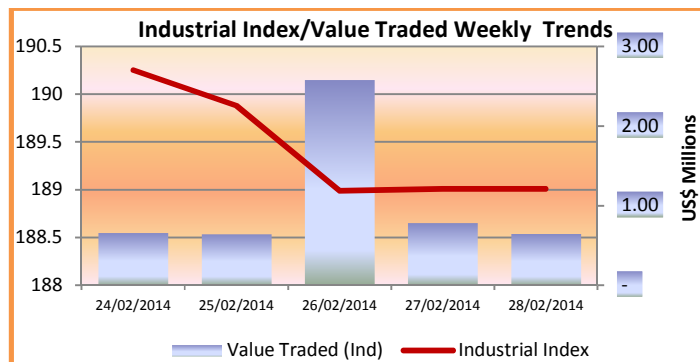
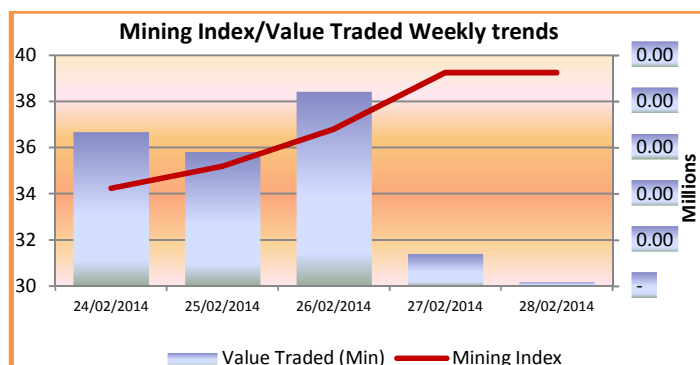


## EFE Weekly Market Review 28 February 2014

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	5.40	6.57	17.76
Volume Traded (mn)	38.57	26.22	47.13
Foreign Purchases	2.92	3.31	11.75
Foreign Sales	0.78	1.71	54.51

Source ZSE/EFE Dbase

### Market Highlights

#### *ZSE falters as curtain comes down on the second month...*

The curtain came down on the second month in the week under review with the market sliding back into weekly losses. The ongoing reporting season failed to breathe life into the market that has largely been on the back foot taking a cue from broader economy, were depressed demand coupled with a precarious liquidity situation has been the order of the day. Most of the companies reporting have also lamented the depressed demand on the back of hamstrung disposable incomes. Even the onset of the tobacco selling season that seemed to have created some demand failed to carry the market this week as pockets of weakness continued to depress the market.

Index	Level	%Δ	YTD %Δ
Industrial Index	189.01	0.89	6.49
Mining Index	39.24	16.75	14.30

The main stream industrial index fell 0.89% for the week to 189.01pts bringing the year to date loss for the main stream index to -6.49%. For the month of February the industrial index lost -0.13% having opened at 189.25pts.

The mining index enjoyed a fine run in the week under review rallying +16.75% to 39.24pts following gains in Falgold, Hwange and RioZim. With this gain minings posted a 11.99% return in the month of February.

#### *ZSE turnover slides...*

The value of trades recorded over the week dipped -17.76% to 5.4m shares owing to trades being largely skewed towards the lower value stocks. ZSE volume of shares improved a whopping 47% to 38.57m shares with COTTCO and MASH featuring amongst the top volume contributors for the week. Demand was largely driven by foreign investors who accounted for an estimated 57% of the total purchases for the week at \$2.92m. The jump in foreign purchases helped leave the market in a net cash inflow position as disposals by foreign investors amounted to only \$0.78m having fallen by 54.51%. Other favorites were SeedCo, Delta and Econet in which they pumped

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### Contacts:

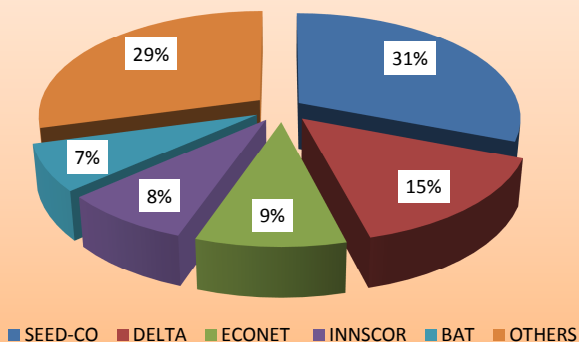
Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

Phenias Mandaza 0772144334

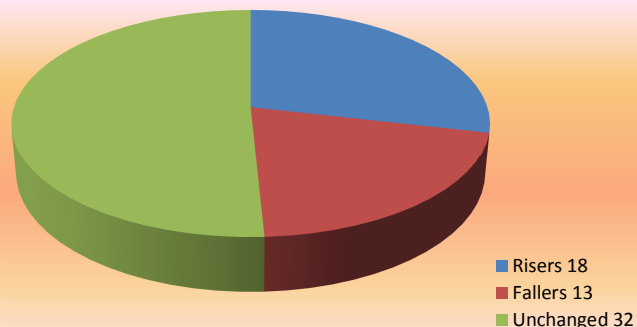
Coreen Madanha 0772144333

### Top Stock Contributors to Weekly Value of Trades



73.97% of the total inflows for the week. SeedCo emerged the most liquid stock in the week under review following a block trade of 1.2m shares executed as a special bargain at a discounted price of 89c. Other top traded stocks for the week were Delta, Econet and Innscor with respective contributions to weekly turnover of 15%, 9% and 8% in that order.

### Market Strength

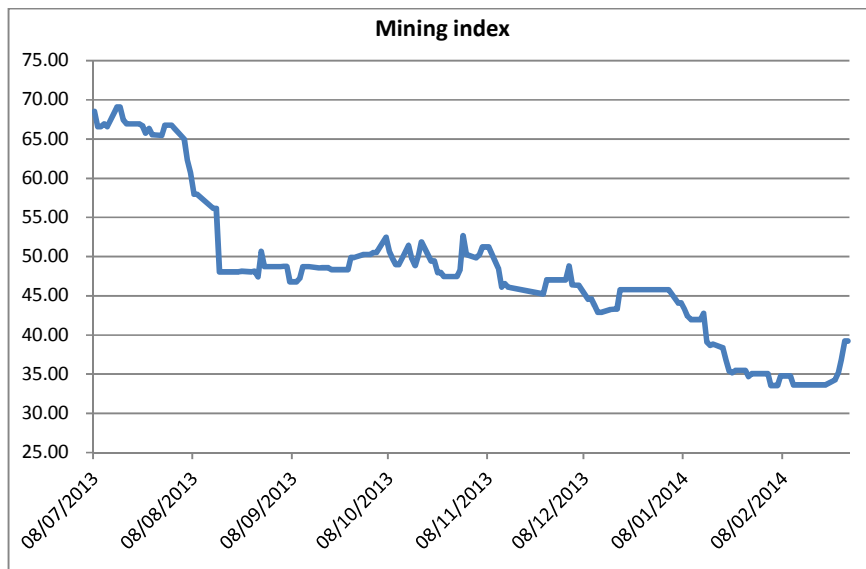
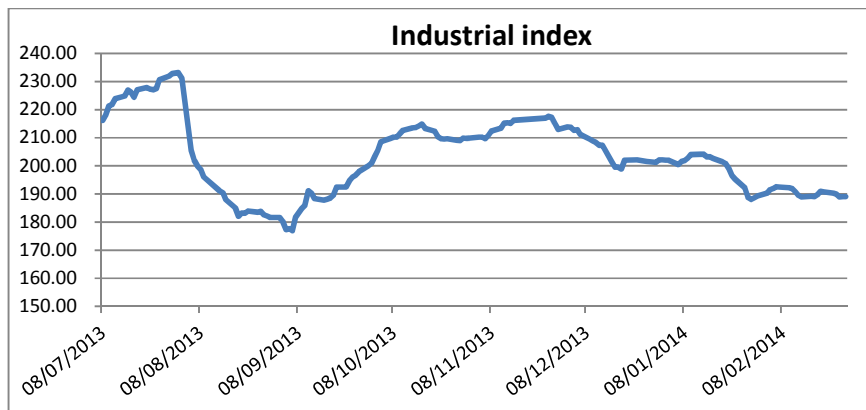


Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
COTTCO	1.02	104.00	83.00	HUNYANI	1.00	50.00	50.00
ARISTON	1.00	42.86	0.00	DAWN	0.65	18.75	35.00
HWANGE	10.00	42.86	11.11	ABCH	45.00	18.18	23.73
ART ZDR	0.40	33.33	100.00	ZIMPLOW	2.00	16.67	42.86
TURNALL	5.00	25.00	0.00	STAR			
				AFRICA	0.90	10.00	10.00

Weakness in some market heavies weighed on the performance of the industrial index, amongst them beverages group Delta that has largely traded sideways since the turn of the new year though the overall trend has been down as it is sitting on a YTD loss of 12.9%. In the week under review Delta softened -2.32% to 122c. BAT's 18c dividend could not inspire the market as the cigarette manufacturer fell -0.74% to 1340c in the wake of its full year numbers to December 2013. Retailers OKZIM fell -2.56% to 19c as economy wide demand outlook continued to look bleak with all statistics being reported. Food processors Natfoods fell to its year opening level of 200c after shedding -4.76% for the week.

Topping the fallers however was packaging group Hunyani that shaved 50% of its value over the week as its price settled at 1c. Hotel property owning group Dawn traded 18.75% softer to 0.65c following news that major shareholders African Sun were looking to dispose their remaining shareholding to Lengrah Investments. Bankers ABCH came off -18.2% to 45c ahead of the anticipated release of its full year financials to December 2013. Zimplow and Star Africa completed the top fallers with declines of -16.7% and 10% respectively. Leading the gainers was Cottco that added 104% to 1.02c on new spate of demand. Ariston and Hwange were in identical gains of 42.9% to 1c and 10c respectively. ART also added +33.3% to 0.4c after releasing a circular to shareholders of a trade finance loan facility of \$18m from major shareholders.

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 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

**Mash Holdings revenue drops 4pc** - MASHONALAND Holdings' revenue in the four months to January was 4 percent lower than last year's at US\$2,5 million but this was, however, 9 percent ahead of the budgeted US\$2,3 million as the group had not anticipated new lettings... <http://www.herald.co.zw/mash-holdings-revenue-drops-4pc/>

**Zimplats' half year profit up** - ZIMPLATS, the country's largest platinum miner said its half year profit climbed 604 percent as sales volume gained due to an accelerated production ramp-up at its new underground mine (Mupfuti) and the commissioning of the second concentrator module... <http://www.herald.co.zw/zimplats-half-year-profit-up/>

**CBZ to issue US\$200m bond** - CBZ Holdings is set to issue a record US\$200 million Diaspora bond in April to be guaranteed by the African Export and Import Bank to replace the current US\$68 million bond which expires the same month... <http://www.herald.co.zw/cbz-to-issue-us200m-bond/>

**Lafarge Cement in bid to increase volumes** - Listed cement manufacturer, Lafarge Cement is looking at investing US\$20 million towards the rehabilitation of its cement manufacturing plant in order to boost its volumes... <http://www.herald.co.zw/lafarge-cement-in-bid-to-increase-volumes/>

**CBZ posts \$37m profit** - cBZ Holdings Limited (CBZ) has recorded a profit after tax of \$36, 7 million for the year to December 31, 2013 despite the economic challenges facing the country. <http://www.dailynews.co.zw/articles/2014/02/26/cbz-posts-37m-profit>

**ZSE blocks ASL, Dawn deal** - The Zimbabwe Stock Exchange (ZSE) has blocked African Sun Limited (ASL)'s proposed transaction to dispose its 16,54 percent stake in listed property firm, Dawn, over breach of listing rules... <http://www.dailynews.co.zw/articles/2014/02/26/zse-blocks-asl-dawn-deal>

**PowerSpeed Electrical bottom line improves** - POWERSPEED Electrical Limited said the bottom line for the four months ending January this year had improved compared to the same period last year due to their expansion projects, a company official has said...<https://www.newsday.co.zw/2014/02/27/powerspeed-electrical-bottom-line-improves/>

**CFI Holdings reverse share decision** - CFI Holdings Limited has reversed its decision to offload 49% of its Victoria Foods Limited shares to JSE listed logistics firm Grindrod Trading Limited. <https://www.newsday.co.zw/2014/02/27/cfi-holdings-reverse-share-decision/>

**BAT targets 1,45bn cigarettes as revenue slumps** - British American Tobacco Zimbabwe (BAT) targets to produce 1,45 billion cigarettes this year on the back of surging demand. <http://www.dailynews.co.zw/articles/2014/02/25/bat-targets-1-45bn-cigarettes-as-revenue-slumps>

**Fidelity sees surge in residential stands uptake** - Zimbabwe Stock Exchange-listed Fidelity Life Assurance of Zimbabwe yesterday revealed that there has been a high uptake of its residential stands, with about 2 000 of the 5 800 stands in Harare's South View Park already sold... <https://www.newsday.co.zw/2014/02/26/fidelity-sees-surge-residential-stands-uptake/>

**Banks face new threat** - LOCAL banks face a tough hurdle as the emergence of mobile money transfer services (MMS) appears to pose a serious threat to their survival. <http://www.thestandard.co.zw/2014/02/23/banks-face-new-threat/>

**Imports hurt local production** - THE prevailing increase in import dependency has been caused largely by widening capacity utilisation gaps pushed by company closures, analysts have said. <http://www.thestandard.co.zw/2014/02/23/imports-hurt-local-production/>

**AfrAsia Bank charms investors** - MAURITIAN banking group, AfrAsia Bank Limited (ABL), says it has charmed some investors in the recapitalisation exercise of its Zimbabwean operations. <http://www.thestandard.co.zw/2014/02/23/afrasia-bank-charms-investors/>

### **Government fuelling non-performing loans**

GOVERNMENT's failure to pay suppliers for services rendered has contributed significantly towards the increase in Non-Performing Loans (NPLs), a bank executive has said. <http://www.thestandard.co.zw/2014/02/23/government-fuelling-non-performing-loans/>

**Border Timbers downsizes** -Border Timbers Limited (BTL) is planning to downsize its subsidiaries in the wake of high operational costs, The Financial Gazette Companies & Markets has learnt. The exercise would affect two of its subsidiaries, part of Nyakamete Plant and Paulington Factory. The factory has two plants, one producing doors and the other veneered products. <http://www.financialgazette.co.zw/border-timbers-downsizes/>

### **Govt, Essar agree on Zisco**

Industry and Commerce Minister Mike Bimha says they are close to a deal to allow Indian conglomerate Essar Holdings to start operations at the defunct Zimbabwe Iron and Steel Company (ZISCO) in Redcliff. Essar Holdings in 2011 signed a US\$750 million takeover deal for one of Africa's integrated steel works, which subsequently changed its name to NewZim Steel. <http://www.financialgazette.co.zw/govt-essar-agree-on-zisco/>

## 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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