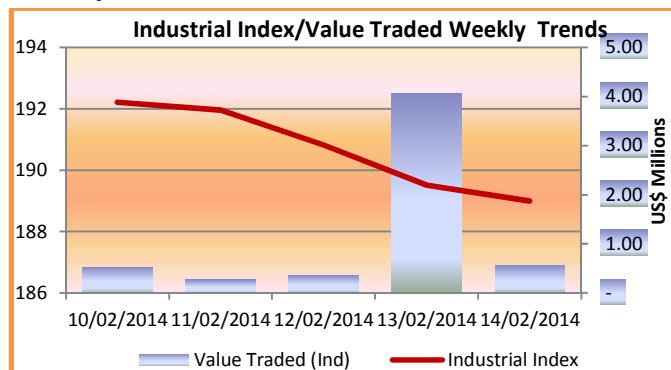
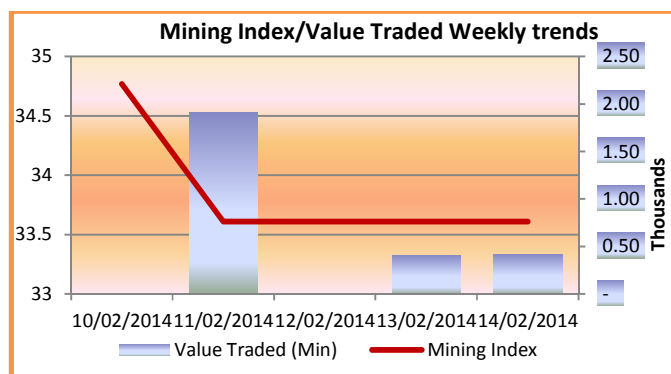


EFE Weekly Market Review 14 February 2014

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

| | Current | Previous | % Δ |
|---------------------|---------|----------|-------|
| Value Traded (\$mn) | 5.86 | 8.26 | 29.12 |
| Volume Traded (mn) | 31.56 | 38.70 | 18.46 |
| Foreign Purchases | 4.31 | 4.40 | 1.98 |
| Foreign Sales | 2.76 | 3.88 | 28.83 |

Source ZSE/EFE Dbase

Market Highlights

ZSE falters as reporting season fails to inspire gains...

The onset of the reporting season failed to stimulate a rebound in the market as the first set of results underlined the weak economic fundamentals headlined by depressed demand incessant liquidity challenges and falling prices have raised the ire of deflation. The first three companies to report Afdis, Barclays and TSL had fair performances in the face of the economic challenges in the reported period, though these exhibited the influence of the already highlighted challenges.

| Index | Level | %Δ | YTD %Δ |
|------------------|--------|------|--------|
| Industrial Index | 188.99 | 1.83 | 6.50 |
| Mining Index | 33.61 | 3.34 | 26.60 |

Industrials were sticky downwards as their index shed -1.83% for the week to close at 188.99pts. Following this loss, the main stream index has since lost -6.5% since the turn of the New Year influenced by the extended selloff partly precipitated by the need to raise liquidity in a constrained environment.

The resources index also traded softer with the mining index falling -3.34% to 33.61pts as the YTD losses extended to -26.6%. RioZIM was the resources' undoing as its -26.7% loss outweighed the +16.7% rebound in coal miners Hwange.

ZSE activity in dearth ...

All activity indicators trekked southwards as the ZSE continued to fail traction. Underlining the market weakness was the total value traded over the week that fell -29.1% to \$5.9m, as all but one session failed to breach the psychological \$1m mark with the highlight of the week being a block trade in DZLH worth \$2.0m. Likewise volumes of shares traded were down, shedding -18.5% to 31.56m shares and again a dominating contribution came from DZLH. The liquidity in the market was largely spurred by foreign demand that saw the dollar contribution for the week to purchases almost indifferent from last week at \$4.31m having a small negative variance of -2% on last week's outturn. With

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Contacts:

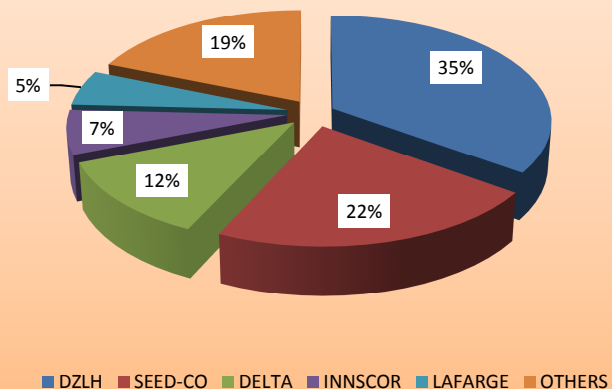
Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

Phenias Mandaza 0772144334

Coreen Madanha 0772144333

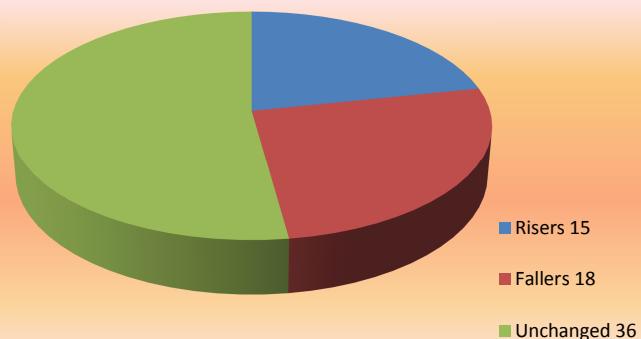
Top Stock Contributors to Weekly Value of Trades



this contribution, foreign buying accounted for 74% of the weekly purchases as the depressed prices on the local bourse add to the allure of the local market. Foreign portfolio disposals dipped -28.8% to \$2.76m, leaving the market in an estimated net inflow position of \$1.55m.

| Top Five Risers | | | | Worst Performers | | | |
|-----------------|-------|-------|--------|------------------|-------|-------|--------|
| Counter | Price | %Δ | YTD %Δ | Counter | Price | %Δ | YTD %Δ |
| PIONEER | 5.00 | 66.67 | 66.67 | PELHAMS | 0.01 | 80.00 | 90.00 |
| DZLH | 14.50 | 20.83 | 3.33 | AICO | 0.50 | 74.75 | 91.67 |
| ZHL | 1.20 | 20.00 | 17.24 | ARISTON | 0.40 | 33.33 | 60.00 |
| HWANGE | 7.00 | 16.67 | 22.22 | RIOZIM | 22.00 | 26.67 | 33.33 |
| TA HLDS | 8.02 | 14.57 | 31.48 | ART ZDR | 0.30 | 25.00 | 50.00 |

Market Strength

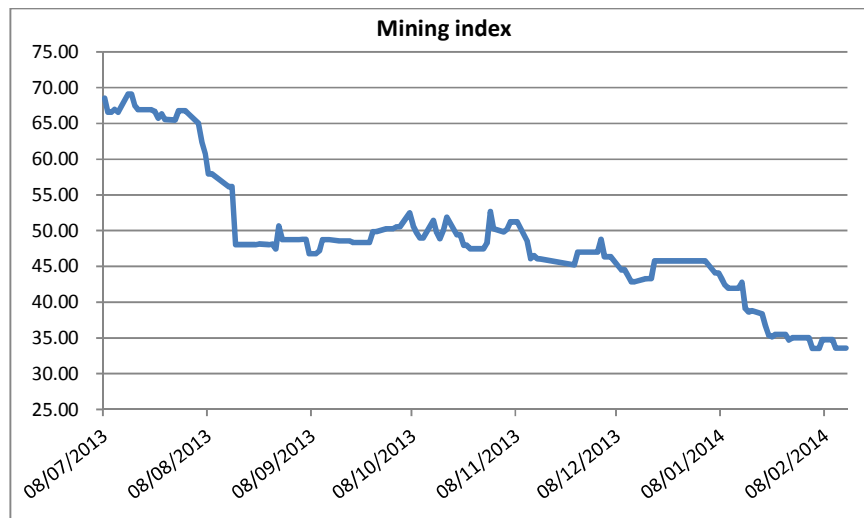
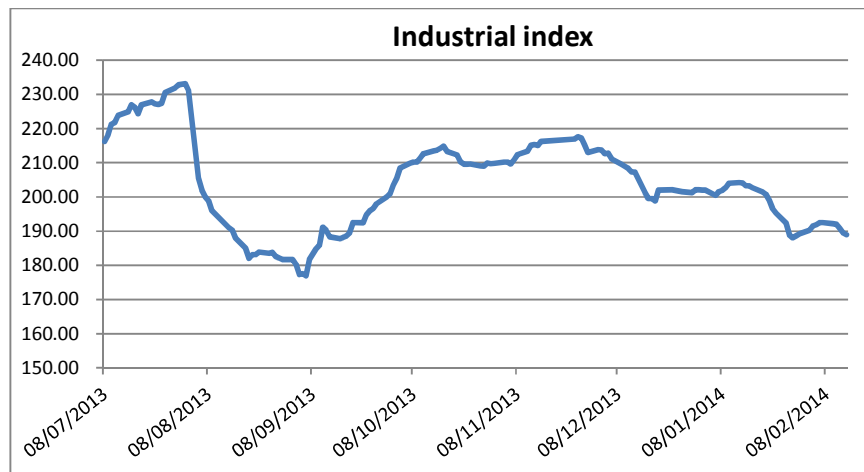
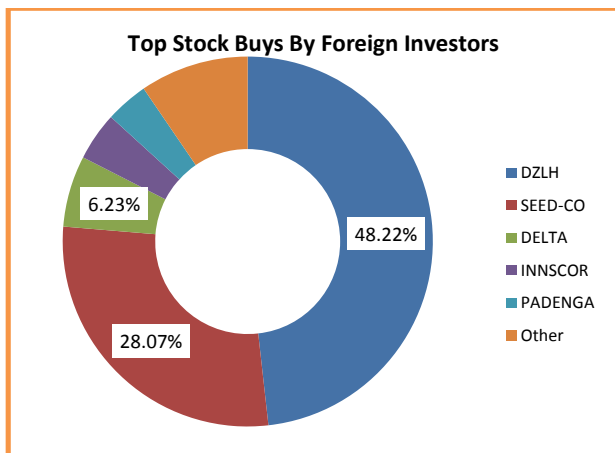


A selection of market heavies weighed on the market this week with the bourse's top stock Delta amongst the fallers after shedding -3.14% to 123.01c. Also weighing on the market were loses in agro industrial concerns Hippo and SeedCO the shed -21.11% and -1.1% to 71c and 90c respectively. Retail group OK Zimbabwe closed the week trading at 19.5c having shed -2.5%.

Leading the weekly fallers however was furniture and home appliance retail group Pelhams that shed 80% and closed the week at 0.01c on news that major shareholders Lifestyle Holdings were shutting down some of their fast foods outlets on viability concerns. AICO that is now trading excluding the stake in SeedCo lost 74.75% to a low of 0.5c. Ariston dropped -33.3% to 0.4c while ART ZDR completed the top fallers for the week after shedding -25% to 0.3c.

Mitigating the market losses were gains led by transport group Pioneer that firmed 66.67% to 5c while the market's favourite stock by value for the week DZLH followed after adding +20.8% to close the week trading at 14.5c. Insurance group ZHL was up 20% for the week at 1.2c while coal miners Hwange put on +16.7% to 7c. Completing the top gainers for the week was investment holding company TAH that put on +14.57% to 8.02c.

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. |
| Innskor | 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 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

Ariston recap pays off

ARISTON Holdings says there has been significant uplift in output on all farms with a lot more potential going forward as the group's rehabilitation programme begins to pay off.

<http://www.herald.co.zw/ariston-recap-pays-off/>

CSD ready to launch

CHENGETEDZAI Depository Company has started opening accounts with stock brokers and custodians for the Central Securities Depository as it makes final preparations to launch the platform, Securities and Exchange Commission of Zimbabwe chief executive, Mr Tafadzwa Chinamo has said...<http://www.herald.co.zw/csd-ready-to-launch/>

Foreigners eye RioZim's Sengwa

INDIAN state-owned Bharat Heavy Electricals Limited and Shandong of China are among companies that have expressed interest in partnering RioZim Limited in setting up 250 megawatt plants at its vast coal fields of Gokwe in the Midlands province...<http://www.herald.co.zw/foreigners-eye-riozims-sengwa/>

NMB gets US\$10m French loan

PROPARCO, a French Development Finance Institution yesterday signed a five-year loan agreement of US\$10 million with Zimbabwe Stock Exchange listed financial company NMB, cementing France's growing investment interest in the country...<http://www.herald.co.zw/nmb-gets-us10m-french-loan/>

Ariston to rehabilitate hydro-turbine

ARISTON Holdings Limited requires \$400 000 to rehabilitate its 300KVA hydro-turbine this year to ease power problems that the company is currently facing, an official from the company has said...<https://www.newsday.co.zw/2014/02/17/ariston-rehabilitate-hydro-turbine/>

Inter-bank market set to resume

THE inter-bank market is set to resume after Government and the African Export Import Bank entered into an agreement to introduce a facility and associated instruments to alleviate the liquidity challenges confronting the financial systems in the country...<http://www.herald.co.zw/inter-bank-market-set-to-resume/>

Afdis after-tax profit up

ZIMBABWE Stock Exchange-listed branded wine and spirits manufacturer African Distillers Limited (Afdis) posted a \$1,3 million profit for the half-year ended December 31, 2013 up from the same period last year due to increases in revenue during the period under review...<https://www.newsday.co.zw/2014/02/17/afdis-tax-profit/>

Remo in landmark ruling

The shares have been of a long running dispute. The judgment issued by Justice J Takuva, will open a can of worms in the equities industry, as the shares in question had already been the subject of "normal trade" in the market, before the eruption of the dispute two years ago...<http://www.herald.co.zw/remo-in-landmark-ruling/>

CBZ, Tuli in debt agreement

CBZ Bank Limited (CBZ) has agreed on a settlement plan with Reserve Bank of Zimbabwe (RBZ)'s subsidiary Tuli Coal (Tuli) following plans to attach the latter's property over an unspecified debt...<http://www.dailynews.co.zw/articles/2014/02/14/cbz-tuli-in-debt-agreement>

Barclays records profit

BARCLAYS Bank of Zimbabwe Limited has recorded an increase in after tax profit to \$3 million for the year ended December 31, 2013 due to growth in net interest income.

<https://www.newsday.co.zw/2014/02/13/barclays-records-profit/>

Barclays Zim may cut jobs

Banking group Barclays Plc's Zimbabwe unit says it may lay off some of its workers if the move improves operational efficiencies...<http://www.dailynews.co.zw/articles/2014/02/13/barclays-zim-may-cut-jobs>

'Lifestyle Holdings will not collapse'

LIFESTYLE Holdings founder and group chief executive Mr Tawanda Nyambirai says his business empire will not collapse as he is working hard to realign his remaining businesses to the prevailing macro-economic conditions...<http://www.herald.co.zw/lifestyle-holdings-will-not-collapse/>

Ziscosteel reopening deferred

The re-opening of NewZim Steel — formerly Ziscosteel — has been postponed due to extensive refurbishments taking place at the plant, Industry minister Mike Bimha has said

<http://www.dailynews.co.zw/articles/2014/02/13/ziscosteel-reopening-deferred>

Zembe sacked at CBZ

Luxon Zembe has been ousted as CBZ Holdings Limited (CBZ) chairman in a development possibly related to the fallout of the Premier Service Medical Aid Society (Psmas) salaries debacle.

<http://www.dailynews.co.zw/articles/2014/02/11/zembe-sacked-at-cbz>

OK opens tech shop

The shop by any description is a world class complex hosting Zimbabwean technological players with all mobile network operators and VoIP operators sharing the same roof to reach out to the new clientele base created by this new phenomenon...<http://www.herald.co.zw/ok-opens-tech-shop/>

Up Coming Events

| Company | Event | Venue | Date & Time |
|----------|---------------------------|------------------------------------|-------------------|
| CAFCA | AGM | 54, lytton Road, Workington Harare | 20.02.14 12.00Hrs |
| CBZ | FY13 Results Presentation | Steward Room, Meikles Hotel | 26.02.14 15.00Hrs |
| MASHHOLD | AGM | ZB life towers | 27.02.14 12.00Hrs |
| ART | AGM | 202 Seke Road, Graniteside Harare | 28.02.14 11.00Hrs |

CAUTIONARIES

ISSUE DATE

| Company | Issue Date | Description |
|-------------|---------------------------|--|
| NMB | 7 th Feb 2014 | Profit warning, impairment on loans to result in a net loss position |
| AFRICAN SUN | 6 th Dec 2013 | Discussions on mandatory offer to minorities by Lengrah Investments |
| TSL | 29 th 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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