaries

Pilots (4): N200,000 each Cabin Crew (3): N300,000 total

Total Crew Cost: ₩1.1mn

Maintenance Costs

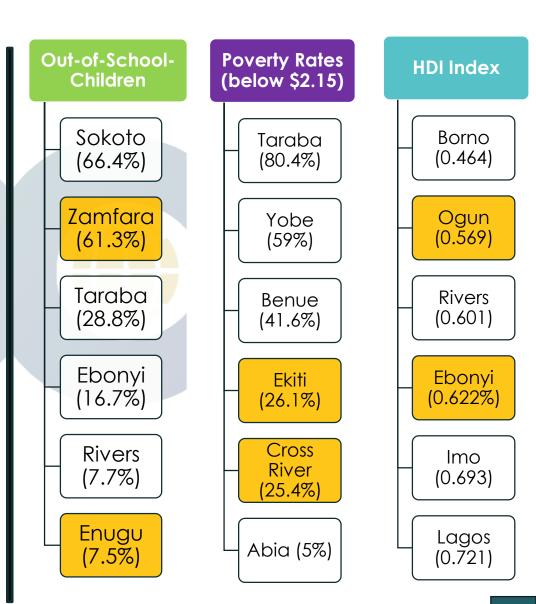
Per Flight Hour Maintenance Allocation: ₩500,000 – ₩1mn Major C-Checks (B737): ₩500mn per aircraft every 18

months

20

OPTIMAL USE OF RESOURCES

- State FAAC disbursements in 2024 rose by 62% to ₦5.81trn
- Lagos state received the highest ₩531bn
- Then Delta (₩450bn), and Rivers (₩349.9bn)
- Bayelsa, Akwa Ibom, Delta, and Kano Over ₦200bn
- The lowest were Nasarawa (₦108bn), Ebonyi (₦110bn), and Ekiti (111.9bn)
- A minimum fleet of six aircraft is required for airline operations in Nigeria
- Via leasing, this could cost up to \(\frac{\text{\te\
- Meanwhile many states still lack access to schooling, clean power and affordable health services







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CONCLUSION

- Suboptimal use of resources could be detrimental to economic growth and development
- It also usually precedes fraudulent activities
- Rather than building new airports, old airports should be concessioned
- This allows more efficient operation and raises revenue for the government
- The increased income would enable more funds for necessary social and capital spending, such as schools, hospitals, and roads.
- ₩53 billion on an airport project, and runway repairs, could build 424 primary health centres (₩125 M each) or ~350 secondary school blocks (₩150 M each).

Investment Option	Unit Cost	Units Possible with ? 53bn
Primary Health Centres	? 125 million	424 centres
Secondary School Classroom Blocks	?150 million	~350 blocks
Technical/Vocational Centres	?500 million	~106 centres
Rural Road Projects (per 5 km)	? 1 billion	~53 major upgrades

OUTLINE

01 Projections Vs. Outcomes

O2 Global & Regional Highlights

Domestic Updates & Outlook

-Macroeconomic snapshot

Investors & Stock Market

Proxies & the New Economy

Politics & Outlook



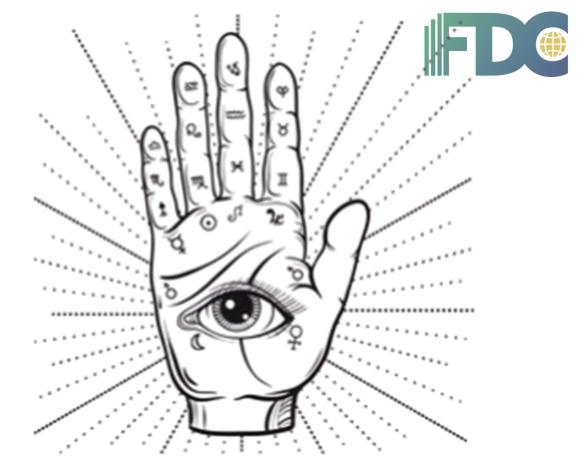
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05





July 2 BREAKFAST Meeting Projections Vs. Outcomes

PROJECTIONS Vs. OUTCOMES



PROJECTIONS

- 1 Inflation data for June will increase marginally to 23.1%
- The Naira will appreciate marginally towards \(\mathbf{\H}\)1,530/\\$
- The average price of oil will trade between \$62-65\$pb
- PMI will fall slightly but will remain in the expansion threshold
- Most DMBs will pay off their forbearance facilities at the CBN

OUTCOMES

Inflation for June slid to 22.22% Our later forecast after market survey showed a downward trend



The Naira appreciated and traded between ₦1,528 and ₦1,564 in July



The average price of oil for the month of July \$69.47pb



PMI increased to 54 from 52.7 in June



Most DMBs have paid off their forbearance facilities at the CBN



PROJECTIONS Vs. OUTCOMES



PROJECTIONS

- Retail price of petrol will fall to Name to Nam
- Discount fares will kick in, especially to the Middle East and Europe
- Interbank opening position will increase to ₦1.3trn long

OUTCOMES

Retail price of petrol fell to ₩865/litre



Multiple major airlines and travel platforms launched limited-time offers and special discounts



The interbank opening position rose by 4.11% to ₹1.52trn long



Some projections reversed under the weight of mounting uncertainty











GLOBAL & REGIONAL HIGHLIGHTS





CHOOSE QUALITY, CHOOSE DANGOTE SALT

QUOTE!







Janet Yellen

An American economist

The principle that a central bank, charged with controlling inflation, should be independent from the government is unassailable. It may also be true that it's easier for the central bank to guard its independence from political pressure when it mainly holds government securities.

GLOBAL HIGHLIGHTS

- The Trump/Powell spat goes to the root of the global financial crisis
- The U.S. economy is approximately 27% (\$30trn) of global GDP, and China is 17%
- The economic uncertainty as to the policy direction of the Fed is adding to costs
- The Fed is pursuing the dual mandate of price stability and full employment
- U.S. GDP up by 3% in Q2 due to a rebound in the contribution of net exports
- Dodging the recession bullet by a huge margin
- The jobless claims report of 218,000 and the unemployment rate of 4.2% riled the president
- He has fired the statistics chief for putting the facts on the table
- Jerome Powell described the status quo decision as modestly restrictive
- The market consensus has gone from 3 cuts in 2025 to 2 cuts
- Headline PCE super core price index is up by 3.2% in June
- Consumption grew by 0.9% in H1'25



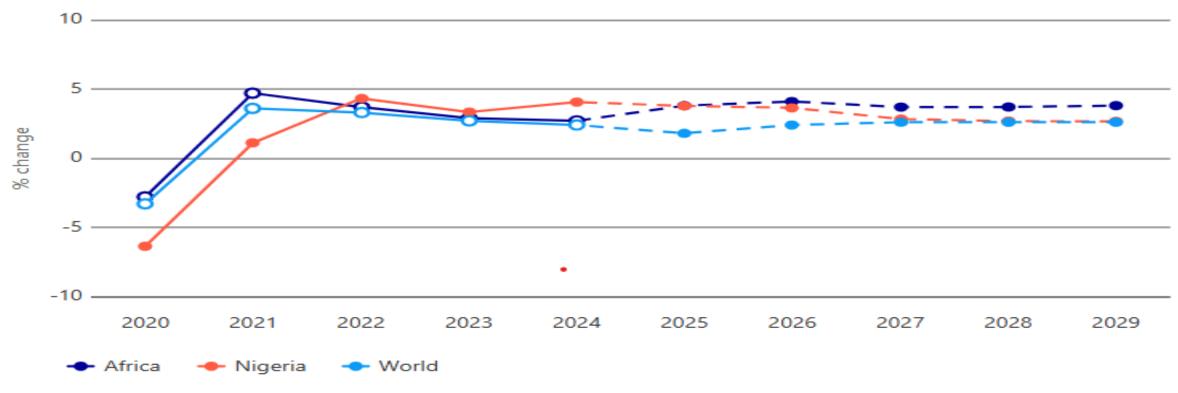
REGIONAL HIGHLIGHTS

- African central banks hold reserves primarily composed of gold and U.S dollars
- Nigeria bucks the Interest rate trend as the rest of SSA eases
- IMF upgrades Sub-Saharan Africa's growth outlook for 2025 by 0.2 percentage points to 4.0%
- Trump's trade war mounts pressure on African exports
- Africa is emerging as a major tourism destination
- Ghana's fiscal position strengthens mid-year and is strengthening
- West Africa's cocoa output forecast to drop 10% in 2025/26

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REAL GDP GROWTH OUTLOOK - NIGERIA, AFRICA & THE WORLD

Real GDP (% change pa)



- While Nigeria, Africa, and global economic activity are moving in the same direction, driven by broad macroeconomic cycles
- The scale and speed of growth differ due to unique regional factors

٨

MANY AFRICAN NATIONS SHIFT RESERVES TOWARD GOLD

Disaggregating Foreign Reserves

Ghana

Gold =31 tonnes \$3.42 bn

Total reserves = \$11bn

Kenya

Gold =0.02 tonnes \$2.21 mn Total reserves = \$7.34 billion

South Africa

Gold =125 tonnes \$13.81 bn Total reserves = \$62.5 billion

Nigeria

Gold =21.37 tonnes \$2.36 bn

Total reserves = \$39.27bn

- African central banks hold reserves primarily composed of gold and US dollars
- Ghana, Tanzania, and Nigeria have boosted gold reserves to counter market volatility
- Fitch's BMI warns that they risk liquidity crunches and reserve losses if gold prices fall
- BMI predicts gold prices will decline with potential U.S. rate cuts, which would drain reserve values
- Kenya and Uganda, among others, are adding gold to reserves, also exposing themselves to these risks





DOMESTIC UPDATES & OUTLOOK

MACROECONOMIC SCORECARD

Leading Indicators

Brent Oil price (\$/bl) (EoP)

	Jun'25	Jul'25	% Change	Aug'25*
Exchange rate, official (₦/\$)	1,570	1,535	2.23	1,550
Exchange rate, parallel (\(\frac{\frac}\frac{\frac}\frac{\fir}}}}}}{\frac{\frac{\frac{\frac{\frac{\frac{\frac}\frac{\frac{\fir}{\frac{\frac{\frac{\frac}\fir\f{\frac{\frac{\frac{\frac{\frac{\fir}\f{\fir\f{\frac{\frac{\f{\frac}\fir}}}}}}{\frac{\fra	1,595	1,564	-1.94	1,580
Money supply Growth(%)	22.8 (May'25)	19 (Jun'25)	-3.8	20*(Jul'25)
PMI	52.7(May'25)	54(Jun'25)	2.47	55
MPR (%)	27.50	27.50	00	27.50
365-day t-bills (%)	18.84	15.88	2.96	14.84

Coincidental Indicators					
GDP growth(%)	3.13 (Q1'25)	3.36 (Q2'25)	0.23	3.48(Q3'25)	
Oil production (mpbd) avg.	1.5(Jun'25)	1.53(Jul'25)	2.00	1.55(Aug'25)	

76

73

Source: NBS, CBN

70

3.95



MACROECONOMIC SCORECARD CONT'D

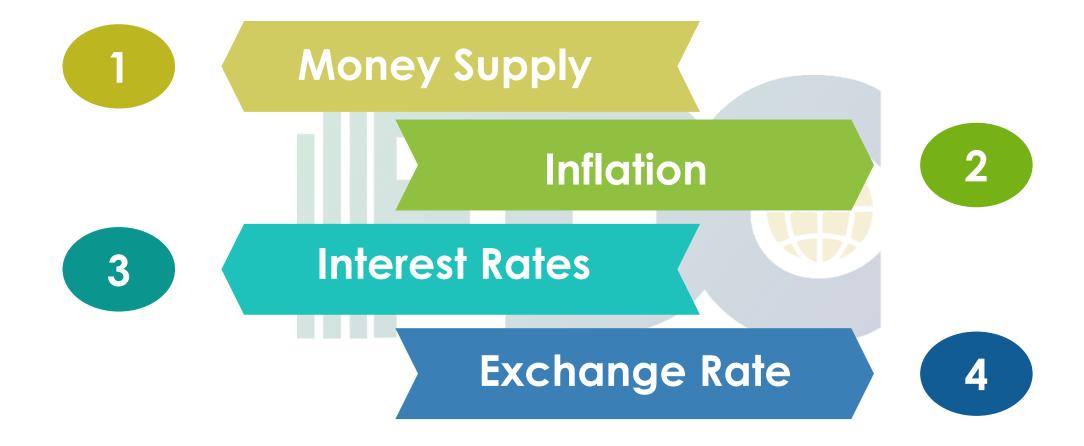
Lagging Indicators Jun'25 Aug'25* **Jul'25** % Change 22.22(Jun'25) 21.79*(Jul'25) Inflation (%) 22.97(May'25) -0.75 39.27 Gross External reserves (\$'bn) 37.71 40 4.14 95.00 Stock market cap. (₦' trn) 76.76 85.06 10.81 Overall score:

Source: NBS, CBN

KEY TAKEAWAYS

- Economic indicators remain positive, yet the people's pain and hardship persist
- The economy is passing through the worst of the reform-adjustment phase
- Real GDP growth will quicken, driven by lower interest rates and net exports
- The high global uncertainty will curb the longer-term performance
- Inflation has been on a downtrend since March but remains stubbornly high at 22.2% in June
- Fuel costs are coming down (PMS N865/\$), but growth in food prices is rising
- Currency volatility will ease, but the naira will remain under pressure, owing to inflation, and low confidence in the currency

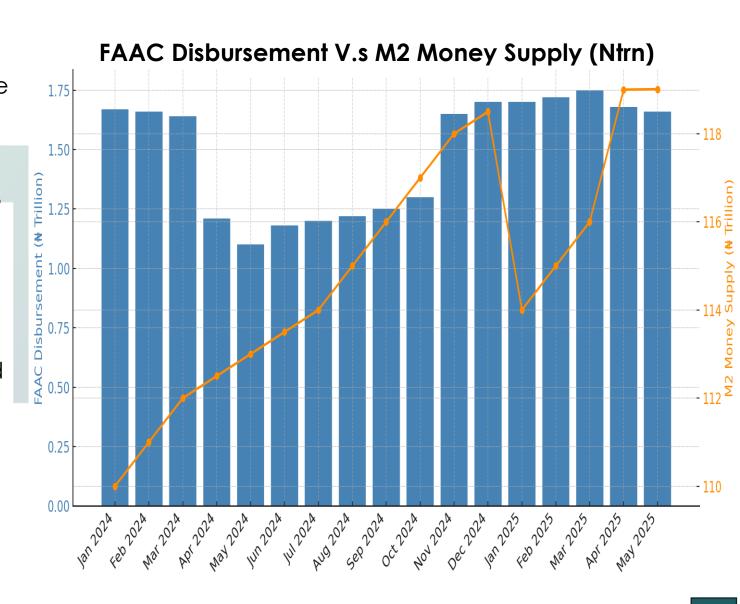
KEY VARIABLES OF INTEREST





MARGINAL UPTICK EXPECTED IN MONEY SUPPLY GROWTH

- Money supply growth is expected to increase
 in June to 20% from 19% in June
- FAAC disbursed ₦1.82trn in June 2025, a 9.6%
 increase from May's ₦1.66trn
- The highest monthly allocation so far in 2025
- This raised concerns over inflationary risks tied to rising liquidity levels in the financial system
- Increased FAAC → Increased government
 spending → More money in the economy →
 Higher liquidity



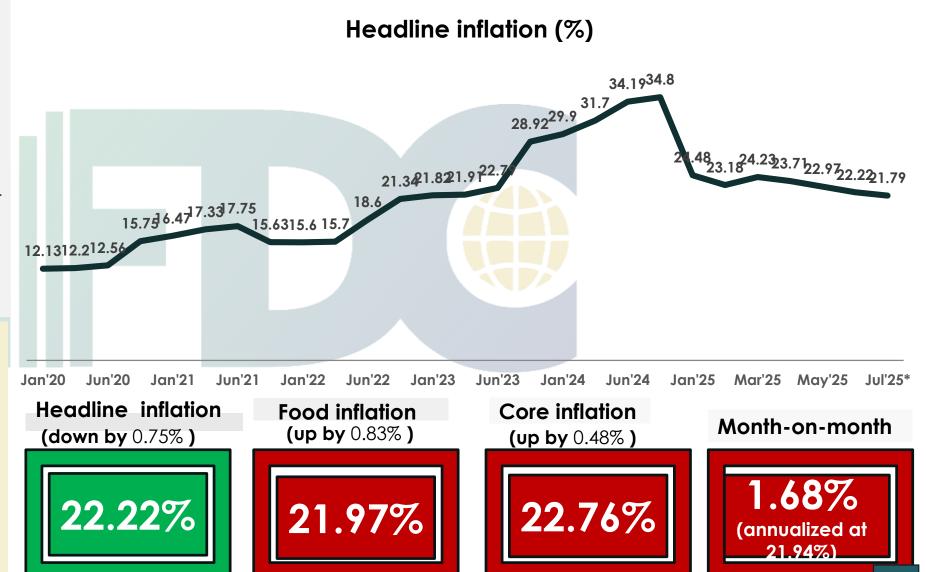
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DISINFLATION TO CONTINUE, BUT CORE INFLATION IS STICKY

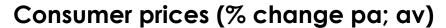
- July Headline Inflation eased to 22.22%
- Inflation is projected to slow further in July to 21.79%
- Underpinned by;
 - ✓ Naira appreciation (trading between N1,500 – N1,550/\$)
 - ✓ Lower energy cost
 - √ Harvest season

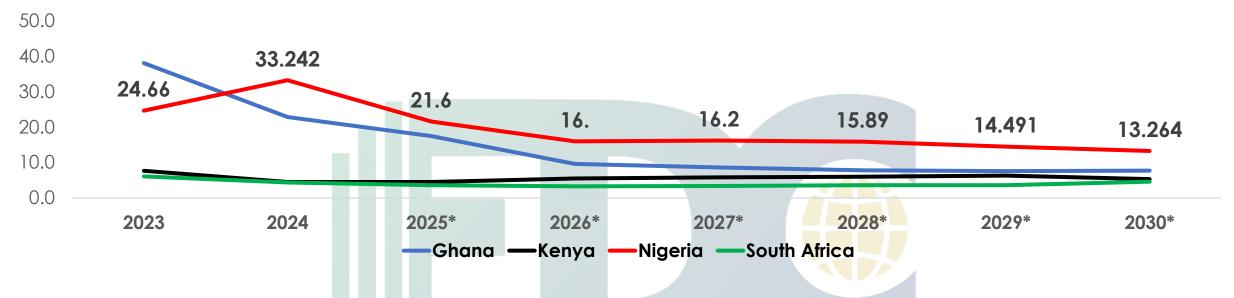
Possible spoilers;

- Money supply growth (19.92% in May)
- Supply chain disruptions due to heightened insecurity
- PMS price reversed to N925/litre



INFLATION OUTLOOK - NIGERIA AND ITS PEERS CONVERGING



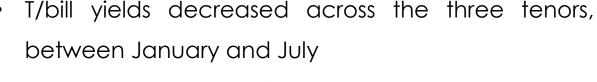


- Nigeria has the highest average inflation across the period
- But is projected to average 22% in 2025 and 16% in 2026, largely due to FX stability, reduction in money supply growth, reduced importation, etc
- While inflation is expected to decline across most countries, Nigeria and Ghana begin from a much higher base due to recent economic shocks
- Nigeria's slow path to disinflation contrasts with the more stable trajectories of Kenya and South Africa



INTEREST RATE OUTLOOK - FALLING RATES SIGNAL POSSIBLE CUTS AHEAD

Tenor	Primary market (January 08, 2025) (%)	Primary market (July 09, 2025) (%)	Primary market (July 23, 2025) (%)
91-day	18.00	15.74	15
182-day	18.50	16.20	15.50
364-day	22.62	16.30	15.88



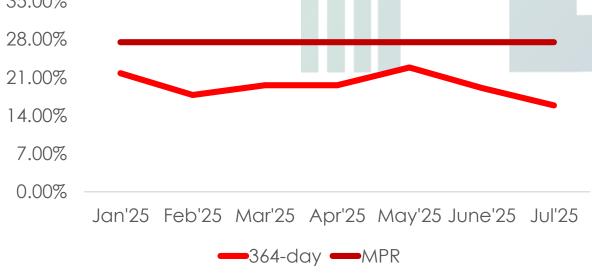
- 91-day tenor declined by 300bps
- 182-day tenor by 300bps
- 364-day tenor by 674bps

There is a likelihood that the MPC will cut the interest rate by 25bps in September



- Exchange rate remains stable
- Headline inflation continues its downward trajectory
- Other inflation sub-indices decline as well
- Money supply growth slows further









IMPLICATION OF INTEREST RATE CUT FOR......

Corporates

- Lower borrowing costs
- Improved cash flow
- Limited impact on inflation passthrough as impact on prices might be muted
- While 25bps is a small cut, it signals a gradual easing stance which may boost business confidence

Banks

- Slightly narrower lending spreads
- Potential increase in credit demand
- Improved asset quality prospect
- Pressure to maintain profitability

SMEs

- Better access to cheaper credit
- Enhanced business activity
- Improve general market sentiment,
 encouraging SME owners to plan
- A 25bps cut offers a positive signal, but tight credit conditions may still limit SME access to affordable financing

The 25bps cut is relatively small compared to the current high MPR of 27.5%, so the immediate tangible impact may be modest

NAIRA TO REMAIN STABLE IN Q3'2025

Naira misalignment from its fair value has reduced

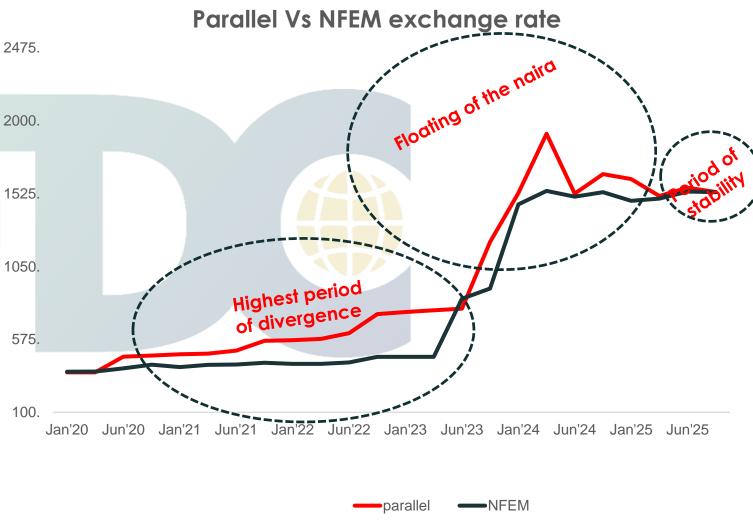
the naira will continue to trade in the

₦1,500-****1,600/\$ range for the remainder 2000.

of 2025

Naira's Value Will Depend on Key Fundamentals

	2025
Trade balance (\$)	3.4bn
Inflation (%)	22.22
Gross external reserve (\$)	38.63
Inflation-interest rate differentials (%)	5.28
360-day treasury bills (%)	15.88
Oil prices (\$)	69.75





NAIRA IS STILL UNDERVALUED BY 25.15%

Naira is undervalued by 25.15%

PPP value: ₩1,147.79/\$

Official: ₩1533.5/\$

Parallel: ₩1558/\$

Gap narrowed by ₩24.5

Purcha	sing Power Par	ity	
		Aug-25	
	=N=	US\$	PPP ('=N=/US\$)
Bottle of Pepsi (50cl)	500	0.67	751.8
Heinekin Beer (60cl)	1,200	1.62	740.7
Hamburger (Burger King)	18,000	6.69	2690.5
Movie tickets (blockbuster)	8,000	9.99	800.8
HP Pavilion 14 X360 (12 gen, core i13, 512gb)	1,450,000	850.94	1704.0
Diesel Price (1 litre)	1,030	0.95	1084.2
Vegetable oil (5 litres)	17,500	37.75	463.
ndomie (1 unit)	500	1.10	454.
Nestle Bottled Water (60cl 1 unit)	250	0.28	892.
Big Loaf Bread	2,300	4.35	528.
Corrola (2023 Model)	50,000,000	21700.00	2304.
rish Spring Soap (3 bars)	3,645	3.51	10
Chicken Breasts (1 kg)	4,800	2.00	2400.
Trolley	2,500	6.02	415.
Peak evaporated milk (pack of 24)	18,000	36.00	500.
Uncle Ben's rice (5.44kg 1 pack)	29,000	21.85	1327.
Eggs (30 large eggs)	5,500	18.74	293.
Medicine (Panadol extra 50 caplets)	11,700	12.47	938.
Andrex toilet paper (24)	41,850	16.88	2479.
Average PPP			1147.79
Naira Price at NFEM			1533
PPP (%)			
Decision: Naira is		Undervalued	-25.15 %
Spot Rate (Parallel)			15





INVESTORS & STOCK MARKET



QUOTE!





Alan Greenspan

Former chairman of the Federal Reserve

But how do we know when irrational exuberance has unduly escalated asset values, which then become subject to unexpected and prolonged contractions...

We as central bankers need not be concerned if a collapsing financial asset bubble does not threaten to impair the real economy...

we should not underestimate or become complacent about the complexity of the interactions of asset markets and the economy





NGX VS PEERS YTD 2025

 Nigeria's stock market outperformed peers in dollar terms, although its 30% return lagged behind the 36% gain recorded in naira terms

Market	YTD'25 Return	Return in dollar value	Driver
S&P 500	7.8%	7.9%	 Trump tariffs barrage exposed the US stock market to volatilities and market correction.
NGX (Nigerian Group Exchange)	36%	30.7%	 Return to profitability in key sectors, reduced FX pressure Optimistic investor sentiment driven by attractive dividend
SSEC (Shanghai Stock Exchange)	6.6%	10.8%	 Tariff-induced volatility drove a global sell-off Chinese government intervened with trade caps, stock buybacks
JSE (Johannesburg Stock Exchange)	17.1%	4.9%	 Ongoing U.S. South Africa relations and potential tariff adjustments. Progress in infrastructure reform, particularly Eskom and energy stability
GSE (Ghana Stock Exchange)	43 %	25.5%	 Post-debt restructuring, banks resumed dividend payouts and showed improved earnings and balance sheet strength A rot away from bonds into equities
NSE (Nairobi Stock Exchange)	28.7%	4.9%	 Kenya Airways relisting boosted aviation sector trading and market liquidity MSCI inclusions attracted global investment inflows



NGX PERFORMANCE - PROJECTIONS VS. REALITY

WHAT ANALYST'S PROJECTED FOR THE NIGERIAN STOCK MARKET IN H1'25

- •Aggressive monetary policy and a high-interestrate environment will trigger the exodus of investors from the Nigerian equities market
- •Huge FX losses will dampen profitability and earnings per share
- Lacklustre earnings and share price valuation will sweep equity investors to other attractive assets
- •FX losses would necessitate new financing strategies
- Companies will offset FX-related losses

NIGERIAN STOCK MARKET ACTUAL PERFORMANCE

- YTD, the NGX has gained 35.9%, close to the entire percentage gain of 2024 (38%)
- The naira volatility moderated in Q2, and FX losses experienced by most companies did not reoccur in Q2'25
- Previously affected companies bounced back to profitability
- Despite high interest rates in the fixed income space,
 the NGX sustained an upward trajectory
- More companies raised capital, contributing to increased market liquidity



Growing Your Wealth

FUNDS MANAGEMENT

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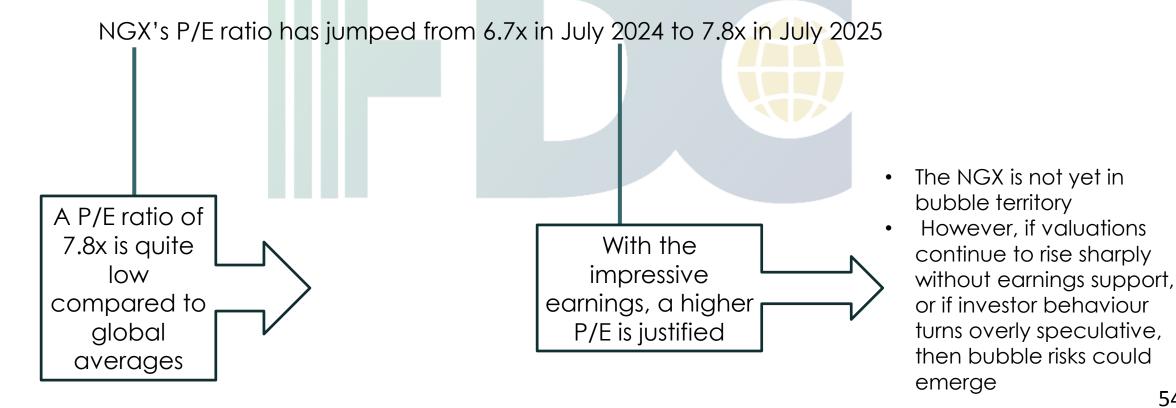


IS THE NIGERIAN STOCK MARKET RIDING A BUBBLE READY TO BURST?

A stock market bubble happens when stock prices get much higher than the real value of the companies, mostly because of excitement or hype

It eventually bursts, causing prices to fall quickly and investors to lose money

A bubble usually occurs when there is extreme overvaluation (P/E ratios 30x, 40x+ with no earnings support) and a disconnect from fundamentals, profits, growth outlook, and economic reality



54



HOW FEW NGX STOCKS PERFORMED WITH A N100MN INVESTMENT

EQUITIES	ONE YEAR RETURN (%)	VALUE AFTER ONE YEAR(N)	3 MONTH RETURN (%)	VALUE AFTER 3 MONTHS (N)
окоми	1 260%	360,000,000	100%	200,000,000
MTN	136 %	236,000,000	1 84.8%	184,800,000
GTCO	127 %	227,000,000	† 52%	152,000,000
Nestle.	1 105%	205,000,000	1 72%	172,000,000
Conoil	1 71%	171,000,000	J 29%	71,000,000
GUINNESS	1 66%	166,000,000	1 33%	133,000,000

Robust gains across sectors on the NGX mirror the economy's expansion, with rising GDP driving stronger corporate earnings

NIGERIA'S EXIT WAVE VS. SOUTH AFRICA'S LISTING REVIVAL

- Nearly 10 companies have voluntarily delisted from the NGX over the past two years,
 underscoring a decline in market attractiveness
- These exits have largely been driven by factors such as low share liquidity, weak financial performance, and strategic reorganizations
- In contrast, South Africa's JSE recorded eleven IPOs in the last two years worth about \$7.6bn compared to Nigeria's three IPOS worth \$3.1bn
- Nigerian market is relatively illiquid
- The JSE continues to benefit from deep market liquidity, a mature infrastructure, strong institutional investor participation, and greater international visibility
- A notable trend driving listings is the unbundling of high-value subsidiaries by conglomerates to unlock shareholder value and attract new capital

STOCK MARKET OUTLOOK-H2'2025

- With P/E multiples rising rapidly to 25–30, a correction is inevitable
- Average daily turnover is now at N30bn
- Investors will rotate between stocks and forex purchases
- Many stocks are overbought at this point
- There will be opportunities to buy the dip after the correction







PROXIES & THE NEW ECONOMY

Economic growth backed up by expanding activities



Proxies



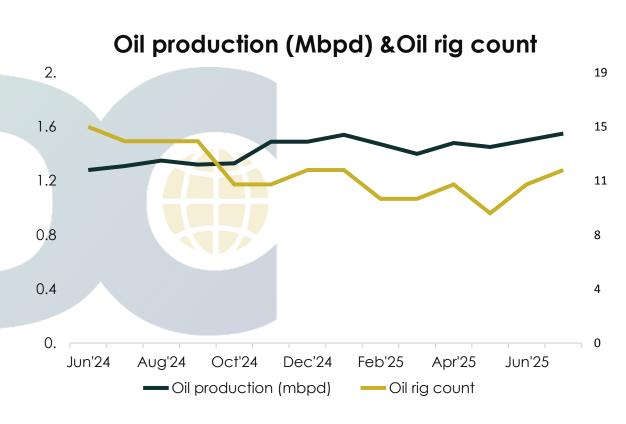
MARKET PROXIES - SNAPSHOT

Market proxies	June 2025	July 2025	% change	August 2025*
Oil production (mbpd)	1.45 (May'25)	1.5 (Jun'25)	3.45	1.55 (Jul'25)
Oil Rigs	9 (May'25)	11 (Jun'25)	22	12 (Jul'25)
FAAC disbursement (N'trn)	1.66 (May'25)	1.82 (Jun'25)	9.6	1.77 (Jul'25)
PMI	51.6	54	4.65	55.3
Ships awaiting berth	20	19	5 👢	22
Value of transaction (N'trn)	103.19	114.39	10.85	120.34

All activities picked up in July, with positive sentiment for continued growth in the near term

OIL OUTPUT IS EXPECTED TO RISE FURTHER IN JULY

- Nigeria's oil production rose by 3.45% to an average of 1.5mbpd from 1.45mbpd in May
- Hitting the OPEC quota for the second time in 2025
- And marks the highest output level since January
- However, it is still 27.18% below the 2025 budget benchmark (2.06 mbpd)
- Oil output is expected to increase further, ranging from 1.5 to 1.55mbpd in July, driven by revitaliZed onshore and shallow-water assets by Seplat, Renaissance Africa Energy, and Conoil

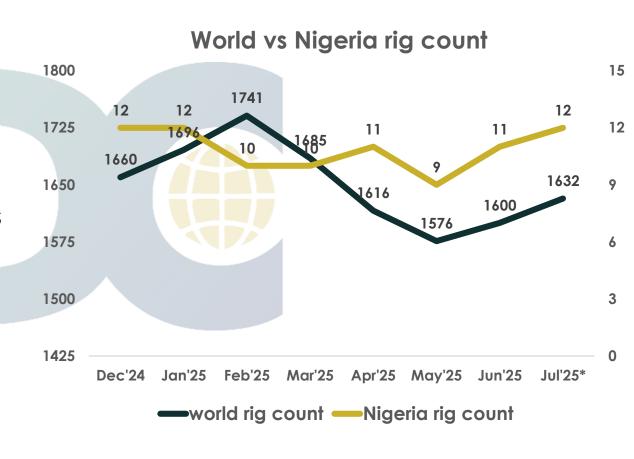


Source: OPEC,FDC think tank



UPTREND IN GLOBAL AND DOMESTIC RIG COUNTS

- Nigeria's rig count followed the same trend as the global rig count in June
- Deep water exploration rigs up and production rigs down
- With oil price falling to \$65pb, oil rigs could decline





FAAC DISBURSEMENTS RAISING INFLATIONARY CONCERNS

FAAC Disbursement (N'trn)

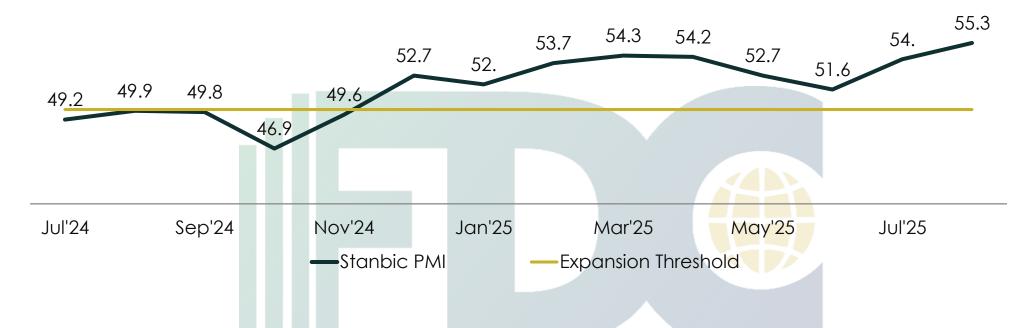


Jun'24 Jul'24 Aug'24 Sept'24 Oct'24 Nov'24 Dec'24 Jan'25 Feb'25 Mar'25 Apr'25 May'25 Jun'25
—FAAC (N'trn)

- FAAC disbursement rose to ₦1.82trn in June 2025, a 9.6% increase from May's ₦1.66trn
- This raises concerns about inflationary risks linked to rising liquidity levels in the financial system

PMI SIGNALS A STRONG START TO Q3'25

PMI



- PMI increased by 4.65% to 54 points in July from 51.60 points in June
- We expect high inventory loads in September for the Xmas sales
- Employment will increase in Q3 and Q4'25
- Sales will spike in November/December



Ports	May'25	Jun'25	Jul'25
Lagos-Apapa	7	6	7
Lagos-Tincan	2	5	4
Calabar Port	0	1 -	0
Warri Port	2	2	2
Onne Port	0	0	0
Rivers Port	0	0	0
Lekki Deep Sea Port	6	6	6
Total	17	20	19

- Ships awaiting berth declined by 5% to 19 in July from 20 recorded in June
- Driven by increased import activity, ahead of the festive season
- Additionally, rising private sector activity will likely support the increase
- 89.47% of port activities are concentrated in Lagos, while only 10.53% take place in other states

VALUE OF TRANSACTIONS

Mode of payment	Jun'25 (N'trn)	Jul'25 (N'trn)	Change (%)	Aug'25* (N'trn)
NIP	92.97	101.5	9.18	107.01
POS	5.62	6.62	17.79	6.98
NEFT	4.35	5.98	37.47	6.06
CHEQUES	0.253	0.286	13.04	0.291
Total	103.19	114.39	10.85	120.34

- Value of transaction expanded by 10.85% to N114.39trn in July from N103.19trn in June
- Likely driven by seasonal demand, often resulting in increased retail and wholesale transactions
- Increased import activities as importers ramp up purchases ahead of the festive season are expected to improve the value of transactions in the coming months

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For over 3 decades, we have let our brands do the talking as we have continually delivered first choice quality drinks, all leaders in their various categories, for your utmost satisfaction.









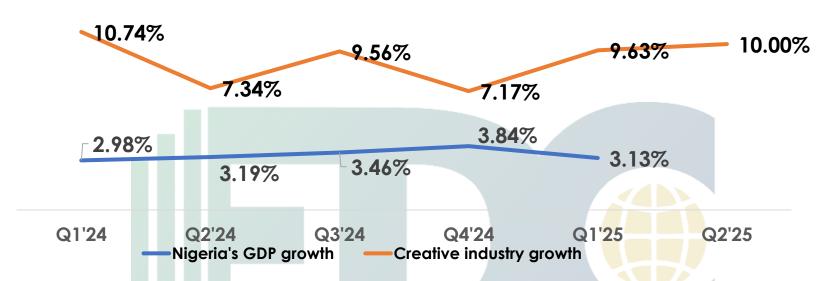
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The New Economy

Creative Art

NIGERIA'S CREATIVE INDUSTRY IS THE REAL McCOY



- Nigeria's creative industry grew by 9.63% in Q1'25 up from 7.17% in Q4'24, outpacing overall Nigeria's GDP growth (3.13% in Q1'25)
- Spanning movies, music, sports, fashion, and the arts, the industry is projected to hit 10% growth in Q2'25 and 11% by Q4.
- This expansion is driven by a youthful population (median age: 18), increasing internet connectivity (broadband penetration: 47.73%), wider access to digital platforms, growing global demand for Nigerian content and new initiatives (such as MTN's "Afrobeat Star")
- However, we've only scratched the surface of Nigeria's creative economy

EMERGING TRENDS-GROWING GLOBAL SUCCESS

Emirates

FLY BETTER

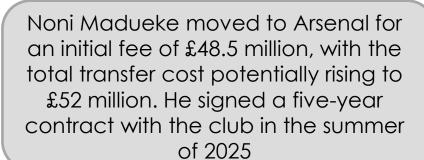




Ademola Lookman currently earns about £2.13 million (€2.31 million) annually at Atalanta. He has helped Atalanta win their first-ever European trophy.



Victor Osimhen is currently one of the highest-paid footballers, particularly in the Turkish league, after his transfer to Galatasaray in 2025. He reportedly earns around €18 million annually





BUSINESS OPPORTUNITIES FOR INVESTORS IN NIGERIA'S CREATIVE **INDUSTRY**

- The global entertainment and media industry is projected to generate \$3.5 trillion in revenue by 2029.
- Nigeria's creative economy, currently valued at \$5 billion, is projected to grow to \$10-\$20 billion by 2027.
- The creative industry is a whole value chain, ranging from producers, videographers, stylists, social media managers, lyricists, etc.

Key Investment Areas

- Content Production & Distribution: Investing in film, music, and digital content studios to meet rising local and international demand.
- Talent Development & Management: Creating agencies, academies, and programs to discover, train, and manage emerging creatives.



CHALLENGES TO OVERCOME





CREATIVE INDUSTRY OUTLOOK FOR H2'2025



Revenue growth is expected to accelerate, supported by major events, diaspora inflows and rising demand for Nigerian music, film and fashion.



The production and distribution of Nigerian films on YouTube are likely to increase significantly due to the platform's affordability and accessibility.



The expansion of digital platforms will enhance global accessibility to Nigerian content, unlocking new markets and revenue streams.

RANDOM FACTS ABOUT NIGERIA'S CREATIVE SPACE

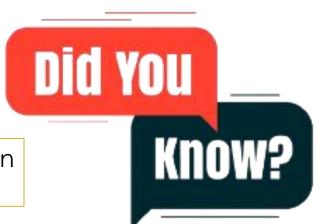
 As of 2024, Nigeria had only 300 cinema screens for 200 million people compared to 9,000 in India and 40,000 in the US





Over 60% of Nigerian creatives now use Al tools, signalling a future of Al-driven film and media production

 The Nigerian government launched the "Nigeria Destination 2030" project aiming to position Nigeria as a global hub for arts, culture, and entertainment









POLITICS & OUTLOOK

POLITICAL UPDATE

- The regionalization of the Nigerian political space is upending the 2027 race
- The squabbling among a coalition of the angry is growing
- The PDP is a fading party and will join the coalition
- A small wing of the PDP will join the APC
- Everything points to a slam-dunk victory for APGA in the Anambra polls
- The Osun State election will be down to the wire
- Federal might against a popular grassroots operator
- We believe that economic performance will be the deciding factor
- The people must begin to feel a form of prosperity before February 2026
- The 2027 election calculus is moving from a slam dunk to a toss-up
- The big problem with the coalition is that it is "leaderless".



OUTLOOK FOR AUGUST/SEPTEMBER

- Inflation data will show a sluggish moderation to 21.79%
- The CBN is more likely to cut the MPR by 25bps
- The T/bills rates will fall by 50bps in the auction this week
- The stock market will correct by 2 5%
- The price of brent will trade at above \$65pb
- Oil production will increase to 1.55mbpd
- The naira will trade in the parallel market at ₦1,560 ₦1,575/\$
- Diesel will trade at ₦1,085 per liter
- PMI will expand to 55.1 in August



There are only two things a child will share willingly — communicable diseases and his mother's age

-Benjamin Spock

A lie gets halfway around the world before the truth has a chance to get its pants on -Winston Churchill

People are prisoners of their phone, that's why it's called a "cell phone"

-Invajy

The reason grandparents and grandchildren get along so well is that they have a common enemy

-Sam Levenson

Crocodiles are easy. They try to kill and eat you. People are harder. Sometimes they pretend to be your friend first

-Steve Irwin

Politics is the art of looking for trouble, finding it everywhere, diagnosing it incorrectly, and applying the wrong remedies

-Groucho Marx

Politicians are people who, when they see light at the end of the tunnel, go out and buy some more tunnel

-John Quinton

Inflation is the parent of unemployment and the unseen robber of those who have saved

- Margaret Thatcher

Insanity is hereditary; you get it from your children

- Sam Levenson

Expecting the world to treat you fairly because you are a good person is a little like expecting the bull not to attack you because you are a vegetarian

-Dennis Wholey

Have you ever noticed that anybody driving faster than you is a maniac, and anyone going slower than you is a moron?

- George Carlin

The greatest thief this world has ever produced is procrastination, and he is still at large

- Josh Billings

If at first you don't succeed, quit. When life gives you lemons, quit. When the going gets tough, the tough just quit

-Jim Rome

Doctors are just the same as lawyers; the only difference is that lawyers merely rob you, whereas doctors rob you and kill you too

- Anton Chekhov

Accomplishing the impossible means only the boss will add it to your regular duties

- Doug Larson

I always arrive late at the office, but I make up for it by leaving early

- Charles Lamb

You know you've reached middle age when you're cautioned to slow down by your doctor, instead of by the police

- Joan Rivers

Common sense is like deodorant. The people who need it most never use it

- Anonymous



- Criss Jami

I always give 100% at work: 13% on Monday, 23% on Tuesday, 40% on Wednesday, 20% on Thursday, and 4% on Friday

- Anonymous

My wallet is like an onion; opening it makes me cry

- Anonymous



THANK YOU

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