

Local

**COMPANY ANNOUNCEMENTS**

**Results of Offer of Scrip in Lieu of Cash Distribution and Notice of Annual General Meeting**

- Results of Scrip Offer
  - FAR announced that linked unitholders holding 336.1mn shares, 78.79% of linked units in issue, elected to receive scrip in lieu of cash. As a result, 21.2mn new linked units will be issued and the number of linked units shall increase from 426.5mn to 447.7mn. The new linked units will be listed on the BSE on 23 Nov 20.
  - The remaining linked unitholders amounting to 90.5mn shares, 21.21% of linked units in issue, will receive the cash distribution net of tax.
- Notice of Annual General Meeting (AGM)
  - FAR gave notice that it will hold its 2020 AGM on Wednesday, 16 Dec 20 at 9.30am at the Innovation Hub, Plot No 196, Gaborone International Commerce Park. Unitholders will vote on:
    - Adoption of audited financial statements for the 30 Jun 20 yearend and the auditor's and directors' report thereon.
    - Confirmation of distribution for the 30 Jun 20 yearend.
    - Ratification of Bafana Kgotla Molomo and Rajesh Jayraj as directors.
    - Re-election of Ramachandran Ottapathu and Reetsang Willie Mokgathe as directors.
    - Ratification of remuneration paid to independent directors for the 30 Jun 20 yearend.
    - Re-appointment of Grant Thornton as auditor for the ensuing year.
    - Allowing directors to place units equal to 15% of outstanding linked units, for allotment and issue for the acquisition of immovable property until the next AGM.
    - Approve P1mn donation made to the COVID-19 relief fund.
- P2.48 (YTD: +0.81%)    PE: 10.9    PB: 1.2    D/Y: 6.77%    Mkt Cap: P1,057.8mn



**Director's Dealings in Shares**



- During the week associates of Turnstar Group Managing Director, Gulaam Abdoola, bought 6,032 Turnstar shares at P2.50/share.
- P2.50 (YTD: -11.03%)    PE: 10.0    PB: 0.8    D/Y: 4.00%    Mkt Cap: P1,430.4mn

**Changes and Appointment of New LLR Company Secretary**



- LLR announced that it has appointed Ms Bothepa Obuseng, who joined LLR on 1 Nov 20 as Legal and Compliance Manager, as Company Secretary effective 13 Nov 20. Ms Obuseng takes over from KPMG Accountants and Auditors.
- P2.29 (YTD: +1.78%)    PE: 10.3    PB: 0.8    D/Y: 7.04%    Mkt Cap: P641.2mn

**Recovery of 998ca Diamond from the Karowe Mine in Botswana**



- Lucara announced the recovery of a 998ca high white clivage diamond from its Karowe Mine. The diamond was recovered in the Mega Diamond Recovery XRT circuit that allows for diamond recovery post primary crushing and prior to milling.
- P5.12 (YTD: -61.47%)    PE: N/A    PB: 0.9    D/Y: 0.00%    Mkt Cap: P2,032.1mn

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## Notice of Annual General Meeting (AGM)



- NAP gave notice that it will hold its 2020 AGM on Friday, 22 Jan 21 at 8am at the Nafprop Boardroom. Unitholders will vote on:
  - Adoption of the 31 Jul 20 financial statements, integrated report and auditor's report.
  - Approval of distributions paid for the 31 Jul 20 yearend.
  - Re-election of Mr JP McLoughlin and Mr S Venkatakrisnan as directors.
  - Ratification of fees paid to independent directors for the 31 Jul 20 yearend.
  - Approval of auditor's remuneration paid to Pricewaterhouse Coopers for the 31 Jul 20 yearend and re-appointing them as auditors for the ensuing year.
  - Allowing directors to place units equal to 15% of outstanding linked units, for allotment and issue for the acquisition of immovable property until the next AGM.
- P3.20 (YTD: -1.23%) PE: 13.0 PB: 1.3 D/Y: 7.90% Mkt Cap: P1,934.1mn

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## Director's Dealings in Shares



- BIHL announced that Ms Catherine Lesetedi sold 50,000 BIHL shares at P17.50/share during the week.
- P17.50 (YTD: 0.00%) PE: 9.4 PB: 1.7 D/Y: 7.26% Mkt Cap: P4,941.5mn

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## Lifting of Suspension and Recommencement of Trading on the JSE



- Choppies announced that the JSE has agreed to lift the suspension on its shares. Choppies shares will recommence trading on 13 Nov 20.
- P0.60 (YTD: -13.04%) PE: N/A PB: N/A D/Y: 0.00% Mkt Cap: P782.2mn

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## Results of 2020 Annual General Meeting (AGM)



- Minergy released the results of its 2020 AGM. All votes were passed by greater than 92% of votes in favour with the exception of:
  - Ordinary Resolution Number 15: Amendment of 2017 share option plan, 48.45% of shareholders voted against the resolution and 51.55% voted in favour.
- P0.80 (YTD: -27.27%) PE: N/A PB: 8.7 D/Y: 0.00% Mkt Cap: P376.0mn

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## State of the Nation Address



- On 9 Nov 20, President Dr Mokgweetsi Masisi gave the State of the Nation Address. Highlights from the speech:
  - Economic Recovery and Transformation Plan
    - P14.5bn allocation for implementation over the remaining 2 years of NDP11.
    - Government is looking at several options to finance the additional expenditure, with a preference for domestic borrowing and additional revenue mobilization. Where necessary, Government will consider other financing options to accommodate any outstanding needs.
    - P1.3bn Industry Support Fund setup to support local businesses.
  - Economic inclusion and Empowerment
    - The Public Procurement and Asset Disposal Act and the Local Authorities Procurement and Asset Disposal Act will be reviewed in order to align with Government's transformation agenda.
    - Government will consider reviewing the 30% reservation policy for citizen owned companies to a minimum of 60% for major projects.
  - Ease of doing business
    - Under the Industrial and Trade Regulations Act (TRA) which commenced in Jun20, only 10 trade activities, which have public health and safety requirements now need licensing. 35 trade activities can start operations and register with councils within 30 days of operation. In the new TRA, Trade Licensing Committees are abolished and replaced with over the counter licensing.
    - In 2019, Government introduced reforms which allowed for the decentralization of visa applications to Botswana's Diplomatic Missions and the issuance of visa at some ports of entry.
  - COVID-19 Wage subsidy
    - P2.134bn contributed to the fund, P2bn by government and P134mn by organisations and individuals.
    - P1.845bn was spent broken as follows: Wage Subsidy P831.1mn; Food Relief P350.9mn; Health Supplies P396.7mn; Education P58.2mn (for temporary employment of SHE officers and psychological support); Support for Citizens in Diaspora P11.1mn and BAMB P196.7mn.

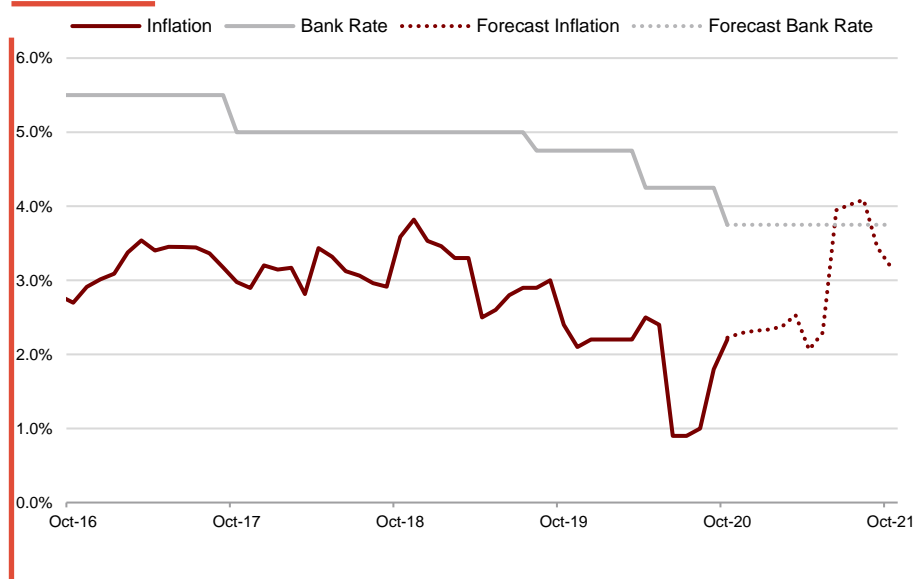
- P200mn of the P289.9mn balance has been reserved for the Tourism wage subsidy.

## LUCARA 3Q20 RESULTS – LOWER REVENUE DUE TO SALES MIX

Income Statement \$'Mn	3Q 20	3Q 19	% Δ
Revenues	41.3	45.3	-9%
Operating expenses	-21.7	-23.3	-7%
Royalty expenses	-4.6	-4.5	2%
Depletion, amortisation and accretion	-13.5	-14.4	-7%
<b>Income from mining operations</b>	<b>1.6</b>	<b>3.1</b>	<b>-49%</b>
Administration	-4.4	-3.9	12%
Sales and marketing	-0.5	-0.5	-4%
Exploration expenditures	-0.2	-1.3	-86%
Finance income/(expense)	-0.9	-1.3	-31%
FX gain/(loss)	0.6	-0.9	-165%
Loss on disposal of PPE	-2.7	0.0	-100%
<b>Net loss before tax</b>	<b>-6.4</b>	<b>-4.7</b>	<b>36%</b>
Current income tax	-	-2.5	-100%
Deferred income tax	1.1	3.3	-67%
<b>Net loss for the period</b>	<b>-5.4</b>	<b>-4.0</b>	<b>34%</b>
Balance Sheet extract \$'Mn	FY20	FY19	% Δ
Cash and cash equivalents	10.1	11.2	-10%
Inventories	64.9	65.1	0%
PPE	103.9	130.1	-20%
Mineral Properties	95.3	105.2	-9%
Deferred income tax	52.1	63.0	-17%
Equity	197.4	236.9	-17%

- Revenue -9% due to several +10.8ca diamonds, which make up most of Lucara's revenue, not being fully polished and sold during 3Q20. +10.8ca diamond sales resumed in Jul20 following the agreement signed with HB. Revenue from these stones is expected in 4Q20.
- Lucara signed an agreement with HB Antwerp where +10.8ca diamonds are sold based on estimated polished outcome with a true up amount payable to Lucara less a fee and cost of manufacturing.
- A loss on disposal of XRT machines amounting to \$2.7mn was recognised in 3Q20.
- Net loss for the period of +34% due to lower revenue coupled with loss on disposal of PPE.
- P5.12 (YTD: -61.47%)  
PE: N/A  
PB: 0.9  
D/Y: 0.00%  
Mkt Cap: P2,032.1mn

## OCT20 INFLATION – CONTINUES TO TREND BELOW OBJECTIVE RANGE



- Oct20 CPI y/y 2.2% v 1.9% (Kgori) v 1.8% (Sep20)
- Inflation continues to trend below the BoB's 3%-6% objective range.
- Increase in inflation driven by Transport inflation which registered 1.5% m/m growth on account of fuel increments effected in Oct20.

# Regional

## SOUTH AFRICA

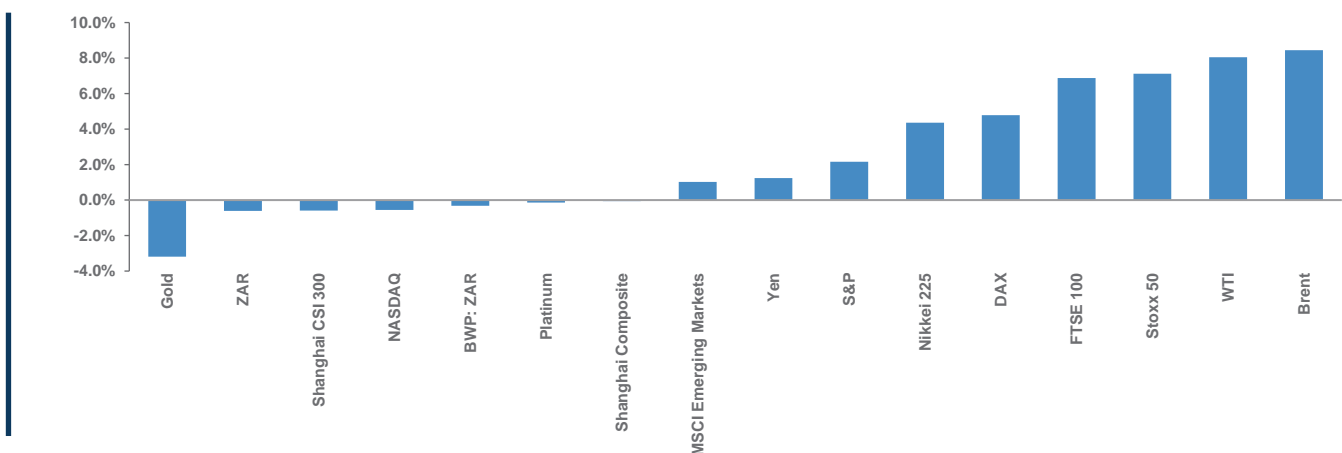
- Sep20 Manufacturing Production m/m 3.2% v 1.4% (e) v 3.3% (Aug20)
- 3Q20 Unemployment 30.8% v 31.0% (e) v 23.3% (2Q20)

### ZAR PERFORMANCE

- The ZAR strengthened against the USD on the back of Pfizer announcing vaccine trials of its COVID-19 vaccine suggested a high degree of effectiveness.
- ZAR 15.51 (WTD: -0.61%) v 15.60 (6 Nov 20)

# International

## INTERNATIONAL SNAPSHOT – 13 NOV 20 WEEKLY PERFORMANCE



- Oct20 PPI y/y -2.1% v -2.0% (e) v -0.8% (Sep20)
- Sep20 Core Machine Orders m/m -4.4% v -1.0% (e) v 0.2% (Aug20)
- Japanese equities rose for the week driven by solidifying US election results and the positive COVID-19 vaccine announcement from Pfizer.
- Nikkei 225: 25,386 (WTD: +4.36%), Yen: 104.63 (WTD: +1.24%)



- Eurozone 3Q20 Preliminary GDP q/q 12.6% v 12.7% (e) v -11.8% (2Q20)
- France Sep20 Industrial Production m/m 1.4% v 0.7% (e) v 1.1% (Aug20)
- Germany Oct20 Final CPI y/y -0.2% v -0.2% (e) v -0.2% (Sep20)
- European equities rallied following the positive COVID-19 vaccine trials announcement from Pfizer.
- DAX: 13,077 (WTD: +4.78%), Stoxx50: 3,432 (WTD: +7.12%), FTSE100: 6,316 (WTD: +6.88%)



- Oct20 Exports y/y 11.4% v 9.2% (e) v 9.9% (Sep20)
- Oct20 Imports y/y 4.7% v 8.6% (e) v 13.2% (Sep20)
- Oct20 CPI y/y 0.5% v 0.8% (e) v 1.7% (Sep20)
- Chinese equities closed lower after the Government issued regulations designed to curb the growing influence of internet-sector leaders.
- SHSZ300: 4,857 (WTD: -0.59%), SHCOMP: 3,310 (WTD: -0.06%)



- 7 Nov 20 Initial Jobless claims 709k v 731k (e) v 757k (31 Oct 20)
- Nov20 Preliminary UoM Sentiment 77.0 v 82.0 (e) v 81.8 (Oct20)
- Oct20 CPI y/y 1.2% v 1.3% (e) v 1.4% (Sep20)
- US equities closed mixed, with the increased expectation of a COVID-19 vaccine, Tech shares sold-off pulling the tech-heavy NASDAQ lower and pushing the more industrial S&P500 higher.
- NASDAQ: 11,829 (WTD: -0.55%), S&P 3,585 (WTD: +2.16%)

## COMMODITIES

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- $\Delta$ US Crude Inventories +4,277k bbl. (6 Nov 20) v -872k bbl. (e) v -7,998k bbl. (30 Oct 20)
- $\Delta$ US Oil Rigs +12; 312 (13 Nov 20) v 300 (6 Nov 20)
- $\Delta$ North American Oil Rigs +15; 401 (13 Nov 20) v 386 (6 Nov 20)
- Global oil prices rose following the positive COVID-19 vaccine announcement by Pfizer.
  - WTI: \$40.13 (WTD: +8.05%)
  - Brent Crude: \$42.78 (WTD: +8.44%)



- Precious metals lost their lustre as investors turned bullish and sold-out of safe haven assets.
  - Gold: \$1,889 (WTD: -3.18%)
  - Platinum: \$894 (WTD: -0.14%)



## KGORI CAPITAL

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