



Weekly Financial Markets Highlights

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1.0 Local Equity Market...

The week in the domestic equity market remained haunted by stocks moving further into the red, while liquidity remained in line with the prior week. The number of shares that traded summed to a total of 5.85mn with a turnover of P13.52mn, a modest dip in liquidity from the prior week's 19.82mn shares that traded with a turnover of P14.62mn.

BTCL was on the chopping block for four days out of five in the week, giving a sum total of 8 thebe back to the market to close at P0.61/share, despite touching a historic low of P0.60/share during Friday trading. The limited demand for the stock continued to lend support to the buyers - allowing them to undercut the price. On the upside, we note that the stock's liquidity is improving month on month, with this week activity alone pipping the last two months of liquidity for the stock. Retail investors are likely behind the increased activity, at least on the selling side, given that they make about 31.7% of BTCL's shareholding (as at 31 March 2020 vs 34.1% on 01 April 2016). The stock's value loss for the year, currently stands at negative 31.6% thereby leading the domestic equity board, and holding the third largest loser position in the overall equity market.

Chobe dropped 4 thebe in the week, to close at P9.45/share. Sentiment for the stock likely soured by cross border restrictions which were triggered by the COVID-19 pandemic in the 2Q20. Some news for the industry though, Botswana is set to open up its borders and allow for international travel in a phased manner, beginning on the 9th November 2020 with air travel, followed by the resumption of ground crossing on the 1st December 2020. Of course there will be conditions to meet before entry is allowed into the country, but this is a step in the right direction to support the tourism and hospitality industry (and all

its affiliates) in the country, and subsequently, the economy. A cut clear recovery rate for the industry will likely occur in conjunction with the availability of a vaccine for the coronavirus.

Sechaba lost 30 thebe in the week, to close valued at P20.80/share -- the stock was the most liquid in the week. The market appears to be on the selling end of the stock and has no qualm with taking a price cut. The company's revenue streams were somewhat hampered by the coronavirus outbreak, particularly the alcohol side of the business, whose sales remains strictly regulated by the relevant Government Ministry. Sales are constrained as well by the absence of large number events. In the week, the stock pulled back 1.4%, to end with a year to date of negative 5.7%.

FNBB was the only gainer for the week, recovering the thebe lost in the prior week, to close with a value of P2.20/share. Regardless of the gain, the stock remained the third largest loser in the domestic equity market of the BSE, with a year to date movement of negative 22.8%

Market Summary – Week ending 06 November, 2020

No. of Shares Trading	5,846,023
Turnover (BWP)	13,520,937
Turnover (USD)*	1,206,068
No. of stocks trading#	11
No. of stocks advancing#	1
No. of stocks declining#	3
No. of stocks unchanged#	19

Source: Motswedi Securities, BSE *US\$/BWP = 0.0892
= Domestic Main Board

COUNTER	06 Nov (t)	30 Oct (t)	Change (%)	YTD (%)
FNBB ↑	220	219	+0.5	-22.8
BTCL ↓	61	69	-11.6	-35.8
CHOBE ↓	945	949	-0.4	-14.9
SECHABA ↓	2080	2110	-1.4	-5.7

Source: Motswedi Securities, BSE

BSE Indices – Week ending 06 November, 2020

DCI Close	6,871.92
Weekly Change (%)	-0.27
YTD Change (%)	-8.31
FCI Close	1,547.33
Weekly Change (%)	0.00
YTD Change (%)	-0.97
DCTRI Close	1,660.25
Weekly Change (%)	-0.27
YTD Change (%)	-3.90

Source: Motswedi Securities, BSE

2.0 Company Announcements and Financial Results

FNBB will redeem the FNBB005 Senior Unsecured Notes, having an aggregate nominal amount of BWP125,590,000 and maturing on the 11th November 2020. Noteholders are advised that no payment in respect of the redemption of the FNBB005 Notes shall be made by the Issuer unless the certificate(s) in respect of such Notes have been surrendered to the Transfer Secretaries by the Last Day to Register in the Pricing Supplement, being the 31st of October, where this is still applicable. Noteholders are accordingly advised to submit their certificates, where such Notes may still be held in certificated form, in respect of the FNBB005 Notes held by them to the Transfer Secretaries as soon as

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possible, and by no later than Monday 9th November 2020. These procedures will not apply to any dematerialised Notes.

FNBB held its 48th Annual General Meeting of shareholders held as a physical meeting on the 4th November 2020. All resolutions were passed accordingly by shareholders.

SeedCo's fungibility has been restored fully. Following the migration of the secondary listing of Seed Co International Limited's shares from the Zimbabwe Stock Exchange (ZSE) to the newly established hard currency denominated Offshore Financial Services Centre Stock Exchange, the Victoria Falls Stock Exchange (VFEX), shareholders and the investing public are advised that on the 5th November 2020, the Minister of Finance & Economic Development of the Republic of Zimbabwe restored the fungibility of Seed Co International Limited's shares between the VFEX and the Botswana Stock Exchange.

Minergy published a circular in the week, with the intention of raising additional capital by way of the Placing, by issuing new Ordinary Shares to Selected and Qualifying Institutional Investors, primarily for the following purposes:

- › Retirement of a portion of expensive portions of the Funding Facilities (~P63 million);
- › Working capital to stabilise operations through the ramp-up phase into steady state production (~P15 million);
- › Capital required to build a new shorter road to the Company's recently completed rail siding (~P27 million); and
- › Capital required to secure additional water sources to support increased plant processing capacity (~P10 million).

The Placing Price is set at P0.75, representing a discount of approximately ten percent (10%) to the 30-day volume weighted average Ruling Price at the Last Practicable Date, of the Ordinary Shares of the Company as traded on the BSE. The Placing is open only to Selected and Qualifying Institutional Investors. The maximum number of Placing Shares that could be issued pursuant to the Placing is 153 333 333 Ordinary Shares, which will rank parri-passu with the securities already in issue.

The Placing is conditional upon, inter alia, Shareholder approval by way of a special resolution (75% majority of votes cast), which will be sought at the EGM of the Company to be held on Thursday, 8 December 2020, at 09:30. All Shareholders are entitled to vote including any related party that does not participate in the Placing (i.e. including the Directors and those shareholders listed in paragraph 4 and its sub-paragraphs); and the issue of Placing Shares is also subject to a waiver by Shareholders of their pre-emptive rights, by way of a special resolution in respect of the issue of the Placing Shares.

Sefalana published their 2020 Annual General Meeting voting results. The meeting was held virtually via Microsoft Teams on Friday 30 October 2020. All resolutions set forth at the meeting were passed in the meeting.

Turnstar posted announcements relating to dealing by directors and their associates. Three associates of the Group Managing Director transacted in linked units on the 5th November 2020, ranging between 3,000 and 4,000 linked units, at the prevailing market price of P2.50/linked unit. The entire 10,000 linked

units that traded in the week, was in relation to the Director's Dealings.

Anglo American Plc noted an announcement made by Anglo American Platinum Limited released on the Johannesburg Stock Exchange in the week. Platinum has made the pre-emptive decision to close the Anglo Converter Plant (ACP) Phase B unit, following a series of water leaks, to ensure an ongoing safe operating environment, protect employees and protect the integrity of the plant and surrounding processing assets.

Lucara announced a second collaboration agreement with Louis Vuitton, and HB Antwerp for the exceptional, 549 carat white gem diamond "Sethunya". Sethunya was recovered unbroken from direct milling of ore sourced from the EM/PK(S) unit of the South Lobe of Lucara's 100% owned Karowe Mine in February 2020. . This agreement builds on the collaboration, announced in January, with Louis Vuitton and HB on the historic 1,758 carat Sewelô, Botswana's largest diamond, recovered from Karowe last year.

Under the arrangement between Lucara, Louis Vuitton, and HB, the parties will collaborate and plan the creation of the highest value polished diamonds from the 549 carat rough, which will be made available to Louis Vuitton exclusively. Lucara will be paid a purchase price based on the estimated polished outcome, determined by HB's state of the art scanning and planning technologies, with a true up paid on the actual achieved polished sales thereafter, less a fee and the cost of manufacturing. Lucara will receive the purchase price based on the polished outcome no later than Q4 2021.

Shumba Energy published their Group results for the year ended 30 June 2020. Due to the outbreak of the COVID-19 pandemic and the subsequent lockdowns in both Botswana and South Africa, the coal trading business was only able to operate for 9 months out of the year. Prior to April 2020 the trading business was on track to grow by 15% year on year, however due to the effects of the pandemic we have instead seen a 15.6% decline in income from the business. Further to this, the current year gross profit margin improved to 19.25% from 8.5% in the previous year. This is due to the continuing operational improvements made as the company continues to build its competencies and skills in the trading business. The group saw its profits for the period rise to P26.6 million which is an improvement to the prior year where it made a loss of P82.6 million. Operating costs were reduced by 14% from the prior year. This is the result of the Board's decision to implement cost cutting measures as a response to the COVID-19 pandemic. The Directors continue to ensure that the impact of COVID on the group operations is minimized as much as possible whilst prioritizing the jobs of employees. During the period the Group was contractually due to receive in excess of P68 million in cash from its partners however these payments were defaulted upon with the effects of COVID 19 being provided as a reason. The Group is currently carrying out processes that will lead to it recovering owed amounts.

3.0 US Election drags dollar...

The ongoing US election count dragged the US dollar to its lowest level in more than two months. The race for the Presidency of the United States is quite tight and we have speculators betting that Democrat Joe Biden is likely to win the Presidential seat, more so given that he is currently leading the count. However, the Republicans are expected to

retain the Senate given their lead in this race. As it stands, and should the Republicans lose the Presidency, we expect there will be a level of contestation by the losing side, more especially as the incumbent US President has already made threats in this regard. Should this happen, we may see some further pressure come down on the greenback.

Domestic Exchange rates

Currency	30 Oct	23 Oct	Change (%)	YTD (%)
US\$/BWP ↑ 	0.0892	0.0872	2.29	-5.21
ZAR/BWP ↓ 	1.4044	1.4322	-1.94	5.63
EUR/BWP ↑ 	0.0754	0.0747	0.94	-10.24
GBP/BWP ↑ 	0.0679	0.0676	0.44	-5.43
JPY/BW ↑ 	9.24	9.1	1.54	-9.68
CNH/BWP ↑ 	0.59	0.5841	1.01	-10.16

Source: Bank of Botswana

The dollar's weekly decline was reflected in the strengthening of the local unit against a number of its trading partners, with the exception of the rand.

4.0 Oil prices restrained in the week...

Oil prices were on the decline as the week came to a close but remained set to post gains for the week, following losses from the last two weeks. Demand concerns arose as some Eurozone countries re-imposed lockdown measures in a bid to minimise their accelerated COVID-19 infection rates. The lockdowns are sure to stifle the recovery of oil demand in the regions, and will leave the market saturated in supply of the commodity. The fall in prices was however capped, as prospects increased of the Organisation of Petroleum Exporting Countries and its allies (collectively known as OPEC+) delaying the production quota which was set for January 2021. The OPEC+ members have agreed to reduce oil output by 7.7mn barrels per day

and had intentions of bringing back 2mn barrels per day at the beginning of the year.

The US Presidential vote count remains ongoing and remains so despite the incumbent president of the US falsely claimed that he had won the Presidential elections on Wednesday. A win by President Trump, supports the oil market, in that, it will leave the Iran sanctions in place (thus reduced oil supply in the market), and the support for OPEC's voluntary production cut will remain intact. Whereas, a win for Joe Biden would be a bearish sign, given the electorate's environment friendly views as well as softer position he has on Iran and the sanctions.

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