



KGORI CAPITAL
INVEST WITH PRIDE

KGORI CAPITAL MARKET WATCH

20 February 2023

LOCAL

COMPANY ANNOUNCEMENTS



Notice to Shareholders and Cautionary Announcement

- Notice to Shareholders
 - Letshego announced the appointment of G Dibotelo Head of Group Legal, Governance and Group Company Secretary.
 - Ms Dibotelo was the Head of Legal Services and Board Secretary at the Botswana Stock Exchange.
- Cautionary Announcement
 - Letshego announced that its profit before tax (PBT) for the 31 Dec 22 year end will be P229.3mn-P344mn (20%-30%) lower than the P1.15bn PBT reported for 30 Dec 21 year end.
 - Results will be announced on 2 Mar 23.
- P1.25 (YTD: 0.00%) PE: 4.0 PB: 0.5 D/Y: 12.40% Mkt Cap: P2,686.4mn



Appointment of a Chief Financial Officer (CFO)

- FNBB announced the appointment of M Mbo as its CFO, effective 1 Feb 23.
- Dr Mbo was the Global CFO for Personal, Business Banking & Digital at Standard Chartered Bank Group, Singapore.
- P3.50 (YTD: 0.00%) PE: 10.6 PB: 2.6 D/Y: 8.00% Mkt Cap: P8,903.0mn



Sale of Petronas Group's Interest in Engen South Africa

- Engen announced the proposed sale of Petronas Group's 74% interest in Engen South Africa to Vivo Energy, subject to conditions precedent, including regulatory approvals.
- Petronas Group is the ultimate holding company of Engen Botswana.
- The proposed sale will not affect the operations or supply of product to Engen Botswana.
- P11.56 (YTD: +1.40%) PE: 4.5 PB: 2.1 D/Y: 6.87% Mkt Cap: P1,846.4mn



Cautionary Announcement

- LLR advised unitholders to exercise caution when dealing in its securities as it has started the process and discussions for the sale of three of its properties.
- P3.50 (YTD: +0.57%) PE: 9.8 PB: 1.1 D/Y: 5.47% Mkt Cap: P980.0mn



Trading Statement

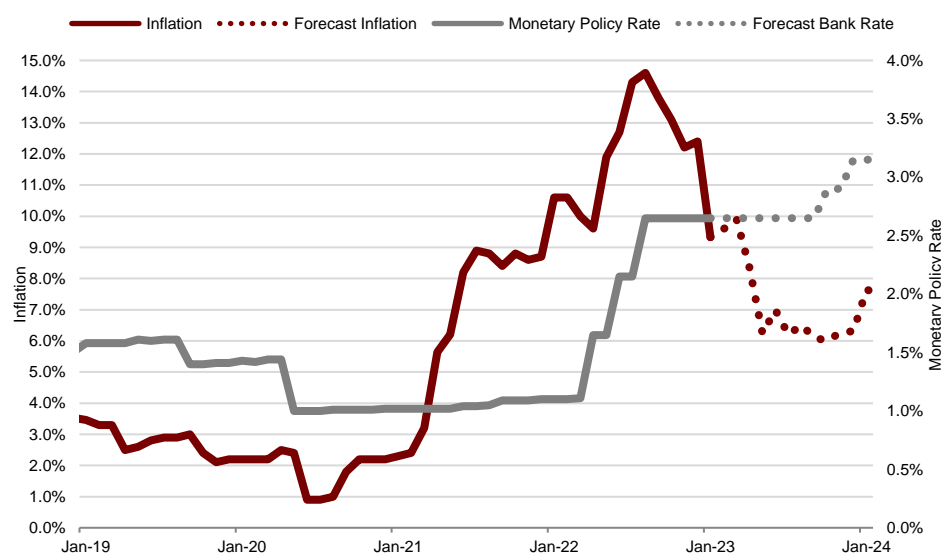
- BIHL announced that its profit before tax (PBT) for the 31 Dec 22 year end will be P286mn-P334mn (60%-70%) higher than the P477mn PBT reported for 30 Dec 21 year end.
- The rise in profits is driven by the reduction in claims as well as growth in the non-life divisions.
- Results will be published during the week of 10 Mar 23.
- P17.72 (YTD: +0.06%) PE: 11.0 PB: 1.5 D/Y: 7.67% Mkt Cap: P5,003.6mn

FNBB HY23 RESULTS – PROFITS RISE ON INTEREST INCOME & NON-INTEREST INCOME

Income Statement P'Mn	HY 23	HY 22	% Δ
Interest income	926	696	33%
Interest expense	(226)	(125)	81%
Net interest income	700	572	22%
Impairment of advances	(77)	(97)	(20%)
Net interest income after impairment	623	475	31%
Non-interest income (NII)	757	719	5%
Income from operations	1,380	1,193	16%
Operating expenses	(337)	(295)	14%
Employee benefit costs	(350)	(311)	12%
Profit before taxation	694	588	18%
Tax	(158)	(137)	15%
Profit for the period	536	450	19%
Balance Sheet extract P'Mn	HY 23	HY 22	% Δ
Cash and cash equivalents	5,591	5,332	5%
Advances to customers	15,886	14,175	12%
PPE	505	510	(1%)
Customer deposits	21,617	20,372	6%
Equity	3,452	3,101	11%

- Interest income +33% driven by the 151bps in the prime rate, the 11% growth in advances, and the optimisation of the investment securities portfolio.
- Interest expense +81% driven by the increase in market cost of funds, reduced market liquidity, and a shift in the bank's funding mix to term deposits.
- Impairments -20% due to a reduction in Stage 3 impairments, which were attributable to reduced bad debts.
- NII +5%, driven by a recovery in the foreign exchange business as well as the rise in service fees and card commissions due to increased volumes.
- PAT +19% due to the increase in Interest income, NII and decrease in impairments.
- Interim dividend of 16t/share declared, payable on 6 Mar 22.
- P3.50 (YTD: 0.00%)
PE: 10.6
PB: 2.6
D/Y: 8.00%
Mkt Cap: P8,903.0mn

JAN23 INFLATION – INFLATION EASES



- Jan23 inflation 9.3% v 10.0% (Kgori) v 12.4% (Dec22)
- Inflation came in lower than expected on the back of lower Transport inflation which was down 3.6% m/m, largely driven by a reduction in petrol retail pump prices in Jan23.
- We continue to expect inflation to remain slightly elevated but gradually reduce and sustainably trend within the BoB's objective range from 4Q24.
- We do not expect any rate hikes in the near term as the central bank continues to monitor cooling inflation.

REGIONAL

SOUTH AFRICA

- Jan23 CPI y/y 6.9% v 6.9% (e) v 7.2% (Dec22)
- Dec22 Retail Sales m/m -0.6% v 0.5% (e) v 1.0% (Nov22)
- Jan23 Business Confidence 112.9 v 117.3 (Dec22)

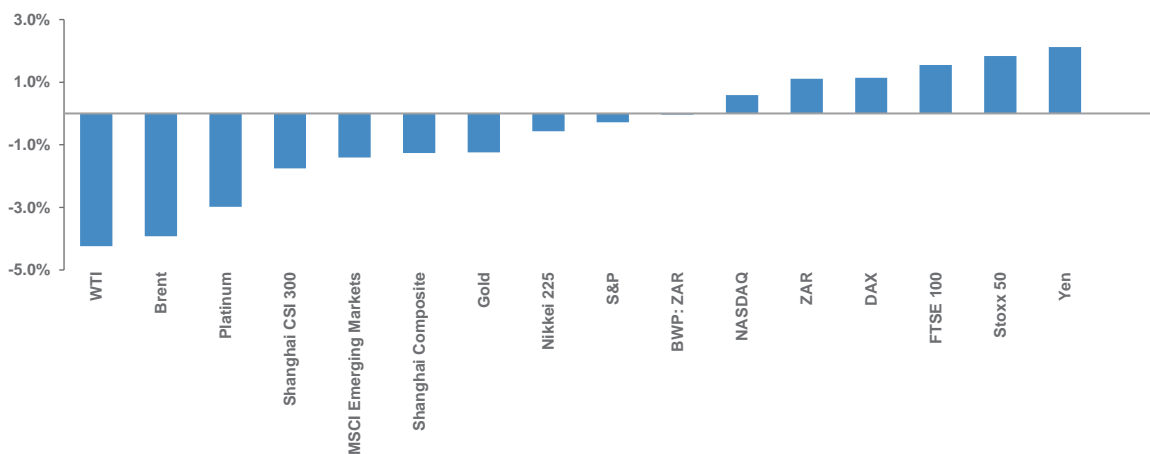
ZAR PERFORMANCE

- The South African rand fell against the USD on expectations that the Fed would need to hike rates more to tame inflation.
- ZAR 18.06 (WTD: +1.11%) v 17.86 (10 Feb 23)

The South African rand weakens against the USD.

INTERNATIONAL

INTERNATIONAL SNAPSHOT– 17 FEB 23 WEEKLY PERFORMANCE



- Dec22 Final Industrial Production m/m 0.3% v -0.1% (Nov22)
- 4Q22 Preliminary GDP q/q 0.2% v 0.5% (e) v -0.3% (3Q22)
- Dec22 Core Machine Orders m/m 1.6% v 2.8% (e) v -8.3% (Nov22)
- Japanese equities closed lower for the week following hawkish Fed officials' comments.
- Nikkei 225: 27,513 (WTD: -0.57%), Yen: 134.15 (WTD: +2.12%)



- Eurozone Dec22 Industrial Production m/m -1.1% v -0.8% (e) v 1.4% (Nov22)
- France Jan23 CPI y/y 6.0% v 6.0% (e) v 6.0% (Dec22)
- Germany Jan23 PPI y/y 17.8% v 21.6% (Dec22)
- UK Jan23 CPI y/y 10.1% v 10.3% (e) v 10.5% (Dec22)
- European markets ended the week in the green, on positive corporate earnings.
- DAX: 15,482 (WTD: +1.14%), Stoxx50: 4,275 (WTD: +1.83%), FTSE100: 8,004 (WTD: +1.55%)



- The People's Bank of China maintained the rate on the one-year medium-term lending facility loans at 2.75%.
- Chinese markets closed largely lower as Fed officials embrace bigger hikes to tame inflation.
- SHSZ300: 4,035 (WTD: -1.75%), SHCOMP: 3,224 (WTD: -1.26%)



- 11 Feb 23 Initial Jobless Claims 194k v 200k (e) v 195k (4 Feb 23)
- Jan23 CPI y/y 6.4% v 6.2% (e) v 6.5% (Dec22)
- Jan23 PPI Final Demand y/y 6.0% v 5.4% (e) v 6.5% (Dec22)
- Jan23 Industrial Production m/m 0.0% v 0.5% (e) v -1.0% (Dec22)
- Jan23 Advance Retail Sales m/m 3.0% v 2.0% (e) v -1.1% (Dec22)
- US equities ended the week mixed on hawkish comments from Fed officials on one hand, and the release of stronger than expected economic data on the other.
- NASDAQ: 11,787 (WTD: +0.59%), S&P 500: 4,079 (WTD: -0.28%)

COMMODITIES



- ΔUS Crude Inventories 16,283k bbl. (10 Feb 23) v 1,380kbbl. (e) v 2,423k bbl. (3 Feb 23)
- ΔUS Oil Rigs -1; 760 (17 Feb 23) v 761 (10 Feb 23)
- ΔNorth American Oil Rigs -3; 1,008 (17 Feb 23) v 1,011 (10 Feb 23)
- Oil prices decline, on worries that future US interest rate hikes could weigh on demand as well as larger than expected build up in crude inventories.
 - WTI: \$76.34 (WTD: -4.24%)
 - Brent Crude: \$83.00 (WTD: -3.92%)



- Precious metals closed the week in the red due to a stronger US dollar.
 - Gold: \$1,842 (WTD: -1.24%)
 - Platinum: \$921 (WTD: -2.98%)

Oil prices decline on higher than expected crude inventories.



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