SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

We have included summaries for the countries listed below, please click on the country name should you wish to navigate to it directly:

- Botswana
- Egypt
- Ghana
- Kenya
- Malawi
- Mauritius
- Nigeria
- Tanzania
- Zambia
- Zimbabwe

AFRICA STOCK EXCHANGE PERFORMANCE

Country	Index	4-Apr-14	11-Apr-14	WTD % Change Local	WTD % Change USD	YTD % Change Local	YTD % Change USD
Botswana	DCI	8,979.00	8,983.94	0.06%	1.66%	-0.77%	0.15%
Egypt	CASE 30	7,707.11	7,899.46	2.50%	2.47%	16.46%	15.72%
Ghana	GSE Comp Index	2,381.87	2,333.05	-2.05%	-3.83%	8.76%	-6.03%
Ivory Coast	BRVM Composite	245.12	240.53	-1.87%	-1.19%	3.67%	4.40%
Kenya	NSE 20	4908.75	4905.46	-0.07%	-0.08%	-0.44%	-0.53%
Malawi	Malawi All Share	12,988.73	13,135.15	1.13%	5.21%	4.82%	11.08%
Mauritius	SEMDEX	2,102.08	2,095.38	-0.32%	-0.31%	-0.01%	0.09%
	SEM 7	408.08	405.94	-0.52%	-0.52%	0.57%	0.67%
Namibia	Overall Index	1,098.90	1,090.80	-0.74%	1.49%	9.41%	10.35%
Nigeria	Nigeria All Share	38,712.76	39,083.66	0.96%	2.54%	-5.43%	-5.89%
Swaziland	All Share	284.32	284.32	0.00%	2.24%	-0.47%	0.38%
Tanzania	TSI	2,949.37	2,960.04	0.36%	0.72%	4.10%	1.75%
Tunisia	TunIndex	4,597.29	4,590.13	-0.16%	-0.01%	4.77%	8.81%
Zambia	LUSE All Share	5,814.49	5,994.50	3.10%	4.01%	12.07%	1.30%
Zimbabwe	Industrial Index	176.36	172.59	-2.14%	-2.14%	-14.61%	-14.61%
	Mining Index	28.53	28.82	1.02%	1.02%	-37.06%	-37.06%

CURRENCIES

Cur-rency	4-Apr-14 Close	11-Apr-14 Close	WTD % Change	YTD % Change
BWP	8.70	8.57 -	1.58 -	0.92
EGP	6.96	6.96	0.02	0.64
GHS	1.87	2.73	1.85	15.73
CFA	476.58	473.29 -	0.69 -	0.70
KES	85.16	85.16	0.01	0.09
MWK	405.05	389.34 -	3.88 -	5.64
MUR	28.99	28.99 -	0.01 -	0.10
NAD	10.63	10.40 -	2.20 -	0.85
NGN	162.82	160.31 -	1.54	0.49
SZL	10.63	160.31 -	2.20 -	0.85
TZS	1,598.33	1,592.71 -	0.35	2.31
TND	1.58	1.58 -	0.14 -	3.72
ZMW	6.13	6.08 -	0.88	10.63

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

<u>Egypt</u>

Corporate News

No Corporate News This Week

Economic News

A law banning third-party challenges to contracts signed by the Egyptian government will be sent to the cabinet by next week, trade and investment minister Mounir Fakhry Abdel Nour said on Sunday. The law is intended to reassure and attract investors unnerved by a host of legal challenges made in particular to sales of property and companies by the Mubarak government, some of which have left those firms in legal limbo. Egypt's economy has been battered by three years of political turmoil and wants to attract foreign investment to replenish its depleted foreign reserves and spur growth. "There won't be a third-party appeal. The appeal will be left to parties to the contract," Abdel Nour told reporters at a news conference. He said there would be exceptions, but declined to give details. Since the uprising that toppled president Hosni Mubarak in 2011, Egyptian courts have issued more than 10 rulings ordering the state to reverse deals signed by his administration. The suits have been brought by activists and lawyers who allege that companies were sold off too cheaply in deals that were representative of corrupt business practices during the Mubarak era. The challenges mean many companies bought by Gulf Arab investors are at risk of renationalisation. Gulf Arab businessmen have repeatedly cited a lack of guarantees that their money will be safe in Egypt as a reason for holding back investment. "The first part (of the new law) is going to be presented tomorrow to the economic committee ... If it's approved, it will be... presented to the cabinet for approval as soon as it is ready, whether this Thursday or next Thursday," Abdel Nour said. In the absence of a parliament, laws approved by the cabinet need approval from the president. Parliamentary elections are due to take place within months. The new law is likely to be separate from the investment law which is also currently under review, Abdel Nour said, to apply to "contracts in general, not necessarily limited to investments". He did not give further details. Amendments to ban third-party appeals to contracts between investors and the government were first drafted by the last government, which resigned in February. The draft was subsequently resent to the new cabinet for revision and is currently with Abdel Nour's ministry. *(Reuters)*

Construction of Egypt's largest oil refinery, with capacity to produce half the volume of diesel currently being imported, is expected to begin next week, the project leader said. The Egyptian Refinery Company (ERC) plant, 20 kilometres north of Cairo, will use fuel oil produced by an old refinery nearby as feedstock to produce 2.3 million tonnes of diesel per year. It should cut Egypt's reliance on imports of crude oil and petroleum products which have become a severe drain on the government's scarce foreign currency reserves. "It's been a long and arduous battle but we're finally getting there," Tom Thomason, chief executive of ERC, said in a phone interview this week. "Cairo is a very big market for diesel ... Our project will avoid importing and shipping costs as we're right here," Thomason said. ERC hopes to bring the refinery onstream by early 2017, he said. The refinery was proposed in 2006 but efforts to secure financing were frustrated by the financial crisis of 2008-09 and then by the Egyptian uprising of 2011 that toppled former president Hosni Mubarak. "The world kind of stopped for us at these points but we got over it and then finally reached financial close in June 2012," Thomason said. ERC has secured funding through a $2.6 billion debt package and $1.1 billion in equity provided by the Egyptian General Petroleum Corporation (EGPC), Qatar Petroleum International and Egyptian private equity firm Citadel Capital, among others.

Cairo is trying to meet its growing fuel needs through donations from oil-producing Gulf nations that supported the army's ouster of Islamist President Mohamed Mursi last July. Diesel shortages stoked existing public anger and mass protests that preceded Mursi's removal and his administration was largely blamed for the supply problems. A lack of gas or alternative fuels to fire power stations has caused frequent blackouts in recent summers in a country where air conditioning use soars from May to August. Less than a year after Mursi was deposed, Egypt's annual summer supply problems appear to be getting worse. The power cuts have already started this spring, despite temperatures in April far lower than during the peak summer season. And there seems little hope of Egyptians enjoying stable energy supplies until the root causes - massive fuel subsidies - are tackled. Cairo spends $15 billion a year, a fifth of the state budget, on keeping fuel pump prices at

well below international market rates. Yet this means Egyptians have no incentive to curb consumption of fuel that costs state-run suppliers much more to buy than they sell it for. Since the ouster of Mursi, Gulf Arab donors have propped up Egypt's new military government with multi-billion dollar gifts, including $4 billion in oil products. Once the new refinery is built, ERC will buy its feedstock from the Cairo Oil Refinery Company and sell the diesel it produces to the government at international market prices under a 25-year deal. The refinery should help state-run EGPC, which owns nearly a quarter of the project, save around $300 million a year. It could also prove a test case for Egypt's other, aging refineries in need of upgrades. "Egypt's refineries are very old, some of them are so old they are like antiques, so yes this project has the potential for replication," Thomason said. *(Reuters)*

Egypt's annual core inflation, which strips out subsidised goods and volatile items including fruit and vegetables, increased to 9.9 percent in March from 9.7 percent in February, the central bank said on Thursday. Egypt's economy has been hit by three years of political turmoil since the 2011 uprising that swept veteran autocrat Hosni Mubarak from power, leaving foreign investors and tourists unnerved. Economic recovery has been limited in spite of billions of dollars in aid from Gulf Arab states after the army's ouster of Islamist President Mohamed Mursi last July, allowing the interim authorities to launch two stimulus packages. Foreign currency shortages have fuelled a thriving black market where the dollar is trading at around 7.47 Egyptian pounds compared with around 6.97 pounds in the official market. Egypt's annual urban consumer inflation rate stood at 9.8 percent in March, unchanged from February, the country's official statistics agency CAPMAS said earlier on Thursday. Annual inflation had reached its highest rate in nearly four years in November but has been falling back since then. Egypt's M2 money supply rose 17.02 percent in the year to the end of February, the central bank said last month. *(Reuters)*

Ghana

Corporate News

No Corporate News This Week

Economic News

Ghana is paying over-the-odds for its domestic debt but foreign investors are not fleeing the market even though the government has missed a string of fiscal targets, central bank Governor Henry Kofi Wampah told a Reuters Africa Summit. The country has seen sustained gross domestic product (GDP) growth above 8 percent for five years making it a star African economy but some investors are rethinking their approach to the country because of macro economic instability. In particular, authorities are wrestling to control a budget deficit that stood at 10.8 percent in 2013 and to close a balance of payments gap, as well as stem rising inflation and a slide in the cedi currency, which has lost 14.6 percent of its value against the dollar this year. As a result, the government has delayed plans to issue a Eurobond this year, though it is going ahead with a non-deal roadshow in Washington. At the same time, the yield on the benchmark 91-day bill rose to 23.9862 percent at its April 4 auction from 23.6876 percent at the previous sale, the highest level in around three years. "Yes, we are having to pay a little high for our bonds but the good news is that foreign investors are not repatriating their investments out," Wampah told Reuters. "Our observation is that some of them are rather coming back to buy the bonds - in our secondary market, of course - because they find the yield attractive," he said. Wampah said the government could still meet its target of bringing down the deficit to 8.5 percent this year. But the biggest concern for the economy is that fiscal instability will blunt GDP growth. In an acknowledgement of the problem, Wampah said 2014 growth would likely stand at around 6 percent. That figure is lower than the 8 percent target set by Finance Minister Seth Terkper in November's annual budget but higher than the 4.8 percent projected by the International Monetary Fund. "We can achieve this year's deficit target. Looking at revenues for the first two months the numbers have started picking up in all the various fields. Also, expenditure is well under control and a bit lower than projected for the period," he said. "The first quarter has always been difficult because revenues don't come as quickly as expected so some of those expenditures that have come upfront will not recur subsequently," he said. The policy focus for deficit reduction in 2014 remains on bringing down the public sector wage bill. The government has already taken radical action by slashing subsidies on utilities and fuel from 1.3 billion cedis to just 15 million, he said. President John Mahama has reassured donors concerned about the missed fiscal targets. Wampah said he was confident they would not withhold budget support as they did in 2013 to the tune of $700 million, he said. "The president met them and gave them the assurance that Ghana will not exceed its spending this time round. I think they are worried about the past two years and us not meeting the targets and they wanted assurances that the target would be met this time round," he said. *(Reuters)*

For a decade, Ghana powered ahead as it started pumping oil, won debt forgiveness, achieved coveted middle-income status and saw five years of economic growth above 8 percent that made it the envy of other African nations. Now it has hit a roadblock and Ghanaian officials are set to discuss new policy options at annual meetings of the International Monetary Fund (IMF) and the World Bank in Washington this week. Those meetings could also see Ghana explore some form of IMF financial support, Finance Minister Seth Terkper told the Reuters Africa Summit. A weakening currency and a stubborn budget deficit are among problems that are starting to lower the country's growth trajectory and spook investors. Ordinary people are feeling the pinch not least as cuts to utility and fuel subsidy cuts last year, introduced by the government in a bid to reduce the deficit, helped push inflation to a four-year high of 14.5 percent in March. Traders at Markola market in Accra routinely travel to southern China for cheap goods, buying dollars on Ghana's foreign exchange market and converting them to Chinese yuan to import everything from fake Armani jeans to kitchenware. Those business trips are getting pricier because of a 14.6 percent fall in the cedi currency this year caused by unmet demand for dollars for imports and fiscal instability. "It's very difficult these days. There's no money in the system," said trader Emmanuel Mensah. "The petrol price increase is not helping and the dollar

is just going up." Ghana's economy grew 7.1 percent last year, down from 8.8 percent in 2012, according to government figures. The IMF estimated growth at 5.5 percent in 2013 while the budget deficit stood at 10.8 percent of gross domestic product. "We are not really seeing Ghana now as the most dynamic economy on the continent," said Carlos Lopes, Executive Secretary of the U.N. Economic Commission for Africa, adding that Ivory Coast and Sierra Leone were more active.

Economists say a radical shift in policy is required to get Ghana's economy back on track. Without it, they warn that bond yields will rise towards 25 percent, inflation will inch higher and the cedi will continue to slide. The European Union held back around 64 million euros ($88.8 million) in budget support in 2013, saying it doubted the credibility of the fiscal stabilization plan, and it is yet to disburse around 120 million euros available this year for the same purpose. But it may not be easy to win public support for painful measures including a freeze in public sector wages that Terkper advocated in a major policy speech to parliament last week. "One of the difficulties we've had, not only this government but also the previous government, is managing the expectations of Ghanaians," President John Mahama told the Reuters Africa Summit this week. "The general feeling was that as soon as Ghana started pumping oil all our problems were going to be solved." While Terkper favours a wage freeze, the Trades Union Congress (TUC) told Reuters it had asked the government for a 20 percent wage hike. Unions staged pay strikes in 2013. "They should not only consider the view of the ratings agencies and the markets. They should consider the views of Ghanaians, the people who live here," Yaw Baah, deputy secretary general of the TUC, told Reuters. Concerns about fiscal policy would matter less if Ghana was still beholden mainly to donors to fund its growth, but analysts say its debt is increasingly held by investors less tolerant of policy weakness. Ghana has put a planned Eurobond, which could be worth up to $1 billion, on hold in a move economists said was driven by the high yields they would pay given concerns about the economy.

The country of 25 million is viewed as a role model in Africa because of its strong economy, which is based on exports of cocoa, gold and oil and is rooted in a peaceful democracy. Ministers say financial markets are not giving the government credit for cutting subsidies last year and argue that an interest rate rise and other measures to support the currency will work over time. Unforeseen factors exacerbated fiscal weakness last year, they say, including a ruptured gas pipeline, falling commodity prices and a prolonged legal battle over a 2012 presidential election. President Mahama said Ghana's medium-term outlook is rosy as gold prices rise and oil output increases, bringing further revenue to government coffers. As more people join the middle class, consumer spending will also increase. Terkper acknowledges the need to convince investors, however, and said the government will be discussing options with IMF and World Bank officials. One person close to the policymaking process said the government could opt for a plan drawn up by the government that included short- and medium-term targets for spending and revenues but was effectively vetted by the IMF. The government would probably unveil such a plan when parliament returns in May. "We will be talking to them at this (week's) meetings on various options, including possible assistance programmes," Terkper said. "We are committed to this 'home grown' programme and we believe it will work." Economists say a key plank of the plan will be the one-year freeze on public sector wages.

Wage talks between the government and the TUC began in earnest a week ago in a conference room at the national stadium in Accra, but unions show no sign of backing down so far. Baah said militancy among the TUC's 500,000 members was at its highest level in years. "We've told government we'll never accept a pay freeze. Never , we're prepared to fight and fight until we win," he said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Kenya

Corporate News

Kenya's NIC Bank said on Tuesday it had received regulatory approval for a bonus share issue of one new ordinary share for every 10 fully paid up ordinary shares. Ranked in the second tier of Kenyan banks, NIC said in a statement that the bonus share issue remained subject to shareholder approval. The bank, which also operates in Tanzania and Uganda, posted an 11 percent rise in pretax profit in 2013, helped by growth in net interest income. The new shares would be issued to shareholders on May 8, the bank said. *(Reuters)*

Bidco, one of Kenya's leading manufacturers of consumer goods, will invest about $200 million by 2017 in new product categories to meet growing demand, the head of the company said. Managing Director Vimal Shah told the Reuters Africa Investment Summit on Thursday that the group expects its annual revenue from Kenya to grow by four times in that period from the present $250 million thanks to the investments. Family-owned Bidco gets another $250 million in annual revenue from its operations in other African nations. It has factories in neighbouring Uganda, Tanzania and Rwanda, from where it exports to 14 other African markets. Shah said the group would invest in new production lines and factories and diversify into food and hygiene products like toothpaste, moving its present focus on edible oils and soap. He attributed the investment plan to growing demand for consumer goods, which is projected to rise further on the back of population growth. "It is demand-led. It is a consumption story," he said on Thursday. Bidco could sell its shares to the public in ten years after it has taken advantage of the available growth opportunities, Shah said. Kenya's population of about 40 million people is expected to rise to 60 million by 2030, accompanied by increased urbanisation, Shah said. He likened the demographics in Kenya and other African markets to a pyramid which is expected to grow from the bottom towards its middle. "That middle bulge is going to be the consumer," he said. Bidco, which makes Kimbo vegetable fat, various margarines and soaps, will add staples like wheat, rice and sugar to its product range through the investments, which is being funded mainly through bank debt. The growth plan may, however, be curbed by a lack of suitable land to cultivate raw materials. "Land availability is a big problem in Kenya," Shah said. In neighbouring Uganda, Bidco has only managed to plant 10,000 hectares of palm oil out of an initial target of 26,000 hectares due to lack of land.

The plantation supplies less than 15 percent of the firm's requirement for palm oil in its Ugandan operation, frustrating its efforts to substitute imports of palm oil from Indonesia. Undeterred, the company is casting its eye over other crops used in production, offering small -scale farmers in Kenya purchase contracts. "We are ramping up our agricultural activities in east Africa... We are looking at sunflower and Soya beans on a massive scale," Shah said. He said the risks on the continent, like rampant youth unemployment, could be turned into an opportunity by African governments through training of young people and exporting labour to the rest of the world. "We have got to turn it around. Rather than (saying it is) a challenge we have to say this is an opportunity," he said. Perceptions about the continent better known in the past for wars famine and coups are changing in tandem with faster rates of economic expansion and Shah said foreign investors looking for good returns should not wait too long to get in. "Africa is not a bubble. Africa is happening, it is a reality... The opportunity in uncertainty is massive," he said. *(Reuters)*

Kenya Airways expects to return to full-year profit, its commercial director said on Thursday, as the carrier announced a deal to broaden its presence in Africa's nascent low-cost airline market. Among Africa's largest airlines, it is expanding its fleet with nine Boeing Co. 787 Dreamliners due for delivery by July 2015 and the launch this month of low-cost offshoot Jambojet. "The airline is about to embark on a very strong growth path," said Commercial Director Gerald Clarke, as the carrier looks to rebound from a pretax loss of 10.826 billion shillings ($124.97 million) in the year which ended in March 2013. Its results are due on June 12. Kenya's first budget airline, Jambojet, takes its name from the Swahili for "hello" and aims to carry 6O0,000 passengers in its first year. Clarke told a news conference in Nairobi that Kenya Airways had also signed a marketing and code sharing partnership with South African budget airline kulula.com owned by Comair Ltd. This will involve branding and code sharing on flights serving South African cities including Cape Town, Durban, George and East London as well as multiple daily flights between Nairobi and Johannesburg. Clarke said Kenya Airways would seek similar tie-ups with other low-cost carriers across the continent. *(Reuters)*

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Economic News

Kenya's shilling remained shackled to 86.60/70 in early trading on Tuesday, supported by expectations that the central bank will keep draining excess liquidity from the money market, traders said. The 86.60/70 level - where the shilling ended Monday - was nudging the local currency's support level, market participants said. "It's at its top. It's a good opportunity for exporters, they've been sniffing around," said Sheikh Mehran, senior trader at Kenya Commercial Bank. Traders anticipated the Central Bank of Kenya would maintain its policy of absorbing excess liquidity to support the shilling. Taking shillings out of the market helps lift the overnight lending rate, making it more expensive for banks to hold long dollar positions. The central bank mopped up 10.9 billion shillings ($125.8 million) on Monday. Bank of Africa said there was reduced dollar demand from corporate clients now that the typical end-month rush for dollars had subsided. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' annual average inflation rate rose to 3.9 percent in February from 3.7 percent a month earlier due to higher costs of food and non alcoholic beverages, clothing and footwear, the statistics office said on Friday. The year-on-year rate of inflation, used by the Indian Ocean island's policymakers to determine monetary policy, jumped to 5.6 percent from 5.1 percent, Statistics Mauritius said. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Nigeria

Corporate News

Diamond Bank Plc (DIAMONDB), a Nigerian lender with operations in four other West African nations, plans to boost customer deposits to offset the impact of tougher regulatory requirements on earnings. Higher cash reserve requirements imposed by the central bankcrimped profit last year by 3 billion naira ($18.3 million), according to the Lagos-based bank's chief financial officer, Abdulrahman Yinusa. "It did affect us," Yinusa said in a telephone interview from Lagos,Nigeria's commercial capital. "Higher volume of customer deposits will help us reduce the effect." The Central Bank of Nigeria increased cash reserve requirements on public sector deposits to 75 percent from 50 percent last year and also told lenders to lower fees and commissions to reduce costs to customers. The regulator raised requirements on private deposits to 15 percent from 12 percent on March 25 to reduce liquidity and support the naira. Customer deposits rose by almost a third to 1.2 trillion naira last year, helping to boost Diamond Bank's profit by about 29 percent to 28.6 billion naira, according to March 28 filing to the Nigerian Stock Exchange. The lender plans to grow its loan book by 10 percent to 15 percent this year, with the bulk of that going to finance upstream oil and gas as well as telecom assets, Yinusa said. Return on equity is targeted from 25 percent to 30 percent against 22 percent in 2013, while return on assets is projected to climb to about 5 percent from 4.5 percent, he said. Diamond Bank's shares declined 0.6 percent to 6.37 naira at close of trading in Lagos. They have dropped 13 percent this year, compared with a 6.3 percent fall in the Nigerian Stock Exchange All Share Index. *(Bloomberg)*

Oando Plc, Nigeria's leading indigenous energy group, listed on both the Nigerian and Johannesburg Stock Exchange, said it had completed the sale of its subsidiary East Horizon Gas Company (EHGC) for $250 million to Seven Energy Limited. Wale Tinubu, group chief executive, Oando Plc, said: "This transaction aligns with our corporate strategy, as the proceeds of the sale will boost the group's overall liquidity in furtherance of our main growth initiatives in the Upstream." The company said the EHGC sale underlined its desire to divest into the more profitable upstream, whilst rationalising its present business portfolio to reflect key opportunities for growth and value extraction. EHGC was originally set up as an Oando midstream special purpose vehicle to build and operate an 18-inch, 128km natural gas transmission and distribution pipeline with a capacity of 100mmscf/d, traversing Akwa Ibom and Cross River States. The company said the divestment of the asset signified a considerable profit margin for the company, and validated the intrinsic value that lies within its gas business and indeed, the midstream sector. "This is testament to the enabling environment evolving in the midstream created by the Nigerian government. This validation is likely to attract more funding and instill confidence in potential investors in infrastructure development and pipeline networks in the midstream." He said the company remained steadfast in its commitment to grow the midstream business, evidenced by ongoing expansion efforts of its various assets, including the construction of the 4th phase of its Greater Lagos pipeline to increase capacity and customer base in Lagos; the enhancement of its newly acquired Port Harcourt pipeline franchise; the growth of its Compressed Natural Gas distribution programme, commissioned in 2013; and the increase in its power generation to 23.55 megawatts (MW), with the addition of a 2nd power plant, the 10.4MW Alausa IPP. "We also have projects which are at the conceptualisation phase and are expected to create value for us in the longer term; the 400km SW-NW EIIJ pipeline and the Central Processing Facility that will serve as a gas gathering and processing hub in the Niger Delta," Tinubu said. Oando said its commitment to the development of midstream infrastructure and energy solutions aims to unlock and harness the available vast resource potential of Nigeria, thereby reducing the perennial power challenges currently plaguing the country. *(Business Day)*

In 1965, Julius Berger was awarded a contract to engineer, build and construct a major infrastructure project in Nigeria – the Eko Bridge in Lagos. This was the foundation of Julius Berger's commitment to Nigeria. Following this initial project, the company began to diversify its portfolio and its growth started to run in parallel to the development of Nigeria. In 1970, Julius Berger's legal structure was changed into a Limited Company (Ltd.), later to be transformed into a Public Limited Company (Plc), listed on the Nigerian Stock Exchange in 1991. Throughout this time, Julius Berger's role in the development of Nigeria was also evolving. Proven to be a company that consistently delivered reliable solutions, Julius Berger became a pivotal partner in the building of the country's fledgling industrial and civil infrastructure, and also a key collaborator in the development of Nigeria's new capital, Abuja. Today, Julius Berger maintains its role as an integral partner

in Nigeria's construction industry, laying the foundations for the country's economic progress and development. The company has 1.2 billion shares outstanding with shareholders funds of N21.03 billion as at the end of December 2013.

For the year ended December 2013, Julius Berger Plc, a company that offers contracting services in Nigeria grew gross revenues by 5.54 percent year on year to N212.73 billion from N201.56 billion same period of the prior year (FY12). Profit before tax (PBT) in the review period spiked by 31.43 percent y/y to N16.22 billion as against N12.34 billion as at FY2013. Due to increased tax payment which doubled in the prior year, profit after tax (PAT) reduced by 2 percent y/y to N7.85 billion in 12M13 from N8.0 billion in 12M12. The company was able to reduce the pace of growth of costs as cost of sales rose slightly by 2.81 percent y/y to N161.13 billion compared to N156.72 billion in 12M12, hence cost of sales margin dropped to 75.77 percent in FY13 from 77.61 as at FY12. The reduction in production cost aforementioned above has impacted positively on gross profits as it grew by 15.08 percent to N51.60 billion in FY13 from N44.83 billion as at FY12, thus gross profit margins jumped to 24.25 percent in 12M13 as against 22.24 percent in 12M12. Operating expenses for the year ended December 2013 rose by 2.75 percent y/y to N32.73 billion compared to N31.86 billion as at FY2013, while operating expenses ratio remained flat at 15 percent. Net margins, a measure of profitability and efficiency remained flat at 3 percent in FY13 while operating profit margin increased to 8.86 percent as against 6.4 percent as at FY12. Finance costs were up 9.30 percent y/y to N2.96 billion in 12M13 from N2.71 billion in 12M12, while total borrowings grew by 213.28 percent y/y to N25.71 billion as at FY13. In addition, the company is highly levered as more outside funds are used to finance its operation thus debt ratio were as high as 725.6 percent in the review period. Return on Average Assets (ROAA) slumped to 3.45 percent in FY13 from 4.46 percent as at FY12, while Return on Average Equity (ROAE) shrank to 37.14 percent in 12M13 as against 53 percent in 12M13 . It takes 83 days for the company to collect money owned to it from customers which explains the 24.09 percent increase in trade and other receivables to N53.71 billion in FY13 compared to N43.28 billion as at FY12. Julius Berger's total assets were up by 26.94 percent y/y to N227.26 billion as at the end of December 2013 from N179.03 billion corresponding period of 2012. The company's shares are down 45.13 percent in the past year to close at N71.25-April 2rd 2013 on the floor of the Exchange. Julius Berger had a market capitalization of N85.02 billion on the same day. The company is also willing to reward its owners with a proposed dividend of NGN2.70k/share, (up from NGN2.50 in 2012FY) implying a dividend/Yield of 3.79 percent at the current market price. Current Price earnings Ratio (P/E) and estimated P/E were 10.69x and 10.59 respectively. The company also has Price to Book and Price to sales ratio of 5.65 xs and 0.42 on the same day. *(Business Day)*

FCMB Group Plc has released its financials for the year ended December 31, 2013, reporting a profit before tax (PBT) of N18.2 billion, up 12 percent from prior year. The Group also returned to dividend payment, with proposed dividend of 30kobo/share. The Group reported improved earnings growth in 2013, in spite of the challenging regulatory environment. Net revenue rose 16 percent to N84.2billion over the prior year. Successful execution of retail strategy, growth of bancassurance and FinBank merger synergies provided necessary revenue growth impetus. The Group also reported a number of significant developments in key operating areas. In 2013, deposits grew 11 percent to N715 billion, aided by 21.1 percent growth in current and savings accounts, while fixed deposits declined during the year. Consequently, the bank's funding mix has improved, with current and savings accounts now accounting for 73.9 percent of total deposits, which saw a reduction in the banks cost of funds during the year in spite of the fact that interest rates remained high throughout 2013. Loans and advances also grew 26 percent to N451billion, retail lending, oil and gas and power sector financing were the largest contributors to this growth. FCMB Plc's total assets (excluding contingencies) now stand above N1trillion. Individual and SME banking combined, now accounts for 44 percent of total deposits, 32 percent of risk assets and 19 percent of profits. FCMB Limited, the banking subsidiary, continues to improve the soundness of its balance sheet and credit standing. In the recently released 2013 financial statements, the bank exhibited abundant liquidity (liquidity ratio of 47 percent) and robust capital base (capital adequacy ratio of 18 percent), that protects against downside risks and supports future business growth, without immediate need for raising capital.

The banking group subsidiary has also become one of the leading retail loan originators in the country. This has resulted in an increasingly diversified loan book and continually declining loan loss provisions over the last 3 years. During the year, the UK subsidiary, FCMB (UK) Ltd, was granted approval by the Bank of England's Prudential Regulatory Authority (PRA) to commence deposit taking activities for businesses and corporate organization, expanding its existing stock broking and corporate finance activities. Peter Obaseki, Managing Director of FCMB

Group Plc, said:"2013 saw the Group being able to record appreciable growth in profits and resume dividend payments. Returns on average equity and average assets fell by 4.3 percent and 16.6 percent, respectively, over the 2012 full year level, as a result of higher tax. The Group's non-banking subsidiaries, CSL Stockbrokers (CSLS) and FCMB Capital Markets (FCMB CM), while contributing only 2 percent of group profits, not only enabled the bank grow its customer wallet share, but also won new customers through advisory services that eventually led to transaction banking relationships. These businesses also consolidated their market positions. CSLS maintained its position as third largest broker, whilst increasing its market share. CSLS also saw a 100 percent growth in volumes traded on the Nigerian Stock Exchange (NSE). " Key highlights from FCMB CM's year included deal flows of approximately N378 billion and net operating earnings growth of 206 percent, enabled by project and structured finance advisory and arrangement activities. FCMB CM also actively participated in buy-side advisory and capital-raising mandates in the Power sector's privatisation and acted as the sole local advisor on the first Greenfield International Power Producer project financing, under the new tariff regime.

Ladi Balogun, Group Managing Director/CEO of FCMB Limited, commented on the results thus:"In spite of the challenging regulatory environment which moderated profit growth, 2013 saw our commercial and retail banking activities benefit greatly from the merger that was concluded in 2012. Specifically, the improved liquidity profile of the bank provided an adequate buffer against the cash reserve withdrawals, and the enlarged branch network enabled us to achieve over 66 percent growth in retail loans, 22 percent growth in current and savings account balances and acquire over 400,000 new customers." FCMB's focus in 2014 will be to improve operating efficiency, consolidating its position in retail lending, whilst also growing corporate and commercial banking volumes in strategic sectors of the economy, according to Balogun.*(Business Day)*

Mobil Oil Nigeria Plc is a subsidiary of Exxon Mobil. The Company operates in the integrated oil and gas industry. Mobil Oil Nigeria is engaged in the production and marketing of petrochemicals (gasoline, motor oils, lubricants, marine and jet fuels, etc.), packaging films and other chemical products. The company has 360.60 million shares outstanding with shareholders fund of N9.53 billion as at December 31, 2013. Mobil Nigeria Plc is the nation's second-biggest fuel retailer by market value. Its gross revenues for the year ended December 2013 fell by 3 percent year on year (y/y) to N78.74 billion from N80.80 billion in the same period of prior year (FY12). Mobil's inability to grow premium spirit sales as expected may have dampened earnings growth. Also, volatility in base oil prices in the international markets may not have supported gross margins in the review period. Profit before tax (PBT) in the review period however surged by 26 percent y/y to N5.12 billion as against N4 billion as at FY13. In addition, profit after tax (PAT) also spiked by 21 percent y/y to N3.48 billion compared to N2.87 billion as at FY12. Earnings per share EPS increased by 13 percent to 965k from 856k in FY 2012. Despite the dwindling performance in top line performance, the company was able to record an impressive operational efficiency as cost of sales margin reduced to 87 percent in FY13 from 89 percent in 2012, while cost of sales declined by 5 percent to N68.86 billion in FY13. Consequently, gross profits were up by 21.11 percent y/y to N9.94 billion in 12M13 compared to N8.211 billion in 12M12, while gross margin climbed to 12 percent in FY13 from 10 percent as at FY12. Net margin in the review period increased to 4.42 percent compared to 3.56 percent in 2012.

Operating expenses for the year ended December 2013 grew by 14.4 percent y/y to N8.322 billion as against N7.27 billion in 2012, while operating expense ratio increased to 10 percent in 2013 from 9 percent in 2012. Finance costs shrank by 49 percent y/y to N151.9 million in 2013 as against N298.86 million in 2012, while long term borrowings spiked by 77 percent to N1.08 billion in 2013. Mobil's total assets for the year ended December 2013 expanded by 21.37 percent y/y to N40.72 billion as against N33.55 billion in 2012. The company's share price has increased by 5.23 percent in the past year to close at N125- April 3rd 2014- on the floor of the Nigeria Stock Exchange (NSE). Market capitalization of Mobil on the same day was N45.07 billion. *(Business Day)*

The Group Managing Director/Chief Executive Officer of the United Bank for Africa Plc (UBA), Mr. Phillips Oduoza, has said that the bank has slowed down its aggressive expansion across the continent as it consolidates its operations in 19 different countries and meets commitments to fund large power projects in Nigeria. He also told investors at the Reuters Africa Investment Summit that UBA's stronger 2013 profits was largely driven by a 25 per cent surge in deposits to N2.2 trillion, from N1.8 trillion over the year, and an expansion of risk assets by N40.5 per cent. "We were expanding very rapidly and we initially thought we would expand further in Africa, but we've decided to

stop and focus on consolidation," Oduoza said, adding that this was also why a proposed $500 million Eurobond had been shelved. He added: "We have 700 branches. That's a very large network. We've covered the major economies in sub-Saharan Africa." Moves to consolidate included getting existing branches to function more efficiently and continuing to lower its cost income ratio as it fell to 60.9 per cent last year, from 64 per cent the previous year, Oduoza said. An exception was Angola, for which UBA was still waiting for a banking licence. "If we get the licence we'll definitely look at setting up," he said. But UBA's non-Nigeria African business would still grow in size in the coming years, as consolidation improves margins. "Africa outside Nigeria is currently a fifth of UBA's business, but within the next three years it would be half, Oduoza said, adding that "We are playing in some high growth areas like infrastructure and power, which require long term funding." But for now, mushrooming deposits were enough to achieve this, without seeking equity or debt financing, he said. UBA had put $500 million into power stations, all off its own balance sheet. Phase two of expansion would be into smaller but still potentially profitable economies like Malawi and Rwanda, Oduoza said, adding that it would come at a later date. UBA also has plans to set up an office in China to take advantage of growing Sino-African trade, he said. Hurdles included the impact of currency volatility on cross-border transactions and a chronic skills shortage in many African countries, Oduoza said. *(This Day)*

Nigeria's Access Bank said on Monday its 2013 full- year pretax profit fell 3 percent to 45 billion Nigerian naira ($274.4 million) from 46.53 billion naira the previous year. Revenue rose marginally to 206.78 billion, from 206.49 billion previously. The bank also cut its dividend, to 0.60 naira, from 0.85 naira previously. The dividend will be paid by April 30. *(Reuters)*

Nigeria's Skye Bank said on Tuesday its 2013 pretax profit rose 3.8 percent to 17.13 billion naira ($104.45 million), compared with 16.51 billion naira in the previous year. It also cut its dividend to 0.30 naira per share from 0.50 naira paid previously. Gross earnings fell marginally to 127.34 billion naira, from 127.73 billion a year earlier, the bank said in a filing through the Nigeria Stock Exchange *(Reuters)*

Economic News

Nigeria's economy surpassed South Africa's as the largest on the continent after the West African nation overhauled its gross domestic product data for the first time in two decades. On paper, the size of the economy expanded by more than three-quarters to an estimated 80 trillion naira ($488 billion) for 2013, Yemi Kale, head of the National Bureau of Statistics, said at a news conference yesterday to release the data in the capital, Abuja. That compares with the World Bank's 2012 GDP figures of $262.6 billion for Nigeria and $384.3 billion for South Africa. The NBS recalculated the value of GDP based on production patterns in 2010, increasing the number of industries it measures to 46 from 33 and giving greater weighting to sectors such as telecommunications and financial services. While the revised figure makes Nigeria the 26th-biggest economy in the world, the country remains behind in income per capita, ranking 121 with $2,688 for each citizen, according to Finance Minister Ngozi Okonjo-Iweala. "With better information we can see that our economy is more diversified than before," she said, citing contributions by services and telecommunications. Ratios such as tax to GDP and foreign-exchange buffers are lower than previously thought, Chris Becker and Catherine Bennett, analysts at ETM Analytics in Johannesburg, said in e-mailed comments today. "We can probably expect policies that attempt to boost these ratios going forward, which should in turn create a positive feedback for GDP growth," they said. "Announcing a highly expansionary budget won't upset markets too much at this point." The new GDP figure exceeds forecasts from London-based Renaissance Capital, which predicted in December that the revision will boost the size of the economy by as much as 60 percent to between $384 billion and $424 billion. According to calculations based on the new data, Nigeria's economy grew at 12.7 percent between 2012 and 2013. Nigeria, a country of about 170 million people, is a member of the Organization of Petroleum Exporting Countries and Africa's biggest oil producer. The government is targeting 7.16 trillion naira in income from oil and gas this year.

"Rebasing does not change what was already there, it's just about measuring better and more accurately," Kale said. "It does not mean that within 24 hours something miraculous has happened." While Nigeria's economy has grown by at least 6 percent a year since 2006, according to the World Bank, the most recent poverty survey by the NBS shows that 61 percent of Nigerians were living on less than a dollar a day in

2010, up from 52 percent in 2004. While the revised economic data saw Nigeria's 2012 debt-to-GDP ratio decline to 11 percent from the 19 percent projected with the old figures, the country won't change its debt policy and borrow more, Okonjo-Iweala said. Getting the data right is the first important step to ensure that "economic policy can be better and more correctly targeted," Gene Leon, resident representative of the International Monetary Fund, said at the news conference. "It is also a notable milestone for Nigeria to overtake South Africa as the continent's largest economy," Africa Finance Corp. Chief Executive Officer Andrew Alli said in an e-mailed response to questions. "At the same time, Nigeria's population is three times the size of South Africa, which means that on a per-capita basis, it still has much ground to make up." President Goodluck Jonathan's government is struggling to quell an Islamist insurgency in the partly arid north, where Amnesty International estimates more than 1,500 people have been killed this year. It is also grappling with rampant oil theft and allegations that the Nigerian National Petroleum Corp. has not accounted for billions of dollars of revenue, allegations the company denies. South Africa's rand gained 0.1 percent to 10.5499 per dollar at 10.05 a.m. in Johannesburg, paring the decline this year to 0.6 percent. Nigeria's naira retreated 0.3 percent to 164.05 against the U.S. currency, extending the drop in 2014 to 2.3 percent. *(Bloomberg)*

Nigerian interbank lending rates inched up slightly to an average of 10.5 percent on Friday, from 10.33 percent last week, driven by the sale of government bills to soak up liquidity, dealers said. The cash balance that lenders hold at the central bank opened at 494 billion naira ($3.0 bln) surplus on Friday, down from 600.36 billion naira last week, after the central bank sold OMO bills to curb liquidity. Dealers expect the central bank, which hiked the cash reserves requirement (CRR) on private sector deposits by 300 basis points to 15 percent two weeks ago, to debit lenders next week to enforce the new requirement. "We expect the CRR debit next week to drain liquidity," one dealer said, adding that central bank will also repay some matured treasury bills but the net effect will be lower liquidity. The secured Open Buy Back was unchanged for two weeks in a row at 10.25 percent, 1.75 percentage points below the central bank's benchmark rate of 12 percent. The overnight placement rose to 10.5 percent, compared with 10.25 percent last week, while call money climbed to 10.75 percent, from 10.50 percent last week. *(Reuters)*

Nigeria plans to reweight its inflation index to 2009 from 2004 by the end of the year to reflect the impact of non-food items on prices more accurately, the National Bureau of Statistics (NBS) told Reuters on Monday. Nigeria rebased its GDP on Sunday for the first time in 24 years, valuing it at $509.9 billion and enabling it to surpass South Africa as the continent's biggest economy. Speaking to the Reuters Africa Investment Summit, the Statistician of the Federation, Mr. Yemi Kale, said Nigeria would also reweight the inflation index to take into account the growing middle class with rising incomes. Bringing the GDP base year to 2010, from 1990, helped it capture changes in the economy including the rise of mobile phones and Internet. The inflation reweighting will be less dramatic, but previous moves have reduced inflation estimates. Over the past year Nigeria has seen single-digit inflation for the first time in five years, to some extent because of tamer food prices but also tight monetary policy. Kale said food currently accounts for 60 per cent of the inflation basket and is very volatile, skewing data, compared with non-food data which is more stable."We are updating our records to ... reflect the true macroeconomic picture of Nigeria," Kale told the summit. He said his office also sought to measure the impact of a halving of gasoline subsidies by the government in 2009.The size of Nigeria's middle class has also expanded, though it is still tiny, and with it consumption patterns have changed in favor of capital goods like cars while less is being spent comparatively on food. "We are witnessing an increase in non-food consumption expenditure but the magnitude is what will determine the impact (on inflation)," he said. Nigeria is Africa's top oil producer and is heavily dependent on imports paid for by oil receipts.

Access Bank Plc's audited results for the financial year ended December 2013 has shown that its total assets increased to N1.835 trillion, compared to the N1.745 trillion it stood as at December 2012. The results released on the floor of the Nigerian Stock Exchange (NSE) yesterday also showed an increase in the bank's deposit base from N1.201 trillion the previous year, to N1.33 trillion in the year under review, while its loan book rose by 33 per cent from N609 billion to N810 billion in 2013. Access Bank's gross earnings also climbed marginally to N206.7 billion in 2013, from N206.4 billion in 2012. However, the bank recorded a Profit Before Tax (BPT) of N44.9 billon which is a 3.4 per cent decrease compared to the N46 billion recorded in the corresponding period in 2012. This decline in revenue is attributed to regulatory challenges in the operating environment, some of which include the rise in the cash reserve requirements (CRR) on public sector deposits to 50 per cent from 12 per cent, reduction and removal of a number of fee income lines such as ATM and CoT charges as well as the

increase in AMCON levy from 0.3 per cent to 0.5 per cent, amongst others. Commenting on the Bank's performance, the Group Managing Director, Herbert Wigwe said: "Access Bank's 2013 earnings were impacted by several regulatory changes in the Nigerian banking sector. According to him, the bank's balance sheet structure during the period further constrained growth and limited the yield on our earnings asset. He noted that despite the difficult operating environment, the bank grew its loan book to position it for improved earnings, while driving deposit mobilisation from targeted segments to further reduce cost of funds. "I am particularly excited about the next phase of the Bank's evolution. Having articulated our five year strategy plan, we began execution by re-aligning our SBUs to ensure that customer service and delivery are improved at all levels. With our businesses realigned, we are now placing greater emphasis on providing services geared towards women and SMEs in Nigeria, as they underpin the next phase of economic growth. Infrastructure financing is another key focus for us going forward," Wigwe explained. Also, the bank's Group Deputy Managing Director/Chief Operating Officer, Obinna Nwosu said the bank recalibrated its operating model as it leveraged on unique value propositions targeted at growing segments in the economy last year. *(This Day)*

Nigeria's national assembly passed the 2014 budget by a voice majority on Thursday, despite earlier threats by the main opposition coalition to block it in the lower house. In February the All Progressive Congress (APC), which has had a plurality in parliament since 37 lawmakers defected from the ruling party in January, threatened to bar the bill's passage. The APC said this was because of what it described as lawlessness by President Goodluck Jonathan's People's Democratic Party (PDP) in politically volatile Rivers state, in the southern oil-producing region. Africa's biggest economy and top oil producer, Nigeria has become more attractive to sovereign debt investors in recent years due to its fast growth, but they still worry about the tendency of its fractious politics to hinder economic reforms. Some still voted against the budget. But sources at the assembly said many opposition legislators had realised that using the budget as a political bargaining chip had been unpopular with Nigerians ahead of what are likely to be a closely fought 2015 presidential election. The Senate, still controlled by the PDP, had passed the bill on Wednesday. A Nigerian court this month declared the defectors' seats vacant, but they have appealed against the ruling. Even before the defections, an increasingly personal clash between Nigerian Finance Minister Ngozi Okonjo-Iweala and both houses of parliament had been holding up passage of the 4.64 trillion Nigerian naira ($28.85 billion) budget. [ID:nL5N0L826R] The bill represented a delicate balancing act between the finance minister's drive to slash spending and lawmakers' demands for more money for projects. Politics has become increasingly heated since four opposition parties merged last February into the APC. Five state governors have also defected from the PDP. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Tanzania

Corporate News

No Corporate News this week

Economic News

Rising food prices pushed Tanzania's year-on-year inflation rate higher to 6.1 percent in March from the previous month's 6.0 percent, the statistics office said on Tuesday. *(Reuters)*

Tanzania's stock exchange is pressing the government to sell shares in more state firms to help galvanise bigger private businesses to tap the capital market. Regulations that will push mobile telephone firms and mining companies to list on the main bourse were at an "advanced stage", Moremi Marwa, chief executive officer of the Dar es Salaam Stock Exchange, said in Tanzania's commercial capital as part of the Reuters Africa Investment Summit. He also said there were moves that could allow foreign investors to buy more than 60 percent of listed firms, raising the current limit that he said was the lowest in east Africa. Like many other Africa bourses, Tanzania's exchange wants to encourage more firms to list or use the exchange to raise funds via corporate bonds, a potentially cheaper route than more commonly used banks that charge 18 to 30 percent for loans. The government could help by listing state firms to create a more liquid market for private issuers, many of whom are still reluctant to use a bourse with just 18 listed firms, of which six are also listed in another country and only 12 are Tanzanian firms. "What we have been trying to say over the last few months is to try to educate policy makers because we think the government can still do much to motivate capital market usage," Marwa said in the 14th-floor offices of one of city's new towers. The exchange is reviewing three requests from companies to join its Enterprise Growth Market for smaller firms, which launched last year with the initial public offering (IPO) of Maendeleo Bank that raised 4.8 billion Tanzanian shillings ($2.94 million). Marwa said at least two of those could receive approval and be listed before the end of June. He said applications had come from two community banks, which serve rural areas, to raise between 2.75 billion and 5 billion shillings, and the Tanzanian subsidiary of Australian explorer Swala Energy Ltd, which wanted to raise 3.2 billion to 4 billion shillings.

Energy firms working in Tanzania, which have made huge gas finds, could be required to list local subsidiaries under a new law for the industry which has yet to be implemented. Marwa said Swala was moving on its own initiative. "They want to supplement their capital that is coming from their parent company," he said. The real prize for the exchange, he added, was to secure more listings on the main bourse. He said he hoped state sell- offs could help achieve a target of two major IPOs this year, adding that the exchange had told the government at least 10 state firms that largely met listing requirements. "We have tried to build the case and communicate it to the government to see the beauty of using the exchange," said Marwa, who took up his post in May, noting just seven of the more than 350 firms privatised since the mid-1990s were sold via an IPO. He said state-led IPOs would encourage more private firms to follow suit by creating more liquidity on a bourse that now has a market capitalisation of about 17.5 trillion shillings but only 6.2 trillion shillings - about 12 percent of gross domestic product - if cross-listed firms were excluded. Marwa said another step to encourage more listings would be to implement laws passed in 2010 that required local listings of mining firms working under licence and telecoms operators, of which there are now about six including Vodacom run by Britain's Vodafone and Airtel run by India's Bharti. However, the laws have not been implemented because related regulations were not in place. The exchange was also seeking to encourage companies to raise funds through corporate bonds on a market now overwhelmingly dominated by government bonds. There are now just four corporate bonds worth less than 40 billion shillings. Marwa said one challenge was to convince family owned firms to open up and use the capital market. *(Reuters)*

Zambia

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Zimbabwe

Corporate News

TelOne's revenue performance for the first quarter surged eight percent compared to the same period last year, Managing director Mrs. Chipo Mtasa has said. Speaking in an interview at the sidelines of the Huawei ICT seminar, Mrs. Mtasa said the performance was however below expectations due to the liquidity crisis currently bedevilling the economy. "We have been affected by the liquidity crunch that is in the country at the moment; however we think we can recover in the second quarter. "We may be slightly better than the first quarter of last year, about 8 to 10 percent better in terms of our revenue generation, however we are not quite up to our expectation," she said. Shedding light on the ongoing debt collection exercise, Mrs. Mtasa said the process has also been haggled by the worsening liquidity challenges, resulting in TelOne's monthly collections sagging to US$8 million from $13 million last year. "Debt collection is an ongoing process mainly because TelOne bills are postpaid unlike most of the other players in the sector, so it is always a challenge especially with households to collect on time. The current liquidity crunch is not really assisting us. "We have seen that from last year, we have had a reduction in the amount we are collecting monthly, however it is slowly improving again. At the moment TelOne is collecting US$8 million a month, but we need really to collect in excess of US$13 million a month which we were doing last year," she said. Looking ahead, Mrs. Mtasa said the firm is not sitting on its laurels as it intends to invest more than US$100 million over the next four years in a bid to turnaround the fortunes of the company. "We are busy re-looking at our capital projects with a view to doing another fundraising exercise to the tune of US$100 million. Our capital projects will span from this year right up to 2018 along with our business plan for the strategic transformation of TelOne. "These capital projects include replacing our core network as our infrastructure is outdated. So we want to replace it and put a new network that will also be complimented by access in network, where you then reach out to the generality of the population. We also want to extend our backbone fibre footprint across country," she said. Mrs. Mtasa said TelOne is keen on exploring mobile services as their license allows them to offer a number of services. "We are considering entering the mobile space, particularly the data side and internet provision as our license allows us to provide quite a number of services. Unfortunately, because of limited investment in technology; we have not been able to avail those services to the market," she said. Mrs. Mtasa said voice remains the mainstay of the business as most corporates find it reliable and affordable. *(Herald)*

Delta Corporation has renewed hostilities with beverage wholesalers amid allegations that the beverage manufacturer is demanding payment within three days despite holding security from customers. Wholesalers said they have been reduced to "cash customers" although Delta is holding security and does not allow a second bond on the collateral. As such, the traders claim they are being forced not to bank process from their business, a cardinal rule for businesses that want to create a track record with banks on their cash flows to get financial support. However, Delta said it accepted all forms of approved payment systems in Zimbabwe and was not aware of customers who have failed to make payments through any of the approved channels. But traders said in many instances, wholesalers go for days without supplies while Delta claims to be waiting for electronic payments to start reflecting. Beverage Wholesalers and Retailers Association of Zimbabwe president Mr. Isaac Kanjera said where traders are secured they should be given time to pay. "We have property mortgaged to Delta, but our customers are being treated like cash customers," he said. "It is worrying because they are looking in one direction only and Delta is the one that is benefiting," said Mr. Kanjera. "One cannot come and register another (second) bond on top of the security that Delta will be holding. "Instead, they should say 'we have mortgaged your bond we will give you eight or seven days to pay'," he said.

Company secretary Mr. Alex Makamure said yesterday that Delta accepts all payments forms including rapid transfer gross settlement, cash, Ecocash and electronic cards, but admitted in some instances banks fail to process payments in time. "You would be aware that some banks have been delaying or failing to clear RTGS payments, so customers affected may opt to pay in cash," he said. Mr. Makamure said customers are affected by the tight liquidity challenges in the economy and in some cases are not meeting agreed trading terms. "It follows therefore that credit terms may be withdrawn for those in default; this is a normal business process." Mr. Makamure pointed out that the challenges could be confined to certain customers as credit management is evaluated at an individual customer basis. However, retailers insisted that since credit is secured, wholesalers and retailers who get supplies on credit should not be forced to pay up in three days, as they have to sell

their stock first. Affected wholesalers told The Herald Business that they no longer bank proceeds from their businesses, which is critical to obtain loans in future. They now have to pay in cash to get deliveries in time since Delta is allegedly delaying supplies claiming that electronic transfers are taking time to reflect. This marks yet another episode in the often uneasy relations between Delta and its customers after an earlier clash over reduction of discount

.

Delta announced late in 2012 that it would reduce the discount threshold from 5 percent to 2,6 percent of the order placed by wholesalers or retailers, irking the customers as it squeezed their margins. The issue is set for arbitration soon. Members of the Association have in the past accused Delta of taking advantage of its near monopoly in the beverages industry to hold the customers at ransom. They have also expressed reservations over its involvement in manufacturing, supplying, distribution, wholesale and retailing saying this went against the grain of the objectives of the Zimbabwe Agenda for Sustainable Socio-economic Transformation and the indigenisation policy. They said instead of empowering the indigenous business people, the business practices of Delta are throwing them out of business as it reduced their margins. Mr. Kanjera however said wholesalers and retailers should adopt proper stock and cash management systems to avoid challenges that could drive them out of business in an illiquid economy.*(Herald)*

ECONET Wireless has reaffirmed its commitment to its investment in Mutare Bottling Company, seeing through the installation of a $17 million new line and factory investment, which will boost the firm's ability to service the southern region franchise. MBC chairman, who is also chief executive for Econet Capital Mr. John Gould said the decision to make further investments is proof of the confidence the group has in the bottling company, which would in turn contribute to the telecoms company bottom line. MBC is owned 69 percent by Econet through Pentamed Investments, including a 6 percent shareholding in the form of convertible instruments. The remainder is owned by the Goldberg family, which were the founders of the company in 1950. The company bottles Coca-Cola International products. Econet acquired the MBC stake in November 2007 as part of a diversification programme. MBC yesterday officially commissioned a new Returnable Glass Bottling line in the Eastern Highlands city at a total cost of $17 million. The new line from Italy, Sidel SpA is more efficient from a capacity perspective producing 1 250 cases per hour in a nine hour shift. "This is double the combined output from our two old lines which give us economies of scale both in terms of manufacturing as well as distribution. Obviously it can do more once we get over the teething problems." He added: "Another factor that has become increasingly important for us as a business is the longer-term sustainable benefits that this new technology brings to our operation."

The plant has the capability to bottle a range of RGB packages including 300 millilitre and 1 litre bottles. Finance manger and deputy managing director Mr. Brian Maphosa said all in all the group will realise cost savings of around 15 percent. The $17 million capital had been obtained from PTA Bank and MBCA. The PTA loan at $8,8 million was a four-year facility at a cost of 10 percent. Mr. Maphosa noted that the company had, however, been given a two-year grace period. MBCA had provided $4 million short-term facility while the balance was from internal resources. Mr. Gould said with improved production and delivery processes, the company will be able to serve more areas and deliver better quality product than ever before. He added that the company expects a return on its investment in five years. The company is also targeting five million cases in 2016 from the current three million cases. Mr. Gould said the company was looking at expanding into other product areas. "We are looking at installing a small pet line. But as you know these investments are long term so the near term focus is on getting repayments improving our distribution." As part of the investment the company had boosted its fleet by purchasing 15 hoses and trailers. Analysts say Econet has benefited from its association with the Coca-Cola family as the telecoms company has built its marketing model around the success of what is called the Coca-Cola machine. "If you look today at how Econet manages its brand and distribution channels it's exactly a replica of the Coca-Cola system," said Jerome Negonde a market analyst.*(Herald)*

REGIONAL bank, BancABC has secured $25 million from Germany-backed African and Trade Investment Fund for on lending to farmers in five countries, including Zimbabwe. In a statement, BancABC chief operating officer Mr. Francis Dzanya said Fund will provide money to be loaned to farmers in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe."The mission of the AATIF is to help Africans maximise the potential of the continent's agricultural production, manufacturing, service provision and trade activities for the benefit of the poor," said Mr. Dzanya. "By making loan capital available the fund aims to help stimulate agricultural output, production levels and add value across the

entire chain of agricultural activities. Knowledge and skills transfer is a major focus that is promoted through AATIF support for contract farming operations". It was not immediately clear when the money will be available in the country. The Fund's chairman Mr. Thomas Duve added the their risk sharing would allow BancABC to increasingly step into transactions along the entire agricultural value chain ideally with longer term funding and fair collateral policies. "The 45 percent AATIF paripassu risk participation initially covers an incremental agricultural lending portfolio of up to $11 million, with the remainder being extended as senior loan. "This risk participation limit may be raised going forward, subject to a successful roll out of the programme," he said. BancABC will manage the entire credit assessment and lending relationship with beneficiaries, while sharing the risk equally with the Fund, Mr. Dzanya said adding the agreement between the two institutions was natural and offered benefits for both parties. "BancABC operates in key markets in sub-Saharan Africa and has the network and experience required to ensure that funding is effectively and efficiently channelled through to the agriculture sector," said Mr. Dzanya. "We have enjoyed exponential growth across our retail and other operations and, as a bank born in Africa for Africans, have the capabilities to assist AATIF in achieving their objectives.
"We are proud to be acting as an intermediary for the organisation and being able to play a part in creating a vibrant, competitive agriculture sector on our continent." The Africa Agriculture and Trade Investment Fund is an innovative public-private partnership founded in August 2011 and dedicated to uplift Africa's agricultural potential for the benefit of the poor. *(Herald)*

Delta Corp Ltd., the Zimbabwean brewer that's the nation's biggest company by market value, said lager volumes decreased 26 percent in the fourth quarter on high excise duties and a collapse in disposable incomes. Total beverage volume declined 6 percent in the three months through March, the Harare-based company said in a statement on its website. Volumes of sorghum-based beer gained 10 percent as drinkers turned to cheaper alcoholic alternatives to quench their thirst. "The slowdown in consumer spending and economic activity reported in the last update persisted into the fourth quarter which was characterized by rapidly declining consumer disposable incomes," Delta said. Lower lager sales "reflects both softening demand and the impact of high consumer prices driven by the high levels of excise duties." Zimbabwe's economy is suffering from a slump in consumer spending and will probably be beset by deflation in coming months, the country's Finance Ministry said in its February Treasury State of The Economy Report. Sales of consumer goods fell by as much as 30 percent that month, it said. The government of President Robert Mugabe is trying to revive an economy that was 49 percent smaller last year than it was in 2000, according to ZimTrade, a government agency. Delta's total revenue fell nine percent in the quarter and one percent for the full year, it said. The company, 21 percent-owned by SABMiller Plc (SAB), the world's second-biggest brewer, will release its full annual results May 15*(Bloomberg)*

Econet Wireless' mobile money transfer service EcoCash has handled over $4 billion since inception in 2011. Group chief executive Mr. Douglas Mboweni told Parliamentarians during a familiarisation tour of the mobile phone company's operations yesterday that EcoCash service now boasts 3,5 million mobile money transfer accounts. The number of people impacted by the EcoCash service represents roughly 53 percent of the adult people in Zimbabwe while the figure for those with mobile money accounts is equivalent to about 27 percent of the population. According to the Zimbabwe National Statistical Agency figures released last year, Zimbabwe has 13 million people. Mr. Mboweni said EcoCash has created over 30 000 new jobs and the mobile phone-based accounts opened under EcoCashSave are now rekindling the long lost culture of saving. "Over $4 billion has been processed by EcoCash to date and about 4,2 million people have been impacted by ecoCash, representing 53 percent of the adult population in Zimbabwe. "The investment by Econet has made a massive contribution towards financial inclusion considering that its mobile wallet, EcoCashSave, now has over million accounts compared to about 853 000 for all banks combined. "Our target is that everyone in Zimbabwe must be covered. Why should an individual, be excluded from financial transactions," the Econet boss asked rhetorically, adding that the money transfer service is now available on roaming. EcoCash is part of Econet's innovative products designed to boost revenues at a time growth in revenue from the traditional core business of voice calls is tapering off due to maturity. To further financial inclusion, Econet has integrated other banks to the EcoCash system with 10 financial institutions now connected. Mr. Mboweni said seven of the banks are already active.

Econet has registered tremendous growth since dollarisation in 2009 with subscriber numbers now at 8,5 million in a country that has a population of 13 million citizens. The mobile network operator has invested a cumulative $1 billion in building its infrastructure. Apart from

creating employment, the mobile telecommunications company has contributed in excess of $900 million to national Treasury. Econet also said it has contributed over $40 million to the universal services fund, which it wants utilised optimally. This comes as other operators are refusing to share infrastructure. Other financial inclusion services Econet has introduced building on EcoCash include bill payments, bulk payments, virtual debt card compatible with any pay-bay or transaction payment solution, point of sale terminals (2 000), EcoCash payroll, EcoCash loans and online payments. Econet also operates EcoFarmer and EcoHealth services. But contrary to perceptions, CBZ Bank handled the biggest chunk of funds transferred using EcoCash system, followed by Stanbic Bank and then Econet's subsidiary, Steward Bank. The rest of others share the balance left by the three. Econet Wireless Zimbabwe Limited is listed on the Zimbabwe Stock Exchange and holds the entire stake in mobile operator Econet Wireless, EW Capital, Steward Bank, Pentamed Investments, which own 69 percent of Mutare Bottling Company, 84 percent of Transaction Payment Solutions, and 51 percent of Liquid Telecom Zimbabwe. *(Herald)*

Economic News

Foreign investors bought more shares on the Zimbabwe Stock Exchange in the first quarter of this year compared to the same period last year although total market value had declined significantly by March from its year opening levels. A total of 687,2 million shares exchanged hands on the bourse in the first quarter of this year compared to 560,6 million over prior comparative period, with foreigners accounting for the bulk of the trades, which is an indication investors are still keen to stick it out despite the bearish trends. The ZSE market capitalisation declined from $4,88 billion in January from $4,66 billion by the end of March, but while market capitalisation declined, foreign investor buyers exceeded those sellers in the first quarter, taking advantage of the bearish market to swoop on cheap stocks. Foreign investors are an integral part of the ZSE, accounting for well over three quarters of the $118,6 million turnover realised this quarter from $120,3 million in 2013. The foreign investors bought about 341,4 million shares in the first quarter of this, a significant increase compared to the 270,1 million shares they bought over the same period last year. However, sellers increased this year with a total of 222,3 million shares sold by foreign investors compared to 190,2 million shares the foreign investors sold in the first quarter of 2013. The participation of foreign investors, who are more liquid compared to their domestic counterparts and therefore drive the market, tapered off in February with shares bought totalling 67 million and sales 37 million compared to 105,8 million and 48,2 million, respectively, a month earlier. But market analysts said this week that foreign investor activity has picked up on the ZSE with notable activity being noted in blue chips such as Econet and Innscor and Delta.

Market analysts, however, do not expect the market to recover lost ground in the first half of this year, but predict it will bounce back in the second half to creep back the $321,8 million lost to bearish sentiment for the most part of 2014. They believe the coming of reputable foreign investors, such as in case of Atlas Mara Co-Nvest Limited (Atlas Mara), which has entered into conditional purchase agreements with selected shareholders of ABC Holdings, would augur well for the recovery of the stock local market. London Stock Exchange-listed Atlast Mara Co-Nvest Limited is acquiring, for cash or shares, ABCH shares representing 50,1 percent of the total issued ordinary shares at a price of 82c per share or the equivalent in Atlas Mara Co shares in a transaction valued at $265 million. While many foreign investors have tended to continue sitting on the fence watching developments in Zimbabwe, especially relying on negative and distorted reportage in foreign and hostile local media, those that have dared to swim against the tide and invested have had little regrets if any. Further, market watchers said the expected bumper harvest expected this agricultural season should do well to pamper the confidence of foreign investors to bring more funds. However, they pointed out that it remained imperative for Government to keep attend to issues of policy inconsistency and uncertainty to attract the often timid foreign capital, which tends to scrutinise trends in national politics. Following a decade of economic highly volatile instability stretching to 2008, Zimbabwe is still trying to rebuild its economy, and savings base, for the liquidity local investors require to actively participate on the local bourse. *(Herald)*

NINE financial institutions have fully subscribed for the $103 million Treasury Bills floated by the Reserve Bank of Zimbabwe last month with CBZ Bank snapping up more than half of the amount on offer. Of the $103 million, $93 million went towards balances the banks held with the central bank while the difference went towards tobacco retentions. Figures obtained by The Herald Business from the Ministry of

Finance show that CBZ snapped up $61 million towards the FCA balances and a further $1,6 million towards tobacco retentions. Stanbic Bank spent $28 million towards FCA balances and $719 401 towards tobacco retention, while Ecobank snapped up $2,34 million towards FCA balances and $327 499 for tobacco balances. Agribank purchased $5,6 million towards tobacco balances and $297 161 for FCA balances. Allied Bank purchased $811 514 towards FCA balances and $906 878 towards tobacco retentions. BancABC snapped up $862 103 towards FCA balances. FBC Bank bought $324 774 for FCA balances and $810 025 for tobacco retentions balances while Metbank picked $11 348 for FCA balances and $72 617 for tobacco balances. This gives a total of $92,9 million towards FCA balances and $10,1 million towards tobacco balances. Giving oral evidence before a Parliamentary Portfolio Committee on Public Accounts yesterday, Permanent Secretary in the Ministry of Finance and Economic Development Mr. Willard Manungo said the TBs were targeted at dealing with two components of FCA balances relating to what the banks had with the central bank and towards tobacco retentions. "This process followed the validation that Zimbabwe Debt Management office is doing in terms of trying to validate the $1,35 billion RBZ debt," said Mr. Manungo. "Tobacco retentions alone are more than $30 million and as we validate some of the balances we will be issuing additional paper to try and extinguish the debt," he added. The validation exercise involves verifying each debt to determine the exact indebtedness of the reserve bank. Government last year assumed the RBZ's $1,35 billion debt made up of domestic debt of $754,3 million, domestic stock of $390 million and $596,02 million external debt . With regards to the $150-$200 million funds to capitalise the central bank, Mr. Manungo said the Ministry of Finance was working on modalities to raise resources. This is the first step in a roadmap towards clearing the RBZ debt. The TBs have prescribed asset status, liquid asset status and are tax exempt and attract an annual interest of 2 percent. *(Herald)*

Diamond exports from Zimbabwe's Marange fields, which hit the headlines over the deaths of small-scale miners six years ago, earned $99 million at auctions in Belgium and Dubai during the first quarter of 2014, official data showed on Monday. The Marange diamond area, 400 km (240 miles) east of Harare, have been the focus of controversy since 20,000 small-scale miners invaded in 2008 and were then forcibly removed by soldiers and police. Human rights groups say up to 200 people were killed during their removal but President Robert Mugabe's government denies the charges and says rights groups have failed to have its precious stones branded conflict diamonds by industry watchdog Kimberley Process. The government has been trying to improve its conduct in Marange and in December started its first sale of the diamonds in an open auction in Antwerp, earning $10 million. This was after the European Union removed sanctions on the state mining firm, which is a shareholder in five diamond mining companies. A ministry of mines statement on Monday showed Zimbabwe sold 960,000 carats in Antwerp at an auction in February and another 381,000 carats in Dubai last month, earning $99 million. In the past, Zimbabwe sold its diamonds through middlemen, arguing it could not openly market its stones because of Western sanctions that were imposed on President Robert Mugabe, his allies and companies with links to his government. The ministry of mines said it planned to hold a diamond auction in the capital Harare before the end of the year. *(Reuters)*

Zimbabwe's revenue agency ZIMRA exceeded its target of $818 million for the first quarter of this year by 2 percent, it said on Tuesday, and is pushing to tax money held in offshore accounts in a bid to ease a dollar crunch. The Zimbabwe Revenue Authority (ZIMRA) collects 98 percent of all money used by the government, mostly from personal and company taxes as well as levies on imported goods. After averaging near double-digit annual growth between 2009 and 2012, economic growth is now flatlining in Zimbabwe due to shortages of electricity and capital, while less than 20 percent of the working population is in formal employment. Gershom Pasi, the commissioner general of ZIMRA, told a committee of parliament that revenues were above target during the first three months of the year but he immediately sounded a warning on the state of the economy. "For us it's a miracle given the state of the economy. Things are not well out there and we have predicted that until we have an inflow of some (investment) revenue into the economy, we may be headed for a serious shrinkage of revenue," he said. Zimbabwe abandoned its currency in 2009 after it was eroded by hyperinflation but is battling a dollar shortage due to a lack of inflows on foreign investor concerns over President Robert Mugabe's economic polices. The official growth forecast for this year is 6.4 percent, up from 3.4 percent last year, but independent economists see expansion at a much lower rate. Pasi also said ZIMRA had proposed to the government to tax money held in offshore accounts by individuals and companies, in a bid to force them to repatriate the money to Zimbabwe. He did not say how much was estimated to be in offshore accounts. *(Reuters)*

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