



KGORI CAPITAL
INVEST WITH PRIDE

KGORI CAPITAL MARKET WATCH

13 February 2023

LOCAL

COMPANY ANNOUNCEMENTS



Notice to Shareholders

- BIHL announced that it sold its 37.62% stake in FSG Limited via auction to ALCF I Investment II Proprietary Limited at P250mn, effective 7 Feb 2022.
- Following completion of the FSG Transaction, ALCF I will hold 56.99% of the shares in FSG.
- P17.72 (YTD: +0.06%) PE: 11.0 PB: 1.5 D/Y: 7.67% Mkt Cap: P5,003.6mn



Disclosure of Acquisition of Securities

- CA&S announced that Coronation Asset Management has on behalf of its clients, acquired a 10.47% beneficial interest in CA&S.
- P5.00 (YTD: +18.48%) PE: 9.5 PB: 1.7 D/Y: 1.85% Mkt Cap: P2,366.7mn



Year End Results

- Lucara announced that it will release its FY22 results on 21 Feb 23.
- P5.65 (YTD: -13.08%) PE: 5.6 PB: 0.8 D/Y: 0.00% Mkt Cap: P2,562.7mn

Budget Speech 2023

- The Minister of Finance and Economic Development, Honourable Peggy O Serame, presented the 2023 Budget Speech, for the financial year 2023/24 (FY23). Salient points are as follows:
 - Proposed 2023/24 Budget:
 - Government Revenues:
 - Total revenue of P79.8bn expected made up of Customs & Excise revenue P24.9bn (31.2%), Minerals P23.3bn (29.3%), Non-Mineral income tax P14.8bn (18.5%), VAT P13.3bn (16.7%) and Other P3.5bn (4.3%).
 - Government Expenditures:
 - Projected total expenditure is P87.4bn, up by 14.4% compared to previous budget. The increase is due to heavy spending on the development budget to fund numerous infrastructure projects.
 - Recurrent Budget:
 - The Recurrent Budget was allocated P66.5bn, up 13.7% from P58.5bn in the previous budget allocation. This was primarily driven by a 5% increase in government employee salaries and allowances.
 - The Ministry of Education and Skills Development received the largest allocation of P15.0bn, followed by the Ministry of Health at P10.3bn and the Ministry of Defence and Security at P8.2bn.
 - Development Budget:
 - The Development Budget was allocated P21.0bn, an increase of 27.9% compared to FY22/23. The bulk of the allocation will be directed towards infrastructure projects during the financial year.



- Overall Balance:
 - Budget deficit of P7.59 (3.1% of GDP). This is to be funded through domestic borrowing of P3.0bn, external borrowing of P2.7bn, and drawdowns from the Government Investment Account of P2.2bn

LLR HY23 RESULTS – RISE IN REVENUES DRIVES UP PROFITS

Income Statement P'Mn	HY 23	HY 22	% Δ
Rental revenue	48	46	4%
Recoveries	2	1	11%
Straight line lease rental adjustment	1	1	(33%)
Movement in credit loss allowance	1	(1)	(199%)
Other income	5	0	20,607%
Property expenses	(5)	(4)	36%
Admin expenses	(15)	(10)	51%
Operating profit	36	34	8%
Net finance costs	(8)	(7)	12%
Other non-operating gains	0	(0)	(163%)
Share of profit from equity investments	14	9	61%
Profit / loss from discontinued operations	5	6	(14%)
Profit before FV adjustment	48	41	15%
FV Adjustment	7	11	(33%)
Profit before taxation	55	52	5%
Tax	(10)	(8)	21%
Profit for the period	45	44	2%
Balance Sheet extract P'Mn	HY 23	HY 22	% Δ
Cash and cash equivalents	64	81	(21%)
Investment properties	915	871	5%
Investment in associate	239	203	17%
Borrowings	483	373	30%
Equity	872	814	7%

- Rental revenue +4% driven by annual lease escalation of 6.8% coupled with low vacancies.
- PAT +2% due to higher revenue and FX gains on Orbit Africa Limited (OAL) shareholder loan.
- Borrowings +30% on the back of the funding requirements for JTTM Properties and OAL.
- Investment in associate +17% due to the investment in Rail Park.
- Interim distribution of 9.11t/linked unit declared, payable 24 Feb 23.
- P3.50 (YTD: +0.57%)
PE: 9.8
PB: 1.1
D/Y: 5.47%
Mkt Cap: P980.0mn

REGIONAL

SOUTH AFRICA

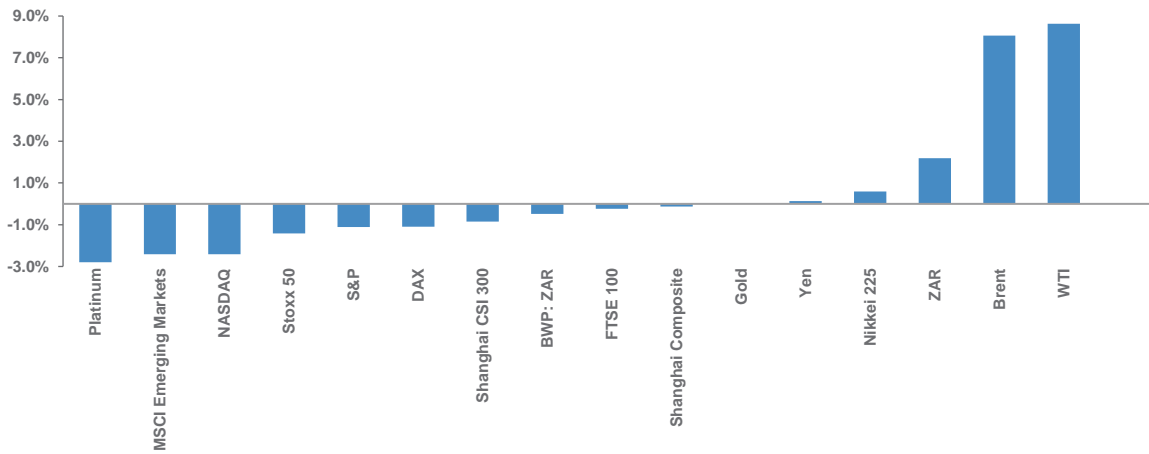
- Dec22 Manufacturing Production m/m 0.1% v -0.8% (e) v 1.4% (Nov22)
- Dec22 Mining Production m/m 1.2% v -1.2% (e) v -0.8% (Nov22)
- **President Cyril Ramaphosa delivered the State of the Nation Address during the week, salient points from the speech:**
 - A formal State of Disaster has been declared for the energy crisis, with a Minister of Electricity to be appointed under the office of the president.
 - Over the next two years 17,400 MW will be added to the grid to alleviate the current load-shedding problem the country is undergoing.
 - The National Treasury is finalising a solution to Eskom's R400bn debt burden.

ZAR PERFORMANCE

- The South African rand fell against the USD on expectations that the Fed would need to hike rates more to tame inflation.
- ZAR 17.86 (WTD: +2.19%) v 17.48 (3 Feb 23)

The South African rand continues to weaken against the USD.

INTERNATIONAL SNAPSHOT– 10 FEB 23 WEEKLY PERFORMANCE



- Jan23 PPI y/y 9.5% v 9.7% (e) v 10.5% (Dec22)
- Japanese equities closed higher for the week following the release of better-than-expected corporate earnings.
- Nikkei 225: 27,671 (WTD: +0.59%), Yen: 131.36 (WTD: +0.13%)



- Eurozone Feb23 Sentix Investor Confidence -8.0% v -13.5% (e) v -17.5% (Jan23)
- Germany Dec22 Industrial Production m/m -3.1% v -0.8% (e) v 0.4% (Nov22)
- UK Dec22 Industrial Production m/m 0.3% v -0.2% (e) v 0.1% (Nov22)
- European markets ended the week in the red, weighed down by concerns of the potential for further monetary policy tightening from the Fed.
- DAX: 15,308 (WTD: -1.09%), Stoxx50: 4,198 (WTD: -1.41%), FTSE100: 7,882 (WTD: -0.24%)



- Jan23 CPI y/y 2.1% v 2.1% (e) v 1.8% (Dec22)
- Jan23 PPI y/y -0.8% v -0.5% (e) v -0.7% (Dec22)
- Chinese markets closed largely lower following reports that the Biden administration is looking to ban investments in some Chinese technology companies while increasing scrutiny of others.
- SHSZ300: 4,106 (WTD: -0.85%), SHCOMP: 3,261 (WTD: -0.13%)



- 4 Feb 23 Initial Jobless Claims 196k v 190k (e) v 183k (28 Jan 23)
- Feb23 Preliminary UoM Sentiment 66.4 v 65.0 (e) v 64.9 (Jan23)
- US equities ended the week lower on hawkish comments from the Fed Chairman, Jerome Powell.
- NASDAQ: 11,718 (WTD: -2.41%), S&P 500: 4,090 (WTD: -1.11%)



- Δ US Crude Inventories 2,423k bbl. (3 Feb 23) v 2,033k bbl. (e) v 4,140k bbl. (27 Jan 23)
- Δ US Oil Rigs +2; 761 (10 Feb 23) v 759 (3 Feb 23)
- Δ North American Oil Rigs +3; 1,011 (10 Feb 23) v 1,008 (3 Feb 23)
- Oil prices rose, after Russia said it will cut output by 500k bbl/day.
 - WTI: \$79.72 (WTD: +8.63)
 - Brent Crude: \$86.39 (WTD: +8.07%)



- Platinum closed the week in the red due to a stronger US dollar while Gold closed the week higher on supply constraints driven by the Russia-Ukraine war.
 - Gold: \$1,866 (WTD: +0.03%)
 - Platinum: \$950 (WTD: -2.79%)

Oil prices increase after Russia announces production cut



KGORI CAPITAL

INVEST WITH PRIDE

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

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

Reg No BW00000988897

