

MALAWI

Political and economic news

IMF upbeat on economic outlook

The IMF says Malawi's 2019 macro-economic outlook remains positive with growth expected to rebound to four percent reflecting increased electricity generation and growing infrastructure investment. The outlook is contained in the recently published November 2018 Country Report No. 18/336 on Malawi's first review under the three-year Extended Credit Facility (ECF) arrangement and request for modification and waivers of non-observance of performance criteria. IMF says in the medium term, growth is projected to reach 6.5 percent assuming improved irrigation infrastructure and cropping, enhanced electricity generation, better road and telecommunication networks, increased donor assistance and increased access to finance by the private sector. The report, among others, highlights positive outlook on inflation, growth rate and recommends that automatic fuel pricing should be forcefully implemented. *(Source: The Nation)*

JCM Power sees reduced electricity tariffs

JCM Power says it expects electricity tariffs to go down once it starts supplying 60MW into the Escom's national grid. The company will be selling solar generated electricity at \$0.08/Kwh compared to \$0.50/Kwh Escom is sourcing from diesel generators by Aggreko Limited and Electricity Generating Company (Egenco). JCM Power country director Philip Leferink said this on the sidelines of the launch of the solar project by President Mutharika in Salima. It is envisaged that diesel generators from Aggreko will be removed from the grid next year as they were brought in as a short-term solution. *(Source: The Nation)*

Company news

ICON Properties Plc launches IPO

ICON Properties Plc has opened an offer to subscribers in its IPO which runs from 7 to 28 Dec 2018. ICON intends to issue 1.68bn shares to potential investors at a price of K8.75 (1.2c) in order to raise K14.7bn (\$19.8m). There is an overallotment option for the issuer to make available a further 420m shares in case of an oversubscription. ICON was formed out of a restructuring process in which shareholders in five property holding companies swapped their shareholding in those companies in exchange for shares and income notes in ICON. The property holding companies like NICO Properties Limited, Chichiri Shopping Centre, Lilongwe City Mall and Kang'ombe Investments became subsidiaries of ICON. Additionally ICON owns other properties directly plus a 4.9% holding in Plantation House Limited. The resultant portfolio comprises a diverse range of upmarket properties in form of shopping malls, office parks, commercial and residential buildings. The property portfolio is managed by Eris Properties; a renowned property management and development outfit in SSA. As of June 2018, the property portfolio is valued at K50bn. The issue is being offered at 15% discount to NAV- allowing potential for upside; with a forward PE for FY19 of 7.5x. We think this presents a wonderful opportunity for investors to participate in one of the interesting property plays in Malawi. BUY *(Source: ICON Prospectus and Cedar Capital Research)*

TNM FY18 earnings to rise 25%

TNM Plc has issued a trading statement notifying stakeholders that it expects its FY18 earnings to be at least 25% above the previous year. The company operates in a duopoly with Airtel being its main competitor, although we believe TNM has an upper hand. The company recorded a 46% rise in half-year earnings as at 30 June and our expectation was for a stronger second half as per its tradition. The Malawi Communications Regulatory Authority enforced a nation-wide sim card registration exercise which culminated in disconnection of unregistered numbers by 30 September. We think this may have temporarily disrupted TNM's revenue drive, among other issues, culminating in a

weaker 2H18. All in all, we think TNM's growth trajectory remains intact with comparatively low telecom penetration levels in Malawi and a stable macro-economic environment.

(Source: Company filings and Cedar Capital Research)

Market activity and colour

The market traded 7.4m shares worth K279.7m (\$377.9K) in 70 trades during the week. This compares to 85.4m shares worth K6bn (\$8.1m) in 98 trades in the previous week in last gasp trading activity before major institutional investors went into closed period. The index retreated 0.9 pc on account of four decliners led by Standard and NICO despite increases in FMBCH and TNM.

Week's Trading Summary

Trading Summary 3 to 7 December 2018							
Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
BHL	13.00	13.00		2,068,771	26,894,020.00	5	10,916,759,165
FMBCH	70.00	75.00	7.1% ↑	2,529,853	184,624,710.00	10	175,218,750,000
ILLOVO	200.00	200.00		244	48,800.00	1	142,688,878,200
MPICO	12.50	12.50		3,917	48,962.50	2	28,725,593,250
NBM	332.02	332.02		2,920	969,498.40	6	155,030,675,651
NBS	10.50	10.00	-4.8% ↓	360,338	3,673,870.00	9	29,105,733,560
NICO	49.98	42.50	-15.0% ↓	44,000	1,937,140.00	5	44,329,246,580
NITL	86.00	75.00	-12.8% ↓	956	71,700.00	1	10,125,000,000
OMU	2,513.25	2,513.25		524	1,316,943.00	2	14,647,228,540
PCL	1,140.00	1,140.00		0	0.00	0	137,091,634,800
STANDARD	670.00	600.00	-10.4% ↓	500	300,000.00	1	140,800,897,200
SUNBIRD	145.00	145.00		168	24,360.00	1	37,929,474,100
TNM	24.50	25.02	2.1% ↑	2,404,872	59,766,764.00	27	251,212,059,000
Totals				7,417,063	279,676,767.90	70	1,177,821,930,046
INDEX (week)	26,803.80	26,572.93	-0.9% ↓				
INDEX (month)	26,803.80	26,572.93	-0.9% ↓				
INDEX (year)	21,598.00	26,572.93	23.0% ↑				

(Source: MSE)

Previous Week's Trading Summary

Trading Summary 26 to 30 November 2018							
Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
BHL	13.00	13.00		10,919	141,947.00	3	10,916,759,165
FMBCH	70.00	70.00		2,072,609	145,082,800.00	12	163,537,500,000
ILLOVO	200.00	200.00		10,020,778	2,004,156,000.00	15	142,688,878,200
MPICO	13.20	12.50	-5.3% ↓	2,906,891	36,364,652.00	6	28,725,593,250
NBM	332.00	332.02	0.0% ↑	15,383	5,107,457.00	10	155,030,675,651
NBS	10.50	10.50		30,501	320,260.50	4	30,561,020,238
NICO	49.98	49.98		0	0.00	0	52,131,193,978
NITL	86.00	86.00		2,605,257	224,051,900.00	9	11,610,000,000
OMU	2,513.25	2,513.25		69,084	173,625,400.00	4	14,647,228,540
PCL	1,150.00	1,140.00	-0.9% ↓	1,605,580	1,830,861,000.00	2	137,091,634,800
STANDARD	670.00	670.00		1,100	737,000.00	1	157,227,668,540
SUNBIRD	145.00	145.00		0	0.00	0	37,929,474,100
TNM	22.31	24.50	9.8% ↑	66,116,085	1,619,844,441.00	32	245,991,025,000
Totals				85,454,187	6,040,292,857.50	98	1,188,088,651,462
INDEX (week)	26,370.35	26,803.80	1.6% ↑				
INDEX (month)	30,622.36	26,803.80	-12.5% ↓				
INDEX (year)	21,598.00	26,803.80	24.1% ↑				

Source: MSE

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