

Title	Equity Research
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MARKET COMMENTARY

The week ending 16 September 2016 was characterised by a 91.64% decrease in trading turnover to BWP 6.6m on 2.5m shares transacted vs. BWP 78.5m on 30.8m shares that changed hands the previous week. BTCL dominated volumes and G4S generated the most market turnover, with contributions of 30.14% and 29.37% to the respective measures.

The Domestic Companies Index ticked up 0.21% to 9,635.48 pts and the Foreign Companies Index remained flat at 9,630.66 pts.

There were 7 gainers and 1 loser. G4S was the top gainer (+5.48%) followed by Barclays (+1.04%) and Cresta (+0.77%); while Choppies was the lone loser on the bourse (-0.29%).

The BWP appreciated against the GBP (+0.57%) and EUR (+0.24%); while it depreciated against the ZAR (-0.08%) and USD (-0.11%).

Highlights in this week's edition:

- Inflation falls to 2.6 percent in August
- Barclays releases H1 16 results
- Sechaba to hold AGM
- Engen cautions shareholders
- Letlole cautions shareholders
- Cresta releases H1 16 results.

Price gainers for the week			Price losers for the week		
Company	Price (P)	% change	Company	Price (P)	% change
G4S	3.85	5.48%	Choppies	3.49	-0.29%
Barclays	4.86	1.04%			
Cresta	1.31	0.77%			
Letshego	2.09	0.48%			
BIHL	17.12	0.41%			

Volumes		Turnover		
		BWP	USD	
BTCL	745,579	G4S	1,926,232	179,910.07
G4S	500,320	FNBB	882,344	82,410.90
Shumba	363,403	BIHL	708,090	66,135.58
FNBB	289,293	BTCL	633,742	59,191.52
Letshego	195,383	Choppies	591,482	55,244.39

Rates

14 day Bank of Botswana Certificate rate	0.79%
91 day Bank of Botswana Certificate rate	1.03%
Bank rate	5.50%
Prime rate	7.00%
Latest inflation (August 2016)	2.60%

Source: Bank of Botswana

Currency	09-09-2016	16-09-2016	% change
ZAR	1.332	1.331	-0.08%
USD	0.094	0.094	-0.11%
GBP	0.071	0.071	0.57%
EUR	0.083	0.084	0.24%

Source: Bank of Botswana





Economic & Company News

Inflation falls to 2.6 percent in August.

In August, headline inflation fell to 2.6 percent from 2.7 percent in July. According to the latest data from Statistics Botswana, inflation fell for several commodity groups, including: *alcoholic beverages and tobacco* (from 2.1 to 2.0 percent); *clothing and footwear* (from 6.7 to 6.2 percent); *furnishing, household equipment and routine maintenance* (from 2.8 to 2.6 percent); *health* (from 2.8 to 2.7 percent); *education* (from 3.8 to 3.6 percent); *restaurants and hotels* (from 3.9 to 3.8 percent); and *miscellaneous goods and services* (from 7.5 to 7.4 percent). However, this was partly offset by rising inflation for: *food and non-alcoholic beverages* (from 2.7 to 2.9 percent); *transport* (from -2.9 to -2.8 percent); and *recreation and culture* (from 1.7 to 1.8 percent). Inflation was unchanged for: *housing, water, electricity, gas and other fuels* (5.6 percent); and *communication* (0 percent).

(Bank of Botswana)

Barclays releases H1 16 results.

The bank released good financial results for the six months ended 30 June 2016, reporting a 138.85% y-o-y increase in profit-after-tax to BWP 207.6m (H1 15: BWP 86.9m). The counter's EPS increased to 24.40 thebe (H1 15: 10.20 thebe) and its TTM ROE rose to 22.56% (H1 15: 21.78%). An interim dividend of 14.669 thebe per share was declared, payable on 21 October 2016 to shareholders registered at the close of business on 7 October 2016.

(Barclays)

Sechaba to hold AGM.

Sechaba is to hold its Annual General Meeting (AGM) on 22 September 2016 at 15h00 at the Coca-Cola Boardroom, Coca-Cola Building, Kgalegadi Breweries, Gaborone. Ordinary business will be transacted at the AGM.

(Sechaba)

Engen cautions shareholders.

Engen shareholders were notified that the group expects the results for the half year ended 30 June 2016 to be significantly lower than what was reported for the corresponding half year ended 30 June 2015. This is mainly attributable to relatively unstable international crude oil prices which resulted in lower inventory gains when compared to the prior period. Therefore, shareholders are advised to exercise caution when trading in the company's securities until such time a detailed announcement is made (expected to be on or about 23 September 2016).

(Engen)

Figure 1: Domestic Companies Index

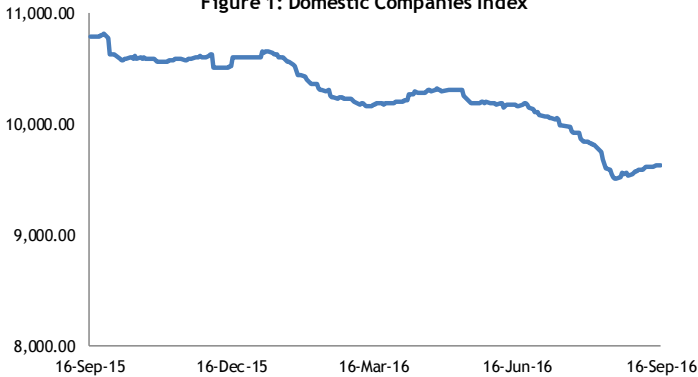


Figure 2: Foreign Companies Index

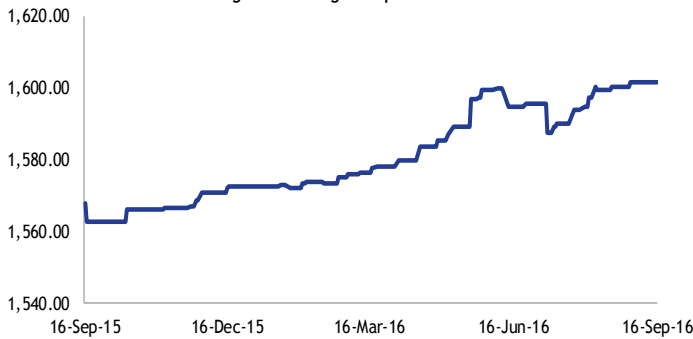
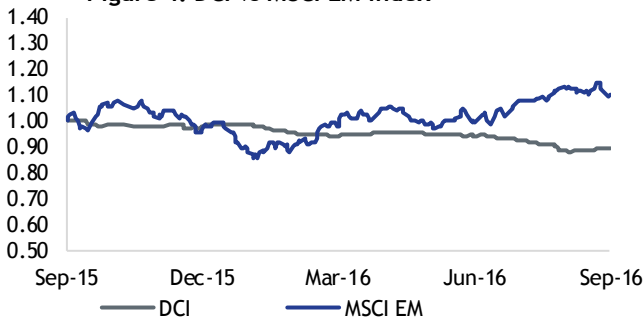


Figure 4: DCI vs MSCI EM index



Source: IAS





Letlole cautions shareholders.

Letlole shareholders were advised that the acquisition of a multi residential at Lot 2989 Gaborone for a purchase price of BWP 42.0m has been concluded. Furthermore, the acquisition of a third interest in the Partnership known as NBC Developments, which owns Lot 16186 Francistown (commercial property leased out for rental in the main mall in Francistown) for a purchase price of BWP 35.4m, is to be concluded shortly. Accordingly, Letlole shareholders are advised to exercise caution when dealing in the company's shares until a full announcement is made.

(Letlole)

Cresta releases H1 16 results.

Cresta released its financial results for the six months ended 30 June 2016, reporting a 62.31% increase in profit-after-tax to BWP 14.3m vs. BWP 8.8m at H1 15, and an earnings-per-share of 7.23 thebe (H1 15: 4.93 thebe). An interim dividend of 4 thebe per share was declared to all shareholders registered by 23 September 2016, payable on or about 28 September 2016.

(Cresta)



RATINGS

COMPANY	Price		P/BV		Net Div	Div Yield	ROE	ROA	Recommendation
	(BWP)	EPS	P/E Hist	Hist					
<u>BANKING SECTOR</u>									
Barclays	4.86	0.45	10.87	2.45	0.21	4.24%	22.56%	2.63%	ACCUMULATE
FNBB	3.05	0.20	15.52	3.09	0.10	3.34%	19.88%	2.30%	REDUCE
StanChart	7.79	0.15	52.73	2.28	0.52	6.73%	4.33%	0.30%	HOLD
<u>OTHER FINANCIAL SERVICES</u>									
Afinitas	0.93	0.00	N/A	2.03	0.00	0.00%	-0.32%	-0.32%	SPECULATIVE
BIHL	17.12	2.04	8.40	1.63	1.13	6.59%	19.38%	3.94%	ACCUMULATE
Letshego	2.09	0.34	6.07	1.11	0.16	7.52%	18.33%	10.36%	BUY
Imara	2.60	-0.37	-7.06	1.09	0.00	0.00%	-15.44%	-12.53%	HOLD
<u>RETAIL</u>									
FurnMart	0.85	0.02	45.21	0.87	0.03	3.53%	1.93%	1.16%	REDUCE
Sefalana	13.42	0.71	18.98	2.54	0.28	2.07%	13.41%	8.38%	HOLD
Choppies	3.49	0.15	22.76	3.05	0.05	1.29%	13.39%	7.47%	HOLD
<u>BREWERIES</u>									
Sechaba	29.50	1.52	19.43	7.28	1.01	3.42%	37.46%	35.41%	HOLD
<u>TELECOMMUNICATIONS</u>									
BTCL	0.85	-0.35	-2.41	0.58	0.05	5.44%	-23.89%	-19.03%	BUY
<u>PROPERTY DEVELOPMENT</u>									
Letlole	2.15	0.22	9.64	0.97	0.18	8.19%	10.01%	8.90%	BUY
NAP	2.94	0.35	8.32	1.38	0.18	6.17%	16.61%	14.69%	REDUCE
PrimeTime	3.05	0.39	7.78	1.18	0.07	2.30%	15.15%	8.55%	HOLD
RDCP	2.65	0.31	8.52	0.91	0.04	1.33%	10.66%	8.15%	BUY
Turnstar	3.25	0.39	8.34	1.18	0.18	5.43%	14.13%	9.28%	HOLD
<u>CONSUMER SERVICES</u>									
Engen	9.20	0.69	13.40	2.82	0.90	9.74%	21.03%	13.42%	BUY
G4S	3.85	0.38	10.10	3.46	0.21	5.34%	34.24%	23.40%	HOLD
<u>TOURISM AND HOSPITALITY</u>									
Cresta	1.31	0.17	7.50	1.48	0.10	7.77%	19.76%	13.00%	BUY
Chobe	7.51	0.63	11.93	2.81	0.37	4.93%	23.56%	17.97%	BUY
Wilderness	5.16	0.32	16.14	2.55	0.14	2.69%	15.79%	7.94%	HOLD
Olympia	0.20	0.06	3.51	0.34	0.00	0.00%		3.64%	suspension
Weighted Average			13.44	2.05		4.26%	13.27%	7.35%	

DIVIDEND SCHEDULE

Company	Declared	Period	Gross		Last day to register	Payable
			Dividend (thebe)	Gross interest (thebe)		
RDCP	10-Aug-16	Interim	0.065	3.273	14-Oct-16	28-Oct-16
FNBB	19-Aug-16	Final	6.00		07-Oct-16	28-Oct-16
G4S	17-Aug-16	Interim	11.36		09-Aug-16	23-Sep-16
Letshego	31-Aug-16	Interim	9.00		16-Sep-16	23-Sep-16
BIHL	17-Aug-16	Interim	55.00		28-Sep-16	14-Oct-16
Cresta	31-Aug-16	Interim	4.00		23-Sep-16	28-Sep-16
Barclays	29-Aug-16	Interim	14.67		07-Oct-16	21-Oct-16



Company	09-Sep-16	16-Sep-16	Volumes	Values	% change	YTD % change	Mkt Cap (BWP Mn)	Mkt Cap (USD Mn)
DOMESTIC BOARD								
Barclays	4.81	4.86	17,350	84,298	1.04%	8.00%	4,141.50	388.89
BIHL	17.05	17.12	41,382	708,090	0.41%	12.63%	4,811.93	451.84
BTCL	0.85	0.85	745,579	633,742	0.00%	-15.00%	892.50	83.81
Chobe	7.50	7.51	684	5,137	0.13%	10.44%	671.69	63.07
Choppies	3.50	3.49	169,479	591,482	-0.29%	-20.68%	4,507.78	423.28
Cresta	1.30	1.31	7,709	10,078	0.77%	22.43%	241.87	22.71
Engen	9.20	9.20	2,200	20,240	0.00%	8.11%	1,469.44	137.98
FNBB	3.05	3.05	289,293	882,344	0.00%	-20.16%	7,819.29	734.23
FPC	2.50	2.50	-	-	0.00%	-2.72%	950.00	89.21
FurnMart	0.85	0.85	60,850	51,723	0.00%	-22.02%	515.48	48.40
G4S	3.65	3.85	500,320	1,926,232	5.48%	6.35%	308.00	28.92
Letlole	2.15	2.15	3,400	7,480	0.00%	-1.38%	616.00	57.84
Letshego	2.08	2.09	195,383	406,596	0.48%	-27.93%	4,571.97	429.31
NAP	2.94	2.94	-	-	0.00%	10.94%	1,776.93	166.85
Olympia	0.20	0.20	-	-	0.00%	0.00%	5.72	0.54
PrimeTime	3.05	3.05	-	-	0.00%	5.17%	548.67	51.52
RDCP	2.65	2.65	3,500	9,275	0.00%	6.00%	921.00	86.48
Sechaba	29.50	29.50	-	-	0.00%	0.01%	3,923.94	368.46
Sefalana	13.41	13.42	43,000	576,984	0.07%	-2.75%	2,990.89	280.84
StanChart	7.79	7.79	-	-	0.00%	-30.45%	2,324.15	218.24
Turnstar	3.24	3.25	25,706	83,545	0.31%	5.86%	1,859.50	174.61
Wilderness	5.16	5.16	-	-	0.00%	5.31%	1,205.91	113.23
Venture Capital								
Afinitas	0.93	0.93	-	-	0.00%	-5.10%	198.97	18.68
Imara	2.60	2.60	-	-	0.00%	-3.35%	154.69	14.53
FOREIGN BOARD								
Anglo	244.95	244.95	-	-	0.00%	12.36%	344,269.35	32,326.89
Blue	0.34	0.34	-	-	0.00%	-15.00%	2,605.38	244.65
GG	7.35	7.35	-	-	0.00%	0.00%	355.61	33.39
Investec	53.67	53.67	-	-	0.00%	0.98%	16,002.96	1,502.68
Venture Capital								
A-Cap	0.33	0.33	-	-	0.00%	22.22%	239.28	22.47
African Energy	0.58	0.58	-	-	0.00%	0.00%	353.04	33.15
BOD	0.33	0.33	-	-	0.00%	153.85%	55.73	5.23
LUC	34.77	34.77	3,920	136,298	0.00%	89.69%	13,200.41	1,239.52
Magnum	0.04	0.04	-	-	0.00%	0.00%	34.02	3.19
Shumba	1.17	1.17	363,403	425,182	0.00%	-10.00%	290.09	27.24
DCI	9,615.58	9,635.48	2,105,835	5,997,244	0.21%	-9.12%	47,427.82	4,453.47
FCI	1,601.43	1,601.43	367,323	561,480	0.00%	1.84%	377,405.87	35,438.41



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