

Local

COMPANY ANNOUNCEMENTS



Notification of Change in External Auditor

- CA&S announced the appointment of Deloitte & Touche Tohmatsu Limited as its external auditor, effective 1 Jan 23.
- P4.20 (YTD: +15.07%) PE: 7.9 PB: 1.4 D/Y: 2.20% Mkt Cap: P1,988.0mn



Director's Associates Dealing in Shares

- During the week, 4 associates of Turnstar's Group Managing Director, G Abdoola purchased 100k linked units each at P1.78/linked unit.
- P1.78 (YTD: -10.10%) PE: 9.2 PB: 0.6 D/Y: 10.11% Mkt Cap: P1,018.4mn



Rebuttal of Scrip Dividend Allegations by The Exchange Africa

- Absa refuted an article published by Exchange Africa alleging that Absa is offering a scrip dividend, which will result in the issuance of additional shares, and that Absa has applied to the Botswana Stock Exchange for approval of this listing.
- P5.12 (YTD: +10.34%) PE: 7.4 PB: 1.7 D/Y: 7.77% Mkt Cap: P4,363.1mn



Notice to Unitholders and Bond Announcement

- Notice to Unitholders
 - RDC announced that its subsidiary, RDC Properties International (RDCPI) entered into a \$1mn agreement with Protea Hotels Zambia (PHZ) to acquire all shares and claims of the David Livingstone Safari Lodge and Spa (DLSL). RDCPI and PHZ will each acquire 50%.
 - RDC also entered into an assignment agreement with the Development Bank of Southern Africa (DBSA), under which the DBSA will cede and transfer the security package, debt, and all claims against DLSL to RDCPI for a \$5mn consideration. These claims were worth \$21.8mn at the date of signing.
 - Following the assignment by DBSA, PHZ will purchase 50% of RDCPI's security package, debt, and all claims for \$2.5mn.
- Bond Announcement
 - RDC announced that it will refinance its maturing P75mn RDCP004 senior unsecured listed bond. RDCP intends to issue up to P100mn in senior unsecured Botswana Stock Exchange listed dual tranche notes (subject to volume and pricing). This offer will be made as a private placement to selected investors. The anticipated trade date is 2 Dec 22.
- P2.20 (YTD: +2.33%) PE: 2.4 PB: 0.6 D/Y: 4.61% Mkt Cap: P1,668.1mn



Extended Diamond Sales Agreement with HB Trading BV (HB)

- Lucara announced that it entered into an extended diamond sales agreement with HB, for the purpose of selling +10.8 carat rough diamonds produced from the Karowe mine until 31 Dec '32.
- P5.65 (YTD: -13.08%) PE: 5.6 PB: 0.8 D/Y: 0.00% Mkt Cap: P2,562.7mn

Board Appointments and Resignation



- G4S announced the appointment of T Matthews and C Motswaiso as its Non-Executive Directors, effective 1 Nov 22.
- Mr Matthews is currently the Managing Director of Fibre Sourcing Botswana while Ms Motswaiso is currently the General Manager of Corporate Services at the Public Procurement Regulatory Authority.
- G4S further announced the resignation of J Du Plooy as Finance Director.
- P2.65 (YTD: -11.37%) PE: 17.4 PB: 1.8 D/Y: 0.00% Mkt Cap: P212.0mn

State of the Nation Address (SONA)

- On 14 Nov 22, His Excellency President Dr Mokgweetsi Masisi gave the SONA. Highlights from the speech:
 - Citizen Economic Inclusion
 - Botswana Oil was given a 100% fuel import mandate.
 - Agriculture
 - Large-scale citrus project in Selebi Phikwe started in 2020 as a result of Foreign Direct Investment, which is expected to generate export revenue.
 - The construction of Tsabong multi-species abattoir will be commissioned in Apr23.
 - The establishment of the Meat Industry Regulatory Authority (MIRA) will be tabled at the next sitting of Parliament.
 - Development of Strategic Infrastructure
 - The 3 road interchanges in Gaborone, are expected to be completed by the 31 Dec 22.
 - The amendment of the Public Roads Act to establish toll gates, was passed by Parliament in Jul22.
 - Planned developments:
 - Road infrastructure to join the Martins Drift Border to the Kazungula Bridge.
 - The Mmamabula-Lephalale Rail Link, which is critical for transporting Botswana coal and other bulk commodities to international markets, will be built between 2023 and 2024.
 - As a result of the completion of Phase 1 of the Northwest Transmission Grid Connection (NWTGC) and the construction of the Legothwane sub-station, the Ghanzi and Northwest districts are now supplied by the national power grid.



Republic of Botswana

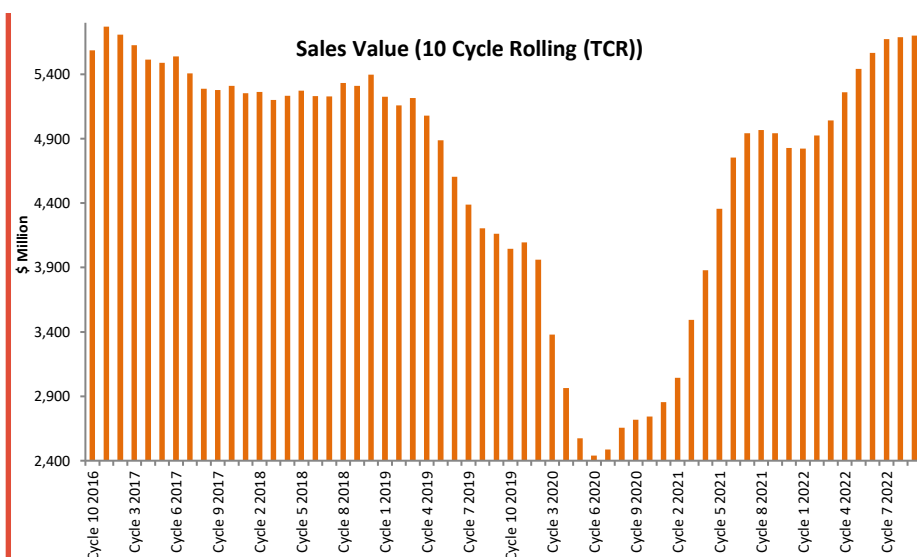
BHC HY22 RESULTS – RISE IN OPERATING EXPENSES AND FINANCING COSTS DIPS PROFITS

Income Statement P'Mn	HY 22	HY 21	% Δ
Revenue and rental income	251	332	(24%)
Cost of Sales	(105)	(206)	(49%)
Gross Profit	146	126	16%
Repairs and maintenance	(31)	(22)	40%
Employee benefit expenses	(70)	(69)	1%
Depreciation & amortisation	(22)	(17)	25%
Other expenses	(37)	(33)	11%
Impairment	2	17	(89%)
Other income	1	4	(68%)
Gain on investment property sales	10	17	(38%)
Operating profit	(0)	22	(102%)
Finance income	15	8	96%
Finance costs	(18)	(14)	24%
Share of profit on joint ventures	9	8	9%
Profit before tax	6	23	(76%)
Tax	(2)	(5)	(58%)
Profit for the period (PAT)	4	18	(81%)

Balance Sheet extract P'Mn	HY 22	HY 21	% Δ
Cash and cash equivalents	906	881	3%
Housing inventories	454	561	(19%)
Investment properties	1,341	1,306	3%
Borrowings	609	634	(4%)
Equity	1,600	1,550	3%

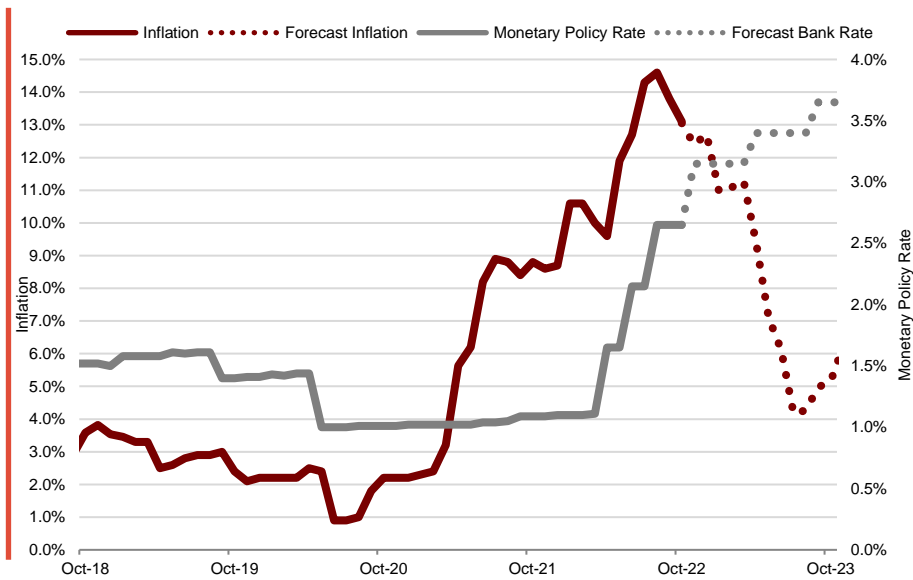
- Revenue -24% on low sales volumes as well as low activity on construction projects due to the BHC's key stakeholders' decisions to defer some of the planned third-party projects.
- Repairs and maintenance +40% due to an increase in planned maintenance activities.
- Other expenses +11% due to increase in inflation.
- Owing to the slowdown in project activities, loan interest expenses could not be capitalized, leading to financing costs increasing by 24%.
- PAT -81% due to the increase in operating expenses and financing costs.

DE BEERS' (DB) CYCLE 9 SALES 2022 – STRONG DEMAND PERSISTS



- DB Cycle 9 2022 Sales \$450mn v \$508mn (Cycle 8 2022) v \$438mn (Cycle 9 2021)
- DB Cycle 9 2022 Sales TCR \$5,701mn v \$4,943mn (Cycle 9 2021)
- DB continued to implement a flexible approach to rough diamond sales with the Sight event being extended beyond its normal weeklong duration.
- Demand for rough diamonds remained steady, reflecting what is traditionally a quieter time for the diamond midstream ahead of polishing factories reopening in India following the Diwali holidays.

OCT22 INFLATION – INFLATION REMAINS ELEVATED



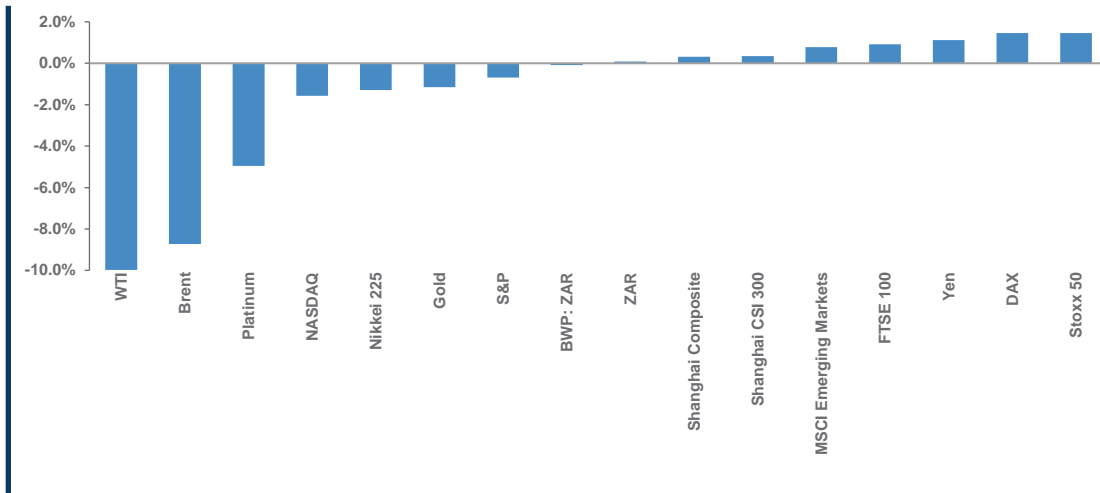
- Oct22 13.1% v 13.8% (Kgori) v 13.8% (Sep22)
- Inflation came in lower than expected on account of tepid growth in Transport inflation which grew 0.1% m/m versus our expectation of 0.6%. However, on an annual basis, Transport inflation remains elevated at 32.3% y/y. Transport inflation should again decline in Nov22 due to the decrease in pump prices effected on 26 Oct 22.
- We continue to expect inflation to remain elevated but gradually reduce and to sustainably trend within the BoB's objective range from 4Q24.
- We expect another 75bps of rate hikes in 2022 as the central bank attempts to reign in stubbornly high inflation.

Regional SOUTH AFRICA

- Sep22 Retail Sales m/m 0.1% v -0.6% (e) v -1.3% (Aug22)
- Eskom implemented stage 4 load shedding, citing breakdowns in its power stations, low pumped storage dam levels and lack of diesel.
- South Africa's long-term foreign currency debt rating was affirmed by S&P at BB-.

ZAR PERFORMANCE

- The South African rand weakened against the USD on lower precious metals prices.
- ZAR 17.26 (WTD: +0.09%) v 17.24 (11 Nov22)



- Sep22 Final Industrial Production m/m -1.7% v 3.4% (Aug22)
- 3Q22 Preliminary GDP q/q -0.3% v 0.3% (e) v 1.1% (2Q22)
- Sep22 Core Machine Orders m/m -4.6% v 0.7% (e) v -5.8% (Aug22)
- Oct22 National CPI y/y 3.7% v 3.6% (e) v 3.0% (Sep22)
- Japanese equities closed the week in the red following the release of weaker than expected US corporate earnings.
- Nikkei 225: 27,900 (WTD: -1.29%), Yen: 140.37 (WTD: +1.12%)



- Eurozone 3Q22 Preliminary GDP q/q 0.2% v 0.2% (e) v 0.2% (2Q22)
- France Oct22 Final CPI y/y 6.2% v 6.2% (e) v 5.6% (Sep22)
- UK Oct22 Final CPI y/y 11.1% v 10.7% (e) v 10.1% (Sep22)
- European markets closed higher following the release of positive 3Q22 GDP figures.
- DAX: 14,432 (WTD: +1.46%), Stoxx50: 3,925 (WTD: +1.46%), FTSE100: 7,386 (WTD: +0.92%)



- Oct22 Industrial Production y/y 5.0% v 5.3% (e) v 6.3% (Sep22)
- Oct22 Retail Sales y/y -0.5% v 0.7% (e) v 2.5% (Sep22)
- The People's Bank of China maintained the 1-year lending facility rate at 2.75%.
- Chinese stocks closed higher on easing Covid-19 restrictions and signs of reduced US-China tensions.
- SHSZ300: 3,802 (WTD: +0.35%), SHCOMP: 3,097 (WTD: +0.32%)



- 12 Nov 22 Initial Jobless Claims 222k v 228k (e) v 226k (5 Nov 22)
- Oct22 Retail Sales Advance m/m 1.3% v 1.0% (e) v 0.0% (Sep22)
- Oct22 Industrial Production m/m -0.1% v 0.1% (e) v 0.1% (Sep22)
- US equities finished the week lower following the release of weaker corporate earnings.
- NASDAQ: 11,146 (WTD: -1.57%), S&P 500: 3,965 (WTD: -0.69%)

COMMODITIES



- Δ US Crude Inventories -5,400k bbl. (11 Nov 22) v -1,240k bbl. (e) v 3,925k bbl. (4 Nov 22)
 - Δ US Oil Rigs +3; 782 (18 Nov 22) v 779 (11 Nov 22)
 - Δ North American Oil Rigs +4; 983 (18 Nov 22) v 979 (11 Nov 22)
 - Oil prices closed lower as investors worried about the possibility of an economic recession, which may depress energy demand.
 - WTI: \$80.08 (WTD: -9.98%)
 - Brent Crude: \$87.62 (WTD: -8.72%)
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- Precious metals declined for the week due to a stronger USD.
 - Gold: \$1,751 (WTD: -1.16%)
 - Platinum: \$982 (WTD: -4.96%)



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1st Floor Exponential,
Plot 54351, CBD, Gaborone

T +267 3915 990
F +267 3915 980

PO Box 1253 ABG,
Sebele, Gaborone

www.kgoricapital.com

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

Reg No BW00000988897

