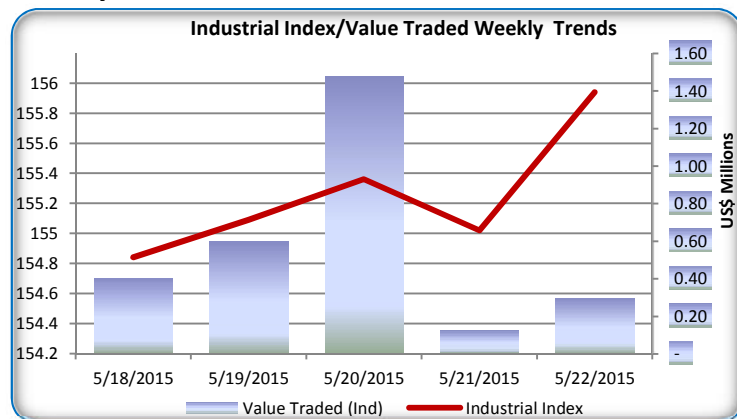
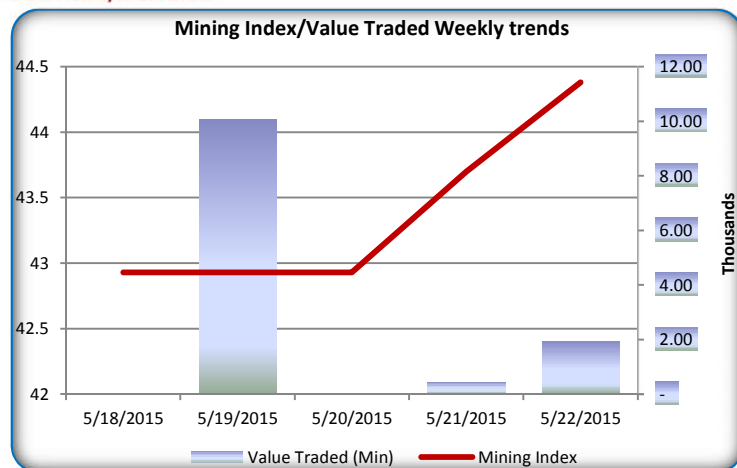


EFE Weekly Market Review 22 MAY 2015

Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	2.91	9.90	70.58
Volume Traded (mn)	25.02	183.60	86.37
Foreign Purchases	1.11	6.01	81.56
Foreign Sales	1.63	4.95	67.03

Source ZSE/EFE Dbase.

Markets caps bullish week albeit thin trades ...

The ZSE capped a bullish week with gains for the benchmark indices as depressed financials in the ongoing reporting season did little to curtail the rise. Reporting continued to gather momentum for companies with a march reported date and most lamented the challenging environment for the lower outturns. Deflationary pressures that persisted from 2014 into the current year took their toll on margins for most businesses. Notable amongst those to report was telecoms group Econet that despite making a modest 0.9% drop in revenues saw its EBITDA decline 14% while its operating profit came off 30.9% on last year's outturn. The same trend was also seen in retailers OKZIM who reported a 4.3% softening in revenues while its PBT and PAT took knocks of 20.9% and 22.2% respectively.

The market shrugged off the weight of the low financials which in way reflected the underlying operating environment to see the main stream Industrial Index to a 124 basis points rise to 155.94pts. The gain saw the industrials narrow year to date losses to 4.21%.

Index	Level	%Δ	YTD %Δ
Industrial Index	155.94	1.24	4.21
Mining Index	44.38	3.38	38.11

The Mining Index broke an eighteen sessions run of trading flat this week and closed with a cumulative 3.38% rise at 44.38pts. The Minings' gain was spurred by Rio Zim that saw it surge in the wake of the announcement that they had secured the requisite exchange control approvals to go ahead with their planned Rights Issue.

Slower Week of trading...

It was a slower week of trading as all activity aggregates trended southwards largely attributable to the dearth of sellers on low prices. An estimated 25.02m shares exchanged hands across the board this week to represent a drop of 86.37% on last week. Trades in these shares yielded an estimated \$2.91m in turnover down 70.58% on prior

In this Weekly

Market Highlights P1

Top Picks P4

In the News P5

Upcoming Events P6

Disclaimer P7

Contacts:

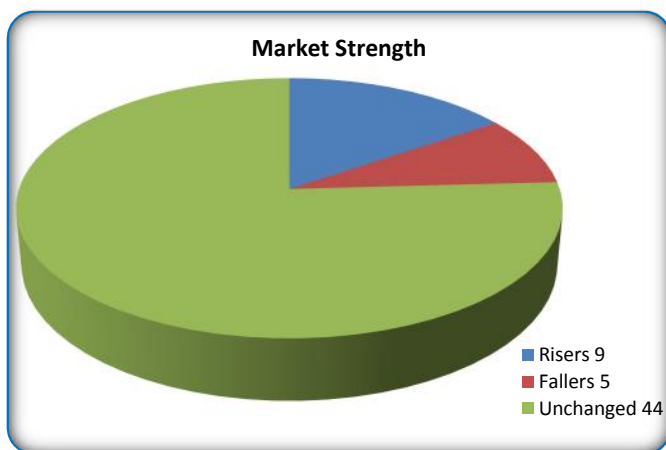
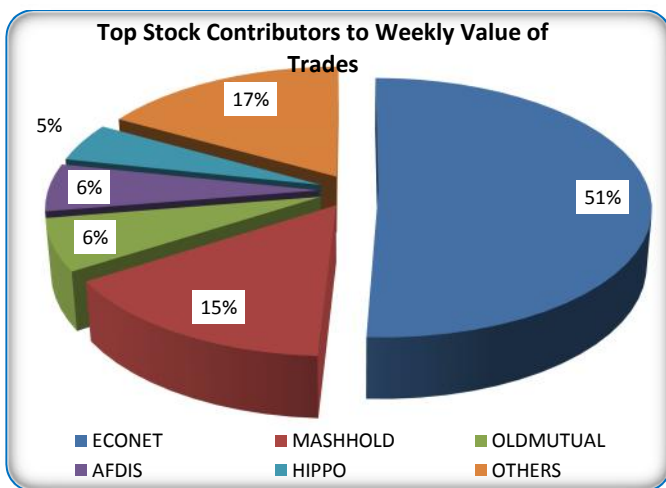
Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

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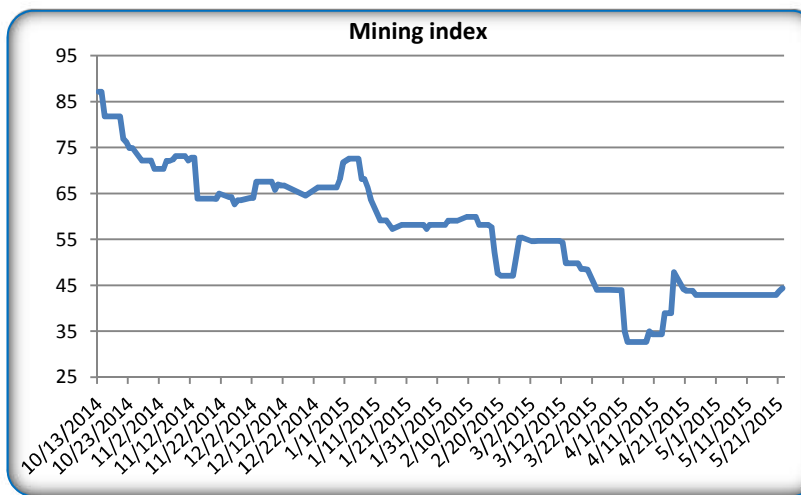
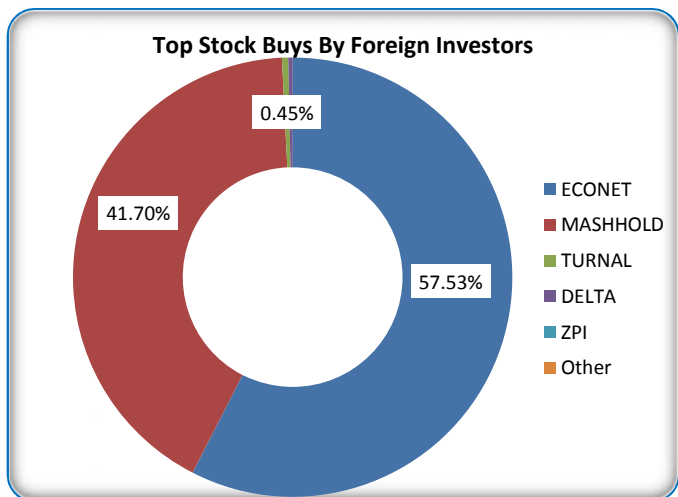
Lower foreign participation could be attributable to the slowdown in activity as inflows were down 81.6% at \$1.1m while outflows came in at \$1.63m after shedding 67.03%. Econet and Mash were by far the most liquid stocks on the market this week as the usual value drivers like Delta suffered from supply constraints that depressed trades.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
RIOZIM	8.50	41.67	43.33	NAMPAK	0.50	88.10	88.10
MEIKLES	8.80	25.71	43.23	NMBZ	3.00	14.29	33.33
CFI	2.49	18.57	17.00	HIPPO	34.50	11.54	37.27
ECONET	49.00	6.29	18.33	ZPI	1.00	9.09	42.86
MASIMBA	2.20	4.76	4.35	OK	10.00	9.09	13.04

The market set a positive breadth of four counters for the week as nine risers were registered against five shakers in the week under review. Weekly gains for the week were anchored by market heavies that dominated the weekly risers amongst them Delta that was in a late 1.9% charge to 107c in weekend trading. Old Mutual and BAT also staked their claims amongst the rising stocks with weekly gains of 2.48% and 4.55% respectively. Despite weakness in the final session, Econet held on to its earlier gains to post week on week rise of 6.29% that helped it stake a claim amongst the top five weekly risers. RioZim was however the weekly top gainer on a 41.67% surge that saw them close exchanging hands at 8.5c. Meikles and CFI were to follow with gains of 25.71% and 18.57% on rebounds of sorts. The other top riser of the week was Masimba that added 4.76% as investors sought exposure ahead of the proposed unbundling of the group's two main operating units.

The weekly shakers were led by Nampak the crushed 88.1% to 0.5c in rare trade for the tightly held group. Financial services group NMBZ followed after shedding 14.29% to 3c while Hippo came off 11.54% for the week and closed trading at 34.5c. OKZIM completed the shakers for the week on a loss of 9.1% and settled at 10c.

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
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...

RBZ approves NMB Bank top tier status plan

THE Reserve Bank of Zimbabwe (RBZ) has approved a plan by NMB Bank that will see it attaining top-tier status of \$100 million minimum equity capital by 2020, its parent company said yesterday.

<https://www.newsday.co.zw/2015/05/22/rbz-approves-nmb-bank-top-tier-status-plan/>

RTG launches affordable menu

A LOCAL hotel chain has launched a new, affordable and versatile menu in response to market demand for fast, inexpensive yet world-class meals.

<https://www.newsday.co.zw/2015/05/20/rtg-launches-affordable-menu/>

Cottco seeks rescue partner

COTTCO Holdings Ltd, sub-Saharan Africa's biggest cotton company, is seeking a partner to help it with funding after talks with the China-Africa Development Fund collapsed and as it renegotiates debt payments with lenders.

<https://www.newsday.co.zw/2015/05/20/cottco-seeks-rescue-partner/>

Riozim set to fund gold mining project firm

RIOZIM says it has obtained Exchange control approval from the Reserve Bank for GEM RioZim Investments Limited to underwrite a \$10 million capital- raising initiative.

<https://www.newsday.co.zw/2015/05/22/riozim-set-to-fund-gold-mining-project-firm/>

Trade deficit widens

ZIMBABWE's imports for the first quarter of the year stood at \$1,57 billion compared to exports of \$717 million, Buy Zimbabwe has said.

<https://www.newsday.co.zw/2015/05/20/trade-deficit-widens/>

Mining earnings rise in first quarter of 2015

THE mining sector recorded an improvement for the first quarter of 2015 with gold and coal recording significant increases in output compared to the same period last year.

<https://www.newsday.co.zw/2015/05/18/mining-earnings-rise-in-first-quarter-of-2015/>

Delta plans \$50m capex

Beverages manufacturer Delta Corporation, (Delta), plans to spend nearly \$50 million in capital projects aimed at buttressing its operating capacity.

<http://www.dailynews.co.zw/articles/2015/05/18/delta-plans-50m-capex>

New investor for Kamativi mine

The Zimbabwe Mining Development Corporation (ZMDC) has secured a foreign investor willing to inject \$100 million in capital to revive the defunct Kamativi tin mine (Kamativi), deputy Mines minister Fred Moyo has said.

<http://www.dailynews.co.zw/articles/2015/05/22/new-investor-for-kamativi-mine>

Mines lose 10pc production time on power outages

The chamber of mines has reported that the power outages arising from faults and demand management-related load shedding affected supply in the first quarter of the year with some mine companies losing about 10pc of their production time.

<http://www.herald.co.zw/mines-lose-10pc-production-time-on-power-outages/>

Zumbani to retain Masimba stake

Masimba Holdings' major shareholder, Zumbani Capital ,says it does not have plans to dispose any of its shareholding in the company even after unbundling with Proplastics.

<http://www.herald.co.zw/zumbani-to-retain-masimba-stake/>

Padenga eyes increased skin production

Padenga Holdings sees opportunities to expand local production by an additional 15 000 skins per annum for the requisite size and quality.

<http://www.herald.co.zw/padenga-eyes-increased-skin-production/>

Up Coming Events

DIVIDEND MONITOR

COMPANY	DIV TYPE	DIV AMOUNT	RECORD DATE	PAYMENT DATE
OLD MUTUAL	Final	9.21c	20.04.15	29.05.15
PEARL	Final	0.555c	05.06.15	24.06.15
PADENGA	Final	0.3c	10.04.15	04.05.15
ZPI	Final	0.012c	24.04.16	08.05.15
NICOZ	Final	0.05c	08.05.15	19.05.15

UPCOMING EVENTS

COMPANY	EVENT	VENUE	DATE	TIME
DAIRIBORD	AGM	Mirrabelle Room, Meikles Hotel, Harare	28.05.15	1130hrs
ZB	AGM	Boardroom, ZB House, Harare	29.05.15	1030hrs
PEARL	AGM	Royal Harare Golf Club	29.05.15	1430hrs
MASIMBA	AGM	Crown Plaza Monomotapa Hotel, Harare	29.05.15	1000hrs

CAUTIONARIES

COMPANY	ISSUE DATE	SUBJECT
MASIMBA	May-15	Notice of EGM to approve unbundling of SBU into separate companies
RIOZIM	Mar-15	Company seeking regulatory approvals to proceed with rights issue
DAWN	Apr-15	Compiling offer to minorities as major shareholders now control 61% of shares
STAR AFRICA	Apr-15	Negotiations underway that may have a material impact on its share value

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