

MALAWI

Political and economic news

Tobacco markets open 25 April

The Tobacco Control Commission (TCC) has said this year's tobacco selling season will start on 25 April with the opening of the Lilongwe Auction Floors. TCC CEO, Kaisi Sadala said the Chinkhoma Auction Floors in Kasungu is expected to open on 29 April while Limbe and Mzuzu will commence trading on 2 May and 6 May, respectively. A satellite trading floor; Kabwafu is slated to open on 16 May –completing the opening of all the tobacco markets. Sadala said the development follows a continuous tobacco supply exercise that has seen enough tobacco being delivered to the floors to ensure continuous trading once the floors are open for business. The start of the tobacco selling season is critical to Malawi given its significance to the country's economic performance. According to recent estimates from the agriculture ministry, Malawi is expected to produce 205.5m kg of tobacco compared to 202m kg sold last year which realised \$330m. (Source: Daily Times)

Company news

NICO FY18 earnings up 14.8pc

NICO Holdings plc released its FY18 results just before Easter with earnings going up 14.8 pc to K12.8bn (\$17.1m) and earnings attributable to shareholders of the parent increasing by 11.9 pc to K6.5bn. A turnaround in NBS Bank fortunes from a K1.1bn loss to K1.7bn profit would have translated into a much better result for the group, all things being equal. However, as it turned out, the directors advise that the short-term insurance business registered a 48 pc decline in earnings due to high claims experience combined with underperformance in gross written premiums from the Zambian subsidiary.

Revenue inched up 2.5 pc to K136.8bn; presumably on account of the decrease in gross written premiums as highlighted. Net written premium is said to have gone up 12 pc (to around K48bn, when compared to FY17). This implies a positive performance in both gross pension and life premiums – which are said to have increased by 16 pc. Asset management, although a small proportion, continues to grow and has been singled out, together with the banking business, as having contributed to the increase in earnings. Dividend income from equity shares reduced 19.3 pc to K1.9bn –reflecting the drop in dividend yield of listed equities.

Operating expenses registered a 6 pc increase to K50bn – this would mainly comprise of net claims and benefits and resultantly; insurance claims ceded to re-insurers which tends to grow when claims history worsens. A positive variance in long-term policy holder benefits somewhat cushioned the compounded effect of increases in both operating and administrative expenses.

It is tough to predict claims pattern in general insurance business as there is no scientific formula to foretell any calamities. Having said this, NICO is probably the most experienced brand in the business and given their diversified businesses, the group will most certainly ride out any blips and eventually resume its growth path. NICO is currently trading at a PE of 6.7x on attributable earnings, which we find undemanding. We rate the stock as a BUY.

Nico Holdings Plc

FY 18 NICO MWK ("MILLION")	2018	2017	% CHG
Revenue	136,817	133,425	2.5%
Dividend Income	1,964	2,436	-19.3%
Total Income	138,787	135,846	2.2%
Interest on loan	-562	-399	-40.8%
Operating expenses	-50,032	-47,162	-6.1%
Management expenses	-26,930	-23,485	-14.7%
Long-term policy holder benefits	-43,214	-46,426	6.9%
Profit for the year	12,774	11,123	14.8%
Attributable to s/holders of the parent	6,510	5,819	11.9%

Corporate action

Dividends

COMPANY	YEAR	TYPE	AMOUNT	LAST CUM DATE
BHL	2018	Final	K0.08	TBA
MPICO	2018	Final	K0.135	TBA
STANDARD	2018	Final	K17.05	TBA
SUNBIRD	2018	Final	K0.50	TBA
NITL	2018	Final	K0.50	TBA
NBM	2018	Final	K7.50	TBA
NICO	2018	2 nd interim	K0.80	03-May-19
NICO	2018	Final	K0.30	TBA

(Source: Company filings)

Market activity and colour

The market traded 3.1m shares worth K278.5m (\$374K) in 50 trades compared to 28.4m shares worth K2.2bn (\$3m) in 108 trades during the previous week.

MPICO continued to rally gaining 14.8 pc to close at K17.25 combining with NICO which gained 1.3 pc to K42.50. The index increased 0.4 pc w/w to close at 27,162.10 as a result.

Trading Summary for the week

Trading Summary for
15 to 18 April 2019

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
BHL	12.96	12.95	-0.1% ↓	1,510,000	19,554,500.00	3	10,874,771,630
FMBCH	85.00	85.00		37,362	3,175,770.00	5	208,951,250,000
ICON	11.00	11.00		0	0.00	0	73,480,000,000
ILLOVO	200.00	200.00		0	0.00	0	142,688,878,200
MPICO	15.02	17.25	14.8% ↑	207,323	3,132,843.50	6	39,641,318,685
NBM	320.00	320.00		708,800	226,816,000.00	5	149,418,156,160
NBS	9.00	9.00		83,928	755,352.00	6	26,195,160,204
NICO	41.97	42.50	1.3% ↑	230,256	9,767,168.00	2	44,329,246,580
NITL	75.00	75.00		3,903	292,725.00	3	10,125,000,000
OMU	2,513.23	2,513.23		0	0.00	0	18,775,102,308
PCL	1,200.00	1,200.00		3,695	4,434,000.00	4	144,306,984,000
STANDARD	499.99	499.02	-0.2% ↓	6,101	3,044,500.00	2	117,104,106,201
SUNBIRD	138.00	138.00		4,143	571,734.00	3	36,098,396,040
TNM	25.05	25.05		277,895	6,962,472.20	11	251,513,272,500
Totals				3,073,406	278,507,064.70	50	1,273,501,642,508

INDEX (week)	27,044.70	27,162.10	0.4% ↓
INDEX (month)	27,445.85	27,162.10	-1.0% ↓
INDEX (year)	28,983.64	27,162.10	-6.3% ↓

(Source: MSE)

Trading Summary for the previous week

Trading summary for
8 to 12 April 2019

Symbol	Open	Close		Volume	Value	Trades Count	Market Capitalization
BHL	12.96	12.96		1,040,100	13,479,700.00	10	10,883,169,137
FMBCH	85.00	85.00		2,000	170,000.00	1	208,951,250,000
ICON	11.00	11.00		10,388	114,268.00	2	73,480,000,000
ILLOVO	200.00	200.00		1,953,656	390,731,200.00	6	142,688,878,200
MPICO	13.08	15.02	14.8% ↑	768,505	11,400,620.00	24	34,516,672,849
NBM	315.01	320.00	1.6% ↑	50,000	16,000,000.00	1	149,418,156,160
NBS	9.69	9.00	-7.1% ↓	20,022,062	180,198,558.00	2	26,195,160,204
NICO	41.97	41.97		2,335,560	92,083,450.00	14	43,776,434,799
NITL	75.00	75.00		30,300	2,272,500.00	3	10,125,000,000
OMU	2,513.23	2,513.23		0	0.00	0	18,775,102,308
PCL	1,200.00	1,200.00		1,342,458	1,501,849,600.00	17	144,306,984,000
STANDARD	569.00	499.99	-12.1% ↓	10,194	5,096,903.00	3	117,331,734,318
SUNBIRD	138.00	138.00		6,869	947,922.00	3	36,098,396,040
TNM	25.05	25.05		826,834	20,711,192.00	22	251,513,272,500
Totals				28,398,926	2,235,055,913.00	108	1,268,060,210,515

INDEX (week)	27,290.96	27,044.70	-0.9% ↓
INDEX (month)	27,445.85	27,044.70	-1.5% ↓
INDEX (year)	28,983.64	27,044.70	-6.7% ↓

(Source: MSE)

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