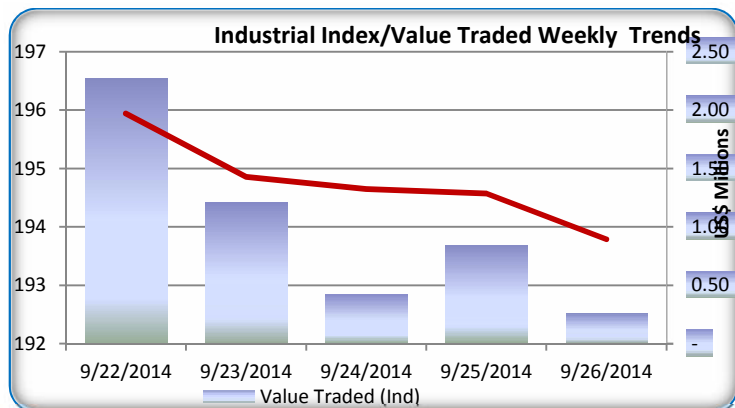
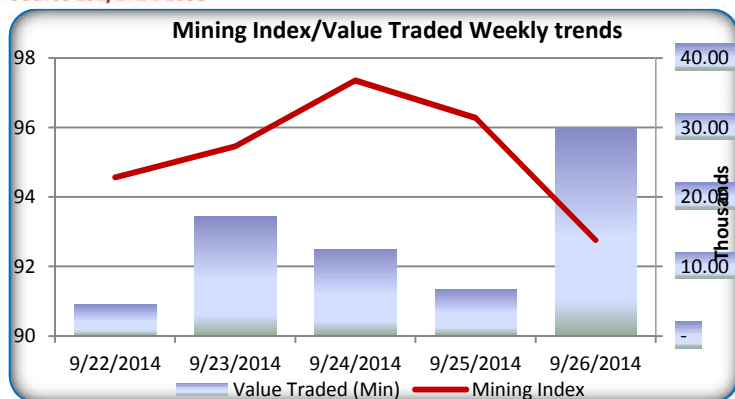


## EFE Weekly Market Review 26 September 2014

### Weekly Stats



Source ZSE/EFE Dbase



Source ZSE/EFE Dbase

	Current	Previous	% Δ
Value Traded (\$mn)	5.17	7.97	35.16
Volume Traded (mn)	64.43	51.28	25.66
Foreign Purchases	2.43	4.33	43.84
Foreign Sales	1.23	2.71	54.56

Source ZSE/EFE Dbase.

### Equities porous as economy remains in doldrums ...

A gloomy outlook clamoured on the economy as the visiting IMF team warned against an unsustainable government wage bill and a debilitating macro-economic stagnation further suppressing sentiment on the local market. The week also saw the renewal of a couple of cautionary announcements while more companies reported their financials. For most corporates the going has been tough while the outlook stays bleak and none of three reporting companies in the week improved earnings on a relative basis. The 3 counters were brick making and property entity Radar, ZHL and hotelier RTG.

Profit taking subsided in the week consequently moderating losses while other investors took to buy into dips in counters such as Innscor which had sharply come off. Overall heavy caps were stable except for minor fluctuations in notably Delta which closed the week softer. Interest in out-performer Natfoods remained visible though investors in aggregate chose to clamour to the rare dividend paying stock.

Index	Level	%Δ	YTD %Δ
Industrial Index	193.79	0.8	-4.12
Mining Index	92.82	10.28	102.71

The Industrial Index continued on a downward spiral tumbling 0.8% to close the week at 193.79 points on lack of support. This further dragged the Industrials Index lower than year opening levels by a -4.12%. The mild decline was due to subsiding selloffs as heavies formed new support levels. The Mining Index on the other hand fell sharply by -10.28% to 92.82 points as Bindura shed more value amid seesawing in the stock during the week.

### As turnover trek subdued foreign spend...

Turnover for the week came in at 7.97m which is -35.16% lower than last week. The outturn was weighed by reduced foreign spend as well as a decline in selloffs which countered pockets of buying into dipping counters such as Innscor. Volumes traded however firmed against the comparable week rising 25.6% to 51.28m shares as low value stocks drove the weekly outturn.

## In this Weekly

Market Highlights P1

Top Picks P4

Upcoming events P4

In the News P5

Upcoming Events P7

Disclaimer P8

Contacts:

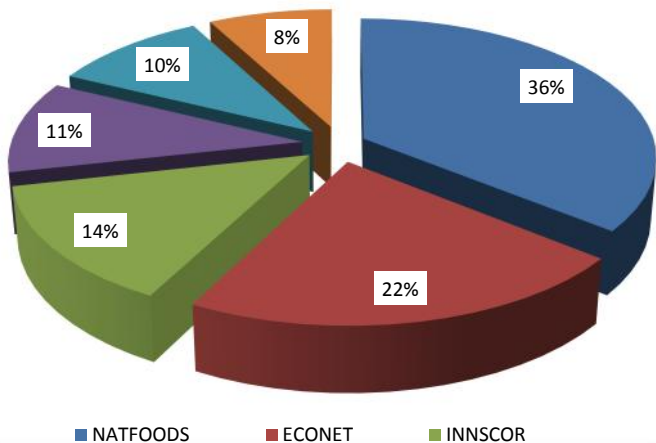
Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

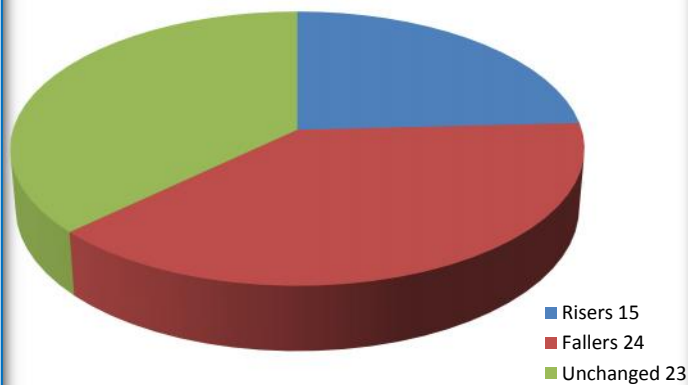
Phenias Mandaza 0772144334

Coreen Madanha 0772144333

**Top Stock Contributors to Weekly Value of Trades**



**Market Strength**



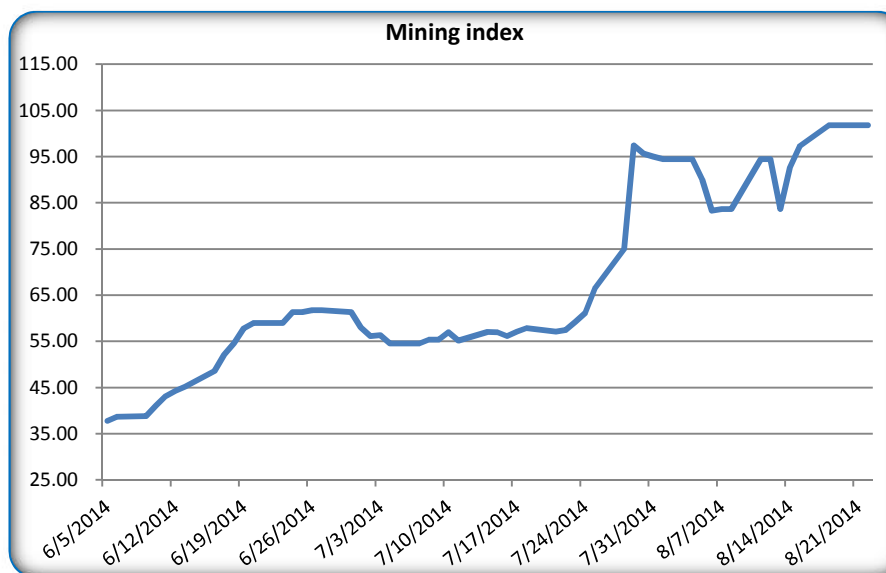
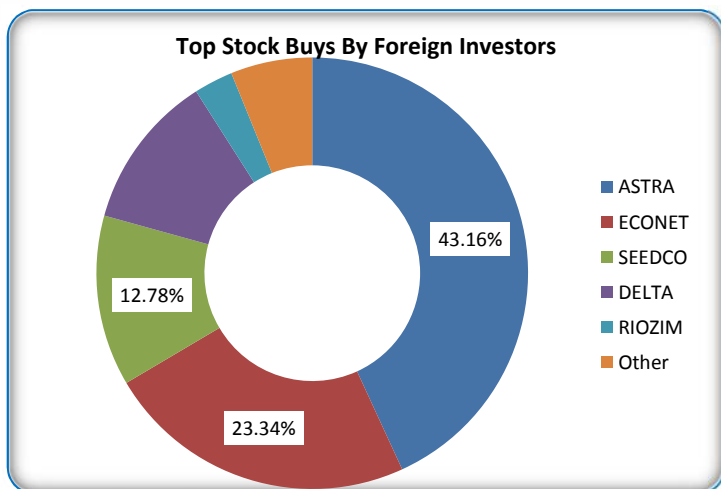
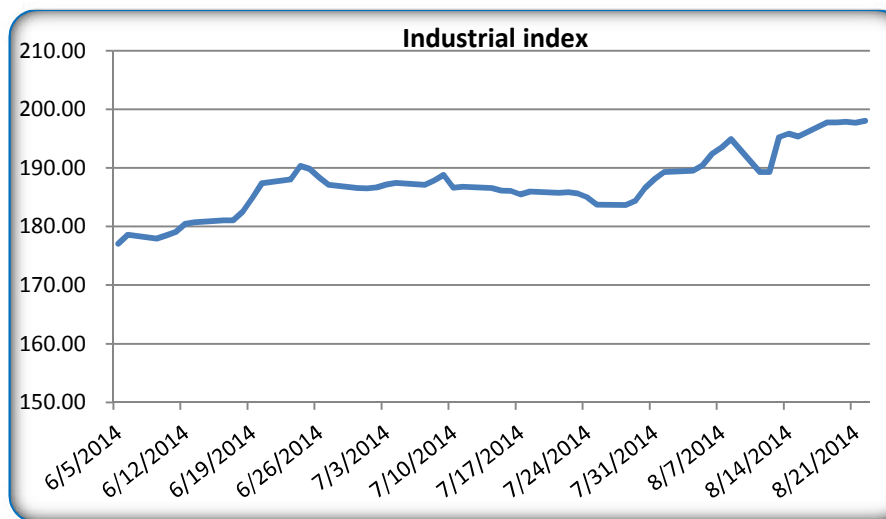
In relative terms foreign spend came off by -44% to \$4.33m against the comparable week with the 2 last sessions standing out as the worst save for a holiday shortened week in South Africa. Foreign funds have traditionally contributed about over 60% of the overall funds traded on the ZSE and the drastic performance was evident as turnover for the week closing session of \$0.28m dipped to the lowest in 36 sessions. Top performing Agro industrial company Natfoods was the most liquid stock in the week contributing 36% to the week's turnover as investors scrambled for the tightly held blue chip whose full year performance was above expectation. Traditional value drivers Econet and Inncor followed as investors relished the latter's low price.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
Willdale	0.20	33.33	100.	RADAR	3.00	40.00	62.50
MEDTECH	0.05	25.00	28.57	PIONEER	3.00	25.00	0.00
RTG	1.60	14.29	0.00	FIRST MUTUAL	5.10	15.14	36.25
MASIMBA	2.60	13.04	60.00	DAIRIBORD	10.00	13.04	33.33
AFRICAN SUN	2.10	5.00	22.22	HIPPO	65.00	7.14	27.79

Brick maker Willdale which remains in the shadow after a series of yearly losses yet remains confident of turning around operations after a successful recapitalisation early this year, went up by 33% in the to 0.2c to top the risers. Medtech gained 25% to 0.05c while RTG was 14.29% firmer by week end at 1.6c. The hotelier reported a marginal increase in revenue of 2% to \$13.5m. Revenue per average room declined by 11% to \$32 though the group remained profitable at operating level. RTG's new hotel property Rainbow Beitbridge Hotel weighed on the overall performance as it operated at entry level price. Peer hotelier African Sun gained 13% to 2.1c as they extended a cautionary on the proposed takeover by Brainwork Capital Management which they say is undergoing due diligence in the hands of the regulator.

Radar pared -40% to close at 3c after reporting a profit of \$0.27m following a readjustment in administration expenses. However revenue for the full year was marginally lower at \$8.2m. Pioneer fell by -25% to 3c while FML further lost -15.14% to 5.1c. Dairibord came off -13% to 10c while Hippo which held an AGM last week fallers set with a decline of -7% to 65c

### 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 Pearl &	: Mash; 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 in paying dividends
TSL		Attractive valuation and successfully completed a rationalization exercise with the results of impressive financial results coming up

## In the News...

### **RBZ debt takeover faces resistance**

the proposed takeover of the Reserve Bank of Zimbabwe debt faces stiff resistance as members of the public, bankers and the business community called for a thorough audit of the debt following revelations that the Government is not aware how part of the debt accrued and how some of the money raided from several accounts was used.

<http://www.herald.co.zw/rbz-debt-takeover-faces-resistance/>

### **ZPI revenue down 17pc**

ZIMRE Property Investments performance in the six months to June saw revenue decline 17 percent after a drop in rental income and a fall in projects sales.

<http://www.herald.co.zw/zpi-revenue-down-17pc/>

### **Rio Tinto plan to resuscitate Cam and Motor mine**

RioZim Limited will approach shareholders for equity funding to resuscitate mining at its Cam and Motor Mine project.

<http://www.herald.co.zw/rio-tinto-plan-to-resuscitate-cam-and-motor-mine/>

### **Unpacking Colcom's success story**

What a depressing reporting season it has been so far following a series of poor financial results by most companies. Given the challenges in the economy, various companies have fared poorly and there is a visible struggle for survival.

<http://www.herald.co.zw/unpacking-colcoms-success-story/>

### **Delta announces reduction in beer prices**

Delta Beverages has announced a review of beer prices across the whole portfolio except on pints. The new prices came into effect on September 15, 2014 and have already been communicated to their customers.

<http://www.herald.co.zw/delta-announces-reduction-in-beer-prices/>

### **Kansai ups stake in Astra**

Kansai Plascon Africa Limited and Hemistar Investments (Pvt) Ltd have taken up more than 80 percent stake in Astra Industries after a mandatory offer was made to minority shareholders in August this year

<http://www.herald.co.zw/kansai-ups-stake-in-astra/>

### **Edgars records decline in after-tax profit**

EDGARS Stores Limited has recorded a decline in after-tax profit to \$1,045 million for the 26 weeks ended July 5 2014 as compared to \$1,097 million due to rising expenses.

<https://www.newsday.co.zw/2014/09/19/edgars-records-decline-tax-profit/>

### **National Foods posts solid results**

NATIONAL Foods posted a solid set of results for the year ended 30 June 2014 on the back of an increase in volumes sold during the period under review.

<https://www.newsday.co.zw/2014/09/18/national-foods-posts-solid-results/>

### **Zim, Chinese ink \$4bn energy deal**

Energy secretary Partson Mbiriri has signed a memorandum of understanding with a Shanghai Electric (Shanghai)-led group for electricity generating projects countrywide. This comes as Zimbabwe grapples with an acute power shortage and the consortium has unveiled plans for the construction of a \$4 billion coal-fired plant in north western Zimbabwe...

<http://www.dailynews.co.zw/articles/2014/09/19/zim-chinese-ink-4bn-energy-deal>

### **Zim to seize unused mines**

Zimbabwe plans to seize unused mines and hand them to productive local and international miners, the country's Mines minister Walter Chidhakwa said. He said government would repossess the non-productive miners' claims...

<http://www.dailynews.co.zw/articles/2014/09/18/zim-to-seize-unused-mines>

**Zim eyes \$416m funding**

Zimbabwe expects to receive \$416 million from bilateral partners and multi-lateral institutions by year end, Finance minister Patrick Chinamasa said. He said the funds would be channelled towards bankrolling various economic activities outside the national budget framework...

<http://www.dailynews.co.zw/articles/2014/09/18/zim-eyes-416m-funding>

**FMHL loses \$1,8m to defunct banks**

Zimbabwe Stock Exchange-listed financial group, First Mutual Holdings Limited (FMHL), has lost \$1,8 million to collapsed banks...

<http://www.dailynews.co.zw/articles/2014/09/17/fmhl-loses-1-8m-to-defunct-banks>

**Bad debt reputation hounds Zim**

International lenders are reluctant to advance Zimbabwe credit lines because the country is heavily indebted and does not have capacity to repay, Finance minister Patrick Chinamasa has said...

<http://www.dailynews.co.zw/articles/2014/09/17/bad-debt-reputation-hounds-zim>

**Colcom refutes Angola plans**

Food processor, Colcom Foods Holdings (Colcom) has denied plans to venture into Angola in the near future. Colcom chief executive, Theo Kumalo, said the Inncor Africa's unit was always open to new business prospects but was not setting up shop in the oil-rich southern African country any time soon...

<http://www.dailynews.co.zw/articles/2014/09/16/colcom-refutes-angola-plans>

## Up Coming Events

Star Africa	AGM	Head Office, 45 Douglas Road, Workington	29 Sept 2014	1130AM
-------------	-----	--	--------------	--------

## CAUTIONARIES

### ISSUE DATE

CAUTIONARIES	ISSUE DATE	
AFRICAN SUN	6 <sup>th</sup> Dec 2013	Discussions on mandatory offer to minorities by Lengrah Investments
PGI	4 <sup>th</sup> Dec 2013	Negotiations that may have material effect on the future of the company
DAWN PROPERTIES	23 <sup>rd</sup> Mar 2014	Negotiations are underway over disposal of one of its hotel properties
WILLDALE	6 <sup>th</sup> May 2014	To approve rights issue
NICOZ & ZHL	11 <sup>TH</sup> Apr 2014	Negotiations over disposal and acquisitions respectively, of a business

## Notes

---

*This document has been prepared by EFE Securities (Private) Limited (EFE), for the information of its clients. Although the statements of fact in this report have been obtained from sources that the company believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions and estimates included in this report constitute the company's judgment as of the date of this report and are subject to change without notice. The securities discussed and mentioned in this report may not be suitable for all investors. Investors must make their own investment decisions based on their specific investment objectives and financial position and using such independent advisors they believe necessary. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. EFE and any of the individuals preparing this report may at any time have a long and/ or short position in any securities of companies in this report. In addition EFE may from time to time perform investment banking or other services for, or solicit investment banking or other business from any entity mentioned in this report. EFE may at times buy and sell shares on an agency or principal basis to its clients. Shares may rise or fall and investors may end up with a reduced amount from their initial capital invested. Additional information on EFE's recommended securities is available on request.*

---