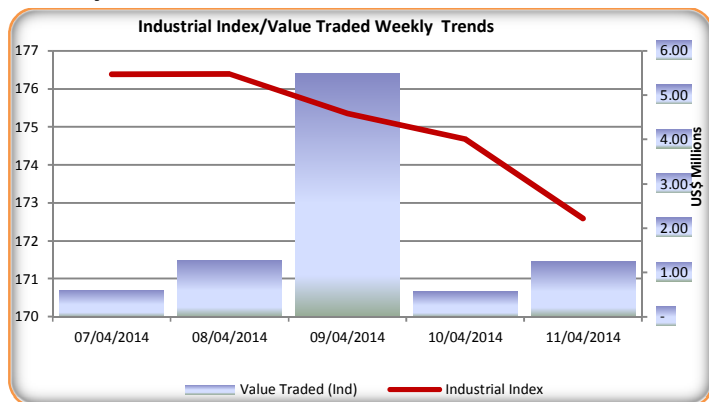
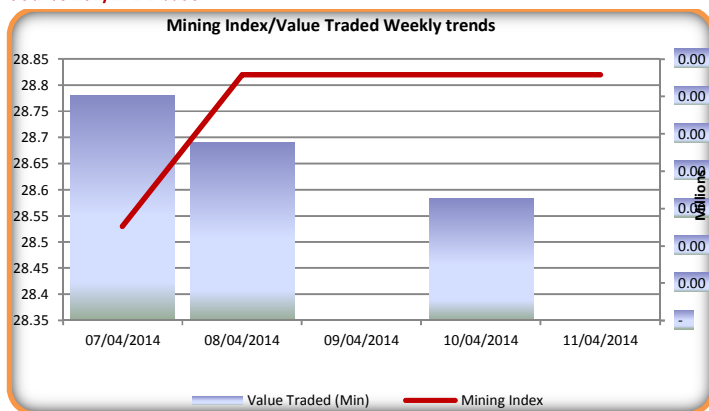


## EFE Weekly Market Review 04 April 2014

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

|                     | Current | Previous | % Δ    |
|---------------------|---------|----------|--------|
| Value Traded (\$mn) | 9.25    | 10.66    | 13.18  |
| Volume Traded (mn)  | 231.24  | 38.90    | 494.46 |
| Foreign Purchases   | 5.38    | 4.86     | 10.66  |
| Foreign Sales       | 5.57    | 4.41     | 26.43  |

Source ZSE/EFE Dbase.

### Market Highlights

#### ZSE back in the red as more gloomy economic statistics emerge...

The ZSE slid back into the red in the first full week of the second quarter as more indications of an economy in trouble continued to filter in. The highlight of these for the week was Delta's fourth quarter and full year trading update released at the death of week. Delta, viewed as one of the barometers for economic activity given its diverse clientele and expanse from its beverages portfolio and national footprint lamented a slowdown in consumer spending and economic activity for a 1% decline in annual revenues on the back of an 18% decline in the premium lager beer volumes. Resultantly the market weighed on the stock to see it close the week at 110c just 5.01c shy of its 52 week low of 104.99c.

With little cheer to draw from the reporting season and company updates, reports that revenue remittances to the fiscus in recent weeks has been slowing down owing to liquidity only helped worsen investor perceptions on the stock market.

| Index            | Level  | %Δ   | YTD %Δ |
|------------------|--------|------|--------|
| Industrial Index | 172.59 | 2.14 | 14.61  |
| Mining Index     | 28.82  | 1.02 | 37.06  |

Heavy caps weakness weighed on the main stream industrial index that fell -2.14% for the week and closed at 172.59pts. The loss saw the index extend year to date losses to -14.61% as the market continued to rerate in the face of mounting evidence of economic decline.

The less active resources index with only four constituent stocks was on a rebound in the week under review adding +1.02% to 28.82pts though its year to date losses remains precariously high at -37.06%.

#### Marked Improvement in activity...

Market activity got a flattering boost this week buoyed by block trades in Delta and Willdale that witnessed block trades executed as special bargains in the week with the latter going through at a significant 258% premium to current price at 0.25c. Resultantly the value of trades for the week fell short

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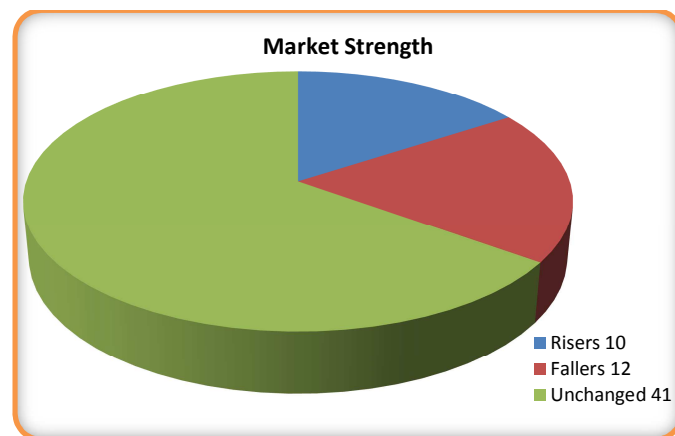
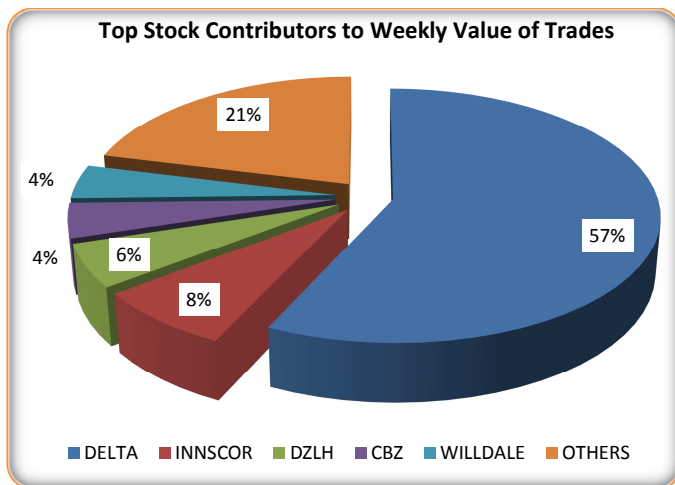
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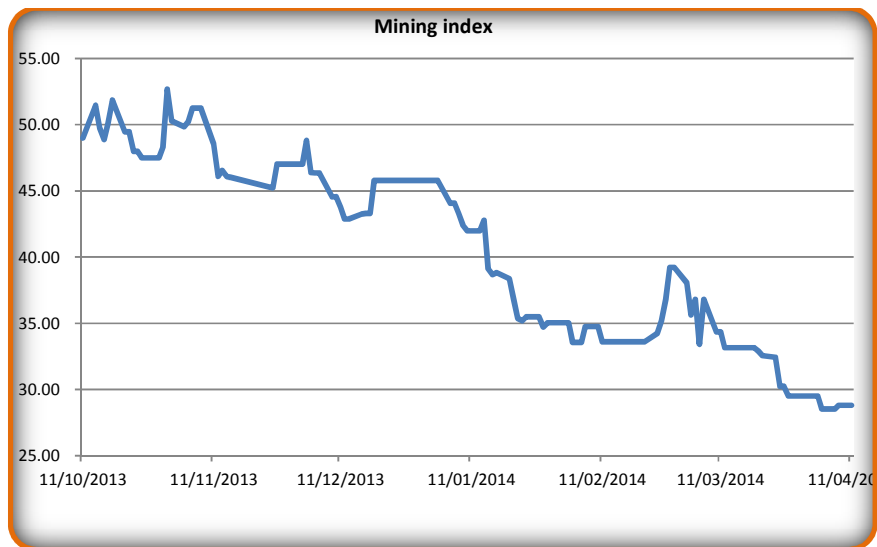
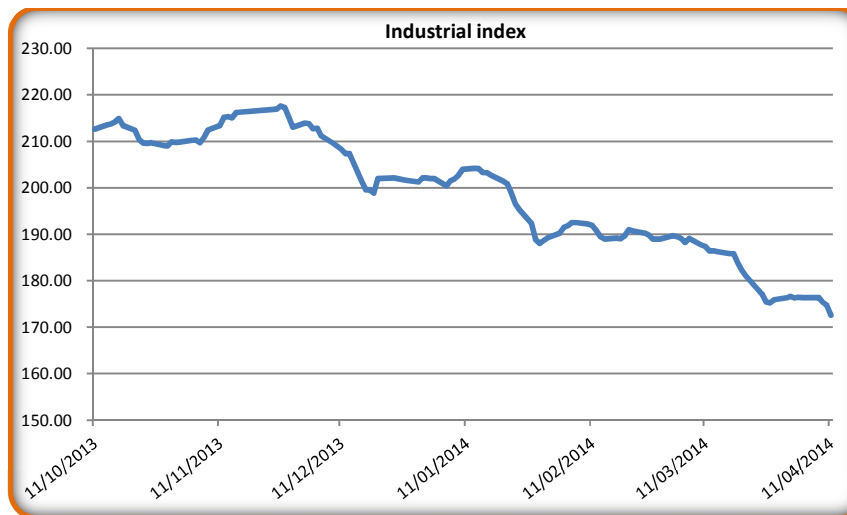
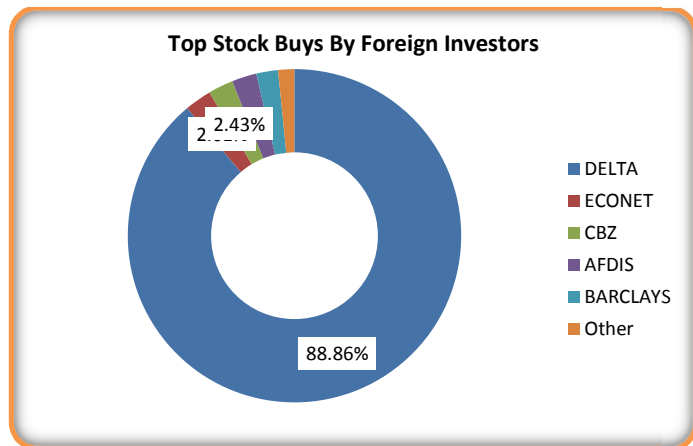
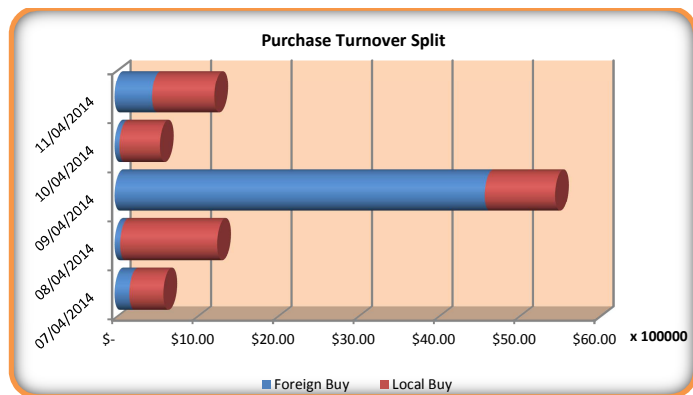
of prior week's outturn by just 13.18% to \$9.25m, while more trades in lower value stocks saw volumes of shares traded receive a 494.5% boost to 231.4m shares. Foreign investor dominated the week's trades thanks to renewed participation in Delta; total purchases by foreigners amounted to \$5.38 up 10.7% while portfolio disposals by same surged 26.43% to \$5.57m leaving a net funds outflow position on the market of \$0.19m. Delta was the most sought after stock for the week were an estimated 57% of the total funds invested in the week found a home while other distant contributors to weekly turnover were Innscor 8%, DZLH 6%, CBZ 4% and Willdale 4%.

| Top Five Risers |       |       |        | Worst Performers |       |       |        |
|-----------------|-------|-------|--------|------------------|-------|-------|--------|
| Counter         | Price | %Δ    | YTD %Δ | Counter          | Price | %Δ    | YTD %Δ |
| MEDTECH         | 0.06  | 20.00 | 14.29  | MASIMBA          | 3.00  | 25.00 | 53.85  |
| AFDIS           | 35.00 | 16.67 | 16.67  | LAFARGE          | 65.00 | 23.53 | 40.91  |
| ASTRA           | 4.00  | 14.29 | 20.00  | HWANGE           | 5.50  | 8.33  | 38.89  |
| MASH            | 2.30  | 9.52  | 29.23  | HIPPO            | 65.00 | 7.14  | 27.79  |
| MEIKLES         | 18.01 | 5.94  | 5.21   | OK ZIM           | 19.00 | 5.00  | 5.00   |

Weekly price movements were seen in 22 stocks with fallers dominating at a count of 12 against 10 risers. Construction allied group Masimba was the week's top shaker after shedding -25% to 3c while cement manufacturers Lafarge closely followed after shedding -23.53% to 65c. Coal miners Hwange traded -8.33% softer in the week under review at 5.5c on subdued demand while agro industrial concern Hippo dropped -7.14% to 65c. Retailers OKZIM capped the top fallers for the week after reversing prior week gains with a 5% decline to 19c as demand failed to sustain the recent gains in the group. Also dragging the industrials lower were losses in dually listed heavy weight duo of Old Mutual and PPC that traded -4% and -4.76% lower at 240c and 220c. Econet and SeedCo were in respective losses of 1.6% and 3.75% to 61.5c and 77c to complete the market heavy weight losers.

Leading the market gains were pharmaceutical group Medtech that was 20% firmer at 0.06c in a week were a spat of activity saw in excess of 19m shares exchanging hands earlier in the week. Beverages group Afdis was up +16.7% at 35c while Astra followed with a +14.29% at 4c. Mash and Meikles completed the top gainers for the week after adding +9.52% and 5.94% to trade at 2.3c and 18.01c respectively.

### 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                               | 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  |
| Properties<br>Mash;<br>Pearl &<br>ZPI | :<br>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

### **Afrasia Bank MD Resigns**

HARARE - Afrasia Bank Zimbabwe (AfrAsia)'s managing director Tineyi Mawocha has resigned. His resignation, under yet unclear circumstances, is barely three months after his appointment. Sekai Chitemerere, AfrAsia Zimbabwe Holdings Limited (AZHL)'s corporate communications head, confirmed th...

<http://www.dailynews.co.zw/articles/2014/04/10/afrasia-bank-md-resigns>

### **Zim misses royalties target**

HARARE - Zimbabwe collected a total of \$133, 7 million in mining royalties last year, missing its \$245 million target, the African Development Bank (AfDB) said. In its February 2014 report, the regional bank said the country missed the projected figure because of depressed global prices. Th...

<http://www.dailynews.co.zw/articles/2014/04/10/zim-misses-royalties-target>

### **Tough times ahead, Zimra warns**

Tax collector, Zimbabwe Revenue Authority (Zimra), has warned of a tough economic environment ahead as government faces shrinking revenue inflows. Gershom Pasi, the authority's commissioner-general, told Parliament yesterday that despite surpassing the 2014 first quarter revenue target...

<http://www.dailynews.co.zw/articles/2014/04/09/tough-times-ahead-zimra-warns>

### **'Duty suspension to bolster Delta bottom line'**

SABMiller's Zimbabwean unit Delta Corporation (Delta) has received an excise duty reprieve from government, a development analysts say will grow the beverages maker's bottom line. Last Friday, Harare suspended duty on bottler grade sugar for six months...

<http://www.dailynews.co.zw/articles/2014/04/09/duty-suspension-to-bolster-delta-bottom-line>

### **Delta records slump in volumes**

DELTA Corporation, Zimbabwe's largest beverages maker said volumes for the fourth quarter to March 2014 declined 6 percent due to low consumer spending, but remained flat year on year. Lager volumes dipped 26 percent compared to the previous comparable fourth quarter and were down 2 percent for the full year, Delta Corporation said in a full year trading update for 2014 yesterday.

<http://www.herald.co.zw/delta-records-slump-in-volumes/>

### **Dollarisation a blessing to Zim Investment**

The adoption of the multi-currency system in 2009 could not have come at a more opportune time, as it halted capital erosion due to hyperinflation and reopened the economy to potential investmen

<http://www.herald.co.zw/dollarisation-a-blessing-to-zim-investment/>

### **ABCH deal turning banking sector green with envy**

Issuance of cautionary statements on the local bourse no longer convey the significance it once held in prior years. The investment community more often than not is tempted to ignore such as most of them have suffered stillbirth or are simply renewed over a "very" long period of time with no tangible results.

<http://www.herald.co.zw/abch-deal-turning-banking-sector-green-with-envy/>

### **Ecocash transfers exceed \$4 billion**

Econet Wireless' mobile money transfer service EcoCash has handled over \$4 billion since inception in 2011. Group chief executive Mr Douglas Mboweni told Parliamentarians during a familiarisation tour of the mobile phone company's operations yesterday that EcoCash service now boasts 3,5 million mobile money transfer accounts.

<http://www.herald.co.zw/ecocash-transfers-exceed-4-billion/>

### **NSSA to construct shopping mall**

THE National Social Security Authority will next year start the construction of a shopping mall in Harare central business district, consisting of a garage and offices, at an initial cost of US\$16 million.

<http://www.herald.co.zw/nssa-to-construct-shopping-mall/>

### **CFI in talks over Agrifoods**

Zimbabwe Stock Exchange-listed CFI Holdings is in talks with a local private equity fund over a possible investment into its stock feeds unit, Agrifoods. Well placed sources told The Herald Business that negotiations between CFI and the equity fund, Takura Ventures, are at an advanced stage. The equity deal will include fresh capital injection as well as credit supply of raw materials.

<http://www.herald.co.zw/cfi-in-talks-over-agrifoods/>

### **Willdale seeks rights issue approval**

Listed brick maker, Willdale Limited, will approach shareholders for permission to issue shares to raise \$3,5 million for acquisition of new equipment. If granted permission, the directors will issue semi-annual redeemable convertible cumulative preference shares of nominal value \$0,0001 at a subscription price of \$1 each. An extraordinary general meeting has been scheduled for May 6 this year and the rights issue is subject to approval by the Zimbabwe Stock Exchange and other conditions precedent.

<http://www.herald.co.zw/willdale-seeks-rights-issue-approval/>

### **First Mutual, Baobab underwrite \$6m in net premiums**

THE two reinsurance companies in the country, First Mutual and Baobab, have underwritten \$6 million in net premiums for the year ended December 31 2014 up from \$5 million in 2012, the Insurance and Pensions Commission (IPEC) has said... <https://www.newsday.co.zw/2014/04/10/first-mutual-baobab-underwrite-6m-net-premiums/>

## Up Coming Events

| 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 amount owed |
| PGI          | 4th Dec 2013              | Negotiations that may have material effect on the future of the company  |

## Notes

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