MarketIQ Malawi

CHL Four Weeks Post-IPO: Making Sense of the Rally, Correction and Fundamentals

6 September 2026

Executive Summary

Continental Holdings Plc (CHL) has experienced a volatile first four weeks on the Malawi Stock Exchange (MSE). The counter closed its first trading session at K342.17, representing a 75.5 percent premium to the K195.00 Offer price, before declining by 45.9 percent over the following seven sessions to a low of K185.00 on 21 August. CHL recovered to K205.07 by 28 August before trading in a narrow K210.00 band through 1–3 September and closing at K205.33 on 4 September, 5.3 percent above the Offer price. These movements contrast sharply with the broader market: the MASI declined by only 2.6 percent between 7 August and 4 September, while individual peer counters recorded comparatively modest declines of between 0.2 percent and 7.7 percent over the same period.

The price movements should, however, be interpreted in the context of thin trading. Only 85,550 shares changed hands on CHL's first day, equivalent to approximately 0.014 percent of its independent free float. Cumulative turnover over the first twenty trading sessions amounted to 3.36 million shares, just 0.53 percent of the independent free float and 0.11 percent of total shares in issue. The K342.17 debut price, K185.00 trough and K205.33 closing price were therefore all established on a relatively small proportion of CHL's available shares.

Importantly, thin early trading is not unique to CHL. Over comparable debut windows, CHL and FDH Bank recorded similar cumulative turnover relative to shares outstanding, once two anomalously high volume, price-unchanged sessions on 27 and 28 August 2020 (likely block or negotiated trades) are excluded from FDH's record. Airtel Malawi's debut period was less liquid still. This suggests that thin price discovery is a broader feature of recent MSE IPOs rather than a CHL-specific phenomenon. In such conditions, early post-listing prices should be interpreted cautiously as indicators of settled market value

The share-price correction has also brought CHL's valuation multiples back towards their pre-listing levels. At K342.17, the counter traded at a trailing P/E of 25.6x and P/BV of 13.57x, substantially above both the Prospectus headline multiples of 12.28x and 7.73x, respectively, and our recalculated owners'-basis P/E of 14.59x at the Offer price. By 4 September, these had declined to 15.36x and 8.14x, respectively.

CDH Investment Bank (CDHIB), CHL's dominant earnings contributor, publicly announced unaudited results for the six months to 30 June 2026 on 31 August. Profit after tax rose 124 percent year-on-year to K41.0 billion, already equivalent to 95 percent of CDHIB's entire FY2025 profit and 49.4 percent of the K83 billion FY2026 profit target indicated in the Prospectus. A simple annualization of the H1 result produces approximately K82.0 billion, placing CDHIB almost exactly on the earnings run-rate contemplated in the Prospectus. The result is therefore encouraging, although the sustainability and composition of the strong first-half earnings performance remain important considerations.

Taken together, the first four weeks reinforce the need for caution in interpreting early post-listing prices as standalone valuation signals in a relatively illiquid market. CHL's post-listing performance does not, in itself, establish that the IPO was initially mispriced. With the share price now much closer to its pre-listing valuation anchors and CDHIB's half-year results providing the first substantive test of the earnings assumptions underlying the IPO, attention should increasingly shift towards the factors likely to determine performance from here. These include the sustainability of CDHIB's earnings, the evolution of institutional demand and the potential for additional share supply.

1. From Debut Rally to Price Correction

CHL's first four weeks of trading have been characterized by unusually large price movements. The counter listed on 10 August 2026 and closed its first session at K342.17, representing a 75.5 percent premium to the K195.00 Offer price. The rally proved short-lived. Over the following seven trading sessions, CHL declined by 45.9 percent to K185.00 on 21 August, briefly falling 5.1 percent below the Offer price. It then recovered over the following week to K204.98 by 26 August, held in a tight band around K210.00 from 31 August to 3 September, and closed the fourth week at K205.33 on 4 September following a 2.2 percent pullback on the heaviest single-day volume recorded since listing. The speed of the initial correction was particularly notable. CHL declined by 15.0 percent on both 13 and 14 August, reaching the

MSE's daily price-movement limit in consecutive sessions. This suggests that selling pressure extended beyond the adjustment permitted within either individual trading session. The counter subsequently recorded more moderate declines before reaching its K185.00 low on 21 August.

Table 1: CHL Trading Performance Since Listing

Date/Stage	Close (K)	% Change	Volume	P/E	P/BV	Div. Yield
IPO Offer	195.00	—	—	12.28x	7.73x	1.83%
10 Aug	342.17	+75.5%	85,550	25.60x	13.57x	1.04%
11 Aug	318.68	-6.9%	58,178	23.84x	12.64x	1.12%
12 Aug	299.83	-5.9%	90,116	22.43x	11.89x	1.19%
13 Aug	254.86	-15.0%	6,679	19.07x	10.10x	1.40%
14 Aug	216.63	-15.0%	147,463	16.21x	8.59x	1.65%
17 Aug	213.83	-1.3%	125,171	16.00x	8.48x	1.67%
18 Aug	213.83	0.0%	0	16.00x	8.48x	1.67%
19 Aug	198.90	-7.0%	261,957	14.88x	7.89x	1.79%
20 Aug	197.90	-0.5%	148,376	14.81x	7.85x	1.80%
21 Aug	185.00	-6.5%	125,912	13.84x	7.33x	1.93%
24 Aug	185.12	+0.1%	378,505	13.85x	7.34x	1.93%
25 Aug	196.75	+6.3%	360,968	14.72x	7.80x	1.81%
26 Aug	204.98	+4.2%	51,353	15.34x	8.13x	1.74%
27 Aug	204.98	0.0%	28,615	15.34x	8.13x	1.74%
28 Aug	205.07	0.0%	263,922	15.34x	8.13x	1.74%
31 Aug	210.00	+2.4%	133,134	15.71x	8.33x	1.70%
1 Sep	209.99	0.0%	39,787	15.71x	8.33x	1.70%
2 Sep	210.00	0.0%	260,192	15.71x	8.33x	1.70%
3 Sep	209.99	0.0%	39,351	15.71x	8.33x	1.70%
4 Sep	205.33	-2.2%	749,955	15.36x	8.14x	1.74%

The magnitude of CHL's price movements cannot readily be attributed to broader market conditions. Between 7 August and 4 September, the MASI declined by 2.6 percent, while the individual peers examined recorded declines of between 0.2 percent and 7.7 percent. CHL's rally and subsequent correction therefore appear to have been predominantly counter-specific rather than part of a broader market or sector-wide repricing.

Trading activity also changed as the price moved back towards the Offer level. Following the K185.00 low on 21 August, higher turnover accompanied a recovery towards K205 – K210, where the counter remained relatively stable before pulling back to K205.33 on 4 September on the heaviest single-day volume since listing. The period remains too short to conclude that a durable price floor has been established. Rather, the combination of price stability, followed by a high-volume adjustment, suggests that the market continues to search for a settled level. The resulting price path raises the central question examined in this note: whether these movements represent changes in investors' assessment of CHL's fundamental value or primarily reflect price discovery in a newly listed and relatively illiquid counter.

2. What Has the Market Actually Repriced?

CHL's K342.17 debut close implied a substantial valuation premium, with the counter trading at a trailing P/E of 25.6x and P/BV of 13.57x, compared with the Prospectus headline multiples of 12.28x and 7.73x at the Offer price and our recalculated owners'-basis P/E of 14.59x. As the share price corrected, this premium largely unwound. By 4 September, CHL traded at K205.33, equivalent to 15.36x earnings and 8.14x book value, leaving the counter relatively close to its pre-listing valuation anchors. The correction also brought CHL closer to the listed-peer valuations considered in our pre-listing analysis. At K342.17, CHL's 25.6x trailing P/E exceeded four of the five peers examined and was slightly above the 25.1x bank-only average, although below Standard Bank's 38.6x. At around 15x earnings by 4 September, the valuation premium implied by the debut close had therefore largely disappeared.

Thin trading complicates the interpretation

Whether these prices represent settled market valuations remains questionable. Only 3.36 million CHL shares traded during the first twenty sessions, equivalent to 0.53 percent of the independent free float and 0.11 percent of total shares in issue, with no trading at all on 18 August. The debut close, subsequent trough and recent K205–210 range were therefore all established on a relatively small fraction of the available stock.

This Thin early trading is not unique to CHL. Over their first twenty trading sessions, CHL averaged daily turnover equivalent to 0.0056 percent of shares outstanding. FDH Bank recorded a comparable 0.0051 percent after excluding two anomalously high-volume, price-unchanged sessions on 27 and 28 August 2020, which were likely block or negotiated trades. Airtel Malawi was less liquid still, averaging just 0.0011 percent, with no trades recorded in nine of its first twenty sessions.

This comparison suggests that thin early-stage price discovery is a structural feature of recent MSE IPOs rather than a CHL-specific weakness. The anomalous FDH trading sessions themselves also illustrate how easily a small number of unusual sessions can distort liquidity comparisons. Early post-listing prices should therefore be treated cautiously as indicators of settled value, a caveat that would equally have applied to FDH and Airtel during their respective debut periods.

3. The First Fundamental Test: CDHIB's Half-Year Results

CDHIB, CHL's dominant earnings contributor and the source of approximately 90 percent of Group profit in FY2025, publicly announced unaudited results for the six months to 30 June 2026 on 31 August. The results provide the first opportunity since listing to compare the earnings trajectory underlying the Prospectus forecasts with subsequently published financial performance. They should, however, be interpreted as an indicator of CHL's underlying earnings trajectory rather than a substitute for CHL's own consolidated interim results. The release coincided with a period of relative price stability. CHL rose 2.4 percent to K210.00 on 31 August and subsequently remained around that level through 3 September, before declining by 2.2 percent to K205.33 on 4 September on the highest single-day volume recorded since listing. While the timing is noteworthy, the trading data alone do not establish that the results caused the price movement, particularly given the limited liquidity in the counter.

CDHIB's profit after tax rose 124 percent year-on-year to K41.0 billion in H1 2026, from K18.3 billion in H1 2025. The half-year result is already equivalent to approximately 95 percent of CDHIB's entire FY2025 profit of K43.2 billion. More importantly for the IPO valuation thesis, the Prospectus indicated that CDHIB was expected to deliver FY2026 profit after tax of approximately K83 billion. The H1 result therefore represents 49.4 percent of that full-year target. A simple doubling of the first-half result produces approximately K82.0 billion, almost exactly the earnings run-rate implied by the Prospectus budget. This is not a forecast, since the timing and composition of earnings may be uneven across the year, but at the halfway point CDHIB is broadly on the earnings trajectory assumed at the time of the IPO.

The composition of the result nevertheless warrants closer examination. Non-interest income increased by 123 percent year-on-year to K59.5 billion, almost matching the K60.9 billion generated during the whole of FY2025. Net interest income also increased strongly, rising 121 percent to K20.6 billion. The strength of both income streams therefore contributed to the improvement in profitability. Non-interest income should not be equated entirely with trading income, as it also includes fee and other income, but the Prospectus identifies trading activity as an important component of this line, and CDHIB has itself attributed part of the H1 improvement to stronger fixed-income trading activity and margins.

Perhaps more noteworthy is that this profitability has been achieved without the degree of balance-sheet expansion envisaged in the Prospectus having yet materialized. Loans and advances stood at K158.3 billion at June 2026, virtually unchanged from K159.7 billion at December 2025, while investment funds declined slightly from K575.2 billion to K567.4 billion. Total assets increased by 7.6 percent to K1.05 trillion. By contrast, the Prospectus forecast assumed substantial FY2026 expansion in loans, trading assets and trading liabilities. The H1 results therefore appear broadly supportive of the earnings forecast, but not yet of all the balance-sheet growth assumptions underpinning it. This distinction is important: CDHIB has so far generated a strong earnings outcome even though some of the forecast expansion in business volumes remains to occur.

The increase in CDHIB's equity also appears to have been internally generated. Equity rose from K67.3 billion at December 2025 to K99.3 billion at June 2026, broadly reconciling with K41.0 billion of first-half profit less K9.0 billion of dividends paid. Reported asset-quality indicators remained strong, while the Bank's Tier 1 and total capital ratios stood at 26.42 percent, comfortably above the respective regulatory requirements of 10 percent and 15 percent. The Bank also reported that it remained in compliance with applicable regulatory requirements throughout the period.

Taken together, the half-year results are more supportive than not of the earnings trajectory embedded in the Prospectus. CDHIB generated almost half of its stated FY2026 profit target during the first six months, despite some of the forecast balance-sheet expansion not yet being evident. The principal uncertainty has therefore shifted somewhat. CDHIB has so far demonstrated an earnings run-rate broadly consistent with the Prospectus target; increasingly, the question is whether the strength of the first-half performance can be sustained through the remainder of the year, particularly as the contribution from different income streams evolves and the broader financial-sector operating environment changes.

4. What Does This Mean for CHL From Here?

With the share-price correction having brought CHL back towards its pre-listing valuation multiples, CDHIB's half-year results provide a more fundamentally grounded starting point for assessing the counter's outlook than either the K342.17 debut price or the K185.00 trough. At K205.33, CHL remains 5.3 percent above the Offer price.

As discussed in our 4 August analysis of the IPO outcome, technical conditions remain mixed. NBM acquired 71.8 million shares through its underwriting commitment, while TAH retained a 34.35 percent stake compared with the 32.64 percent that would have resulted from a complete sell-down. Neither holding necessarily implies imminent selling. However, NBM's underwriting position and TAH's higher-than-intended residual stake represent potential sources of additional supply, particularly when viewed against the 3.36 million CHL shares traded during the first four weeks. At the same time, institutional demand may remain constrained. Malawi's pension sector entered 2026 with 76.9 percent of its assets invested in listed equities, above the new regulatory ceiling of 60 percent, potentially reducing the pool of incremental institutional capital available to absorb new equity supply.

CHL is also entering the market during a period in which the broader financial-sector environment is changing. Our earlier analysis characterized the recent MSE downturn as predominantly banking-led, while lower government-security yields and reduced sovereign issuance represent a different operating environment from that which supported exceptionally strong sector earnings growth in previous years. CDHIB's H1 results show that this transition has not yet prevented strong earnings growth, supported by both net interest and non-interest income. The implications remain two-sided: lower yields and reduced sovereign issuance could weaken activities that benefited from the previous high-yield environment, while a lower interest-rate environment could eventually support private-sector credit growth, investment activity and fee-generating financial services. The central question is whether CDHIB can sustain earnings growth as the composition of financial-sector profitability changes.

Against this backdrop, the balance of technical factors appears less supportive of another substantial near-term rally, even as the fundamental evidence to date has been more encouraging than not. Institutional demand remains constrained and potential additional supply has not disappeared, making the conditions less favorable than those observed in the MSE's two previous IPOs. Beyond the near term, CHL's performance should increasingly be determined by the sustainability and composition of CDHIB's earnings, CHL's dividend policy and the evolution of financial-sector profitability. However, sustained share-price appreciation would also likely require an improvement in institutional demand, particularly if the market is to absorb additional supply while supporting higher valuations. The first four weeks may therefore mark the transition from IPO-driven price discovery towards fundamentally driven valuation.

5. Conclusion

CHL's first four weeks on the MSE have been characterised by a volatile price-discovery process. The counter moved from a 75.5 percent premium to the Offer price on debut to a 5.1 percent discount within two weeks, before closing on 4 September at K205.33, 5.3 percent above the K195.00 Offer price. These movements occurred while the broader market remained relatively stable and on comparatively thin turnover, limiting the extent to which individual price points can be interpreted as definitive assessments of value. The share-price correction has nevertheless largely unwound the elevated valuation implied by the K342.17 debut close, leaving CHL much closer to its pre-listing valuation anchors.

CDHIB's half-year results provide the first genuine fundamentals-based evidence since the IPO and are, on balance, broadly consistent with the earnings trajectory embedded in the Prospectus, although the sustainability of the strong first-half performance remains to be tested. Looking ahead, constrained institutional demand and potential additional supply may temper near-term upward price pressure. Over the medium term, CHL's performance should increasingly depend on the sustainability of CDHIB's earnings growth, CHL's dividend policy and the market's assessment of an appropriate valuation for those earnings. Sustained valuation expansion would, however, also likely require institutional demand to strengthen from currently constrained levels.