

## MALAWI

### Political and economic news

#### Germany avails EUR 35m aid to Malawi

The German government has given Malawi a grant of EUR 35m (MWK 30bn) to help improve the country's health, education and agriculture sectors. German ambassador Juergen Borsch said his country is committed to continue helping Malawi government meet its obligations to its citizens. According to Borsch EUR 10m is designated for improvement of health care systems, reproductive health and primary school programmes while EUR 5m is for improvement in infrastructure and job creation in rural areas. Minister of finance, economic planning and development Goodall Gondwe noted that the grant will make a positive impact in the country's primary schools and public hospitals which face various challenges. He hailed the cooperation between the two governments which dates back to 1963 – during which time the German government has supported Malawi with bilateral technical and financial assistance amounting to over EUR 1.1bn (Source: *The Nation*)

#### Pricing ethanol for motor vehicles nears completion

Malawi will soon commission an ethanol vehicle driven project (EVDP) whereby motorists will opt to use ethanol as a stand-alone fuel or its blend with petrol; following completion of a pricing mechanism of the fuel. Malawi energy regulatory authority (MERA) said that a study to determine pricing mechanism of ethanol for propelling motor vehicles has been concluded. CEO of MERA Collins Magalasi hinted on the high cost of production of ethanol and indicated that government is exploring ways to reduce the cost in order to bring down the overall cost of fuel imports. EVDP was initiated in 2004 after a cabinet directive to explore locally available alternative sources of fuel in order to reduce dependence on imported fuel. According to Magalasi, there will still be a requirement to blend ethanol with petrol after commissioning the EVDP. (Source: *The Daily Times*)

### Company news

#### BHL on course with new hotel project in Lilongwe

NICO Holdings plc has said plans are at an advanced stage to commence construction of a USD 45m hotel in Lilongwe under its associate; BHL plc as part of the company's strategy to expand its hospitality business in the country. CEO of NICO Holdings plc; Vizege Kumwenda said they will leverage on the partnership NICO Holdings has with Eris; a South African property developer to deliver the project. Kumwenda was speaking at a clients' cocktail NICO hosted in Lilongwe recently. BHL plc is a one-property company; Ryalls hotel based in Blantyre and the major shareholder; NICO Holdings plc is leading the drive to expand its offering to Lilongwe. (Source: *The Daily Times and Cedar Capital*)

### Corporate action

#### Dividends

COMPANY	YEAR	TYPE	AMOUNT	LAST CUM DATE
Standard Bank	2017	Final	MWK 4.26	TBA
BHL	2017	Final	MWK 0.15	TBA
SUNBIRD	2017	Final	MWK 0.63	TBA
TNM	2017	Final	MWK 0.25	TBA
NITL	2017	Final	MWK 0.78	11-May-18
NBM	2017	Final	MWK 8.33	TBA

PCL	2017	Final	MWK 20.00	TBA
NICO	2017	Final	MWK 1.00	TBA

Source: Company filings

## Company announcements and our commentary – *(this section is repeated)*

- MPICO – expects its FY17 results to be at least 100% higher than FY16. Towards the end FY16, MPICO raised MWK 9bn in a renounceable rights issue which effectively converted its loans to equity. The effect of this transaction was a reduction in finance charges on loans which was reported at MWK4.1bn in FY16. We believe this is the main driver of earnings for FY17. On the other hand, we think the reduction in debt burden should help unlock value in rental income, especially from the Gate Way Mall whose occupancy rates were reported to be on the rise. We therefore forecast a minimum of 25% growth in 2018 barring any setbacks, especially on the long outstanding government debt. Source: Company filings and Cedar Capital

## Market activity and colour

The market traded 21.1m shares in 11 of the 13 counters in 33 trades recording a market turnover of MWK 2.1bn (USD 2.9m) during the week. This is to be compared to 43.6m shares worth MWK 1.7bn (USD 2.4m) in 18 trades registered in the previous week.

Sunbird traded the most value worth MWK 1.7bn or 83% of the market. A total of 13.1m shares changed hands representing 5% of the company's issued shares. Other notable trades were in Illovo (K145m); TNM (K120m) and NITL (K39m).

Risers during the week were BHL up 15.4% to K32.32 –recording trading activity for the first time since the beginning of the year. NITL went up 11.4% to K63.50; TNM went up 11.1% to K20.00; Sunbird rose 6.8% to K141.00 and NBM rose 4.2% to K297.00. There were no decliners.

The market has demand for BHL, PCL, STANDARD, OML and NBM. Sellers are available in MPICO, NICO, FMBCH, NBS, TNM and ILLOVO. (Source: *MSE and Cedar Capital*)

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