

MALAWI

Political and economic news

Tobacco proceeds could exceed USD 300m

Tobacco Control Commission (TCC) has said it is confident that tobacco sales this year could exceed USD 300m (K220.5bn). CEO of TCC; Kayisi Sadala said tobacco trading season for the year is expected to close at the end of August 2018. Figures from Auction Holdings Group indicate that after 17 weeks of sales, the country has realised a total of USD 285.2m from 164.3m kg of tobacco at an average price of USD1.74/kg. The proceeds represent a 35.7% increase compared to USD 210m realised in the full season of 2017. Sadala noted that some of the tobacco is being sneaked in from across the country's borders – hence pushing the volumes at the trading floors. *(Source: The Daily Times)*

Malingunde graphite project feasibility study underway

Sovereign Metal Services Limited, an Australian mining firm, has said a feasibility study on the Malingunde graphite project in Lilongwe is underway to determine the viability of the project. The firm's country manager Andries Kruger said that they are also conducting exploration works which include conducting technical studies of the project area. Sovereign Services has proposed the development of an open graphite mine in Malingunde located directly north of Kamuzu Dam II within the proximity of some villages. He said the feasibility study will consider resettlement planning for the people who will be displaced should the project take off in 2019. Kruger said economic scoping study was completed in mid-2017 while the pre-feasibility study will be completed towards the end of August 2018, after which the company will commence a definitive feasibility study. *(Source: The Nation)*

Company news

Quilter plc announces special interim dividend of 12 pence

Quilter plc – UK based financial services company formed to take over the UK wealth management business of the now defunct Old Mutual plc after its unbundling- has declared a special interim dividend of 12 pence (K115 per share). This represents a distribution of GBP 221m surplus proceeds from sale of its Single Strategy business. The full consideration of the business was GBP 583m part of which was used to retire a GBP 300m senior unsecured loan.

Quilter's first set of results after listing in its own right on LSE has been stellar with adjusted PBT of GBP 110m (1H17: GBP 95m); up 16% and diluted eps of 18.7 pence (1H17: 5.1 pence) and adjusted diluted eps of 5.5 pence (1H17: 4.4 pence), up 25%. AUM is said to have risen 2% in 1H18 to GBP 116.5bn compared to FY17. CEO; Paul Feeney is upbeat about the company's prospects as he highlighted his immediate priorities as successful implementation of the company's new platform and execution of a smooth migration for existing customers, continuing to invest in growth by recruiting and building adviser and investment manager base and optimising the business to deliver increased operating leverage – Feeney promises to provide insights into how to achieve the third milestone in the FY18 annual report.

What's the relevance of this?

Quilter plc is a company that came out of Old Mutual plc managed separation process and was listed on LSE on 25 June 2018 with a secondary listing on JSE. Shareholders of OML plc received one share of Quilter for every three OML plc held. The company is not listed on the MSE but the collective shareholding of Malawi shareholders is represented on the



JSE register by NBM Nominees. Cedar Capital is exploring possibilities to make the market in Quilter shares locally and is in talks with counter-party brokers in RSA. (Source: www.quilter.com and Cedar Capital Research)

Market activity and colour

The market traded 10.8m shares with a market turnover of K1.3bn (USD 1.8m) in 28 trades. Top trader was FMBCH with 10m shares at a negotiated price of K130.00 against the market price of K159.99. Negotiated deals or special bargains do not affect price as they are deemed to be outside the market scope. Comparative trading activity in the previous week recorded 1.4m shares worth K217.m in 32 trades. There were no price movements during the week.

Week's Trading Summary

Symbol	MSE		Market: MAINBOARD		Trades Count
	Open	Close	To	Value	
BHL	8.00	8.00	188,500	1,508,000.00	2
FMBCH	159.99	159.99	10,000,000	1,300,000,000.00	4
ILLOVO	240.00	240.00	0	0.00	0
MPICO	19.50	19.50	75,000	1,462,500.00	4
NBM	310.00	300.00	916	283,969.16	1
NBS	8.66	8.70	29,437	254,924.42	4
NICO	54.00	54.00	0	0.00	0
NITL	75.00	75.00	56,992	4,274,400.00	3
OMU	1,580.22	1,580.22	0	0.00	0
PCL	772.00	772.00	0	0.00	0
STANDARD	670.00	670.00	0	0.00	0
SUNBIRD	145.00	145.00	0	0.00	0
TNM	25.00	25.00	452,190	11,304,750.00	10
			10,803,035	1,319,088,543.58	28

(Source: MSE)

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