



Weekly Financial Markets Highlights

Research
Garry Juma
Salome Makgatlhe

Sales
Tshepo Setlhare
Keyshia Tebogo

motswedisecurities



September 17, 2021

Plot 113, Unit 30,
Kgale Mews,
Gaborone

P/Bag 00223,
Gaborone
Botswana.

Tel: 267-3188627
Cell: (+267) 72108088
Fax: 267-3188629

Email: motswedi@motswedi.co.bw
Website: www.motswedi.co.bw

1.0 Local Equity...

The Domestic Company Index (DCI) registered its largest weekly gain in six years. The DCI was up 1.63% in the week just ended, supported primarily by the value gain in FNBB (and to a lesser extent the value gain in Letshego). The largest weekly gain before this was back in May 2015, wherein the DCI recorded a weekly growth of 2.86%. Given the support in the week, the index's year to date closed at negative 0.42%, a favourable improvement compared to the index's year to date from the previous week, which was at negative 2.01%. The Domestic Company Total Returns Index (DCTRI) was up 1.63% for the week, receiving the same support as the DCI. On a year to date basis, the DCTRI was up 3.24%.

BSE Indices – Week ending 17 September 2021

DCI Close	6,850.41
Weekly Change (%)	+1.63
YTD Change (%)	-0.42
FCI Close	1,548.83
Weekly Change (%)	0.00
YTD Change (%)	+0.10
DCTRI Close	1,718.73
Weekly Change (%)	+1.63
YTD Change (%)	+3.24

Source: Motswedi Securities, BSE

As mentioned above, FNBB was the most significant gainer in the week, up 22 thebe to close at a fifteen-month high of P2.47/share. The price was likely driven up by investors trying to qualify for the Company's outstanding 49-thebe dividend per share declared in the previous week. The dividend ramped up, the already existing demand for the stock, and provided the opportunity for those investors selling to set a price higher than the market. FNBB's share

price was up 9.8% for the week, and 12.3% for the year so far.

Letshego was on the BSE's list of gainers for the third consecutive week. The microlender's share price closed the week 1.8% up, with its small rally still supported by a surge in demand for the Company's interim dividend of 7.3 thebe per share. By the close of the week, Letshego was trading at P1.12/share – its highest value since August 2019. The week's gain extended the stock's lead of the gainers on the equity market to 55.6%.

On the other hand was BTCL, dropping 3 thebe in the week, still feeling selling pressure from investors after receiving their dividends at the end of August 2021. At P0.70 per share, BTCL is currently trading at a two and a half month low and carries a year to date decline of negative 14.6%.

BSE Weekly Price Movements

COUNTER	17 Sep (t)	10 Sep (t)	Change (%)	YTD (%)
FNBB ↑	247	225	+9.8	+12.3
LETSHEGO ↑	112	110	+1.8	+55.6
BTCL ↓	70	73	-4.1	-14.6
NEWPLAT* ↓	10300	10880	-5.3	+6.9

Source: Motswedi Securities, BSE

* = Exchange Traded Fund

Market Summary – Week ending 17 September 2021

No. of Shares Trading	4,474,708
Turnover (BWP)	14,705,997
Turnover (USD)*	1,325,010
No. of stocks trading#	12
No. of stocks advancing#	2
No. of stocks declining#	1
No. of stocks unchanged#	20

Source: Motswedi Securities, BSE *US\$/BWP = 0.0914
= Domestic Main Board

2.0 Company Announcements (on BSE X-News)

Absa published its unaudited consolidated interim financial results for the period ended 30 June 2021. The bank's net interest income was down 8% despite a 9% increase in loans and advances to customers. This was pressure stemming from the rate cut effected by the Bank of Botswana in the previous year. Net fee and commission income was up 20% driven by increased transactional volumes, and according to the bank's management was almost at "pre COVID-19 levels". Total income was flat with a marginal reduction of 1% at P795.46mn. Cost to income was down to 58% for the interim period, from 64% reported in the previous corresponding period. Expected Credit Losses were improved in the period, down 74%, with the bank attributing the recovery to a "better-than-expected performance of the macroeconomic variables, predominantly GDP which carries a higher weighting in [their] risk models". The improved impairment levels were the main drivers of the bank's 135% increase in profit after tax at P212.93mn, from the P90.69mn reported in the previous corresponding period. Earnings per share was up to 24.99 thebe for the interim period from the 10.64 thebe reported in the previous corresponding period. Also going up was the Return on Equity to 19%.

The balance sheet was up 14% driven by an increase in both customer loans and deposits. The loans to customers grew by 9% to P14.83bn from P13.65bn, supported primarily by growth in the Retail and Business Banking segment. Customer deposits were up 15% to P16.18bn from P14.02bn, driven by both the Retail and Business Banking and the Corporate and Investment Banking segments. Given the improved performance for the period, the bank declared a 9.74 thebe per share interim

dividend. This will become payable on 20 October 2021 to those shareholders registered at the close of business on 13 October 2021, with an ex-dividend date of 11 October 2021.

Choppies is currently finalising its financial results for the 12 months ended 30 June 2021 ("FY2021") and expects the consolidated Profit after Tax including discontinued operations for the period FY2021 to be between 106% to 126% better than the Loss after Tax of BWP 370.6 million reported for the period FY2020, representing a Profit after Tax of between BWP 22.6 million and BWP 96.7 million. The Profit before Tax for the period FY2021 is expected to be between 1% and 21% higher (BWP 105.7 million and BWP 126.7 million) than the Profit before Tax of BWP 105.0 million reported for the period FY2020. Find the full announcement [here](#).

Cresta Marakanelo Limited ("CML" or "the Company") announces that it will not be renewing the lease agreement with Golfview Hotels Limited for the rental of Cresta Golfview Hotel in Lusaka, Zambia. CML will be withdrawing from the Cresta Golfview Hotel operations on 30 September 2021. For continuity of operations, the landlord, Golfview Hotels Limited, will be taking over the management of the hotel, and will endeavour to absorb the majority of the staff. The consideration to not renew the lease came after a review of the financial viability of continuing with the lease agreement. The decision to exit the lease is therefore in the best interests of CML shareholders. For the year ended 31 December 2020, Cresta Golfview Hotel accounted for 5% of the CML Group's revenue and 2% of the Group's loss before tax. The Company will continue to operate the 11 hotels in Botswana. The Board of Directors of CML wish to thank the dedicated staff at Cresta Golfview Hotel, who personified our Cresta

brand essence; Where One Smile Starts Another, and lived our Cresta mantra of Hospitality with African Heart and Soul consistently over the years. The Board is also grateful for the support received from our valued guests, suppliers, stakeholders, and the Zambian community at large during the time CML has operated in Lusaka. We look forward to welcoming you at our other properties under the CML portfolio.

Olympia Capital Corporation Limited (“The Company”) wishes to advise shareholders that the unaudited consolidated Profit Before Tax (“PBT”) for the six months ended 30 June 2021 will be 44% higher (P866,133) than that reported for the six months ended 30 June 2020 (P599,547). The results of the half year ended 30th June 2021 shall be published before the 29th September 2021 and full details will be provided thereon. Accordingly, Shareholders and Investors are advised to exercise caution when dealing in the Company's securities until a full announcement is made.

BancABC published its voting results of the Extraordinary General Meeting held on 16 September 2021. Shareholders representing 654,729,185 shares voted, which represents 90.31% of the total issued share capital of the company. All resolutions were passed by a majority of shareholders voting in person or by proxy.

RDC Properties published its unaudited Group consolidated summarised financial results for the period ended 30 June 2021. Revenue was up 17% for the period to P72.55mn supported by acquisitions made in the previous year, which were held for the full H1 2021 period compared to the H1 2020 period. Also lending a hand to the growth in revenue was the strengthening of the South African Rand in the

period, against the Botswana Pula. As a resultant effect, the Group's profit from operations was up 9% to P45.53mn compared to the P41.93mn reported in H1 2020. A surplus on investments of P3.49mn was reported in the period, relating to the Group's investment in the USA. Profit for the period was up 19% at P27.28mn. Total assets increased by 4% to P2.58bn – driven by an increase in the Group's investments. This line is expected to grow further in the coming months as the Group recently added the Radisson RED Hotel Rosebank in Johannesburg, South Africa to its portfolio, as well as the conclusion of the proposed acquisition of Tower Property Fund Limited. The Group reports its Loan-to-Value ratio net of cash & cash equivalents, to stand at 32.4%.

Given the improved performance, the Group declared a distribution totalling about P12mn (being 33% higher for the period). As a result of an increase in the number of linked units in issue to 441 810 009 linked units due to the bonus issue concluded at the end of August 2021, a dilution effect has dropped the per unit distribution to 2.717 thebe. This distribution will be payable on or about the 06 October 2021 to those linked-unit holders registered at the close of business on 24 September 2021. The ex-dividend date is therefore 22 September 2021.

Seed Co International Limited published the results of its Annual General Meeting held via a virtual meeting on the 25th August 2021. All resolutions were passed with the requisite number of votes.

Anglo American plc announces that it has purchased 178,236 of its ordinary shares of US\$0.54945 each on Exchange (as defined in the Rules of the London Stock Exchange) from Goldman Sachs International as part of its buyback

programme announced on 29 July 2021. This purchase was dated 13 September 2021.

Anglo American plc announces that it has purchased 183,564 of its ordinary shares of US\$0.54945 each on Exchange (as defined in the Rules of the London Stock Exchange) from Goldman Sachs International as part of its buyback programme announced on 29 July 2021. This purchase was dated 14 September 2021.

Anglo American plc announces that it has purchased 190,000 of its ordinary shares of US\$0.54945 each on Exchange (as defined in the Rules of the London Stock Exchange) from Goldman Sachs International as part of its buyback programme announced on 29 July 2021. This purchase was dated 15 September 2021.

Anglo American plc announces that it has purchased 130,000 of its ordinary shares of US\$0.54945 each on Exchange (as defined in the Rules of the London Stock Exchange) from Goldman Sachs International as part of its buyback programme announced on 29 July 2021. This purchase was dated 16 September 2021.

NewFunds has finalised on 15 September 2021 a distribution to holders of NewFunds ILBI ETF securities recorded as such in the register on Thursday, 23 September 2021, for the month ended 31 August 2021. The Gross ZA Distribution (Cents per unit) is 18.0140. The last day to trade in the ETF is 20 September 2021, with the payment date being 27 September 2021. Further information can be found [here](#).

3.0 Foreign Exchange...

The US dollar hovered near its three-week high during mid-afternoon trading on Friday, boosted by better than expected United States retail sales numbers for August. This supported the notion that the US economy was strengthening and increased bets that the US Federal Reserve would taper their asset purchasing earlier than anticipated. The Fed will be meeting in the coming week and speculators will be on the lookout for any news, comments, or sentiments relating to the tapering. Other central banks meetings in the coming week are the Bank of Japan and the Bank of England.

Domestic Exchange rates

Currency	17 Sept	10 Sep	Change (%)	YTD (%)
US\$/BWP ↓ 	0.0901	0.0914	-1.42	-4.25
ZAR/BWP ↑ 	1.3142	1.2966	1.36	-1.15
EUR/BWP ↓ 	0.0765	0.0773	-1.03	-8.93
GBP/BWP ↓ 	0.0653	0.066	-1.06	-9.05
JPY/BW ↓ 	9.9	10.0400	-1.39	-3.23
CNH/BWP ↓ 	0.5809	0.5883	-1.26	-11.54

Source: Bank of Botswana

The rise in the US dollar pressured the emerging market currencies as seen by the decline in the local unit. The pula was down against all of its trading partners save for the South African rand, wherein the pula recovered some losses.

4.0 Commodities...

Oil prices were in line to close the week with a more than 3% gain, supported by the slow output recovery in the US Gulf of Mexico after the area was hit by a hurricane a few weeks back. This was solidified by the US Energy Information Administration inventory report published on Wednesday that showed a sharp drawdown in US crude oil and fuel stockpiles, highlighting tight supply of oil in the market. The

report noted that US crude inventories pulled back by 6.4mn barrels last week compared to an expected decline of 3.5mn barrels per day. Capping gains in the week was the strengthening US dollar, which makes the trading of crude imports expensive for those countries not using the US dollar.

Gold prices were down for the week pressured by the stronger US dollar and US Treasury yields, all of which got a boost from the US retail sales data earlier in the week. Trading at an over one-month low, gold prices were trading at around US\$1,749.95 per ounce, at the time of writing

Disclaimer:

The views expressed in this research note reflect the views of Motswedi Securities (Proprietary) Limited based on the information available at its disposal at the time of writing and may change without notice, and is provided for information purposes only. While Motswedi Securities (Proprietary) Limited has taken all reasonable steps in carefully preparing the document, it does not take any responsibility for any action that may be taken on the basis of the information contained herein. Each recipient of it is advised to undertake its own analysis and evaluation of the terms and contents hereof, and obtain independent advice as appropriate, before acting in any way upon the information contained herein. Accordingly, this document is not intended, and no part of this document should be read, as constituting, in any way, an offer or other solicitation for the purpose of the purchase or sale of any of the securities referred to herein. This document may not be reproduced, distributed or published, in part or in whole, by any recipient for any purposes without the authorization of Motswedi Securities (Proprietary) Limited.