



**KGORI CAPITAL**  
INVEST WITH PRIDE

26 February 2024

## COMPANY ANNOUNCEMENTS



### Cautionary Announcement

- RDC has advised unitholders to exercise caution as it has engaged with major unitholders of both RDCP and PrimeTime (PT) to propose a corporate action that, if approved, could result in the company proposing a partial offer to each of the unitholders of PT and if accepted, and rendered unconditional, will result in change of control of PT.
- P2.40 (YTD: 0.00%) PE: 13.4 PB: 0.6 D/Y: 1.78% Mkt Cap: P1,819.8mn.



### Cautionary Announcement and Annual General Meeting (AGM) Results

- Cautionary Announcement
  - PrimeTime (PT) referred unitholders to the cautionary statements issued by RDCP, relating to a corporate action in which RDCP would propose a partial offer to each unitholder of Primetime and if accepted result in change of control of PT.
  - PT announced they have taken note of these recent developments and considers them unsolicited.
  - Primetime further announced should an offer be made; the board shall assess any such approach on its merits in line with its commitment to safeguard and enhance shareholder value.
- AGM Results
  - PT announced the results of its 2024 AGM where all the resolutions passed by 100% votes in favour, except
    - Ordinary resolution 5: Approving the re-election M Morolong as Director of the company. 80.44% voted against, 12.74% voted for while 4.26% abstained.
    - Ordinary resolution 6: Approving the re-election N Dixon-Warren as Director of the company. 46.98% voted against while 49.24% voted for, while 4.22% abstained.
- P1.74 (YTD: 0.00%) PE: 5.5 PB: 0.5 D/Y: 6.65% Mkt Cap: P459.9mn



### Trading Statement

- FPC announced that its profit before tax (PBT) for the 31 Dec 23 interim period will be P5.37mn - P8.06mn (10%-15%) higher than the P53.74mn PBT reported for 31 Dec 22 interim period.
- Results will be published on or about 28 Mar 24.
- P1.80 (YTD:-24.69%) PE: 6.6 PB: 0.7 D/Y: 6.56% Mkt Cap: P853.4mn.



### Trading Statement

- Choppies announced that its profit after tax (PAT) for the 31 Dec 23 interim period will be P97mn-P104mn (36%-46%) higher than the P71mn PAT reported for 31 Dec 22 interim period.
- Results will be published on or about 29 Feb 24.
- P0.48 (YTD:0.00%) PE: 5.8 PB: 20.9 D/Y: 0.00% Mkt Cap: P875.5mn.

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## New Diamond Sales Agreement with HB Antwerp and Diamond Recoveries from Karowe Mine



- New Diamond Sales Agreement with HB Antwerp
  - Lucara announced that it has entered into a new diamond sales agreement (NDSA) with HB Group out of Antwerp, Belgium (HB) in respect to all qualifying diamonds produced in excess of 10.8 carats (ca) in size from Karowe Diamond mine. Salient points of the agreement are as follows:
    - Under the terms of the 10 year agreement, the purchase price paid for Lucara's 10.8 ca rough diamonds shall be based on the mutual agreement of the estimated polished outcome, together with external benchmarks and Lucaras's stone sales data.
    - Benefits include regular cash flow, revenue potential, alignment with Botswana's strategy, streamlined processes, and supply chain efficiency.
    - The NDSA is subject to the approval of the project lenders and upon such approval the agreement terms will be effective retroactively from 1 Dec 23.
- Diamond Recoveries from Karowe Mine
  - Lucara announced the recovery of a 320-carat (ca), 111-ca and two +50 ca from its Karowe Diamond Mine.
- P3.90 (YTD: 0.00%) PE: N/A PB: 0.6 D/Y: 0.00% Mkt Cap: P1,786.5mn.

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## Project Update



- Tlou Energy's project report highlights progress in electricity generation, including the connection of the transmission line to the Botswana Power Corporation Substation in Serowe, 38% completion of the Lesedi substation, and ongoing gas flaring at Lesedi 4 and 6 production pods.
- Discussions are underway with strategic partners to secure remaining funding for project completion.
- P0.50 (YTD: 0.00%) PE: N/A PB: 1.1 D/Y: 0.00% Mkt Cap: P538.3mn

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## 2024 Monetary Policy Statement and Monetary Policy Decision



- Monetary Policy Statement
  - The Bank of Botswana (BoB) released its 2024 MPS salient points are as follows:
    - A 4.2% expected expansion in real GDP in the local economy in 2024, driven by growth in the non-mining sector. The expansionary fiscal policy declared in the 2024/25 budget along with Transitional National Development Plan (TNDP) are expected to prop up economic activity.
    - The level of inflation to remain within the BoB 3-6% objective range in the medium term.
    - The prevailing accommodative monetary policy stance to be consistent with inflation being within its 3-6% objective range in the short-to-medium term.
    - The yield curve, based on the 7-day BoBCs rate, is upward sloping, with improvements in the government securities market due to decreased yields and increased transparency. Operational changes, including switch auctions and the Government Annual Borrowing Plan, contributed to these improvements.
    - A 1.51% downward rate of crawl in 2024. Domestic inflation is projected to be higher than inflation in our trading partners, thus the downward rate of 1.51% was maintained. Furthermore, the measured depreciation of the Pula against trade partners will boost domestic sector competitiveness.
    - Current levels of credit growth are supportive to economic activity. Credit growth was in line with economic growth; therefore the current level of credit remains sustainable and poses limited risk to financial stability.
- Monetary Policy Decision:
  - The Bank of Botswana MPC decided to maintain the Monetary Policy Rate (MoPR) at 2.4% at its 22 Feb 24 meeting.
    - The MPC projects inflation to remain within the BoB's 3-6% objective range in the medium term.
    - The BoB adjusted their annual average inflation forecasts for 2024 and 2025 downwards to 4.0% and 4.7% respectively.
    - The Central Bank's decision to maintain interest rates is based on the outlook that inflation expectations are well anchored and remain within the 3-6% object range with demand-driven inflationary pressures unlikely in the short term as the economy continues to operate below full capacity.

## FNBB HY24 RESULTS – HIGHER NET INTEREST INCOME CATAPULTS EARNINGS

Income Statement P Mn	HY 24	HY 23	% Δ
Interest income	1 170	926	26%
Interest expense	(263)	(226)	16%
<b>Net interest income</b>	<b>907</b>	<b>700</b>	<b>30%</b>
Impairment of advances	(10)	(77)	(87%)
<b>Net interest income after impairment</b>	<b>897</b>	<b>623</b>	<b>44%</b>
Non-interest income (NII)	789	757	4%
<b>Income from operations</b>	<b>1 687</b>	<b>1 380</b>	<b>22%</b>
Operating expenses	(393)	(337)	17%
Employee benefit costs	(402)	(350)	15%
<b>Profit before taxation</b>	<b>891</b>	<b>694</b>	<b>28%</b>
Tax	(206)	(158)	30%
<b>Profit for the period</b>	<b>685</b>	<b>536</b>	<b>28%</b>
Balance Sheet extract P Mn	HY 24	HY 23	% Δ
Cash and cash equivalents	6 144	5 591	10%
Advances to customers	17 870	15 886	12%
PPE	519	505	3%
Customer deposits	25 475	21 617	18%
Equity	3 904	3 452	13%

- Interest income +26% driven by the residual impact of rate hikes as well as the 12% growth in customer advances.
- Interest expense +16% mainly driven by a shift in deposit mix.
- Impairments -87% due to overlay releases against which underlying risk positions either improved, or there were recoveries.
- NII +4%, driven by rising transaction volumes, account numbers, and customer base. However, margin volatility and forex line compression persisted, leading to reduced or eliminated service fees.
- Employee costs +15% driven by enhancements to the Employee Value Proposition.
- Operating expenses +17% due to product and channel refreshes improving customer experience, and technology-related expenses.
- PAT +28% due to the increase in Interest income and decrease in impairments.
- Interim dividend of 16t/share declared, payable on 19 Mar 24.
- P4.47 (YTD:+3.95%)  
PE: 9.0  
PB: 2.9  
D/Y: 8.05%  
Mkt Cap: P14.270.0mn

## FPC HY24 RESULTS – PROFITS RISE DUE TO HIGHER REVENUES

Income Statement P Mn	HY 24	HY 23	% Δ
Rental revenue	83	75	11%
Other income	9	10	(3%)
Operating expenses	(18)	(17)	7%
<b>Profit from operations</b>	<b>75</b>	<b>68</b>	<b>10%</b>
Foreign Exchange gain/(loss)	0	(1)	(125%)
Net finance costs	(14)	(13)	4%
<b>Profit before tax</b>	<b>61</b>	<b>54</b>	<b>14%</b>
Tax Credit	(5)	(0)	1 941%
<b>Profit for the period</b>	<b>57</b>	<b>54</b>	<b>6%</b>
Balance Sheet extract P Mn	HY 24	HY 23	% Δ
Cash and cash equivalents	5	4	16%
Investment properties	1,500	1,436	4%
Borrowings	285	303	(6%)
Deferred taxation	61	56	8%
Equity	1,194	1,125	6%

- Revenue +11% due to lease escalations.
- Finance costs +4% in term borrowings.
- PAT+6% due to higher revenues.
- No distribution declared.
- P1.80 (YTD:-24.69%)  
PE: 6.6  
PB: 0.7  
D/Y: 6.56%  
Mkt Cap: P853.4mn.

## LUCARA FY23 RESULTS – WEAK DIAMOND MARKET LEADS TO LOSSES

Income Statement \$ Mn	FY 23	FY 22	% Δ
Revenues	177	213	(17%)
Operating expenses	(79)	(79)	(1%)
Royalty expenses	(20)	(24)	(17%)
Depletion, amortisation and accretion (DAA)	(18)	(25)	(27%)
<b>Income from mining operations</b>	<b>60</b>	<b>85</b>	<b>(29%)</b>
Administration	(20)	(19)	3%
Sales and marketing	(4)	(3)	21%
Net finance expense	(5)	(4)	22%
FX gain/(loss)	(5)	(4)	33%
Gain on derivative financial instrument	(2)	11	(116%)
Other non-operating expenses	(13)	(1)	1568%
<b>Net Income before tax</b>	<b>13</b>	<b>65</b>	<b>(81%)</b>
Current income tax	(4)	(0)	1067%
Deferred income tax	(29)	(24)	22%
<b>Net income/(loss) for the period (PAT)</b>	<b>(20)</b>	<b>40</b>	<b>(150%)</b>
Balance Sheet extract \$ Mn	FY 23	FY 22	% Δ
Cash and cash equivalents	13	26	(50%)
Inventories	39	28	39%
PPE	125	88	42%
Mineral Properties	287	244	18%
Credit facility	35	15	128%
Equity	242	270	(10%)

- Revenue -17% as a result of weaker rough diamond market.
- Royalty expenses -17% in line with revenue decrease.
- DAA -27% due to a decrease in volume of carats recovered.
- PAT -1.5x driven by decreased revenue and impairment in intangible assets and significant noncash deferred tax expense,
- No dividends declared.
- P3.90 (YTD: 0.00%)  
PE : N/A  
PB : 0.6  
D/Y : 0.00%  
Mkt Cap : P1,786.6mn

## FEB24 GOVERNMENT BOND AUCTION RESULTS – STOP-OUT YIELDS CONTINUE TO DECLINE

Bond	Description	Total Amount Offered (PMn)	Total Amount Allocated (PMn)	Allocation Ratio	Stop out Yield	Previous Auction Stop Out Yield	Δ Stop Out Yield
BOTSTB0524	3M T-Bill	400	400	100%	2.853%	3.193%	-34bps
BOTSTB0824	6M T-Bill	450	450	100%	2.962%	3.277%	-32bps
BOTSGB0929	5-Yr Bond	100	100	100%	6.600%	6.700%	-10bps
BOTSGB0635	11-Yr Bond	200	200	100%	7.830%	8.045%	-22bps
BOTSGB0943	19-Yr Bond	133	133	100%	8.190%	8.405%	-22bps
<b>Total</b>		<b>1,283</b>	<b>1,283</b>	<b>100%</b>			

- 100% of the total P1.3bn bond auction was allotted.
- Bond stop-out yields continue to decrease across board.

## REGIONAL

### SOUTH AFRICA

- Jan23 CPI y/y 5.3% v 5.4% (e) v 5.1% (Dec23)
- During the week, Eskom increased load shedding to Stage 4 due to higher demand and urgent maintenance being performed at certain power stations.

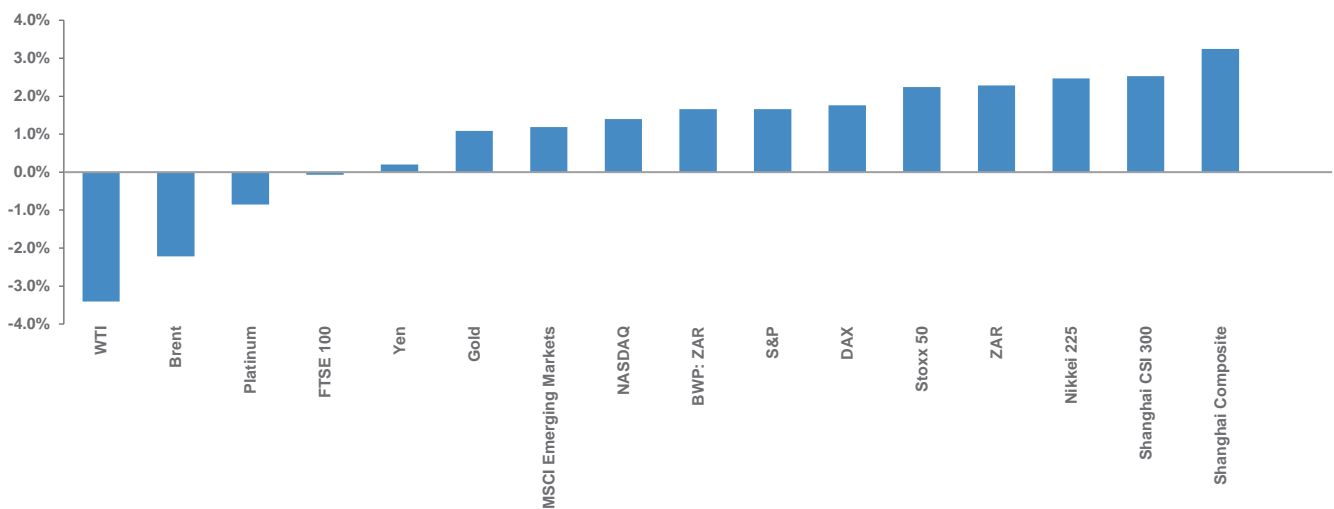
### ZAR PERFORMANCE

- The ZAR weakened against the USD following a boost from stronger earnings performance by US companies.
- ZAR 19.31 (WTD: +2.28%) v 18.88 (16 Feb 24)

# Rand weakenes against the US Dollar.

## INTERNATIONAL

### INTERNATIONAL SNAPSHOT – 23 FEB 24 WEEKLY PERFORMANCE



- Dec23 Core Machine Orders m/m 2.7% v 2.7% (e) -4.9% (Nov23)
- Feb24 Preliminary Manufacturing PMI 47.2 v 48.0 (Jan24)
- Jan24 Trade Balance -¥1,758.3bn v -¥1,855bn (e) v ¥68.9bn (Dec23)
- Japanese stocks ended the week in the green as investors were encouraged by stronger US firm's quarterly earnings.
- Nikkei 225: 39,099 (WTD: +2.47%), Yen: 150.51 (WTD: +0.20%)



- Eurozone Feb24 Preliminary Manufacturing PMI 46.1 v 47.0 (e) v 46.6 (Jan24)
- France Feb24 Preliminary Manufacturing PMI 46.8 v 43.5 (e) v 43.1 (Jan24)
- Germany Feb24 Preliminary Manufacturing PMI 42.3 v 46.0 (e) v 45.5 (Jan24)
- UK Feb24 Preliminary Manufacturing PMI 47.1 v 47.5 (e) v 47.0 (Jan24)
- European markets concluded the week in the mixed as on one hand investors were jubilant as US companies beat earnings estimates while on the other hand weaker economic data weighed on investor confidence.
- DAX: 17,419 (WTD: +1.76%), Stoxx50: 4,873 (WTD: +2.24%), FTSE100: 7,706 (WTD: -0.07%)



- The People's Bank of China (PBOC) maintained the one-year loan prime rate at 3.45% but reduced the five-year rate by 25bps to 3.95%.
- Chinese markets ended the week in green amid signs of easing property woes as policy support takes effect.
- SHSZ300: 3,490 (WTD: +2.52%), SHCOMP: 3,005 (WTD: +3.24%)



- 17 Feb 24 Initial Jobless Claims 201k v 216k (e) v 213k (10 Feb 24)
- Feb24 Preliminary Manufacturing PMI 51.5 v 50.7 (e) v 50.7 (Jan24)
- US equities ended the week in the green following the release of stronger than expected earnings results from US companies.
- NASDAQ: 15,997 (WTD: +1.40%), S&P 500: 5,089 (WTD: +1.66%)

## COMMODITIES



- ΔUS Crude Inventories 3,514k bbl (16 Feb 24) v 4,041k bbl (e) v 12,018k bbl (9 Feb 24)
- ΔUS Oil Rigs +5; 626 (24 Feb 24) v 621 (16 Feb 24)
- ΔNorth American Oil Rigs +2; 857 (24 Feb 24) v 855 (16 Feb 24)
- Oil prices ended the week in the red as demand concerns resurfaced on the back of the Fed delaying interest rate cuts and recession fears for developed countries.
- WTI: \$76.49 (WTD: -3.41%)
- Brent Crude: \$81.62 (WTD: -2.22%)



- Precious metals closed the week mixed as falling US treasury yields supported Gold's performance, but a stronger US Dollar hurt Platinum.
- Gold: \$2,035 (WTD: +1.08%)
- Platinum: \$902 (WTD: -0.85%)

# Oil prices decline as global demand concerns mount.



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