



**KGORI CAPITAL**  
INVEST WITH PRIDE

## KGORI CAPITAL MARKET WATCH

6 March 2023

### LOCAL

#### COMPANY ANNOUNCEMENTS



##### Closed Period Announcement

- Chobe Holdings announced that preparation of its financial results for the period ended 28 Feb 23 has started and has declared a closed period from 1 Mar 23 until financial results are published, on or before 31 May 23.
- P8.85 (YTD: +11.88%)      PE: 13.2      PB: 2.3      D/Y: 0.00%      Mkt Cap: P791.5mn



##### Closed Period Announcement

- Prime Time announced that preparation of its interim financial results for the period ended 28 Feb 23 has started and has declared a closed period from 1 Mar 23 until results are published around 31 May 23.
- P1.62 (YTD: +1.25%)      PE: 6.1      PB: 0.5      D/Y: 8.16%      Mkt Cap: P401.0mn



##### New Appointment to the Board of Directors

- Olympia announced the appointment of O Mothibatsela as an Independent Non-Executive Director.
- P0.26 (YTD: 0.00%)      PE: 20.7      PB: 0.3      D/Y: 0.00%      Mkt Cap: P16.7mn

## CHOPPIES HY23 RESULTS – HIGHER COSTS ERODE PROFITS

Income Statement P'Mn	HY 23	HY 22	% Δ
Revenue	3 511	3 223	9%
Cost of sales	(2 775)	(2 537)	9%
<b>Gross Profit</b>	<b>736</b>	<b>686</b>	<b>7%</b>
Other operating income	24	25	(4%)
<b>Operating Income</b>	<b>760</b>	<b>711</b>	<b>7%</b>
Profit/Loss on disposal of plant & equipment	2	(2)	(200%)
Movement in credit loss allowances	1	0	(100%)
Administrative expenses	(533)	(476)	12%
Selling and distribution expenses	(17)	(13)	31%
Other operating expenses	(80)	(68)	18%
Foreign exchange gains/(losses) on lease liability	(9)	29	(131%)
Foreign exchange gains on Zimbabwean legacy debt receipts	19	0	100%
Net monetary gain on translating Zimbabwean entities	(2)	0	(100%)
<b>EBIT</b>	<b>141</b>	<b>181</b>	<b>(22%)</b>
Finance costs	(55)	(51)	8%
<b>PBT</b>	<b>86</b>	<b>130</b>	<b>(34%)</b>
Tax	(15)	(22)	(32%)
<b>Profit for the period (PAT)</b>	<b>71</b>	<b>108</b>	<b>(34%)</b>
Balance Sheet extract P'Mn	HY 23	HY 22	% Δ
Cash and cash equivalents	115	96	20%
Inventory	576	482	20%
PPE	581	540	8%
Intangibles	8	5	60%
Payables	880	583	51%
Borrowings	651	709	(8%)
Equity	(258)	(334)	(23%)

- Revenue +9% due to the opening of 13 new stores as well as inflationary increases.
- Expenses increased due to the opening of new stores as well as inflationary pressures.
- Finance costs +8% due to higher interest rates and interest on new stores lease liabilities.
- PAT -34% due to the increase in operating costs.
- No dividend declared.
- P0.67 (YTD: +3.08%)  
PE: 8.1  
PB: N/A  
D/Y: 0.00%  
Mkt Cap: 873.4mn

## FAR PROPERTY HY23 RESULTS – RISE IN RENTAL REVENUES BOOSTS PROFITS

Income Statement P'Mn	HY 23	HY 22	% Δ
Rental revenue	75.1	70.0	7%
Other income	9.7	9.7	0%
Operating expenses	(16.5)	(17.7)	(6%)
<b>Profit from operations</b>	<b>68.3</b>	<b>62.1</b>	<b>10%</b>
Foreign Exchange gain/(loss)	(1.3)	(0.3)	342%
Net finance costs	(13.2)	(11.4)	16%
<b>Profit before tax</b>	<b>53.7</b>	<b>50.3</b>	<b>7%</b>
Tax	(0.2)	(0.1)	203%
<b>Profit for the period (PAT)</b>	<b>53.5</b>	<b>50.2</b>	<b>7%</b>
Balance Sheet extract P'Mn	HY 23	HY 22	% Δ
Cash and cash equivalents	4.0	10.8	(63%)
Investment properties	1 435.7	1 367.4	5%
Borrowings	303.2	310.1	(2%)
Deferred taxation	56.7	61.6	(8%)
Equity	1 125.3	1 050.3	7%

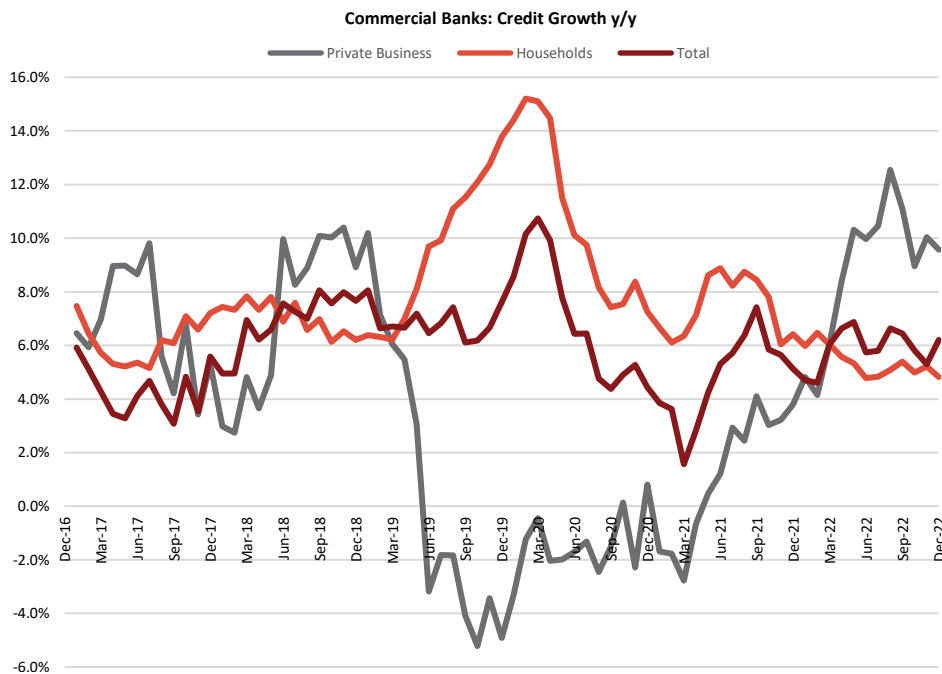
- Revenue +7% due to lease escalations.
- Finance costs +16% due to higher interest rates.
- PAT+7% due to rental escalations.
- Cash and cash equivalents -63% due to the payment of debt
- No distribution declared.
- P2.40 (YTD: 0.00%)  
PE: 9.5  
PB: 1.0  
D/Y: 7.67%  
Mkt Cap: P1,137.8mn

## LETSHEGO FY22 RESULTS – TOUGH OPERATING ENVIRONMENT REDUCES PROFITS

Income Statement P'Mn	FY 22	FY 21	% Δ
Interest Income	3 146	3 111	1%
Interest expense	(1 377)	(1 119)	23%
Other Interest expense	(13)	(15)	(16%)
<b>Net interest income</b>	<b>1 756</b>	<b>1 976</b>	<b>(11%)</b>
Other income	440	287	53%
Fee & commission income	90	84	7%
<b>Operating Profit</b>	<b>2 286</b>	<b>2 347</b>	<b>(3%)</b>
Expected credit gain/(loss)	(99)	17	(674%)
<b>Net operating income</b>	<b>2 187</b>	<b>2 364</b>	<b>(7%)</b>
Employee costs	(586)	(546)	7%
Other operating expenses	(800)	(671)	19%
<b>Profit before taxation</b>	<b>801</b>	<b>1 147</b>	<b>(30%)</b>
Tax	(332)	(417)	(20%)
<b>Profit for the period</b>	<b>469</b>	<b>730</b>	<b>(36%)</b>
Balance Sheet extract P'Mn	FY 22	FY 21	% Δ
Cash and cash equivalents	1 021	1 414	(28%)
Advances	12 727	11 876	7%
Customer Deposits	1 121	1 176	(5%)
Borrowings	8 028	7 381	9%
Equity	5 658	5 506	3%

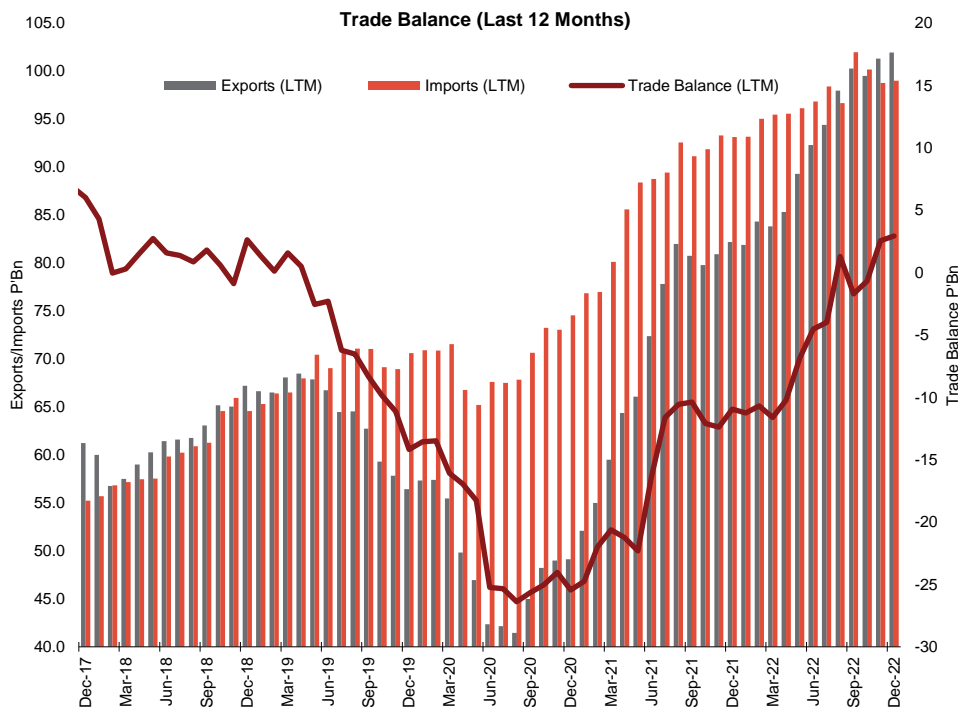
- Interest income +1% driven by a 7% growth in the loan book.
- Interest expense +23% due to a high interest rate environment.
- Other income +53% driven by the rise in income from insurance arrangements, net foreign exchange gains and sundry income.
- Expected credit losses occurred on USD denominated bonds impairments as well as Letshego Ghana's participation in the Domestic Debt Exchange Program, where domestic bonds were offered to be exchanged for 4 new bonds and the old bonds were considered to be credit impaired.
- Employee costs +11% due to the acquisition of specialist skills in Treasury, Investor Relations, and Procurement.
- PAT -36% due to increased interest expenses, high credit losses and increases in employee costs.
- P1.25 (YTD: 0.00%)  
PE: 5.7  
PB: 0.5  
D/Y: 12.40%  
Mkt Cap: P2,686.4mn

## DEC22 CREDIT GROWTH (CG) – IMPROVEMENT IN CREDIT GROWTH



- Dec22 CG y/y 6.2% v 5.3% (Nov22) v 5.1% (Dec21)
  - Spurred on by a significant increase in credit uptake by parastatals and government.
- Dec22 Private Business CG y/y 9.6% v 10.0% (Nov22) v 3.8% (Dec21)
  - Primarily driven by the Trade, Finance and Agricultural sectors.
- Dec22 Household CG 4.8% v 5.2% (Nov22) v 6.4% (Dec21)
  - Driven by a slowdown in motor vehicle and personal loans.

## DEC22 TRADE BALANCE (TB) – DECREASE IN DIAMOND EXPORTS LEADS TO DEFICIT



- Dec22 TB deficit of P0.01bn v surplus of P1.4bn (Nov22)
- Dec22 LTM TB P2.92bn v P2.53bn (Nov22)
- TB deficit primarily driven by a decrease in diamond exports.

## REGIONAL

### SOUTH AFRICA

- Jan23 Trade Balance -R23.1bn v -R7.5bn (e) v R5.0bn (Dec22)
- Feb23 Manufacturing PMI 48.8 v 50.2 (e) v 53.0 (Jan23)
- Q422 Unemployment Rate 32.7% v 32.6% (e) v 32.9% (Q322)

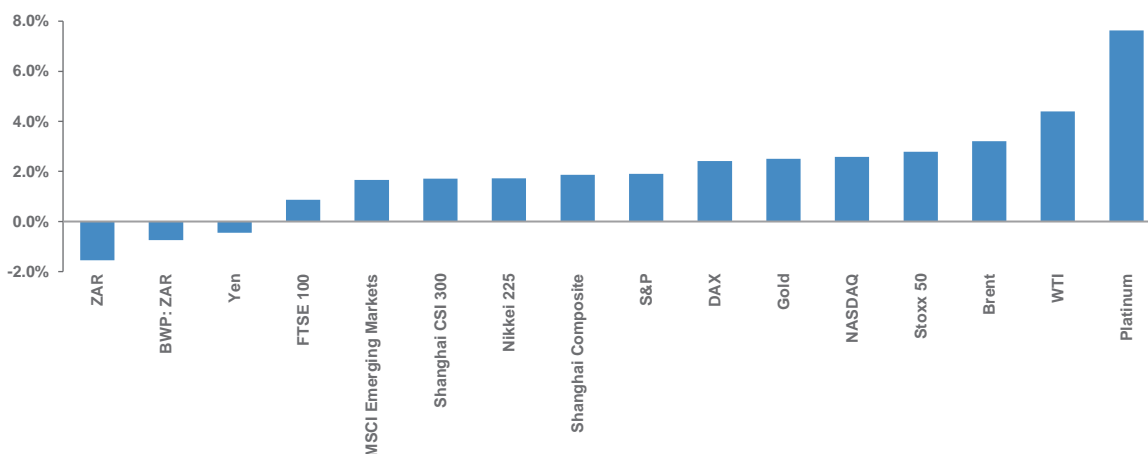
### ZAR PERFORMANCE

- The South African rand made ground against the USD as strong data from China pointed to a growing rebound after the lifting of country's stringent Covid-19 regulations.
- ZAR 18.14 (WTD: -1.55%) v 18.43 (24 Feb 23)

# The South African rand bounces back against the USD.

## INTERNATIONAL

### INTERNATIONAL SNAPSHOT – 3 MAR 23 WEEKLY PERFORMANCE





- Jan23 Preliminary Industrial Production m/m -4.6% v -2.9% (e) v 0.3% (Dec22)
- Jan23 Jobless Rate 2.4% v 2.5% (e) v 2.5% (Dec22)
- Feb23 Tokyo CPI y/y 3.4% v 3.3% (e) v 4.4% (Jan23)
- Feb23 Final Manufacturing PMI 47.7 v 47.4 (Jan23)
- Japanese equities closed higher on hopes for China's economic recovery following solid economic data.
- Nikkei 225: 27,927 (WTD: +1.73%). Yen: 135.87 (WTD: -0.45%)



- Eurozone Feb23 Final Manufacturing PMI 48.5 v 48.5 (e) v 48.8 (Jan23)
- France Feb23 Final Manufacturing PMI 47.4 v 47.9 (e) v 50.5 (Jan23)
- Germany Feb23 Final Manufacturing PMI 46.3 v 46.5 (e) v 47.3 (Jan23)
- UK Feb23 Final Manufacturing PMI 49.3 v 49.2 (e) v 47.0 (Jan23)
- European markets ended the week in the green on the back following the release of stronger economic data in China raising hopes of China's economic recovery.
- DAX: 15,578 (WTD: +2.42%). Stoxx50: 4,295 (WTD: +2.78%). FTSE100: 7,947.11 (WTD: +0.87%)



- Feb23 Official Manufacturing PMI 52.6 v 50.7 (e) v 50.1 (Jan23)
- Feb23 Caixin Manufacturing PMI 51.6 v 50.7 (e) v 49.2 (Jan23)
- Chinese markets closed higher following the release of stronger economic data.
- SHSZ300: 4,131 (WTD: +1.71%). SHCOMP: 3,328 (WTD: +1.87%)



- 25 Feb 23 Initial Jobless Claims 190k v 195k (e) v 192k (18 Feb 23)
- Feb23 Final Manufacturing PMI 47.3 v 47.8 (e) v 46.9 (Jan23)
- Feb23 ISM Manufacturing PMI 47.7 v 48.0 (e) v 47.4 (Jan23)
- US equities ended the week higher with investors looking past the likelihood that the US Fed will keep its restrictive policy due to positive economic data.
- NASDAQ: 11,689 (WTD: +2.58%). S&P 500: 4,046 (WTD: +1.90%)

## COMMODITIES



- ΔUS Crude Inventories 1.166k bbl. (24 Feb 23) v 1.352k bbl. (e) v 7.647k bbl. (17 Feb 23)
- ΔUS Oil Rigs -4; 749 (3 Mar 23) v 753 (24 Feb 23)
- ΔNorth American Oil Rigs -2; 995 (3 Mar 23) v 997 (24 Feb 23)
- Oil prices rose over the week owing to a rebound in demand from China.
  - WTI: \$79.68 (WTD: +4.40%)
  - Brent Crude: \$85.83 (WTD: +3.21%)



- Precious metals closed in the green due to a weaker USD.
  - Gold: \$1,856 (WTD: +2.51%)
  - Platinum: \$983 (WTD: +7.63%)

# Oil prices rise on rebound in demand from China



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