



**KGORI CAPITAL**  
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# KGORI CAPITAL MARKET WATCH

15 May 2023

## LOCAL

### COMPANY ANNOUNCEMENTS



#### Dealing In Securities by Management

- BBS announced that P Tafa sold 150k shares at P0.50t/share.
- P0.50 (YTD: 0.00%) PE: N/A PB: 0.5 D/Y: 0.00% Mkt Cap: P243.7mn



#### Partially Underwritten Non-Renounceable Entitlement Offer

- Tlou announced a non-renounceable entitlement offer to eligible shareholders of 4 new shares for every 11 shares held on the record date at an issue price of A\$0.035/new share, to raise approximately A\$10,645,473.
- The funds raised under the offer will be primarily directed to drilling of wells, transmission line and substation construction, land purchase and operations and generation facility, working capital and costs of the offer.
- A maximum of 304,156,361 new shares will be issued under the offer.
- ILC Investments Pty Ltd has underwritten the first A\$5mn of the offer.
- P0.50 (YTD: 0.00%) PE: N/A PB: 0.9 D/Y: 0.00% Mkt Cap: P418.2mn

## LUCARA 1Q23 RESULTS – LOWER DIAMOND PRICES DRIVE DOWN PROFITS

Income Statement \$'Mn	1Q 23	1Q 22	% Δ
Revenues	42.8	68.2	(37%)
Operating expenses	(18.3)	(18.0)	2%
Royalty expenses	(5.2)	(7.9)	(35%)
Depletion, amortisation and accretion (DAA)	(4.8)	(6.0)	(21%)
<b>Income from mining operations</b>	<b>15</b>	<b>36</b>	<b>(60%)</b>
Administration	(3.4)	(5.8)	(41%)
Sales and marketing	(0.6)	(0.5)	21%
Net finance expense	(1.2)	(0.9)	31%
FX gain/(loss)	(2.7)	(2.5)	10%
Gain on derivative financial instrument	(1.4)	4.5	(132%)
<b>Net Income before tax</b>	<b>5.2</b>	<b>31.1</b>	<b>(83%)</b>
Current income tax	-	(0.4)	(100%)
Deferred income tax	(4.2)	(11.7)	(64%)
<b>Profit for the period (PAT)</b>	<b>1.0</b>	<b>19.0</b>	<b>(95%)</b>
Balance Sheet \$'Mn	1Q 23	1Q 22	% Δ
Cash and cash equivalents	31.2	26.4	18%
Inventories	38.0	38.4	(1%)
PPE	107.2	88.2	21%
Mineral Properties	246.4	244.1	1%
Credit facility	24.9	15.3	62%
Equity	348.8	348.1	0%

- Revenue -37% reflecting a planned change in product mix beginning in early 2023 combined with the continuation of weaker diamond prices.
- Royalty expenses -35% in line with revenue decrease.
- PAT -90% driven by reduced revenues.
- No dividends declared.
- P5.65 (YTD: -13.08%)  
PE: 3.5  
PB: 0.5  
D/Y: 0.00%  
Mkt Cap: P2,568.4mn

## BDC HY23 RESULTS – IMPROVED BUSINESS ACTIVITY LEADS TO PROFITS

Income Statement P'Mn	HY 23	HY 22	% Δ
Income from trade	17	6	171%
Interest Income	111	96	16%
Finance and other Income	39	44	(11%)
Expected credit losses	(2)	(4)	(53%)
Unrealised FX losses	(13)	(14)	(6%)
Other expenses	(59)	(55)	7%
<b>Operating profit</b>	<b>94</b>	<b>73</b>	<b>28%</b>
Finance costs	(91)	(65)	39%
Change in Fair Value of Equity Investments	45	(17)	(365%)
<b>Profit/Loss before taxation</b>	<b>48</b>	<b>(9)</b>	<b>(663%)</b>
Tax	(2)	(9)	(82%)
<b>Profit for the period (PAT)</b>	<b>47</b>	<b>(18)</b>	<b>(366%)</b>
Balance Sheet P'Mn	HY 23	HY 22	% Δ
Cash and cash equivalents	212	581	(64%)
Investment Assets	3,964	3,717	7%
Non-Current Liabilities	2,657	2,634	1%
Equity	2,181	2,094	4%

- Income from trade +1.7x driven by higher dividend inflows from associated companies due to improved performances from underlying entities.
- Interest income +16% on the back of a high interest rate environment.
- PAT +3.7x due to improved revenues.
- Cash -64% due to the service of borrowings.
- Investment Assets +7% as a result of investments into various projects during the year, one of note being the Lobatse Clay Works.
- No dividends declared.

## REGIONAL

### SOUTH AFRICA

- Mar23 Manufacturing Production m/m 4.0% v -0.9% (e) v -1.3% (Feb23)
- Mar23 Mining Production m/m 6.5% v -0.6% (e) v -7.6% (Feb23)
- During the week Eskom declared Stage 6 load shedding due to breakdowns in multiple generation units.

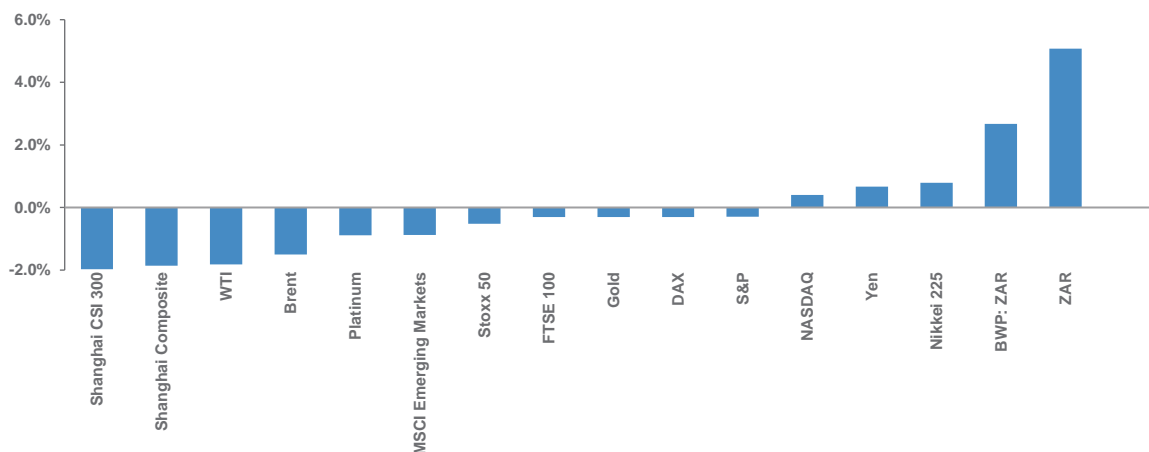
### ZAR PERFORMANCE

- The ZAR weakened against the USD amid accusations of arms supply to Russia by South Africa.
- ZAR 19.34 (WTD: +5.07%) v 18.41 (28 Apr 23)

# Rand weakens against the US dollar.

## INTERNATIONAL

### INTERNATIONAL SNAPSHOT– 12 MAY 23 WEEKLY PERFORMANCE



- Apr23 Final Composite PMI 52.9 v 52.5 (Mar23)
- Japanese equities closed higher for the week on the back of strong corporate earnings.
- Nikkei 225: 29,388 (WTD: +0.79%), Yen: 135.70 (WTD: +0.67%)



- Eurozone May23 Investor Confidence -13.1 v -7.5 (e) v -8.7 (Apr23)
- France Apr23 Final CPI y/y 5.9% v 5.9% (e) v 5.7% (Mar23)
- Germany Apr23 Final CPI y/y 7.2% v 7.2% (e) v 7.4%(Mar23)
- UK 1Q23 Preliminary GDP q/q 0.1% v 0.1% (e) v 0.1%(Mar23)
- The Bank of England (BoE) Monetary Policy Committee met during the week and decided to increase the Bank Rate by 25bps to 4.50%
- European markets closed in the red on the back of slightly disappointing economic data in China, as well as the BoE's monetary policy decision.
- DAX: 15,914 (WTD: -0.30%) Stoxx50: 4,318 (WTD: -0.52%) FTSE100: 7,775 (WTD: -0.31%)



- Apr23 CPI y/y 0.1% v 0.3% (e) v 0.7% (Mar23)
- Apr23 PPI y/y -3.6% v -3.3% (e) v -2.5% (Mar23)
- Apr23 Trade Balance \$90.2bn v \$ 71.3bn v (e) \$88.2bn (Mar23)
- Apr23 Exports y/y 8.5% v 8.0% v (e) v 14.8% (Mar23)
- Apr23 Imports y/y -7.9% v -0.3% (e) v -1.4% (Mar23)
- Chinese stocks closed off the week lower with the economy's recovery still viewed as sluggish.
- SHSZ300: 3,938 (WTD: -1.97%), SHCOMP: 3,272 (WTD: -1.86%)



- 06 May 23 Initial Jobless Claims 264k v 245k (e) v 242k (29 Apr 23)
- May23 Preliminary UoM Sentiment 57.7 v 63.0 (e) 63.5 (Apr23)
- Apr23 CPI y/y 4.9% v 5.0% v (e) 5.0% (Mar23)
- Apr23 PPI Final Demand y/y 2.3% v 2.5% (e) v 2.7% (Mar23).
- US equities had a mixed week as inflation eased on one hand and weaker consumer sentiment as well as heightened concerns regarding the country's debt ceiling on the other.
- NASDAQ: 12,285 (WTD: +0.40%), S&P 500: 4,124 (WTD: -0.29%)

## COMMODITIES



- ΔUS Crude Inventories 2,951k bbl. (5 May 23) v -1,109k bbl. (e) v -1,281k bbl. (28 Apr 23)
- ΔUS Oil Rigs -17; 731 (12 May 23) v 748 (5 May 23)
- ΔNorth American Oil Rigs -16; 825 (12 May 23) v 841 (5 May 23)
- Oil prices continued to drop amid recessionary woes and weak trade data from China.
  - WTI: \$70.04 (WTD: -1.82%)
  - Brent Crude: \$74.17 (WTD: -1.50%)



- Precious metals closed lower on the back of a stronger USD.
  - Gold: \$2,011 (WTD: -0.30%)
  - Platinum: \$1,053 (WTD: -0.89%)

# Oil prices continue to plunge over recession fears.



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