



KGORI CAPITAL
INVEST WITH PRIDE

18 September 2023

COMPANY ANNOUNCEMENTS

Lesedi 4 And 6 Drilling Completed and Notice of Annual General Meeting (AGM)



- Lesedi 4 And 6 Drilling Completed
 - Tlou announced the successful redrilling of the Lesedi 4 production pod's lateral wells, aiming to improve their straightness for more efficient water removal and gas flow.
 - Drilling at the new Lesedi 6 pod has been completed, with both lateral wells successfully intersecting the target vertical well.
 - Production equipment will soon be installed in both pods to commence dewatering and gas production.
 - Tlou further announced that the transmission line construction for the Lesedi power project is at ~90% completion, with key remaining tasks involving a road crossing and additional stringing. The project is on track to finish this year, ahead of the grid power injection schedule.
- Notice of AGM
 - Tlou announced that it will physically host its AGM at 10am on 31 Oct 23 at BDO Brisbane, Level 10 12 Creek Street, Brisbane Qld 4000.
- P0.50 (YTD: 0.00%) PE: N/A PB: 1.1 D/Y: 0.00% Mkt Cap: P512.3mn

Notice to Shareholders



- Letshego announced that the final day for trading under the old name will be 29 Sep 23.
- P1.27 (YTD: +1.60%) PE: 6.3 PB: 0.5 D/Y: 11.65% Mkt Cap: 2,762.3mn

Sustainable Finance Issuance Framework (SFIF) Jun23, Programme Memorandum of P2bn Note Programme



- SFIF Jun23
 - Absa issued its SFIF where it outlined its plan to issue thematic liability instruments, including, but not limited to green and social bonds, with proceeds dedicated to projects aligned with its mission of empowering Africa's future and creating shared value.
- Programme Memorandum of P2bn Note Programme
 - Absa issued a programme memorandum of its P2bn Note Programme. Salient points are as follows:
 - Proceeds from the program will fund Green, Social, Sustainability, and Sustainability-linked bonds.
 - Various note types may be issued, including Fixed Rate, Floating Rate, Indexed/Reference Rate, Zero Coupon, Mixed Rate, Instalment, Paid, Exchange, Equity-linked, Commodity-linked, Zero Coupon/FX-linked, Mixed Fixed Rate, and Credit-linked notes.
 - While notes can have various maturities, Subordinated Tier 2 notes must have a minimum maturity of 5 years and one day.
 - All notes issued under the program are unsecured.
 - The program does not have a credit rating from any rating agency.
 - All issued notes will be listed on the Botswana Stock Exchange.
- P6.12 (YTD: +18.60%) PE: 7.2 PB: 1.8 D/Y: 8.89% Mkt Cap: 5,215.2mn

Cautionary Announcement



- Minergy announced that its Loss Before Tax (LBT) for the 30 Jun 23 full year period will be P0mn-P15mn (0%-10%) higher than the P168mn LBT reported for the 30 Jun 22 full year period.
- Minergy's increased losses were primarily a result of a sharp decline in export pricing, rendering exports through Walvis Bay uneconomical, and the need to find alternative sales in a saturated coal market. Additionally, high finance costs and rising mining expenses, driven by increased fuel prices, further impacted the company's financial performance.
- Results will be released during the week of 18 Sep23.
- P6.12 (YTD: +18.60%) PE: 7.2 PB: 1.8 D/Y: 8.89% Mkt Cap: 5,215.2mn

FNBB FY23 RESULTS – PROFITS RISE ON INTEREST INCOME & NON-INTEREST INCOME

Income Statement P'Mn	FY 23	FY 22	% Δ
Interest income	1 951	1 432	36%
Interest expense	(469)	(268)	75%
Net interest income	1 482	1 164	27%
Impairment of advances	(94)	(50)	86%
Net interest income after impairment	1 388	1 114	25%
Non-interest income (NII)	1 487	1 391	7%
Income from operations	2 875	2 504	15%
Operating expenses	(710)	(651)	9%
Employee benefit costs	(726)	(628)	16%
Profit before taxation	1 439	1 225	17%
Tax	(323)	(298)	8%
Profit for the period (PAT)	1 116	927	20%
Balance Sheet extract P'Mn	FY 23	FY 22	% Δ
Cash and cash equivalents	6 715	6 198	8%
Advances to customers	16 275	15 081	8%
PPE	566	534	6%
Customer deposits	23 333	21 348	9%
Equity	3 727	3 323	12%

- Interest income +36%, through a combination of growth in advances and 151bps MoPR increase.
- Interest expense +75%, due to an increase in the cost of funding tied to rising interest rates.
- Impairments +86% mainly attributable to growth from a low base; After the abating of Covid pressures last year, there were significant impairment releases.
- NII +7%, driven by improvements in the retail segment of the group.
- PAT +20% due to the increase in Interest income and NII.
- Interim dividend of 20t/share declared, payable on 11 Oct 23.
- P4.00 (YTD: +14.29%)
PE: 9.1
PB: 2.7
D/Y: 8.00%
Mkt Cap: P10,174.8mn

ABSA HY23 RESULTS – LOAN BOOK GROWTH DRIVES UP EARNINGS

Income Statement P Mn	HY 23	HY 22	% Δ
Interest income	970	742	31%
Interest expense	(293)	(193)	52%
Net interest income	678	549	23%
Other income	6	2	171%
Fee & commission income	304	282	8%
Commission expenses	(62)	(53)	16%
Trading income	102	101	1%
Operating Profit	1,027	881	17%
Staff expenses	(271)	(232)	17%
Infrastructure costs	(92)	(77)	18%
Admin & gen expenses	(172)	(164)	5%
Expected credit losses	(46)	(13)	256%
Profit before taxation	448	395	13%
Tax	(97)	(92)	6%
Profit for the period (PAT)	350	303	16%
Balance Sheet extract P Mn	HY 23	HY 22	% Δ
Cash and cash equivalents	504	548	(8%)
Loans and advances to customers	17 109	15 612	10%
Customer deposits	17 569	15 526	13%
Equity	2 910	2 630	11%

- Net Interest income +23% driven by growth in the loan book and the improved performance of trading portfolio assets. However, elevated interest rates increased the cost of funding.
- Fee & commission income +8% driven by a significant uptick in transactional volumes across all client segments as well as the banks digital strategy continuing to bear fruit.
- PAT +16% due to higher fee & commission income and higher NII
- Interim dividend of 14.43t/share declared, payable on 18 Oct 23.
- P6.12 (YTD: +18.60%)
PE: 7.2
PB: 1.8
D/Y: 8.89%
Mkt Cap: P5,215.2mn

STANBIC HY23 RESULTS – HIGHER RATES DRIVE REVENUE

Income Statement P Mn	HY 23	HY 22	% Δ
Interest Income	852	593	44%
Interest expense	(314)	(233)	35%
Net Interest	538	360	49%
Fee & Commission income	194	180	8%
Fee & Commission expenses	(61)	(45)	35%
Net trading income	114	121	(6%)
Other income	12	11	7%
Operating income	796	627	27%
Credit impairment charges	(67)	(40)	67%
Staff Expenses	(209)	(167)	25%
Other operating expenses	(217)	(215)	1%
Profit before indirect tax	303	205	48%
Indirect tax	(13)	(14)	(6%)
Profit before direct tax	290	191	52%
Tax	(63)	(44)	43%
Profit for the period	227	147	54%
Balance Sheet extract P Mn	HY 23	HY 22	% Δ
Cash and cash equivalents	619	567	9%
Loans to banks	5 892	6 185	(5%)
Loans to customers	13 095	13 236	(1%)
Deposits from banks	1 558	1 743	(11%)
Deposits from customers	18 664	17 827	5%
Equity	2 269	1 856	22%

- Net interest income +49% largely driven by 151bps increase in the MoPR and some improvement in balance sheet efficiencies. Interest income (+44%) despite loan book declining (-1%)
- Credit impairment charges +67%, due to job losses and slow economic recovery in some sectors within the economy.
- Expenses growth largely reflective of increased inflationary pressures.
- PAT +54% due to the increases in Net Interest income and fee & commission income.

FAR PROPERTY FY23 RESULTS – RISE IN RENTAL REVENUES BOOSTS PROFITS

Income Statement P'Mn	FY 23	FY 22	% Δ
Rental revenue	153.8	141.4	9%
Other income	19.4	21.2	(9%)
Operating expenses	(33.8)	(37.6)	(10%)
Profit from operations	139.4	125.1	11%
Foreign Exchange gain/(loss)	(8.1)	(2.3)	258%
Net finance costs	(25.7)	(22.9)	12%
Investment property fair value adjustment	30.8	12.0	156%
Profit before tax	136.4	111.9	22%
Tax Credit	(11.0)	4.6	(341%)
Profit for the period	125.4	116.5	8%
Balance Sheet extract P'Mn	FY 23	FY 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%

- PAT+8% due to rental revenue increases.
- Cash and cash equivalents -63% due to the payment of debt.
- Final Distribution of 11.8t/share declared, payable 10 Nov 23.
- P2.39 (YTD: -0.42%)
PE: 9.0
PB: 1.0
D/Y: 4.94%
Mkt Cap: P1,133.1mn

OLYMPIA FY23 RESULTS – HIGHER REVENUES IMPROVE PROFITS

Income Statement P Mn	HY 23	HY 22	% Δ
Revenue	25	22	14%
Cost of sales	(12)	(10)	19%
Gross Profit	13	12	10%
Other operating income	0	1	(17%)
Other operating gains / (losses)	(11)	(11)	9%
Profit from operations	2	2	9%
Investment Income	0	0	(4%)
Finance Costs	(0)	(0)	8%
Profit before taxation (PBT)	2	2	9%
Balance Sheet extract P Mn	HY 23	HY 22	% Δ
Cash and Cash Equivalents	2.9	2.2	32%
Investment properties	14.9	14.2	5%
PPE	21.8	21.3	2%
Inventories	13.6	15.5	(12%)
Borrowings	1.7	2.2	(22%)
Equity	55.2	50.9	8%

- PBT +9% due to improved revenues (+14%).
- No dividend declared.
- P0.26 (YTD: 0.00%)
PE: 5.4
PB: 0.3
D/Y: 0.00%
Mkt Cap: P16.7mn

AUG23 INFLATION – INFLATION REMAINS BELOW BoB OBJECTIVE RANGE



- Aug23 Inflation was 1.2% v 1.6% (Kgori) v 1.5% (Jul23).
- Inflation is projected to rise to within the BoB's objective range of 3-6% in September following significant increases in fuel prices.
- On a m/m basis, CPI rose by 0.1%.
 - Driven mainly by Household Equipment & Maintenance, Restaurant & Hotels and Recreation & Culture which rose by 0.5% m/m, 0.5% m/m and 0.4% m/m respectively.
- We do not expect any changes to the MoPR in the short term as the BoB continues to monitor lower inflation levels.

REGIONAL

SOUTH AFRICA

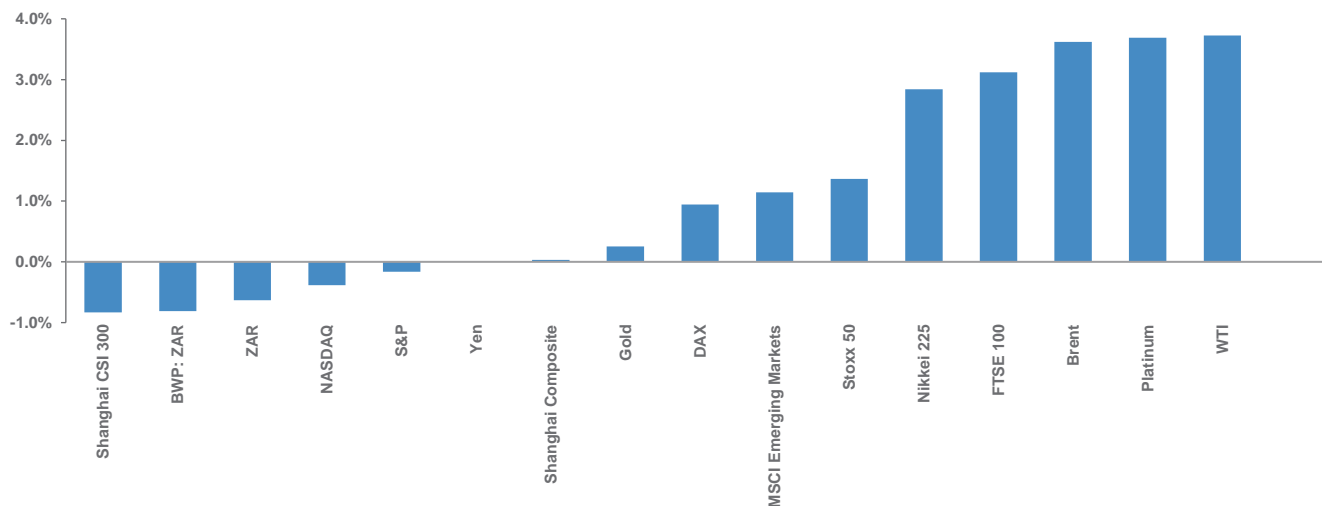
- Jul23 Manufacturing Production m/m -1.6% v 0.5% (e) v 1.2% (Jun23)
- Jul23 Mining Production m/m -3.6% v -0.2% (e) v 1.1% (Jun23)
- Eskom implemented Stage 6 of load shedding citing the loss of four generating units as well as planned maintenance.

ZAR PERFORMANCE

- The ZAR strengthened against the USD following an increase in precious metals prices as well as the better-than-expected data coming in from China.
- ZAR 19.01 (WTD: -0.63%) v 19.13 (08 Sep 23)

Rand strengthens against the US Dollar.

INTERNATIONAL SNAPSHOT – 15 SEPT 23 WEEKLY PERFORMANCE



- Jul23 Final Industrial Production -1.8% v -2.0% (Jun23)
- Jul23 Core Machine Orders m/m -1.1% v -0.8% (e) v 2.7% (Jun23)
- Aug23 PPI y/y 3.2% v 3.3% (e) v 3.4% (Jun23)
- Japanese stocks ended the week in the green as better-than-expected Chinese economic data boosted investor sentiment across the region, as well as bets that the Bank of Japan will maintain negative interest rates for some time.
- Nikkei 225: 33,533 (WTD: +2.84%), Yen: 147.85 (WTD: +0.01%)



- Eurozone Jul23 Industrial Production m/m -1.1% v -0.9% (e) v 0.4% (Jun23)
- France Aug23 Final CPI y/y 4.9% v 4.8% (e) 4.8% (Jul23)
- UK Jul23 Industrial Production m/m -0.8% v -1.0% (e) v 2.4% (Jun23)
- The European Central Bank (ECB) Governing Council (GC) met during the week and decided on the following:
 - To increase the main refinancing operations rate, the marginal lending facility rate, and the deposit facility rate by 25bps to 4.50%, 4.75% and 4.00% respectively.
 - To continue reinvesting principal repayments under its pandemic emergency purchase program to at least the end of 2024
- European markets ended the week in the green boosted by better-than-expected Chinese economic data as well as optimism that the ECB may be close to peak interest rates.
- DAX: 15,894 (WTD: +0.94%), Stoxx50: 4,295 (WTD: +1.37%), FTSE100: 7,711 (WTD: +3.12%)



- Aug23 CPI y/y 0.1% v 0.1% (e) v -0.3% (Jul23)
- Aug23 Industrial Production y/y 4.5% v 3.9% (e) v 3.7% (Jul23)
- Aug23 Retail Sales y/y 4.6% v 3.0% (e) v 2.5% (Jul23)
- The People's Bank of China maintained the rate on the one-year medium-term lending facility loans at 2.5%.
- Chinese stocks closed mixed for the week on the back of better-than-expected data on one hand, as well as the persisting fragility in China's property sector on the other.
- SHSZ300: 3,709 (WTD: -0.83%), SHCOMP: 3,118 (WTD: +0.03%)



- 9 Sep 23 Initial Jobless Claims 220k v 225k (e) v 217k (2 Sep 23)
- Aug23 CPI y/y 3.7% v 3.6% (e) v 3.2% (Jul23)
- Aug23 Industrial Production m/m 0.4% v 0.1% (e) v 0.7%
- Aug23 Retail Sales Advance m/m 0.6% v 0.1% (e) v 0.5% (Jul23)
- Sep23 Preliminary UoM Sentiment 67.7 v 69.0 (e) v 69.5 (Aug23)
- US equities ended the week in the red following a muted rise in inflation increasing sentiment that interest rates will remain elevated for an extended period.
- NASDAQ: 13,708 (WTD: -0.39%), S&P 500: 4,450 (WTD: -0.16%)



- Δ US Crude Inventories 3,955k bbl. (08 Sep 23) v -1,994k bbl. (e) v -6,307k bbl. (01 Sep 23)
- Δ US Oil Rigs +9; 641 (15 Sep 23) v 632 (08 Sep 23)
- Δ North American Oil Rigs +17; 831 (15 Sep 23) v 814 (08 Sep 23)
 - Oil prices were up over the week on supply tightness and optimism that the Chinese economy is stabilising.
 - WTI: \$90.77 (WTD: +3.73%)
 - Brent Crude: \$93.93 (WTD: +3.62%)



- Gold closed the week in the green due to a weaker dollar, while Platinum closed the week higher on supply constraints driven by decreased production in South Africa.
 - Gold: \$1,924 (WTD: +0.25%)
 - Platinum: \$930 (WTD: +3.69%)

Oil prices increase driven by continued supply constraints.



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