

SECM Allows Foreign Participation



Photo Ref: Myanmar Times

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Commentary: FMI – GIC & Norfund Deal



Photo Ref: FMI

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Yangon Stock Exchange Market Summary

From January to March 2020, the total number of shares traded on the Yangon Stock Exchange (YSX) was more than 600,000 shares with total trading value of about MMK 4 billion. In the same trading period, the total number of shares traded via block trading system (trading above 10,000 shares of any YSX stock) was 198,410 shares with total trading value of about MMK 780.7 million.

Ref: YSX

STOCK	JAN-MAR HIGH (MMK)	JAN-MAR LOW (MMK)	AVERAGE DAILY VOLUME	TOTAL TRADING VALUE (MMK)
FMI	12,500	10,000	2,853	1,918.6 mil
MTSH	4,100	3,400	6,210	1,411.2 mil
MCB	8,700	7,700	114	54.5 mil
FPB	23,500	21,000	484	647.0 mil
TMH	2,950	2,600	757	126.8 mil

YSX News Update

YSX Matching Time Increased

The Yangon Stock Exchange (YSX) increased the number of matching times from 4 to 7 times on a normal trading day, beginning 26th March 2020. With this new launch, the matching time will take place every half an hour with first matching time at 10 am and the last at 1 pm. Market opens regularly at 9.30am on any trading day.



Ref: YSX

SECM Allows Foreign Participation at the YSX

The Securities and Exchange Commission of Myanmar (SECM) has allowed the much anticipated foreign participation in the Yangon Stock Exchange (YSX) on March 20, 2020. Foreigners, both resident and non-resident, can now submit securities account applications to the securities companies to begin trading. Currently, three of the five YSX-listed companies have allowed a certain percentage of foreign ownership (see below) with approval from their respective ministries.

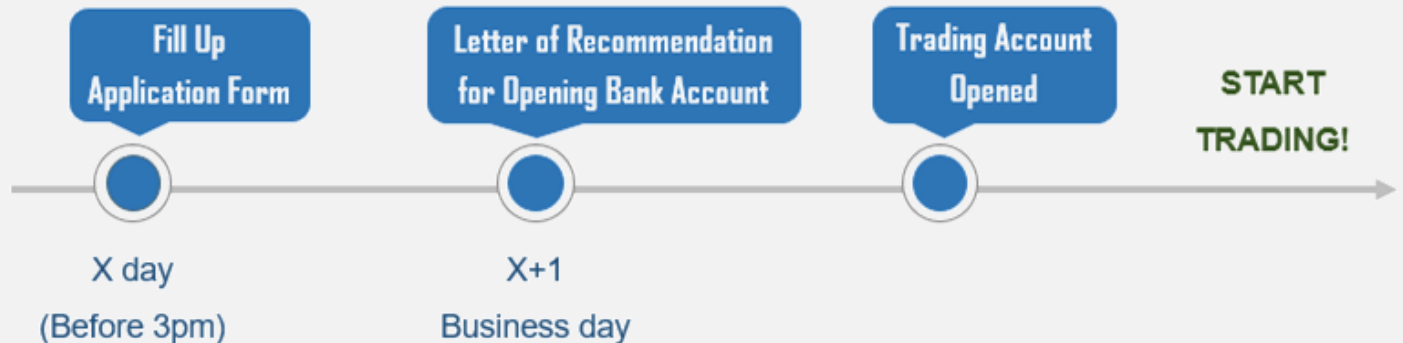
Foreign Shareholding Ratio

	FMI	MTSH	FPB
Foreign Shareholding Limit	2.0% (542,255 shares)	5.0% (1,946,458 shares)	35.0% * (865,218 shares)
Foreign Buy Order Limit	1.8% (488,029 shares)	4.5% (1,751,812 shares)	31.5% (778,697 shares)
Total Listed Shares	27.1 mil	38.9 mil	2.5 mil

*Only foreign financial institutions who have the agreement with FPB can buy FPB's stocks via block trade.

Timeline of Trading Account Opening for Foreigners

For both Resident & Non-resident:



For Individual Applicants (All Foreigners)

- Original Passport or National ID (with photo)
- **For Resident**
 - Document showing residency status
 - Local bank account information
- **For Non-Resident**
 - Foreign bank account information

Foreign companies interested in opening corporate accounts may contact KBZSC Sales team for document requirements.

As per the Securities and Exchange Commission Myanmar (SECM) Instruction No. 1/2020, foreigners or foreign institutions interested in trading shares of YSX-listed companies can fill up application form in-person. The letter of recommendation to open a bank account for the purpose of share trading will be issued (1) business day after the application has been reviewed.

Foreign institutions are also allowed to invest in Myanmar treasury bond and bills through Central Bank of Myanmar auctions or from KBZSC's secondary market sales.

Ref: SECM & YSX

First Myanmar Investment (FMI) – FY Sep 2019 Earnings Report

Higher Costs Offset Strong Revenue Show

FMI Group's revenue for FY Sep 2019 (April – Sep 2019) was recorded at Ks 168.4 billion, which is a 29% increase from HY Sep 2018 (April – Sep 2018). This has led to higher gross profit margin for the Group in FY Sep 2019, as gross profit increased by 35.3% from last comparable financial year to Ks 69.1 billion. However, the Group's overall administrative expenses have also increased in the same financial year, leading to a significant decrease in the Group's net profit from last year. The net profit for the Group for FY Sep 2019 was recorded at Ks 7.1 billion.

	FY Sep 19*	HY Sep 18**	% Change
For the financial year (MMK '000)			
Revenue	168,432,139	130,534,069	29.0%
Gross Profit	69,146,585	51,108,104	35.3%
Net Profit	7,100,601	9,813,753	(27.6%)
Net Profit attributable to Equity Holders	253,177	6,553,802	(96.1%)
Cash and Cash Equivalents	384,154,922	222,155,112	72.9
Earnings per share (MMK per share)	9	246	(96.3%)
As at 30 September 2019 (MMK '000)			
Non-Controlling Interests	108,971,986	92,904,252	17.3%
Net Debt ¹	130,010,131	119,051,822	9.2%
Total Capital ²	305,206,764	306,197,602	(0.3)%

FY Sep 2019

Gross Profit Margin

41.1%

Net Profit Margin

4.2%

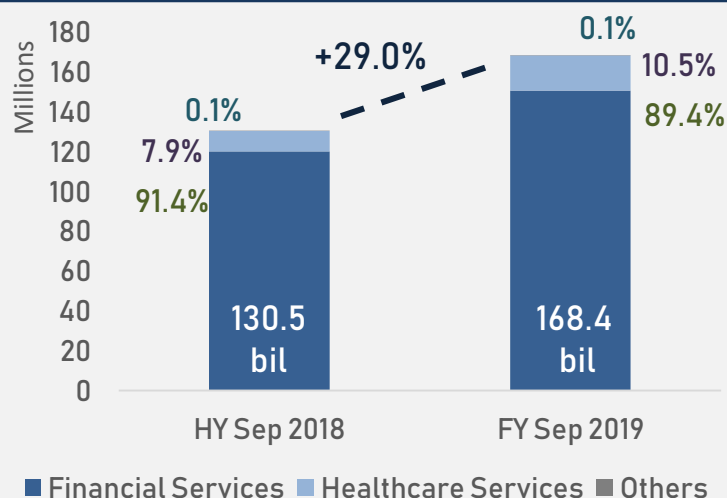
Net Gearing Ratio

42.3%

Financial Services Revenue Continues to Drive Group Sales

FMI Group's financial services sector consistently remains as the main driver of the Group's revenue, as Yoma Bank, once again, contributed almost 90% of the Group's sales with Ks 150.6 billion. Yoma Bank's revenue was mainly driven by a surge in interest income from portfolios ranging from digital credit to loan overdraft. The Group has also seen a significant improvement in its healthcare sector revenue from last comparable financial year, which was recorded at Ks 17.6 billion. However, the Group has seen a decrease in its share of profit from associates and joint ventures, as profits fall by 86.5% from Ks 14.5 billion in HY Sep 2018 to Ks 2 billion in FY Sep 2019. The breakdown of the share of profits can be seen in the table below.

FMI Revenue Breakdown (MMK)

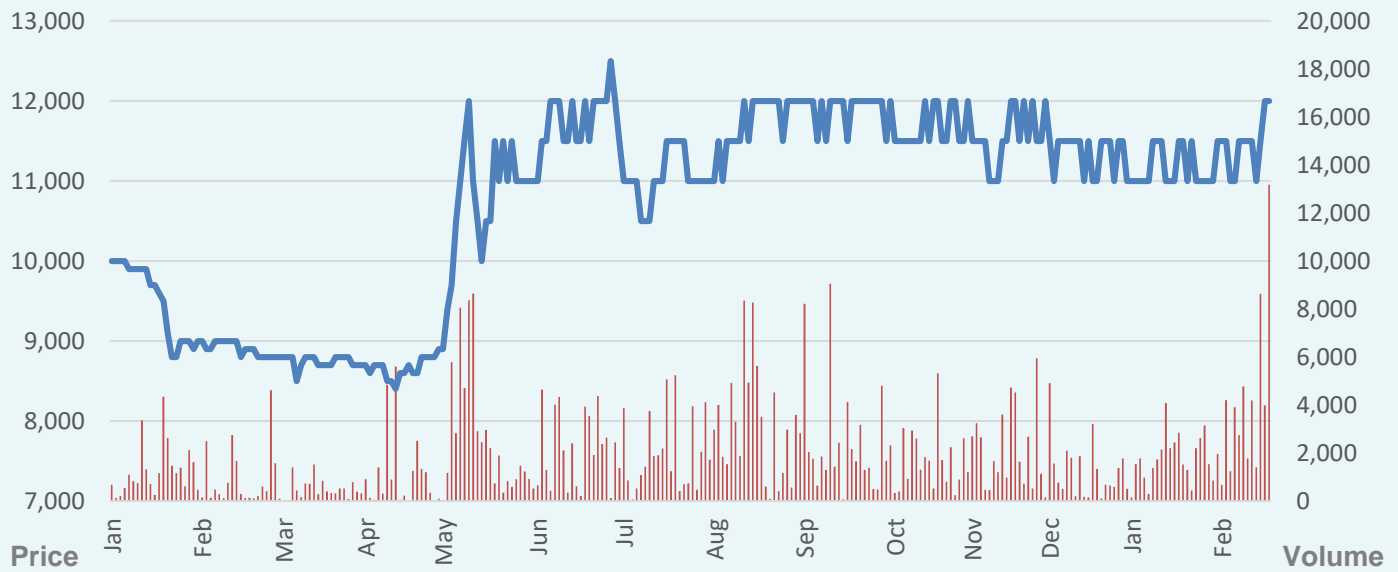


Associates & Joint Venture	Profit/Loss ('000)
FMI Garden Development Co., Ltd	(48,583)
Thanlyin Estate Development	2,006,596
Pun Hlaing Link Services Co., Ltd	611
Chindwin Holdings Pte Ltd	(2,411)
LSC-FMI Co., Ltd	(971)
Meeyahta International Hotel Ltd	(2,641)
FMI Decaux	(885)
Total	1,951,715

Commentary: GIC & Norfund – Yet Another Vote of Confidence for FMI?

FMI Share Prices & Volume (Jan 2019 – Feb 2020)

Feb 21, 2020



Singapore's GIC and Norway's Norfund became the next foreign shareholders for FMI's Yoma Bank a few months after IFC's conversion of outstanding convertible loan into 5% of the share capital of Yoma Bank. GIC will buy about 20% of Yoma Bank while Norfund will own about 10%, totaling 130 billion kyatGIC (\$88.7 million) of foreign investment.

After the share swap agreement with Yangon Land last year, FMI's shareholding position in Yoma Bank has increased to about 62%. This majority shareholding position will be maintained after a combined 30% purchase of Yoma Bank from GIC and Norfund.

Based on the valuation of Yoma Bank, FMI's stake in Yoma Bank is about half the current market capitalization of FMI. For investors, FMI's current share price represents a significant upside opportunity, considering FMI has an increased shareholding position from Yoma Bank which consistently has been the main driver of the Group's revenue. This also means that if you were to purchase FMI shares at the current price, you are effectively buying all the other businesses such as healthcare, real estate and tourism at around Ks 6,000 per share.

The latest round of investments from GIC and Norfund further strengthens FMI's status as an investible business by foreign investors, following Ayala's US\$ 82.5 million convertible agreement with the holding company. With the impending foreign participation in the Yangon Stock Exchange, foreign investments of such scale as Ayala, GIC and Norfund represent a strong vote of foreign confidence in FMI and highlight the upside potential of the company's share price.



Photo Ref: Bloomberg

Myanmar Thilawa SEZ Holdings (MTSH) – FY Sep 2019 Earnings Report

Share of Profit from Associates Continues to Drive Profits for MTSH

MTSH's revenue for FY 2019 was recorded at Ks 2.1 billion, driven by sales commission income and land lease in residential & commercial sector. The gross profit for MTSH was close to Ks 1.1 billion while the majority of the holding company's profit was driven by its share of profit from associate, which was recorded at Ks 7.6 billion. MTSH's industrial and commercial development associate MJTD achieved net profit of US \$ 12.2 million, due to its strong performance in industrial land. Its residential associate TPD achieved Ks 286.5 million in net profit despite the continued weak sentiment in Myanmar's residential and commercial real estate sector.

		Kyat in million	
	Percentage changed	FY2019 30-Sep-2019	FY2018-19 31-Mar-19
Revenue	(60%)	2,150	5,382
Cost of sales	(51%)	(1,053)	(2,134)
Gross profit	(66%)	1,097	3,248
Expenses	(47%)	(1,498)	(2,825)
Share of profit from associate	(33%)	7,680	11,395
Operating profit	(38%)	7,280	11,818
Income/(expense) from non-operating activities	(76%)	995	4,096
Total profit before tax	(48%)	8,275	15,915
Income tax expense	(95%)	(14)	(304)
Net profit	(47%)	8,261	15,610
Gross profit margin	(15%)	51%	60%
Earning per share (Kyat)	(47%)	211	398

FY 2019

Gross Profit Margin

51.0%

MTSH relies heavily on associate investments to generate cashflow. The holding company generates relatively small revenue; thus higher net profit compared to sales.

The financial statement for FY 2019 covered the six-month period from 1 April 2019 to 30 September 2019 while FY 2018-19 covered the twelve-month period from 1 April 2018 to 31 March 2019. Thus, the amounts presented in the above financial statement are not entirely comparable.

Commentary: Are Brighter Days Ahead for MTSH?

MTSH Share Prices & Volume (May 2016 – Jan 2020)



After rebounding from Ks 3,600 in Oct 2019, the price of MTSH seems to be supported at around Ks 3,850. Should the current prices hold with favorable volume, the price could trend towards the recent area of resistance of Ks 4,500, which interestingly was also the recent high traded last year.

Looking at the long term price movement, MTSH went through a lengthy period of price consolidation, roughly from November 2017 to April 2019 where it hit an all-time low of Ks 2,700 - 2,800. We have seen the first breakout of prices beginning May 2019, before reaching a two year high of Ks 4,500 in September 2019. Since then, prices have dropped about 16% but has held well at Ks 3,850 region. At the current price of Ks 4,100, the yield is at about 6% with a possibility of capital gains. It will be interesting to see if prices will continue to move towards Ks 4,500 and beyond.

Based on the presentation which U Kyaw Zaw Wai, CEO of MTSH, gave during our “Investing For All” Seminar, MTSH masterplan looks very promising in the long term. Thus, MTSH could be a gem worth looking at as it pays you while you wait.

Commentary: Will History Repeat Itself for FPB?

FPB Share Prices & Volume (May 2016 – Nov 2019)

Dec 9, 2019



The price of FPB closes at Ks 23,000 today (6th Dec 2019) and seems to be holding well at this level since a drop in share prices from Ks 27,000 on the ex-dividend day. The current market price for FPB is near the region of Ks 22,500 per share, the price where we have seen consistent volume support over the past 2 years. Interestingly, the high for this year, which is Ks 27,000 is about the same for the high of 2018. It seems that this has become an area of resistance (See price graph).

The current market price represents an attractive upside opportunity for investors should the current trend continues toward the historical area of resistance. Looking at downside risk, the consistent support for FPB at Ks 22,500 per share could be because of consistently attractive dividends that FPB paid out in the past. Based on the current price and last year’s dividend of Ks 2,000 per share, the dividend yield of 8.69% is attractive.

This presents an opportunity for investors to consider FPB as an attractive investment with a potential for capital gains and pays you an attractive 8.69% yield while you wait.

Investing in Treasury Bills & Bonds

Bill/Bond Products Currently Available for Sale

1-Year Treasury Bill	
Maturity Date	5 March 2021
Annual Yield	9.10%

5-Year Treasury Bond	
Maturity Date	15 May 2025
Annual Yield	9.75%



Start growing your wealth today from just **10 lakhs!**

Order Procedure

1

Order Date (T-Day)

- Deposit cash into KBZSC trading account
- Fill out order form
- KBZSC issues company letter upon purchase
- Settlement Date (T+2)

2

Treasury Bond Coupon Payment

- Government makes coupon payments every May and November

3

Maturity Date

- KBZSC redeems face value into customer's bank account

Treasury Bills & Bonds Primary Auction

Investors who are interested in purchasing Myanmar treasury bills and bonds in large quantities can participate in monthly primary auctions via securities companies at the Central Bank of Myanmar. Treasury bill auctions are held twice every month while treasury bond auctions are held once a month. Purchase price for treasury bills and bonds may deviate from face value depending on the yield. The lower the yield you bid, the higher the price and vice-versa. Auction announcements are usually made 2-3 business days before the auction day.

Time	Auction Date
121 st (TB0121)	22-4-2020 (Wed)
122 nd (TB0122)	13-5-2020 (Wed)
123 rd (TB0123)	27-5-2020 (Wed)
124 th (TB0124)	3-6-2020 (Wed)
125 th (TB0125)	24-6-2020 (Wed)

Time	Auction Date
44 th (GB0044)	28-4-2020 (Tue)
45 th (GB0045)	19-5-2020 (Tue)
46 th (GB0046)	16-6-2020 (Tue)

Listing News Update

Ever Flow River Co., Ltd Approved to Become 6th YSX Listed Company

On 28th February 2020, the Yangon Stock Exchange approved Ever Flow River Group Public Co., Ltd (EFR) to be listed on YSX. KBZSC is proud to have participated as the lead manager and financial advisor for the listing process of EFR. The official date for EFR listing has currently been postponed to May due to the development of Covid-19 situation. Base price for EFR will be announced at the YSX website one business day prior to the listing date.

Company Profile

Ever Flow River Group (EFR) is a fully integrated logistics service provider and an investment holding company that owns 8 subsidiaries and 2 associate companies offering services in different spectrum of the total logistics supply chain, with over 600 employees. Formed in April 2014, the investment holding company is implementing two critical projects, among other several strategic initiatives, which will support the businesses of the group and enhance the overall value for the shareholders in the long term.

KBZSC's Main Services

License No. 001

KBZ Stirling Coleman Securities Co., Ltd is a joint venture between the KBZ Group and Singapore-based Stirling Coleman Holding which has over 14 years of investment experience.

Brokerage Services

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- Leading Capital Market Educator

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