

FEBRUARY MONTH-END REPORT

2018



FEBRUARY 2018

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LISTED EQUITY COMPANIES

There were no new listings in the period under review. Listed companies remained at 7 (seven) on the SSX Main Board, and none on the Alternative Board.

TABLE 1: LISTED EQUITY COMPANIES

| | Oct 2017 | Nov 2017 | Dec 2017 | Jan 2018 | Feb 2018 |
|---------------------------------|----------|----------|----------|----------|----------|
| Total companies listed | 7 | 7 | 7 | 7 | 7 |
| New entrants/listings | 0 | 0 | 0 | 0 | 0 |
| Domestic Companies | 7 | 7 | 7 | 7 | 7 |
| Foreign Companies | 0 | 0 | 0 | 0 | 0 |
| No. of Stocbroking Firms | 2 | 2 | 2 | 2 | 2 |
| No. of Exempt Dealers | 4 | 4 | 4 | 4 | 4 |
| No. of Debt Sponsors | 1 | 1 | 1 | 1 | 1 |

Source: SSX Trading Statistics, 2018

EQUITY TURNOVER

The month of February 2018 recorded a turnover of SZL 100,543,900 from a sale of 2,300,500 shares. The total number of trades brought on to the market were three (3). In comparison to last month's trades, this marked an increase of 99% in revenue for the month of February. The huge increase in trading revenue, although the number of trades was less, was due to larger transactions taking place during one of the trades that happened in February.

TABLE 2: VALUE TRADED OVER THE MONTH IN EQUITY COMPANIES

| <i>Company</i> | <i>Number of Shares</i> | <i>Share Price</i> | <i>Emalangen</i> | <i>Date</i> |
|------------------------|-------------------------|--------------------|--------------------|-------------|
| SBC Ltd | 500 | 780 | 3,900 | 05/02/18 |
| Greystone Partners Ltd | 1,750,000 | 550 | 96,250 000 | 12/02/18 |
| SBC Ltd | 550,000 | 780 | 4,290 000 | 12/02/18 |
| | | | | |
| Total | 2, 300 500 | | 100,543,900 | |

Source: SSX Trading Statistics, 2018

CAPITAL GAINS COMPARISON ON EQUITY PRICES

Below are the listed companies and their respective share prices (cents per share), compared on a yearly basis:

TABLE 3: SHARE PRICE YEARLY COMPARISON AS AT 28 FEBRUARY 2018

| Company | Feb 28, 2017 | Feb 28, 2018 | Capital Gains Yield |
|--------------------|--------------|--------------|---------------------|
| NEDBANK | 970 | 1080 | 11.34% |
| RSSC | 1355 | 1400 | 3.32% |
| SEL | 3050 | 3100 | 1.63% |
| SWAPROP | 545 | 600 | 10.09% |
| Swazi Spa Holdings | 600 | 600 | 0% |
| Greystone Partners | 230 | 280 | 21.74% |
| SBC Ltd | 735 | 780 | 6.12% |

Source: SSX Trading Statistics, 2018

SSX ALL SHARE INDEX TREND

The SSX All-Share Price Index did not change between January and February, it remained flat at 407.25. This was due to no price changes in the trades that took place in the month of February.

MARKET CAPITALISATION

There were no share price changes between January and February, which saw the Market Capitalisation remaining flat at SZL 3.511 Billion. This zero per cent change was because trades that took place in February had no price changes in comparison to those taking place in January. Year-on-year, the market capitalisation increased by 6.23%.

CORPORATE BONDS

As at February 28, 2018, total Corporate Bonds were valued at SZL 997 Million. This marked a decrease of 2.2% in total Corporate Bonds outstanding between January and February. Year-on-year, this marked a 47.9% upward change.

GOVERNMENT BONDS

Total Government Bonds outstanding increased to SZL 2.637 Billion as at February 28, 2018. Between January and February there was an increase of 1.15%. Year-on-year, this marked a 20.2% increase on total bonds outstanding.

CORPORATE NEWS

The SSX team attended the annual Investment Seminar hosted by JM Busha Capital on February 26, 2018 where financial market insights were shared among industry participants, all aimed at finding ways to develop this very important sector of the Swazi economy.

OTHER ACTIVITIES

ETF ROADSHOW

From January 31st to February 2nd 2018, the SSX staff together with Mr. Michael Mgwaba, Head of Exchange Traded Products at Barclays Africa/ABSA, successfully ran an Institutional Investors road show meant to educate the market on the different products which they offer for a tentative cross listing and to gauge the overall appetite from investors for the listing of ETFs on the SSX.

From the results of this Roadshow, most Institutional Investors showed a huge appetite for the Equities ETFs, especially the NewFunds S&P GIVI SA Top 50 Exchange Traded Fund. It is highly likely that it would be the first to be listed on the SSX immediately after automation.

LATEST UPDATES ON SSX AUTOMATION

The SSX started off the year with anticipation of a good year ahead as the automation process is still well under way with hopes of it being finalised before the end of the first quarter.

Escrow Systems finished the integration of the SSX ATS with the CBS CSD during the second week of January 2018. What is outstanding is the integration of the SSX ATS with MTN for mobile trading and settlement using mobile wallets.

The project is made up of a number of components that were broken down for manageability purposes but when integrated they will serve the entire objective of the project. The following table outlines the various components of our project and the latest status of each:

| Component | Entities Involved | Status | Outstanding Task Owned by | Expected Date |
|---|--|---|----------------------------------|----------------------|
| Installation of the Trading System (ATS) | SSX and Escrow Systems | Completed | - | - |
| Installation and Setup of Conventional Settlement System | Escrow Systems, Montran instructed by CBS and SSX | Completed | - | - |
| USSD Trading Platform | Escrow Systems and MTN | Completed | - | - |
| Payments interface to mobile wallets (MTN Money) | Escrow Systems and MTN | Completed awaiting testing with MTN | MTN | 16/02/2018 |
| Mobile Settlement | Escrow and Montran Instructed by CBS and SSX | Not yet commenced awaiting decision on quotation | SSX/FSRA | 23/02/2018 |
| Onboarding of Registers | Escrow and CBS | Stockbrokers and Transfer Secretaries to provide required information. | SSX | 28/02/2018 |

In summary we are nearing completion of our project albeit of some setbacks that we are currently ironing out with Transfer Secretaries and Stockbrokers with respect to minimum KYC details required by the CBS to open an account. We also continue to pursue MTN for a tangible testing plan and quicker turnaround times from their teams.

Montran sent a quotation after the completion of discussions on scope of work and integration specifications between Montran and Escrow Systems. This is for customizing the CSD to handle settlement and deliver for mobile based transactions. Once the FSRA pays for the cost of this interface, the CBS would engage Montran accordingly, and they are expected to start their scope of works next month, March 2018.

The mobile settlement module is currently not available on the CBS CSD System and needs to be incorporated to support our strategy of extending access to the capital market and to the general population. This will also promote direct market access by investors and the lower end of the economy like students hence making our market affordable.

Escrow Systems have already developed and deployed the investor facing end of mobile trading and the missing link is the settlement component. Montran has promised to deliver the solution within 10 days of commencement.

We plan to launch the new system mid-March 2018 so that we meet the proposed first day of Swazi Mobile trading on the SSX on April 1, 2018. The proposed roll out plan is in the following table of events:-

| Task | Responsibility | Start Date | End Date | Status |
|---|---------------------------------------|-------------------|--|---------------|
| Preparation of register data for onboarding | Stockbrokers and Transfer Secretaries | 07/02/2018 | 16/02/2018 – first draft for testing 28/02/2018 – final file for onboarding | In progress |
| Onboarding | Escrow Systems | 19/02/2018 | 19/02/2018 – Mock onboarding 28/02/2018 – final onboarding | Pending |
| Mobile Settlement, development, testing and commissioning | Montran | 13/02/2018 | 23/02/2018 | Pending |
| Testing integration to mobile wallet | MTN and Escrow | 13/02/2018 | 16/02/2018 | Pending |
| Market Wide Mock Run (end to end) | All players | 26/02/2018 | 28/02/2018 | Pending |
| Launch | SSX | 23/03/2018 | 23/03/2018 | Pending |

As concerted efforts are made to go live on March 23, 2018, thus the legislation that provides for the electronic trading of shares needs to be speeded up. The statutory instruments must be amended accordingly to support for the electronic trading of securities. Direct market access processes are also underway with MTN.

The Go Live date will also be agreed after the following things are completed:

- i. Finalisation and publication of the trading rules.
- ii. Finalisation and publication of the Fees & Levies structure.
- iii. Issuance of a Directive by the Regulator about Dematerialisation of securities
- iv. Issuance of a Public Notice by the Exchange about the Dematerialisation of securities

Lastly, all the market participants were informed that the parallel run will continue until further notice thus, until when all the above outstanding business issues are addressed.

===== END OF REPORT =====