

MALAWI

MARKET PERFORMANCE REPORT FOR THE FOUR MONTH PERIOD JAN – APR 2020

Symbol	Open	High	Low	Close %	Volume	Value	Trades	Market Capitalization	Earnings K'million	P/E	P/B		
AIRTEL	12.69	17.99	12.69	17.50	37.9% ↑	5,840,189	101,345,375.60	58	192,500,000,000	18,088.00	##	10.64	103.61
BHL	12.95	12.95	12.94	12.94	-0.1% ↓	400,500	5,182,470.00	13	10,866,374,123	466.70		23.28	1.67
FMBCH	75.00	75.00	34.00	34.00	-54.7% ↓	66,866	2,999,186.00	16	83,580,500,000	12,053.97	\$\$	6.93	1.44
ICON	10.50	10.50	10.40	10.45	-0.5% ↓	18,725,764	196,316,064.88	96	69,806,000,000	1,241.63		56.22	1.03
ILLOVO	153.00	153.00	94.50	94.50	-38.2% ↓	13,858	1,872,698.00	11	67,420,494,950	10,083.00		6.69	0.95
MPICO	19.53	25.00	19.50	24.99	28.0% ↑	14,737,634	316,331,520.68	111	57,428,206,025	5,532.02		10.38	1.47
NBM	525.00	550.00	525.00	550.00	4.8% ↑	1,057,821	567,599,580.32	94	256,812,455,900	17,106.00		15.01	2.55
NBS	13.50	16.00	13.50	14.00	3.7% ↑	24,861,324	388,312,345.10	184	40,748,026,984	4,457.61		9.14	3.32
NICO	48.49	48.50	48.44	48.44	-0.1% ↓	3,109,214	150,770,347.95	62	50,524,910,690	8,011.00		6.31	1.59
NITL	80.00	95.01	80.00	95.00	18.8% ↑	1,765,863	159,623,093.00	46	12,825,000,000	1,779.69		7.21	1.11
OMU	2,499.99	2,499.99	2,499.99	2,499.99		418	1,044,995.82	6	32,422,930,308	1,313.71		24.68	3.10
PCL	1,400.00	1,400.00	1,400.00	1,400.00		1,920,815	1,781,651,000.00	24	168,358,148,000	8,157.00		20.64	1.07
STANDARD	730.00	750.01	730.00	750.01	2.7% ↑	42,369	30,995,863.83	23	176,003,468,182	15,879.00		11.08	2.04
SUNBJRD	118.00	120.01	118.00	120.00	1.7% ↑	2,242,507	265,571,100.00	21	31,389,909,600	2,594.55		12.10	1.34
TNM	26.00	26.00	22.00	24.99	-3.9% ↓	10,502,007	237,605,775.96	173	250,910,845,500	15,063.00		16.66	4.81
Totals						85,287,149	4,207,221,417.14	938	1,501,597,270,261.22				
						USD	5,609,628.56		2,002,129,693.68				

MSE ALL SHARE INDEX

	Opening	Closing	%
Month to date (April)	29176.23	28857.39	-1.1% ↓
Year to date	30252.20	28857.39	-4.6% ↓
Prior year comparison	27138.65	28857.39	6.3% ↑

INFLATION FIGURES

Mar-20	9.8
Jan-20	11.1
Apr-19	9.1

EXCHANGE RATES MWK EQUIV TO ONE UNIT OF FX

	30-Apr-20	31-Dec-19	30-Apr-19
USD	736.44	738.87	746.74
ZAR	40.63	52.43	51.74
GBP	917.75	969.19	960.96

INTEREST RATES

	Apr-20	Jan-20	Apr-19
Policy rate	13.50	13.50	14.50
Base rate	13.20	13.10	13.90
TB rate 9 dy	7.50	6.20	9.30

Foot note to company earnings

We have applied Airtel's forecast earnings for FY19 which were in the December 2019 prospectus
 \$\$ This is based on FY18 earnings for FMBCH. FY19 expected to drop by at least 70% as per Trading statement

Our analysis is on the next page

COMMENTS ON THE FOUR-MONTH TRADING REPORT

Airtel Plc

- Biggest riser with 37.9% to K17.50 coming off an IPO price of K12.69. Airtel was listed on 24 February 2020 and the price went up to K17.99 on the first day of trading.
- Airtel Plc was listed to meet the statutory requirement of local Malawian ownership as such it is not available to foreign investors – even on the secondary market.
- Airtel has not yet released its FY19 results as such we have used its forecast earnings.

MPICO Plc

- Second highest riser with 28% to K24.99. MPICO was the first to list of the two property companies on the bourse – the recent one being ICON. As happens in most new listings, MPICO's price was somewhat depressed with the coming of ICON in 2019. Around the same time, Malawi Government paid off its long term debt to the company helping its cash flows. Ultimately the stock had to re-rate.

FMBCH Plc

- This is the biggest faller with a 54.7% drop to K34.00 – FMBCH is a regional bank which acquired the former Barclays Bank of Zimbabwe at the end of 2016. Buoyed by the news of the ousting of former, and late President Mugabe, the share price skyrocketed to K160.00. However the political changes in Zimbabwe have not translated into a better economy – impacting negatively on the stock.
- FMBCH results for FY19 have not yet been released.

Illovo Sugar plc

- Illovo Sugar has enjoyed a monopoly status in the country for many years through government protectionist policies. Of late the Malawi government registered another sugar producer; Salima Sugar Company, supported by lines of credit by government of India, signalling its intention to liberalise the market.
- Illovo has in recent years been hit by a number of challenges the key ones being reduction in foreign quota markets and challenges in the local sugar market due to illegal imports. Illovo embarked on capex in form of drip irrigation which is more efficient. A combination of these factors and many others meant a drop in earnings and cash flow challenges. At its peak; Illovo traded at K240.00 per share.

OMU Limited

- Old Mutual Limited is listed on multiple exchanges including JSE, LSE, Namibia and Zimbabwe Stock Exchanges. The shares are fungible especially between JSE and Malawi Stock Exchange. The Zimbabwean authorities suspended the fungibility of Old Mutual shares on the ZSE effective 15 March 2020.
- The Old Mutual price of K2,499.00 (ZAR 59.50) has remained sticky on the Malawi Stock Exchange having no bearing whatsoever to the price on JSE (currently at ZAR 13.07 or K550.00).
- The market capitalisation on the Malawi Stock Exchange refers to the number of shares on the Malawi register of only 12.9m representing 0.2% of the total issued shares of OMU of 4.7bn.
- OMU is not liquid on the MSE having traded only 418 shares in 6 trades for the four-month period

Press Corporation Plc

- PCL price has remained sticky at K1,400. 00. Over two years ago, the stock was undervalued for a period of time due to illiquidity. The conversion of GDRs ex LSE helped the price which saw its rise to current levels.
- The company changed its general strategy of maintaining a controlling interest its subsidiaries to retaining profitable investments and where necessary diluting to allow for strategic partners since the coming in of George Partridge as CEO at the end of 2016.
- The results of PCL have so far been affected by one-off distortions; especially profit on disposals – making comparative analysis difficult. All said, it is safer to say that the effects of the changes in strategy are yet to bear full fruits. The jury is still out on the Group's recapitalisation of the wholesale and retail business.
- Trading in the stock in the four-month period has been done on negotiated price (below market price) on volumes. Trades in the negotiated window do not change the market price and accompanying stats.

Covid 19 in Malawi

As of 11 May, Malawi had registered 56 cases of Covid-19 infections since the first three cases were registered on 2 April 2020 with three deaths. An attempt by government to impose a nation-wide lockdown was blocked by the courts at the request of human rights defenders organisation and members of the opposition. Malawi is preparing for a re-run of the presidential election which was annulled by the courts. The rerun is scheduled for 2 July 2020 and has politicised the response to the pandemic. Malawians are still gathering in political party rallies despite the threat of the pandemic.

We maintain our advice to local investors to take precautionary measures and our offices continue to operate on a skeleton staff basis as we have a policy to work from home.

We expect the Covid 19 to impact negatively on listed companies but we believe the effects will be seen in the FY20 results with some indicators shown as companies issue trading updates for interim results.

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