

Local

COMPANY ANNOUNCEMENTS

ASIC Investigation Concluded and 30 Sep 22 Operational Report



- ASIC Investigation Concluded
  - Tlou announced that the Australian Securities & Investments Commission (ASIC) has concluded its investigation regarding past statements issued by Tlou and has fined Tlou AUD53,280. Despite paying the fine, Tlou does not believe it contravened any rules but paid the fine to bring the matter to a close.
- 30 Sep 22 Operational Report
  - Lesedi Project
    - Tlou indicated that the construction of the transmission line is at 16% and is expected to be completed mid-2023.
  - There was minimal activity on other projects during the quarter.
- P0.50 (YTD: 0.00%) PE: N/A PB: 0.7 D/Y: 0.00% Mkt Cap: P300.1mn

Dealing In Shares by a Director



- RDC announced that L Magang sold 38,665 linked units at P2.20/share.
- P2.20 (YTD: +2.33%) PE: 2.4 PB: 0.6 D/Y: 4.61% Mkt Cap: P1,668.1mn

Results of Extraordinary General Meeting (EGM)



- Letshego released the results of its EGM, where all votes were passed by 99.25% or more votes in favour.
- P1.27 (YTD: -9.29%) PE: 4.1 PB: 0.5 D/Y: 12.20% Mkt Cap: P2,729.4mn

Trading Statement



- NAP announced that its earnings per linked unit (EPLU) for the 31 Jul 22 year end is expected to be 37.31t which is 39.6% higher than the 26.72t EPLU reported for the 31 Jul 21 year end.
- P3.45 (YTD: +5.83%) PE: 12.4 PB: 1.4 D/Y: 8.41% Mkt Cap: P2,085.2mn

Notice of Annual General Meeting (AGM)



- Minergy announced that it will hold its AGM on 30 Nov 22 at 10am at the Minergy Head Office, Ground Floor, Unit 2, Building 3, Pinnacle Park, Setlhoa. Shareholder will vote on:
  - Approving 30 Jun 22 audited financial statements.
  - Re-electing L Tumelo and M Morulane as directors.
  - Approving the appointment of J Ayo as Director.
  - Approving the reappointment of Grant Thornton (Botswana) as auditors and authorising the board to determine their remuneration and terms of reference.
  - Approving non-executive remuneration for the 30 Jun 22 and 30 Jun 23 year ends.
  - Approving non for the ensuing year.
- P0.40 (YTD: -20.00%) PE: N/A PB: N/A D/Y: 0.00% Mkt Cap: P188.0mn

### 3Q22 Business Expectations Survey (BES)



- The Bank of Botswana (BoB) released the 3Q22 BES. Highlights from the results are as follows:
  - Firms were optimistic about economic activity in 3Q22 compared with 2Q22 and anticipate tight access to credit across all markets on account of rising interest rates due to tightening by BoB.
  - Firms expect cost pressures to remain high in 4Q22, mainly due to supply constraints arising from the Russia-Ukraine war.
  - Firms expect the economy to grow by 3.8% in 2022.
  - Firms expect inflation to remain above the BoB's 3-6% medium-term objective range in 2022 and 2023.
  - Business conditions are expected to be slightly suppressed in 4Q22 but improve in the 12-month period to Sep23.

## TURNSTAR HY23 RESULTS – REVENUE AND FAIR VALUE ADJUSTMENTS DRIVE UP PROFITS

Income Statement P'Mn	HY 23	HY 22	% Δ
Rental revenue	143	128	11%
Other income	1	1	42%
Operating expenses	(71)	(57)	25%
<b>Profit before fair value(FV) adjustment</b>	<b>73</b>	<b>72</b>	<b>1%</b>
Finance income	0	0	(86%)
Finance costs	(12)	(11)	16%
<b>Profit before Forex (FX) adjustment</b>	<b>61</b>	<b>62</b>	<b>(1%)</b>
Net FX Adjustment	(7)	(1)	895%
<b>Profit before tax</b>	<b>54</b>	<b>61</b>	<b>(11%)</b>
Tax	15	(2)	(748%)
<b>Profit for the period (PAT)</b>	<b>69</b>	<b>59</b>	<b>17%</b>
Balance Sheet extract P'Mn	HY 23	HY 22	% Δ
Cash and cash equivalents	13	14	(11%)
Investment properties	2,532	2,400	6%
Borrowings	582	571	2%
Deferred taxation	193	184	5%
Equity	1,803	1,704	6%

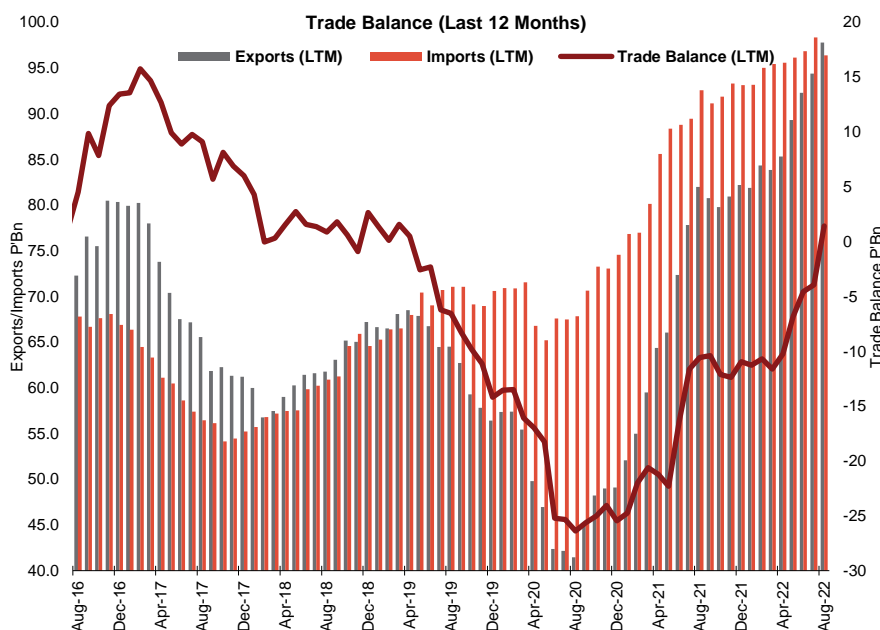
- Rental revenue +11% as rentals continued to stabilise across geographies.
- Operating expenses +25% due to increased activity and elevated inflation.
- Positive tax recorded for the period due to movement in deferred tax assets.
- PAT +17% due to positive tax recorded for the period.
- Interim distribution of 9t/linked unit declared, payable on 13 Dec 22.
- P1.78 (YTD: -10.10%)  
PE: 9.2  
PB: 0.6  
D/Y: 10.11%  
Mkt Cap: P1,018.4mn

## GOVERNMENT OCT22 BOND AUCTION RESULTS – UNDER ALLOTMENT CONTINUES

Bond	Description	Total Amount Offered (PMn)	Total Amount Allocated (PMn)	Allocation Ratio	Stop out Yield	Previous Auction Stop Out Yield	Δ Stop Out Yield
BOTSTB0223	3M T-Bill	500	300	60%	4.266%	4.059%	21bps
BOTSTB0523	6M T-Bill	500	775	155%	5.100%	5.064%	4bps
BOTSTB1123	12M T-Bill	500	250	50%	5.300%	4.250%	105bps
BOTSGB0527	5-Yr Bond	200	25	13%	7.500%	7.600%	-10bps
BOTSGB0931	9-Yr Bond	100	35	35%	8.550%	8.550%	0bps
BOTSGB0940	18-Yr Bond	200	-	0%	-	8.700%	-
<b>Total</b>		<b>2,000</b>	<b>1,385</b>	<b>69%</b>			

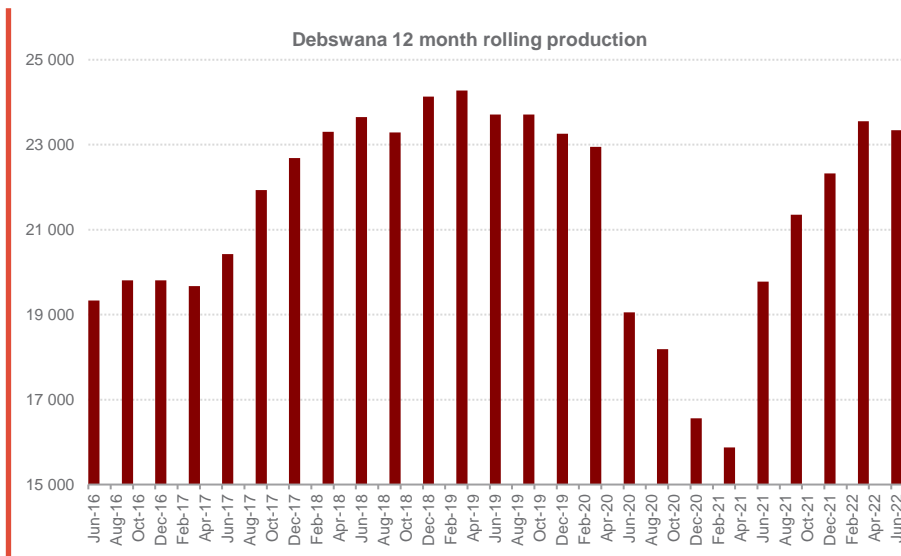
- 69% of the total P2.0bn bond auction was allotted.
- The 6M T-Bill was 1.5x allotted.
- The 18-Yr bond was not allotted.
- Stop out yields rose for shorter dated instruments and were largely unchanged for longer dated instruments.

## AUG22 TRADE BALANCE (TB) – TRADE SURPLUS RECORDED ON STRONG DIAMOND TRADE



- Aug22 TB P3.8bn v P1.8bn (Jul22) v -P1.5bn (Aug21)
- Aug22 LTM TB P1.4n v -P10.6bn (Aug20)
- LTM TB back in positive territory for the first time since May19, driven by strong resurgence in diamond exports.
- The diamond LTM TB sits at P59.4bn in Aug22 v P39.8bn in Aug21.

## 3Q22 DEBSWANA DIAMOND PRODUCTION (DDP) – HIGHER DEMAND DRIVES PRODUCTION UP



- Anglo American (AA) released 3Q22 diamond production data.
- 3Q22 DDP 6,647k ca v 5,521k ca (2Q22) v 6,403k ca (2Q21)
  - 20.4% increase in DDP v 2Q22 due to higher grade ore processed at Orapa.
- 3Q22 DDP LTM 23,588k ca v 21,353k ca (2Q22)
- AA maintained its 2022 De Beers production guidance at 32-34mn ca. Guidance subject to trading conditions and the extent of further Covid-19 related disruptions.

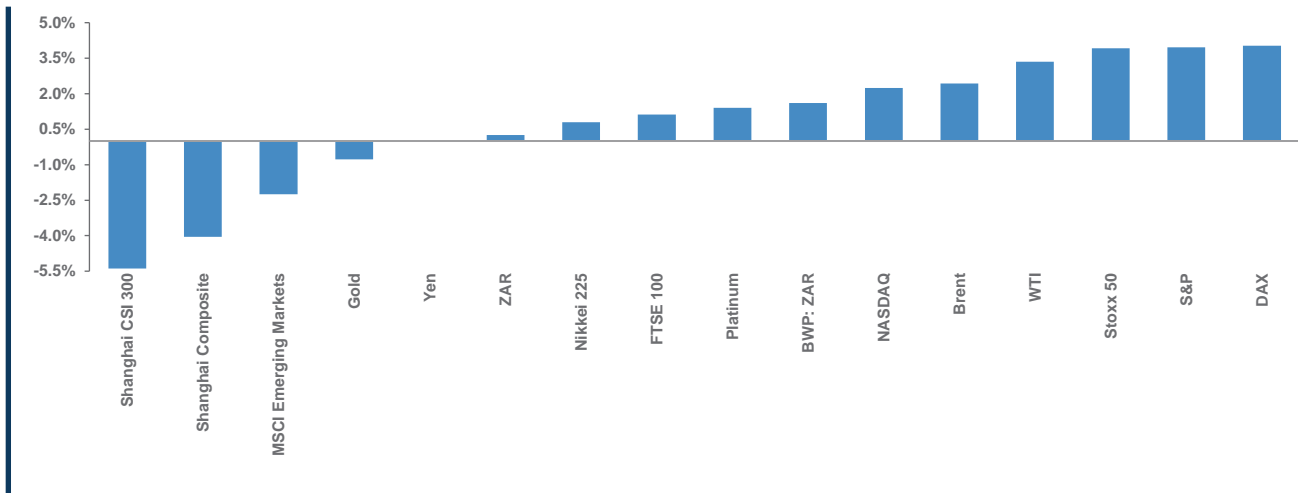
## Regional SOUTH AFRICA

- Sep22 PPI y/y 16.3% v 15.6% (e) v 16.6% (Aug22)
- South Africa's budget came in at a deficit of ZAR 3.3bn v 3.5bn (e) v 42.7bn
- Finance Minister Enoch Godongwana presented the 2021 Medium Term Budget Policy Statement. Salient points are as follows:
  - FY22/23 deficit expected to be 4.9% of GDP. Revenue expected to overshoot initial budget expectations by R107.0bn whilst net spending will overshoot initial budget expectations by R54bn.
  - Government to take over between 1/3 and 2/3 of Eskom's debt.

### ZAR PERFORMANCE

- The South African rand weakened against the USD driven by concerns that the US Federal Reserve will remain resolute and continue with its monetary tightening policy.
- ZAR 18.13 (WTD: +0.25%) v 18.09 (21 Oct22)

## INTERNATIONAL SNAPSHOT – 28 OCT 22 WEEKLY PERFORMANCE



- Sep22 Jobless rate 2.6% v 2.5% (e) v 2.5% (Oct22)
- Oct22 Preliminary Manufacturing PMI 50.7 v 50.8 (Sep22)
- Oct22 Tokyo CPI y/y 3.5% v 3.3% v 2.8% (Sep22)
- Japanese equities closed the week in the green driven by positive investor sentiment following the release of strong US corporate earnings.
- Nikkei 225: 27,1051 (WTD: +0.80%), Yen: 147.60 (WTD: -0.03%)



- Eurozone Oct22 Preliminary Manufacturing PMI 46.6 v 47.9 (e) v 48.4 (Sep22)
- Germany Oct22 Preliminary Manufacturing PMI 45.7 v 47.0 (e) v 47.8 (Sep22)
- France Oct22 Preliminary Manufacturing PMI 47.4 v 47.0 (e) v 47.7 (Sep22)
- The European Central Bank (ECB) Governing Council (GC) met during the week and decided on the following:
  - To increase the main refinancing operations rate, the marginal lending facility rate and the deposit facility rate by 75bps to 2.00%, 2.25% and 1.50% respectively.
  - To continue reinvesting principal repayments received under its asset purchase program.
  - To continue reinvesting principal repayments under its pandemic emergency purchase program to at least the end of 2024.
  - To index the interest rates applicable to the third series of targeted longer-term refinancing operations (TLTRO III) from 23 Nov 22 to the average of key applicable ECB interest rates over the term of TLTRO III.
- European markets ended the week higher despite a hawkish rate decision from the ECB due to the release of strong US corporate earnings.
- DAX: 13,243 (WTD: +4.03%), Stoxx50: 3,613 (WTD: +3.92%), FTSE100: 7,048 (WTD: +1.12%)



- 3Q22 GDP y/y 3.9% v 3.3% (e) v 0.4% (2Q22)
- Sep21 Trade Balance \$84.74bn v 80.30bn (e) v \$79.35bn (Aug22)
- Industrial Production y/y 6.3% v 4.8% (e) v 4.2% (Aug22)
- Chinese stocks closed lower following the conclusion of the Chinese Communist Party's National Congress where President Xi solidified his position as leader which intensified fears that the Government crackdown on Chinese businesses will continue.
- SHSZ300: 3,541 (WTD: -5.39%), SHCOMP: 2,916 (WTD: -4.05%)



- 21 Oct 22 Initial Jobless Claims 217k v 220k (e) v 214k (14 Oct 22)
- 3Q22 Advance GDP Annualized q/q 2.6% v 2.4% (e) v -0.6% (2Q22)
- Oct22 Final UoM Sentiment 59.9 v 59.6 (e) v 58.6 (Sep22)
- US equities were boosted by the release of strong corporate earnings.
- NASDAQ: 11,102 (WTD: +2.24%), S&P 500: 3,901 (WTD: +3.95%)

## COMMODITIES

---



- $\Delta$ US Crude Inventories 2,558k bbl. (21 Oct 22) v 463k bbl. (e) v -1,725k bbl. (14 Oct 22)
- $\Delta$ US Oil Rigs -3; 768 (28 Oct 22) v 771 (21 Oct 22)
- $\Delta$ North American Oil Rigs -1; 980 (28 Oct 22) v 921 (21 Oct 22)
- Oil prices rose for the week driven by a higher-than-expected build up in US crude inventories.
  - WTI: \$87.90 (WTD: +3.35%)
  - Brent Crude: \$95.77 (WTD: +2.43%)



- Gold fell for the week on investor expectations of another interest rate hike at the US Federal Reserve's next meeting. Platinum closed the week in the green on the back of a generally weaker USD.
  - Gold: \$1,645 (WTD: -0.77%)
  - Platinum: \$948 (WTD: +1.41%)



#### General Disclaimer

All information, recommendations or opinions contained in this document are not intended to provide exhaustive treatment of any subject dealt with and must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein. Such user should consult its own investment or financial or other advisors before making any decision. Whilst all care is taken by Kgori Capital in the preparation of the contents hereof, no warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such recommendation or information is given or made by Kgori Capital in any form or manner whatsoever. The information in this document is not intended to and does not constitute financial, tax, legal, investment, consulting or other professional advice, and Kgori Capital does not purport to act in any way as a financial advisor. Kgori Capital shall not be responsible and disclaims all liability for any loss, liability, damage (whether direct or consequential) of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of any information, opinion, recommendation, or service contained in or provided through this document. All portfolio performance data is calculated by Kgori Capital. Performance is analysed and computed utilising true daily weighted methodology. Where this document contains statements or information which relate to projections, forecasts or hypothetical data, users should be advised that these are predictions and that actual performance may differ markedly. Users should also be aware that short term performance can be volatile and past performance is not necessarily a good indication or guideline of future performance. As the performance of financial markets fluctuates and is not guaranteed, an investor may not get back the full amount invested.

1st Floor Exponential,  
Plot 54351, CBD, Gaborone

**T** +267 3915 990  
**F** +267 3915 980

PO Box 1253 ABG,  
Sebele, Gaborone

[www.kgoricapital.com](http://www.kgoricapital.com)

**Directors** KI Melamu, AM Ndzinge, S Noor,  
MS Sibanda, AA Wellio-Moyo

**Reg No** BW00000988897

