

## MALAWI

### MARKET PERFORMANCE REPORT FOR THE PERIOD 24 AUGUST TO 4 SEPTEMBER 2020

| Symbol                     | BUY    | SELL     | Open     | Close    | %        | Volume             | Value                    | Trades       | Market Capitalization       | Earnings<br>K'million | P/E                   | P/B          |             |
|----------------------------|--------|----------|----------|----------|----------|--------------------|--------------------------|--------------|-----------------------------|-----------------------|-----------------------|--------------|-------------|
| AIRTEL                     | 28.60  |          | 27.00    | 28.50    | 5.6% ↑   | 490,421            | 13,641,775.63            | 15           | 313,500,000,000             | 25,307.00             | ##                    | 12.39        | 11.75       |
| BHL                        |        | 12.94    | 12.94    | 12.94    | 0.0%     | 0                  | 0.00                     | 0            | 10,866,374,123              | 466.70                |                       | 23.28        | 1.67        |
| FDHB                       | 12.00  | 12.90    | 12.90    | 12.89    | -0.1% ↓  | 121,390,056        | 1,138,289,769.20         | 21           | 88,954,292,813              | 7,846.36              |                       | 11.34        | 4.56        |
| FMBCH                      | 23.00  | 24.00    | 24.00    | 24.00    | 0.0%     | 1,534,766          | 36,834,380.00            | 12           | 58,998,000,000              | (606.92)              | ##                    |              | 1.05        |
| ICON                       | 12.50  | 12.70    | 12.70    | 12.69    | -0.1% ↓  | 320,936            | 4,069,457.20             | 11           | 84,769,200,000              | 7,248.62              |                       | 11.69        | 1.03        |
| ILLOVO                     | 80.50  | 0.00     | 94.50    | 80.50    | -14.8% ↓ | 3,016              | 257,152.00               | 4            | 57,432,273,476              | 4,009.00              | ##                    | 14.33        | 0.94        |
| MPICO                      |        | 24.00    | 24.00    | 24.00    | 0.0%     | 1,154,600          | 27,710,402.00            | 18           | 55,153,139,040              | 4,545.92              | ##                    | 12.13        | 1.35        |
| NBM                        |        |          | 618.75   | 618.76   | 0.0%     | 2,504              | 1,549,375.00             | 4            | 288,918,682,205             | 17,099.00             | ##                    | 16.90        | 2.31        |
| NBS                        |        | 19.44    | 19.44    | 19.44    | 0.0%     | 51,439,646         | 980,569,725.48           | 32           | 56,581,546,041              | 5,896.48              | ##                    | 9.60         | 3.12        |
| NICO                       |        | 48.00    | 47.99    | 48.00    | 0.0% ↑   | 106,158            | 5,094,611.10             | 5            | 50,065,972,608              | 8,745.00              | ##                    | 5.73         | 1.42        |
| NITL                       |        | 94.98    | 94.98    | 94.98    | 0.0%     | 705                | 66,960.90                | 2            | 12,822,300,000              | 1,779.69              |                       | 7.20         | 1.11        |
| OMU                        |        | 2,199.99 | 2,199.99 | 2,199.99 | 0.0%     | 0                  | 0.00                     | 0            | 33,267,425,984              | 1,313.71              |                       | 25.32        | 3.10        |
| PCL                        |        | 1,344.00 | 1,344.99 | 1,344.99 | 0.0%     | 0                  | 0.00                     | 0            | 161,742,875,342             | 8,157.00              |                       | 19.83        | 1.07        |
| STANDARD                   | 830.00 | 900.00   | 830.00   | 830.00   | 0.0%     | 1,000              | 830,000.00               | 1            | 194,774,574,460             | 20,418.00             | ##                    | 9.54         | 1.95        |
| SUNBIRD                    |        | 120.00   | 120.00   | 120.00   | 0.0%     | 0                  | 0.00                     | 0            | 31,389,909,600              | 2,594.55              |                       | 12.10        | 1.34        |
| TNM                        |        | 21.50    | 22.00    | 21.50    | -2.3% ↓  | 235,259            | 5,059,892.70             | 10           | 215,869,675,000             | 13,141.00             | ##                    | 16.43        | 4.48        |
| <b>Period totals</b>       |        |          |          |          |          | <b>176,679,067</b> | <b>2,213,973,501.21</b>  | <b>135</b>   | <b>1,715,106,240,689.76</b> |                       | <b>MARKET AVERAGE</b> | <b>13.85</b> | <b>2.64</b> |
| <b>b/f totals</b>          |        |          |          |          |          | <b>453,058,343</b> | <b>12,533,661,025.35</b> | <b>2,015</b> | <b>1,713,735,397,747.92</b> |                       |                       |              |             |
| <b>Year to date totals</b> |        |          |          |          |          | <b>629,737,410</b> | <b>14,747,634,526.56</b> | <b>2,150</b> | <b>1,715,106,240,689.76</b> |                       |                       |              |             |
|                            |        |          |          |          |          | <b>USD</b>         | <b>19,695,940.10</b>     |              | <b>2,317,711,136.07</b>     |                       |                       |              |             |

#### MSE ALL SHARE INDEX

|                                | Opening  | Closing  | %      |
|--------------------------------|----------|----------|--------|
| Period change                  | 31545.73 | 31571.37 | 0.1% ↑ |
| Year to date 4-Sep-20          | 30252.20 | 31571.37 | 4.4% ↑ |
| Prior year comparison 4-Sep-19 | 29298.25 | 31571.37 | 7.8% ↑ |

#### INFLATION FIGURES

|        |      |
|--------|------|
| Jul-20 | 8.0  |
| Jun-20 | 8.5  |
| Jan-20 | 11.1 |
| Jun-19 | 9.0  |

#### EXCHANGE RATES MWK EQUIV TO ONE UNIT OF FX

|     | 4-Sep-20 | 31-Aug-20 | 31-Dec-19 | 4-Sep-19 |
|-----|----------|-----------|-----------|----------|
| USD | 748.77   | 748.51    | 738.87    | 732.20   |
| ZAR | 44.60    | 45.07     | 52.43     | 48.57    |
| GBP | 993.69   | 997.92    | 969.19    | 886.40   |

#### INTEREST RATES

|                   | Aug-20 | Jan-20 | Aug-19 |   |
|-------------------|--------|--------|--------|---|
| Policy rate       | 13.50  | 13.50  | 13.50  | The guideline RBM rate. Lombard rate being 20 bps above the policy rate |
| Base lending rate | 13.40  | 13.10  | 13.90  | Also known as reference rate. The min lending rate for commercial banks |
| TB rate 91 dy     | 9.97   | 6.20   | 8.90   |   |

|     | % CHANGE IN RATES as at 21 Aug 20 | Week   | YTD    | Y/Y     |
|-----|-----------------------------------|--------|--------|---------|
| USD |                                   | -0.03% | -1.34% | -2.26%  |
| ZAR |                                   | 1.03%  | 14.93% | 8.17%   |
| GBP |                                   | 0.42%  | -2.53% | -12.10% |

#### Foot note to company earnings

## We have used half-year results to compute 12-mth trailing earnings.

Our analysis is on page 3

# Market Statistics Report



Equity research | News & Analysis

## MARKET PERFORMANCE REPORT FOR THE MONTH OF AUGUST 2020

| Symbol                              | Bid    | Sell     | Open     | Close    | %        | Volume               | Value                    | Trades          | Market Capitalization       | Earnings<br>K/million | P/E | P/B   |              |             |
|-------------------------------------|--------|----------|----------|----------|----------|----------------------|--------------------------|-----------------|-----------------------------|-----------------------|-----|-------|--------------|-------------|
| AIRTEL                              | 27.03  | 0.00     | 22.00    | 27.03    | 22.9% ↑  | 1,700,375            | 45,410,036.17            | 20              | 297,330,000,000             | 25,307.00             | ##  | 11.75 | 10.95        |             |
| BHL                                 | 0.00   | 12.94    | 12.94    | 12.94    | 0.0%     | 0                    | 0.00                     | 0               | 10,866,374,123              | 466.70                |     | 23.28 | 1.67         |             |
| FDHB                                | 12.00  | 12.90    | 10.00    | 12.90    | 29.0% ↑  | 126,168,197          | 1,205,230,563.19         | 68              | 89,023,303,125              | 7,846.36              |     | 11.35 | 4.56         |             |
| FMBCH                               | 24.00  | 0.00     | 25.50    | 24.00    | -5.9% ↓  | 2,245,905            | 54,590,174.50            | 18              | 58,998,000,000              | (606.92)              | ##  |       | 1.05         |             |
| ICON                                | 12.50  | 12.69    | 12.70    | 12.70    | 0.0%     | 1,903,366            | 24,172,744.70            | 32              | 84,836,000,000              | 7,248.62              |     | 11.70 | 1.03         |             |
| ILLOVO                              | 0.00   | 94.50    | 94.50    | 80.50    | -14.8% ↓ | 3,118                | 266,791.00               | 5               | 57,432,273,476              | 4,009.00              | ##  | 14.33 | 0.94         |             |
| MPICO                               | 0.00   | 24.00    | 21.00    | 24.00    | 14.3% ↑  | 12,263,138           | 287,091,820.00           | 62              | 55,153,139,040              | 4,545.92              | ##  | 12.13 | 1.35         |             |
| NBM                                 |        |          | 550.00   | 618.76   | 12.5% ↑  | 77,080               | 46,088,059.25            | 23              | 288,918,682,205             | 17,099.00             | ##  | 16.90 | 2.31         |             |
| NBS                                 | 0.00   | 19.44    | 19.49    | 19.44    | -0.3% ↓  | 160,614,201          | 2,909,365,696.88         | 79              | 56,581,546,041              | 5,896.48              | ##  | 9.60  | 3.12         |             |
| NICO                                | 47.99  | 0.00     | 47.99    | 47.99    | 0.0%     | 1,308,017            | 62,767,691.92            | 16              | 50,055,542,197              | 8,745.00              | ##  | 5.72  | 1.42         |             |
| NITL                                | 0.00   | 94.98    | 94.99    | 94.98    | 0.0% ↓   | 3,417                | 324,546.66               | 3               | 12,822,300,000              | 1,779.69              |     | 7.20  | 1.11         |             |
| OMU                                 | 0.00   | 2,199.99 | 2,199.99 | 2,199.99 | 0.0%     | 0                    | 0.00                     | 0               | 33,267,425,984              | 1,313.71              |     | 25.32 | 3.10         |             |
| PCL                                 | 0.00   | 1,344.00 | 1,345.00 | 1,344.99 | 0.0% ↓   | 4,925                | 6,624,108.00             | 6               | 161,742,875,342             | 8,157.00              |     | 19.83 | 1.07         |             |
| STANDARD                            | 830.00 | 0.00     | 830.00   | 830.00   | 0.0%     | 33,593               | 28,604,608.25            | 11              | 194,774,574,460             | 20,418.00             | ##  | 9.54  | 1.95         |             |
| SUNBIRD                             | 0.00   | 120.00   | 120.00   | 120.00   | 0.0%     | 14,000               | 1,680,000.00             | 3               | 31,389,909,600              | 2,594.55              |     | 12.10 | 1.34         |             |
| TNM                                 | 0.00   | 21.80    | 23.95    | 21.80    | -9.0% ↓  | 8,432,950            | 185,758,657.78           | 61              | 218,881,810,000             | 13,141.00             | ##  | 16.66 | 4.48         |             |
| <b>August 2020 month</b>            |        |          |          |          |          | <b>314,772,282</b>   | <b>4,857,975,498.30</b>  | <b>407</b>      | <b>1,702,073,755,591.30</b> | <b>MARKET AVERAGE</b> |     |       | <b>13.83</b> | <b>2.59</b> |
| <b>b/f totals</b>                   |        |          |          |          |          | <b>312,893,325</b>   | <b>9,844,309,787</b>     | <b>1,705</b>    | <b>1,623,104,768,046.30</b> |                       |     |       |              |             |
| <b>Year to date totals</b>          |        |          |          |          |          | <b>627,665,607</b>   | <b>14,702,285,285.16</b> | <b>2,112</b>    | <b>1,702,073,755,591.30</b> |                       |     |       |              |             |
| <b>USD</b>                          |        |          |          |          |          | <b>19,715,402.06</b> | <b>2,300,099,669.72</b>  |                 |                             |                       |     |       |              |             |
| <b>Previous months comparatives</b> |        |          |          |          |          |                      |                          |                 |                             |                       |     |       |              |             |
| Jul-20                              |        |          |          |          |          | 62,683,022           | 1,263,639,879.92         | 195             | 1,623,104,768,046.30        |                       |     |       |              |             |
| Jun-20                              |        |          |          |          |          | 64,711,565           | 1,382,505,684.85         | 299             | 1,547,860,815,090.45        |                       |     |       |              |             |
| May-20                              |        |          |          |          |          | 100,211,589          | 2,990,942,804.95         | 273             | 1,483,373,686,885.72        |                       |     |       |              |             |
| Apr-20                              |        |          |          |          |          | 14,400,820           | 2,384,558,649.69         | 177             | 1,501,597,270,261.22        |                       |     |       |              |             |
| Mar-20                              |        |          |          |          |          | 36,746,715           | 791,098,926.11           | 279             | 1,518,677,101,525.80        |                       |     |       |              |             |
| Feb-20                              |        |          |          |          |          | 14,722,356           | 421,390,547.14           | 268             | 1,519,822,088,545.02        |                       |     |       |              |             |
| Jan-20                              |        |          |          |          |          | 19,417,258           | 610,173,294.20           | 214             | 1,368,877,592,423.98        |                       |     |       |              |             |
| <b>b/f totals</b>                   |        |          |          |          |          | <b>312,893,325</b>   | <b>9,844,309,786.86</b>  | <b>1,705</b>    | <b>1,623,104,768,046.30</b> |                       |     |       |              |             |
| <b>Prior year comparatives</b>      |        |          |          |          |          |                      |                          |                 |                             |                       |     |       |              |             |
| Aug-19                              |        |          |          |          |          | 27,644,237           | 798,659,625.46           | 271.00          | 1,386,326,375,881.47        |                       |     |       |              |             |
| <b>YTD to Aug-19</b>                |        |          |          |          |          | <b>682,132,921</b>   | <b>32,296,634,575.12</b> | <b>2,106.00</b> | <b>1,396,900,237,780.69</b> |                       |     |       |              |             |

### MSE ALL SHARE INDEX

|                                 | Opening  | Closing  | %      |
|---------------------------------|----------|----------|--------|
| Month change Jul - Aug          | 29851.63 | 31328.10 | 4.9% ↑ |
| Year to date 31 Aug-20          | 30252.20 | 31328.10 | 3.6% ↑ |
| Prior year comparison 30-Aug-19 | 29197.17 | 31328.10 | 7.3% ↑ |

### INFLATION FIGURES

| Jul-20 | 8.0  |
|--------|------|
| Jun-20 | 8.5  |
| Jan-20 | 11.1 |
| Jun-19 | 9.0  |

### MONTHLY AVGE FX RATES EQUIV TO ONE UNIT OF FX

|     | Aug 2020 | July 2020 | Dec 2019 | Aug 2019 |
|-----|----------|-----------|----------|----------|
| USD | 745.73   | 738.71    | 741.67   | 739.08   |
| ZAR | 43.24    | 44.10     | 51.42    | 48.86    |
| GBP | 979.05   | 935.55    | 971.93   | 897.31   |

### INTEREST RATES

|                | Aug-20 | Jan-20 | Aug-19 |
|----------------|--------|--------|--------|
| Policy rate    | 13.50  | 13.50  | 13.50  |
| Base lending r | 13.40  | 13.10  | 13.90  |
| TB rate 91 dy  | 7.50   | 6.20   | 8.90   |

*The guideline RBM rate. Lombard rate being 20 bps above the policy rate  
Also known as reference rate. The min lending rate for commercial banks*

### % CHANGE

|     | MM     | YTD    | Y/Y    |
|-----|--------|--------|--------|
| USD | -0.95% | -0.55% | -0.90% |
| ZAR | 1.95%  | 15.90% | 11.50% |
| GBP | -4.65% | -0.73% | -9.11% |

### Foot note to company earnings

## We have incorporated half-year results to compute 12-mth trailing earning.

Our analysis is on the next page

## COMMENTARY ON THE TWO-WEEK REPORT TO SEPTEMBER

Heavyweight; AIRTEL continued its rally gaining 5.6% to K28.50 over the two-week period having a positive influence on the index despite retreats in ILLOVO and TNM. Demand for AIRTEL has risen over the past three weeks as the company released its 1H20 results showing 466% increase in earnings to K11.4bn. Even after adjusting for a K2bn forex loss in 1H19 – the company still posted over 180% increase in earnings. This has put the computed 12-month rolling earnings at K25.3bn resulting in undemanding trailing PE of 11.7x. Illovo shed 14.8% to K80.50 while TNM lost 2.3% during the fortnight to close at K21.50.

The overall the index went up 10 basis points during the two week period while it recorded increases of 4.4% and 7.8% on year to date and 12-month comparisons. The index closed at 31,571.37.

In terms of market turnover, a total of 176.7m shares worth K2.2bn (\$2.9m) traded in 135 trades during the two week period. This compares to market turnover of K2.6bn (\$3.5m) from 136.5m shares in 250 trades in the previous two-week period ended 21 August 2020.

The MWK advanced against the ZAR and GBP (1.03% and 42bps, respectively) during the fortnight a result of the foreign currencies weakening and slightly weakened against the USD (3bps). However on year-to-date and year-on-year comparisons, the MWK weakened against GBP and USD but strengthened against the ZAR – signalling a prolonged period of weakness of the ZAR. Overall the supply for foreign currency seems to be waning.

## COMMENTARY ON THE AUGUST 2020 REPORT

The month of August saw a total of 314.8m shares traded worth K4.8bn (\$6.5m) in 407 trades - making it the month with the highest record of volume, value and number of trades since the beginning of the year. This compares to 62.6m shares worth K1.2bn (\$1.7m) in 195 trades in the previous month of July – representing a 402.% increase in value and 284.4% rise in volume; month on month.

Cumulatively year to August recorded 627.7m shares traded valued at K14.7bn (\$19.7m) in 2,112 trades compared to 682.1m shares traded for a similar period in 2019 worth K32.3bn (\$43.7m) in 2,106 trades. This represents a 8% drop in volume traded and a 54.5% drop in value on the similar period last year.

The index gained 4.9% during the month and 7.3% on last year and has risen 3.6% on year-to-date comparison. The increase in the index during the month was a result of risers cancelling out fallers. Notable risers were AIRTEL (22.9% to K27.03); NBM (12.5% to K618.76); FDHB (29% to K12.90) and MPICO (14.3% to K24.00). The fallers were TNM (9% to K21.80); ILLOVO (14.8% to K80.50) and FMBCH (5.9% to K24.00). The index closed the month at 31,328.10.

## Covid 19 in Malawi

As of 9 September, Malawi had registered 5,653 cases (from 5,419 on 24 August) of Covid-19 infections since the first three cases were registered on 2 April 2020 with 176 deaths (169 on 24 August). Number of tests has reached 47,351 a rise of 10.6% from 42,821 tests as of 24 August. In the previous two-week period between 10th and 24th August; number of tests went up 22.8% from 34,877 to 42,821 –number infected went up 15.9% to 5,419 while deaths rose 15.7% -implying a significant reduction across the board.

The number of infections during the current period went up 4.3% and loss of lives went up 4.1%. The number of recovered cases stands at 3,624 from 5653 –representing 64.1% of recorded cases. By comparison, the number recovered cases on 24 August were 3,059 out of 5,419 representing 56% of recorded cases.

From the above statistics, one would conclude that although the number of tests has reduced, there are significant reductions in infection and death rates and an increase in the percentage of recovered cases. We are therefore cautiously optimistic that the virus spread has slowed down. We think the reduction in the number of tests is a result

of a drop in the number of people showing symptoms – as we believe tests are prioritised for those with symptoms and contact tracing. Our view is also supported by an increase in the recovery rate of 64.1% of recorded cases in the current period compared to 56% recovered in the previous fortnight.

However, the government has authorised the resumption of schools only for final level students at primary, secondary and tertiary institutions. Travel restrictions are going to be eased cautiously. The impact of the easing of restrictions can only be assessed in due course.

Cedar Capital Limited  
4<sup>th</sup> Floor, Livingstone Towers  
Sir Glyn Jones Road  
P O Box 3340  
Blantyre, Malawi  
+265 1 831 995  
Feedback: [nzimar@cedarcapital.mw](mailto:nzimar@cedarcapital.mw)

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