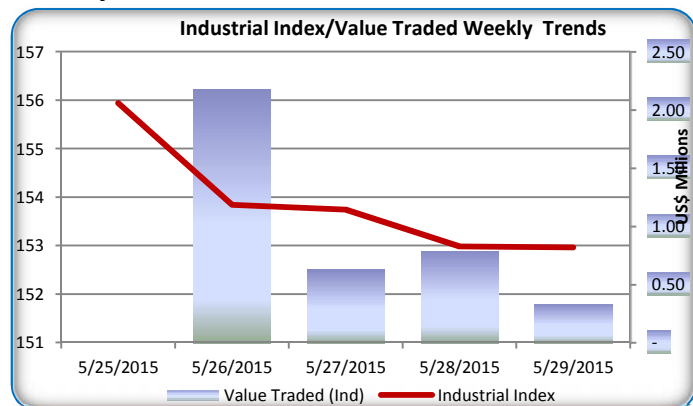
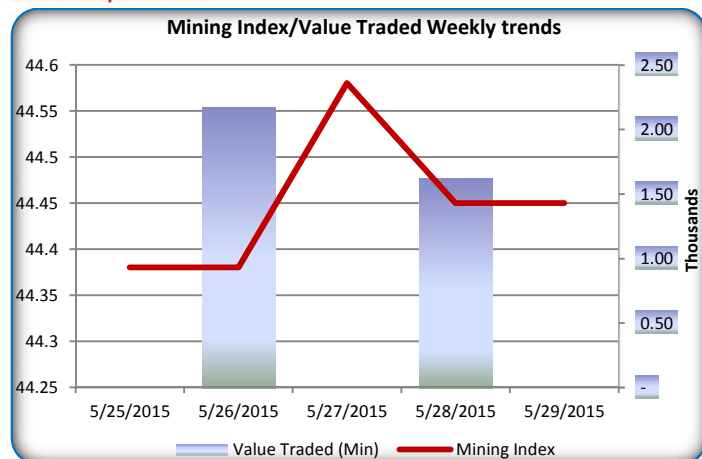


EFE Weekly Market Review 29 MAY 2015

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.

ZSE down as reporting season dampens mood...

The ongoing reporting season became the main dampener of the mood on the market as most performance matrices from the companies have been trending southwards. A combination of a difficult deflationary operating environment characterised by low demand has brought pressure to bear on revenues and margins for most companies prompting a wave of restructurings and realignments. While some companies have managed to maintain revenue levels or keep them within reasonable levels it is the other performance lines below the top-line that has proved difficult to sustain as margins continued to dwindle. All in all the reporting season has gone in the direction of expectations given the environment but some losses have exceeded the anticipated levels prompting the downwards pressures on stock prices

The final week of the month saw the main stream Industrial Index buckle under the pressure of weakening demand in selected stocks to register a 191 basis points decline to 152.96pts. This week's loss brought up a 604 basis points year to date retreat for the industrials while, for the month of May alone the market has shed 211 basis points.

Index	Level	%Δ	YTD %Δ
Industrial Index	152.96	1.91	6.04
Mining Index	44.45	0.16	38.01

The buoyant RioZim spurred the Mining Index to a second successive winning session albeit marginally as it put on 0.16% to 44.45pts. The mining however, are still carrying a huge 38.01% year to date loss after the slump earlier in the year.

Slower Week of trading...

Activity on the bourse was heavily subdued with all aggregates trekking southwards. An estimated \$2.91m in value of trades exchanged hands on the bourse for the week from trades in 25.02m shares compared to 183.6m shares that traded last week.

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Contacts:

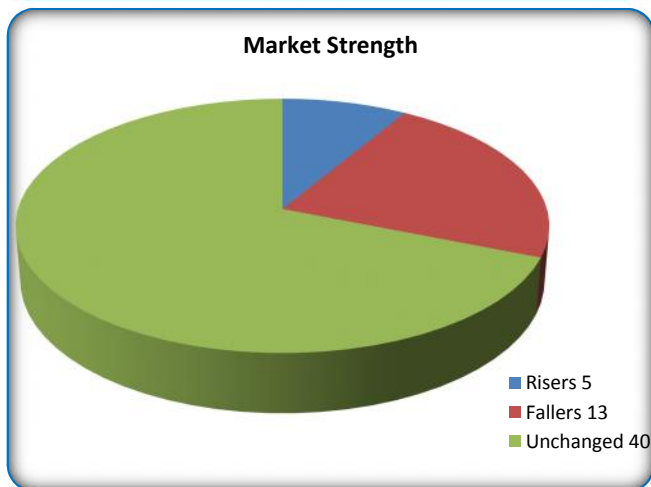
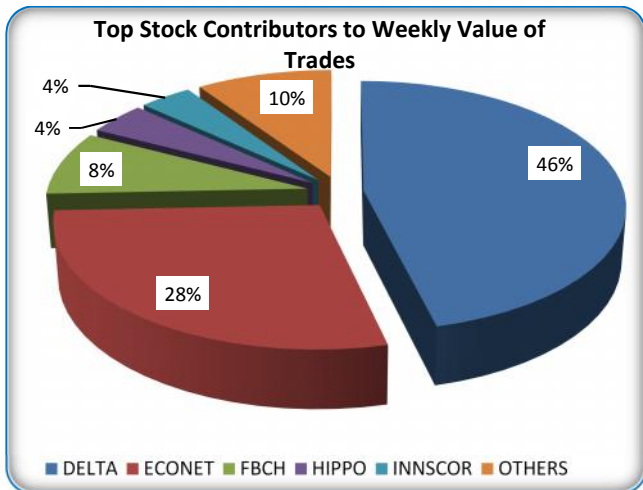
Edgeton Tsanga 0772277153

Chris Masendeke 0772135234

Phenias Mandaza 0772144334

Coreen Madanha 0772144333

Brenda Mwaturura 0782785666



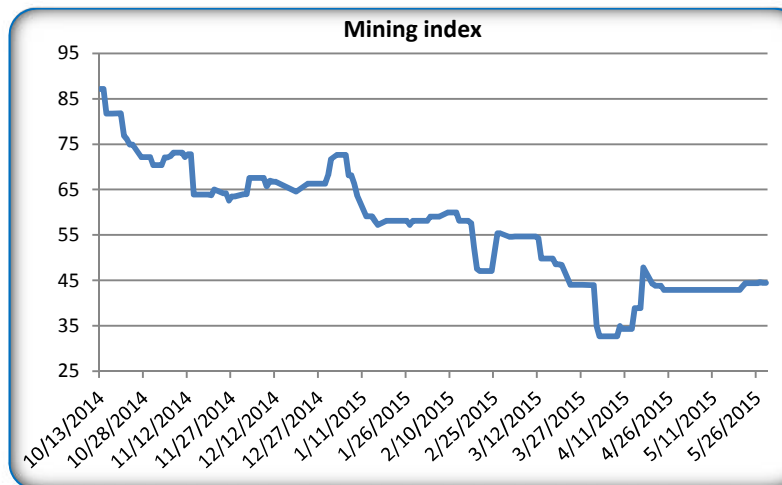
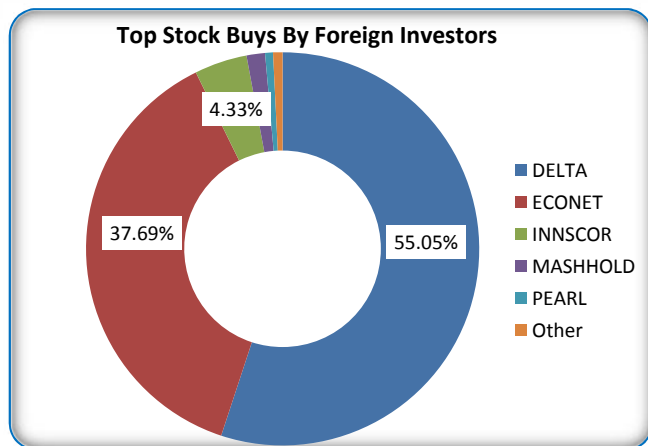
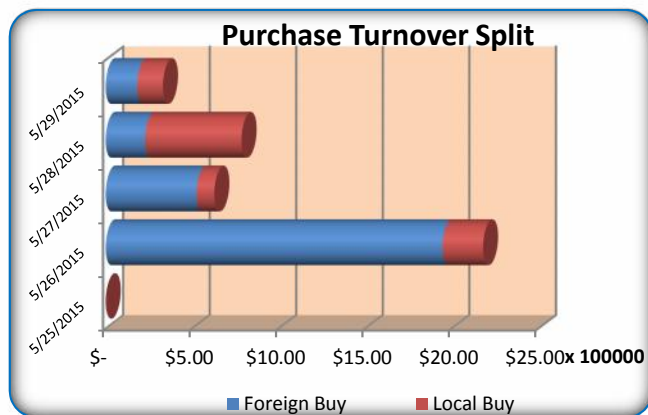
At those levels values were down 71.58% while volumes came off 86.37%. Foreign aggregates were similarly depressed with inflows at \$1.11m indicating a decline of 81.56% while outflows at \$1.63m were down 67.03% and the market was in a net funds outflow position of \$0.52m.

Top Five Risers				Worst Performers			
Counter	Price	%Δ	YTD %Δ	Counter	Price	%Δ	YTD %Δ
TRUWORTHS	1.20	50.00	140.00	PSPEED	1.50	31.82	0.00
MASIMBA	2.50	13.64	8.70	ARTZDR	0.50	16.67	6.25
RIOZIM	9.00	5.88	40.00	MEIKLES	7.50	14.77	66.67
INNSCOR	61.00	1.67	1.67	CAFCA	35.10	12.25	51.61
OLDMUTUAL	256.63	0.17	9.67	OK	9.00	10.00	29.80

The market was overly bearish this week closing with thirteen stocks on the downside compared to only five risers. Powerspeed was the worst performer after shedding 31.82% to 1.5c. ART followed with a 16.67% decline to 0.5c while Meikles was down 14.77% at 7.5c. Cable manufacturers CAFCA came off 12.25% to 35.10c as OKZIM was weighed down by a poor financial showing coming off 10% for the week and saw its shares exchanging hands at 9c. Econet led the heavy cap losses with an 8.16% retreat to 45c while Delta and PPC shed 1.78% and 1.59% to settle at respective prices of 105.1c and 123.01c.

The weekly market losses were mitigated by gains in five counters led by apparel retailers Truworths that managed a 50% resurgence to 1.2c while construction group Masimba whose shareholders approved the unbundling of its plastic products manufacturing unit Pro Plastics added 13.64% for the week and settled at 2.5c. Miners RioZim were up 5.88% on firming demand ahead of the opening of its rights offer. Innscor and Old Mutual were the heavy cap gainers for the week with gains of 1.67% and 0.17% closing at 61c and 256.63c respectively. The duo has seen firming demand in recent weeks though constrained supply has largely been a hindrance to notable trades in both Innscor and Old Mutual.

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...

Dawn posts year ending loss

DAWN Properties Limited has recorded a decline in after-tax profit to \$149 152 for the year ended March 31 2015 from \$2,2 million in 2014 due to losses from fair value adjustment on investment property.- <https://www.newsday.co.zw/2015/05/29/dawn-properties-posts-year-ending-loss/>

Dairibord revenue up 6%

Dairibord Zimbabwe Holdings has recorded revenue growth of 6% for the four months ending April 30 2015 due to changes in product mix, reduced steri production cost, increased contribution from the heifer scheme, cost containment measures and the performance of a Malawi venture.<https://www.newsday.co.zw/2015/05/29/dairibord-revenue-up-6/>

Okzim engages foreign suppliers

Zimbabwe Stock Exchange (ZSE)-listed retailer, OK Zimbabwe Limited (OK), says it is engaging foreign retailers for the manufacturing of in-shop brands to boost the group's revenues. <http://www.dailynews.co.zw/articles/2015/05/28/ok-zim-engages-foreign-suppliers>

Chinamasa defends presumptive tax

Finance minister Patrick Chinamasa says Zimbabwe's presumptive tax was in line with international trends and blamed small-to-medium enterprises (SMEs) for evading taxes. <http://www.dailynews.co.zw/articles/2015/05/28/chinamasa-defends-presumptive-tax>

Tongaat production down 9%

Zimbabwe's largest sugar producer, Tongaat Hulett, production declined by nine percent to 445 000 tonnes in the full year to March 2015 compared to 488 000 registered in the prior period due to low dam levels. <http://www.dailynews.co.zw/articles/2015/05/27/tongaat-production-down-9pc>

Business as usual at Telecel

EMBATTLED mobile phone company, Telecel Zimbabwe, has said it will continue to operate normally after the granting of a court order against the cancellation of their operating licence. <https://www.newsday.co.zw/2015/05/27/business-as-usual-at-telecel/>

Auction floors receipts dwindle

THE Tobacco Industry and Marketing Board (TIMB) says auction floors continue to receive less tobacco compared to contracted tobacco sales due to lack of free funding for farmers to support themselves. <https://www.newsday.co.zw/2015/05/27/auction-floor-receipts-dwindle/>

Meikles on WEF shortlist

The Zimbabwe Stock Exchange listed retail group, Meikles Limited has been shortlisted as a World Economic Forum Global Growth Companies 2015.

<http://www.herald.co.zw/meikles-on-wef-shortlist/>

Dairibord \$8m investment pays off

Dairibord Holding has started reaping the fruits of its \$8 million capital expenditure with a stellar performance between January and April where volumes went up by 22 percent. <http://www.herald.co.zw/dairibords-8m-investment-pays-off/>

Turnall requires \$2m for working capital

Turnall Holdings requires \$2 million working capital in the short-term in order to boost operations although there has been a vast improvement in performance following adoption of a cash trading model.

<http://www.herald.co.zw/turnall-requires-2m-for-working-capital/>

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
PEARL	AGM	Royal Harare Golf Club	29.05.15	1430hrs
PADENGA	AGM	Harare Royal Golf Club	29.05.15	0815hrs
LAFARGE	AGM	Manresa Club Arcturus Road, Harare	05.06.15	1130hrs
CFI	AGM	Harare Roya Golf Club	10.06.15	1100hrs

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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