



Weekly Financial Markets Highlights

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1.0 Local Equity Performance for the Week...

Trading on the Botswana Stock Exchange Equity Market slowed down as the week came to an end, with a total of 6.3mn shares changing ownership, valued at P27.4mn. This was a welcome improvement from the 1.58mn shares that traded worth P3.83mn in the prior week. Activity spanned across a number of sectors in the market, but was primarily led by the FMCG stocks. Between Sefalana and CA Sales, the two stocks claimed over half of the volumes traded and turnovers even higher.

Chobe's price was slashed by 60 thebe in the week, to end with a value of P9.90/share while extending its YTD loss to -10.8%. Sentiment for the stock is generally on the low end during this era of COVID-19, as cases globally continue to increase, and cross border restrictions remain intact. The tourism and hospitality sector, together with all the other sectors that feed from it, were some of the hardest hit in Botswana's economy during the COVID-19 outbreak and will probably take quite some time to recover.

Also losing in the week was BTCL, dropping a thebe, to end the week value at P0.88/share and a year to date decline of -7.4%. This was the stock's first retraction in the market in 10 weeks, as investors awaited any news regarding the Company's financial statements. The numbers are to be published before the end of July 2020 – this being after the publication date was pushed back from the end of June 2020. More recently, the Company published a trading statement, informing shareholders that they expect the financial numbers to have dipped by between 30% and 35% for the for the year ended 31 March 2020. This would mark a fourth consecutive year of profit declines for the company.

Letlole went ex-dividend on the 15th July, meaning investors who are shareholders in the name successfully qualified for the Company's 8.929 thebe gross distribution on the date. The distribution will be payable in two weeks, beginning on the 29th July 2020. This gave some much needed breathing room to the Domestic Company Total Returns Index (DCTRI), as the index benefits when dividends/distributions are declared. As it stands, the DCTRI declined 0.11% for the week, pressured by the significant losses in Chobe and somewhat in BTCL. The index's year to date was at -2.00% by the weeks end. The Domestic Company Index does not have the benefit of dividends, as such the index dropped 0.17% for the week and ended with a year to date that stood at -5.04%.

BSE Indices – Week ending 17 July, 2020

DCI Close	7,116.52
Weekly Change (%)	-0.17
YTD Change (%)	-5.04
FCI Close	1,551.35
Weekly Change (%)	0.00
YTD Change (%)	-0.72
DCTRI Close	1,693.07
Weekly Change (%)	-0.11
YTD Change (%)	-2.00

Source: Motswedi Securities, BSE

COUNTER	17 Jul (t)	10 Jul (t)	Change (%)	YTD (%)
CHOBE ↓	990	1050	-5.7	-10.8
BTCL ↓	88	89	-1.1	-7.4

Source: Motswedi Securities, BSE

Market Summary – Week ending 17 July, 2020

No. of Shares Trading	6,300,011
Turnover (BWP)	27,445,567
Turnover (USD)*	2,371,297
No. of stocks trading#	14
No. of stocks advancing#	0
No. of stocks declining#	2
No. of stocks unchanged#	21

Source: Motswedi Securities, BSE *US\$/BWP = 0.0864
= Domestic Main Board

2.0 Company Announcements and Financial Results

Tlou Energy's entitlement offer closed on the 13th July 2020. Through this engagement, the Company successfully raised an approximate A\$2.75 million (~£1.51 million, ~BWP 22 million), before costs. All remaining shares under the Entitlement Offer are expected to be placed by the Company to raise an additional ~A\$0.25 million (~£0.14 million, BWP 2 million). The Entitlement Offer was supported by shareholders on the ASX, AIM and BSE. Under the Entitlement Offer, existing eligible shareholders were invited to subscribe for 1 New Share for every 6 ordinary shares held on the record date at an offer price of A\$0.04 (£0.022, BWP0.32) per New Share to raise approximately A\$3.0 million (~£1.65 million, ~BWP 24 million) through the issue of TLOU ENERGY LIMITED up to 75,029,817 New Shares. In addition to Entitlement Offer Shares, participants will be granted one unlisted option for every two entitlement shares allotted ("New Options"). New Options will be valid for two years and exercisable at any time prior to expiry at a price of A\$0.08 per share. The New Shares (excluding those shares subscribed for by Directors in excess of their entitlement which are set out below) will be issued and allotted on or around Monday 20 July 2020, with

holding statements to be dispatched on Tuesday 21 July 2020. Following admission, the Company's enlarged share capital will comprise 506,927,061 Ordinary Shares. There are no shares are held in Treasury. Therefore, the total number of Ordinary Shares with voting rights is 506,927,061.

BTCL published a trading statement in the week noting to shareholders that the Company's profit before tax for the year ended 31 March 2020 is likely to be between 30% and 35% lower, which approximates a reduction of about P59mn and P69mn to the profit before tax reported for the period ended 31 March 2019, which stood at P197mn.

Cresta published a trading statement advising shareholders that the unaudited consolidated profit before tax ("PBT") of Cresta Marakanelo Limited ("the Company") for the six months ended 30 June 2020, is estimated to be 440% to 460% (P53.5mn to P55.9 mn) lower than the PBT of P12.1 million reported for the six months ended 30 June 2019. The decline in profitability is as a result of the COVID-19 pandemic which led to reduced demand for accommodation and conferencing in the Company's hotel properties in March. A national lockdown resulted in the closure of the hotels for normal operations from 2 April 2020 to 4 June 2020.

Letshego published an announcement in the week. Pursuant to the Terms and Conditions of the Letshego Holdings Limited ZAR2,500,000,000.00 Medium Term Note Programme, Noteholders are advised that Moody's Investor Service ("Moody's") has affirmed that the Group's current Ba2 Corporate Family Rating (CFR) and Ba3/Not Prime issuer rating remains unchanged, and the Group's outlook "stable". (The rating action is in line with the

publication of Moody's Finance Companies rating methodology issued on 10 December 2018).

Chobe's Annual Report was published on the 16th of July 2020.

3.0 Foreign Currency...

Although the dollar was in line to end the week having weakened against a number of its trading partners, the losses were capped by an increase in global COVID-19 confirmed cases. This spike in cases harnessed some safe haven demand for the unit. Driving the weekly decline for the greenback were the much smaller than expected increase in the US's CPI number, which showed an increase of 0.6% month on month.

The decline in the dollar played to improve investor risk appetite. Also improving risk sentiment are the possibilities of a COVID-19 vaccine, following successful experimental tests from a number of volunteers by a US biotech firm. Reacting to the weakened dollar, as well as a possible rescue stimulus package, was an improved euro, which with its relative strength pushed the dollar index to a one month low.

The pound sterling tipped downwards for the week as well, as a result of publication of lower than expected gross domestic product growth data for the United Kingdom. The country's GDP rose by a modest 1.8% in May 2020, following the 20.8% nosedive that was recorded for April 2020. The small rise in the GDP signals a slower recovery of the UK economy than the anticipated than the sharp V-shape recovery that has been forecast for many economies. There is also still the possibility of a hard Brexit to consider for the British economy, should the

negotiations with the European Commission not go smoothly.

Domestic Exchange rates

Currency	17 Jul	10 Jul	Change (%)	YTD (%)
US\$/BWP ↑ 	0.0864	0.0857	0.82	-8.18
ZAR/BWP ↓ 	1.4452	1.4518	-0.45	8.70
EUR/BWP ↓ 	0.0759	0.0763	-0.52	-9.64
GBP/BWP ↑ 	0.0688	0.0687	0.15	-4.18
JPY/BW ↑ 	9.26	9.22	0.43	-9.48
CNH/BWP ↓ 	0.6043	0.6056	-0.21	-7.98

Source: Bank of Botswana

4.0 OPEC+ to Increase Output...

Oil prices were well in line to end the week in the green, largely supported by a report published by the US's Energy Information Administration (EIA) on Wednesday. The report highlighted a reduction in US crude inventories of 7.5mn barrels for the week ended July 10 -- which was a significantly higher decline than the 2.1mn barrels that was expected by the market. The gains in the commodity were capped by resultant statements from the OPEC+ meeting ended Wednesday, wherein the collective agreed to reduce their output cuts by 2mn barrels per day. This puts the total production scale-back initiated by the cartel back in January 2019 to 7.7mn barrels per day, beginning on August 1, 2020. Also playing to dampen demand for the commodity, are uncertainties coming with the second wave of the coronavirus. An increase in new confirmed COVID-19 cases around the globe weighed down the value of oil prices.

Gold pulled back for the week, climbing 0.32% to remain above the US\$1,800 mark for another week. In the last number of weeks, the yellow metal has been propped up by a surge in global coronavirus

cases, as well as in creased US-Sino tensions. Silver was in line to end its sixth consecutive week with gains. The unit had already gained around 0.24% for the week, at the time of writing. Platinum, on the other hand, was set to end the week with a reduction of 0.94%.

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