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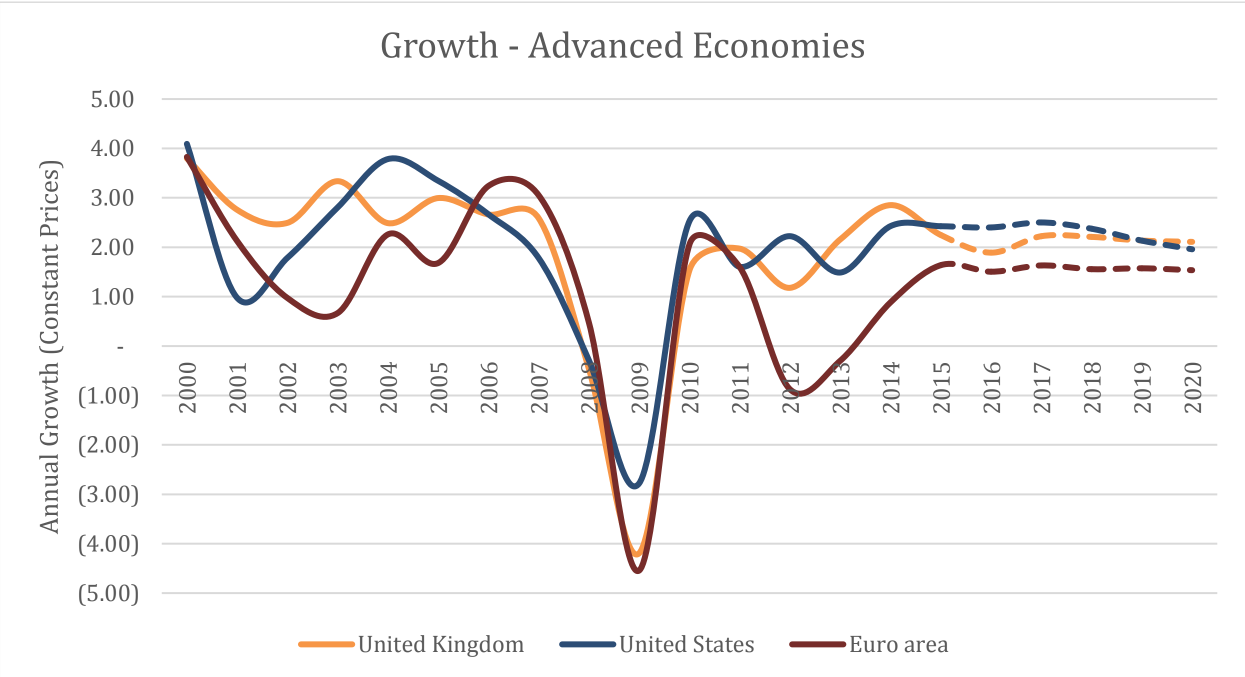
Economic Backdrop

IJG Economic Outlook Update

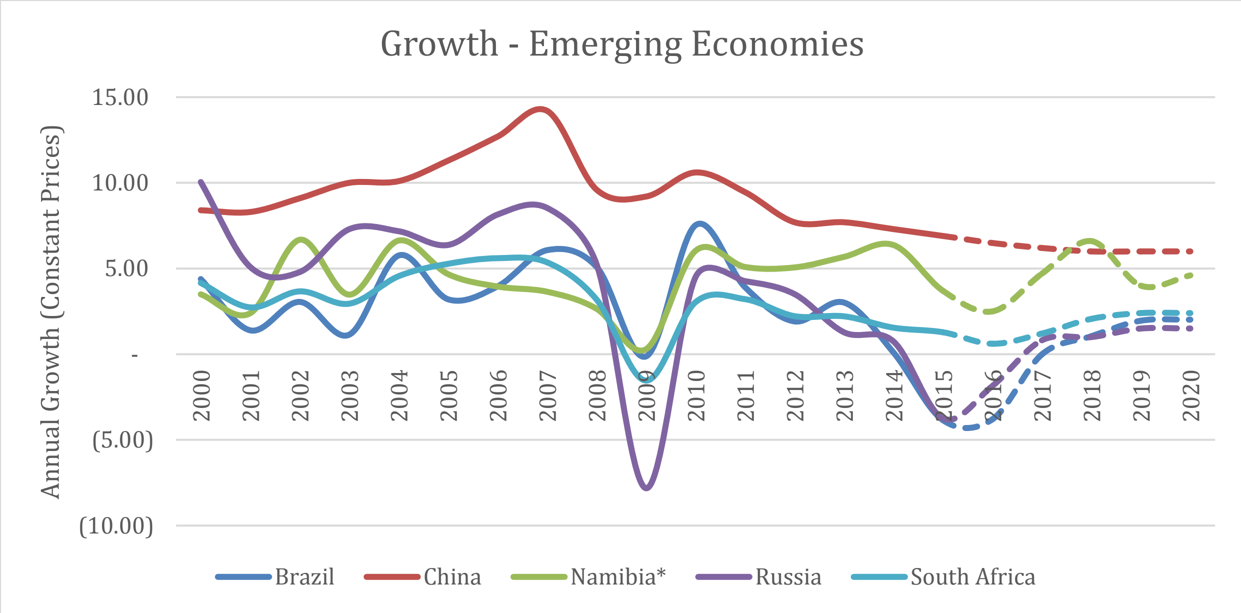
Global Developments

The global economy remains on a knife edge, with downward revisions to growth expectations becoming the norm, rather than the exception. Many advanced economies are struggling to regain their pre-global crisis growth and employment rates, while a number of emerging economies have seen major and painful short term adjustment over the past two years. The US economy remains relatively robust, with employment levels and growth slowly returning to long-term trend levels. Europe remains fragile, with uncertainty much increased due to the recent vote by Britain to leave the European Union. In addition, many of the problems of the Eurozone remain boiling barely below the surface, most of which can be expected to resurface at some point in the next half decade. As such, little growth recovery is expected from key advanced economies in 2016 and 2017, with risks heavily slanted to the downside.

Emerging economies, the previous drivers of global growth, have stuttered over the past year, driven by various domestic issues, collapsing commodity prices and the exhaustion of fiscal and monetary policy space. As such, a number of large emerging market economies have seen contraction in 2015 and 2016. Notable amongst these are Brazil and Russia, while the economies of China and South Africa continue to see ever lower rates of growth.



Source: IMF WEO April 2016



Source: IMF WEO April 2016, *IJG Securities Economic Outlook 2016

Domestic Developments

Between 2009 and 2015, Namibia posted some of its strongest ever growth, with consecutive growth of between 5.1 and 6.3 percent, compounding each year over the six-year period. As such, the economy grew from a N$77.9 billion economy to a N$108.3 billion economy in real terms. This abnormally strong growth was driven by three key factors. Firstly, Namibia has been through a prolonged period of historically low interest rates, which drove unprecedented uptake of credit by the private sector; secondly, major fiscal expansion from 2011 until early 2016, drove money into the pockets of the public, as well as major civil works programmes; finally, unprecedented levels of foreign direct investment into the country, driven by the consecutive construction of three foreign funded mines. These factors resulted in a consumption and construction boom, which saw a major expansion in the local economy.

However, subsequently, the macroeconomic environment in Namibia has started to deteriorated notably, as a combination of factors have come together to dampen growth and drive imbalances within the local economy. The unwinding of historically low interest rates, lower levels of Government spending, less foreign direct investment into the country, fewer Angolan retail tourists, a reduction in diamond output, weak commodity prices, drought, water supply constraints, inflation and a high base, are a notable few.

While no single factor (bar, perhaps, government spending) would have been likely to drive a major growth slowdown on its own, the combination of all of the above have resulted in the brakes being fast applied. As a result, the growth outlook for the current years is significantly worse than has been the case for a number of years.

The broad macroeconomic policy tools, namely fiscal and monetary policy, usually used to smooth the business cycle, have ended up amplifying it. The reason for this is that the hand of the monetary and fiscal policymakers was forced towards the end of 2015, with government running low on funds and South Africa driving up interest rates for the Common Monetary Area. This comes at an inopportune time, as government spending is being cut, and interest rates risen, into economic weakness. That this situation could have been avoided through more prudent monetary and fiscal policy in recent years, no doubt can exist. However, given the current situation, such policy tightening is unquestionably, the right thing to be doing.

The growth slowdown can be visible in a number of sectors of the local economy. Within the primary sectors, drought is likely to keep agricultural production low, while a decline in diamond output is likely to be but partially offset by increased uranium output. The collapse in copper concentrate output as a result of the closure of the two copper concentrate mines in late 2015 will be offset by output from the new copper cathode mine, however little growth is to be expected overall. In the secondary sector, little growth is expected in manufacturing, with water supply issues in the central area of Namibia driving the possibility of reduced beverage manufacturing. From a construction perspective, Namibia has already started the process of normalisation following a flurry of construction growth through 2013 and 2014. The construction of the Tschudi Copper Mine, the Otjikoto Gold Mine and the Husab Uranium Mine, coupled with enormous Government spending on infrastructure and extensive retail floor space development, drove a construction boom. However, construction is transitory in nature, meaning that a large spike up in growth is seen when construction starts, but a similarly large spike down is seen when construction is completed. In the tertiary sectors, the two main contributors to GDP, namely wholesale and retail trade, and public administration, are both likely to contract in 2016. Government spending is to decline by 1.1% in nominal terms, which when adjusted for inflation is likely to be approximately 7%. Because of higher interest rates, lower government spending, fewer people employed in construction and less Angolan retail activity in Namibia, the real value of wholesale and retail trade is unlikely to increase when compared to 2015.

Forecasts for growth in 2016 are highly varied, however given the factors abovementioned, it is all-but impossible that we will see growth in the range of that of the past six years. Despite the apparent picture of gloom, every economy in the world experiences similar cyclicality in growth, and given the enormous growth in the Namibian economy over the past half-decade, this period of normalisation is far from abnormal. Moreover, unlike the growth constraints in the economy of our southern neighbour, Namibia’s current growth constraints are largely transitory, rather than structural. With Husab coming on-stream in 2017, and a number of base effects and expected improved rainfall being removed from the immediate outlook, the Namibian economy is expected to return to a path of positive growth.

GDP Growth

As is our custom, we have recently conducted a half-year revision of our growth and other forecasts for the year, making use of information and data gathered over the first six months of 2016. The details of the revisions, and their logic, are given below.

Real GDP Growth Rates

	Actual			Nowcast	Forecast				
Industry	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Agriculture and forestry	8.1	-19.3	9.6	-11.0	4.2	10.0	1.6	3.5	3.5
Livestock farming	6.0	-25.5	13.0	-12.0	5.8	8.9	-1.0	2.3	2.2
Crop farming and forestry	11.6	-9.6	5.3	-9.5	2.0	11.6	5.0	5.0	5.0
Fishing and fish processing on board	-7.6	3.0	-2.5	4.0	-7.3	0.0	0.0	0.0	2.0
Mining and quarrying	25.1	2.6	-6.3	2.4	-6.7	22.8	13.2	0.6	3.2
Diamond mining	13.0	10.0	6.2	-6.5	-9.8	12.5	0.0	0.0	5.6
Uranium mining	27.1	-7.0	-9.8	-18.1	15.5	92.3	53.8	0.0	0.0
Metal ore mining	32.4	-25.7	0.6	78.5	-21.2	11.0	1.5	-1.3	-1.2
Other mining and quarrying	62.6	11.0	-39.7	7.0	6.0	6.0	6.0	6.0	7.0
Primary industries	**14.4**	**-3.2**	**-2.2**	**-0.7**	**-4.4**	**16.1**	**8.7**	**1.1**	**3.1**
Manufacturing	-6.8	4.2	-2.2	5.8	4.3	6.0	5.0	3.9	3.6
Meat processing	-1.1	30.2	-17.4	15.1	4.2	4.2	-1.1	-1.1	-1.1
Grain Mill products	-1.5	8.0	2.8	8.0	16.4	-1.5	2.8	2.8	2.8
Other food products	-16.8	3.4	11.4	10.1	6.7	6.7	6.7	6.7	6.7
Beverages	15.0	13.5	-18.1	3.0	0.0	3.0	3.0	3.0	3.0
Textile and wearing apparel	6.1	4.8	-30.2	3.4	3.7	3.7	3.7	3.7	3.7
Leather and related products	10.9	-7.8	2.1	2.5	2.5	2.5	2.5	2.5	2.5
Wood and Wood product	-4.9	3.1	1.9	2.0	1.0	1.0	1.0	1.0	1.0
Publishing and Printing	-12.2	6.3	9.5	5.3	5.3	5.3	5.3	5.3	5.3
Chemical and related products	4.2	4.4	6.5	6.0	7.0	5.0	5.0	5.0	5.0
Rubber and Plastics products	-7.7	5.7	7.1	2.0	2.0	2.0	2.0	2.0	2.0
Non-metallic minerals products	0.5	3.8	5.6	6.1	3.8	3.8	3.8	3.8	3.8
Basic non-ferrous metals	-23.0	-4.0	-3.2	5.0	0.0	0.0	7.0	5.0	3.0
Fabricated Metals	7.0	5.7	3.9	3.5	3.5	3.5	5.7	5.7	5.7
Diamond processing	-6.7	-7.4	8.1	5.4	12.5	50.0	8.0	0.0	0.0
Other manufacturing	3.9	8.4	14.2	4.8	2.8	4.6	4.3	6.1	6.5
Electricity and water	15.5	-1.5	4.8	4.0	2.1	6.0	6.0	3.0	0.0
Construction	7.5	28.2	40.6	-12.0	-4.5	-8.0	-8.0	7.0	7.0
Secondary industries	**-1.8**	**8.6**	**9.4**	**-0.2**	**1.6**	**2.2**	**1.9**	**4.5**	**4.0**
Wholesale and retail trade, repairs	4.3	14.4	15.2	2.0	0.5	2.0	3.0	4.0	4.5
Hotels and restaurants	8.1	9.2	5.3	8.5	8.5	6.0	4.5	4.5	0.0
Transport, and communication	8.0	6.4	6.6	10.5	4.3	5.1	5.5	6.0	6.7
Transport	10.0	12.8	4.9	12.7	7.0	7.3	7.9	8.7	9.7
Storage	7.6	3.8	6.8	14.1	2.0	5.8	6.2	6.5	6.8
Post and telecommunications	6.1	0.8	8.5	6.4	2.0	2.0	2.0	2.0	2.0
Financial intermediation	6.8	17.9	9.9	6.0	5.0	5.0	5.0	5.0	6.0
Real estate and business services	4.7	4.6	3.2	6.1	2.4	3.7	4.1	3.3	3.8
Real estate activities	6.7	4.9	3.1	4.9	2.1	3.4	3.4	3.0	3.3
Other business services	-0.7	4.0	3.5	9.6	3.2	4.5	5.8	4.0	5.1
Community, social and personal service activities	-16.6	-9.9	2.8	1.7	1.7	1.7	1.7	1.7	2.7
Public administration and defense	2.7	3.6	-0.7	8.5	-0.8	3.2	3.2	3.2	3.2
Education	4.4	3.3	11.1	4.0	3.1	3.1	3.1	3.1	4.1
Health	5.6	9.0	7.9	1.0	1.0	1.0	1.0	1.0	2.0
Private household with employed persons	8.5	-6.7	5.5	2.5	2.5	2.5	2.5	2.5	3.5
Tertiary industries	**3.9**	**7.2**	**7.4**	**5.3**	**2.1**	**3.3**	**3.6**	**3.7**	**4.2**
Less: Financial intermediation services indirectly measured	4.5	18.8	7.1	7.1	7.1	7.1	7.1	7.1	7.1
All industries at basic prices	**4.8**	**5.2**	**6.0**	**3.2**	**0.8**	**5.1**	**4.1**	**3.3**	**3.9**
Taxes less subsidies on products	8.9	11.6	10.9	9.2	9.2	9.2	9.2	9.2	9.2
GDP at market prices	**5.1**	**5.7**	**6.4**	**3.7**	**1.6**	**5.5**	**4.6**	**3.9**	**4.5**

2015 Nowcast:

With regards to our 2015 figures, we have decided not to update our "nowcast", despite the release of preliminary national account figures by the NSA. A number of the key lines in the supply side tables released by the NSA appear to be far higher than we believe is accurate based on the data in our possession, and as such we expect to see a major downward revision in the final numbers for 2015 (expected in early August). Moreover, we do not expect to see the full downward revision in the final release, but for these figures to be revised down for the next two or more years, as has happened on previous occasions.

Industry	Preliminary 2015 National Accounts	IJG Nowcast 2015	Explanation
Fishing and fish processing on board	(2.8)	4.0	We use quota figures for the year, while NSA collects both landing figures and export figures. The NSA approach may well be more accurate.
Diamond mining	(3.4)	(6.5)	Figures from the single diamond mining operation in Namibia show a 6.5% decline in the number of carats produced in 2015 vis-à-vis 2014. We thus stick with our figure.
Meat processing	(5.9)	15.1	The huge increase in livestock marketed in 2015 vis-à-vis 2014 makes it highly unlikely that a contraction in meat processing was seen between the two years. We believe our forecasts may be slightly too conservative for growth, but stick with our figure over the contraction suggested by the NSA.
Beverage manufacturing	(3.3)	3.0	The ramping up of production at SAB Miller in 2015 makes a contraction in beverage output extremely unlikely. We thus maintain our figure over the contraction shown by the NSA.
Diamond processing	(47.0)	5.4	We have not been able to source information as to the reason for the halving of diamond processing alluded to in the NSA figures. We thus maintain our value.
Construction	33.7	(12.0)	Given base effects following the consecutive construction of three mines through 2014, coupled with large retail floor space development and government activity, growth of 33.7% in construction in 2015, following the completion of many of these projects and few new and sizable projects, is all but impossible. We stick with our number.
Wholesale and retail trade, repairs	8.1	2.0	All available evidence suggests that wholesale and retail activity slowed significantly through the second half of 2015, driven by less Angolan retail activity, higher interest rates and a general slowing economy. Growth of 8.1% is all-but impossible. We maintain our figure.
Public administration and defense	13.1	8.5	In real terms, government expenditure grew by a maximum of 8.5% between 2014 and 2015. The NSA figure, we believe, is linked to employment numbers in Government. Thus, we do not expect a change in their figures, but remain concerned about its accuracy.

Revised 2016 outlook

We have revised our growth forecast for 2016 down from 2.5% to 1.6% for the core reasons given in the table below. Our forecasts remain well below consensus, as has been the case since the start of the year. We have now started to see other institutions revising their forecasts down, with many coming more in-line with our initial forecasts. However, we believe that the situation has actually deteriorated further and faster than we initially expected, requiring us to revise our expectations down even further. Risks remain slanted to the downside as well, most notably with regards to water, construction and government spending.

We do not believe that the majority of the growth constraints witnessed at present are structural, however do note a large number of downside risks for both our 2016 outlook and thereafter. These are noted in section.

Industry	Jan-16	Jul-16	Change (PPT)	Explanation
Livestock farming	8.3	5.8	-2.5	Following prolonged drought and abnormally low livestock sales figures pointing to increasingly depleted inventories, we have revised our ambitious previous forecasts down. We remain of the belief that our current forecasts are reasonably ambitious and may well see a downside surprise to such.
Diamond mining	-7.0	-9.8	-2.8	Lower than expected levels of diamond production in the first five months of 2016 has caused us to revise down our forecasts for full year output. In total we have reduced output expectations by 2.8 percentage points. We now expect to see full year production of 1.60 million carats, compared to our earlier forecasts of 1.65 million carats. This is down from 1.77 million carats in 2015.
Uranium mining	0.0	15.5	15.5	While diamond production surprised to the downside in the first five months of 2016, uranium production was better than expected. This was largely due to the low base created in 2015. As a result, we have revised our output expectations up, from 3810st, to 4400st. We now expect growth of 15% for this commodity, from our previous zero growth expectation.
Beverage Production	3.0	0.0	-3.0	Initially, we expected slight growth in beverage production in 2016 when compared to the preceding year, both on account of organic growth in demand, and due to increased output from the SAB Miller plant. However, due to water shortages in the central area of Namibia, we expect to see any potential growth cancelled out by a closure of two bottling lines at the Coca-Cola Namibia Bottling Company. Moreover, we expect to see intermediate consumption increase for all of the major beverage producers as they seek means to ensure guaranteed water supply, often at a price.
Diamond processing	-7.0	12.5	19.5	Based on our expectation of lower diamond production, we expected a similar contraction in diamond manufacturing. This was due to the manner in which stone retention was carried out (as a percent of run of mine production). However, Namibia has subsequently renegotiated the volumes of diamonds available to local processors, from U$230 million to U$430 million per year. This change will come into effect in September 2016. As such we have revised up our growth forecasts for this line for the current and future years.

Construction	8.3	-4.5	-12.8	At the beginning of the year, we believed that some growth could be expected in the construction sector, following what we believe will be a large contraction in 2015. However, this view was based on the expectation that we would see the commencement of a number of large government projects during the year (including water and energy projects). We have now revised this view, and believe that these projects will not start until later years. In the meantime, Government has also cut the capital budget aggressively. As a result, we have revised down our forecasts for the year.
Real estate and business services	4.8	2.4	-2.4	The general business climate in the country has deteriorates faster than we expected, and as a result we have revised down our expectations for growth in real estate and business services.
Public administration and defense	0.0	-0.8	-0.8	In the FY16, Government spending has been cut by 1.1%, however over the past year, inflation means that this cut is likely to be in the region of 6% in real terms. Given that much of the cut has stemmed from the capital budget, as well as the fact that the indicator the NSA uses to assess public administration and defense is employment in the public service, we believe that the contraction in this line will be reasonably small. However, we remain concerned about this rudimentary approach to measuring the second largest supply-side line in the national accounts.

With our growth expectations now at 1.6%, we remain highly aware of potential further downside risks, and stand ready to revise expectations down further if required.

Inflation

Inflation expectations for the upcoming fiscal year are notably higher than was the case in 2015. There are a number of reasons for this. Firstly, major rand weakens through 2015 has driven up the cost of imports into the Common Monetary Area in rand terms; secondly, oil prices, which fell dramatically through 2014 and 2015 now appear to be stabilising, and the pass-through of base effects is likely to see an upward rebasing in inflation; third, rand weakness and other factors have driven up costs for many services in the country, including many critical utilities such as electricity and water; fourth, drought and poor harvests in the region mean that food prices are likely to increase, particularly if basic grain imports are required; and fifth, increasing interest rates are likely to see some pass-through of increased borrowing costs to consumers, and reduce consumer disposable income.

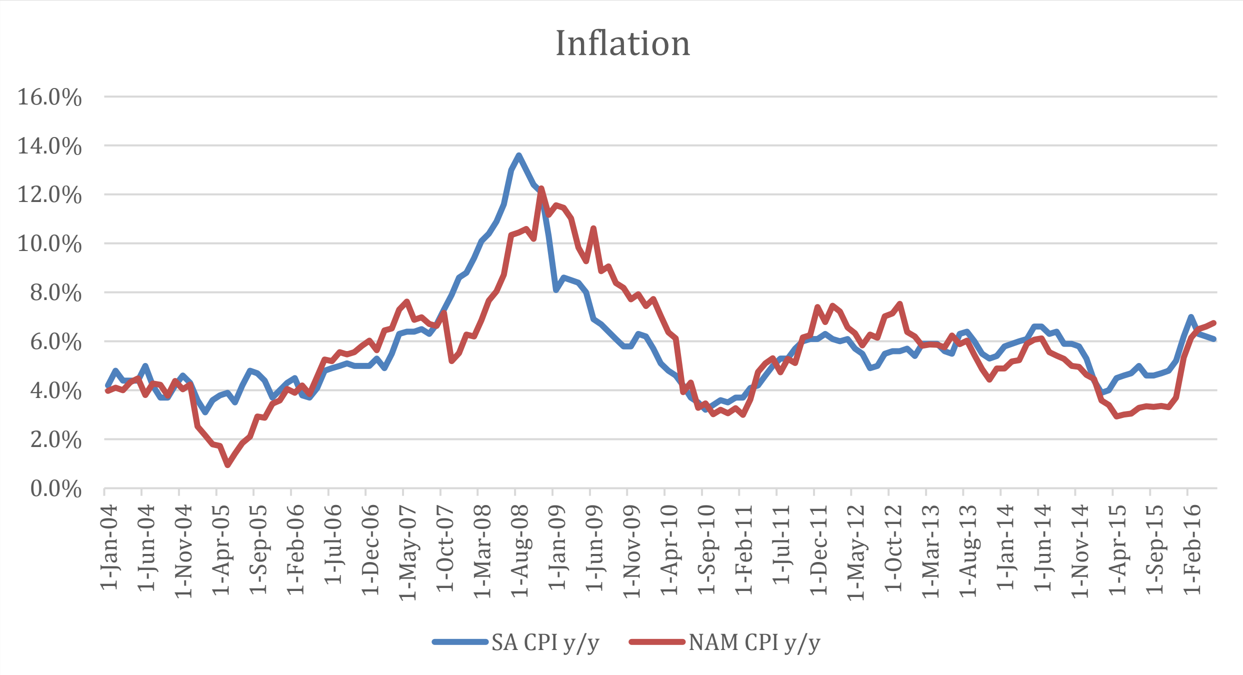
The first half of 2016 saw notably higher inflation than was the case through 2015, primarily for the aforementioned reasons, as well as a notable increase in rental inflation rates. The same inflation pickup was seen in both Namibia and South Africa, with South Africa's inflation moving out of the target 3-6% band for the first time in over 18 months, prompting interest rate tightening from the South African Reserve Bank.

Contrary to popular belief, we are of the view that inflation will remain relatively high for the rest of the year, and into 2017. This view is primarily driven by the enormous administered price increases we have seen for services over recent months. Municipal services, water and electricity have all seen at least high-teen percentage increases in prices over the past few months. These increases will remain for the next 12 months, until the base is reset with their inclusion. These increases are likely to more than offset the improvement in transport inflation due to a stronger rand, and the expected slowing of increases in food prices due to more favourable grain prices.

Inflation forecasts:

	Actual						Forecast				
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Previous (%)	4.9	5.0	6.7	5.6	5.4	3.4	5.8	6.3	6.4	6.0	6.0
Reviewed (%)	4.9	5.0	6.7	5.6	5.4	3.4	6.5	6.4	6.0	6.3	6.3
Change (PPT)	-	-	-	-	-	-	0.7	0.1	(0.4)	0.3	0.3

Due to the aforementioned factors, we have revised our inflation expectations for 2016 up to 6.5% (6.3% in the first half of the year) from our previous expectation of 5.8%. The main reason for the major increase comes from the increase seen in administered prices, but also the large step-up in rental inflation seen since January 2016. As this is recorded once a year, the current high inflation for rental payments, at 7%, up from 1.5% in 2015, will provide buoyancy to the overall inflation number for the rest of the year.



Source: Namibia Statistics Agency, Stats SA

External position

The balance of payments of Namibia has remained under pressure for a number of years driven, particularly, by exceptional import volumes when compared to the historical norms of the country. In part, this is due to the abnormally high levels of construction activity that took place between 2012 and 2015, led by the construction of three mines, major public works programmes and retail floor space development. In addition to this, however, major fiscal and monetary expansion has also spurred private purchases of imported goods, as low interest rates, high government spending, wage settlements above inflation, and income tax cuts, buoyed the disposable income of local consumers. While the growth in imports has run rampant over recent years, export growth has been largely stagnant over the same period, and as a result, the current account has experienced huge deficits.

While the capital and financial account has been positive, on an annual basis, every year since 2008, the magnitude of the inflow has not been adequate to offset the net outflows on the current account, and as such the overall balance of payments was negative in 2014, and would have been highly negative in 2015 had it not been for external debt issuance by the Government. As a result of the major deterioration in the external position through 2015, the Ministry of Finance was forced to issue hard currency debt in order to protect the country's external position, as months of important cover fell well below the three-month prudential limit, to a low of 1.6 months in September 2015, presenting a very real rating downgrade risk to the country. As such, a sizable component of the external funds raised are to be ring-fenced to protect the external position. The end result is that the necessary action was taken to ensure that the balance of payments and currency peg remains supported in the short term, while longer term, growth in exports from new mines should see a trade balance recovery and a more stable balance of payments.

Interest rates

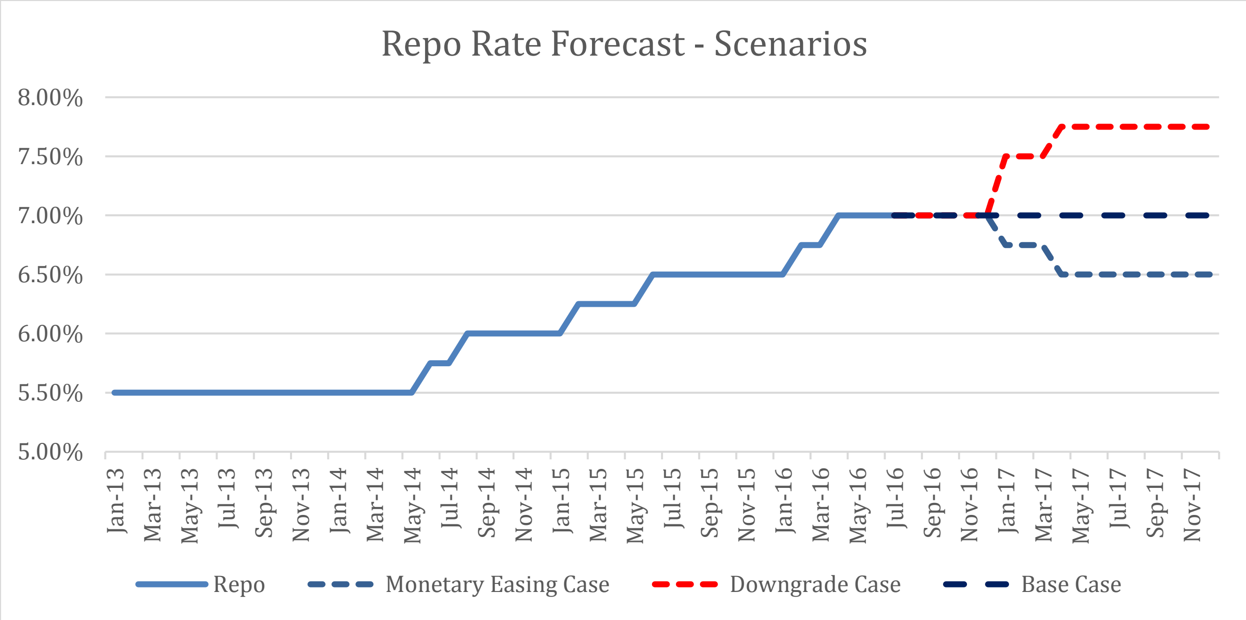
Interest rates in South Africa and Namibia have been at or near historically low levels since the global financial crisis. Rates bottomed out in 2012 with the Namibia repo rate dropping to 5.5% during the year. Since then, the Bank of Namibia has administered six rate hikes of 25 basis points each. Thus, following a sustained period of expansive monetary policy, the tightening cycle has now come into full effect. The recent hikes in Namibia, however, have been driven by the South African Reserve Bank's position, rather than by domestic forces. Following extensive rand weakness through 2015, driving expectations of an inflation blowout, the South African Reserve Bank started hiking rates aggressively in early 2016. The Bank of Namibia was required to follow these hikes in order to ensure that the reserve position of the country remained tenable, and that capital outflows did not occur.

Going forward, it appears that we are approaching the top of the interest rate cycle, as a weak regional growth outlook and improving rand and inflation outlooks -largely due to the Brexit vote and resultant lower-for-longer interest rate positions of the UK, US and Eurozone- mean more monetary space exists for interest rate easing.

Our base case scenario sees interest rates remain flat for the remainder of 2016, as fund flows into South Africa support the Rand, alleviating some of the inflationary pressures, while weak economic growth keeps the SARB on hold. The threat of a ratings downgrade in December (see risk 4 below) is likely prevent the Reserve Bank from cutting rates in 2016 in order to stimulate growth.

Our second scenario is built around a ratings downgrade by at least two of the ratings agencies. This immediately leads to fund flows out of South Africa leading to a violent depreciation in the Rand. Inflationary pressures driven by a spiraling currency force the hand of the SARB, which immediately hikes rates by 50 basis points followed by further hiking through the year. Should we see such a reaction to a ratings downgrade, we may see much more aggressive hiking than we currently predict.

A third scenario, fueled by the British exit from the European Union leads to worldwide economic weakness and monetary easing in the UK and Japan. Looser monetary policy leads to fund flows into EM nations including South Africa lending support to the Rand and allowing the SARB to focus on stimulating the South African economy. The SARB cuts rates on two occasions during 2017.



Source: IJG Securities

Core risks:

While our base case for the economy is broadly outlined above, there are a number of major downside risks to the outlook. At present, our primary concerns are fourfold:

1. Firstly, a great deal of economically damaging policy/regulation/legislation has been muted, drafted or introduced over the past year. Many examples of this exist, from the Investment Promotion Bill, Export Levy Act, The New Equitable Economic Empowerment Framework (NEEEF, and the related NEEEB bill), rent control and visa regulations for South Africans visiting on business. All of the aforementioned, if not cautiously implemented, are likely to have a negative impact on investment in Namibia (both by domestic and international investors), and will likely drive a slowdown in the local economy, job losses and fewer jobs being created.

2. Our second major concern is the on-going drought and water challenges across the country, and particularly in the central area. The baseline assumption at present is that we will return to normal or above-normal rainfall in the 2016/17 rainfall year. However, should this not materialise, the economy stands to slow further in 2017. A number of industries are likely to suffer substantially from prolonged periods of water restrictions. Pervasive water shortages are thus likely to drive an increase in unemployment, crime, not to mention increased and unnecessary human suffering. Finally, while many industries can withstand short-term downturns in revenues and profits, should these continue for extended periods of time, business closure is far from impossible. Should this happen, contagion through to the banking sector is all but certain.

3. Our third concern remains the fiscal position of the state (discussed extensively here: IJG Economic Outlook 2016, here: IJG Budget Review, here: IPPR Budget Review, and here: Namibian Public Debt). We are highly aware of the efforts being undertaken within the Ministry of Finance to ensure that the situation remains stable, however we believe that this is driven by a handful of individuals who may fast exhaust their political capital if not

adequately supported. Naturally, the process of fiscal consolidation is unpopular with civil servants, the public and politicians alike, however it is undoubtedly needed to ensure the country's longer-term outlook remains positive.

Despite the consolidation efforts, our earlier concerns about unrealistic revenue expectations remain valid, as the cash-flow position of the state has deteriorated as expected. Thus, in order to maintain a reasonable deficit (albeit larger than planned), we believe that Government will be forced to cut spending more aggressively than originally intended.

We believe this will be partially motivated by deficit management and attempts to avert a rating downgrade due to the rate of growth of the debt stock, but also due to the fact that avenues through which to fund the deficit are becoming increasingly few in number. With the rapid growth in external debt over the past year, it has become difficult for the government to borrow from international markets, while the growth in the supply of domestic debt has been outstripping the supply therefore for the past 18 months. However, with the expected changed in regulation 28, the ability of the government to fund the deficit will likely improve, albeit at the expense of the owners of the regulated capital.

The final issue worth noting is that the continued deterioration in the growth environment means that the denominator of the debt-to-GDP ratio is all but static in real terms (but still expanding in nominal terms). This means that the ratio will blow-out far faster than would be the case if strong growth was being experienced, particularly should we run a sizable budget deficit, as we expect we will. Thus, a debt-to-GDP ratio of over 40% towards the end of the fiscal year, is not out of the question, but will largely depend on currency movements due to unhedged debt.

4. Our final concern is the remaining possibility that South Africa will be downgraded to "junk" status in December of 2016. Unlike others, we do not believe that Namibia would be immune to an event such as this, and we are of the view that should South Africa be downgraded to "junk", Namibia would likely follow.

   However, our view of the likelihood of a downgrade has changed slightly since the Brexit vote. The reasons for this are given in the following two commentaries: Brexit: A storm in a teacup? and Brexit and Namibia: Contrary to popular belief… In short, our view is that fund flow reversals, due to lower-for-longer interest rate expectations in advanced economies, will provide South Africa with some economic support, which might just be enough to avoid a rating downgrade, by reducing borrowing cost for Government, reducing inflation and allowing lower or flat interest rates. This should allow South Africa to buy some time to implement further pro-growth fiscal reform (an apparent oxymoron). At the same time, however, South Africa's tragic growth picture means that a ratings downgrade is far from out of the question. In reality, the South African economy will contract in 2016, a situation that will not be viewed favourably by rating agencies. Moreover, social and political unrest can be expected around the August elections, which will also put South Africa in the limelight for all the wrong reasons.

   Our assumption for Namibia's downgrade, should South Africa be downgraded, however, hinges on Fitch downgrading South Africa. Should this happen, Fitch will also downgrade Namibia, and as such we would be without two investment grade ratings, and would be considered "junk". That said, Fitch still has South Africa on a stable outlook, and thus it is unlikely that they will jump to a downgrade in the next six months.

It should be noted, however, that our view remains that Namibia is on a fragile path with regards to her own rating, due to the lower growth environment, introduction of increasingly poor economic policy (as mentioned in risk 1), the rate of growth of the debt stock and the unhedged hard currency debt of the country.

Current ratings:

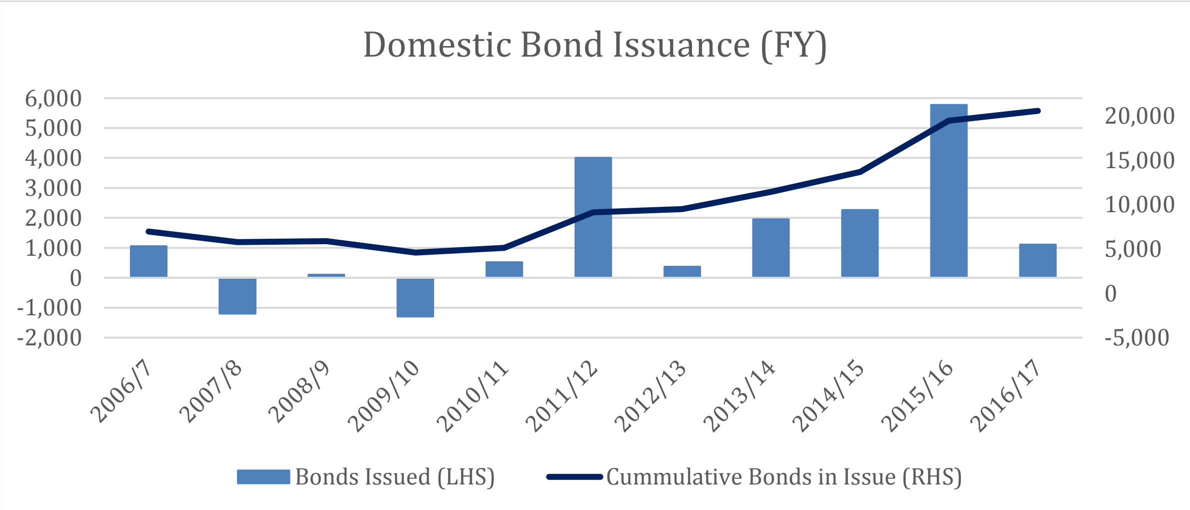
Agency	Rating	Outlook
	South Africa	
S&P	BBB-	Negative
Fitch	BBB	Stable
Moody's	Baa2	Negative
	Namibia	
S&P	Not Covered	
Fitch	BBB-	Positive
Moody's	Baa3	Stable

Fixed Income

The Namibian government in March announced a consolidation in spending for the 2016/17 financial year. Despite the slight contraction in budget expenditure in nominal terms, government has continued to run a sizable budget deficit for the current year, largely due to downward revisions to revenue. This deficit is to be funded mainly through domestic debt issuance, which has seen amounts on offer at auctions increase over the levels seen last year. This increased issuance looks set to continue, with any shortfall occurring during the course of the year likely to be issued via two private placements at roughly six month intervals.

Issuance

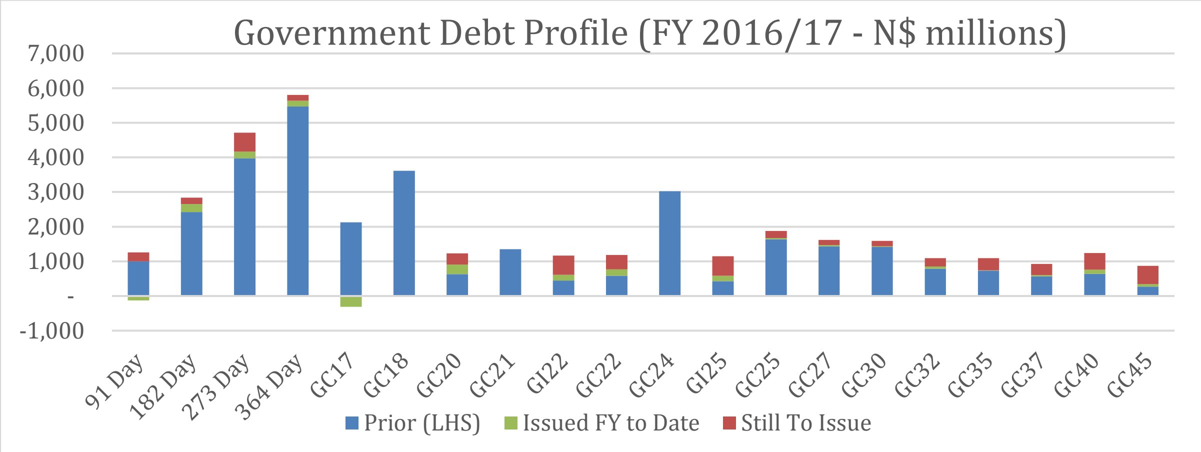
The below figure illustrates the extent of the increase in domestic government bond issuance thus far in calendar year 2016. The majority of this issuance came in the form of a private placement to GIPF on the 4th of March, falling within the 2015/16 government financial year. Since the start of the new financial year in April, approximately N$1.110 billion worth of bonds and N$682 million worth of T-Bills have been issued (on a net basis) out of a total expected local issuance of N$7.1 billion for the financial year. By these calculations there is still a long way to go with regards to funding the deficit, and as a result we do not expect to see auction sizes decrease before the end of the financial year in March 2017.



Source: IJG Securities

The start of a new fiscal year for government has brought about a considerable change in the profile of debt issuance. The desired issuance has been more strategic than in the past, with larger amounts on offer where there has been visible demand. This has had a positive effect on bid to cover ratios in general, although for the most part auctions are still undersubscribed, bar some of the inflation linker auctions. Demand has been strongest over the shortest and longest dated bonds for most of the calendar year thus far, although a shift in demand towards the belly of curve has been seen since the Brexit vote in late June.

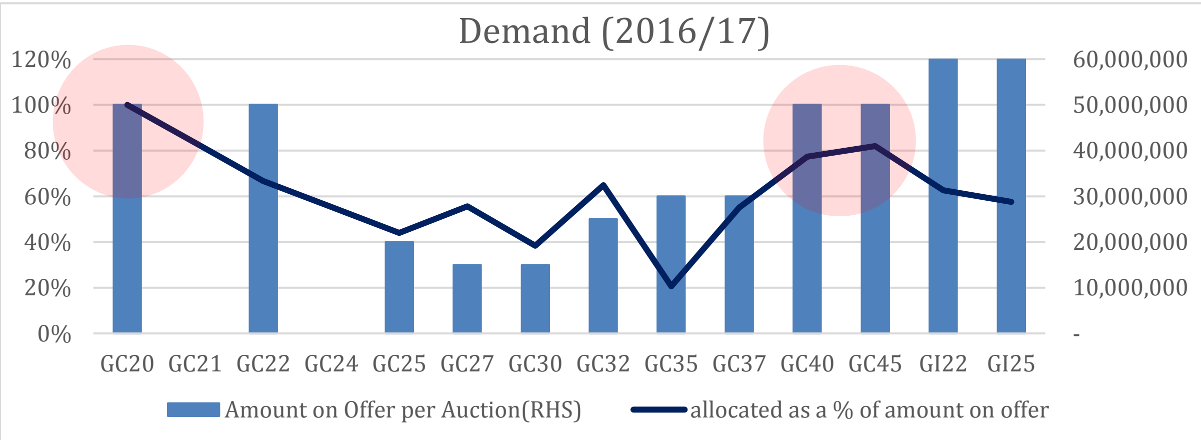
The below figures illustrate the change in government's debt profile per instrument as expected for the 2016/17 fiscal year, and the change thus far witnessed. While we are only four months into the new fiscal year, issuance has been below government's requirements and this trend looks set to continue, barring any major changes to local asset requirements for contractual savings. The Bank of Namibia (BoN) was however expecting this, due to the significant shortfall experienced in the prior fiscal year, and is thus prepared to cover any shortfall through a private placement of government debt which is likely to take place in September.



Source: IJG Securities

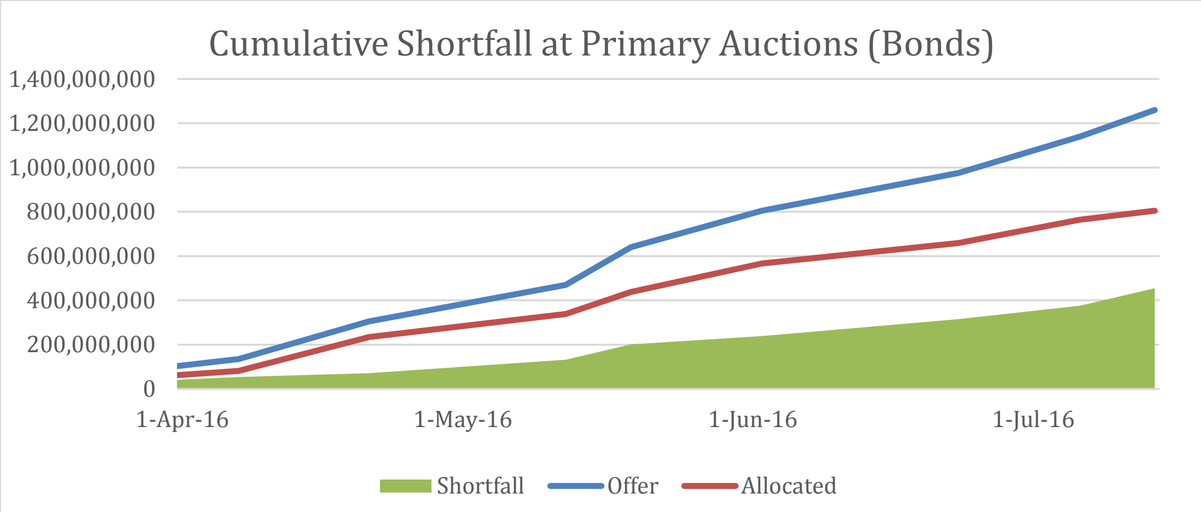
As highlighted, demand has been unevenly spread across the yield curve, with the only bond consistently fully subscribed being the GC20, the shortest available on-the-run bond. The GC40 and GC45 have similarly been preferred to the rest of the curve, followed by the GC22. The highly unpredictable nature of the South African market following the events of December 2015 drove investors into the shortest dated instruments available which in the Namibia government bond market was the GC20. Buying on the short end was likely reinforced further by the short duration of the IJG GOVI and IJG ALBI benchmark indices. Demand on the long end of the curve is for the most part driven by liability matching and thus not as subject to active duration management, as well as the GC40 and GC45 being relatively new issues and this part of the curve being under serviced in the past.

The below figure shows issuance size per bond for the first half of the fiscal year, as well as the demand measured as the total amount allocated per bond over the amount on offer per bond. Thus even though the amount on offer over the belly of the curve has been low compared to the long and short end, demand has been thin, resulting in under-allocation of these bonds.



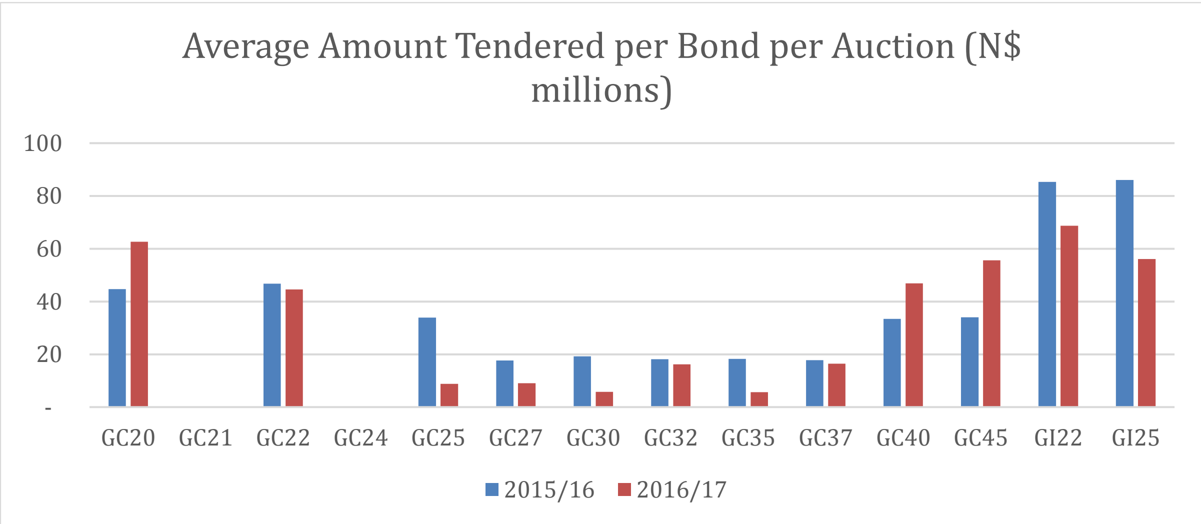
Source: IJG Securities

The result of the increase in issuance over the last two budget years has been a shortfall build-up through the year. The 2015/16 fiscal year saw this shortfall grow to approximately N$3 billion which was allocated in a private placement to the GIPF who had been overweight foreign assets and were required to reweight, bringing funds back into the country. This turn of events was fortunate for the government, as it boosted state coffers and enabled government to fulfil expenditure commitments for the year.



Source: IJG Securities

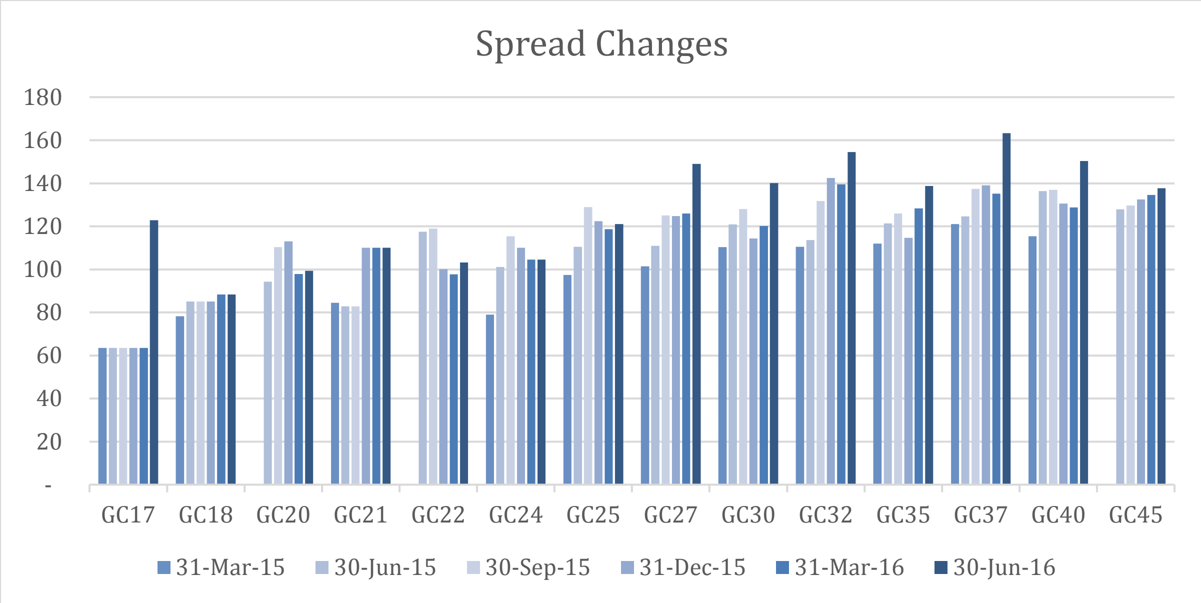
The current fiscal year has followed a similar path to that of the last. An issuance shortfall has been building over the last four months, currently sitting at approximately N$450 million. We expect that BoN will look to cover this (growing) shortfall in September this year in a more transparent manner than the last private placement. The shortfall is still likely to be issued as a private placement but market participants are now aware that this option is on the table and thus should be able to participate in such a placement should they feel that prices are right.



Source: IJG Securities

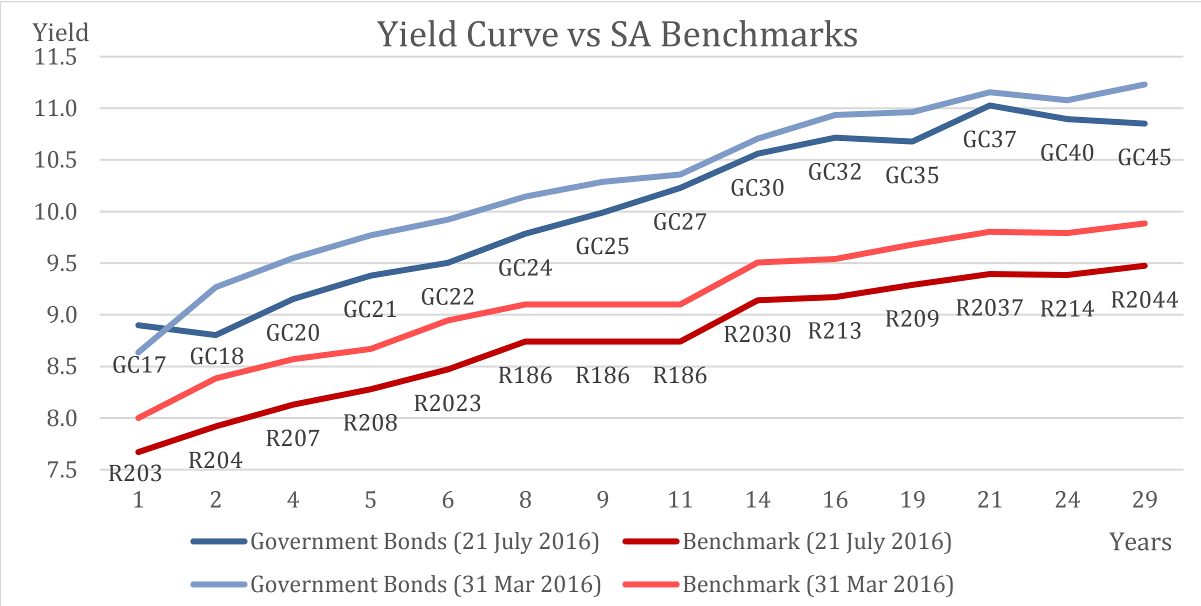
Spreads

Spreads over the SA benchmarks generally contracted slightly after the finance minister debacle in South Africa, largely due to benchmark weakening. This trend looks set to continue, particularly on the “in demand” parts of the curve. Yields spiked to recent highs and buyers made sure that they bid competitively as a result, putting some pressure on spreads. This situation gradually reversed as yields moderated with spreads increasing in recent months. In June the most violent increase in spreads took place as yields had strengthened substantially from their highs in December and bids looked to squeeze out as much value as possible. This is best illustrated by the GC37 spread which increased from 137 basis points to 163 basis points, visible in the below figure. The change in the GC17 spread was due to the bond trading on the secondary market for the first time in over a year.



Source: IJG Securities

Yield curve movements

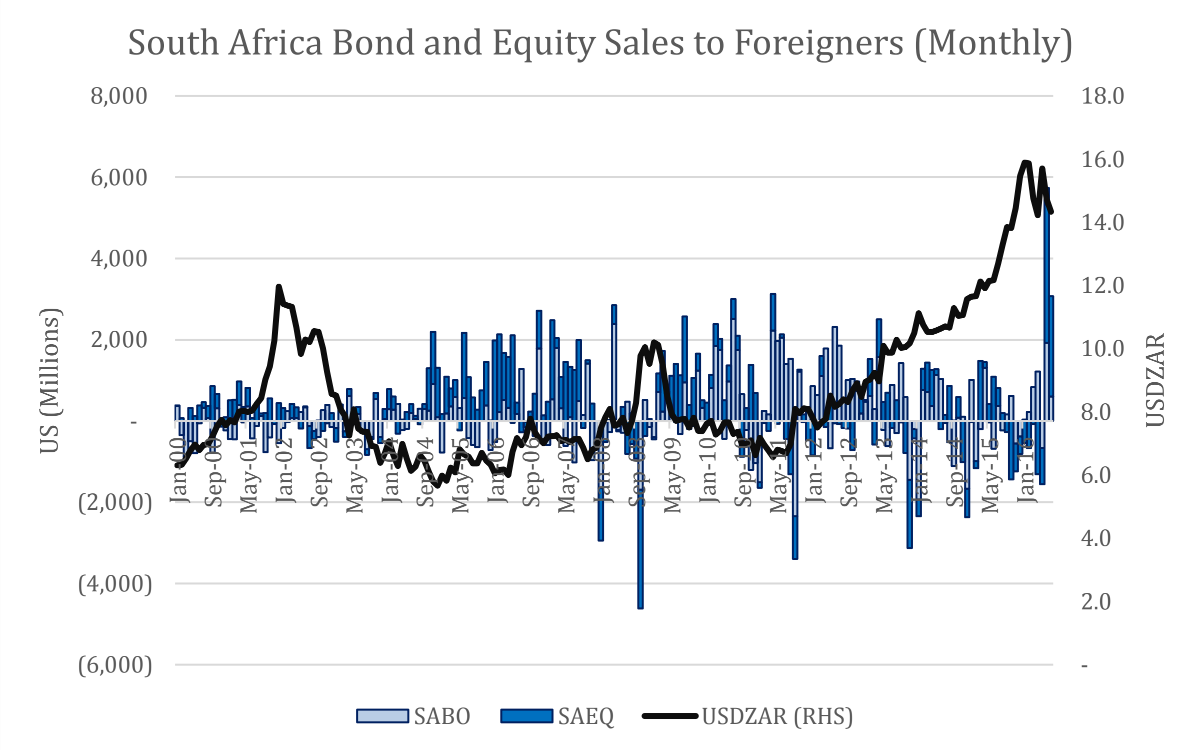


Source: IJG Securities

The South African yield curve off of which the Namibian bonds are benchmarked has grown consistently stronger since the start of the 2016/17 fiscal year, in the parallel shift visible above. For the most part Namibian bonds followed with the late increase in spreads supporting the long end of the curve, causing a slight twist in the curve. The result of this twist is that some of the longer dated bonds (GC37, GC30, and GC37) are nearly as attractively priced as they were in March while the shorter dated bonds have appreciated substantially in price. Funds with shorter duration holdings would thus have done well over the period. Opportunities currently seem to lie on the longer end of the curve, a view supported by an increase in bidding for these bonds of late.

Fund flows and Rand movements

Some stability and direction, missing for the first half of the calendar year, has returned to the South African market during the latter part of the second quarter. External factors such as Brexit have resulted in fund flows into emerging market stocks and bonds in general. Specific to South Africa, the countries efforts to avoid a ratings downgrade in June bolstered external demand for the rand, helping to drive its stabilisation and partial recovery. These fund flows, some of the most persistent in the short history of the rainbow nation, have supported the Rand as well as asset prices, as much as is possible in a low/no-growth economy.



Source: IJG Securities

Outlook

The outlook for the year ahead is dominated by two opposing forces in our view. While the rest of the world looked to be gaining traction for most of 2015, 2016 has brought about new uncertainties and risks, while South Africa, seemingly stable for the moment, is overshadowed by downside risks. Britain's vote to exit from the European Union has been the most disruptive of world economic events in recent times, and while pinpointing actual negative data arising from the event this early on is difficult, Brexit is sure to have a measurable impact on European economic conditions going forward. This uncertainty in the developed world has driven a global search for yield which has seen increased demand for Rand as foreigners look to buy South African bonds in large quantities, thereby increasing their price. We correctly anticipated this taking place in this opinion piece.

We expect to see continued inflows into emerging markets in the short run, and that a portion of these flows will continue to find a home in the South African markets, at least for now. This should lead to further strengthening of the South African yield curve over the short term. We reiterate "short term" as the South African picture, while currently comparatively attractive, is still very much haunted by downside risks. The SARB has revised down growth for 2016 to 0% while inflation remains above the upper limit of the target band. Ratings agencies will have their eye on these factors when reviewing their ratings of the country towards the end of the year. This could very well spark a series of outflows or at the very least cause investors to become uneasy.

The risks facing the South African market are pushed through onto the Namibian market via the currency peg, as well as the benchmarking of Namibian bonds to their South African counterparts. Despite this, Namibia carries its own risks which at present may eclipse those of our southern neighbour. Government debt has skyrocketed over the last 12 months, breaking through the 35%-of-GDP self-imposed limit. Moreover, the cash-flow position of the state remains extremely fragile, with deficit funding sources becoming ever harder to come by. The trade deficit has been widening consistently over the last five years, and policy makers seem intent on driving private sector reform through ill-conceived policy and legislation, which is likely to drive a decline in investment activity in the country (discussed elsewhere). These factors may warrant a Namibian downgrade even should South Africa be able to avert a downgrade in December.

Considering the above, we feel that we may see spreads on Namibian debt widen further while yields stabilise at these levels or strengthen further over the near term. We continue to expect the strongest demand on the short end of the curve, due largely to South African risks expected later in the year. Some demand is expected over the belly of the curve as we look to expand the IJG Bond Indices in November this year and funds tracking those indices reweight into some longer dated instruments. Moreover, rapidly changing interest rate expectations could drive some demand back to the middle of the curve, which is currently relatively attractively priced for a flat interest rate environment. We do not, however, expect to see a change in the overall level of subscriptions in auctions and supply is likely to continue to outpace demand leaving some room for speculative bidding. This will in turn result in a large shortfall to be placed in September which may present opportunities for investment should we see yields increase before such a time.

Economic Data Snapshot

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16
Inflation (y/y)	3.3%	3.4%	3.3%	3.4%	3.3%	3.7%	3.7%	5.3%	6.1%	6.1%	6.7%	6.7%
Repo Rate	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.75	6.75	7.00	7.00	7.00
Prime Rate	10.25	10.25	10.25	10.25	10.25	10.25	10.25	10.50	10.50	10.75	10.75	10.75
N$/US$	12.68	13.28	13.85	14.44	15.03	15.61	15.89	15.87	14.77	14.23	15.71	14.79
N$/AUD	9.26	9.45	9.72	9.94	10.17	10.40	11.25	11.34	11.31	10.83	11.36	9.08
N$/CAD	9.69	10.11	10.41	10.79	11.15	11.51	11.36	11.72	11.36	11.34	12.00	9.47
Vehicle Sales (y/y)	1.1	-6.0	-13.8	-15.5	-13.6	-13.5	-19.1	-30.7	-29.1	-15.1	-4.2	-13.9
Passenger	-4.5	-19.0	-10.7	-13.8	-23.0	-25.4	-26.5	-26.2	-20.0	-21.8	-9.1	-29.0
Commercial	5.3	6.0	-15.9	-16.7	-7.7	-3.9	-13.4	-33.9	-35.7	-8.4	-0.1	0.7
M2 Money Supply (y/y)	10.3	8.6	7.9	11.8	8.9	10.2	8.3	7.9	8.8	12.1	9.8	*
PSCE (y/y)	15.9	15.8	15.7	14.9	14.5	15.4	15.4	13.3	13.1	12.8	11.2	*
Business	22.8	23.1	18.8	20.8	16.7	14.9	14.2	12.2	15.2	13.5	11.0	*
Individuals	11.4	11.0	13.5	11.0	12.9	12.5	13.4	12.9	11.5	11.9	11.2	*

Source: NSA, BoN, Bloomberg, NAAMSA, IJG

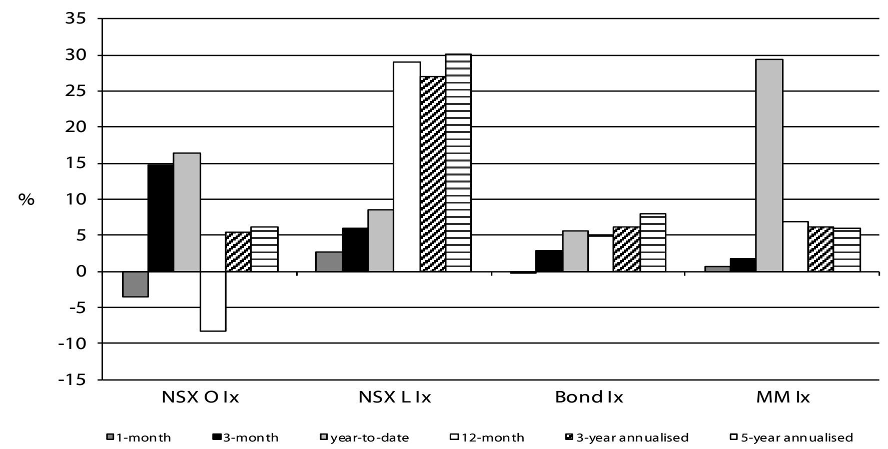
Namibian Asset Performance

The NSX Overall Index closed at 979.02 points in June down from 987.24 points in May losing 0.73% on a total return basis in June compared to a 3.58% m/m decrease in May. The NSX Local Index increased 0.61% m/m compared to a 2.75% m/m increase in May. Over the last 12 months the NSX Overall Index returned -7.21% against +28.50% for the Local Index. The best performing share on the Overall Index in June was B2Gold at +25.31%, while Investec was the worst performer at -16.65%.

The IJG All Bond Index (including Corporate Bonds) rose 2.33% m/m in June after losing -0.28% m/m in May. Namibian bond premiums increased relative to SA yields in June with the GC17 premium increasing by 59bp to 123bp; the GC18 premium unchanged at 88bp; the GC20 premium increasing by 3bp to 99bp; the GC21 unchanged at 110bp; the GC22 premium increasing by 5bp to 103bp; the GC24 premium unchanged at 105bp; the GC25 premium increasing by 2bp to 121bp; the GC27 premium increasing by 11bp to 149bp; the GC30 premium increasing by 12bp to 140bp; the GC32 premium increasing by 14bp to 155bp; the GC35 premium increasing by 8bp to 139bp; the GC37 premium increasing by 26bp to 163bp; the GC40 premium increasing by 23bp to 150bp; and the GC45 premium increasing by 3bp to 138bp.

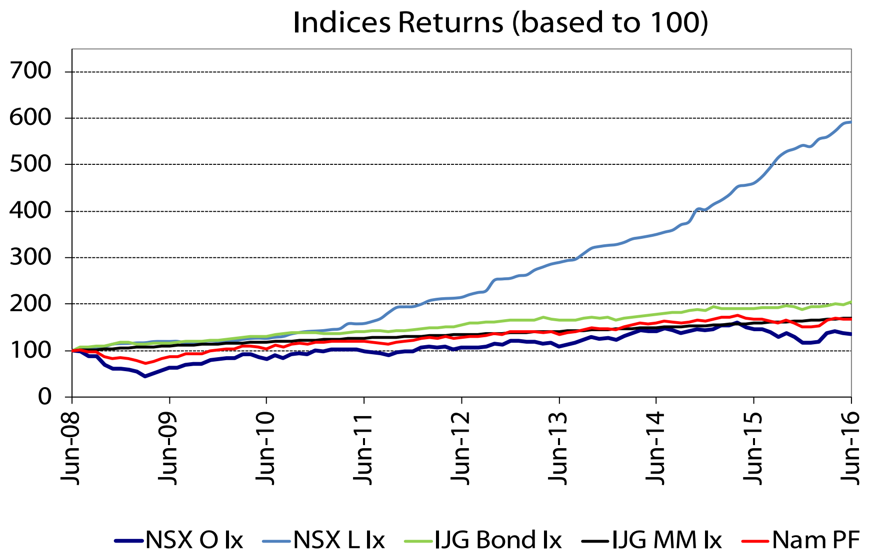
The IJG Money Market Index (including NCD's) increased by 0.60% m/m in June after rising 0.62% m/m in May.

Performance by Asset Class



Source: IJG

Indices Returns (based to 100)



Source: IJG

Namibian Returns by Asset Class [N$,%] - June 2016	1 month	3 month	6 month	12 month	year-to-date	3 years*	5 years*
NSX Overall Index	-0.73	-0.33	15.53	-7.21	15.53	7.76	6.51
NSX Local Index	0.61	5.70	9.27	28.49	9.27	26.85	30.10
IJG ALBI	2.33	3.34	8.10	7.19	8.10	7.31	8.51
IJG GOVI	2.32	3.31	8.11	7.10	8.11	7.33	8.47
IJG OTHI	2.43	3.62	7.99	8.08	7.99	7.39	8.85
IJG Money Market Index	0.60	1.82	3.57	6.98	3.57	6.21	6.01

** annualised*

Source: IJG

Namibian Returns by Asset Class [US$,%] - June 2016	1 month	3 month	6 month	12 month	year-to-date	3 years*	5 years*
US$ Strength/(Weakness)	6.68	1.45	5.66	-17.36	5.66	-12.46	-14.40
NSX Overall Index	5.90	1.11	22.07	-23.32	22.07	-5.67	-8.82
NSX Local Index	7.33	7.23	15.46	6.19	15.46	11.04	11.37
IJG ALBI	9.16	4.84	14.22	-11.42	14.22	-6.05	-7.12
IJG GOVI	9.15	4.80	14.23	-11.50	14.23	-6.04	-7.15
IJG OTHI	9.27	5.12	14.10	-10.68	14.10	-5.99	-6.82
IJG Money Market Index	7.31	3.29	8.73	-11.59	8.73	-7.02	-9.25

** annualised*

Source: IJG

Individual Equity Total Returns [N$,%] June 2016

	Month end price (c)	NSX FF Market Cap Weight	1 month	3 month	6 month	12 month	year-to-date
FINANCIALS			-1.05	-5.67	4.25	-7.95	4.25
banks			3.48	-3.67	11.27	-14.49	11.27
BWH	1,724	0.16%	0.52	2.50	3.12	14.31	3.12
FST	4,484	12.01%	4.32	-5.71	9.29	-11.55	9.29
FNB*	4,754	0.27%	0.45	6.70	11.50	51.18	11.50
NBK	18,640	3.18%	4.66	-2.77	1.48	-19.07	1.48
SNB	12,780	13.71%	2.57	-2.37	15.35	-17.62	15.35
insurance			1.38	-1.44	23.16	10.16	23.16
SNM	22,937	0.68%	1.38	-1.44	23.16	10.16	23.16
life assurance			-4.84	-7.35	-2.07	-1.23	-2.07
MMI	2,264	2.04%	0.96	-7.90	5.54	-21.49	5.54
OLM	3,845	16.07%	-4.80	-5.17	-5.24	3.79	-5.24
SLA	6,036	9.36%	-6.19	-10.98	1.73	-5.42	1.73
investment companies			0.43	1.28	2.57	38.35	5.14
NAM*	73	0.01%	0.43	1.28	2.57	38.35	5.14
real estate			-0.10	1.17	3.26	3.99	3.26
ORY*	2,115	0.09%	0.79	2.71	6.66	16.73	6.66
VKN	1,701	0.89%	-0.19	1.01	2.90	2.67	2.90
specialist finance			-14.63	-14.41	-15.62	-14.13	-15.62
IVD	9,015	2.00%	-16.65	-17.61	-16.80	-15.41	-16.80
KFS	702	0.21%	-0.97	2.20	-9.24	0.00	-9.24
TUC	360	0.10%	-1.74	16.63	-4.69	-17.78	-4.69
HEALTH CARE			6.52	11.63	77.76	0.00	77.76
health care providers			6.52	11.63	77.76	0.00	77.76
MDC	21,153	9.15%	6.52	11.63	77.76	0.00	77.76
RESOURCES			2.66	24.23	107.44	-9.01	107.44
mining			2.62	24.56	108.30	-9.44	108.30
ANM	14,100	16.47%	1.18	23.73	109.26	-16.88	109.26
PDN	219	0.23%	-15.44	-23.16	-34.43	-26.26	-34.43
FSY	69	0.01%	-11.54	-31.00	-54.30	-60.12	-54.30
DYL	4	0.00%	-33.33	-50.00	-63.64	-55.56	-63.64
BMN	28	0.00%	-20.00	-15.15	-33.33	-39.13	-33.33
MEY	4	0.00%	0.00	0.00	0.00	0.00	0.00
B2G	3,669	1.25%	25.31	45.08	124.40	92.50	124.40
EOG	0	0.00%	0.00	-100.00	-100.00	-100.00	-100.00
chemicals			6.62	-4.22	32.61	28.04	32.61
AOX	1,700	0.21%	6.62	-4.22	32.61	28.04	32.61
INDUSTRIAL			-3.56	-5.23	11.42	-1.05	11.42
GENERAL INDUSTRIALS							
diversified industrials			4.18	-0.50	20.78	-20.63	20.78
BWL	7,315	1.42%	4.18	-2.11	20.78	-20.63	20.78
Suppport Services			0.20	0.33	0.47	0.11	0.58
BVN*	1,050	0.05%	0.43	1.31	2.72	0.65	2.72
CLN	1,851	0.23%	10.09	7.91	0.00	0.00	8.88
NON-CYCLICAL CONSUMER GOODS							
beverages			2.26	13.13	15.28	28.71	15.28
NBS*	2,550	0.23%	2.26	13.13	15.28	28.71	15.28
food producers & processors			-3.08	-8.76	-1.67	20.72	-1.67
OCG	11,310	0.34%	-3.08	-8.76	-1.67	20.72	-1.67
CYCLICAL SERVICES							
general retailers			-12.60	-11.63	-3.65	5.04	-3.65
NHL*	240	0.00%	-4.76	-4.76	-9.09	n/a	-16.67
TRW	8,580	3.22%	-12.61	-11.64	-3.65	5.04	-3.65
NON-CYCLICAL SERVICES							
food & drug retailers			-1.00	-3.59	17.56	-1.99	17.56
SRH	16,632	6.40%	-1.00	-3.59	17.56	-1.99	17.56

Source: IJG, NSX, JSE, Bloomberg

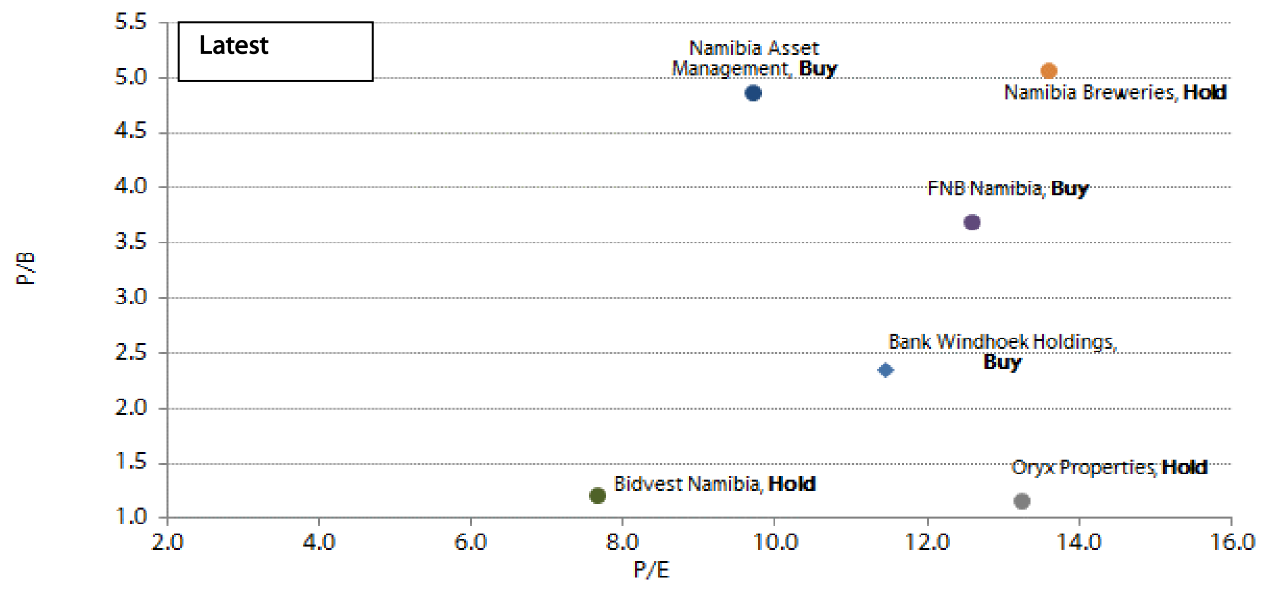
NSX Company Round-Up

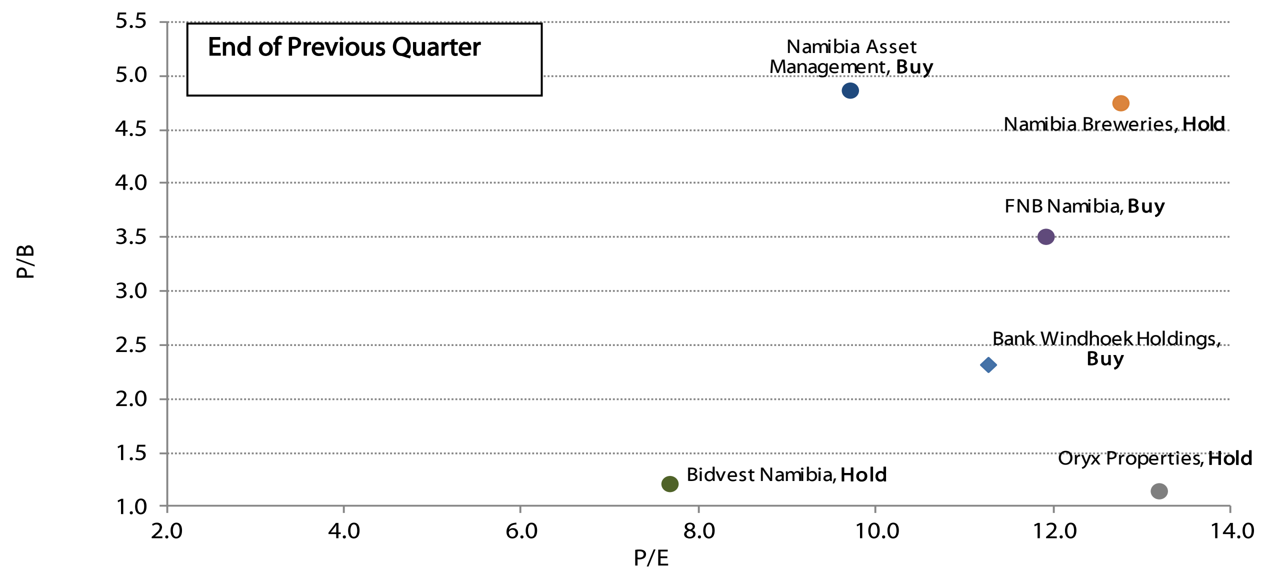
NSX Company Round-Up

Company	Code	Mkt Cap (N$m)	Share price (c)	P/E (A)	P/E (F)	HEPS (A)	HEPS (F)	Rec
Bank Windhoek Holdings	BWH	1,724	8,711	11.5	9.6	150.5	178.7	BUY
FNB Namibia	FNB	4,754	12,721	12.6	10.8	377.6	442.0	BUY
Namibia Asset Management	NAM	73	146	9.7	8.2	7.5	8.9	BUY
Oryx	ORY	2,115	1,647	13.3	13.3	160.0	159.0	HOLD
Namibia Breweries	NBS	2,550	5,266	13.6	13.2	187.1	192.6	HOLD
Bidvest Namibia	BVN	1,050	2,226	7.7	9.8	103.2	106.8	SELL

**Based on the last year-end earnings and quarter-end share price*

P/B vs P/E





Source: NSX, IJG

Quarterly Recommendations Changes

Overall Index	Target Price (c)	Recommendation	Change from
Bank Windhoek Holdings	1880	BUY	
FNB Namibia	5230	BUY	
Namibia Asset Management	65	BUY	
Oryx Properties	1770	HOLD	
Namibia Breweries	2450	HOLD	
Bidvest Namibia	1000	SELL	

Source: IJG

Coverage of Companies on NSX

NSX

Equity Listings

Overall Index Listings
- Bank Windhoek Holdings
- FNB Namibia
- Namibia Asset Management
- Oryx Properties
- Namibia Breweries
- Bidvest Namibia

Bond Listings
- Bank Windhoek Holdings
- FNB Namibia
- Standard Bank
- Namibia Power Corporation
- Telecom Namibia
- NamWater

Bank Windhoek Holdings

Recommendation: BUY, TP: 1880, Code: BWH

Nature of Business: Bank Windhoek Holdings (BWH) was created in 1982 from Volkskas' Namibian branches. BWH is a Namibian bank assurance business offering a wide spectrum of financial services via its subsidiaries and associates. The bank listed on the NSX on 20 June 2013.

Top Shareholders: Capricorn Investment Holdings (62.8%) Nammic Financial Services (10.5%)

BWH released its results for the first half of the financial year ending 30 June 2016. The firm recorded exceptional growth over the period. Profit expanded by 26.4% when compared to 1H15 levels. Earnings per share grew 26.8%, while dividends per share grew 25%. Strong income growth was driven by both net-interest and non-interest income, with the former expanding by 21.0%, and the latter by 21.7%. The results are very much in-line with our forecasts for the year, and given that the second half of the financial year often offers marginally better results than the first, we are well positioned to see a positive surprise in the full year results.

Interest income expanded by 23.7% year on year, while interest expenses increased by 26.7%, resulting in growth in the net interest income of 21.0%. As such, net interest income for 1H16 was N$727.9 million. The average cost of funding for the bank increased from 4.91% in 1H15, to 5.48% in 1H16. At the same time, the average interest rate on advances increased from 10.44% to 11.15%. As such, the net interest margin of the bank has improved by 14 basis points.

Non-interest income increased by 21.7% to N$481.4 million in 1H16, from N$395.7 million the previous year. The increase is mainly due to strong growth in income from trading activities, which included income earned from the Kwanza trading activities. Non-interest income now makes up 40.9% of total operating income, from 40.2% in the preceding year.

While strong growth was seen in income, operating expenses too grew, but at a much slower rate, of 13.8%, to N$578.7 million. This resulted in an improvement in the cost-to-income ratio of the bank, which improved from 51.7% to 49.1%. The increase in costs was largely driven by increased staff costs.

The group's total asset grew by 19.1%, driven by the growth in loans and advances of 15.8%, which according to the company is mainly due to growth in overdrafts and mortgage loans. Funding increased by 18.7%, driven by a 13.5% increase in debt securities in issue, a 12.5% increase in deposits and loans from the International Finance Corporation and Deutsche Investitions- und Entwicklungsgesellschaft of N$920m and N$250m respectively. Due to the strong funding increase, the loan-to-funding ratio of the bank improved to 96.1%, from 98.5%. However, the loan-to-deposit ratio weakened somewhat, and now stands at 110.6%, from 108.4%, illustrating a higher reliance on costlier, but often more desirable duration, debt-financing.

The group remains well capitalised with a total risk-based capital adequacy ratio of 14.5%, down from 15.7% in 1H15, but still well above the minimum regulatory requirement of 10%. The company announced an interim dividend of 30 cents per share, up 25% from the interim dividend of 1H15. This implies a payout ratio of 32.9%, down from 33.4% in 1H15.

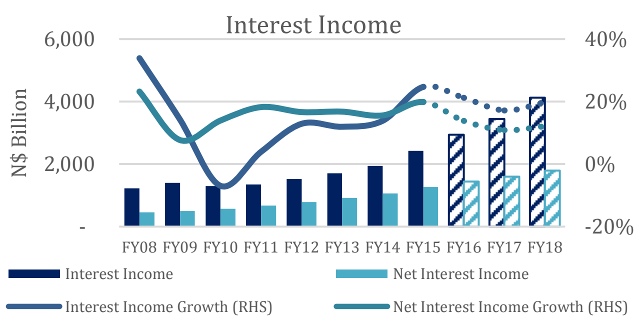
Noteworthy is the fact that the bank is in the process of undergoing a management change, with current MD of both Bank Windhoek Holdings and Bank Windhoek Limited set to complete his contract in June 2016. Mr. de Vries was appointed as Managing Director of Bank Windhoek Holdings and Bank Windhoek with effect from 6th June 2011 for a period of three years. In July 2014, his contract was extended until June 2016. The role filled by Mr. de Vries has now been split into two positions, with Mr. Thinus Prinsloo taking over as MD of Bank Windhoek Holdings from 1 January 2016, and Ms. Baronice Hans taking over as MD of Bank Windhoek Limited. Mr. Prinsloo has been a part of the CIH group and Bank Windhoek Holdings, in various roles, since 2011. Ms. Hans moved to Bank Windhoek from Standard Bank, where she was the Executive Director and Head Personal and Business Banking.

For the purpose of valuing the company, we establish a **cost of equity, of 12.9%**, up from 11.6% in 1H15, largely on account of a major increase in the risk-free rate. Based on this cost of equity, a highly conservative **long-term growth rate for the company of 9.5%**, and a **dividend pay-out ratio of 36%**, we believe a **PE of 10.5x** can be justified on this share. Given expected **earnings growth of 18.7%** in FY16, taking total **earnings to c179/share**, we derive a **target price of N$c1880/share**. Coupled with an expected final **dividend of 34cps,** we expect a **total return of 12.8% in 2H16**. Based on the stellar performance of the bank in 1H16 and the expected growth in 2H16, coupled with expected changes to local capital regulations for pension funds, we maintain a strong BUY recommendation on Bank Windhoek Holdings.

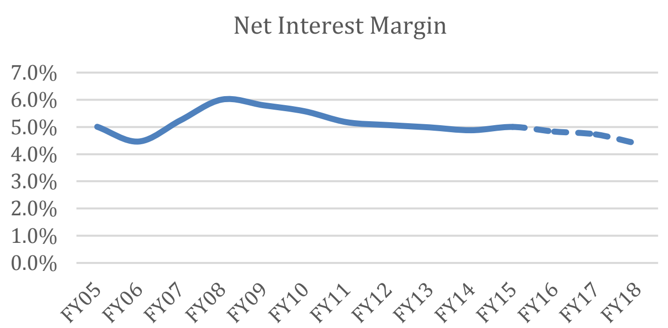
Bull Points:
- Controlled credit growth
- Diversification of income streams
- Improved efficiencies

Bear Points:
- Lucrative returns attracting new entrants
- Regulatory focus on non-interest income
- Bank of Namibia divergence from SARB

Interest Income



Net interest margin



Fiscal Year End: June	2012	2013	2014	2015	F2016
Income Statement Extract (N$m)					
Net interest income	783	914	1,057	1,267	1,442
Fee and Commission Income	463	630	680	812	916.2
Operating expenses	(707)	(763)	(915)	(1,042)	(1,156)
Operating profit	540	782	822	978	1,145
Share of profit from jointly controlled assets	53.3	60.4	84.3	87.2	95.2
Profit before tax	595.2	843.4	907.4	1,067.1	1,242.0
Income tax (expense)\ credit	(167.4)	(216.4)	(253.4)	(314.1)	(347.8)
Net gains on available for sale financial assets	14.0	22.4	14.2	28.5	28.5
Total Comprehensive Income	441.9	649.3	668.3	781.5	922.7
Balance Sheet (N$m)					
Governemnt and other debt securities	1,523.8	1,493.2	2,104.9	2,587.5	2,730.9
Loans and advances	15,484.9	17,652.0	20,245.4	23,621.9	27,234.9
Due from other banks	211.0	251.4	473.0	740.3	987.8
Total Assets	18,921.1	20,938.6	24,318.3	28,608.8	33,278.5
Due to customers	12,126.6	16,915.7	18,782.4	21,994.0	25,110.9
Deposits from banks and others	237.6	167.0	282.7	130.2	144.0
Debt securities in issue	917.3	943.1	1,841.3	2,461.2	2,176.6
Total Liabilities	17,034.0	18,314.6	21,224.1	24,965.5	29,013.1
Total shareholders' equity	#DIV/0!	2,624.1	3,123.3	3,672.5	4,265.4
Growth Rates (%)					
Net interest income	16.6%	16.8%	15.6%	19.9%	13.8%
Loans and advances	19.1%	14.0%	14.7%	16.7%	15.3%
Due to customers	23.1%	39.5%	11.0%	17.1%	14.2%
Total Assets	18.4%	10.7%	16.1%	17.6%	16.3%
Financial Summary					
HEPS (c)	87.0	109.0	126.8	150.5	178.7
DPS (c)	100.0	32.8	44.0	54.0	64.0
NAV (c)	-	-	-	-	-
Weighted Average shares (m)	452.48	493.14	501.12	500.52	500.52
Key Statistics					
RoAA (%)	0.0%	0.0%	0.0%	0.0%	0.0%
RoAE (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Valuation Metrics					
P/E (x)	19.8	15.8	13.6	11.5	9.6
P/BV (x)	3.2	3.2	2.8	2.3	2.0
Dividend Yield (%)	5.8%	1.9%	2.6%	3.1%	3.7%
Earning Yield (%)	5.0%	6.3%	7.4%	8.7%	10.4%

FNB Namibia Holdings

Recommendation: BUY, TP: 5230, Code: FNB

Nature of Business: FNB Namibia Holdings (FNB) is one of the largest financial services groups in Namibia and offers a wide product range spanning from banking to insurance products. In FY03 FNB merged with Swabou Holdings Limited and in FY12, FNB disposed of its interest in Momentum.

Top Shareholders: FirstRand (59.8%), GIPF (14.5%)

FNB Namibia released its results for the first half of the financial year ending 30 June 2016. Profit for the period increased by 20.5% to N$597.4 million, from N$495.6 million in the same period of FY15. Earnings per share increased by 21% to 226.5 cents, from 187.2 cents in the same period of FY15. Net interest income grew from N$815.5 million, from N$705.5 million in the first half of FY15, while non-interest income expanded from N$643.9 million, to N$744.2 million. As such, total income from operations expanded from N$1.36 billion to N$1.57 billion. Operating expenses grew from N$602.4 million to N$677.6 million over this period. Due to the fact that income grew at a rate of 15.5%, while expenses expanded by just 12.5%, the cost to income ratio of the company improved to 42.4%.

The bank appears to be making a concerted effort to increase the duration of its funding, both by increasing NCDs, and by paying up for call and term deposits, the average cost of which have both increased notably over the past year. As such, the average cost of funding (excluding tier two liabilities) increased from 373 basis points in 1H15 to 398 basis points in 1H16. At the same time, the average rate charge on advances expanded from 908 basis points in 1H15 to 967 basis points in 1H16, implying a widening of the net interest margin of 34 basis points.

Non-interest income expanded by 15.6% to N$744.2 million in 1H16, from N$643.9 million in 1H15. This was driven by growth in fair value gains, largely derived from forex trading. Over the year, forex trading income increased by 46.4%, while total fair value gains expanded by 34.5%. In addition, fee and commission income expanded by 11.9%, or by some N$65.9 million.

Total operating expenditure increased by 12.5% to N$677.5 million, from N$602.4 million in 1H15. Staff related costs, which amount to more than 50% of operating expenses, were up 11.0%. Staff numbers grew by 7.4%, while the average salary increased by 8.6%.

The bank's assets remain of a high quality, with total impairments for 1H16 of N$31.7 million, up slightly from N$30.1 million in 1H15. As a percent of the total book, this represents just 27 basis points, up from 20 basis points in the same period of the previous financial year. Non-performing loans have increased more dramatically, as is to be expected as we move through an interest rate hiking cycle, but remain extremely low. From a level of 75 basis points in 1H15, NPLs now stand at 92 basis points of the total book.

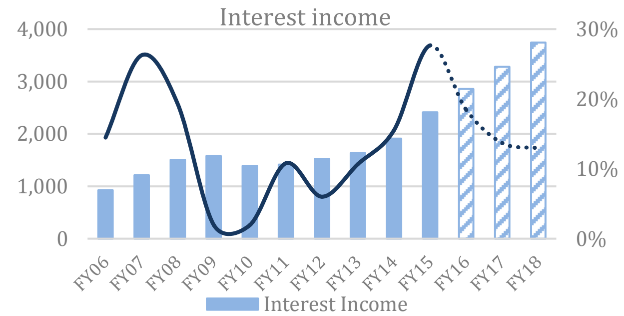
Valuation: For the purpose of valuing the company, we establish a **cost of equity of 12.9%,** up from 11.6% in 1H15, largely on account of a major increase in the risk-free rate. Based on this cost of equity, a highly conservative **long-term growth rate for the company of 9.0%**, and a **dividend pay-out ratio of 46%**, we believe a **PE of 11.7x can be justified** on this share. Given **expected earnings growth of 18.0% in FY16**, taking **total earnings to c445/share**, we derive a **target price of N$c5230/share**. Coupled with an **expected final dividend of 114cps**, we expect a **total return of 18.7% in 2H16**. We thus **maintain our BUY recommendation** on FNB Namibia, which **remains our most preferred locally listed stock**.

Bonds: FNB currently has N$390m nominal bonds in issue, N$280m in the FNBJ22 and N$110m in the FNBX22. The FNBJ22 is benchmarked against the 3-month JIBAR at a premium of 165bp and the FNBX22 trades at a premium of 50bp to the GC17.

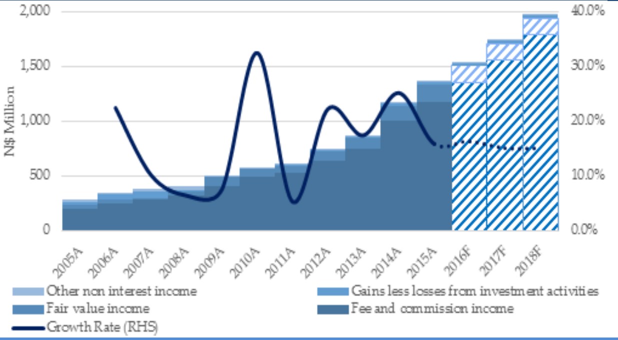
Bull Points:
- Solid strategy and management
- Stable advances growth
- Compelling e-bank/technology offering
- Strong macroeconomic environment

Bear Points:
- Lucrative returns attracting new entrants
- Regulatory focus on non-interest income

Interest Income



Non-interest income



Cash and short-term funds	2011	2012	2013	2014	2015	F2016
Income Statement (N$m)						
Net interest income after impairments	851.8	931.8	961.6	1,119.6	1,403.0	1,642.9
Non-interest income	604.9	739.6	868.5	1,087.4	1,260.1	1,466.9
Net insurance premium income	71.9	84.5	99.7	125.8	153.9	188.4
Net claims and benefits paid	(41.4)	(41.0)	(50.9)	(71.1)	(82.3)	(95.5)
INCOME FROM OPERATIONS	1,486.5	1,719.3	1,879.0	2,261.6	2,734.7	3,202.8
Operating expenses	(768.9)	(884.1)	(944.3)	(1,069.4)	(1,222.0)	(1,425.2)
Income from associates	5.0	3.0	2.0	0.6	0.6	-
Profit before tax	722.5	838.2	936.7	1,192.8	1,513.3	1,777.5
Income tax (expense)\ credit	(258.3)	(299.6)	(329.0)	(408.2)	(514.6)	(608.5)
Minorites	42.7	9.9	11.0	11.4	14.6	17.0
Net Profit	539.0	772.0	607.6	784.6	998.7	1,169.0
Balance Sheet (N$m)						
Cash and short-term funds	428.1	1,002.1	690.3	867.6	795.2	1,530.5
Loans and advances	12,464.3	14,076.8	16,964.7	19,990.8	22,833.7	26,028.1
Due from other banks	763.1	1,925.7	1,889.0	1,766.3	1,585.0	1,806.8
Investment Securities	1,643.5	2,144.4	2,272.8	2,833.1	3,365.9	2,452.0
Total Assets	17,163.9	19,697.6	22,499.4	26,255.8	29,784.3	33,074.0
Deposits and current accounts	13,305.6	16,238.5	18,835.7	21,522.4	23,951.8	26,697.6
Due to banks and other fin institutions	43.9	48.4	319.1	813.0	1,020.0	1,067.9
Policyholder liabilities	41.7	45.1	50.5	63.0	69.8	76.7
Debt	270.6	392.6	392.6	392.6	392.6	390.0
Total Liabilities	15,178.1	17,313.9	20,209.7	23,478.7	26,395.5	29,021.8
Shareholders' equity	1,820.1	2,362.0	2,262.0	2,745.9	3,348.7	4,011.9
Minorities	165.7	21.6	27.7	31.3	40.2	40.2
Total shareholders' equity	1,985.8	2,383.6	2,289.7	2,777.2	3,388.9	4,052.1
Growth Rates (%)						
Income from operations	11.4%	15.7%	9.3%	20.4%	20.9%	17.1%
Loans and advances	11.0%	12.9%	20.5%	17.8%	14.2%	14.0%
Deposits	10.5%	22.0%	16.0%	14.3%	11.3%	11.5%
Assets	7.7%	14.8%	14.2%	16.7%	13.4%	11.0%
Financial Summary						
EPS (c)	191.8	294.3	230.2	297.7	377.6	442.0
HEPS (c)	191.6	203.1	229.4	294.7	377.6	442.0
DPS (c)	247.0	262.0	100.0	109.0	183.0	194.5
NAV (c)	703.6	912.0	872.6	1057.0	1290.9	1546.6
Weighted Average shares (m)	267.6	267.6	267.6	267.6	267.6	267.6
Key Statistics						
Net interest margin (%)	5.6%	5.4%	4.7%	4.7%	5.2%	5.4%
RoA (%)	2.8%	2.9%	2.9%	3.2%	3.6%	3.7%
RoE (%)	22.4%	24.7%	26.0%	31.0%	32.4%	31.4%
Valuation Metrics						
P/E (x)	24.8	23.4	20.7	16.1	12.6	10.8
P/BV (x)	6.8	5.2	5.4	4.5	3.7	3.1
Dividend Yield (%)	5.2	5.5	2.1	2.3	3.8	4.1
Earning Yield (%)	4.0	4.3	4.8	6.2	7.9	9.3

Namibia Asset Management *Recommendation: HOLD, TP: 65c, Code: NAM*

Nature of Business: Namibia Asset Management Ltd's (NAM) focus is on asset and unit trust management.

Top Shareholders: Coronation Investment Management (Pty) Ltd (48.0%), Heike 39 Investments (Pty) Ltd (14.0%), AE Gams Investments (Pty) Ltd (8.6%).

FY15 Key financial highlights:

- Operating profit increased by 27.2% to N$22.4 million and profit before tax increased by 26.9% to N$23.8 million.
- Group total comprehensive income increased by 21.6% to N$15.9 million.
- Headline earnings per share increased by 23.1% to 9.23 cents (2014: 7.5).

Assets Under management

Total assets under management ("AUM") grew by 10.7% to N$20.1 billion (2014: N$18.2 billion). Albeit lower than in the prior year, our retail business experienced good inflows. This was on the back of strong investment performance, growing AUM by 16% to N$2.9 billion (2014: N$2.5 billion). Institutional AUM grew by 10.3% to N$17.2 billion (2014: N$15.6 billion).

The good investment performance delivered across our fund range and strong support from clients resulted in a 23.6% increase in profit attributable to shareholders of N$15.7 million (2014: N$12.7 million). After taking into account the projected cash requirements, the directors proposed a total dividend for the financial year of 7.5 cents per share (2014: 5.5 cents per share).

Institutional assets under management ("AUM") increased by 10.3% to N$17.2 billion (2014: N$15.6 billion) on the back of excellent investment performance across all portfolios and good inflows from our clients during the year. Retail AUM grew by 16.0% to N$2.9 billion (2014: N$2.5 billion). This was achieved on the back of good performance and strong support from our clients.

Outlook: In the results statement, NAM highlighted that the Financial markets are likely to remain volatile. While this may be uncomfortable at times, NAM consistently found that it is during such periods, when emotion trumps underlying fundamentals, that they have added the most value in the portfolios. This positioning may take time to be vindicated, but history has shown that a disciplined, long term investment philosophy can deliver compelling results over the longer term.

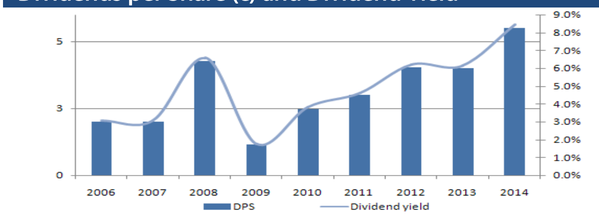
Bull Points:

- Institutional and retail inflows
- Institutional support from Coronation
- Growth from new products, e.g. medical aid

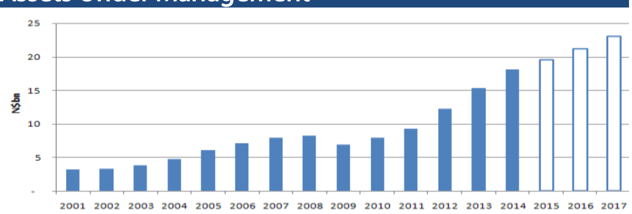
Bear Points:

- Risk of challenging market conditions continuing
- Uncertainties regarding Regulation 28

Dividends per Share (c) and Dividend Yield



Assets Under Management



Fiscal Year End: September	2011	2012	2013	2014	2015	F2016
Income Statement (N$m)						
Revenue	45.5	41.6	63.8	80.5	85.8	98.0
Other income	0.1	0.0	0.0	0.4	0.7	0.2
Net finance income	0.5	0.7	1.2	1.2	1.5	1.6
Operating expenditure	38.9	31.0	50.3	63.3	64.2	76.8
Profit before tax	7.2	11.4	14.8	18.8	23.8	23.1
Income tax (expense)\ credit	(2.4)	(3.8)	(4.7)	(6.1)	(8.1)	(7.6)
Net Profit	4.8	7.7	10.1	12.6	15.7	15.5
Balance Sheet (N$m)						
Assets under management	9 300.0	12 200.0	15 300.0	18 155.9	20 102.3	21 251.6
Cash and short-term funds	8.1	8.8	9.7	27.9	35.3	37.4
Total Assets	21.5	26.2	28.6	50.6	59.7	61.6
Debt	-	-	-	-	-	-
Total Liabilities	8.1	10.1	9.7	25.9	29.6	60.3
Total shareholders' equity	13.5	16.1	17.2	24.7	30.1	31.4
Growth Rates (%)						
Revenue	58%	-8%	53%	26%	7%	14%
Assets under Management	17%	31%	25%	18%	11%	6%
Assets	-3%	22%	9%	77%	18%	3%
Financial Summary						
EPS (c)	2.4	3.8	5.1	6.3	7.9	7.7
HEPS (c)	2.4	3.8	5.1	6.3	7.9	7.7
DPS (c)	2.5	3.3	5.5	5.5	7.5	7.5
NAV (c)	6.7	8.0	8.6	12.3	15.0	15.7
Weighted Average shares (m)	200	200	200	200	200	200
Valuation Metrics						
P/E (x)	30.6	19.0	14.5	11.6	9.3	9.4
P/BV (x)	10.9	9.1	8.5	5.9	4.9	4.6
Dividend Yield (%)	3.4	4.6	7.5	7.5	10.3	10.3
Earning Yield (%)	3.3	5.3	6.9	8.7	10.8	10.6

Oryx Properties

Recommendation: HOLD, TP: 1770c, Code: ORY

Nature of Business: Oryx Properties (Oryx) is a property loan stock company listed in the Real Estate sector on the NSX. Retail makes up 62% of the portfolio (mainly from Maerua Mall shopping centre in Windhoek) while Industrial contributes 28% to the portfolio and Offices contribute 10%.

Top Shareholders: Standard Bank Namibia Nominees (38.6%), TLP Investments One Three Seven (Pty) Ltd (25.5%), CBN Nominees (Pty) Ltd (6.1%)

1H16 Highlights: Oryx Properties Limited (Oryx) released its results for the six months ended 31 December 2015, reporting distribution per unit growth of 8%, from 71.75c to 77.50c. Total distributions increased by 27.3% to N$60.3m from N$47.4m declared in 1H15. Earnings attributable to linked units per unit (EPU) grew by 2.1%, to 129.82c, from 127.21c in the same period in 2015. Headline earnings attributable to linked units increased by 6.7% from 74.37c in 1H15, to 79.37c in the review period.

Net rental income increased by 5.9%, to N$98.9 million, compared to the same period last year. Rental expenses increased by 32.8%, largely on the back of bulk electricity metering which is offset by the increase in gross revenues. Oryx reported a profit after tax for the period of N$31.3 million, a decrease of 14.5% compared to the first half of 2015. Worth noting is that the reported fair value gain during the current period is more modest than that reported for the comparable period of last year.

Vacancies (as a percent of lettable area) increased from 0.5% in 1H15 to 1.8%. The increase in vacancies is more in line with our projected vacancy rate of 1.5%. Oryx has managed to maintain exceptionally low vacancy rates in the past and some normalization does not concern us. The vacated properties were as a result of government tenants relocating to new offices and Oryx management is confident that these vacated premises will be filled shortly.

At the end of the interim period, Oryx' investment properties were valued at N$2.27bn, up 11.5% from N$2.04bn in 1H15. Most of the gain is attributable to fair value adjustments, with capital expenditure of N$45 million contributing the remainder. Retail space continued to represent the bulk of assets, at 66%. Industrial space contributed 28%, and office space made up 6%.

Oryx' long term borrowing decreased by 19.8% y/y to N$692m in 1H16, from N$872m reported as at 1H15. This was due to an issue of rights, the funds from which were used to reduce interest bearing debt. Unutilised debt facilities have thus expanded to N$280 million, compared to N$71 million in the comparable period of FY15. Financial room has thus been freed up for future projects. Fixed interest loans make up N$298m, or 43%, of total borrowings, with the remainder made up of floating rate loans. The weighted average interest rate for borrowings is 8.9%, compared to 8.7% in 1H15. With the reduction in long term borrowings, Oryx has reduced the company's gearing ratio to 29.8% from 41.5% in 1H15.

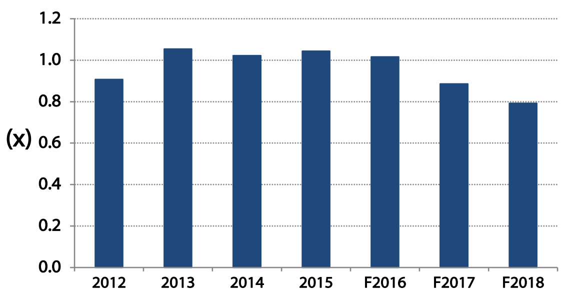
Our revised forecast for FY16 distributions is 159.2c per linked unit. Based on this, Oryx is currently trading on a distribution yield of 7.5%. The comparable GC27 is currently trading at a yield of 10.4%, a relatively attractive premium over the Oryx distribution yield. However, Oryx shares have traded up to 2090c from 1842c as at 31 December 2014, resulting in a total return for the 12 months of just over 20%, which should not be overlooked.

Valuation: At the current share price of 2110c and our revised forecasted distribution for FY16, Oryx returns a distribution yield of 7.5% which lags the current GC27 yield of around 10.4%. Should we consider 9.0% (FY15 average one year yield on the IJG Generic 10-year bond) to be a more realistic yield given the asset price appreciation potential on Oryx's property portfolio, we derive a target price of 1770c. This figure is based on revised distributions of 159.20c per share, which revisions are due to higher than expected rental expenses as well as the increase in shares due to the recent rights issue.

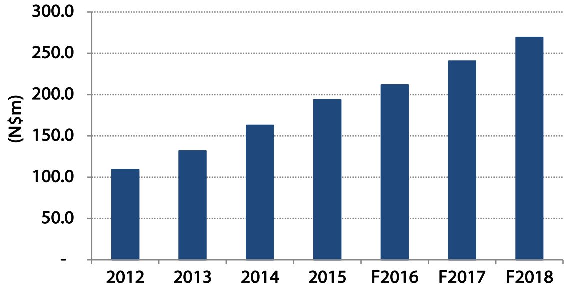
Bull Points:
- Very low vacancy levels
- Location of properties
- Quality tenant profile
- Value adding acquisitions

Bear Points:
- Interest rate increases
- Lack of good expansion opportunities (especially in the Namibian market)
- High exposure to a single property (Maerua Mall)

Price to Book



Net Rental Income



Fiscal Year End	2011	2012	2013	2014	2015	F2016
Income Statement (N$m)						
Revenue	115.3	132.8	160.6	204.8	269.4	296.1
Rental expense	21.7	23.6	28.9	41.9	75.5	90.6
Net rental income	93.6	109.2	131.7	162.9	193.9	205.5
Investment income	0.4	1.2	0.8	0.9	0.9	0.9
Amortisation of debenture premium	2.8	2.8	3.2	7.7	11.2	25.6
Fair value changes	90.9	41.1	5.5	71.5	179.4	17.5
Other expenses	(6.6)	(8.6)	(10.4)	(10.6)	(11.7)	(12.5)
Finance cost	(21.5)	(28.3)	(37.9)	(52.1)	(76.1)	(65.5)
Debenture interest	(64.7)	(70.5)	(76.8)	(97.8)	(104.7)	(127.1)
Profit before tax	95.0	36.4	20.0	111.7	192.5	44.4
Income tax expense	0.2	(1.3)	4.6	4.8	1.2	2.2
Net Profit	94.9	37.7	15.4	106.9	191.3	42.2
Balance Sheet (N$m)						
Cash and other liquid assets	4.9	3.0	3.6	14.3	9.8	4.0
Investment properties	1,041.5	1,239.7	1,447.3	1,924.6	2,149.9	2,167.4
Trade and other receivables	10.8	11.7	18.7	22.2	24.1	26.5
Total Assets	1,084.1	1,284.2	1,507.3	2,015.0	2,248.6	2,257.4
Linked unitholders for distribution	33.6	36.5	39.8	53.4	57.3	63.1
Debentures	247.1	247.1	247.1	296.6	296.5	355.9
Long-term borrowings	256.2	395.7	590.4	815.6	872.1	664.6
Total Liabilities	607.7	770.1	978.2	1,379.0	1,421.3	1,479.9
Total shareholders' equity	476.4	514.2	529.1	636.1	827.4	777.6
Growth Rates (%)						
Revenue	19%	15%	21%	28%	32%	10%
Rental expense	8%	9%	23%	45%	80%	20%
Net rental revenue	22%	17%	21%	24%	19%	6%
Investment properties	-93%	211%	-39%	18%	-4%	10%
Assets	18%	18%	17%	34%	12%	0%
Liabilities	13%	27%	27%	41%	3%	4%
Financial Summary						
HEPU (c)	117	128	139	162	160	159
DPU (c)	118	128	140	148	159	159
NAV (c)*	1,397	1,461	1,483	1,759	1,915	1,851
Weighted Average shares (m)	55.0	55.0	55.0	61.7	66.1	79.3
**realisable NAV*						
Key Statistics						
Vacancies (as % of GLA)	3%	1%	1%	1%	1%	2%
Rental Expense/revenue	19%	18%	18%	20%	28%	31%
Debt/Equity	0.5	0.8	1.1	1.3	1.1	0.9
Valuation Metrics						
P/E (x)	18.0	16.5	15.2	13.0	13.3	13.3
P/BV (x)	1.5	1.4	1.4	1.2	1.1	1.1
Distribution Yield (%)	5.6	6.1	6.6	7.0	7.5	7.5
Earning Yield (%)	5.6	6.1	6.6	7.7	7.5	7.5

Namibia Breweries Limited

Recommendation: HOLD, TP: 2450, Code: NBS

Nature of Business: Namibia Breweries Limited (NBS) operated as a family business for many years and listed on the Namibian Stock Exchange in 1996. NBS produces its beer in accordance with the Reinheitsgebot, a purity standard which guarantees that only natural products are used in the production process. Other products produced are soft drinks that fall under the McKane range and the newly launched Vigo. Its preferred brands are Tafel Lager and the Windhoek range.

Top Shareholders: NBL Investment Holdings (NBLIH, 50.1%), Standard Bank (Namibia) Nominees (37.7%), FNB Namibia Nominees (6.7%), CBN Nominees (2.5%) & Namibia Breweries Share Purchase Trust (2.3%). Heineken and Diageo's stake of 28.9% in Nambrew consists of a 44% stake in the 50.1% shareholding of NBLIH, as well as a 6.8% direct stake in Nambrew. The remaining 56% of NBLIH is held by Olfitra in the Ohlthaver & List Group.

1H16 Results

Namibia Breweries (NBS) released results for the first half of the 2016 financial year ended 31 December 2015. Sales of goods for the period decreased 3.5% or N$45.1 million to N$1.306 billion compared to 1H15, mainly due to production volume migrated to South Africa, however, royalty income received by NBS only increased by N$7.9 million. Operating profit rose 5.4% y/y as raw materials & consumables and railage & transport were reduced by 18.9% and 17.3% respectively on the back of lower volumes being produced locally. Basic EPS increased 37.9% y/y to 84.4c and HEPS is up 6.3% from 104.2c to 110.8c. The board of directors declared an interim dividend of 40cps, up 8.1% on the 37cps last year, increasing the pay-out ratio from 35.5% to 36.1%.

Sales and Volumes

NBS managed to increase local sales volumes with new products being launched and the acquisition of Aquasplash from Namibia Dairies during the period, however, export sales declined with the migration of production to Sedibeng Brewery. Locally, sales volumes continued to increase on the back of beer sales, which was led by Tafel Lager and Windhoek Draught.

Revenue per Category	1H15	1H16	y/y % Δ
Beer	1,243,561	1,200,194	-3.5%
Softs	78,872	77,232	-2.1%
RTDs	17,242	14,304	-17.0%
Other	3,755	5,580	48.6%
Total	**1,343,430**	**1,306,155**	-2.8%

Export Markets

Total volumes produced by NBS and sold to Heineken SA and DHN Drinks, its largest single customer, decreased significantly, down 91.4% and 43.6% respectively, while no sales are further made to Diageo since the restructuring. This resulted in the value of export sales to South Africa to decrease 45.3%. Export sales to South Africa declined as a percentage of total sales of goods, falling to 23.4% from 41.6% a year ago. This was due to the continuous migration of volumes from Namibia to Sedibeng in South Africa.

Sedibeng Brewery

On 1 December 2015 NBS acquired 25% of the issued share capital of Sedibeng Brewing (Pty) Ltd and an additional 9.5% of the issued share capital of DHN Drinks (Pty) Ltd from Diageo Highlands Holdings. The total investment amounted to N$592.3 million, which was financed out of operations and by way of medium term loans from Standard Bank and RMB. This will need to be repaid over the next 5 years, with NBS enjoying a payment holiday of one year. The loan will be partially amortised over the period, with a balloon payment at the end of the loan period. Interest bearing loans and borrowings increased from N$13.8 million at the end of FY15 to N$613.3 million at the end of 1H16, increasing the gearing ratio from 12% to 54%.

Intrinsic Value:

We use a dividend discount model to assess the intrinsic value of the company. Our required rate of return, of 13.2%, is based on a risk free rate of 9.3%, equity risk premium of 2.7%, a beta of 1.0, and a long-term sustainable growth rate of 9%. Based on these assumptions and our forecasted dividends for NBS, we value the company at an intrinsic value of N$17.04 per share.

Valuation:

We forecast **FY16 earnings of 192.6 cents per share** and calculate a **target price of N$24.50 per share** based on a **justified PE ratio of 12.7x**. This implies an expected total return of 5.3% over the next twelve months. Generally, we are notably more optimistic as to the future of the company following the restructuring of the JV and after NBS gained a share of the Sedibeng Brewery, which was critical to the JV's success from an NBS perspective. We remain cautious as to the effect SAB will have on the company's market share domestically going forward, as well as the impact of the potential water challenges the company may experience in FY17 and FY18. Therefore, we maintain our recommendation on **HOLD**.

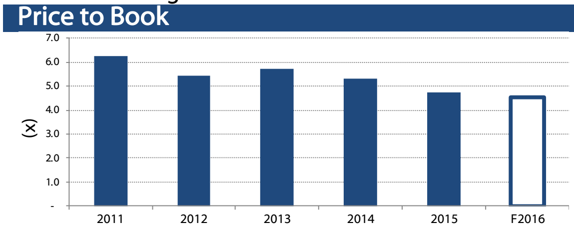
Bull Points:

- Migration from mainstream to premium brands
- Gaining a share of the Sedibeng Brewery
- Maintaining local market share

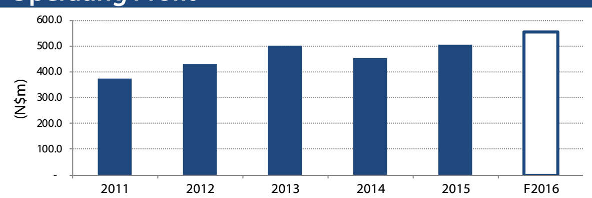
Bear Points:

- Increased competitive pressures in key export markets
- New SABMiller plant

Price to Book



Operating Profit



Fiscal Year End	2011	2012	2013	2014	2015	F2016
Income Statement (N$m)						
Sales Revenue	1,797.1	2,160.1	2,383.4	2,316.9	2,434.2	2,536.5
Operating Profit	375.3	429.0	500.1	451.3	506.5	552.5
Net interest income(expense)	6.9	(0.9)	(3.3)	(2.6)	13.2	(7.7)
Profit before tax	307.3	336.0	199.7	328.7	395.1	431.6
Income tax expense	(96.0)	(114.0)	(126.8)	(122.9)	(136.1)	(133.8)
Net Profit	211.3	222.0	72.9	205.9	259.0	297.8
Balance Sheet (N$m)						
Cash and other liquid assets	91.7	91.9	267.8	55.9	264.2	473.6
PPE	668.6	799.8	827.7	874.9	871.1	906.5
Intangible assets	4.6	6.4	12.2	11.5	16.7	2.7
Investment in JV	121.4	118.1	13.6	-	28.3	118.1
Inventories	151.1	203.2	285.9	209.6	226.6	211.6
Total Assets	1,406.7	1,672.5	1,714.2	1,541.2	1,737.1	2,007.5
Interest bearing debt	189.4	270.2	275.4	114.6	119.5	500.0
Current liabilities	304.9	356.1	672.8	397.1	472.0	835.8
Non-current liabilities	310.1	409.2	180.9	212.4	221.1	202.0
Total Liabilities	615.0	765.2	853.7	609.6	693.1	1,037.8
Total shareholders' equity	791.7	907.3	860.5	931.6	1,044.1	1,088.4
Growth Rates (%)						
Sales	3.8%	20.2%	10.3%	-2.8%	5.1%	4.2%
Opertaing Profit	23.9%	14.3%	16.6%	-9.7%	12.2%	9.1%
Cash and other assets	-48.2%	0.3%	191.4%	-79.1%	372.3%	79.3%
Interest Bearing debt	19.1%	42.6%	2.0%	-58.4%	4.3%	318.3%
Inventories	21.4%	34.4%	40.7%	-26.7%	8.1%	-6.6%
Assets	-12.6%	18.9%	2.5%	-10.1%	12.7%	15.6%
Financial Summary						
EPS (c)	102.3	149.5	177.8	159.1	187.1	192.6
DPS (c)	49.0	54.0	62.0	68.0	74.0	80.0
NAV (c)	3.83	4.39	4.17	4.51	5.1	5.3
Valuation Metrics						
P/E (x)	24.9	17.1	14.3	16.0	13.6	13.2
P/BV (x)	6.7	5.8	6.1	5.7	5.0	4.8
Dividend Yield (%)	1.9	2.1	2.4	2.7	2.9	3.1
Earning Yield (%)	4.0	5.9	7.0	6.2	7.3	7.6

Bidvest Namibia

Recommendation: SELL, TP: 1000, Code: BVN

Nature of Business: Bidvest Namibia (BVN) is part of The Bidvest Group Limited, which is listed on the JSE and operates on 4 continents. Similar to the Bidvest Group in SA, BIDNam is a diversified industrial conglomerate. BIDNam's business activities span across the fishing, freight services, distribution, business support and tourism industries. The group operates through two holding companies, Bidfish and Bidcom. Bidcom operates through the Bidfreight, Bidserv, Bidfood and Bid Industrial and Commercial Products operating divisions.

Top Shareholders: The Bidvest Group (51%), Ovanhu Investments (14%), Government Institutions Pension Fund (11%)

1H16 Results

Bidvest Namibia results for the first half of the 2016 financial year disappointed once again. As we expected, the firm's results reflect the difficulties the fishing division finds itself in. EPS decreased 7.2% to 46.1 cents per share, while HEPS fell 10.8% to 44.2 cents per share. At N$1.843 billion, revenue is up 7.9% from last year, mainly due to the acquisition of Novel Motor Company, which added N$350.0 million to revenue. However, BVN's trading profit shrunk 32.5% to N$118.9 million, primarily as a result of significantly lower horse mackerel quota available to Namsov. An interim cash dividend of 20 cents per share was declared, thus the company cut dividends by 9.1% when compared to 1H15.

Fishing

Performance by the fishing division was particularly poor. Firstly, lower horse mackerel quota was allocated directly to BVN by the Ministry of Fisheries and Marine Resources together with the fact that quota contributing partners exited from Trachurus Joint Venture, resulting in the tons of horse mackerel sales falling by 42.0%. Secondly, the hard currency prices of horse mackerel fell, down 18.8% year on year. Thirdly, management reported poor pilchard catches in the 2015 season and slow pilchard sales during the financial year. Lastly, broken down vessels in Angola also contributed to lower landings, therefore lower volumes sold.

Freight and Logistics

Lower activity in the oil and gas industry as mining and oil exploration slowed down in the country is one of the main reasons for lack luster performance in this division. Given the integrated nature of the Freight and Logistics business, projects have spin-offs to all areas in the division. Therefore, all entities in this division are facing challenging times. There are currently no projects underway for the next few months, therefore no expectation of an improved result for the full year.

Food and Distribution

The 1H16 results for Taeuber & Corssen (T&C), and therefore the entire food and distribution division was poor for various reasons, namely less consumer spending, stock shortages due to non-supply by principals and generally fewer products being sold. The results were also affected to a large extent by the loss of the contract for distribution of Namibia Poultry Industry products in 2015.

Commercial and Industrial Products and Services

Various high-frequency indicators, such as new vehicle sales and private sector credit extension, are already illustrating a slowdown in consumer spending in Namibia. Growth is therefore not to be expected in the in the Commercial and Industrial Products and Services division for FY16, unless in the form of acquisitions or expansion.

Automotive

We saw exceptionally strong vehicle sales growth through 2014 and 2015, fueled by a strong consumer base supported by expansionary fiscal policy and real wage growth. However, the latest figures show that this trend is losing momentum. We expect to see a decrease in vehicle sales as purchases of vehicles by Government will be reduced this year. Further downside risks to this are rising interest rates which may limit marginal lenders from qualifying for financing as well as banking sector liquidity which may limit the availability of loans to finance vehicle purchases.

Valuation:

The stock is currently trading on a FY16 dividend yield of 4.8% based on expected full year dividends of 51 cents per share at an assumed 50% payout ratio. This is in line with its average yield of 4.9% over the last seven years, but is relatively unattractive to cash yields that are currently on the rise. We have adjusted our earnings forecast and target price following a detailed analysis of the full year results. We forecast FY16 earnings of N$1.01 per share and calculate a target price of N$10.00 per share based on a justified PE ratio of 9.86x. We are concerned about the possibility of a dividend cut going forward should fish quota issues not be resolved, however remain cognizant of the large cash balances on the company's balance sheet, allowing them space to weather the current storm with acquisitions such as Novel Motors. In addition, however we do not expect the stock to trade much lower from current levels given the illiquidity of such and the possibility that once sold stock may be difficult to rebuy in future. Nevertheless, due to the current challenges faced by the company and limited earnings visibility, we have maintained our recommendation to SELL.

Bull Points:

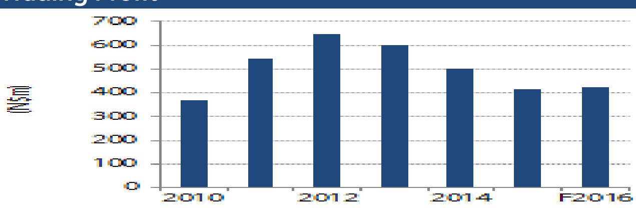
- Exchange rates
- Strong brands in the industries in which BIDNam operates
- Oil price

Bear Points:

- Fishing industry conditions and regulation
- Margin contraction
- Quota fees

Price to Book

Trading Profit



Fiscal Year End	2010	2011	2012	2013	2014	2015	F2016
Income Statement (N$m)							
Sales Revenue	1608	1919	2731	3355	3703	3535	3596
Cost of sales	(1102)	(1207)	(1890)	(2488)	(2832)	(2783)	*
Gross Profit	506	712	841	867	872	752	*
Operating expenses	(159)	(186)	(209)	(281)	(385)	(360)	*
Trading Profit	369	545	647	601	501	416	439
Net interest income(expense)	1.3	6.1	17.6	13.0	16.3	27.1	8.0
Income from associates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profit before tax	353	568	672	615	517	545	447
Income tax expense	(116)	(184)	(211)	(188)	(174)	(133)	(134)
Minorites	72	126	162	161	98	123	86
Net Profit	237	384	469	444	349	425	313
Balance Sheet (N$m)							
Cash and other liquid assets	591	780	785	853	782	908	*
Propert, Plant and Equipment	549	569	764	830	842	829	*
Intangible assets	39	31	31	35	31	28	*
Goodwill	69	69	102	120	119	119	*
Inventories	217	230	324	376	400	432	*
Total Assets	1725	1940	2469	2779	2765	3025	*
Interest bearing debt	50.2	0.0	0.0	0.0	2.6	0.1	*
Current liabilities	417	390	517	586	455	526	*
Non-current liabilities	151	149	239	233	245	220	*
Total Liabilities	569	539	757	820	699	747	*
Shareholders' equity	1156	1402	1712	1959	2065	2278	*
Total shareholders' equity	1725	1940	2469	2779	2765	3025	*
Growth Rates (%)							
Sales	16%	19%	42%	23%	10%	-5%	1.7%
Trading Profit	30%	48%	19%	-7%	-17%	-17%	5.5%
Cash and other assets		32%	1%	9%	-8%	16%	
Inventories		6%	41%	16%	6%	8%	
Assets		13%	27%	13%	-1%	9%	
Financial Summary							
EPS (c)	86	125	143	130	116	137	107
HEPS (c)	0	120	140	130	116	103	107
DPS (c)	36	54	63	69	63	56	59
Weighted Average shares (m)	192	207	210	212	212	212	212
Key Statistics							
Operating margin (%)	22%	29%	24%	18%	14%	15%	12%
Current ratio (x)	2.5	3.3	3.0	3.0	3.9	3.6	*
Debt/Equity	2.9%	0.0%	0.0%	0.0%	0.1%	0.0%	
RoE (%)	32.4%	36.7%	37.0%	29.8%	22.1%	24.4%	22.1%
Valuation Metrics							
P/E (x)	12.25	8.40	7.35	8.09	9.05	7.68	9.82
P/BV (x)	2.01	1.82	1.55	1.41	1.32	1.19	1.45
Dividend Yield (%)	3.4%	5.1%	6.0%	6.6%	6.0%	5.3%	6.0%

Maintenance Coverage

Stimulus Investments

Nature of Business: Stimulus Investments provides expansion capital and funding of management buy-outs or empowerment buy-ins. The company focuses on acquiring interests in established, high cash yielding businesses in Namibia which require empowerment credentials. Stimulus is also actively involved in the management of its investments.

Top Shareholders: AllanGray (68.3%), Sanlam Life (16%), Namibia Asset Management (10.1%), Metropolitan Life 1.9%.

FY14 Highlights:

During the year ended 28 February 2014, group revenue increased by 4.0% from N$22.1m to N$22.9m. Operating expenses increased slightly, up 2.7% to N$10.2m from a value of N$9.9m recorded for FY13. The gain on fair value adjustments was smaller than last year, adding N$39.7m, down from N$47.0m in FY13. While finance costs decreased N$5.6m y/y, the cumulative effect on the bottom line was negative, with profits coming in at N$10.3m, below the N$11.9m reported for FY13.

The firm advised that the size of the investment portfolio (excluding cash) experienced organic growth, stemming from a combination of corporate action and growth in the fair value of its investments. The firm declared a preference dividend of N$24.6m, up from N$12.8m, for FY13, and translating to a dividend to 656c per preference share based on 3.75m preference shares in issue (FY13: 340c, based on 3.75m preference shares in issue).

Stimulus Investments currently has the following investments:

- Democratic Media Holdings
- Cymot
- Nashua Namibia
- Plastic Packaging
- Walvis Bay Stevedoring
- Joe's Beerhouse Properties

Outlook: Stimulus will keep reviewing and updating risk management processes so as to aid in achieving success with its portfolio.

Bull Points:

- Sufficiently available capital
- Little to no competition
- Well balanced portfolio with strong underlying investments

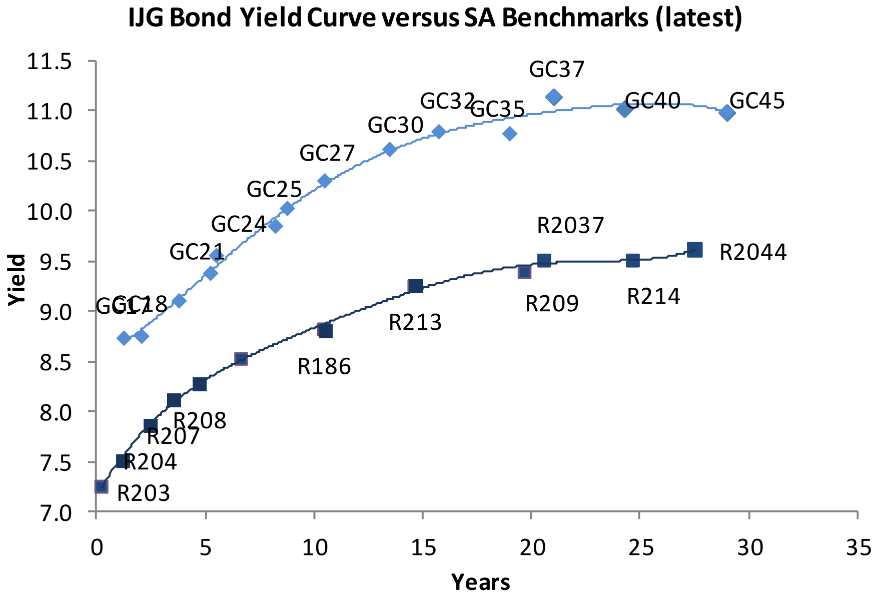
Bear Points:

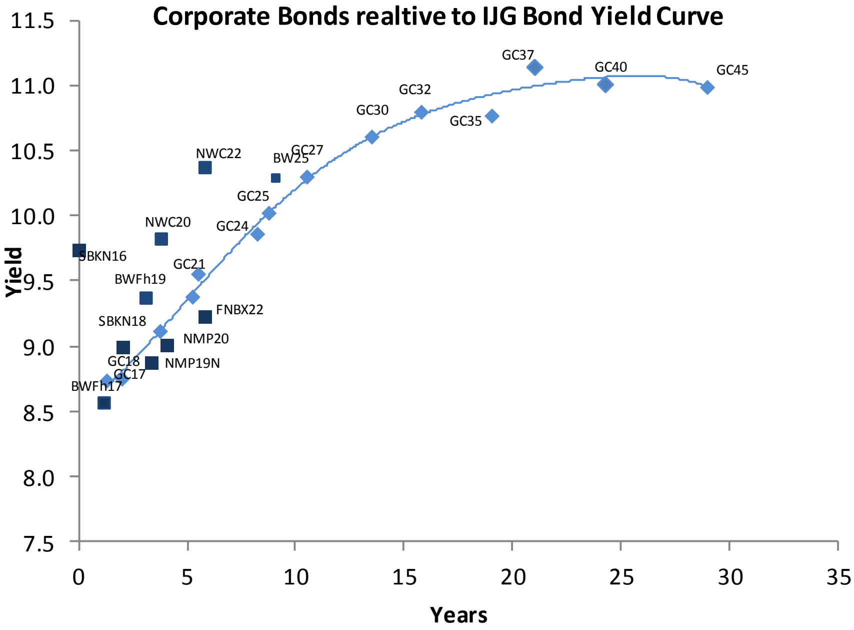
- Financial skills shortage

Bond Listings

- Bank Windhoek Holdings
- FNB Namibia
- Standard Bank Namibia
- Namibia Power Corporation
- NamWater Corporation
- International Finance Corporation

30 June 2016:





Standard Bank Namibia

Nature of Business: Standard Bank Namibia is one of the largest financial services groups in Namibia with a total asset base of N$21.8bn as at FY14. Standard Bank offers a full range of banking services as well as insurance broking, asset management, unit trusts and safe custodianship services.

Top Shareholders: Standard Bank Group (100%)

FY15 Highlights:
Standard Bank Namibia's reported profit for FY 15 by 45% and loans and advances by 11%. The group return on equity (ROE) has improved to 23.56% from 17.67% in 2014. Total income grew by 20% and expenses grew by 13% reflecting a delicate balance between cost management and the need for continued investment to be made in our systems and infrastructure to remain relevant to our customers and introduce innovation to our service offering.

The group's tier I capital was N$2 300 million at 31 December 2015 (2014: N$1 703 million) and total capital, including unappropriated profit was N$2 674 million at 31 December 2015 (2014: N$2 012 million). The change in the Group's capital was primarily due to an increase in retained earnings. The group maintained a well-capitalised position based on tier I capital, total capital adequacy and leverage ratios as set out below.

Standard Bank continues to show improvements in credit impairments, seeing a reduction in our credit loss ratio to 0.5% from 0.8% in 2014. This is partly due to the continued growth in the economy, but also related to our robust and stringent application process which protects both the customer and our bank.

The outlook for 2016 is uncertain given the significant fluctuations in the value of the Namibia Dollar and its uncertain impact on inflation levels in 2016. The expected increases in interest rates in 2016 add to these uncertainties, compounded by the continued low levels of commodity prices and the drought experienced in the last three years.

Bonds: Standard Bank currently has five bonds in issue, namely the SBKN15, SBKN16, SBKN17, SBKN18, and SBKN24 amounting to N$733m listed on the NSX. SBKN15, SBKN16, SBKN17, SBKN18, and SBKN24 are currently trading at premiums over their respective benchmark notes of 105bp, 94bp, 120bp, 25bp, and 100bp, respectively.

Maturity dates for the bonds are as follows:

SBKN16:	7 July 2016
SBKN17:	23 October 2017
SBKN18:	7 July 2018
SBKN24:	23 October 2024

Bull Points:

- Large asset base
- Largest banking face to face customer footprint in Namibia

Bear Points:

- Government pressure to decrease banking fees
- Margin pressure
- Increasing interest rates on non-performing loans

Namibia Power Corporation

Nature of Business: Namibian Power Corporation (NamPower) is Namibia's power utility which specialises in the generation and transmission of electricity. NamPower is the sole energy generator, trader and transmitter in Namibia. Electricity is generated by the 4 power stations; Van Eck, Ruacana Hydro, Paratus and Anixas.

Top Shareholders: Namibian Government (100%)

FY15 Highlights

Electricity sale volumes increased by 1.1% (2014: 0.8% decrease) from 3 827 GWh in 2014 to 3 870 GWh in 2015. Maximum demand increased to 657 MW from 629 MW registered in June 2014, an increase of 4.5%. The rate of growth in electricity sales lagged that of peak demand due to reduction in bulk water pumping, customers' increased use of renewable sources of energy such as solar water heating and rooftop solar photovoltaics, and higher energy efficiencies in the mining sector which was forced by decreased commodity prices. NamPower continues to encourage customers to apply all such economising measures.

Group revenue increased by 13% (2014: 20%) to N$4.5 billion for the year under review, primarily driven by the annual tariff increase of 13%, and augmented by customer contribution for construction of customer required assets as well as electricity sales to other regional utilities on the Short Term Energy Market (STEM) during times of excess domestic supply.

Despite the increase in revenue, the gross profit margin fell from 46% in 2014 to 40% in the year under review, driven mainly by the high cost of electricity imports. Of the total 4254 GWh units of electricity into the Namibian system during the year under review, 64% (2014: 66%) was imported. The country experienced lower levels of rainfall than has historically been the case, with the low flow of the Kunene River resulting in levels of power dispatch from NamPower's flagship Ruacana hydro station lower than projected. Increases in the unit cost of energy under power purchase agreements with neighbouring countries, along with the depreciation of the Namibian Dollar against the United States Dollar (in which energy sales are denominated under some of those agreements) combined to hike the overall cost of electricity during the year under review by roughly 25%, from N$2.2 billion to N$2.7 billion.

Group profit before tax for the year decreased by 8.7% from N$773 million to N$706 million mainly as result of the increase in other operating expenditure and reduction in gross profit margin. Included in this figure is depreciation and amortisation, amounting to N$534 million (2014: N$530 million).

Net cash generated from operating activities increased by 2.9% (2015: N$1,336 million) from N$1,297 million reported during the period ended 30 June 2014, while capital expenditure for the Group amounted to N$790.5 million (2014: N$738.1 million) for the year under review. Total assets increased to N$23.7 billion from N$23.1 billion.

Bonds: NamPower currently has two bonds, NMP19N and NMP20N, to the amounts of N$250m and N$500m respectively, listed on the NSX. The NMP20 bond has a coupon rate of 9.35% and is trading at a 90bp premium to its benchmark (R207), while the NMP19N has a 10.00% coupon and trades 13bps over the GC18.

Bull Points:

- Financial support from Government
- Electricity generation and transmission monopoly in Namibia
- Cheap electricity generative fuels (diesel & coal)
- Future generation prospects receiving the necessary attention

Bear Points:

- High electricity demand from mining sector
- High reliance on imported electricity

Telecom Namibia

Nature of Business: Telecom Namibia Limited (Telecom) is the national telecommunications operator and sole fixed line service provider in Namibia. Telecom provides mobile telephony (Switch) and broadband – data network in addition to fixed line telephony.

Top Shareholders: Namibia Post and Telecommunication Holdings (100%).

FY13 Highlights:
Telecom's FY13 saw a 7.25% increase in revenue to N$1.31bn from N$1.22bn previously. Operating profit was reported at a loss of N$140.2m for the financial period, down from the last year's restated amount of N$116.8m which represents a decrease of 220%. Group profit after tax fell to a negative N$167.1m down from a profit of N$52.3m in FY12. The group posted an uncharacteristic profit in FY12 as losses of N$87.4m and NS122.2m were posted in FY11 and FY10 respectively. This growth was attributable to the increased uptake of the broadband offerings (up 500% from 2009 to 2012) following the capital investment amounting to N$746m since 2009, but seems to have been unsustainable.

Telecom Namibia has been declared as having the dominant position in the industry with a market share of over 35% based on revenue. The repercussion of this is that Telecom now has a duty to provide other operators non-discriminatory access to network elements on an unbundled basis. Telecom relinquished the Powercom technology neutral licence, fully integrating the GSM business acquisition (previously Leo) into Telecom Namibia. The brand name, tn mobile, was subsequently trademarked.

During the financial year Telecom has continued to expand on its ICT network capabilities. The acquisition of the mobile operator, Leo, completed Telecom's transformation from a traditional telecommunications company to a modern ICT service provider in line with the stated strategy. Telecom claims that they have seen an increase in bandwidth demand of over 80% during the 2013 financial year which supported the implementation of a Dense Wavelength Division Multiplexing transport platform to bolster high capacity long distance routes. In addition points of presence (PoPs) were installed in Johannesburg, Cape Town, London, and Frankfurt, to increase the diversity of connections. All of this has led to stronger international connections resulting in faster, more stable, internet connections.

Along with the above international developments, Telecom has expanded national coverage, as well as rolling out fibre-to-the-home (FTTH) connections in existing areas. Profitability in the ICT expansion is critical for Telecom to regain profitability on a company level. We are likely to see further expansion in this area of the business in the future.

Bonds: Telecom currently has five bonds in issue, the TCN15, TCN16, TCNF01, TN15 and TCNF02, with a total nominal amount of N$347m. The TCN15, TCN16, TCNF01, TN15 and TCNF02 are trading at premiums of 149bps, 175bps, 151bps, 91bps and 149bps relative to their respective benchmarks. All of these will be maturing before the end of 2016.

Bull Points:

- Fixed line monopoly
- Transition into an IP based company
- Completion of network infrastructure investment programme
- Increased market share in mobile telecommunication through tn mobile

Bear Points:

- Uncertainties presented by the market liberalisation process
- No experience in mobile network systems
- Competition from mobile operators
- Negative operating profits

Important Company Dates

Company	Share code	Fin year	Interims	Finals
Bank Windhoek Holdings	BWH	30-Jun	28-Feb	30-Sep
FNB Namibia	FNB	30-Jun	28-Feb	30-Sep
Namibia Asset Management	NAM	30-Sep	30-Jun	30-Nov
Trustco Group Holdings	TTO	31-Mar	31-Dec	30-Jun
Oryx Properties	ORY	30-Jun	28-Feb	29-Aug
Bidvest	BVN	30-Jun	31-Mar	30-Sep
Namibia Breweries	NBS	30-Jun	31-Mar	30-Sep
Nictus	NCT	31-Mar	31-Dec	30-Jun
Paladin Energy	PDN	30-Jun	31-Dec	30-Sep
B2Gold	B2G	31-Mar	30-Sep	28-May
Eco (Atlantic) Oil & Gas	EOG	31-Mar	31-Dec	30-Jun
Deep Yellow	DYL	30-Jun	31-Dec	30-Sep
Bannerman	BMN	30-Jun	31-Dec	30-Sep
Forsys Metal Corporation	FSY	31-Jan	30-Sep	30-Apr
Marenica	MEY	30-Jun	31-Dec	30-Sep

Source: NSX, Company reports

The above table shows the financial year-ends of all NSX local companies, the NSX share code, and the dates that interim and final results are due to be, or were last released.

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