Local

COMPANY ANNOUNCEMENTS

Notice to Shareholders

- StanChart announced the resignation of C Kgalemang from her position as Head of Legal and Company Secretary, effective 31 May 22.
- StanChart intends to appoint L Benza as Acting Head of Legal and Company Secretary.
- P2.25 (YTD: +14.80%) PE: 11.1 PB: 0.6 D/Y: 8.98% Mkt Cap: P671.3mn

Transmission Line Construction Update

- Tlou announced that its contractor, Zismo Engineering has commenced equipment acquisition as well as the construction of the transmission line that will connect the Lesedi Power Project to the Botswana power grid.
- P0.50 (YTD: 0.00%) PE: N/A PB: 07 D/Y: 0.00% Mkt Cap: P300.1mn

New Board Roles

- PrimeTime announced the following appointments to its Board of Directors, effective 1 Jun 22:
  - P Masie as Chairman of the Board and member of the Governance and Nominations Committee (GNC).
  - M Marinelli as the Lead Independent Director, Chairman of the GNC as well as a member of the Audit and Risk Committee (ARC).
  - N Dixon-Warren as Chairman of the ARC.
  - C Masendu-Kusane as a member of the ARC and GNC.
- P1.90 (YTD: -9.52%) PE: 9.4 PB: 0.6 D/Y: 5.99% Mkt Cap: P464.8mn

Notice of Annual General Meeting (AGM)

- Letshego will virtually hold its AGM at 2.30pm on 23 Jun 22. Further details will be published by 2 Jun 2022.
- P1.75 (YTD: +25.00%) PE: 5.2 PB: 0.7 D/Y: 9.71% Mkt Cap: P3,760.9mn

Notice to Noteholders of Floating Rate Notes (FRN) and Results of Annual General Meeting (AGM)

- Notice to Noteholders of FRN
  - RDC announced that as a result of Bank of Botswana's (BoB) rate changes, it will make the following amendments to its FRN Applicable Pricing Supplements (APS), effective 28 Apr 22:
    - The rate used to determine interest payable will be changed from "reference rate" to "Monetary Policy Rate" (MoPR) i.e. the prevailing 7-day BoBC yield.
    - The amendment of the definition of "Margin" by deleting "220bps" and replacing those with "481bps".
    - The coupon rates set for interest payments due on 24 Jun 22 for RDCP001 and 29 Jun 22 for RDCP002 and RDCP003 which were set in Mar22 will remain unchanged.
- Results of AGM
  - RDC announced the results of its 2021 AGM, where all resolutions were passed by 92.27% or more votes in favour, except:
    - Ordinary resolution 10: to appoint F Giachetti as Director. 79.08% voted in favour and 20.92% against.
- P2.19 (YTD: +1.86%) PE: 2.6 PB: 0.6 D/Y: 4.28% Mkt Cap: P1,660.5mn

Amendments to the Share Incentive Scheme (SIT) Trust Deed

- CA Sales disclosed a printing error in Annexure 1 of a previously released circular which detailed the proposed amendments to the SIT Trust Deed.
- The full set of amendments to the SIT Trust Deed relate mainly to the inclusion of additional definitions which include references to the JSE, consequent amendments to take account of the amended definitions and other semantic changes in amplification of the amendments set out in the circular.
- P3.65 (YTD: 0.00%) PE: 7.7 PB: 1.2 D/Y: 2.53% Mkt Cap: P1,684.2mn

Circular to Shareholders and Extraordinary General Meeting (EGM) Notice

- Circular to Shareholders
  - LLR issued a circular to shareholders during the week relating to:
    - A co-investment opportunity alongside Grit Services Limited in the acquisition of an industrial property in Nairobi, Kenya through Orbit Africa Logistics (OAL), a special purpose vehicle.
    - The co-investment will be through the subscription of new shares in OAL in the form of a shareholder loan amounting to ~$7.2mn in order to acquire 30% shareholding in OAL. LLR has an option to increase its shareholding to 50% by injecting another ~$7.6mn plus interest at 8.5% per annum of the option price calculated from the date of payment of the subscription price by LLR.
    - The shareholder loan will be funded through a loan facility obtained from First National Bank of Botswana, acting through its Rand Merchant Bank division, while the second tranche under the LLR Loan Agreement shall be raised by the company before 31 Dec 2022.
    - LLR has negotiated to participate in this transaction at a discount of 8% to the Net Asset Value of OAL.
- EGM Notice
  - LLR gave notice that it will virtually hold an EGM at 11.00am on 15 Jun 22. Shareholders will vote on:
    - Authorising LLR Directors to conclude the co-investment with Grit in the acquisition of an industrial property in Nairobi, Kenya for a shareholding of up to 50%.
    - Authorising any LLR Director to do all such things and sign all such documents that are necessary to give effect to the resolutions passed at the EGM.
- P2.75 (YTD: +7.84%) PE: 11.0 PB: 0.9 D/Y: 6.49% Mkt Cap: P770.0mn

Online Covid-19 Vaccination Certificates Application System

- The Ministry of Health and Wellness launched its online Covid-19 vaccination certificates application system, where all people vaccinated in Botswana can download a Covid-19 electronic vaccination certificate.

GOVERNMENT MAY22 BOND AUCTION RESULTS – ALLOTMENT IMPROVES

Bond	Description	Total Amount Offered (PMn)	Total Amount Allocated (PMn)	Allocation Ratio	Stop out Yield	Previous Auction Stop Out Yield	Δ Stop Out Yield
BOTSTB0822	3M T-Bill	500	100	20%	2.047%	2.064%	-2bps
BOTSTB1122	6M T-Bill	500	550	110%	2.515%	2.515%	0bps
BOTSGB0527	5-Yr Bond	200	118	59%	6.650%	6.650%	0bps
BOTSGB0931	9-Yr Bond	100	137	137%	8.350%	8.350%	0bps
BOTSGB0640	18-Yr Bond	200	208	104%	8.400%	8.350%	5bps
Total		**1,500**	**1,113**	**74%**			

- 74% of the total P1.5bn auction was allotted v 59% in Apr22.
- The 9-Yr Bond, the 6M T-Bill and 18-Yr Bond were 1.4x, 1.1x and 1x allotted, respectively.
- The 18-Yr Bond registered a 5bps increase in stop out yields.

PRIMETIME HY22 RESULTS – FX AND REVENUE GROWTH IMPROVE PROFITABILITY

Income Statement P'Mn	HY 22	HY 21	% Δ
Rental revenue	98	90	9%
Operating expenses	(39)	(33)	19%
Loss on property disposal	(1)	-	(100%)
FX on foreign balances	15	(20)	(172%)
Profit from operations	**72**	**36**	**98%**
Finance income	1	0	143%
Finance costs	(30)	(25)	17%
Profit before tax	**43**	**11**	**281%**
Tax	(3)	(6)	(45%)
Profit for the period (PAT)	**40**	**6**	**586%**
Balance Sheet extract P'Mn	**HY 22**	**HY 21**	**% Δ**
Cash and cash equivalents	91	34	165%
Investment properties	1,550	1,479	5%
Borrowings	984	887	11%
Equity	732	716	2%

- Revenue +9% due to the ease of trade restrictions for tenants as well as the opening of Lobatse Junction.
- Positive FX on foreign balances due to the appreciation of the Pula.
- Finance costs as well as cash and cash equivalents +17% and 1.7x respectively due to an 11% growth in borrowings.
- PAT increased 5.9x due to revenue growth and positive FX on foreign balances.
- No distribution declared.
- P1.90 (YTD: -9.52%)
  PE: 9.4
  PB: 0.6
  D/Y: 5.99%
  Mkt Cap: P464.8mn

CHOBE FY22 RESULTS – EASE OF TRAVEL RESTRICTIONS REDUCES LOSSES

Income Statement P'Mn	FY 22	FY 21	% Δ
Revenue	118	28	326%
Other operating income	7	5	39%
Amortisation of intangible assets	(6)	(6)	0%
Depreciation	(34)	(35)	(2%)
Other operating expenses	(133)	(73)	81%
Operating Loss	**(47)**	**(81)**	**(42%)**
Finance income	0	0	1,082%
Finance costs	(4)	(4)	9%
Associate earnings	(1)	(1)	13%
Profit before taxation	**(52)**	**(85)**	**(39%)**
Tax Credit	9	18	(47%)
Loss for the period (LAT)	**(42)**	**(68)**	**(37%)**
Balance Sheet extract P'Mn	**FY 22**	**FY 21**	**% Δ**
Cash and cash equivalents	18	16	10%
PPE	213	238	(10%)
Equity	264	307	(14%)
Bank Overdraft	13	12	8%

- Revenue 3.3x due to the increase in occupancy rates driven by the ease in international and local travel restrictions.
- Operating expenses +81% in line with increased activity during the year.
- LAT -37% on account of higher revenues.
- PPE -10% due to the sale of an aircraft.
- No dividends declared
- P7.45 (YTD: +2.05%)
  PE: N/A
  PB: 2.5
  D/Y: 0.00%
  Mkt Cap: P666.3m

Regional

SOUTH AFRICA

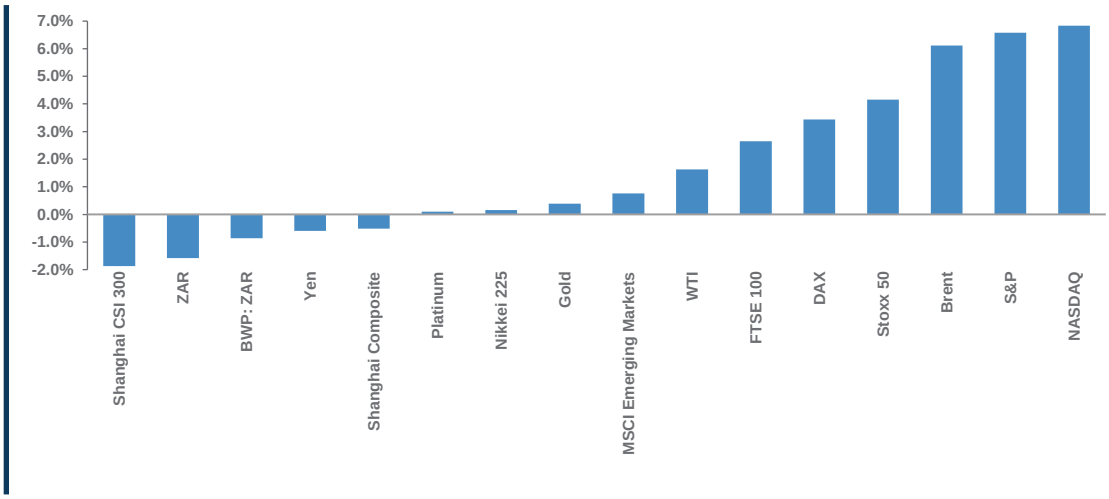
- Apr22 PPI y/y 13.1% v 12.0% (e) v 11.9% (Mar22)
- During the week, Eskom implemented stage1 and stage 2 load shedding due to the continued shortage of generation capacity.

ZAR PERFORMANCE

- The ZAR strengthened on higher precious metals prices.
- ZAR 15.59 (WTD: -1.59%) v 15.84 (13 May 22)

International

INTERNATIONAL SNAPSHOT – 27 MAY 22 WEEKLY PERFORMANCE



- May22 Preliminary Manufacturing PMI 53.2 v 53.5 (Apr22)
- May22 Tokyo CPI y/y 2.4% v 2.5% (e) v 2.4% (Apr22)
- Japanese equities closed higher on investor optimism, following the release of higher-than-expected corporate earnings.
- Nikkei 225: 26,782 (WTD: +0.16%), Yen: 127.11 (WTD: -0.60%)

- Eurozone May22 Preliminary Manufacturing PMI 54.4 v 54.7 (e) 55.5 (Apr22)
- France May22 Preliminary Manufacturing PMI 54.5 v 55.2 (e) 55.7 (Apr22)
- Germany May22 Preliminary Manufacturing PMI 54.7 v 54.0 (e) 54.6 (Apr22)
- UK Apr22 May22 Preliminary Manufacturing PMI 54.6 v 55.0 (e) 55.8 (Apr22)
- European markets finished the week in the green as investors returned to risk assets, lured by cheaper valuations.
- DAX: 14,462 (WTD: +3.44%), Stoxx50: 3,809 (WTD: +4.15%), FTSE100: 7,585 (WTD: +2.65%)

- Apr22 Industrial Profits YTD y/y 3.5% v 8.5% (Mar22)
- Apr22 Industrial Profits y/y -8.5% v 4.2% (Dec21)
- Chinese shares closed lower on bearish investor sentiment driven by China's continued strict Zero-Covid policy.
- SHSZ300: 4,001 (WTD: -1.87%), SHCOMP: 3,130 (WTD: -0.52%)

- 21 May 22 Initial Jobless Claims 210k v 215k (e) v 218k (14 May 22)
- May22 Preliminary Manufacturing PMI 57.5 v 57.7 (e) 59.2 (Apr22)
- 1Q22 Second GDP Annualised q/q -1.5% v -1.3% (e) v 6.9% (4Q21)
- May22 Final UoM Sentiment 58.4 v 59.1 (e) v 65.2 (Apr22)
- US equities closed higher, following the release of strong corporate earnings.
- NASDAQ: 12,131 (WTD: +6.84%), S&P 500: 4,158 (WTD: +6.58%)

COMMODITIES

- ΔUS Crude Inventories -1,019k bbl. (20 May 22) v -2,046k bbl. (e) v 3,394k bbl. (13 May 22)
- ΔUS Oil Rigs -1; 727 (27 May 22) v 728 (20 May 22)
- ΔNorth American Oil Rigs +14; 830 (27 May 22) v 816 (20 May 22)
- Oil price closed higher on continued supply fears driven by the Russia-Ukraine war.
  - WTI: $115.07 (WTD: +1.63%)
  - Brent Crude: $119.43 (WTD: +6.11%)

- Precious metals closed the week in the green following the weakening of the US dollar.
  - Gold: $1,854 (WTD: +0.39%)
  - Platinum: $958 (WTD: +0.10%)

KGORI CAPITAL

INVEST WITH PRIDE

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