

MSE Market Commentary

- MSE Top-20 Index was up 3.02%, MSE A Index ended higher 2.85%, and MSE B Index decreased 1.53% Market capitalization amounted to 2,599.2 billion and average volume of 1,555,800 shares were traded at an aggregate average value of MNT 144.2 million.
- Genco Tour Bureau (JTB) was the most actively traded stock with an aggregate value of MNT 250.3 million. Following was LendMN (LEND) with its total value of MNT 131.2 million.
- Tier 1 top gainers of the week were APU (APU), Tavantolgoi (TTL), and Mandal Insurance (MNDL) on the other hand Bayangol Hotel (BNG) lost as much as 23.95% of its value and closed at MNT 25,020.

Mongolia Headlines

APU JSC decided to distribute dividend based on its semi-annual performances *(mse.mn)*

- Board of Directors of APU JSC issued a decision to distribute dividend of MNT 37.50 per share based on its financial results of the first half year of 2020 at the Board meeting on August 13, 2020. It is scheduled to be distributed by February 10, 2021.
- List of eligible shareholders will be determined by record date of irregular meeting of shareholders which will be held by external voting procedure. The record date of the irregular meeting is September 02, 2020.
- The company operated with profit of MNT 41 billion in the first half of this year. Therefore, 97% of semi-annual net profit of the company will be distributed as dividend to its shareholders.
- Furthermore, the company is planning to change current board members by the irregular shareholders meeting.

Semi-annual operational and financial report of Tavantolgoi JSC *(mse.mn)*

- Tavantolgoi JSC listed on Tier-I of MSE announced its semi-annual operational and financial report via online on August 17, 2020.
- Coal export of Mongolia has been decreasing due to Covid-19 pandemic during the first half year. It has negatively affected to the businesses of the company. In particular, the company had planned to mine 2.31 million tons coal in H1 but they mined 1.1 million tons coal. Of which they have sold 831.7 thousand tons and earned MNT 91.6 billion from the sales, which fell by 25.9% compared with same period of last year.
- Furthermore, net profit amount of the company decreased to MNT 3.9 billion due to the increase of product cost with regards to the technical condition.
- Tavantolgoi JSC has already distributed MNT 43.2 billion (MNT 821 per share) dividend from its net profit of 2019. The company has allocated dividend of MNT 519.3 billion to its shareholders for last 15 years.
- The company is working on increasing its sales amount and decreasing its mining and transportation costs.

Semi-annual operational report of Erdene Resource Development Corporation JSC *(mse.mn)*

- A.Bilguun Vice President Business Development of Erdene Resource Development Corporation JSC listed on Mongolian and Toronto Stock Exchange presented its semi-annual operational report.
- The company successfully discovered high grade gold zone within the framework of Bayan Khundii gold project. Also, they were successfully confirmed their Bankable Feasibility Study. Moreover, they are planning to start gold mining operation of Bayan Khundii project with low investment and operational cost in 2022.
- Furthermore, the company held public discussion on its Environmental and Social Impact Assessment in Q3, 2020. Moreover, they have submitted the assessment to the Minister of Environmental and Tourism.
- The company has received mining licenses and special license of 100 hectares field to require building open pit mine and other relevant infrastructure. Also, they received an approval of tax stabilization certificate. Therefore, tax amount of the company in Mongolia won't be changed for next 9 years.
- Finally, the company successfully raised non-brokered private placement of CAD 20 million. Of which CAD 15 million was invested by Eric Sprott as one of the biggest gold investor of Canada.

Discussion held on amendments to securities market regulations *(montsame.mn)*

- The Financial Regulatory Commission (FRC) seeks to strengthen the securities market policies and regulations; in line with international standards, for investors' and professionals' needs, to broaden collaboration with international organizations and to develop advanced technologies and market infrastructure.
- Within the framework of this work, the following regulations - approved by resolutions of the FRC - were revised in accordance with the General Administrative Law and in conformity with international standards:
 1. "Procedures on registration of legal entities listed on foreign exchanges to trade securities on the Mongolian Stock Exchange and legal entities listed on the Mongolian Stock Exchange to trade securities on foreign stock exchanges.
 2. "Regulation on licensing for the conduct of regulated activities in the securities market."
 3. "Procedure for registration of depository receipts and public offerings."

MSE Top Movers

Indexes	Points	% Change
MSE Top-20 Index	17,057.89	+3.02%
MSE A Index	8,315.25	+2.85%
MSE B Index	7,338.47	-1.53%

Market Summary	Value (USD)
Market capitalization	911,722,545
Daily average turnover	50,591.95

Trading Value Leaders	Close (MNT)	Value (MNT)
Genco Tour Bureau (JTB)	76	250,267,859
LendMN (LEND)	31.46	131,249,858
APU (APU)	593.91	116,038,794

Top Gainers	Close (MNT)	% Change
Tier 1		
APU (APU)	593.91	+8.18%
Tavantolgoi (TTL)	5,995	+7.15%
Mandal Insurance (MNDL)	41.83	+1.97%
Tier 2 & 3		
State Department Store (UID)	1,201	+33.44%
Darkhan Hotel (DZG)	146.6	+14.98%
Telecom Mongolia (MCH)	429.9	+14.33%

Top Losers	Close (MNT)	% Change
Tier 1		
Bayangol Hotel (BNG)	25,020	-23.95%
Talkh Chikher (TCK)	12,040	-3.68%
Makhimpex (MMX)	2,697	-3.68%
Tier 2 & 3		
Mongol Savkhi (UYN)	550	-14.73%
Genco Tour Bureau (JTB)	76	-14.61%
Niislel Urgoo (NUR)	2,600	-13.33%

Please visit the link for MSE stock quotes: <http://bdsec.mn/trade/>

Mongolia Review

Company	Ticker	Sector	"MSE Category"	"Price Last Close"	Avg. value traded per day in \$*	Avg. volume traded per day*	"Shares Out. (net, m)"	MCap		EV '19	P/E		P/B		EV/EBITDA**		Yield***	
								MNTbn	USDm		MNTbn	2019	2020H1	2019	2020H1	2019	2020H1	2018
APU	APU	Consumer S	I	594	2,905	20,826	1,064.2	632	222	576	8.5	15.4	1.3	1.3	4.4	11.0	7.7%	12.0%
SUU	SUU	Consumer S	I	200	279	3,952	344.0	69	24	98	12.1	33.1	2.7	2.5	6.9	22.0	1.7%	2.5%
Tumenshuvuut	TUM	Consumer S	I	154	367	7,373	200.0	31	11	37	9.5	15.2	1.3	1.2	8.8	16.5	0.0%	3.1%
Monos Foods	MFC	Consumer S	I	64	466	19,867	286.2	18	6	22	23.9	45.6	1.1	1.2	18.3	37.2	0.0%	1.6%
Talkh Chikher	TCK	Consumer S	I	12,040	98	23	1.0	12	4	16	5.0	15.1	0.2	0.2	2.6	16.8	1.7%	1.9%
Makhimpex	MMX	Consumer S	I	2,697	4,630	5,442	3.8	10	4	15	12.5	n/m	3.1	3.4	6.4	-51.7	4.4%	4.4%
Gobi	GOV	Consumer D	I	195	1,297	18,964	780.1	152	53	421	67.2	n/m	1.9	2.6	8.7	-21.0	3.5%	0.0%
Darkhan Nekhii	NEH	Consumer D	I	15	296	7,083	1,105.5	17	6	28	0.0	62.0	0.0	0.4	7.0	36.0	0.0%	1.4%
Lend.mn	LEND	Financial	I	31	2,321	209,884	800.0	25	9	-	5.1	8.9	1.5	1.3	n/m	n/m	3.2%	4.8%
Ard Credit	ADB	Financial	II	66	1,043	41,094	210.0	14	5	-	5.8	25.3	1.3	1.4	n/m	n/m	0.0%	6.4%
Invescore NBF1	INV	Financial	II	2,655	9,551	12,152	61.0	162	57	-	16.6	26.5	3.9	3.5	n/m	n/m	0.0%	0.0%
Mandal Insurance	MNDL	Financial	I	42	878	5,814,134	624.3	26	9	-	4.6	12.1	1.3	1.3	n/m	n/m	2.4%	9.6%
Ard Insurance	AIC	Financial	I	703	1,692	6,870	25.0	18	6	-	10.2	30.0	1.5	1.5	n/m	n/m	3.6%	4.8%
BDSec	BDS	Financial	I	841	1,373	3,969	13.5	11	4	-	568.6	n/m	0.7	0.7	n/m	n/m	0.0%	1.2%
Bodi Insurance	BODI	Financial	I	115	1,381	35,057	235.3	27	10	-	13.6	35.4	2.7	2.2	n/m	n/m	n/a	n/a
Tavan Tolgoi	TTL	Mining	I	5,995	897	458	52.7	316	111	265	6.6	80.7	3.5	6.3	4.0	62.3	14.2%	13.7%
Erdene Resource Dev.	ERDN	Exploration	III	913	1,258	4,735	184.7	169	59	169	-	-	-	-	-	-	0.0%	0.0%
Bayangol Hotel	BNG	Hospitality	I	25,020	660	64	0.4	11	4	-1	5.0	n/m	0.3	0.3	-0.3	3.0	1.4%	1.4%
Genco Tour Bureau	JTB	Tourism	II	76	1,753	52,662	100.0	7.60	3	8	6.1	n/m	0.8	0.9	3.5	-13.7	0.0%	13.2%
Hermes Centre	HRM	R/E	II	138	6	134	78.5	11	4	9	13.2	20.4	1.3	1.3	8.4	15.7	6.4%	7.1%
Mongol Basalt	MBW	Industrial	II	199	239	3,341	56.4	11	4	12	33.5	579.2	0.4	0.4	11.1	629.8	0.5%	2.0%
Juulchin Duty Free	SUL	Retail	II	62,150	620	23	0.1	4	1	4	6.0	270.7	1.7	1.7	5.0	222.9	16.1%	0.0%

USD/MNT Rate 2,851

* Based on the last 6 months

** EBITDA is based on BDsec estimates

Mongolia Review

Company	Ticker	Sector Details	Price (%chg. w/w)		Price (YTD%)		Sales MNTbn		Earnings MNTbn		EBITDA Margin %		Net Margin %		ROE %	
			MNT	USD	MNT	USD	2020H1	% Y-o-Y	2020H1	% Y-o-Y	2019	2020H1	2019	2020H1	2019	2020H1
APU	APU	Beverages	8.2%	8.1%	-6%	-10%	198.3	-9%	41.2	43%	29%	26%	16%	21%	16%	9%
SUU	SUU	Dairy	0.0%	-0.1%	-4%	-8%	38.5	3%	2.1	-50%	18%	12%	8%	5%	22%	7%
Tumenshuvuut	TUM	Egg & Poultry	-0.3%	-0.4%	-5%	-9%	11.7	12%	2.0	-2%	18%	19%	16%	17%	19%	8%
Monos Foods	MFC	Consumer goods	1.9%	1.8%	-9%	-13%	5.4	18%	0.4	18%	12%	11%	8%	7%	6%	2%
Talkh Chikher	TCK	Bread & Pastry	-3.7%	-3.8%	-21%	-24%	28.8	14%	0.8	9%	12%	3%	4%	3%	5%	2%
Makhimpex	MMX	Meat	-3.7%	-3.8%	2%	-2%	13.2	16%	-0.3	-167%	3%	-2%	2%	-2%	26%	-10%
Gobi	GOV	Cashmere	0.5%	0.4%	-28%	-31%	37.5	-44%	-21.5	-638%	20%	-53%	1%	-57%	2%	-31%
Darkhan Nekhii	NEH	Leather	-3.1%	-3.2%	11%	6%	5.9	3592%	0.3	14594%	20%	13%	11%	5%	-	-
Lend.mn	LEND	NBFI	-3.4%	-3.5%	-26%	-29%	9.9	27%	2.8	10%	-	-	26%	28%	32%	17%
Ard Credit	ADB	NBFI	3.1%	3.0%	-19%	-23%	4.2	59%	0.5	-49%	-	-	38%	13%	32%	6%
Invescore NBFI	INV	NBFI	0.2%	0.1%	21%	16%	15.2	84%	6.1	52%	-	-	27%	40%	35%	15%
Mandal Insurance	MNDL	Insurance	2.0%	1.9%	-17%	-20%	20.6	13%	2.2	-36%	-	-	20%	10%	32%	11%
Ard Insurance	AIC	Insurance	0.4%	0.3%	-12%	-16%	7.8	33%	0.6	-56%	-	-	15%	8%	15%	5%
BDSec	BDS	Brokerage	0.0%	-0.1%	-1%	-5%	1.0	67%	-0.6	-10%	-	-	1%	-61%	0%	-4%
Bodi Insurance	BODI	Insurance	-4.1%	-4.2%	n/a	n/a	9.7	-55%	0.8	-22%	-	-	6%	8%	21%	12%
Tavan Tolgoi	TTL	Coal Mining	7.1%	7.0%	-8%	-12%	91.7	-26%	3.9	-83%	25%	5%	18%	4%	53%	7%
Erdene Resource Dev.	ERDN	Gold Exploration	-7.3%	-7.4%	94%	86%	0.0	-	0.0	n/m	-	-	-	-	0%	0%
Bayangol Hotel	BNG	Hospitality	-24.0%	-24.0%	-7%	-11%	0.5	-79%	-0.4	-8911%	42%	-84%	31%	-86%	7%	-1%
Genco Tour	JTB	Tourism	-14.6%	-14.7%	2%	-2%	0.1	-94%	-0.6	-769%	42%	-403%	27%	-403%	13%	-6%
Hermes Centre	HRM	Shopping mall	10.3%	10.2%	4%	0%	0.8	10%	0.5	10%	74%	76%	57%	69%	10%	6%
Mongol Basalt	MBW	Insulation	0.5%	0.4%	-23%	-26%	1.5	30%	0.0	-84%	23%	1%	8%	1%	1%	0%
Juulchin Duty Free	SUL	Duty Free	-1.5%	-1.6%	-37%	-39%	0.6	-68%	0.0	-96%	22%	3%	18%	3%	29%	1%

USD/MNT Rate 2,851



BDSEC JSC

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Mongolia's Largest Broker

Weekly Market Update

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