

## EFE Weekly Market Review 07 March 2014

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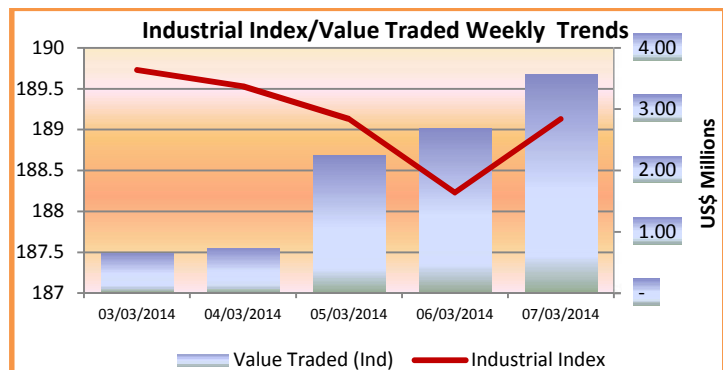
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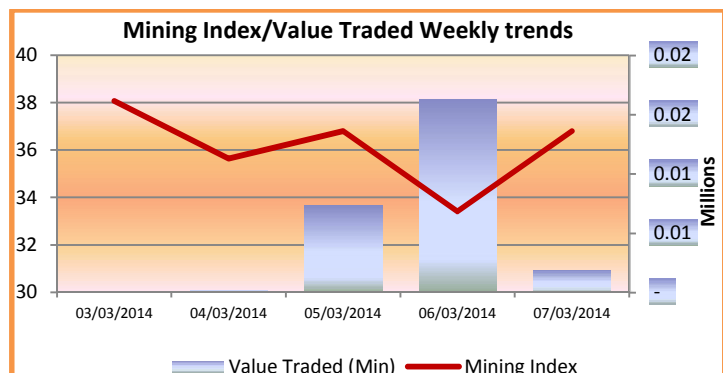
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### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	9.99	5.28	89.16
Volume Traded (mn)	241.50	38.57	526.11
Foreign Purchases	2.88	2.99	3.41
Foreign Sales	3.90	0.78	402.19

Source

ZSE/EFE

Dbase

### Market Highlights

#### **ZSE trades mixed as reporting season gathers momentum...**

The reporting season gathered momentum this week with an additional seven stocks publishing their numbers mostly for the December reported date. Amongst them were Innscor, Natfoods, Colcom, Truworhs, Lafarge and Nicoz Diamond. Common at most briefings were results are being published were companies lamenting the slowing economy-wide demand prompting structural changes involving either margin cuts or cost containment for survival. Overall the financials have largely been within expectations as most companies were at best expected to put in similar performances to prior year on the back of the slowing down economy.

Index	Level	%Δ	YTD %Δ
Industrial Index	189.13	0.17	6.43
Mining Index	36.80	6.22	19.63

The Industrial Index was in a marginal -0.17% loss as successive midweek losing sessions weighed on the market's performance to leave the main stream index at 189.13pts. Resultantly this worsened the year to date losses to -6.43% albeit marginally

The mining index succumbed to some selling pressure reversing prior week gains with a -6.22% drop to 36.80pts. The resources index have been on free fall since the turn of the New Year as the subdued commodity prices have dampened interest in the listed quartet that have largely faced funding challenges since dollarization exacerbated by the Zimbabwe's empowerment drive. Year to date the mining index is now down 19.63%.

#### **Block Trades Highlight the ZSE...**

Block trades in COTTCO and Zimplow gave a flattering look to the ZSE activity aggregates as the market achieved a rare net foreign outflow position for the week. Foreign portfolio disposals amounted to \$3.9m while inflows stood at \$2.88m. Value of trades got an 89% boost to \$9.99m with Delta emerging the most liquid stock on the bourse after trades in the stock accounted for 23% of

### Contacts:

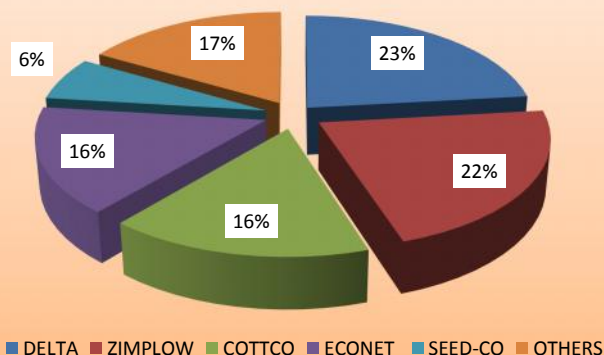
Edgeton Tsanga 0772277153

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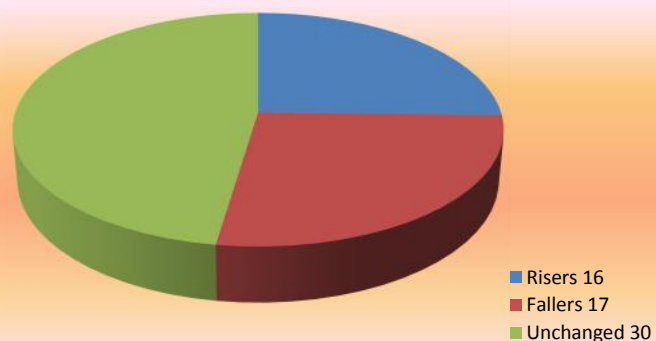
Phenias Mandaza 0772144334

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### Top Stock Contributors to Weekly Value of Trades



### Market Strength



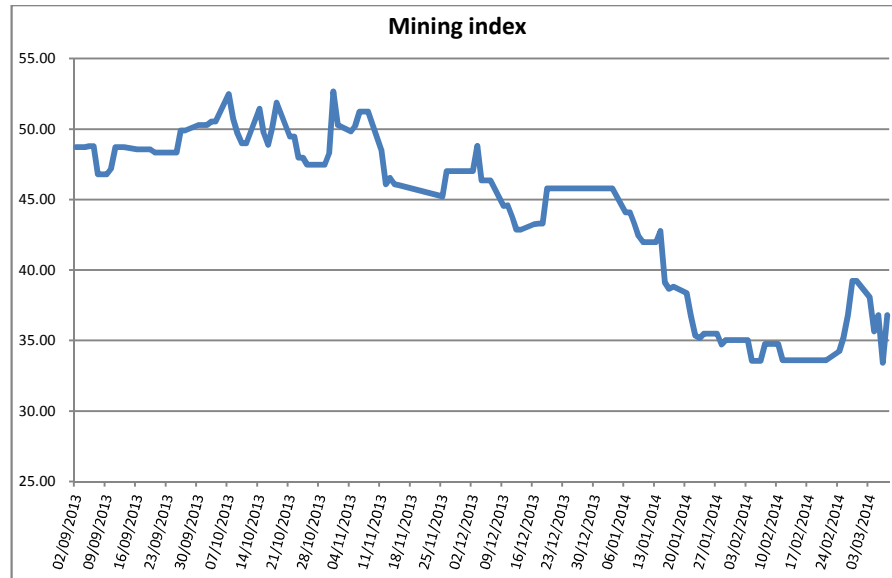
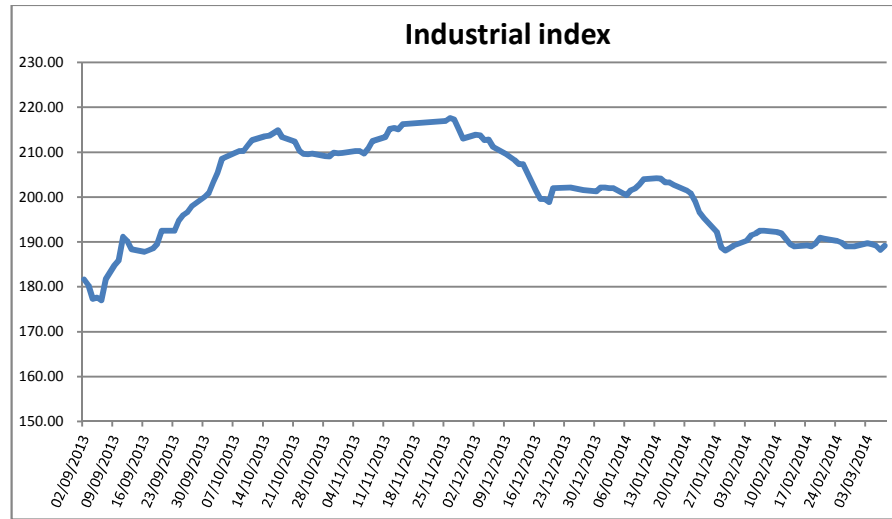
this value. Other notable contributions were seen in Zimplot, COTTCO and Econet that accounted for 22%, 16% and 16% respectively. The volume of shares traded also surged +526% and closed the week at 241.5m shares with only two stocks COTTCO and Zimplot being the dominant contributors after the in excess of 136m shares exchanged hands in the former while a block of 86m shares exchanged hands in the latter at the end of the week.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
ZIMFLOW	2.50	25.00	28.57	HWANGE	6.00	40.00	33.33
ABCH	50.00	11.11	15.25	GBH	0.06	25.00	25.00
ARISTON	1.10	10.00	10.00	N.M.B	5.00	23.08	23.08
ZHL	1.10	8.91	24.14	ASTRA	4.00	20.00	20.00
RTG	1.30	8.33	18.75	MEIKLES	17.00	15.00	10.53

A total of thirty three stocks had price movements for the week with sixteen being risers while seventeen were fallers. Zimplot topped the gainers after adding 25% to 2.5c where the block trade was executed. Bankers ABCH were to follow after adding +11.11% to 50c maintaining a steady rise ahead of the release of its 2013 full year results. Ariston was 10% to the good at 1.1c by close of the week as it continues to bask in the aftermath of promising outlook given at their recent AGM. The weekly gains were however largely anchored heavy cap gains in Delta, Old Mutual Natfoods and Econet. Beverages group Delta firmed +0.49% to 122.60c on resurgent demand while the multi listed financial services giant Old Mutual added +0.98% to 247.50c. The market welcomed Natfoods' results with a +2.5% gain in the food processing and packaging giant to 205c. Econet extended its impressive year to date run adding +2.6% to 67c consolidating its returns year to date to 11.67%.

Leading the fallers were call miners Hwange that shed 40% and ended the week at 6c despite reports that Zimbabwe Power Company had extended a loan to the company of \$6.7m for retooling as the power company drove to guarantee coal supplies. Engineering company GBH followed after shedding -25% to 0.06c. NMBZ continued to falter ahead of the release of its full year results in the wake of a loss warning issued on 7 February.

Market statistics



## Top Picks

BAT	Established itself as one of the consistent performers on the local bourse. It is operating at a mature stage of its business as seen in its high and attractive dividend pay-out. It is our opinion that BAT should be considered for attractive cash flows from their dividend pay-out
Dairibord	Driven by a portfolio of strong SBU's and an attractive brand portfolio that can hold its own against imports in the local market. With the concerted effort to re-establish the national herd the future can only be better for Dairibord.
Delta	The beverages Giant enjoys huge market dominance and has consistently maintained a steady growth in volumes and revenues. As the market's top stock, a solid performer, Delta is an undoubted consideration for any investor because of the limited downside
Econet	The dominant mobile phone operator in the country enjoys huge discounts to its regional comparatives while the fact that it is a consistent performer adds to its allure.
Innscor Properties	The group enjoyed steady growth in revenues over the years and looks well placed to continue enjoying steady growth going forwards. It is one group that has positioned itself well to benefit from any improvement in economic activity and disposable incomes in particular
Mash; Pearl & ZPI	Property companies on the local bourse have all been relatively discounted relative to the regional comparatives with the investment case largely being vested in the lower rental rates relative to regional comparatives. These have been steadily improving and are expected to continue improving with better changes in the economy
National Foods	As the leading food processing and packaging group in the country has been on a capacity increase drive and should continue to enjoy and consolidate on benefits of its rationalization exercise as well as improving efficiencies. The group can also benefit from synergies that could be drawn from their strategic partnership with top shareholders and leading South African food processing and packaging group Tiger Brands.
OKZM	As one of the leading retail groups in Zimbabwe OK led the way in refurbishment of outlets, As more outlets are refurbished and others added to their portfolio we believe the margins will continue to improve
Old Mutual	The dually listed giant trades at a huge discount to its price on either the JSE or London stock Exchange. We believe there is potential upside benefits should market be liberalized scrip become tradable across markets. For the short term however Old mutual's attraction is in its consistency is paying dividends
TSL	Attractive valuation and successfully completed a rationalization exercise with the results of impressive financial results coming up

## In the News

### **We need to gain govt trust: Samsung**

Samsung Africa Electronics (Samsung) says it will need to gain trust in government before optimally investing in Zimbabwe.

<http://www.dailynews.co.zw/articles/2014/03/06/we-need-to-gain-govt-trust-samsung>

### **Zim among least attractive mining destinations'**

Zimbabwe is among 10 least attractive mining investment destinations, ranking 106 out of 112 countries, according to the latest Fraser Institute survey.

<http://www.dailynews.co.zw/articles/2014/03/06/zim-among-least-attractive-mining-destinations>

### **Larfage aims for sales growth**

Larfage Cement expects full year revenue to improve by 10 percent from the US\$67,6 million reported last year.

<http://www.herald.co.zw/larfage-aims-for-sales-growth/>

### **Mwana share price rises**

Mwana Africa says it has achieved major milestones in terms of operations and the financial performance of its Zimbabwe subsidiaries and this is reflecting in the group's share price. <http://www.herald.co.zw/mwana-share-price-rises/>

### **Nicoz Diamond invests US\$1,2m in Mozambique**

NICOZ Diamond has invested US\$1,2 million as start-up capital in Mozambique and anticipates to realise good fortunes by the end of the year.

<http://www.herald.co.zw/nicoz-diamond-invests-us12m-in-mozambique/>

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### **OM to acquire 12pc PG stake**

Old Mutual Assurance Zimbabwe Limited (OM) is set to acquire another 11,7 percent stake in hard-pressed building materials manufacturer, PG Industries (PG), after a bailout deal... <http://www.dailynews.co.zw/articles/2014/03/04/om-to-acquire-12pc-pg-stake>

CBZ disburses \$350m agric funding

BZ Holdings Limited (CBZ) — Zimbabwe's largest financial group by assets — says it has so far disbursed over \$350 million in loans to the agriculture sector this year.

<http://www.dailynews.co.zw/articles/2014/03/04/cbz-disburses-350m-agric-funding>

### **Caps Holdings empire crumbles**

ST Anne's Hospital, a subsidiary of pharmaceutical group Caps Holdings, could become a subject of a hostile takeover bid by "a suitor" said to be linked to its former landlord following the expiry of its lease agreement last month, The Herald Business has learn. HERALD

<http://www.herald.co.zw/caps-holdings-empire-crumbles/>

### **Huge industries are never gonna come back!**

Olivine requires US\$32 million to recapitalise, Cairns needs US\$8 million, Reckitt is set to auction plant and Grindrod and CFI terminated the US\$6 million deal. And now there is a raft of earnings reports, which sadly point to the reality that the economy is in a fix. HERALD

<http://www.herald.co.zw/huge-industries-are-never-gonna-come-back/>

### **Nicoz Diamond invests US\$1,2m in Mozambique**

Business Reporter NICOZ Diamond has invested US\$1,2 million as start-up capital in Mozambique and anticipates to realise good fortunes by the end of the year. HERALD

<http://www.herald.co.zw/nicoz-diamond-invests-us12m-in-mozambique/>

## Up Coming Events

### UPCOMING EVENTS

Company	Event	Venue	Date & Time
AFRICAN SUN	AGM	Ophir Room, 1 <sup>st</sup> Floor Crown Plaza Hotel	21.03.14 11:00 Hrs
TSL	AGM	TSL Head Office, 28 Simon Mazorodze, Hre	12.03.14 12:00 Hrs
FALGOLD	AGM	KPMG Building Cnr 14 <sup>th</sup> Ave/J Tongogara St Byo	21.03.14 10:00 Hrs

### CAUTIONARIES

#### ISSUE DATE

NMB	7 <sup>th</sup> Feb 2014	Profit warning, impairment on loans to result in a net loss position
AFRICAN SUN	6 <sup>th</sup> Dec 2013	Discussions on mandatory offer to minorities by Lengrah Investments
TSL	29 <sup>th</sup> Jan 2014	Discussions with Chemco on a conversion of debt to equity on amountt owed
PGI	4 <sup>th</sup> Dec 2013	Negotiations that may have material effect on the future of the company

## Notes

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