



**KGORI CAPITAL**  
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# KGORI CAPITAL MARKET WATCH

27 March 2023

## LOCAL

### COMPANY ANNOUNCEMENTS



#### Cautionary Announcement

- Access Bank Botswana announced that its profit before tax (PBT) for the 31 Dec 22 year end will be P48mn-P52mn (2.3x - 2.5x) higher than the P20.8mn PBT reported for 31 Dec 21 year end.
- Results will be published on or before 31 Mar 23.
- P2.05 (YTD: +1.49%) PE: N/A PB: 1.2 D/Y: 11.17% Mkt Cap: 1,486.3mn



#### Cautionary Announcement

- Cresta announced that its profit before tax (PBT) for the 31 Dec 22 year end will be P70.2mn-P75.6mn (1.3x -1.4x) higher than the P52.9mn PBT reported for the 31 Dec 21 year end.
- Results will be published by 31 Mar 23.
- P1.10 (YTD: +15.79%) PE: 137.9 PB: 1.5 D/Y: 0.00% Mkt Cap: P203.1mn



#### Cautionary Announcement

- G4S announced that its profit before tax (PBT) for the 31 Dec 22 year end will be P14.9mn-P18.6mn (65%-75%) lower than the P24.7mn PBT reported for 31 Dec 21 year end.
- Results will be published on or before 31 Mar 23.
- P2.64 (YTD: -0.38%) PE: 17.4 PB: 1.8 D/Y: 0.00% Mkt Cap: P211.2mn



#### Renewal of Cautionary Announcement

- Choppies advised shareholders to exercise caution as it is still in discussions regarding a possible acquisition of 100% of the issued shares in a Botswana based company, operating a fast-moving consumer goods business.
- P0.65 (YTD: 0.00%) PE: 7.8 PB: -3.3 D/Y: 0.00% Mkt Cap: P847.4mn



#### Cautionary Announcement and Change of Address

- Cautionary Announcement
  - Sechaba announced that its profit before tax (PBT) for the 31 Dec 22 year end will be P33mn-P55mn (15%-25%) higher than the P219mn PBT reported for 31 Dec 21 year end.
  - Results will be published on or before 31 Mar 23.
- Change of Address
  - Sechaba changed their physical and postal address to 2nd Floor, Plot 54367 Mogobe Plaza, CBD, Gaborone, Botswana and PO Box 1965 AAD, Gaborone, Botswana, respectively
- P19.90 (YTD: +0.40%) PE: 10.9 PB: 2.6 D/Y: 6.23% Mkt Cap: P2,201.4mn.



#### Notice of Resignation of Director

- SeedCo have announced the resignation of M Ndoro as its Independent Non-Executive Director effective immediately 24 Mar 23.
- P2.70 (YTD: 0.00%) PE: 61.5 PB: 0.9 D/Y: 0.00% Mkt Cap: P1,062.8mn



#### Private Placement of Note

- Stanbic announced that following the Botswana Stock Exchange's approval, it has privately issued P150mn, Senior Unsecured Fixed Rate Notes, maturing on 14 Mar 28, at a fixed rate of 9.15% per annum payable semi-annually.

## GOVERNMENT MAR23 BOND AUCTION RESULTS – STRONG DEMAND AT THE LONG-END

Bond	Description	Total Amount Offered (PMn)	Total Amount Allocated (PMn)	Allocation Ratio	Stop out Yield	Previous Auction Stop Out Yield	Δ Stop Out Yield
BOTSGB0527	5-Yr Bond	200	19	10%	7.980%	7.950%	3bps
BOTSGB0931	9-Yr Bond	200	152	76%	8.580%	8.600%	-2bps
BOTSGB0943	20-Yr Bond	100	221	221%	8.900%	8.700%	20bps
<b>Total</b>		<b>500</b>	<b>392</b>	<b>78%</b>			

- 78% of the total P500m bond auction was allotted.
- The 20-Yr bond was over allocated.
- Bond stop-out yields were generally the same, except for the 20-Yr Bond which increased by a relatively significant 20bps.

## CA SALES FY22 RESULTS – STRONG PROFIT GROWTH

Income Statement R'Mn	FY 22	FY 21	% Δ
Revenue	9 485	8 028	18%
Cost of sales	(8 061)	(6 888)	17%
<b>Gross Profit</b>	<b>1 424</b>	<b>1 140</b>	<b>25%</b>
Other operating income	17	19	(12%)
Other operating expenses	(919)	(769)	19%
Net impairment gains/(losses) on financial assets	(5)	1	(715%)
<b>Operating Profit</b>	<b>517</b>	<b>392</b>	<b>32%</b>
Associate profit	14	10	44%
<b>EBIT</b>	<b>531</b>	<b>401</b>	<b>32%</b>
Finance income	21	13	63%
Finance costs	(34)	(25)	36%
<b>Profit Before Tax (PBT)</b>	<b>518</b>	<b>389</b>	<b>33%</b>
Tax	(140)	(105)	33%
<b>Profit for the period (PAT)</b>	<b>379</b>	<b>284</b>	<b>33%</b>
Balance Sheet extract R'Mn	FY 22	FY 21	% Δ
Cash and cash equivalents	736	656	12%
Inventory	760	586	30%
PPE	636	522	22%
Intangibles	500	477	5%
Payables	1 040	1 019	2%
Borrowings	685	640	7%
Equity	2 175	1 816	20%

- Revenue +18%, driven by inflation and volume increases as well as the onboarding of new clients to the group's portfolio.
- Other operating expenses +19% due to inflation and increases in fuel and energy prices across all regions of operations.
- PAT +33% driven by an increase in profits from associates and finance income.
- Final dividend declared of 15.35c/share.
- P5.05 (YTD: +19.67%)
- PE: 13.7
- PB: 1.5
- D/Y: 2.20%
- Mkt Cap: P2,390.4mn

## RDCP FY22 RESULTS – SURGE IN REVENUES FROM TPF ACQUISITION

Income Statement P'Mn	FY 22	FY 21	% Δ	
Revenue	525	147	258%	• Revenue +258% driven by the acquisition of the Tower Property Fund (TPF) and the appreciation of the Euro against the Pula.
Sale of inventory	77	-	100%	
Cost of Sales	(78)	-	(100%)	
Other income	16	4	344%	
Operating expenses	(256)	(85)	201%	• Finance costs +209% driven by increases in interest rates across all the company's jurisdictions.
Profit/(loss) from JV	0	(0)	(175%)	
Net foreign exchange losses	2	(2)	(224%)	
Inventory write-down	(13)	-	(100%)	• Profit from operations before FV adjustment +337% indicating strong profitability.
Other income	16	4	344%	
Operating expenses	(256)	(85)	201%	• Hospitality assets which have been underperforming have experienced increased bookings.
<b>Profit before FV adjustment</b>	<b>274</b>	<b>63</b>	<b>337%</b>	
Bargain purchase gain	-	577	(100%)	
Surplus arising on fair valuation of investments	2	16	(89%)	• 2% reduction in vacancies to 12.8% in Q4 as some leases were concluded during the year under review in Botswana, South Africa, and Croatia.
Surplus/(deficit) arising on revaluation of investment properties	98	37	166%	
Surplus/(deficit) arising on revaluation of interest rate derivatives	39	-	100%	
<b>Profit from operations</b>	<b>412</b>	<b>693</b>	<b>(40%)</b>	• Profits -72% y/y due to once off bargain purchase gain in FY21. Excluding the purchase gain, profits grew 164% y/y to P137m.
Investment income	9	18	(52%)	
Finance costs	(212)	(69)	209%	
<b>Profit before tax</b>	<b>209</b>	<b>642</b>	<b>(67%)</b>	
Tax	(25)	5	(603%)	• P2.25 (YTD: +1.35%)
<b>Profit for the period</b>	<b>184</b>	<b>647</b>	<b>(72%)</b>	• PE: N/A
<b>Balance Sheet extract R'Mn</b>	<b>FY 22</b>	<b>FY 21</b>	<b>% Δ</b>	• PB: 0.7
Investment Properties	5 575	5 536	1%	• D/Y: 4.51%
Current Liabilities	149	156	100%	• Mkt Cap: P1,706.0mn
Equity	3 030	2 941	3%	
Long-Term Borrowings	2 764	2 831	(2%)	

## REGIONAL

### SOUTH AFRICA

- Feb23 National CPI y/y 7.0% v 6.8% (e) v 6.9% (Jan23)
- 1Q23 Consumer Confidence -23 v -8 (4Q22)

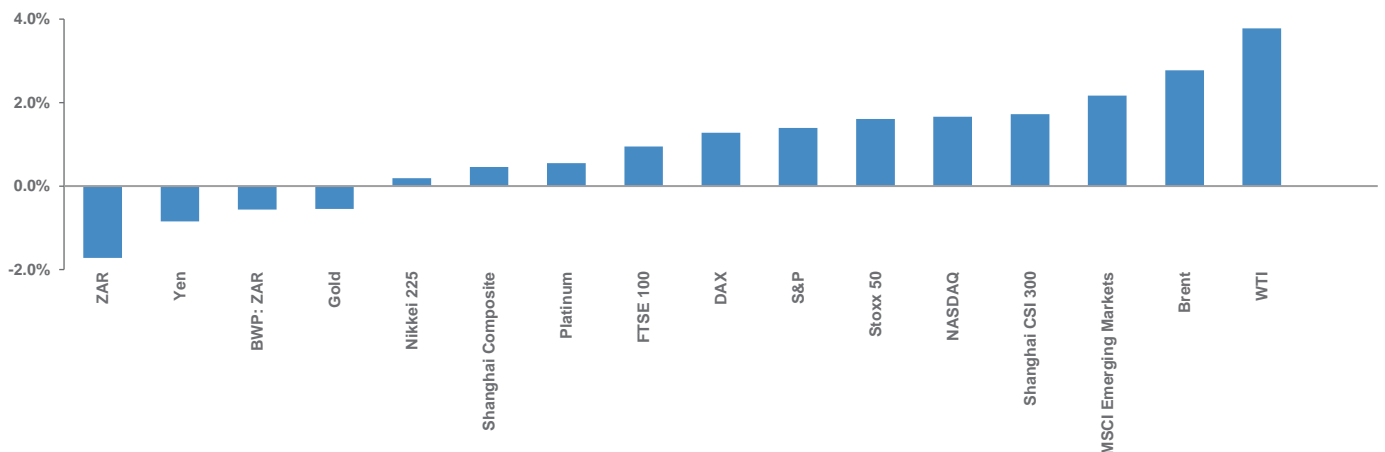
#### ZAR PERFORMANCE

- The South African rand rallied against the USD as the Fed signalled that it would pause its interest rate hiking path.
- ZAR 18.16 (WTD: -1.72%) v 18.47 (17 Mar 23)

# The South African rand strengthens against the USD.

## INTERNATIONAL

### INTERNATIONAL SNAPSHOT– 24 MAR 23 WEEKLY PERFORMANCE



- Mar23 Preliminary Manufacturing PMI 48.6 v 47.7 (Feb23)
- Feb23 National CPI y/y 3.3% v 3.3% (e) v 4.3% (Jan23)
- Japanese equities closed stronger for the week as investors believe the US Fed will pause rate hikes.
- Nikkei 225: 27,385 (WTD: +0.19%), Yen: 130.75 (WTD: -0.85%)



- Eurozone Mar23 Preliminary Manufacturing PMI 47.1 v 49.0 (e) v 48.5 (Feb23)
- France Mar23 Preliminary Manufacturing PMI 47.7 v 48.0 (e) v 47.4 (Feb23)
- Germany Mar23 Preliminary Manufacturing PMI 44.4 v 47.0 (e) v 46.3 (Feb23)
- UK Mar23 Preliminary Manufacturing PMI 48.0 v 49.7 (e) v 49.3 (Feb23)



- Feb23 National CPI y/y 10.4% v 9.9% (e) v 10.1% (Jan23)
- The BOE raised key interest rates by 25bps to 4.25%
- European markets closed in the green as fears over a banking crisis eased.
- DAX: 14,975 (WTD: +1.28%) Stoxx50: 4,131 (WTD: +1.61%), FTSE100: 7,405 (WTD: +0.95%)



- Feb23 Industrial Production YTD y/y 2.4% v 2.6% (e) v 3.6% (Dec22)
- The People's Bank of China maintained the one-year and five-year loan prime rates at 3.65% and 4.30% respectively.
- Chinese equities closed stronger for the week as investors believe the US Fed will pause rate hikes.
- SHSZ300: 4,027 (WTD: +1.72%), SHCOMP: 3,266 (WTD: +0.46%)



- 18 Mar 23 Initial Jobless Claims 191k v 197k (e) v 192k (11 Mar 23)
- Mar23 Preliminary Manufacturing PMI 49.3 v 47.0 (e) v 47.3 (Feb23)
- The US Federal Reserve Open Market Committee met during the week and decided to
  - Increase the Fed fund rate by 25bps to 4.75%-5.00%
  - Maintain its plan to reduce its holdings of treasury, agency debt and agency mortgage-backed securities.
- US equities ended the week in the green as the Fed signalled that it would pause interest rate hikes following the release of cooled inflation figures.
- NASDAQ: 11,824 (WTD: +1.66%), S&P 500: 3,971 (WTD: +1.39%)

## COMMODITIES



- $\Delta$ US Crude Inventories 1,117k bbl. (17 Mar 23) v -1,556k bbl (e) v 1,550k bbl. (10 Mar 23)
- $\Delta$ US Oil Rigs +4; 758 (24 Mar 23) v 754 (17 Mar 23)
- $\Delta$ North American Oil Rigs -38; 923 (24 Mar 23) v 961 (17 Mar 23)
- Oil prices rose over the week as China's oil demand is expected to grow.
  - WTI: \$69.26 (WTD: +3.78%)
  - Brent Crude: \$74.99 (WTD: +2.77%)



- Precious metals were mixed for the week as the US Dollar weakened and optimism over central banks pausing interest rate hikes.
  - Gold: \$1,978 (WTD: -0.55%)
  - Platinum: \$984 (WTD: +0.55%)

# Precious metals mixed for the week



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