

Local

**COMPANY ANNOUNCEMENTS**



**Trading Statement**

- Shumba informed shareholders that its loss before tax (LBT) for the interim period ended 31 Dec 20 will be \$1.2mn (~73%) lower than the \$1.6mn LBT reported for the interim period ended 31 Dec 19.
- P0.95 (YTD: 0.00%) PE: 9.2 PB: 2.2 D/Y: 0.00% Mkt Cap: P278.4mn



**£2.625mn UK Placement**

- Tlou Energy announced the successful placement of 75mn ordinary shares valued at £2.625mn.
- Funds raised will go towards development of Tlou's Lesedi project.
- P0.33 (YTD: +51.52%) PE: N/A PB: 0.6 D/Y: 0.00% Mkt Cap: 256.6mn



**Trading Statement**

- Afinitas informed its shareholders that its loss before tax (LBT) for the financial year ended 31 Dec 20 will be \$593k-\$667k (80%-90%) higher than the \$741k LBT reported for financial year ended 31 Dec 19.
- Results will be released on or before 31 Mar 21.
- P0.89 (YTD: 0.00%) PE: N/A PB: 4.60 D/Y: 0.00% Mkt Cap: P190.4mn



**Cautionary Announcement**

- G4S informed shareholders that its profit before tax (PBT) for the year ended 31 Dec 20 will be ~P12mn (~43%) lower than the P27.8mn PBT reported for the year ended 31 Dec 19.
- Full Details will be given when G4S releases results on or before 31 Mar 21.
- P3.40 (YTD: -11.76%) PE: 11.5 PB: 1.90 D/Y: 0.00% Mkt Cap: P240.0mn



**Cautionary Announcement**

- Absa informed shareholders that its profit before tax (PBT) for year ended 31 Dec 20 to be P271mn-P339mn (40%-50%) lower than the P678mn PBT reported for the year ended 31 Dec 19.
- Full Details will be given when Absa releases results on 30 Mar 21.
- P5.38 (YTD: -15.99%) PE: 12.30 PB: 1.80 D/Y: 5.53% Mkt Cap: P3,851.8mn

**Withdrawal of Cautionary Announcement and Trading Statement**



- Withdrawal of Cautionary
  - Cresta announced that the transaction related to Phakalane Golf Estate Hotel and Convention Centre, will no longer proceed, as certain conditions precedent to the lease agreement have not been concluded and the agreements have therefore lapsed.
- Trading statement
  - Cresta announced its profit before tax (PBT) for the year ended 31 Dec 20 will be P98mn-104mn (320%-340%) lower than the P30.6mn PBT reported for the year ended 31 Dec 19.
  - The decline in profitability is due to the Covid-19 impact on travel and tourism and closure of its hotels for normal operations from 2 Apr 20 - 4 Jun 20.
  - Results are expected to be released on or before 31 Mar 21.
- P1.25 (YTD: -3.85%) PE: N/A PB: 1.2 D/Y: 0.00% Mkt Cap: P230.8mn

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### Trading Statement



- RDCP announced to shareholders that its profit before tax (PBT) for the year ended 31 Dec 20 will be P129.7mn-145.9mn (80%-90%) lower than the P162.1mn PBT reported for the year ended 31 Dec 19.
- The decline in profitability is due to the conservative valuation of RDCP's investment portfolio (~P110mn reduction in portfolio value) and reduction of income from its hospitality portfolio due to the challenging operating conditions in the extended Covid-19 national lockdowns in Botswana.
- Full Details will be given when RDCP releases results on or before 31 Mar 21.
- P2.15 (YTD: 0.00%) PE: 8.1 PB: 0.5 D/Y: 3.95% Mkt Cap: P759.9mn

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### Trading Statement



- BancABC announced to shareholders that its profit before tax (PBT) for the year ended 31 Dec 20 will be P18mn-33mn (12%-22%) lower than the P152mn PBT reported for the year ended 31 Dec 19.
- Results are expected to be released on or before 31 Mar 21.
- P1.98 (YTD: 0.00%) PE: 11.4 PB: 1.30 D/Y: 1.41% Mkt Cap: P1,435.5mn

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### S&P Affirms Botswana's BBB+ Rating



- Bank of Botswana announced that S&P affirmed Botswana's long and short term foreign and local currency sovereign credit rating at BBB+/A-2.
- However, S&P maintained its negative outlook on account of the risks that the Covid-19 pandemic continues to pose to the country's economic and fiscal performance over the next 12 months.
- S&P indicated that the economic outlook could be revised to stable if Botswana's public budget performance improves, as that would halt further declines in fiscal and external buffers. Ratings could be lowered if sustainable recovery in the demand and prices of diamonds falters, resulting in weaker fiscal and external performance than S&P's current forecasts.



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### Botswana Launches the 'Arm Ready for Lemao' Campaign

- Ministry of Health and Wellness launched the Arm Ready for Lemao Covid-19 vaccine communication campaign in its efforts to engage with different target groups as well as introducing the online self-registration platform for Covid-19 vaccination.



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### Electricity Tariff Increase

- BERA announced that electricity tariffs will increase by 3%, effective 1 Apr 21.
  - The 3% increment is lower than the 5% increase Botswana Power Corporation (BPC) had requested from BERA. The increment was revised downwards following public and stakeholder consultations.
  - BERA noted that BPC rates are not cost reflective, and it continues to be subsidised by the Botswana Government in order to cushion the public against high tariffs.
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## MINERGY HY21 RESULTS – POOR SALES MIX AND INCREASED FINANCE COST DRIVE LOSSES

Income Statement P'Mn	HY 21	HY 20	% Δ
Revenue	76	35	119%
Cost of sales	(119)	(69)	72%
<b>Gross loss</b>	<b>(44)</b>	<b>(35)</b>	<b>25%</b>
Other income	0	0	426%
Operating expenses	(11)	(17)	(31%)
<b>Operating earnings</b>	<b>(55)</b>	<b>(51)</b>	<b>7%</b>
Finance expense	(19)	(5)	257%
<b>EBT</b>	<b>(74)</b>	<b>(57)</b>	<b>30%</b>
Tax	16	13	28%
<b>Net loss for the period</b>	<b>(57)</b>	<b>(44)</b>	<b>31%</b>
Balance Sheet extract P'Mn	HY 21	HY 20	% Δ
Cash and cash equivalents	12	2	597%
PPE	378	341	11%
Inventories	25	48	-48%
Rehabilitation provision	72	70	3%
Borrowings	345	252	37%
Equity	7	43	-84%

- Revenue +119% as sales volumes increased.
- Negative gross profit due to poor product mix, which was geared to finer, less profitable product.
- Opex -31% due to savings in advisory fees, renegotiation of costs with service providers and halt in salary increases.
- Net finance cost 2.5x due to additional debt taken to fund operations and further development of the mine.
- Loss for the period +31% due to poor sales mix and increased finance costs.
- No dividend declared.
- P0.80 (YTD: 0.00%)  
PE: N/A  
PB: N/A  
D/Y: 0.00%  
Mkt Cap: P376.0mn

## CHOPPIES HY21 RESULTS – LOWER DISCONTINUED OPERATIONS LOSSES BOOST EARNINGS

Income Statement P'Mn	HY 21	HY 20	% Δ
Revenue	2,711	2,969	(9%)
Cost of sales	(2,114)	(2,289)	(8%)
<b>Gross Profit</b>	<b>598</b>	<b>680</b>	<b>(12%)</b>
Other operating income	23	29	(-18%)
Operating Income	621	709	(12%)
Net impairment losses	-	1	(100%)
Administrative expenses	(414)	(473)	(13%)
Selling and distribution expenses	(8)	(27)	(72%)
Other operating expenses	(62)	(64)	(4%)
<b>EBIT</b>	<b>138</b>	<b>145</b>	<b>(5%)</b>
Finance income	-	0	(100%)
Finance costs	(49)	(50)	(4%)
<b>PBT</b>	<b>89</b>	<b>94</b>	<b>(5%)</b>
Tax	(26)	(29)	(11%)
<b>Profit from continuing operations</b>	<b>64</b>	<b>66</b>	<b>(3%)</b>
Loss from discontinued operations	(26)	(205)	(87%)
<b>Profit for the period</b>	<b>38</b>	<b>(139)</b>	<b>(127%)</b>
Balance Sheet extract P'Mn	HY 21	HY 20	% Δ
Cash and cash equivalents	80	81	(1%)
Inventory	390	324	21%
Property, plant and equipment	1,133	1,139	0%
Intangibles	69	43	61%
Payables	620	495	25%
Borrowings	703	786	(11%)
Equity	472	317	49%

- Revenue -9% due to negative volume growth caused by the Covid-19 pandemic and weakening of the Zambian and Zimbabwean currencies.
- Opex, selling and admin costs declined due to aggressive cost reduction measures.
- Finance costs -4% due to debt restructuring and reduction.
- Choppies reported its first profit since 2016 due to the disposal of underperforming investments.
- Negative Equity +49% due to further currency erosion in Zambia and Zimbabwe.
- No dividend declared.
- P0.60 (YTD: 0.00%)  
PE: N/A  
PB: N/A  
D/Y: 0.00%  
Mkt Cap: P782.2mn

## CA SALES FY20 RESULTS – STRONG REVENUE GROWTH SUPPORTS EARNINGS MOMENTUM

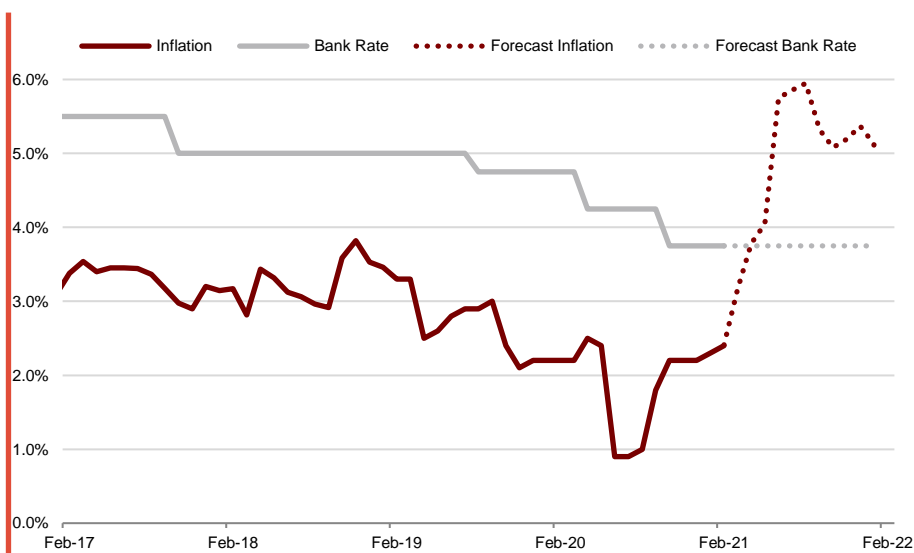
Income Statement R'Mn	FY20	FY19	% Δ
Revenue	7,932	7,132	11%
Cost of sales	(6,844)	(6,108)	12%
<b>Gross Profit</b>	<b>1,088</b>	<b>1,024</b>	<b>6%</b>
Other operating income	28	89	(69%)
Other operating expenses	(759)	(776)	92%
<b>Operating profit</b>	<b>356</b>	<b>336</b>	<b>6%</b>
Associate profit	2	1	47%
<b>Profit before interest and tax</b>	<b>357</b>	<b>337</b>	<b>6%</b>
Finance income	7	9	(22%)
Finance costs	(31)	(43)	(27%)
<b>Profit before tax</b>	<b>333</b>	<b>303</b>	<b>10%</b>
Tax	(102)	(95)	8%
<b>Profit for the period</b>	<b>231</b>	<b>208</b>	<b>11%</b>

Balance Sheet extract R'Mn	FY20	FY19	% Δ
Cash and cash equivalents	373	250	49%
Inventory	555	483	15%
PPE	512	512	0%
Intangibles	487	505	(-4%)
Payables	1,004	1,003	0%
Borrowings	519	527	(2%)
Equity	1,655	1,468	13%

- Revenue +11% driven by stable sales growth from all regions despite challenges raised by the pandemic.
- Gross profit +6% despite +11% revenue growth due to shifts in the shopper product mix.
- Operating Income -69% due to the non-recurrence of the once-off settlement fee that was received in the prior year from the acquisition of customer contracts.
- Associate profit +47% as a result of acquisition of Mac Mobile Group and increase in shareholding of Promexus Limited.
- Profit for the period +11% due to higher revenue and lower opex.
- Final dividend of 10.26c/share declared, to be paid on 12 Apr 21.
- P3.74 (YTD: 0.00%)  
PE: 9.9  
PB: 1.4  
D/Y: 2.04%  
Mkt Cap: P1,691.3mn

## FEB21 INFLATION – CONTINUES TO TREND BELOW OBJECTIVE RANGE



- Feb21 CPI y/y 2.4% v 2.3% (Kgori) v 2.3% (Dec20)
- Inflation was slightly higher than Kgori expectation due to higher Food inflation which increased by 0.7% m/m (versus 0.3% Kgori expectation) driven by higher Bread and Cereals inflation.
- We expect inflation to rise significantly over the next 6 months to 5.9% in Aug21 due to increases in petrol pump prices. Inflation expectations are currently skewed to the upside due to the possibility of further increases in fuel pump prices and Government related services.

# Regional

## SOUTH AFRICA

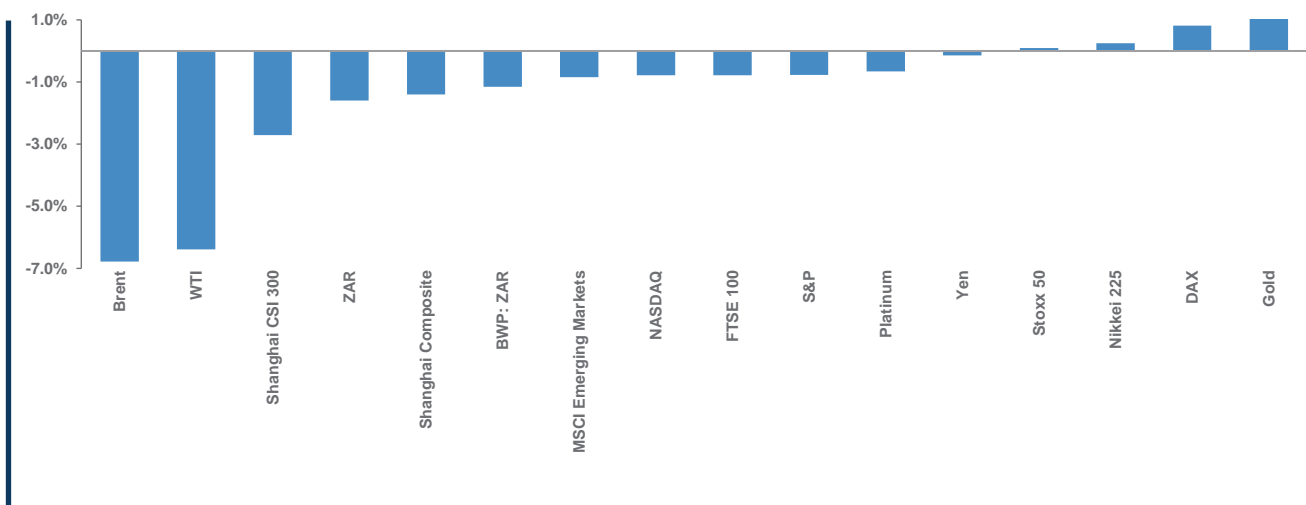
- 1Q21 BER Consumer Confidence -9 v -10 (e) v -12 (4Q20)
- Jan21 Retail Sales m/m -1.6% v 0.1% (e) v -0.8% (Dec20)
- Eskom's announced the discontinuation of load shedding towards the end of the week due to the return of power generating units in Duvha, Medupi, Kendal, Kriel and Kusile.

### ZAR PERFORMANCE

- The ZAR strengthened against the USD for the week on account of the US Federal Reserve maintaining its forecast for low rates.
- ZAR 14.72 (WTD: -1.60%) v 14.95 (12 Mar 21)

# International

## INTERNATIONAL SNAPSHOT – 19 MAR 21 WEEKLY PERFORMANCE



- Feb21 National CPI y/y -0.4% v -0.4% (e) v -0.6% (Jan21)
- Jan21 Final Industrial Production m/m 4.3% v 4.2% (Dec20)
- Japanese equities closed higher for the week driven by Fed's projection of a low interest rate environment which is expected to last a few years.
- Nikkei 225: 29,792 (WTD: +0.25%), Yen: 108.88 (WTD: -0.14%)



- Eurozone Feb21 Final CPI y/y 0.9% v 0.9% (e) v 0.9% (Jan21)
- Germany Feb21 PPI y/y 1.9% v 2.0% (e) v 0.9% (Jan21)
- France Feb21 Final CPI y/y 0.6% v 0.4% (e) v 0.6% (Jan21)
- The Bank of England Monetary Policy Committee met during the week and unanimously decided to:
  - Maintain the Bank Rate at 0.1%.
  - Maintain the purchase of non-financial investment grade corporate bonds at £20bn.
  - Continue its existing programme of UK Government bond purchases with a target of £875bn and an asset purchase target of £895bn.
- European equities rose for the week driven by investor optimism that the global economic recovery is underway and that global central banks will maintain their accommodative monetary policy stance. The FTSE declined as UK investors focused on the continued rise in US treasury yields.
- DAX: 14,621 (WTD: +0.82%), Stoxx50: 3,837 (WTD: +0.10%), FTSE100: 6,709 (WTD: -0.78%)



- Feb21 Industrial Production YTD y/y 35.1% v 32.2% (e) v 2.8% (Dec20)
- Chinese equities closed in the red for the week due to investor expectations of monetary policy tightening as well as uncertainty posed by the talks between US and Chinese officials.
- SHSZ300: 5,007 (WTD: -2.71%), SHCOMP: 3,405 (WTD: -1.40%)



- 13 Mar 21 Initial Jobless Claims 770k v 700k (e) v 725k (6 Mar 21)
- Feb21 Industrial Production m/m -2.2% v 0.3% (e) v 1.1% (Feb21)
- The Federal Reserve Open Market Committee met during the week and decided to:
  - Maintain the target federal funds rate at 0.00%-0.25%.
  - Maintain its purchase of treasuries and agency mortgage-backed securities at \$80bn/month and \$40bn/month, respectively.
- Based on the latest economic projections by the Fed, interest rates will stay at current levels until 2023.
- US equities closed in red for the week driven by the continued grind higher in treasury yields.
- NASDAQ: 13,215 (WTD: -0.79%), S&P 3,943 (WTD: -0.77%)

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## COMMODITIES

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- ΔUS Crude Inventories +2,396k bbl. (12 Mar 21) v +2,077k bbl. (e) v 13,798k bbl. (5 Mar 21)
- ΔUS Oil Rigs +9; 411 (19 Mar 21) v 402 (12 Mar 21)
- ΔNorth American Oil Rigs -15; 503 (19 Mar 21) v 518 (5 Mar 21)
- Oil prices fell for the week due to the continued increase in US crude inventories and reduced demand expectations in the short term, on account of lockdowns imposed in Europe.
  - WTI: \$61.42 (WTD: -6.39%)
  - Brent Crude: \$64.53 (WTD -6.78%)



- Gold closed in the green following the US Fed's expectation of rates being lower for longer. Platinum closed lower as investors reduced platinum demand expectations as a number of European countries instituted lockdowns to combat the spread of Covid-19.
  - Gold: \$1,745 (WTD: +1.05%)
  - Platinum: \$1,198 (WTD: -0.66%)



## KGORI CAPITAL

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