



KGORI CAPITAL
INVEST WITH PRIDE

25 September 2023

COMPANY ANNOUNCEMENTS

Notice to Shareholders and Annual Results Presentation

CHOPPIES

Great value for your money!

- Electronic Circulation of Annual Reports
 - Choppies announced that their Annual Report and Notice of Annual General Meeting (AGM) for 30 Jun 23 will be electronically emailed to respective shareholders, who have opened Central Securities Depository accounts by a date no later than 21 days before the AGM.
- Annual Results Presentation
 - Choppies announced that they will be hosting a webinar on 26 Sep 23 to present their annual results to shareholders.
- P0.50 (YTD: -23.08%) PE: 6.1 PB: 21.7 D/Y: 0.00% Mkt Cap: P912.2mn

Trading Update and Appointment of Deputy Chairperson

LLR
Lettole La Rona Limited

- Trading Update
 - LLR announced that its profit before tax (PBT) for the 30 Jun 23 full year period will be P10.6mn-P21.2mn (10%-20%) higher than the P106mn PBT reported for the 30 Jun 22 full year period.
 - The growth in PBT is due to forex gains and increased fair value gains driven by improved conditions.
 - Results will be released on or about 30 Sep 23.
- Appointment of Deputy Chairperson
 - LLR announced the appointment M Maphane as the Deputy Chairperson of the board, effective 21 Sep 23.
 - Mr Maphane was appointed to the board of LLR as an Independent Non-Executive Director in Dec21 and sits as the Chairperson of the Nominations and Remunerations Committee.
- P2.50 (YTD: -28.16%) PE: 6.9 PB: 0.8 D/Y: 7.90% Mkt Cap: 700.0mn

Acquisition from a Related Party and Capital Raise

**PRIME
TIME**

- Primetime (PT) announced that it has conditionally offered to acquire a portfolio of 6 properties from a related party- Time Projects (TP). Salient points are as follows:
 - An independent valuer determined that the TP portfolio has an open market value of P372mn as at 31 Aug 23.
 - TP's Portfolio contains various debt facilities estimated to be P177mn as at 31 Aug 23. To facilitate transfer in ownership of the TP Portfolio, this associated debt will need to be settled by PT- subject to a number of conditions.
 - The funding includes settling approximately P177mn in associated debt and issuing 111,367,677 Linked Units at P1.75/linked unit. PT plans to raise approximately P64mn through a rights issue and P186mn through an Excess Offer, both at the same price of P1.75/linked unit as the acquisition consideration.
 - Time Developments, another related party holds exclusive development rights for Setlhoa Land. If they secure a suitable development, meeting PT's yield requirement, and PT cannot fund it, TP will buy back the land at market value.
 - The rationale behind the proposed transactions and capital raise is to strengthen PT's long-term profitability and financial performance.
- P1.75 (YTD: +9.38%) PE: 7.1 PB: 0.5 D/Y: 8.15% Mkt Cap: 442.0mn



Results of Annual General Meeting (AGM)

- SeedCo announced the results of its 2023 AGM where all resolutions were passed by 100% votes in favor.
- P2.60 (YTD: -3.70%) PE: 26.5 PB: 0.9 D/Y: 1.28% Mkt Cap: 1,023.5mn



Appointment to the Board

- BIHL announced the appointment of C Maphage as a non-executive director, effective 22 Sep 23.
- P19.79 (YTD: +11.74%) PE: 7.3 PB: 1.5 D/Y: 13.49% Mkt Cap: 5,588.1mn



Director's Dealing in Linked Units

- FAR announced the purchase of 5,408 Linked units by R Ottapathu at P2.39/Linked unit.
- P2.39 (YTD: -0.42%) PE: 9.0 PB: 1.0 D/Y: 4.94% Mkt Cap: 1,133.1mn



Trading Statement

- Engen announced that its profit before tax (PBT) for the 30 Jun 23 half year period will be P291.9mn-P328.4mn (80%-90%) lower than the P364.9mn PBT reported for the 30 Jun 22 half year period.
- The decrease is due to reduced business activity as a result of lower consumer disposable incomes and the significant decrease in global crude prices during the period.
- P13.05 (YTD: +14.47%) PE: 7.8 PB: 2.5 D/Y: 6.64% Mkt Cap: 2,064.4mn



Cautionary Statement

- G4S announced that its Comprehensive Income (CI) for the 30 Jun 23 half year period will be P1,139mn (50.5%) lower than the P2,258mn CI reported for the 30 Jun 22 half year period.
- P2.45 (YTD: -7.55%) PE: N/A PB: 1.7 D/Y: 0.00% Mkt Cap: 196.0mn



Note Issuance

- Letshego announced that it has issued 2 fixed rate, senior unsecured notes with a total nominal value of P10.6mn and interest rates of 9.8% under its P2.5bn Medium Term Note Programme.
- P1.27 (YTD: +1.60%) PE: 6.3 PB: 1.3 D/Y: 11.65% Mkt Cap: 2,762.3mn

SCBB HY23 RESULTS – HIGHER RATES DRIVE REVENUE

Income Statement P'Mn	HY 23	HY 22	% Δ
Interest Income	561	399	41%
Interest expense	(191)	(163)	17%
Net Interest Income	370	236	57%
Fee & Commission income	127	132	(4%)
Commission expenses	(16)	(10)	62%
Net trading income	40	45	(9%)
Other Income	2	0	100%
Operating income	523	403	30%
Staff Expenses	(119)	(114)	4%
Premises costs	(0)	(0)	104%
General administrative expenses	(176)	(168)	4%
Depreciation and amortization	(19)	(20)	(4%)
Credit Impairment	31	(30)	(204%)
Profit before taxation	241	71	239%
Tax	(50)	(13)	279%
Profit for the period (PAT)	191	58	230%
Balance Sheet extract P'Mn	HY 23	HY 22	% Δ
Cash and cash equivalents	832	492	69%
Loans to banks	70	45	56%
Loans to customers	9,052	7,775	16%
Deposits from banks	828	860	(4%)
Customer deposits	12,666	13,025	(3%)
Equity	1,132	1,157	(2%)

- Interest income +57% driven by higher policy rates in 2022 and growth in the corporate book.
- Fee & Commission income down on the back of thin margins on FX sales driven by heightened competitive pricing in the market and subdued personal loan sales with a direct impact on insurance commission.
- PAT increased 2.3x due to the increase in interest income
- Loans and advances +1% driven by the corporate book on the back of trade facility utilisation in Corporate, Commercial and Institutional Banking segments (CCIB).
- Customer deposits -3% due to strategy to optimise the funding mix-focused on Current & Savings accounts (CASA) opportunities in the CCIB segment.
- No dividend declared.
- P5.05 (YTD: +75.96%)
PE: 4.5
PB: 1.3

CHOPPIES FY23 RESULTS – NEW STORE OPENINGS BOOSTS PROFITS

Income Statement P'Mn	FY 23	FY 22	% Δ
Revenue	6,433	6,042	6%
Cost of sales	(5,074)	(4,735)	7%
Gross Profit	1,359	1,307	4%
Other operating income	53	55	(4%)
Operating Income	1,412	1,362	4%
Profit/Loss on disposal of plant & equipment	4	(2)	(300%)
Movement in credit loss allowances	(6)	(7)	0%
Administrative expenses	(978)	(834)	17%
Selling and distribution expenses	(22)	(35)	(37%)
Other operating expenses	(122)	(240)	(49%)
Foreign exchange gains/(losses) on lease liability	(31)	28	(211%)
Foreign exchange gains on Zimbabwean legacy debt receipts	18	15	0%
Net monetary gain on translating Zimbabwean entities	(1)	(8)	0%
Operating Income	274	279	(2%)
Finance costs	(109)	(99)	10%
Profit Before Tax	165	180	(8%)
Tax	(15)	(35)	(57%)
Profit for the period (PAT)	150	145	3%
Balance Sheet extract P'Mn	FY 23	FY 22	% Δ
Cash and cash equivalents	222	85	161%
Inventory	441	461	(4%)
PPE	632	538	17%
Intangibles	8	4	100%
Payables	785	733	7%
Borrowings	448	685	(35%)
Equity	42	(354)	(112%)

- Revenue +6% driven by 16 new stores coupled with price growth of 6.8%. Sales volumes increased by 1.6% and excluding the new stores, declined by 4.6% on a comparable basis.
- Administrative expenses +17% partly due to new stores and inflation.
- Finance Costs +10% due to the new lease liabilities on new stores and higher interest rates.
- Tax -57% mainly due to the legacy debt receipts from Zimbabwe that are exempt from income tax and the raising of deferred tax on carried forward tax losses.
- PAT +3% due to a rise in revenue, reduction in other operating expenses and lower taxes paid.
- Inventory -4% as global supply constraints stabilised and Choppies benefitted from its new inventory optimisation system.
- Equity +1.12x following Choppies P300mn rights issue.
- No dividend declared.
- P0.50 (YTD: -23.08%)
PE: 6.1
PB: 21.7
D/Y: 0.00%
Mkt Cap: P912.2mn

LLR FY23 RESULTS – FOREIGN EXCHANGE GAINS DRIVES UP EARNINGS

Income Statement P Mn	FY 23	FY 22	% Δ
Rental revenue	99	96	3%
Recoveries	3	3	12%
Other income	0	(1)	(106%)
Straight line lease rental adjustment	2	(2)	(177%)
Movement in credit loss allowance	2	0	487%
Property expenses	(10)	(9)	10%
Admin expenses	(32)	(24)	35%
Operating profit	64	63	1%
Net finance costs	(14)	(13)	6%
Other non-operating gains	11	0	2 667%
Share of profit from equity investments	13	24	-48%
Profit / loss from discontinued operations	9	3	205%
Profit before FV adjustment	82	78	6%
Fair Value (FV) Adjustment	46	30	53%
Profit before taxation	129	108	19%
Tax	(18)	(10)	84%
Profit for the period (PAT)	110	98	13%
Balance Sheet extract P Mn	FY 23	FY 22	% Δ
Cash and cash equivalents	67	142	(53%)
Investment properties	968	1 003	(4%)
Investment in associate	235	217	8%
Borrowings	482	476	1%
Equity	914	847	8%

- Rental revenue +3% driven by annual lease escalation of 6.7% and a decrease in vacancies from 3.1% to 1.2% for the period.
- Other non-operating gains +2.6x due to foreign exchange gains from the OAL USD shareholder loan.
- FV adjustments rose +53% due to reduction in vacancies from 3.1% to 1.2%, reduction in capitalization rates and improved trading activity.
- PAT +13% due to higher revenue from lower vacancies and FX gains from OAL investment.
- Cash and cash equivalents -53% due to increased paying down of debt for the period.
- No dividend declared.
- P2.50 (YTD: -28.16%)
PE: 6.9
PB: 0.8
D/Y: 7.90%
Mkt Cap: P700.0mn

RDCP HY23 RESULTS – FAIR VALUE LOSS ON PROPERTIES TANKS PROFITS

Income Statement P Mn	HY 23	HY 22	% Δ
Revenue	273	250	9%
Sale of inventory	2	76	(97%)
Cost of Sales	(2)	(76)	(97%)
Other income	5	4	41%
Operating expenses	(126)	(117)	8%
Profit/(loss) from JV	0	3	(99%)
Net foreign exchange losses	7	3	124%
Profit before FV adjustment	159	142	12%
Surplus arising on fair valuation of investments	(0)	3	(112%)
Surplus/(deficit) arising on revaluation of investment properties	(13)	-	-
Surplus/(deficit) arising on revaluation of interest rate derivatives	(4)	27	(116%)
Profit from operations	141	172	(18%)
Net finance costs	(111)	(96)	16%
Profit before tax	30	76	(60%)
Tax	(6)	(3)	70%
Profit for the period (PAT)	24	73	(67%)
Balance Sheet extract P Mn	HY 23	HY 22	% Δ
Investment Properties	5 446	5 601	(3%)
Current Liabilities	138	126	100%
Equity	2 514	2 510	0%
Long-Term Borrowings	2 715	2 743	(1%)

- Revenue +9% due to increase in rental escalations.
- Revaluation of derivatives -1.16x as they moved closer to maturity and interest rate swap curve improved.
- Net finance costs +16% due to higher interest rate environment.
- Fair value loss on investment properties due to reclassification of non-core investment properties as held for sale.
- PAT -67% due unrealised fair value losses on interest rate derivatives and fair value losses on investment properties.
- Interim dividend of 0.135t/share and interest of 4.128t/debenture has been declared, payable 30 Oct 23.
- P2.25 (YTD: +1.35%)
PE: 12.6
PB: 0.6
D/Y: 1.89%
Mkt Cap: P1,706.0mn

SBHL HY23 RESULTS – HIGHER REVENUES IMPROVE PROFITS

Income Statement P Mn	HY 23	HY 22	% Δ
Share of profit/(loss) from associate	131	102	29%
Administrative expenses	(2)	(2)	(21%)
Other Investment Income	0	0	(100%)
Operating profit	130	100	30%
Finance income	2	2	50%
Profit before taxation (PBT)	132	101	31%
Tax	(14)	(25)	(45%)
Profit for the period (PAT)	119	76	55%
KBL (P Mn)	HY 23	HY 22	% Δ
Volumes (HL'000)	729	732	(0%)
PBT	292	218	34%
Tax	(45)	(32)	41%
PAT	247	186	33%
CCBB (P Mn)	HY 23	HY 22	% Δ
Volumes (HL'000)	533	516	3%
PBT	21	21	(2%)
Tax	(4)	(3)	45%
PAT	16	18	(10%)
Balance Sheet extract P Mn	HY 23	HY 22	% Δ
Cash and cash equivalents	24	45	(47%)
Investment in associate	993	998	(1%)
Equity	937	964	(3%)

- KBL PAT +33% driven by increase in pricing, cost containment and increased in other income.
- CCBB PAT -10% due to increase in operational expenditure such as maintenance costs fuel and utilities.
- Overall Sechaba PAT + 55% driven by an increase in revenue and increase in volumes.
- Interim dividend of 10.3t/share declared, payable 23 Oct 23.
- P22.57 (YTD: +13.87%)
PE: 9.4
PB: 2.6
D/Y: 6.30%
Mkt Cap: P2,496.6mn

REGIONAL

SOUTH AFRICA

- Aug23 CPI y/y 4.8% v 4.8% (e) v 4.7% (Jul23)
- The South African Reserve Bank Monetary Policy Committee met during the week and left the Repurchase Rate unchanged at 8.25%.
- Eskom implemented Stage 1 and Stage 3 of load shedding citing a decline in plant breakdown in recent days.

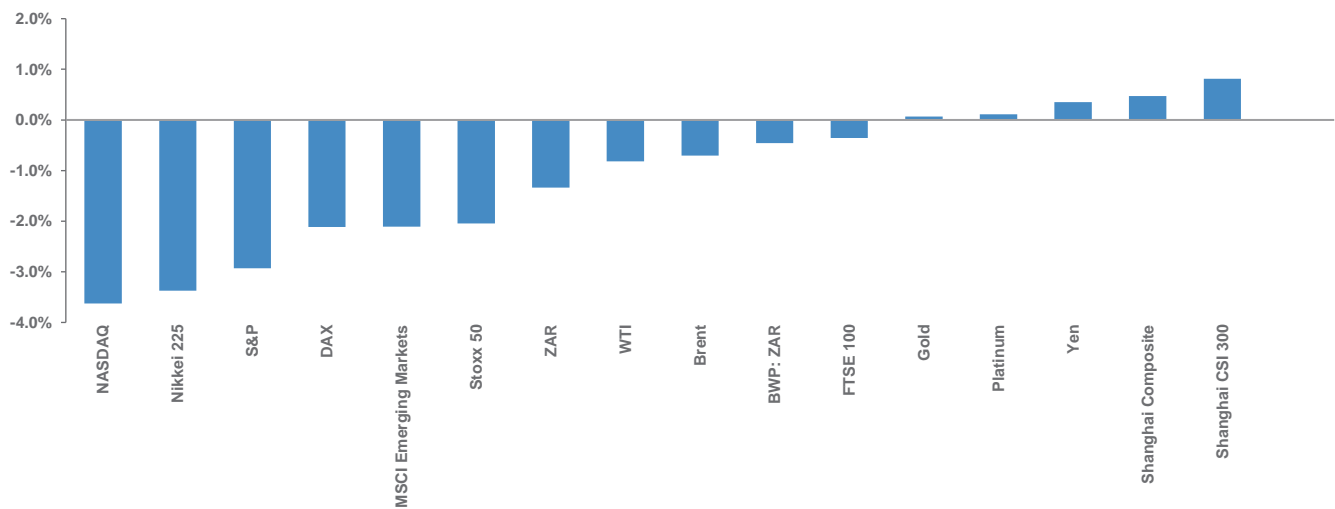
ZAR PERFORMANCE

- The ZAR strengthened against the USD following an increase in precious metals prices as well Eskom's ease in load shedding.
- ZAR 18.75 (WTD: -1.34%) v 19.01 (15 Sep 23)

Rand strengthens against the US Dollar.

INTERNATIONAL

INTERNATIONAL SNAPSHOT – 22 SEP 23 WEEKLY PERFORMANCE





- Aug23 National CPI y/y 3.2% v 3.0% (e) v 3.3% (Jul23)
- Sep23 Preliminary Manufacturing PMI y/y 48.6 v 49.6 (Aug23)
- The Bank of Japan (BoJ) Monetary Policy Committee (MPC) met during the week and decided the following:
 - Maintain the short-term policy interest rate at -0.10%
 - Maintain the yield of the 10-year JGB at around 0%
 - Maintain the purchase of exchange traded funds, Japanese real estate investment trusts, commercial paper at ¥12trn, ¥180bn, ¥2trn respectively and purchase corporate bonds at about the same pace as prior to the Covid-19 pandemic, so that their amount outstanding will gradually return to the pre-pandemic level of about ¥3trn respectively.
- Japanese stocks ended the week in the red as the US Fed stiffened its hawkish stance during the week and fears that the rate hiking cycle is not over mounted.
- Nikkei 225: 32,402 (WTD: -3.37%), Yen: 148.37 (WTD: +0.35%)



- Eurozone Sep23 Preliminary Manufacturing PMI 43.4 v 44.0 (e) 43.5 (Aug23)
- France Sep23 Preliminary Manufacturing PMI 43.6 v 46.1 (e) 46.0 (Aug23)
- Germany Sep23 Preliminary Manufacturing PMI 39.8 v 39.5 (e) 39.1 (Aug23)
- UK Sep23 Preliminary Manufacturing PMI 44.2 v 43.2 (e) 43.0 (Aug23)
- The Bank of England Monetary Policy Committee met during the week and decided to keep the bank rate unchanged at 5.25%.
- European markets ended the week in the red following the release of weaker-than-expected economic data as well as the Fed's hawkish stance.
- DAX: 15,557 (WTD: -2.12%), Stoxx50: 4,207 (WTD: -2.05%), FTSE100: 7,684 (WTD: -0.36%)



- The People's Bank of China maintained the 1-year and 5-year loan prime rate at 3.45% and 4.20% respectively.
- Chinese stocks closed in the green for the week as investor sentiment was bolstered by hopes of additional policy support for the Chinese economy.
- SHSZ300: 3,739 (WTD: +0.81%), SHCOMP: 3,132 (WTD: +0.47%)



- 16 Sep 23 Initial Jobless Claims 201k v 225k (e) v 221k (9 Sep 23)
- Sep23 Preliminary Manufacturing PMI 48.9 v 48.2 (e) v 47.9 (Aug23)
- The US Federal Reserve Open Market Committee met during the week and decided the following:
 - To keep the Fed fund rate unchanged at 5.25%-5.50%.
 - Maintained its plan to reduce its holdings of Treasury, agency debt and agency mortgage-backed securities.
- US equities ended the week in the red after the US Fed signalled that it is not done with rate hiking as the economy proves to be stronger than expected.
- NASDAQ: 13,212 (WTD: -3.62%), S&P 500: 4,320 (WTD: -2.93%)



- Δ US Crude Inventories 2,136k bbl. (15 Sep 23) v -718k bbl. (e) v -3,955k bbl. (8 Sep 23)
- Δ US Oil Rigs -11; 630 (22 Sep 23) v 641 (15 Sep 23)
- Δ North American Oil Rigs -11; 820 (22 Sep 23) v 831 (15 Sep 23)
 - Oil prices were down over the week following the hawkish stance from the Fed that signalled that one more rate hike this year, putting a damper on the outlook for global oil demand.
 - WTI: \$90.03 (WTD: -0.82%)
 - Brent Crude: \$93.27 (WTD: -0.70%)



- Precious metals closed the week in the green amid a weaker dollar.
 - Gold: \$1,925 (WTD: +0.07%)
 - Platinum: \$931 (WTD: +0.11%)

Oil prices decrease as outlook for global oil demand weakenes.



KGORI CAPITAL

INVEST WITH PRIDE

General Disclaimer

All information, recommendations or opinions contained in this document are not intended to provide exhaustive treatment of any subject dealt with and must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein. Such user should consult its own investment or financial or other advisors before making any decision. Whilst all care is taken by Kgori Capital in the preparation of the contents hereof, no warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such recommendation or information is given or made by Kgori Capital in any form or manner whatsoever. The information in this document is not intended to and does not constitute financial, tax, legal, investment, consulting or other professional advice, and Kgori Capital does not purport to act in any way as a financial advisor. Kgori Capital shall not be responsible and disclaims all liability for any loss, liability, damage (whether direct or consequential) of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of any information, opinion, recommendation, or service contained in or provided through this document. All portfolio performance data is calculated by Kgori Capital. Performance is analysed and computed utilising true daily weighted methodology. Where this document contains statements or information which relate to projections, forecasts or hypothetical data, users should be advised that these are predictions and that actual performance may differ markedly. Users should also be aware that short term performance can be volatile and past performance is not necessarily a good indication or guideline of future performance. As the performance of financial markets fluctuates and is not guaranteed, an investor may not get back the full amount invested.

1st Floor Exponential,
Plot 54351, CBD, Gaborone

T +267 3915 990
F +267 3915 980

PO Box 1253 ABG,
Sebele, Gaborone

www.kgoricapital.com

Directors KI Melamu, AM Ndzinge, S Noor,
MS Sibanda, AA Wellio-Moyo

Reg No BW00000988897

