

Local

COMPANY ANNOUNCEMENTS

Trading Statement



- Choppies informed shareholders that its profit after tax including discontinued operations for the 30 Jun 21 year end will be P22.6mn-96.7mn (106%-126%) higher than the P370.6mn loss after tax reported for the 30 Jun 20 year end.
- Choppies further announced that its profit before tax (PBT) for the 30 Jun 21 year end will be P105.7mn-P126.7mn (1%-21%) higher than the P105.0mn PBT reported for the 30 Jun 20 year end.
- P0.60 (YTD: 0.00%) PE: N/A PB: N/A D/Y: 0.00% Mkt Cap: P782.2mn



Results of Annual General Meeting (AGM)

- SeedCo announced the results of its AGM, where all resolutions were passed by 86.78% votes in favour.
- P2.70 (YTD: +45.95%) PE: 8.7 PB: 1.2 D/Y: 3.88% Mkt Cap: P1,062.8mn



Non-Renewal of the Cresta Golfview Hotel Lease

- Cresta announced that it will not be renewing the lease agreement with Golfview Hotels for the rental of Cresta Golfview Hotel in Lusaka, Zambia, effective 30 Sep 21.
- Cresta decided not to extend the lease after assessing the financial viability of continuing with the lease agreement.
- P1.25 (YTD: -3.85%) PE: N/A PB: 1.4 D/Y: 0.00% Mkt Cap: P230.8mn



Results of Extraordinary General Meeting (EGM)

- BancABC announced the results of its EGM, where all resolutions were passed by 100% votes in favour.
- P1.98 (YTD: 0.00%) PE: 15.6 PB: 1.2 D/Y: 0.00% Mkt Cap: P1,435.5mn



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.
- S&P revised the economic outlook from negative to stable on account of the anticipated rebound in Botswana's economic growth, partially led by the diamond mining recovery.
- S&P indicated that an upgrade could arise if Botswana strengthens its fiscal and external buffers, as well as diversify its export base, in order to protect the economy from further shocks. A downgrade would reflect the pandemic's impact on the recovery of upstream and downstream diamond sectors, which translates to weaker-than-expected fiscal and external performance.

Delayed Rollout of the Sinovac Vaccine and Arrival of AstraZeneca Vaccines



- Delayed Rollout of the Sinovac Vaccine
 - The Ministry of Health and Wellness (MoHW) announced that the rollout of the Sinovac vaccines has been delayed as it is awaiting some critical technical vaccine profiling documentation that is yet to be provided by the vaccine manufacturer.
- Arrival of AstraZeneca Vaccines
 - The MoHW further announced the arrival of 101,760 AstraZeneca vaccines on 18 Sep 21.
 - This is the first batch of the expected 401,280 doses of the AstraZeneca vaccine doses donated by the Federal Republic of Germany.

ABSA HY21 RESULTS – CREDIT LOSS DECLINE DRIVES EARNINGS

Income Statement P'Mn	HY 21	HY 20	% Δ
Interest income	658	697	(6%)
Interest expense	(148)	(146)	2%
Net interest income	509	552	(8%)
Other income	2	2	(11%)
Fee & commission income	229	190	21%
Commission expenses	(16)	(12)	35%
Trading income	71	72	(1%)
Operating Profit	795	804	(1%)
Staff expenses	(225)	(263)	(14%)
Infrastructure costs	(67)	(62)	9%
Admin & gen expenses	(167)	(172)	(3%)
Credit losses	(46)	(178)	(74%)
Profit before taxation (PBT)	290	129	125%
Tax	(77)	(38)	103%
Profit for the period (PAT)	213	91	135%
Balance Sheet extract P'Mn	HY 21	HY 20	% Δ
Cash and cash equivalents	468	494	(5%)
Loans and advances to customers	14,831	13,645	9%
Customer deposits	16,182	14,024	15%
Equity	2,363	2,151	10%

- Net Interest income -8% driven by interest rate cuts in 2020.
- Staff expenses -14% due to the once off voluntary staff separation exercise that took place in 2020 and the reduction in separation expenses, following the completion of the rebranding exercise.
- Credit losses -74% driven by better-than-expected performance of GDP (a key input in risk models) together with improved and stable portfolio performance.
- PAT increased 1.4x due to decline in expenses and credit losses.
- Loans and advances to customers +9% due to increased momentum in loan conversion rates.
- Customer deposits +15% driven by its client penetration, acquisition, and retention strategy.
- Interim dividend of 9.74t/share declared, payable on 20 Oct 21.
- P4.45 (YTD: -17.29%)
PE: 9.1
PB: 1.6
D/Y: 8.14%
Mkt Cap: P3,792.1mn

RDC HY21 RESULTS – AQUISITIONS IMPROVE PROFITS

Income Statement P'Mn	HY 21	HY 20	% Δ
Revenue	73	62	17%
Other income	0	0	(7%)
Operating expenses	(29)	(23)	27%
Profit/(loss) from JV	(0)	(0)	(58%)
Net foreign exchange losses	2	3	(30%)
Profit from operations	46	42	9%
Surplus Arising on Investments	3	0	100%
Net finance costs	(22)	(19)	14%
Profit before tax (PBT)	27	23	19%
Tax	0	0	0%
Profit for the period (PAT)	27	23	19%
Balance Sheet extract P'Mn	HY 21	HY 20	% Δ
Cash and cash equivalents	146	198	(26%)
Investment Properties	2,205	2,116	4%
Current Liabilities	49	46	100%
Equity	1,191	1,148	4%
Long-Term Borrowings	910	850	7%

- Revenue +17% due to acquisitions in Capitalgro.
- Finance Costs +14% due to a 7% increase in borrowings.
- PAT +19% due to strong revenue growth.
- The acquisition of the Xiquelene property in Maputo, Mozambique was completed on 30 Mar 21.
- The Radisson RED Hotel Rosebank, South Africa has been completed.
- Interim dividend of 0.347t/share and interest of 2.370t/debenture declared, payable 6 Oct 21.
- P2.12 (YTD: -1.40%)
PE: 35.3
PB: 0.6
D/Y: 6.08%
Mkt Cap: P936.6mn

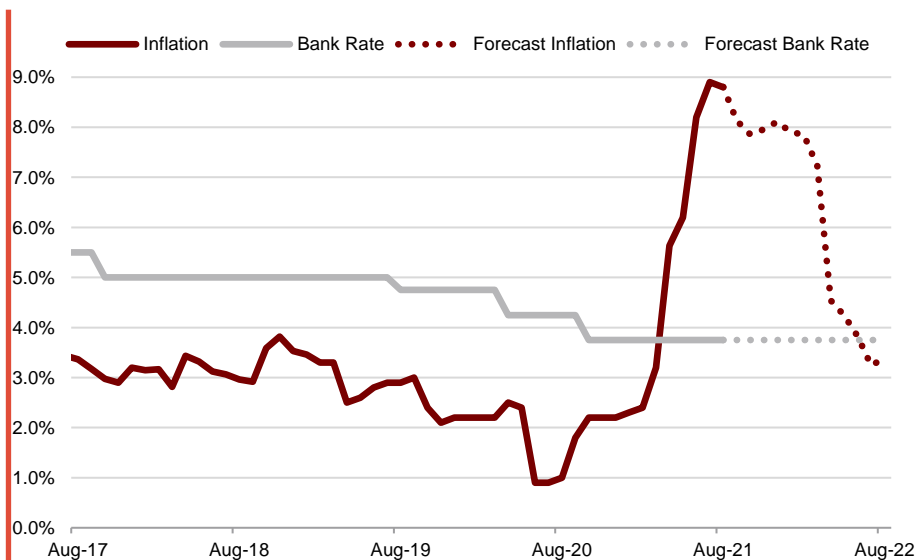
OLYMPIA HY21 RESULTS – IMPROVED SALES DRIVE UP PROFITS

Income Statement P'Mn	HY 21	HY 20	% Δ
Revenue	21.2	19.0	12%
Cost of sales	-10.6	-9.5	11%
Gross Profit	10.6	9.5	12%
Other operating income	0.4	0.6	(25%)
Other operating expenses	-9.9	-9.6	3%
Profit from operations	1.1	0.4	167%
Investment Income	0.0	0.4	(92%)
Finance Costs	-0.3	-0.2	47%
Profit before taxation	0.9	0.6	44%

Balance Sheet extract P'Mn	HY 21	HY 20	% Δ
Cash and Cash Equivalents	6.0	9.1	(34%)
Investment properties	14.2	14.2	(0%)
Trade and other receivables	9.0	8.0	13%
Property, plant and equipment (PPE)	21.1	19.9	6%
Trade and other payables	4.8	5.8	(17%)
Loans from shareholders	-	17.2	(100%)
Borrowings	1.9	2.0	(9%)
Equity	50.2	28.4	77%

- Profit for the period +44% due to improved sales driven by ease of lockdown restrictions in both Botswana and South Africa.
- Cash and cash equivalents -34% due to 9% reduction in borrowed funds, 17% reduction in trade and other payables as well as a 6% increase in PPE.
- Equity +77% due to the conversion of loans from shareholders to equity.
- No dividend declared.
- P0.25 (YTD: +4.17%)
PE: 5.6
PB: 0.3
D/Y: 0.00%
Mkt Cap: P16.1mn

AUG21 INFLATION – INFLATION DECELERATES



- Aug21 CPI y/y 8.8% v 9.1% (Kgori) v 8.9% (Jul21)
- Inflation decelerated in August due to the reduction in Transport, Housing and Food inflation.
- Transport and Housing inflation remain elevated; Transport due to base effects and high global oil prices; and Housing due to the ~13% increase in water tariffs effected in June this year.
- The main upside risk to our forecast is Transport inflation as more pump price increments are required to address persistent slate under-recoveries. The main downside risk is continued lacklustre domestic demand.
- We believe inflation has peaked and will grind lower, but remain above the BoB's objective range, in the coming months.

Regional

SOUTH AFRICA

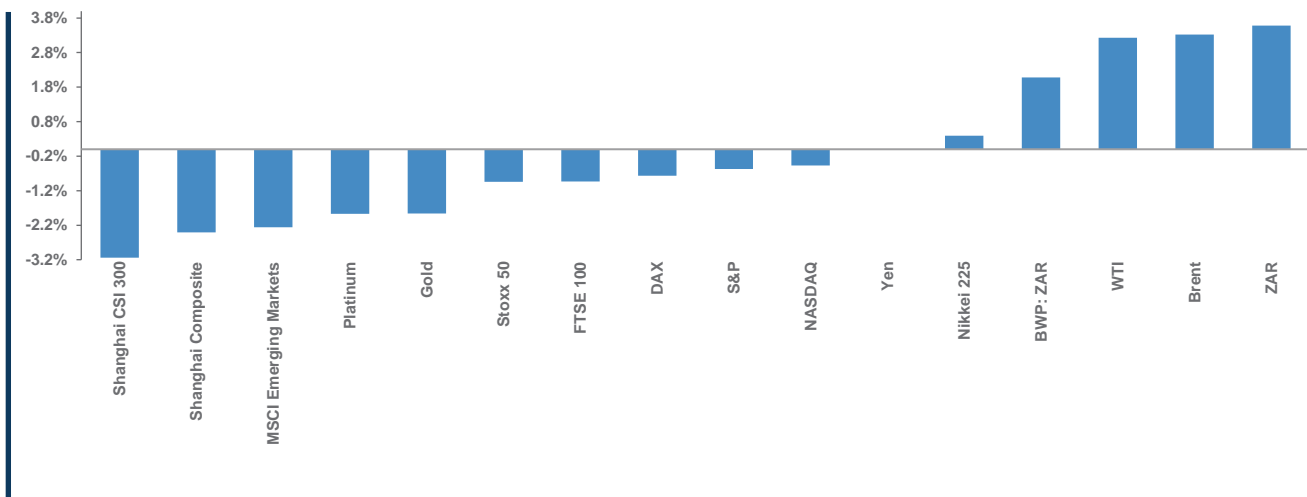
- Jul21 Retail sales m/m -11.2% v -2.7% (e) v 0.7% (Jun21)
- President Cyril Ramaphosa announced further easing of lockdown restrictions from adjusted level 3 to adjusted level 2, effective 13 Sep 21.

ZAR PERFORMANCE

- The ZAR weakened against the dollar during week as investors dumped riskier assets for US treasuries where yields surged on account of a larger than expected rise in retail sales.
- 14.72 (WTD: +3.59%) v 14.21 (10 Sep 21)

International

INTERNATIONAL SNAPSHOT – 17 SEP 21 WEEKLY PERFORMANCE



- Jul21 Final Industrial Production m/m -1.5% v 6.5% (Jun21)
- Jul21 Core Machine Orders m/m 0.9% v 2.5% (e) -1.5% (Jun21)
- Aug21 PPI y/y 5.5% v 5.6% (e) v 5.6% (Jul21)
- Japanese equities closed the week in the green on bullish investor optimism following the decline in Covid-19 cases and the prospect of additional government stimulus from new national leadership.
- Nikkei 225: 30,500 (WTD: +0.39%), Yen: 109.93 (WTD: -0.01%)



- Eurozone Aug21 Final CPI y/y 3.0% v 3.0% (e) v 2.2% (Jul21)
- France Aug21 Final CPI y/y 1.9% v 1.9% (e) v 1.2% (Jul21)
- European equities closed in the red on bearish investor sentiment on economic recovery following the surge of Covid-19 Delta variant cases, drop in US inflation as well as the introduction of tighter regulations on technology firms in China.
- DAX: 15,490 (WTD: -0.77%), Stoxx50: 4,131 (WTD: -0.95%), FTSE100: 6,964 (WTD: -0.93%)



- Aug21 Retail Sales y/y 2.5% v 7.0% (e) v 8.5% (Jul21)
- Aug21 Industrial Production y/y 5.3% v 5.8% (e) v 6.4% (Jul21)
- Chinese equities declined for the week on the back of bearish investor sentiment following the release of weaker than expected economic data and worries of tighter regulations on technology firms.
- SHSZ300: 4,856 (WTD: -3.14%), SHCOMP: 3,614 (WTD: -2.41%)



- 11 Sep 21 Initial Jobless Claims 332k v 322k (e) v 312k (4 Sep 21)
- Aug21 CPI y/y 5.3% v 5.3% (e) v 5.4% (Jul21)
- Sep21 Preliminary UoM Sentiment 71.0 v 72.0 (e) v 70.3 (Aug21).
- Aug21 Industrial Production m/m 0.4% v 0.5% (e) v 0.8% (Jul21)
- US equities ended the week in the red on account of dampened investor sentiment due to the increasing likelihood of a corporate tax rate hike which prompted a broad sell-off despite signs of easing inflation.
- NASDAQ: 15,044 (WTD: -0.47%), S&P: 4,433 (WTD: -0.57%)

COMMODITIES



- Δ US Crude Inventories -6,422k bbl. (10 Sep 21) v -2,740k bbl. (e) v 1,528k bbl. (3 Sep 21)
- Δ US Oil Rigs +9; 512 (17 Sep 21) v 503 (10 Sep 21)
- Δ North American Oil Rigs +20; 666 (17 Sep 21) v 646 (10 Sep 21)
- Oil prices closed the week higher on account of a larger-than-expected drawdown in U.S. crude inventories and improved demand expectations as global vaccination rollouts widen.
 - WTI: \$71.97 (WTD: +3.23%)
 - Brent Crude: \$75.34 (WTD: +3.32%)



- Precious metals closed the week lower driven by a rise in US treasury yields and a stronger USD.
 - Gold: \$1,754 (WTD: -1.86%)
 - Platinum: \$943 (WTD: -1.87%)
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KGORI CAPITAL

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