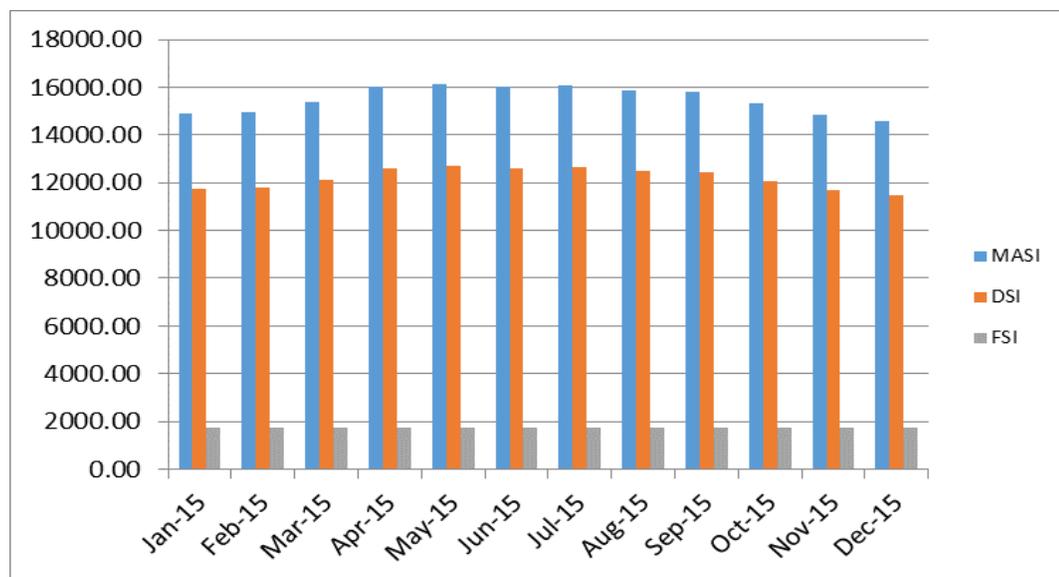




MALAWI STOCK EXCHANGE

ANNUAL MARKET PERFORMANCE REVIEW

2015



MALAWI STOCK EXCHANGE
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MALAWI STOCK EXCHANGE LIMITED

MARKET PERFORMANCE REPORT FOR 02nd JANUARY TO 31st DECEMBER 2015

1.0 TRADING SUMMARY

The market was marginally bearish in 2015 as it registered a negative return on investment of **-2.17%** compared to **18.79%** registered in 2014. It however, recorded an increase in both traded volume and value and with no trades on the three Government bonds listed.

In US Dollar terms, the market registered a negative return on investment of **-29.94%** in 2015 compared to **8.14%** registered in 2014.

Key data for the market is as follows:

| YEAR-TO-DATE INDEX LEVEL AND RETURN | | | | | | |
|--|-----------|-----------|-----------------|-------------------|-----------------|-------------------|
| INDEX | JAN, 2015 | DEC. 2015 | % Δ. 15 (MK) | % Δ. 15 (US\$) | % Δ. 14 (MK) | % Δ. 14 (US\$) |
| MASI* | 14886.12 | 14562.53 | 2.17 ▼ | 29.94 ▼ | 18.79 ▲ | 8.14 ▲ |
| DSI** | 11720.43 | 11462.87 | 2.20 ▼ | 29.96 ▼ | 18.99 ▲ | 8.31 ▲ |
| FSI*** | 1759.61 | 1762.13 | 0.14 ▲ | 28.29 ▼ | 2.94 ▲ | -6.29 ▲ |
| TOP FIVE MARKET GAINERS IN 2015 | | | | | | |
| COUNTER | SUNBIRD | MPICO | TNM | NITL | BHL | |
| CAPITAL GAIN % | 187.50 | 103.98 | 46.70 | 32.53 | 20.00 | |
| TOP FIVE TRADED COUNTERS BY VOLUME IN 2015 | | | | | | |
| COUNTER | FMB | NICO | TNM | MPICO | NBS | |
| % TRADED | 67.96 | 16.77 | 12.55 | 1.29 | 0.67 | |
| TOP FIVE TRADED COUNTERS BY VALUE IN 2015 | | | | | | |
| COUNTER | FMB | NICO | TNM | NBM | PCL | |
| % TRADED | 62.47 | 23.87 | 4.19 | 2.61 | 2.23 | |

* Malawi All Share Index ** Domestic Share Index *** Foreign Share Index

| TRADING STATISTICS | YR 2015 | YR 2014 |
|-------------------------|-------------------|-------------------|
| Traded Value (MK) | 48,592,086,538.82 | 10,865,168,546.94 |
| Traded Value (US\$) | 101,857,955.72 | 26,670,773.15 |
| Traded Vol. Shares | 2,355,317,369 | 1,724,271,388 |
| No. of Transactions | 1,220 | 1,673 |
| No. of Listed companies | 14 | 14 |
| Traded Companies | 14 | 14 |
| Not Traded Companies | 0 | 0 |
| Gainers | 09 | 13 |
| Decliners | 05 | 0 |
| Unchanged | 0 | 1 |
| Index Close (MASI) | 14562.53 | 14886.12 |
| Index Close (DSI) | 11462.87 | 11720.43 |
| Index Close (FSI) | 1762.13 | 1759.61 |

2.0 MARKET PERFORMANCE

2.1 Trade Performance Analysis

The market transacted a total of 2,355,317,369 shares at a total consideration of MK48,592,086,538.82 (US\$101,857,955.72) in 1,220 trades. In the corresponding period 2014, the market transacted a total of 1,724,271,388 shares at a total consideration of MK10,865,168,546.94 (US\$26,670,773.15) in 1,673 trades, reflecting a 36.60% increase in terms of share volume and a 347.23% (281.91% in US Dollar terms) increase in value terms. The increases in volume and value were mainly driven by the block transactions in FMB and NICO as a result of internal shareholding restructuring.

Daily average share trades exhibited similar trends as the market registered an average daily volume of 9,497,247 shares compared to 6,952,707 shares traded in 2014, reflecting a 36.60% increase.

The average daily turnover for the year 2015 was MK195,935,832.82 (US\$410,717.56) compared to MK43,811,163.50 (US\$107,543.44) for the year 2014, reflecting an increase of 347.23% (281.91% in US Dollar terms).

The highest sales in terms of volume and value was registered in April at a total of 1,606,464,275 shares and a total turnover of MK31,210,863,821.43 (US\$70,878,247.78).

TABLE 1: MARKET TRADING SUMMARY FOR 02nd JAN. – 31st DECEMBER 2015

| MONTH | DEALS | SHARES | VALUE MK | VALUE U\$D |
|-------------------|----------------|----------------------|--------------------------|-----------------------|
| Jan-15 | 115 | 13,253,003 | 306,518,657.27 | 671,125.33 |
| Feb-15 | 112 | 7,495,950 | 139,872,357.88 | 315,425.75 |
| Mar-15 | 113 | 19,690,879 | 229,078,353.13 | 523,930.86 |
| Apr-15 | 136 | 1,606,464,275 | 31,210,863,821.43 | 70,878,247.78 |
| May-15 | 121 | 79,174,433 | 906,650,079.35 | 2,064,734.43 |
| Jun-15 | 100 | 16,582,284 | 289,322,167.98 | 660,960.52 |
| Jul-15 | 91 | 14,086,929 | 202,182,349.16 | 428,747.79 |
| Aug-15 | 106 | 144,070,611 | 1,704,768,088.43 | 3,198,234.94 |
| Sep-15 | 88 | 157,121,402 | 5,166,414,357.76 | 9,201,213.62 |
| Oct-15 | 90 | 14,725,375 | 308,215,195.79 | 556,886.07 |
| Nov-15 | 102 | 14,731,935 | 195,400,081.04 | 333,184.30 |
| Dec-15 | 46 | 267,920,293 | 7,932,801,029.60 | 13,025,264.33 |
| TOTAL 2015 | 1,220 | 2,355,317,369 | 48,592,086,538.82 | 101,857,955.72 |
| TOTAL 2014 | 1,673 | 1,724,271,388 | 10,865,168,546.94 | 26,670,773.15 |
| % CHANGE | 27.08 ▼ | 36.60 ▲ | 347.23 ▲ | 281.91 ▲ |

2.2 Market Capitalisation and Index

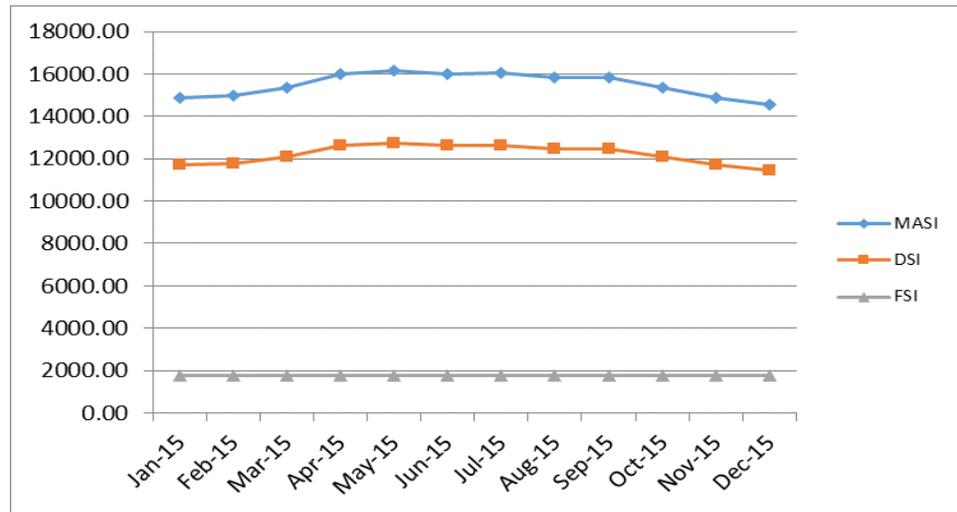
The market registered positive returns of 3.21% and 4.23% in Q1 and Q2 and negative returns of -1.17% and -7.95% in Q3 and Q4 of 2015. The year on year return on Index for year 2015 was -2.17% compared to 18.79% registered in 2014. The Malawi All Share Index (MASI) decreased from 14886.12 points registered on 2nd January 2015 to 14562.53 points registered on 31st December, 2015. The price gains registered by 9 counters (BHL, MPICO, NBM, NITL, PCL, STANDARD, SUNBIRD, TNM and OML) were not enough to offset share price losses registered by 5 counters (FMB, ILLOVO, NBS, NICO and BRITAM) resulting into a decrease in the Malawi All Share Index, arising from the decrease in the Domestic Share index of -2.20%. The Foreign Share index increased by 0.14%.

MARKET CAPITALISATION AND INDEX - 2nd JANUARY – 31st DECEMBER 2015

| Month Ending | Mkt. Cap. MKm. | Mkt. Cap US\$m | Mkt. Cap. MKm* | Mkt. Cap US\$m* | MASI |
|------------------|---------------------|--------------------|-------------------|-------------------|-----------------|
| 1st QTR | 7,487,097.19 | 15,735.1130 | 635,935.14 | 1,336.5008 | 14886.12 |
| 2nd QTR | 7,584,023.99 | 17,181.4298 | 684,022.31 | 1,549.6366 | 16011.65 |
| 3rd QTR | 7,576,036.66 | 13,641.9381 | 676,034.98 | 1,217.3156 | 15824.68 |
| 4th QTR | 7,522,117.08 | 11,320.9008 | 622,115.40 | 936.2932 | 14562.53 |
| 2015 | 7,522,117.08 | 11,320.9008 | 622,115.40 | 936.2932 | 14562.53 |
| 2014 | 7,489,097.19 | 15,735.1130 | 635,935.14 | 1,336.5008 | 14886.12 |
| 2013 | 7,179,933.27 | 16,576.3538 | 527,163.53 | 1,217.0655 | 12531.04 |
| % Δ 14-15 | 0.47 ▲ | 28.05 ▼ | 2.17 ▼ | 29.94 ▼ | 2.17 ▼ |

* Excludes non-Malawi register Old Mutual plc shares

FIG 1: MSE INDICES – 2nd JANUARY – 31st DECEMBER 2015



2.3 Market Liquidity

The turnover velocity as measured by the ratio of Total Value of Trades to Market Capitalisation (**TVT/MCAP***) was 7.81% in 2015 compared to 1.70% recorded in 2014. The ratio of Total Value of Trades to Gross Domestic Product (**TVT/GDP**) recorded a liquidity level of 1.52% in the review period while in 2014 liquidity was at 0.45%.

MARKET LIQUIDITY – 2nd JANUARY – 31st DECEMBER 2015

| MONTH Ended | Mkt. Cap/GDP % | Mkt. Cap/GDP* % | TVT/GDP % | TVT/Mkt. Cap* % | Shares Traded/Shares In Issue* % |
|-------------|----------------|-----------------|-----------|-----------------|----------------------------------|
| 1st QTR | 241.66 | 20.526 | 0.02180 | 0.1062 | 0.229614 |
| 2nd QTR | 244.79 | 22.078 | 1.04599 | 4.7377 | 9.665067 |
| 3rd QTR | 236.72 | 21.123 | 0.22102 | 1.0463 | 1.790127 |
| 4th QTR | 235.04 | 19.439 | 0.26361 | 1.3561 | 1.688485 |
| 2015 | 235.04 | 19.439 | 1.51831 | 7.8108 | 13.373293 |
| 2014 | 306.79 | 26.143 | 0.44507 | 1.7025 | 0.450540 |
| 2013 | 387.73 | 28.468 | 0.71990 | 2.5288 | 25.065646 |

* Excludes non-Malawi register Old Mutual plc shares

2.4 Company Trading Performance

Top 5 Gainers

| MSE CODE | COUNTER NAME | % GAIN |
|----------|------------------------------------|----------|
| SUNBIRD | Sunbird Tourism Limited | 187.50 ▲ |
| MPICO | MPICO Limited | 103.98 ▲ |
| TNM | TNM | 46.70 ▲ |
| NITL | National Investments Trust Limited | 32.53 ▲ |
| BHL | Blantyre Hotel Limited | 20.00 ▲ |

9 counters registered a capital gain during the review period.

Top 5 Losers

| MSE CODE | COUNTER NAME | % LOSS |
|----------|-----------------------|---------|
| FMB | FMB Bank | 26.16 ▼ |
| ILLOVO | Illovo Sugar Malawi | 21.82 ▼ |
| NBS | NBS Bank | 14.81 ▼ |
| NICO | NICO Holdings Limited | 13.85 ▼ |
| REAL | REAL Insurance | 13.04 ▼ |

Top 5 Traded Stocks by Volume

| MSE CODE | COUNTER NAME | SHARES | % OF TOTAL |
|----------|-----------------------|---------------|------------|
| FMB | FMB Bank | 1,600,753,264 | 67.96 |
| NICO | NICO Holdings Limited | 394,931,359 | 16.77 |
| TNM | TNM | 295,478,787 | 12.55 |
| MPICO | MPICO Limited | 30,361,167 | 1.29 |
| NBS | NBS Bank | 15,725,189 | 0.67 |

Top 5 Traded Stocks by Value

| MSE CODE | COUNTER NAME | MK | % OF TOTAL |
|----------|---------------------------|-------------------|------------|
| FMB | FMB Bank | 30,357,373,817.56 | 62.47 |
| NICO | NICO Holdings Limited | 11,598,492,172.00 | 23.87 |
| TNM | TNM | 2,033,743,019.97 | 4.19 |
| NBM | National Bank of Malawi | 1,270,364,425.74 | 2.61 |
| PCL | Press Corporation Limited | 1,085,522,007.05 | 2.23 |

COMPANY TRADING SUMMARY FOR 2nd JANUARY – 31st DECEMBER 2015

| Company | Opening Price | Closing Price | % Price Change | Share Vol. Traded | % Traded | Value Traded MK |
|---------------|---------------|---------------|----------------|----------------------|---------------|--------------------------|
| BHL | 800 | 960 | 20.00 | 182,900 | 0.01 | 1,515,340.00 |
| FMB | 1896 | 1400 | -26.16 | 1,600,753,264 | 67.96 | 30,357,373,817.56 |
| ILLOVO | 29420 | 23000 | -21.82 | 1,399,570 | 0.06 | 404,866,100.40 |
| MPICO | 402 | 820 | 103.98 | 30,361,167 | 1.29 | 217,261,693.18 |
| NBM | 24100 | 25800 | 7.05 | 5,048,648 | 0.21 | 1,270,364,425.74 |
| NBS | 2700 | 2300 | -14.81 | 15,725,189 | 0.67 | 479,778,844.57 |
| NICO | 3250 | 2800 | -13.85 | 394,931,359 | 16.77 | 11,598,492,172.00 |
| NITL | 4150 | 5500 | 32.53 | 3,806,748 | 0.16 | 181,384,046.95 |
| PCL | 45310 | 53500 | 18.08 | 2,116,885 | 0.09 | 1,085,522,007.05 |
| REAL | 230 | 200 | -13.04 | 2,890,602 | 0.12 | 6,075,789.90 |
| STANDARD BANK | 42500 | 44000 | 3.53 | 2,009,112 | 0.09 | 876,135,295.00 |
| SUNBIRD | 800 | 2300 | 187.50 | 564,691 | 0.02 | 11,653,652.50 |
| TNM | 409 | 600 | 46.70 | 295,478,787 | 12.55 | 2,033,743,019.97 |
| OML | 140000 | 140200 | 0.14 | 48,447 | 0.00 | 67,920,334.00 |
| TOTAL | | | | 2,355,317,369 | 100.00 | 48,592,086,538.82 |

3.0 ECONOMIC POSITION

- 3.1 The Malawi Kwacha depreciated by **-28.39%** against the US Dollar from its trading position of MK475.8210/US\$ registered in January to MK664.4451/US\$ traded in December, 2015. The import cover, however, registered a marginal improvement from 3.17 months registered in January to 3.19 months registered in December, 2015.

The Kwacha depreciated as a result of a strengthening United States Dollar and speculative trading tendencies by most authorized dealer banks who created an artificial demand for the United States Dollar (US\$) during the lean period. It is expected to depreciate further in the short term until the second quarter when the tobacco auction season starts.

The Kwacha moved during the twelve months period from 2nd January to 31st December, 2015 as follows: -

EXCHANGE RATES – 2nd JANUARY – 31st DECEMBER 2015

| CURRENCY | 1 st Jan. 2015 | Sept. 2015 | 31 st Dec. 2015 | Annual % Change |
|--------------|---------------------------|------------|----------------------------|-----------------|
| MK/US Dollar | 475.8210 | 555.3490 | 664.4451 | 28.39 ▼ |
| MK/GBP | 738.4398 | 842.1151 | 985.3847 | 25.06 ▼ |
| MK/ZAR | 41.0210 | 41.2811 | 43.3840 | 5.45 ▼ |
| MK/EUR | 575.4513 | 624.5631 | 726.6230 | 20.80 ▼ |

Source: National Bank of Malawi

- 3.2 The year on year headline inflation inched upwards by 3.7 points to 24.9% in December, 2015 from 21.2% in January, 2015 on account of an increase in food inflation in the review period.

The urban and rural inflation rates for the month of December, 2015 were 19.1% and 29.1% respectively.

| KEY MACROECONOMIC INDICATORS | | | | | |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| | Dec. 2013 | Jan. 2014 | Dec. 2014 | Jan. 2015 | Dec. 2015 |
| Inflation Rate | 23.5 | 25.9 | 24.2 | 21.2 | 24.9 |
| Policy Rate | 25.0 | 25.0 | 25.0 | 25.0 | 27.0 |
| Prime Rate | 35.0 | 40.0 | 37.0 | 37.0 | 34.0 |
| TB YIELD | | | | | |
| 91 Days T-Bill | 36.47 | 32.99 | 26.96 | 26.96 | |
| 182 Days T-Bill | 35.92 | 34.48 | 26.87 | 26.99 | |
| 364 Days T-Bill | 37.93 | 36.00 | 27.02 | 26.97 | |
| Import Cover(Months) | 2.13 | 2.13 | 3.13 | 3.17 | 3.19 |

Source: National Statistical Office and Reserve Bank of Malawi