

Local

COMPANY ANNOUNCEMENTS

Cautionary Announcement and Results of 2020 Annual General Meeting (AGM)



- SeedCo advised that it is pursuing a proposal to merge the Zimbabwean operations held under SeedCo Limited and the international operations held under SeedCo International in order to make a secondary listing on the Victoria Falls Stock Exchange (VFEX) competitive and comparable to other Zimbabwean dual listed counters.
 - The merger was proposed following an investigation by the Zimbabwean Government on all dual listed counters which resulted in their suspension from trading on the Zimbabwean Stock Exchange (ZSE). The Zimbabwean Government was investigating the alleged use of dual listed counters as a proxy for foreign exchange rates in Zimbabwe. As a permanent solution to the Zimbabwean Government's concerns, the ZSE proposed setting up the VFEX where dual-listed companies will trade in US Dollars.
- SeedCo also announced the results of its 2020 AGM where all resolutions were passed by 100% votes in favour.
- P2.50 (YTD: -16.67%) PE: 13.1 PB: 1.1 D/Y: 0.00% Mkt Cap: P952.0mn

Closed Period Announcement



- Chobe announced that preparation of its results for the half year ended 31 Aug 20 are under way and is expected to continue until 30 Oct 20. It has therefore declared a closed period from 1 Sep 20 until the date the results for the half year ended 31 Aug 20 are published.
- P9.50 (YTD: -14.41%) PE: 8.8 PB: 2.3 D/Y: 0.00% Mkt Cap: P849.7mn

Notice to Shareholders



- Absa announced that profit before tax (PBT) for the period ended 30 Jun 20 is expected to be P230mn-P270mn (60%-70%) lower than the P387mn PBT reported for the period ended 30 Jun 19.
- The reason for the reduction is due to increased credit impairment provisions. More details will be provided when it releases results in Sep20.
- P5.45 (YTD: -0.91%) PE: 8.9 PB: 2.1 D/Y: 6.96% Mkt Cap: P4,644.3mn

Ban on Sale of Alcohol Lifted



- The Government lifted the ban on the sale of alcohol:
 - Liquor shall be sold for on-site consumption at bars, liquor depots, clubs and restaurants.
 - Liquor distributors are only allowed to sell liquor to liquor licensees only.
 - Traditional beer may be sold for on-site consumption after authorisation is received from the Director of Health Services.

LETSHEGO HY20 RESULTS – COVID-19 DENTS EARNINGS

Income Statement P'Mn	HY 20	HY 19	% Δ
Interest income	1,351	1,512	-11%
Interest expense	-378	-475	-20%
Net interest income	973	1,037	-6%
Other income	63	149	-58%
Fee & commission income	27	34	-20%
Operating profit	1,063	1,220	-13%
Staff expenses	-238	-213	12%
Other expenses	-272	-290	-6%
Impairment loss	-71	-117	-39%
Profit before taxation	483	600	-20%
Tax	-205	-236	-13%
Profit for the period	278	364	-24%
Balance Sheet extract P'Mn	HY 20	HY 19	% Δ
Cash and cash equivalents	624	461	36%
Advances	9,255	9,116	2%
Customer deposits	499	306	63%
Borrowings	4,809	4,796	0%
Equity	4,523	4,344	4%

- Interest income -11% due to two months of lost trading (on account of COVID-19 related lockdowns) and the impact of Letshego's adjustment affordability criteria.
- Interest expense -20% due to retirement of expensive debt and diversification of funding sources.
- Other income -58% due to reduced volumes as well as changes in regulatory policy in Namibia.
- Impairments -39% due to better than expected recoveries.
- Interim dividend of 3.9t/share declared, payable on 30 Oct 20.
- P0.65 (YTD: -8.45%)
PE: 2.3
PB: 0.3
D/Y: 17.85%
Mkt Cap: P1,393.6mn

BIHL HY20 RESULTS – LOWER CLAIMS AND NON-RECURRENCE OF IMPAIRMENT BOOST PROFITS

Income Statement P'Mn	HY 20	HY 19	% Δ
Net insurance premium	1,213	1,278	-5%
Investment income	602	656	-8%
Total Revenue	1,815	1,934	-6%
Net insurance, investment benefits & claims	-1,264	-1,388	-9%
Sales remuneration	-167	-189	-12%
Admin expenses	-175	-158	10%
Finance cost on leases & impairment	0	0	100%
Operating Profit	209	198	5%
Associate earnings	113	23	397%
Profit before tax	322	221	46%
Tax	-55	-43	29%
Profit for the period	266	178	50%
Balance Sheet extract P'Mn	HY 20	HY 19	% Δ
Cash and cash equivalents	114	130	-12%
Associates & JVs	1,673	1,444	16%
Financial assets FVTPL	15,309	14,086	9%
Policy liabilities	11,098	13,424	-17%
Equity	2,959	2,769	7%

- Net insurance premium -5% due to low new business volumes on single premium income.
- Benefits and claims -9% due to lower mortality experience.
- Associate earnings up 4x due to non-recurrence of impairments.
- Profit +50% due to lower claims experience and non-recurrence of significant associate impairments.
- Economic performance expected to decline significantly in 2020 and effect is likely to be felt in operations and new business performance.
- Interim dividend of 57t/share (net of tax) declared, to be paid on 16 Oct 20.
- P17.50 (YTD: 0.00%)
PE: 9.4
PB: 1.7
D/Y: 7.26%
Mkt Cap: P4,941.5mn

CA SALES HY20 RESULTS – COVID-19 HAMPERS MOMENTUM

Income Statement R'Mn	HY 20	HY 19	% Δ
Revenue	3,481	2,937	19%
Cost of sales	-2,990	-2,485	20%
Gross Profit	491	451	9%
Other operating income	13	9	42%
Other operating expenses	-412	-327	26%
Operating profit	92	133	-31%
Associate profit	0	0	225%
Profit before interest and tax	92	133	-30%
Finance income	5	4	22%
Finance costs	-19	-19	-4%
Profit before tax	79	118	-33%
Tax	-35	-37	-5%
Profit for the period	44	81	-46%
Balance Sheet extract R'Mn	HY 20	HY 19	% Δ
Cash and cash equivalents	362	192	89%
Inventory	503	386	30%
PPE	536	508	6%
Intangibles	485	538	-10%
Payables	836	605	38%
Borrowings	242	265	-9%
Equity	1,517	1,347	13%

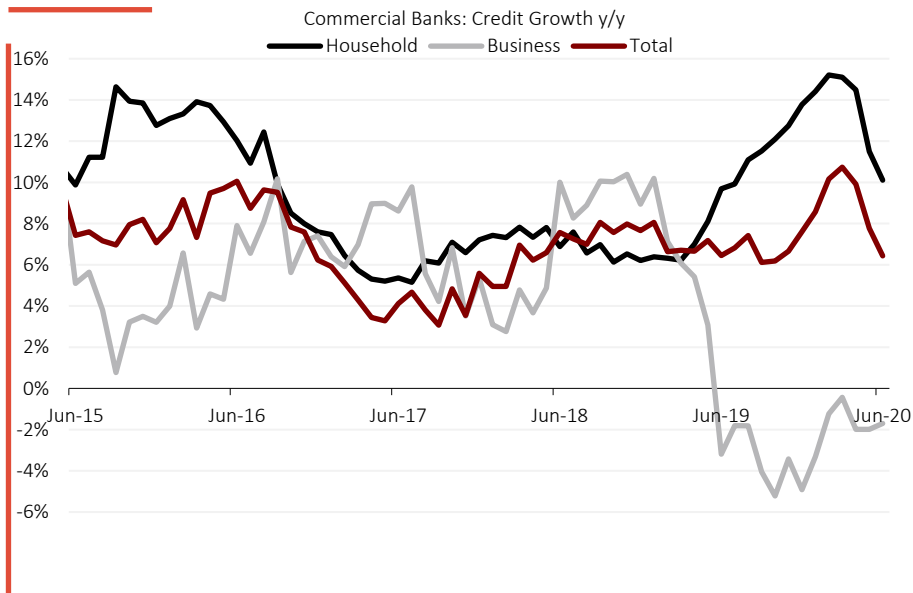
- Revenue +19% due to increased volumes following the acquisition of new clients in 2H19.
- Gross profit +9% despite higher revenue due to product mix as COVID-19 related lockdowns in key markets restricted the sales of alcohol and tobacco products.
- Operating expenses +26% due to R54.9mn FX loss recognised in Botswana business due to the significant depreciation of the Rand against the Pula; and R20.2mn goodwill impairment recognised following the decision of a hardware customer to internalize outsourced service offering.
- Profit for the period -46% due to FX loss and goodwill impairment.
- No dividend declared as in accordance with CA Sales policy of declaring dividends once a year.
- P3.75 (YTD: -0.53%)
PE: 13.8
PB: 1.6
D/Y: 1.83%
Mkt Cap: P1,695.5mn

STANCHART HY20 RESULTS – LOWER INTEREST AND IMPAIRMENT EXPENSE SPUR EARNINGS

Income Statement P'Mn	HY 20	HY 19	% Δ
Interest Income	388	373	4%
Interest expense	-137	-172	-20%
Net Interest	251	201	25%
Other income	50	37	32%
Fee & commission income	100	127	-21%
Commission expenses	-16	-27	-40%
Operating income	384	338	14%
Staff expenses	-113	-106	7%
Other expenses	-195	-188	4%
Impairment loss	33	-11	-394%
Profit before taxation	109	33	230%
Tax	-19	-6	219%
Profit for the period	90	27	233%
Balance Sheet extract P'Mn	HY 20	HY 19	% Δ
Cash and cash equivalents	312	1,151	-73%
Loans to customers	8,363	7,357	14%
Deposits from customers	11,604	11,807	-2%
Equity	1,128	1,112	1%

- Interest income +4% driven by +20% expansion in loans to customers.
- Interest expense -20% due portfolio return measures taken to shift towards a lower and more stable liquidity profile.
- Positive impairment expense due to P48mn impairment reversal on a cancelled related party loan to the SCB Education Trust.
- Profit for the period +233% due to lower interest expense and impairment reversal.
- No dividend declared.
- P1.39 (YTD: -16.77%)
PE: 3.5
PB: 0.4
D/Y: 13.22%
Mkt Cap: P414.7mn

JUN20 CREDIT GROWTH (CG) – DOWNWARD TREND CONTINUES



- Jun20 CG y/y 6.4% v 7.8% (May20)
- Jun20 Household CG y/y 10.1% v 11.5% (May20)
- Jun20 Business CG y/y -1.7% v -2.0% (May20) – main drivers of the decline were Manufacturing (-52.9%) and construction (-18.0%).

Regional

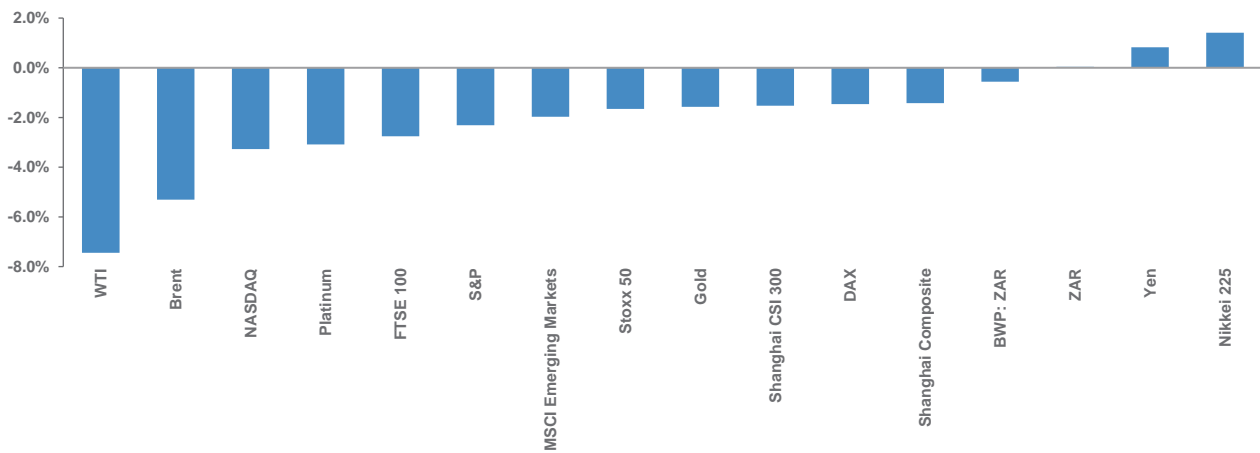
SOUTH AFRICA

- Jul20 Trade Balance R37.4bn v R12.5bn (e) v R45.7bn (Jun20)
- Aug20 Manufacturing PMI 57.3 v 50.9 (e) v 51.2 (Jul20)
- Eskom announced Stage 2 load shedding last week following the breakdown of ten generation units at seven of its power plants.

ZAR PERFORMANCE

- The ZAR finished the week flat as investors weigh negatives of increased political risk and stagnant economic recovery with positives of strong trade and manufacturing data.
- ZAR 16.60 (WTD: +0.04%) v 16.60 (28 Aug 20)

INTERNATIONAL SNAPSHOT – 4 SEP 20 WEEKLY PERFORMANCE



- Jul20 Preliminary Industrial Production m/m 8.0% v 5.0% (e) v 1.9% (Jun20)
- Aug20 Final Manufacturing PMI 47.2 v 45.2 (Jul20)
- Jul20 Retail Sales m/m -3.3% v -2.5% (e) v 13.1% (Jun20)
- Japanese equities finished the week higher after reports that Yoshihide Suga, Prime Minister Shinzo Abe's "right-hand man", is the foremost candidate to succeed him, ensuring stability in economic policy.
- Nikkei 225: 23,205 (WTD: +1.41%), Yen: 106.24 (WTD: +0.83%)



- Eurozone Aug20 Final Manufacturing PMI 51.7 v 51.7 (e) v 51.8 (Jul20)
- France Aug20 Final Manufacturing PMI 49.8 v 49.0 (e) v 52.4 (Jul20)
- Germany Aug20 Final Manufacturing PMI 52.2 v 53.0 (e) v 51.0 (Jul20)
- European equities were suddenly gripped by risk-off sentiment towards the end of the week with investors beginning to believe the recent strong rally in equities has decoupled from the underlying economic situation.
- DAX: 12,843 (WTD: -1.46%), Stoxx50: 3,261 (WTD: -1.66%), FTSE100: 5,799 (WTD: -2.76%)



- Aug20 Caixin Manufacturing PMI 53.1 v 52.5 (e) v 52.8 (Jul20)
- Aug20 Official Manufacturing PMI 51.0 v 51.2 (e) v 51.1 (Jul20)
- Chinese equities closed lower following increased investor risk-off sentiment and reports that the US recovery will take longer than initially expected.
- SHSZ300: 4,770 (WTD: -1.53%), SHCOMP: 3,355 (WTD: -1.42%)



- 29 Aug 20 Initial Jobless claims 881k v 950k (e) v 1,011k (22 Aug 20)
- Aug20 ΔNon-Farm Payrolls 1,371k v 1,350k (e) v 1,734k (Jul20)
 - Unemployment Rate 8.4% v 9.8% (e) v 10.2% (Jul20)
 - Labour Force Participation Rate 61.7% v 61.8% (e) v 61.4% (Jul20)
- Aug20 Final Manufacturing PMI 53.1 v 53.6 (e) v 50.9 (Jul20)
- US equities closed lower as market participants decided to take profits following the recent record-breaking run in US equities.
- NASDAQ: 11,313 (WTD: -3.27%), S&P 3,427 (WTD: -2.31%)

COMMODITIES



- Δ US Crude Inventories -9,362k bbl. (28 Aug 20) v -2,137k bbl. (e) v -4,689k bbl. (21 Aug 20)
- Δ US Oil Rigs +2; 256 (4 Sep 20) v 254 (28 Aug 20)
- Δ North American Oil Rigs +0; 308 (4 Sep 20) v 308 (28 Aug 20)
- Global oil prices fell on account of increased investor risk-off sentiment and uncertainty on the demand/supply side as OPEC+ is likely to increase production as COVID-19 flare-ups continue.
 - WTI: \$39.77 (WTD: -7.45%)
 - Brent Crude: \$42.66 (WTD: -5.31%)



- Precious metals surprisingly sold-off despite the increase in risk-off sentiment due investor preference for cash and a stronger dollar.
 - Gold: \$1,934 (WTD: -1.57%)
 - Platinum: \$904 (WTD: -3.09%)



KGORI CAPITAL

INVEST WITH PRIDE

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