



# MAY 2020 MONTH-END REPORT

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## **OVERVIEW**

The Eswatini Stock Exchange aims to enable companies to list and investors to trade in securities. Our vision is striving to be the most functional Stock Exchange in Africa. To achieve our vision, we seek to adhere to our core values: Passion, respect, integrity discipline and execution.

This MAY 2020 report gives a synopsis of the following:

- ❖ Listed Companies
- ❖ Market Capitalisation
- ❖ All Share Index
- ❖ Capital Gains
- ❖ Equity Turnover
- ❖ Corporate Bonds and Government Bonds
- ❖ ESE Members
- ❖ Corporate News

## **LISTED EQUITY COMPANIES**

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There are currently 8 listed companies on the ESE Main Board namely:

1. Royal Eswatini Sugar Corporation Limited (RSSC)
2. Nedbank Swaziland Limited
3. SBC Limited
4. Swaziland Empowerment Limited (SEL)
5. Swaziland Property Investment Limited (SWAPROP)
6. Greystone Partners Limited
7. Royal Swazi Spa Holdings Limited
8. Inala Capital Limited

There was no new listing in the period under review, however the ESE continues to engage stakeholders in a bid to get more listings (both domestic and foreign).

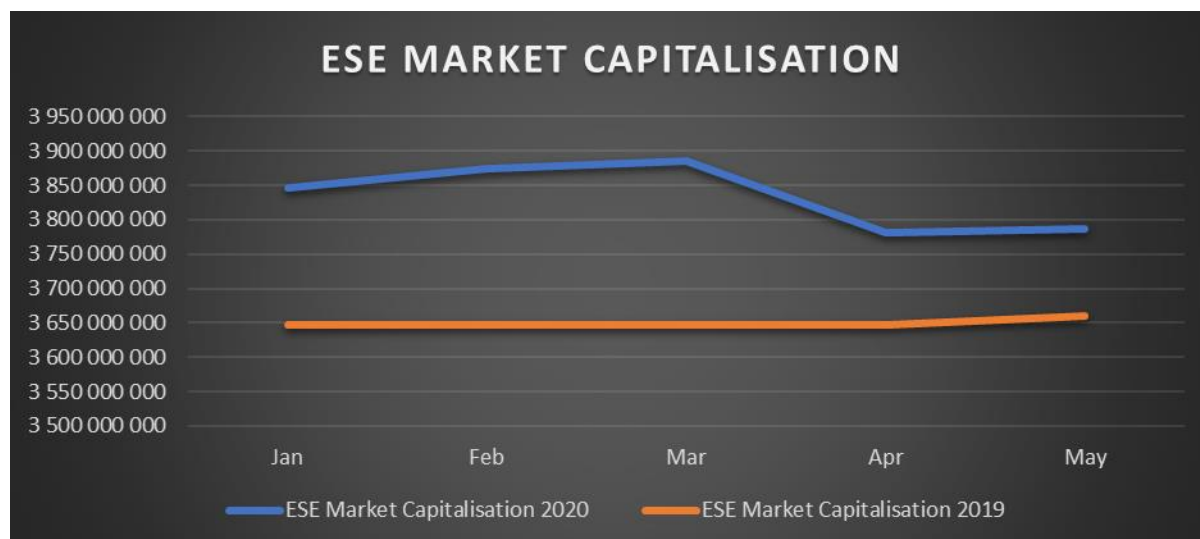
**TABLE 1: LISTED EQUITY COMPANIES**

	Feb 2020	Mar 2020	Apr 2020	May 2020
<b>Total companies listed</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>New entrants/listings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Domestic Companies</b>	<b>8</b>	<b>8</b>	<b>8</b>	<b>8</b>
<b>Foreign Companies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

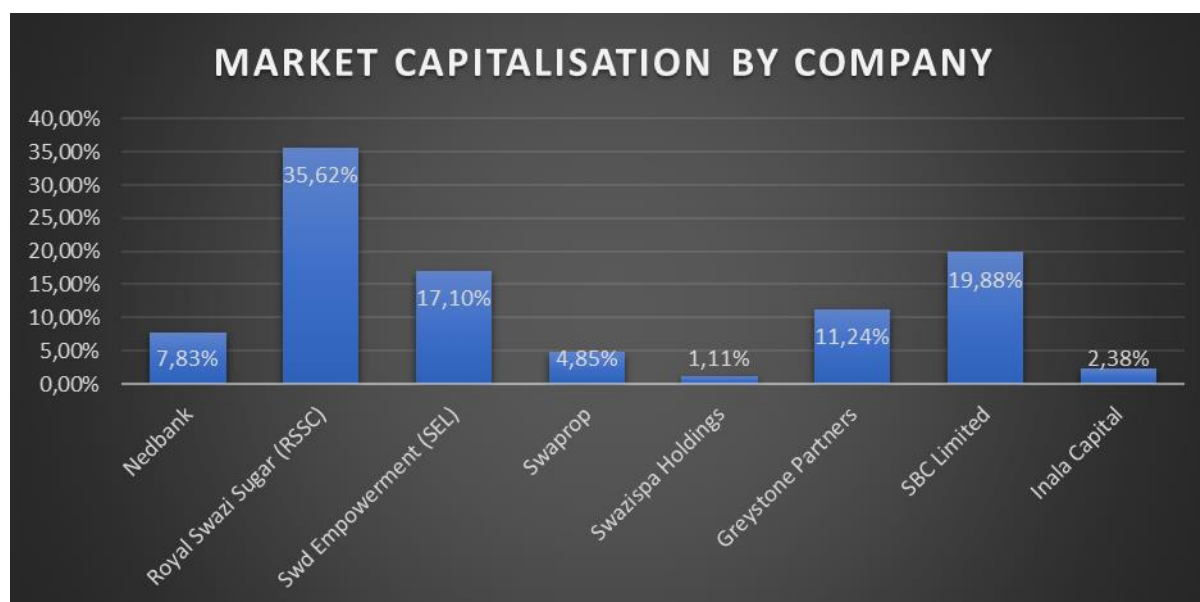
Source: ESE Trading Statistics, 2020

## MARKET CAPITALISATION

The local equity market's values reflected a 0.16% increase in the market capitalisation between April and May 2020 from SZL3.781 billion to SZL3.787 billion as a result of an increase in Nedbank Swaziland Limited and Inala Capital Limited share prices. Year-on-year (May 2019 versus May 2020), the market capitalisation realised a 3.46% gain from SZL3.660 billion to SZL3.787 billion.



Source: ESE Trading Statistics, 2020

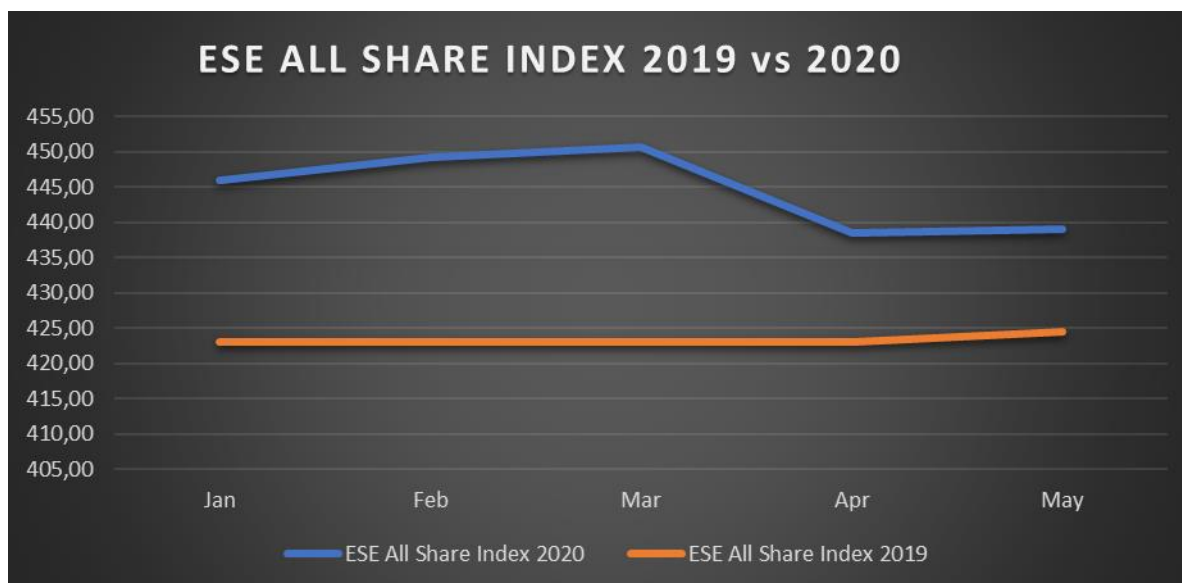


Source: ESE Trading Statistics, 2020

## ESE ALL SHARE INDEX TREND

The ESE All Share Index between April 2020 and May 2020 increased by the same 0.16% from 438.44 to 439.14. This slight change in the All Share Index was as a

result of an increase in Nedbank Swaziland Limited and Inala Capital Limited share prices in the month of May 2020. Year-on-year, all share index increased by 3.46% from 424.45 to 439.14.



Source: ESE Trading Statistics, 2020

## 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 2: SHARE PRICE YEARLY COMPARISON AS AT 31<sup>st</sup> MAY 2020**

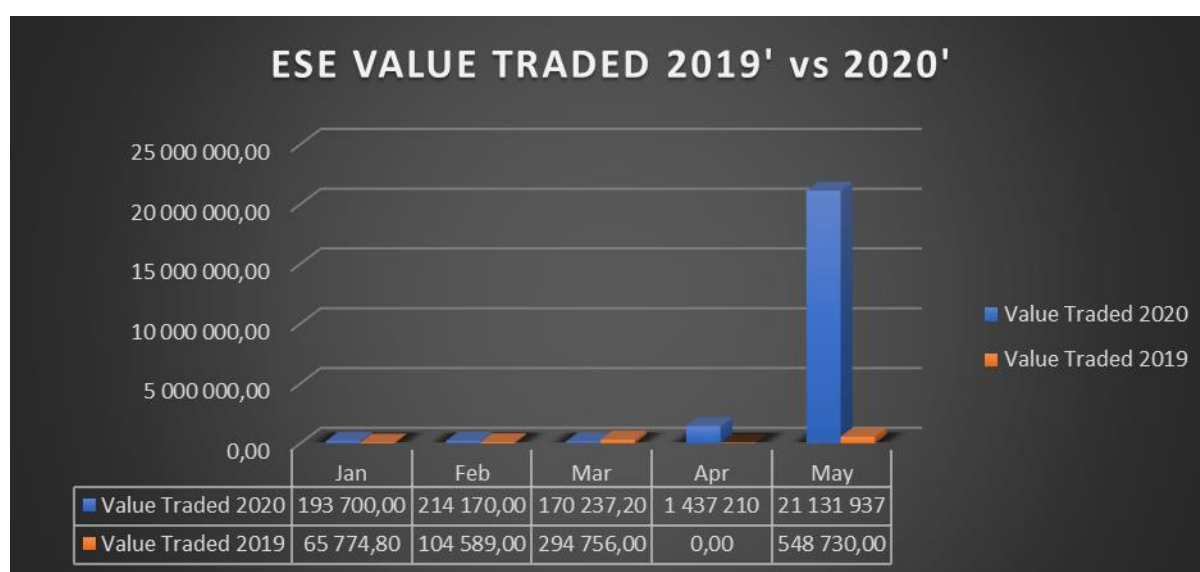
Company	MAY 31, 2019	MAY 31, 2020	Capital Gains Yield
<b>NEDBANK LTD</b>	1120	1240	<b>10.71%</b>
<b>RSSC LTD</b>	1400	1400	<b>0.00%</b>
<b>SEL LTD</b>	3418	3500	<b>2.40%</b>
<b>SWAPROP LTD</b>	605	790	<b>30.58%</b>
<b>SWAZI SPA HOLDINGS LTD</b>	600	600	<b>0.00%</b>
<b>GREYSTONE PARTNERS LTD</b>	315	300	<b>-1.96%</b>
<b>SBC LTD</b>	810	780	<b>-3.70%</b>
<b>INALA CAPITAL</b>	<b>0</b>	125	<b>0.00%</b>

Source: ESE Trading Statistics, 2020

SWAPROP Ltd was the trailblazer, followed by Nedbank and SEL, while Greystone Partners Limited and SBC Limited witnessed a drop in share prices.

## EQUITY TURNOVER

The month of May 2020 had Eleven (11) trades which were from the sale of Greystone Partners, SEL, SBC Limited, SWAPROP, Nedbank and Inala Capital shares, which collectively recorded a total value of SZL 21,131,937. Year-on-Year (May 2019 versus May 2020) value traded increased by 3,751.06% from SZL 548,730.00 in 2019 to SZL 21,131,937.00 in 2020. The negative effects of COVID-19 can be viewed as a contributing factor to the sell-off of shares witnessed this month.



Source: ESE Trading Statistics, 2020

**TABLE 3: VALUE TRADED OVER THE MONTH IN EQUITY COMPANIES**

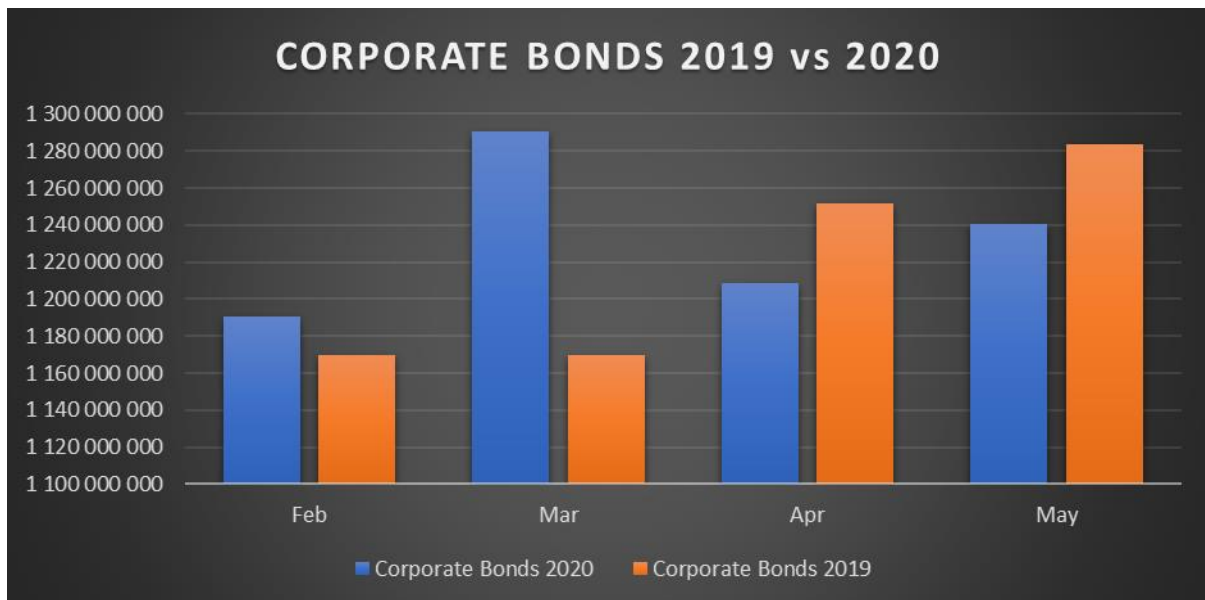
<u>Company</u>	<u>Number of Shares</u>	<u>Share Price(cps)</u>	<u>Emalangen</u>	<u>Date</u>
Greystone Partners	1 296	300	3 888.00	2020/05/06
SWAPROP Ltd	1 924 050	790	15 199 995.00	2020/05/06
SWAPROP Ltd	607 595	790	4 800 000.50	2020/05/06
SBC Limited	6 000	780	46 800.00	2020/05/12
SWAPROP Ltd	15 370	790	121 423.00	2020/05/19
Inala Capital	116 200	125	145 250.00	2020/05/19
SBC Limited	2 000	780	15 600.00	2020/05/19
SBC Limited	3 500	780	27 300.00	2020/05/26
SEL	19 800	3500	693 000.00	2020/05/28
SBC Limited	5 000	780	39 000.00	2020/05/29
Nedbank Swaziland Ltd	3 200	1240	39 680.00	2020/05/29

<b>Total</b>	<b>2 698 011</b>	<b>SZL 21 131 936.50</b>
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Source: ESE Trading Statistics, 2020 CPS – Cents per share

## **CORPORATE BONDS**

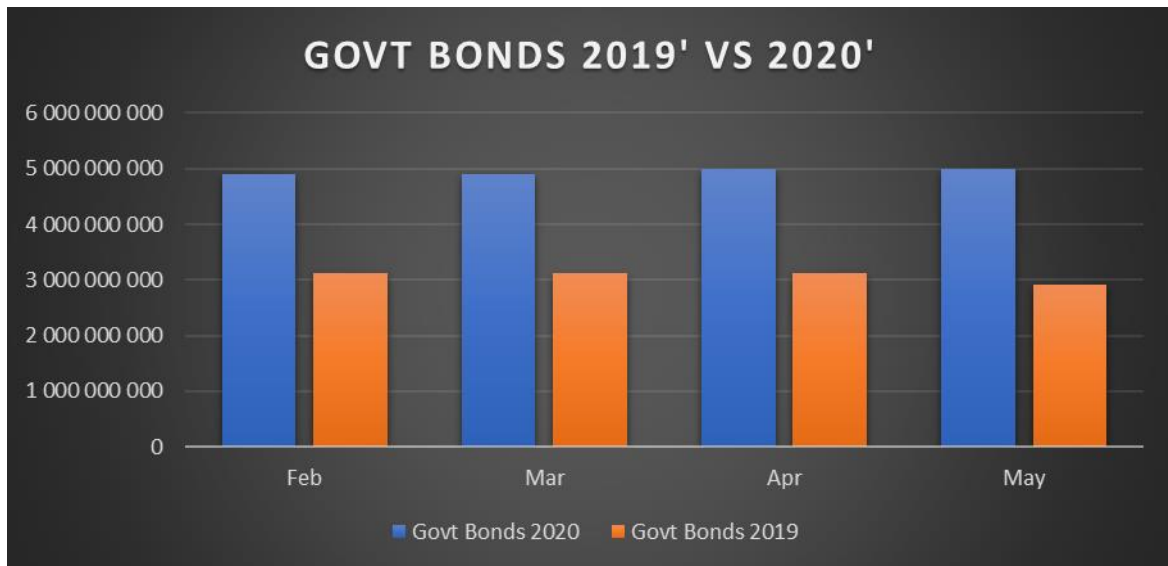
As of May 31, 2020, total Corporate Bonds value stood at SZL 1.231 billion. There were Three (3) bonds that commenced trading in the period under review, namely SML803 worth SZL 30 million, SML804 worth SZL 30 million and FIN304 worth SZL 00 million. There were Three (3) bonds that matured in the month of May 2020, namely FIN201 worth SZL 10 million, FIN203 worth SZL 24 million and SML606 worth SZL 24 million. Year-on-year, Corporate bond activity marked a 3.46% decrease in the overall total trading on the ESE, from SZL1.284 billion in May 2019 to SZL1.241 billion in May 2020.



Source: ESE Trading Statistics, 2020

## **GOVERNMENT BONDS**

Total Government Bonds remained the same at SZL 5.004 billion between April and May 2020. This unchanged value is a result of no new maturities and commencement. Year-on-year, Government marked a 71.84% increase in the total value of government bonds trading on the ESE, from SZL 2.912 billion in May 2019 to SZL 5.004 billion in May 2020.



Source: ESE Trading Statistics, 2020

## ESE MEMBERS

In the period under review ESE had the following Members:

### Stockbroking Firms

Swaziland Stockbrokers Limited  
African Alliance Eswatini Securities Limited

### Exempt Dealers

Nedbank Swaziland  
Eswatini Development and Savings Bank  
First National Bank Swaziland  
Standard Bank Swaziland

### Debt Sponsors

Central Bank of Eswatini

**TABLE 3: ESE MEMBERS**

	Dec 2019	Jan 2020	Feb 2020	Mar 2020	Apr 2020	May 2020
No. of Stockbroking Firms	2	2	2	2	2	2
No. of Exempt Dealers	4	4	4	4	4	4
No. of Debt Sponsors	1	1	1	1	1	1

Source: ESE Trading Statistics, 2020

## CORPORATE NEWS

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1. Corporate bond SML803 worth SZL 30 million, SML804 worth SZL 30 million and FIN304 worth SZL 30 million commenced trading on the ESE in May 2020.
2. Corporate Bonds FIN201 worth SZL 10 million, FIN203 worth SZL 24 million and SML606 worth SZL 24 million matured during the month of May 2020.
3. There were no new government bonds that commenced trading and no maturities during the month of May 2020.
4. Swaziswa Holdings Limited issued a Cautionary Statement notifying shareholders that subsequent to the announcement by the Prime Minister of the nationwide lockdown, Swaziswa Holdings Limited suspended all of its Resort operations from Monday, 30 March 2020 for an anticipated suspension period of 3 months. Significant action is being taken to reduce costs during the lockdown and suspension period thus, the Company will operate on a limited staff basis, with only a handful of key and essential personnel remaining on the premises to ensure the general maintenance and security thereof. While Swaziswa Holdings Limited continues to engage with its various lenders to ensure that its credit facilities are maintained, the full financial impact of the Coronavirus on the Company will only be determined once the business operations resume and its ramifications properly assessed. Stakeholders will be kept apprised of developments in this regard. Notwithstanding these extraordinary and uncertain times, the board and management of Swaziswa Holdings Limited remain fully committed to ensuring the future viability and sustainability of the Company and are taking every reasonable step to minimise the impact on the shareholders, employees, suppliers and business partners. The closure of the Resort operations will have a significant impact on the revenue and profitability of the Company and consequently there could be an adverse effect on the price of the Company's securities. Accordingly, shareholders are advised to consult their professional advisors and exercise caution when dealing in the Company's securities until a further announcement is made.  
Swaziswa Holdings Limited extended date of the AGM.
5. The 45<sup>th</sup> Annual General Meeting of the members of Nedbank (Swaziland) Limited was held on Wednesday, 20 May 2020 at Mountain Inn Hotel, Mbabane at 13:30 hours to transact the following business: -
  - i) To approve the Minutes of the Annual General Meeting held on 22 May 2019.
  - ii) To receive, consider and adopt the Annual financial Statements for the year ended 31 December 2019, together with the Reports of the Directors and Auditors thereon.
  - iii) To mandate the directors of the company that subject to the memorandum and articles of incorporation, the Companies Act and the Listings Requirements



that the authorised, but unissued, shares in the capital of the company be and are hereby placed under the control of the directors of the company until the next Annual General Meeting to allot, issue or dispose such shares to such person or persons and on terms and conditions at their discretion.

iv) To note and confirm the special dividend of 568 cents per share for the year ended 31 December 2019, declared on 12 March 2020, to be paid to members on 20 May 2020.

v) To appoint Independent Auditors for the ensuing year and to authorise directors to determine the remuneration of the company's auditors and fix the remuneration of the Auditors for the past year.

vi) In terms of Article 97 of the Company's Articles of Association, Messrs B Dlamini and V Nkambule, having reached mandatory retirement age retire as directors of Nedbank (Swaziland) Limited.

vii) To note and confirm the appointment of Mr Nkonzo Hlatshwayo as Chairman of the Board of Nedbank (Swaziland) Limited.

viii) To note and confirm the remuneration paid to Directors for the past financial year.

However, on the eve of this AGM, Nedbank informed Eswatini Stock Exchange on the 11th hour to the start of the AGM that Management had made an assessment of the impact of COVID-19 and looked at the prevailing current economic condition and were of the view that it would be prudent for the bank to delay payment of the dividend. The suggestion was that the payment is done in two tranches, an immediate payment of E70 million in June and a further E70 million paid in Q4 2020. As a bank they were enquiring as to whether there are any repercussions should they make part payments of the dividend to the shareholders.

The second issue was around the guidelines of the Stock Exchange as to whether they would need to issue a Public Statement pertaining to the said issue, or if there are any additional requirements on the bank with regard to the change in the timing of payment of the dividend.

In its response, the Market Committee stated that normally, the Market Committee would be of the view that the bank gives the shareholders the dividend in full as this pertains to the past financial year (2019) and not the current one (2020) which is already into its 5th month, as such the effect of COVID-19 will be felt next year, leading to the shareholders paid in full and the AGM of the 20th informing them of what will happen in the next Annual General Meeting, so that they are prepared. However, since globally every organisation is operating under the COVID-19 pandemic, the Market Committee requested the following to be done by the Bank:-

1. Nedbank to submit to the Market Committee proof that at least 75% of their shareholders consented to the proposed staggered dividend payment.

2. Nedbank to submit to the Market Committee the agreement of how interest on the dividend that will remain outstanding from today will be paid to

shareholders till the last tranche is paid.

**3. Nedbank to advance reasons to the Market Committee that led to relegating on its financial obligation to shareholders on the eve of the declared and published special dividend payment.**

**4. Nedbank to publish an Amended Notice to shareholders informing them about the reasons behind this decision.**

**The Market Committee is yet to get a full response to the four above requested issues to be addressed by the Bank.**

- 6. Greystone Partners Limited invited ESE and FSRA staff to a virtual Teams meeting to discuss its Balance Sheet Restructuring (Share Swap) on 6 May 2020. Mr Nuno Xavier led the conversations by giving a brief background information about Greystone Partners Limited from the time it listed in 2010 to the current state where it is facing liquidity problems which have led to it being desirous to effect a share swap to restructure its statement of financial position. They named a few of the company's shareholders to be affected by the proposed transaction. Once this restructuring process has been finalised, they will come back to raise more capital from the market.**

## **OTHER ACTIVITIES**

May 2020 found the Exchange under lockdown following the COVID-19 pandemic and the Regulator's subsequent decision on 26 March 2020 for staff to work from home. Notwithstanding, staff remained earnestly engaged in facilitating trades and effecting other work and finding programmes to improve and develop the Exchange.

### **ESE DRAFT LEGISLATION INDUSTRY CONSULTATIONS – 15 MAY 2020**

The ESE held a virtual industry consultation session on the ESE draft Legislations on 15 May 2020. During the meeting, stakeholders undertook to send their reactions to some of the provisions of the rules. We requested stakeholders to send their comments by end of business of 1 June 2020, following which the ESE will respond to these, finalise the rules and thereafter submit the draft rules to the Regulator for final approval.

### **CBE AND CENTRE FOR FINANCIAL REGULATION AND INCLUSION (CENFRI)-ESE NATIONAL PAYMENT SYSTEM STRATEGY – 18 MAY 2020**

The Central Bank of Eswatini working together with CENFRI is crafting the NPS Vision and Strategy Framework 2020-2025 where Financial Industry players are sought to comment on various payment areas of interest affecting their operations. In this regard, ESE staff joined a virtual Zoom meeting which was led by Mr Barry Cooper, Head of Payments and Financial Integrity whose objective of this virtual meeting was for CENFRI to better understand:

- Eswatini Stock Exchange's overarching vision with regards to payments in the next 5 years
- The most pressing payments needs at the Eswatini stock exchange
- The current volumes and values on average being trade on the Eswatini Stock exchange

- The payments-related regulatory barriers are faced by the Eswatini Stock Exchange
- How well the Securities settlement system serves the Eswatini stock exchange
- What should the NPS strategy framework (2020-2025) include to support Eswatini Stock Exchanges' objectives as well as the entire payments industry, in terms of:
  - o Access and participation
  - o Regulation
  - o Infrastructure
  - o Coordination among regulators, and between regulators and the industry

Other topics covered included Central Bank Digital Currency (CBDC) and crypto currencies as modes of settlement, institutions that utilise payment systems in Eswatini, shortage of longer-term securities which leads to assets and liabilities mismatch/imbalance especially for the government, regulatory framework in Eswatini, risk-based supervision, just to name but a few. He emphasised that the ESE needs to do Institutional Due Diligence, not Client/Customer Due Diligence and a Toolkit will be shared to be utilised in this regard.

### **CBE AND CENTRE FOR FINANCIAL REGULATION AND INCLUSION (CENFRI)-FSRA NATIONAL PAYMENT SYSTEM STRATEGY – 19 MAY 2020**

ESE staff joined another virtual Zoom meeting which was again led by Mr Barry Cooper, Head of Payments and Financial Integrity who sought to understand SACCOs' participation in the country's payment system as per FSDIP Policy Recommendation 24. It was explained that the FSRA/CSI was working on allowing SACCOs to have direct access to the CBE's National Payment System for the cheque clearance system for SACCOs instead of a sponsored access via commercial banks. The kinds of functionalities (such as identifying proxies that can be linked to a person's identity like emails, social media accounts, etc) that are necessary for FMIs to get their payments under this direct access were also discussed, as most currently get their repayments via direct stop order deductions from source (employers).

A problem with credit bureaus that get credit information from payment patterns done by consumers was also discussed and it was explained that guidelines are being developed that will go together with the template to be used by credit bureaus when gathering information from consumers. He also emphasised that innovations that come within the market need to be embraced. The FSRA explained to CENFRI that Eswatini is using a Sectoral Approach, not a Twin Peak Approach like in the RSA in terms of regulating the financial industry.

The issue of some companies having two licences from the FSRA and the CBE was also discussed where it was suggested that there should be regular meetings/forums for the FSRA, CBE and Eswatini Communications Commission (ESCCOM) as Regulator of the Telecommunications industry.

Changes in payment mechanisms were also discussed such as a need for a national switch e.g. mobile money companies working with MFIs to stop relying on banks for payments of loans extended to the public.

## **CBE AND CENTRE FOR FINANCIAL REGULATION AND INCLUSION (CENFRI)-AFRICAN ELECTRONIC TRADE GROUP NATIONAL PAYMENT SYSTEM STRATEGY – 20 MAY 2020**

Another virtual Zoom meeting on the NPS Vision and Strategy Framework 2020-2025 was coordinated by Ms Treasure Maphanga. Mr Muluaem Sycum, CEO and Chairman of AeTrade Group led the discussions by presenting the AeTrade Group Initiatives with a view of informing all stakeholders regarding the Payment Systems, Logistics Systems and E-Commerce Platform in Eswatini and the rest of the African continent. This would then be followed by bilateral discussions with each entity based on areas of interest, with the ESE included in this process.

## **AFRICAN ALLIANCE ASSET MANAGEMENT WEBINAR – 20 MAY 2020**

Another virtual Zoom Webinar was led by Mr Peter Jarvis, Group Chief Investment Officer, African Alliance Group where he discussed the effects of COVID-19 on Global Markets and the investing public's Investments. Fiscal and monetary response, Asset Class Views and Asset Class Positioning were hot topics where it was explained that Central banks came to the rescue via Quantitative Easing Forever (Q4ever) which saw the American's Fed's balance sheet ballooning by US\$2.5 trillion to a record US\$6.6 trillion since the end of February, with Total Assets of the Fed, the European Central Bank and the Bank of Japan jumping by US\$3.2 trillion from the end of February to US\$17.8 trillion.

Banks globally (except in China) present a low to moderate financial stability risk. Banks capital positions have been strengthened since then by more stringent capital requirements and supervision. In the US, the personal saving rate had jumped from 8.0% to 13.1% at the same time. Four days after the Fed's QE4ever announcement, Trump signed the CARES Act which provided US\$2.2 trillion in rescue programs for the economy.

On the Global equities landscape, he noted that plenty of liquidity has been provided by the major central banks to stabilise the global financial system, which led to the S&P 500 rebounding strongly since March 23 where lows of 73 of S&P 500 companies have reported earnings misses highest since Q4 2008 (global financial crisis). Now, the bad news is that if you thought Q1 2020 results were bad, you have not yet seen nothing yet as Q2 2020 is expected to be much worse, with businesses shuttered in the US and in many other nations as the quarter begins. They expect near term volatility post "bounce" and remain neutral asset class BUT the end of globalisation and the new world order reinvention of supply chains and the end of buybacks and cuts to dividends in a questionable state and when throwing in a fresh eruption of political sparring between the US and China, all bring uncertainties around the world markets.

## **MODERNISATION OF THE AUTHORITY'S ACTS - PRESENTATION OF AMENDMENTS TO THE FSRA BOARD, MOUNTAIN INN, MBABANE – 26 MAY 2020**

The FSRA draft legislation workshop was successfully held on 26 May 2020 after Technical Assistance to embark on the Modernisation Project was sought from the IMF since December 2016. Policy considerations that informed the change of policies included:

1. Modernise the FSRA Act as policy consideration of law pre-existed the financial landscape

2. Harmonise the legislations that the FSRA/Authority enforces
3. Align supervisory framework with international standards (IOSCO, etc.)

Amendments to the following Acts were presented to the Board:

1. FSRA Act
2. Securities Act
3. Retirement Funds Act
4. Insurance Act
5. Building Societies Bill

Due to time limitations, presentations were concluded on Thursday, 28 May 2020.

### **GRI TAX TRANSPARENCY AND SUSTAINABILITY WEBINAR – 27 MAY 2020**

ESE staff joined this Zoom virtual webinar organised by the GRI. The evolving corporate reporting landscape calls for companies to include Sustainability Reporting in addition to the Financial Reporting we have been accustomed to ever since history. This is an organisation's practice of reporting publicly on its economic, social and/or environmental (ESG) impacts and hence its contributions positive or negative towards the goal of sustainable development. From this, it is evident that ESG and financial disclosures are converging, Mainstream investors consider ESG information when making investment decisions, the world's largest companies integrate non-financial data in their annual financial reports including tax transparency.

This webinar covered the GRI Sustainability Reporting process which came at an opportune time when the ESE is gearing to produce its first Integrated Report.

### **ESE-GRI COLLABORATION ON SUSTAINABILITY AND DISCLOSURES WITHIN THE CAPITAL MARKETS AND INTRODUCE GRI STANDARDS – 29 MAY 2020**

Mr Douglas Kativu, Director Global Reporting Initiative (GRI) Africa on Sustainability Reporting by the UN Sustainable Stock Exchange (SSE) Initiative had a virtual Zoom meeting with ESE staff where he reported that the Funding Partner has agreed to extend time for this project due to the COVID-19 pandemic.

He clarifies that the Integrated Report earmarked to providers of financial capital/investors. Companies struggle on what to report on, they then resort to GRI Sustainability Reporting Standards in terms of what to measure and report on Economic (GRI 200), Environmental (GRI 300) and Social (GRI 400). It's been left to the companies to tell their own stories around these ESG issues/impacts.

Guidelines are a set of 9 Principles and 49 Core Elements which encourage and enable businesses to go beyond compliance and embrace sustainability as part of their business ethos through indicators based on which the Exchange defines responsible business conduct.

The right approach is to start with the ESE Sustainability Report and then build the

management systems (especially data) needed for Integrated Reporting.

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