

**MSE Market Commentary**

- MSE Top-20 Index was up 0.50%, MSE A Index ended lower 0.31%, and MSE B Index increased 0.27% Market capitalization amounted to 2,593.8 billion and average volume of 503,778 shares were traded at an aggregate average value of MNT 68.1 million.
- APU (APU) was the most actively traded stock with an aggregate value of MNT 92.9 million. Following was Gobi (GOV) with its total value of MNT 67.6 million.
- Tier 1 top gainers of the week were Talkh Chikher (TCK), Bayangol Hotel (BNG), and Mandal Insurance (MNDL) on the other hand BDSec (BDS) lost as much as 14.86% of its value and closed at MNT 716.

Mongolia Headlines**Brief news of the market** (*marketinfo.mn*)

- Hermes Center JSC distributes dividend to its shareholders twice a year. The company issued a decision to distribute dividend of MNT 6.6 per share or MNT 518.4 million from its net profit of the first half year. List of eligible shareholders will be determined as of September 09, 2020.
- Foreign investors composed 1% of total investment amount which has been invested to local capital market.
- Delegations of Ministry of Finance stated that treasury bond trading based on blockchain technology is going to started in August in accordance with plan.
- Parliament is discussing draft of resolution to approve parliament strategy to reduce loan interest rate. According to the resolution, loan interest rate is going to reduce by 1% in per year and annual interest rate will be at 12% by the end of 2023.
- Name of Khar Khorum Properties JSC changed to Erdenes Solution JSC and it was registered on MSE.
- 47% of total 199 companies listed on MSE have submitted their semi-annual financial report. Remaining company have violated law on company. Therefore, the company is going to take responsible according to the legislation.

Erdene commences 18,000 metre drill program at the Khundii Gold project (*mse.mn*)

- Erdene Resource Development Corporation has announced it commences 18,000 metre drill program at the Khundii gold district. An 18,000 metre drill program is planned to be completed before year-end, with drilling now underway at Bayan Khundii and a second drill rig scheduled to arrive at Dark Horse next week. The program is designed to test new areas in the district, add additional resources adjacent to current deposits and increase confidence in current resource areas, potentially adding to existing reserves at Bayan Khundii.

Units of collaborative fund registers (*Today Newspaper*)

- In accordance with resolution No. A/56 of CEO of Mongolian Stock Exchange dated August 24, 2020 based on FRC resolution and rules, Mongolian Stock Exchange registered 50,000,000 units with worth MNT 100 per unit of "National Privatization Fund" collaborative investment fund to have been established by Ard Management securities company.
- Mongolian Stock Exchange highlighted that they have introduced new product to be mainly traded on international capital markets to the local market. As a result, investors will be a possibility to play it safe. Moreover, they will create a base of institutional investors.

Attention to the shareholders of Bodi Insurance JSC (*mse.mn*)

- In accordance with the resolution No.20/04 of Board of Directors of Bodi Insurance JSC, extraordinary meeting of shareholders is scheduled to be held on September, 09, 2020 at 11am.
- Date of the meeting: September 09, 2020 at 11am
 - Venue: Ulaanbaatar, Sukhbaatar district, 6th microdistrict, Baga toiruu, 14201, Novotel Hotel, 4th floor,
 - Record date: August 17, 2020

D.Bayarsaikhan: 199 companies listed on MSE and market capitalization reached MNT 2.5 trillion (*Today Newspaper*)

- D.Bayarsaikhan Chairman of Financial Regulatory Commission gave an interview on ongoing issues.
- Capital market is one of the main market of financial system in developed and developing countries. However, in Mongolia, banking sector composes more than 90% of total financial system. In other words, the country is directly depended on banking sector. Therefore, government and politicians have been considering to develop capital market in Mongolia.
- FRC has been intensifying its work to develop capital market. Within the framework, FRC has updated settlement system of stock trading, dividend distribution procedure, deposit receipt and dual listing rules.
- As of the first half of 2020, 199 companies listed on MSE and market capitalization has reached MNT 2.5 trillion. Of which 30 companies composed approximately 90% of the total market capitalization of MSE as well as 20 companies stock trading comprised around 92% of total trading amount on MSE. Currently there are 28 joint stock companies with government ownership. Of which 18 companies have been under 100% ownership of government and the companies have already been registered on MSE but stocks of the companies have not been traded yet. Therefore, stock trading of the companies should be started.
- Furthermore, according to the law on Minerals, legal entity which owns strategic

MSE Top Movers

Indexes	Points	% Change
MSE Top-20 Index	17,144	+0.50%
MSE A Index	8,289.33	-0.31%
MSE B Index	7,358.62	+0.27%

Market Summary	Value (USD)
Market capitalization	909,195,000
Daily average turnover	23,867.78

Trading Value Leaders	Close (MNT)	Value (MNT)
APU (APU)	584	92,886,240
Gobi (GOV)	197.2	67,579,204
Ard Insurance (AIC)	728.21	41,892,337

Top Gainers	Close (MNT)	% Change
Tier 1		
Talkh Chikher (TCK)	14,990	+24.50%
Bayangol Hotel (BNG)	28,000	+11.91%
Mandal Insurance (MNDL)	44.28	+5.86%
Tier 2 & 3		
State Department Store (UID)	1,450	+20.73%
Teever-Achlal (ACL)	1,058	+15.00%
Bayantalbai (BTL)	85.96	+15.00%

Top Losers	Close (MNT)	% Change
Tier 1		
BDSec (BDS)	716	-14.86%
Darkhan Nekhii (NEH)	14.56	-6.00%
Tavantolgoi (TTL)	5,785	-3.50%
Tier 2 & 3		
Darkhan Hotel (DZG)	125	-14.73%
Hotel Mongolia (MSH)	235	-9.62%
Standart agriculture group (SOH)	68	-9.33%

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	583	2,905	20,826	1,064.2	621	218	565	8.3	15.1	1.3	1.3	4.3	10.8	7.9%	12.2%
SUU	SUU	Consumer S	I	199	279	3,952	344.0	69	24	98	12.1	33.0	2.7	2.5	6.9	21.9	1.7%	2.5%
Tumenshuvuut	TUM	Consumer S	I	166	367	7,373	200.0	33	12	40	10.3	16.5	1.5	1.3	9.5	17.7	0.0%	2.9%
Monos Foods	MFC	Consumer S	I	63	466	19,867	286.2	18	6	22	23.6	45.1	1.1	1.1	18.1	36.9	0.0%	1.6%
Talkh Chikher	TCK	Consumer S	I	14,990	98	23	1.0	15	5	19	6.2	18.8	0.3	0.3	3.0	20.1	1.3%	1.5%
Makhimpex	MMX	Consumer S	I	2,799	4,630	5,442	3.8	11	4	16	13.0	n/m	3.2	3.5	6.7	-53.0	4.3%	4.3%
Gobi	GOV	Consumer D	I	198	1,297	18,964	780.1	154	54	424	68.2	n/m	2.0	2.7	8.8	-21.1	3.4%	0.0%
Darkhan Nekhii	NEH	Consumer D	I	15	296	7,083	1,105.5	16	6	27	0.0	58.3	0.0	0.4	6.7	34.7	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 NBFI	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	44	878	5,814,134	624.3	28	10	-	4.8	12.8	1.3	1.4	n/m	n/m	2.3%	9.0%
Ard Insurance	AIC	Financial	I	730	1,692	6,870	25.0	18	6	-	10.6	31.2	1.5	1.6	n/m	n/m	3.5%	4.7%
BDSec	BDS	Financial	I	716	1,373	3,969	13.5	10	3	-	484.1	n/m	0.6	0.6	n/m	n/m	0.0%	1.4%
Bodi Insurance	BODI	Financial	I	113	1,381	35,057	235.3	27	9	-	13.4	34.7	2.7	2.2	n/m	n/m	n/a	n/a
Tavan Tolgoi	TTL	Mining	I	5,785	897	458	52.7	305	107	253	6.3	77.9	3.4	6.1	3.8	59.7	14.7%	14.2%
Erdene Resource Dev.	ERDN	Exploration	III	878	1,258	4,735	184.7	162	57	162	-	-	-	-	-	-	0.0%	0.0%
Bayangol Hotel	BNG	Hospitality	I	28,000	660	64	0.4	12	4	0	5.6	n/m	0.4	0.4	0.2	-0.3	1.3%	1.3%
Genco Tour Bureau	JTB	Tourism	II	85	1,753	52,662	100.0	8.50	3	9	6.8	n/m	0.8	1.0	4.0	-15.3	0.0%	11.8%
Hermes Centre	HRM	R/E	II	140	6	134	78.5	11	4	9	13.4	20.7	1.3	1.3	8.6	16.0	6.3%	7.0%
Mongol Basalt	MBW	Industrial	II	194	239	3,341	56.4	11	4	12	32.6	563.5	0.4	0.4	10.8	614.1	0.5%	2.1%
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 2,853

* 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	-1.8%	-1.8%	-8%	-12%	198.3	-9%	41.2	43%	29%	26%	16%	21%	16%	9%
SUU	SUU	Dairy	-0.3%	-0.4%	-5%	-9%	38.5	3%	2.1	-50%	18%	12%	8%	5%	22%	7%
Tumenshuvuut	TUM	Egg & Poultry	8.4%	8.3%	3%	-2%	11.7	12%	2.0	-2%	18%	19%	16%	17%	19%	8%
Monos Foods	MFC	Consumer goods	-1.1%	-1.2%	-10%	-14%	5.4	18%	0.4	18%	12%	11%	8%	7%	6%	2%
Talkh Chikher	TCK	Bread & Pastry	24.5%	24.4%	-2%	-6%	28.8	14%	0.8	9%	12%	3%	4%	3%	5%	2%
Makhimpex	MMX	Meat	3.8%	3.7%	6%	2%	13.2	16%	-0.3	-167%	3%	-2%	2%	-2%	26%	-10%
Gobi	GOV	Cashmere	1.4%	1.3%	-27%	-30%	37.5	-44%	-21.5	-638%	20%	-53%	1%	-57%	2%	-31%
Darkhan Nekhii	NEH	Leather	-6.0%	-6.1%	4%	0%	5.9	3592%	0.3	14594%	20%	13%	11%	5%	-	-
Lend.mn	LEND	NBFI	0.0%	0.0%	-26%	-29%	9.9	27%	2.8	10%	-	-	26%	28%	32%	17%
Ard Credit	ADB	NBFI	0.0%	-0.1%	-19%	-23%	4.2	59%	0.5	-49%	-	-	38%	13%	32%	6%
Invescore NBFI	INV	NBFI	0.0%	-0.1%	21%	16%	15.2	84%	6.1	52%	-	-	27%	40%	35%	15%
Mandal Insurance	MNDL	Insurance	5.9%	5.8%	-12%	-16%	20.6	13%	2.2	-36%	-	-	20%	10%	32%	11%
Ard Insurance	AIC	Insurance	3.8%	3.8%	-9%	-13%	7.8	33%	0.6	-56%	-	-	15%	8%	15%	5%
BDSec	BDS	Brokerage	-14.9%	-14.9%	-16%	-19%	1.0	67%	-0.6	-10%	-	-	1%	-61%	0%	-4%
Bodi Insurance	BODI	Insurance	-1.7%	-1.8%	n/a	n/a	9.7	-55%	0.8	-22%	-	-	6%	8%	21%	12%
Tavan Tolgoi	TTL	Coal Mining	-3.5%	-3.6%	-11%	-15%	91.7	-26%	3.9	-83%	25%	5%	18%	4%	53%	7%
Erdene Resource Dev.	ERDN	Gold Exploration	-3.8%	-3.9%	87%	79%	0.0	-	0.0	n/m	-	-	-	-	0%	0%
Bayangol Hotel	BNG	Hospitality	11.9%	11.8%	4%	-1%	0.5	-79%	-0.4	-8911%	42%	-84%	31%	-86%	7%	-1%
Genco Tour	JTB	Tourism	11.8%	11.8%	14%	9%	0.1	-94%	-0.6	-769%	42%	-403%	27%	-403%	13%	-6%
Hermes Centre	HRM	Shopping mall	1.4%	1.4%	5%	1%	0.8	10%	0.5	10%	74%	76%	57%	69%	10%	6%
Mongol Basalt	MBW	Insulation	-2.7%	-2.8%	-25%	-28%	1.5	30%	0.0	-84%	23%	1%	8%	1%	1%	0%
Juulchin Duty Free	SUL	Duty Free	0.0%	-0.1%	-37%	-39%	0.6	-68%	0.0	-96%	22%	3%	18%	3%	29%	1%

USD/MNT Rate 2,853

**BDSEC JSC****sec**

Mongolia's Largest Broker

Weekly Market Update**August 31, 2020****Institutional Sales & Research Department**

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