

Company Name **Delta**

Stock Data

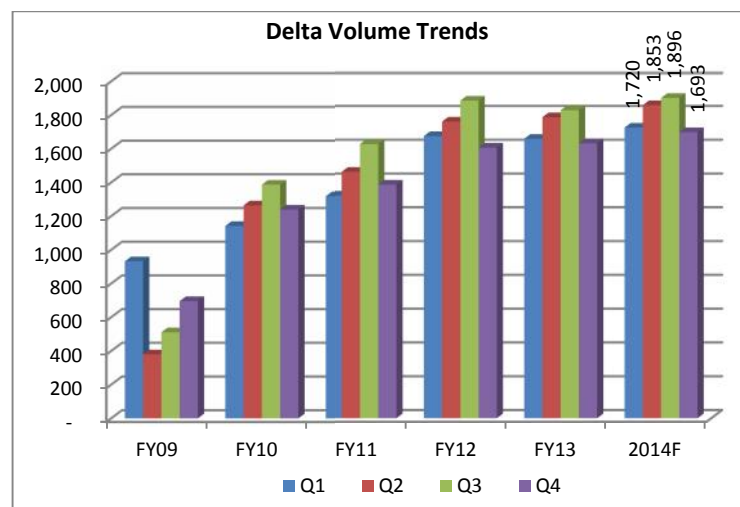
Current Price :	135.00
52 Week High :	157.00
52 Week Low :	87.60
20 Day VWAP :	130.55
P/E :	15.99
D/Y :	0.03
PBV :	4.89
EV/EBITDA :	18.94
Issued Shares (mn)	1,233.62
Market Cap (mn)	1,665.38

Financial Data

	Interim	final	FORECAST	FORECAST
	30-Sep-12	31-Mar-13	30-Sep-13	31-Mar-14
	US\$ 000	US\$ 000	US\$ 000	US\$ 000
Gross Sales	348,800	740,162	366,240	777,170
Revenues	299,612	631,276	314,593	667,573
EBITDA	70,400	161,500	73,920	170,786
Operating Income	57,058	134,989	59,911	138,419
PAT	42,641	104,123	44,773	106,769
AE	42,018	104,123	44,119	106,769
NAV	293,921	347,250	391,369	454,019
EBITDA Margins	20%	22%	20%	22%
EPS (US cents)	3.46	8.46	3.58	8.65
Dividend Per Share	1.16	3.40	1.44	3.48
RoE	29.02	29.99	22.88	23.52
P/E (X)	11.28	13.59	17.34	15.60
Div Yield	1.48%	2.96%	1.16%	2.96%
Earnings Yield	8.86%	7.36%	5.77%	7.36%
Closing Share Price	78	115	124.01	135
EFE Target Price				179.63

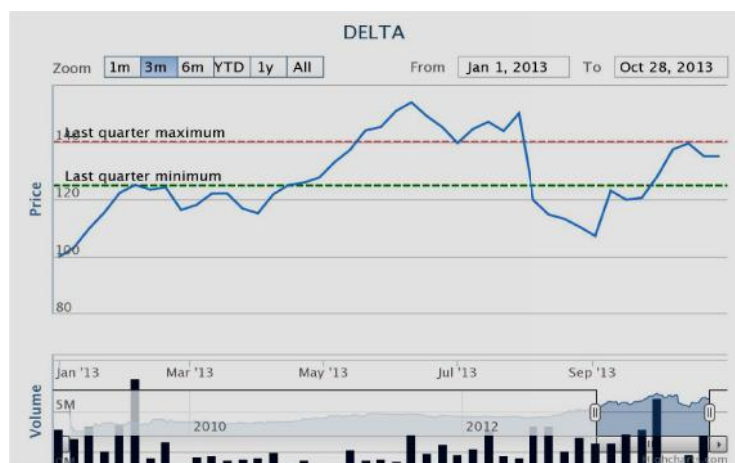
Delta Q2 Trading Update

Delta Corporation limited released its trading update for the second quarter in which the group lamented the generally soft consumer demand trends since the beginning of the year. As a consequence a slower volume growth for the quarter of 4% was seen and these were similarly 4% up for the half year period. Holding back volume growth were larger volumes which continued to decline shedding 12% on Q2 last year and 10% for the six months. The gain in volumes however came from Sparkling beverages that were up 4% for the quarter and 8% for the half year period. Sorghum beer registered a 13% growth in Q2 bringing a cumulative H1 growth of 9% as consumers warm up to the new Chibuku Super. Maheu was up 42% for the quarter and 57% for the six month period. Group Q2 revenue is up 3% while for the half year revenues are up 5% and the group reported that the overall financial performance for the quarter remained in line with the group's expectations.



Valuation and Recommendation

Notwithstanding the slower growth we believe that for the group to register any growth at all is a commendable feat. Based on the group's H1 revenue growth of 5% which we expect to hold through to the end of the year we forecast interim revenues of \$315m and FY14 revenue of \$667m after considering the seasonally better H2 performance. Holding other performance measures at prior year levels we forecast interim and full year earnings of \$44.1m and \$106m.



Source: EFE Securities

EFE Research - Delta Beverages Q2 Update Pre Interims

Company	Country	PER	Source
DELTA CORP	ZWE	16.03	EFE/ZSE d-base
EABL	KENYA	30.02	Bloomberg P/E TTM
GUINNESS NIGERIA	NIGERIA	27.74	Bloomberg P/E TTM
NAMIBIA BREWERIE	NAMIBIA	12.68	Bloomberg P/E TTM
NIGERIAN BREWER	NIGERIA	34.34	Bloomberg P/E TTM
ZAMBIAN BREWER	ZAMBIA	17.55	Bloomberg P/E TTM
		<u>20.75</u>	

Applying an average P/E of 20.75x we arrived at a target price of 179.63c. Delta's allure has always been its strong market presence that should assure sustainable returns coupled with their consistent capital investments that have resulted in optimal productivity. The group should continue to thrive from the mix changes to post improved performances in the short term while their virtual monopoly position in their main markets with margins certainly set to continue to improve on the back of recent price increments to some of their main products. **BUY**

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