NAMIBIA ASSET MANAGEMENT
1H18 Initial Impression
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Namibia Asset Management Ltd

1H18 Initial Impression: Resuming Coverage

Target Price (c)*	-
Current Price (c)	64

Year End 30 September	FY14	FY15	FY16	FY17	1H18
Revenue (N$m)	80.5	85.8	72.4	69.6	37.3
Profit/(Loss) (N$m)	12.6	15.7	15.8	14.9	7.1
HEPS (c)	7.50	9.23	10.22	9.69	4.60
HEPS growth (%)	24.6	23.1	9.3	-5.2	-1.1
DPS (c)	5.5	7.5	7.5	7.5	-
DY (%)	8.5	10.4	10.0	10.4	-
P/E (x)	8.7	7.8	7.3	7.4	15.0
P/B (x)*	-	-	-	-	-

Recommendation*	-
NSX Code	NAM
Market Cap (N$m)	128
Shares in Issue (m)	200
Free float (%)	52
P/B (x)*	-
52 week high	72
52 week low	64
Expected Total Return (%)*	-

Source: NAM, IJG

**Target price, P/B, Expected Total Return and Recommendation with full report*

1H18 Initial Impression: Resuming Coverage

Namibia Asset Management (NAM) released its condensed unaudited interim results for the period ended 31 March 2018. Operating profit ticked up by 0.7% y/y, while profit after tax decreased by 1.1% y/y to N$7.1 million. Basic earnings per ordinary share decreased by 1.1% and diluted earnings per ordinary share decreased by 0.2%.

Revenue for the period increased by 8.1% to N$37.3 million, while other income rose by 1.6% to N$323,721. Finance income, however, decreased by 29.4% to N$525,356. Operating expenses increased by 11.1%. Total comprehensive income for the period declined by 3.1% to N$6.9 million from N$7.2 million reported for 1H17.

The company's retail business saw net outflows of N$61 million during the period, which management says is due to a tough economic environment. Despite these outflows and the tough domestic economic climate, the company's market share of retail assets remained flat at 4%.

NAM's Institutional business experienced a total net outflow of N$255 million which management says is primarily due to the rebalancing of client portfolios to comply with regulatory requirements.

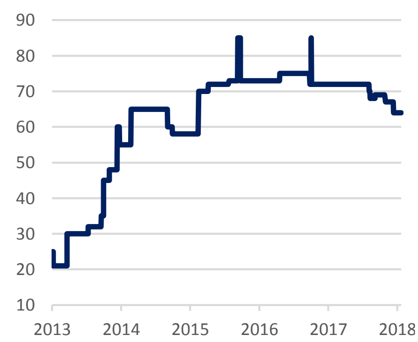
Total assets under management (AUM) increased by 4.0% y/y to N$20.8 billion, as retail AUM remained flat for the period at N$2.2 billion. The company's institutional assets under management, however, saw an increase of 4.5% to N$18.6 billion.

All the company's unit trust funds delivered positive returns over the last year, however none of the funds outperformed their benchmarks over a one-year period, as at 31 May 2018. The NAM Coronation Strategic Income fund is the only fund in the stable which outperformed its benchmark over a 5-year period. It is also the fund which had the highest return at 7.9% during the last year.

Management expects the domestic economic climate to remain challenging for the foreseeable future, which is expected to weigh down investment returns and flows.

We are resuming our coverage of NAM, and as such are currently reviewing our NAM valuation model. We will provide a recommendation, target price and expected total return in our detailed full report.

NAM Share Price



Dividends

No interim dividend has been declared.

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