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	31-Mar-17	7-Apr-17	WTD % Change Local	WTD % Change USD	31-Dec-16	YTD % Change Local	YTD % Change USD
Botswana	DCI	9225.22	9261.31	0.39%	-2.21%	9700.71	-4.53%	-4.53%
Egypt	CASE 30	12994.80	13098.54	0.80%	1.76%	12344.00	6.11%	7.00%
Ghana	GSE Comp Index	1865.01	1898.34	1.79%	5.71%	1689.09	12.39%	13.78%
Ivory Coast	BRVM Composite	285.92	281.29	-1.62%	-2.55%	292.17	-3.72%	-2.46%
Kenya	NSE 20	3112.52	3104.89	-0.25%	-0.50%	3186.21	-2.55%	-2.38%
Malawi	Malawi All Share	14577.62	14577.62	0.00%	0.25%	13320.51	9.44%	8.48%
Mauritius	SEMDEX	1933.37	1953.75	1.05%	1.19%	1,808.37	8.04%	10.38%
	SEM 10	371.76	376.87	1.37%	1.51%	345.04	9.23%	11.59%
Namibia	Overall Index	1066.82	1048.34	-1.73%	-7.54%	1068.59	-1.90%	-2.91%
Nigeria	Nigeria All Share	25454.93	25746.52	1.15%	-0.04%	26,874.62	-4.20%	-7.20%
Swaziland	All Share	385.83	385.83	0.00%	-5.91%	380.34	1.44%	0.39%
Tanzania	TSI	3572.68	3572.68	0.00%	0.18%	3677.82	-2.86%	-5.68%
Zambia	LUSE All Share	4312.32	4435.12	2.85%	4.40%	4158.51	6.65%	10.90%
Zimbabwe	Industrial Index	138.99	140.08	0.78%	0.78%	145.60	-3.79%	-3.79%
	Mining Index	58.56	60.12	2.66%	2.66%	58.51	2.75%	2.75%

CURRENCIES

Cur-rency	31-Mar-17 Close	7-Apr-17 Close	WTD % Change	YTD % Change
BWP	10.26	10.53	2.66	-0.00
EGP	18.18	18.01	-0.94	0.84
GHS	4.34	4.18	-3.71	1.24
CFA	607.86	613.68	0.96	1.31
KES	101.15	101.41	0.26	0.17
MWK	719.13	717.31	-0.25	-0.87
MUR	33.91	33.86	-0.13	2.16
NAD	12.97	13.79	6.28	-1.03
NGN	309.19	312.84	1.18	-3.13
SZL	12.97	13.79	6.28	-1.03
TZS	2,189.15	2,185.29	-0.18	-2.91
ZMW	9.57	9.43	-1.48	3.99

SECURITIES AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

Egypt

Corporate News

No Corporate News This Week

Economic News

Egypt's central bank expects foreign reserves to jump to over $28.5 billion for the month of March, the highest since March 2011, a bank deputy governor told the country's state news agency MENA on Sunday. Egypt's net foreign reserves were at $26.542 billion at the end of February and have been climbing ever since it clinched a $12 billion three-year loan from the International Monetary Fund in November in a bid to lure back foreign capital. (Reuters)

Ghana

Corporate News

No Corporate News This Week

Economic News

Franklin Templeton's high-profile bond fund manager Michael Hasenstab has taken a "substantial" position in Ghana's cedi-denominated government bonds via this week's jumbo debt auction, a source with knowledge of the matter told Reuters on Tuesday. The investment by Hasenstab, whose flagship $41 billion Templeton Global Bond fund seeks to pick up out-of-favour credits and made successful contrarian punts on Ireland and Hungary in recent years, is a boon for Ghana as the new government tries to stabilise the economy and review terms of an International Monetary Fund loan. Ghana's Monday sale of $2.2 billion worth of bonds was the single-biggest daily transaction in sub-Saharan Africa. It included a debut 15-year bond that raised 3.42 billion cedis ($790 million) at a 19.75 percent yield. The Finance Ministry statement had reported "a very substantial investment in the 15-year bond by a very well respected global financial investor". The ministry could not immediately be reached for comment. But a senior government official, speaking on condition of anonymity, said Franklin Templeton had participated in the sale. The first source declined to say why Hasenstab had made the investment. But the move is in keeping with the fund manager's strategy of buying unloved assets and betting on eventual turnaround and full payout over the maturity of the debt. Hasenstab, who oversees portfolios worth over $120 billion in total from his office in San Mateo, California, was not available for comment. It is not clear which of Hasenstab's funds was behind this week's Ghana investment. He has held Ghanaian debt before, however, in 2013 purchasing 10-year dollar bonds for his emerging markets fund. In recent months, Hasenstab moved to his biggest position in Latin American, buying up Mexican bonds which had been battered by U.S. President Donald Trump's trade and immigration threats. His Global Bond Fund ranks No. 1 in terms of performance over a 10-year period in its category, according to fund research house Morningstar. *(Reuters)*

Stanbic Bank Ghana says growth rate for the Ghanaian economy is not expected to go beyond 6%, a rate which is 0.3% lower than government's projected 6.3%. Speaking at the 2017 Forex Risk Management at Movenpick Ambassador Hotel in Accra, Regional West Africa Economist of Stanbic bank, Ayomide Mejabi asserted that growth of the Ghanaian economy largely hinges on the country's oil revenues, adding that with the discovery of the TEN oil field, growth rate can be expected at a maximum of 6% this year. "The last time there was actual oil flow for the first time that was 2011, growth moved from about 7% to 14% almost doubled at that time. Now we don't have that much more oil coming up but we still suspect that we will see growth of 6%, I think this year" he stated. Speaking on the performance of the cedi against the dollar, Mr. Ayomide Mejabi noted the cedi will make some gains against some foreign currencies including the US dollar following the expected increment on the current account deficit of GDP from 8% in 2016 to 25% by end of 2017. Latest figures by the Bank of Ghana have shown that the cedi's depreciation against the dollar for March 2017 is five times more than the rate of depreciation recorded in the same period in 2016.

The cedi has depreciated from 0.9 to 5% within the twelve months period. Also in March 2017, the local currency depreciated by 7.5 and 8% to the British Pound and Euro respectively. According to the Summary of Economic and Financial data by the Bank of Ghana, the cedi has cumulatively gained 59 pesewas between March 2016 and March 2017. A dollar traded at 4 cedis 42 pesewas as at the 23rd of March 2017, compared to 3 cedis 83 pesewas in March 2016. Also, the cedi's depreciation in relation to the Euro has almost doubled from 4.5 to 8 percent between March 2016 and March 2017. Cumulatively, the cedi gained some 42 pesewas within the twelve months period. Even though the cedi's performance in relation to the British Pound showed almost no change in price as at 23rd March, the local currency witnessed depreciation as much as 7.5 percent after appreciating by 1.8 percent in March 2016. *(Ghana Web)*

The World Bank's Vice President for Africa, Mr Makhtar Diop, has extended the Bank's support towards addressing Ghana's numerous economic challenges. He said the Bank was concerned about "one of the engines in the sub-region" and was determined to help Ghana emerge out of her current situation. Mr Diop made the commitment when he called on President Nana Addo Dankwa Akufo-Addo at the Flagstaff House on Tuesday, in Accra. He commended President Akufo-Addo's for his decision to grow Ghana's economy by stimulate private sector activity, saying that that decision was prudent, considering Ghana's high levels of indebtedness and the lack of fiscal space. Mr Diop said: "The financing needs that the economy must have to sustain the growth that is envisaged for Ghana cannot be attained through public financing, due to the high level of indebtedness that you inherited. So we need to help create all the conditions for the private sector to lead this process." He, thus, pledged the support of the World Bank – experience, technical and monetary – to helping the Government of Ghana succeed. He said the Bank was willing to also help Ghana to process its cocoa to make the country depart from being an exporter of cocoa beans, akin to the support given to Cote d'Ivoire, which had received a $120 million facility to boost value-addition for its cocoa industry. "Your vision is very clear, and we are supporting it. We have discussed with your team the options from which we can help you address the difficult situations you are facing today. You can count on our full support to be with you and to work with you towards a lasting solution," he said.

Mr Diop congratulated President Akufo-Addo and Ghana "on being an example in Africa on how democracy and political transitions can be held successfully." President Akufo-Addo thanked Makhtar Diop for the gesture and acknowledged the role he was playing in the global financial organization, adding that "you have gained the confidence of your peers and the admiration of the continent." He was thankful for the commitment of the World Bank towards the realisation of his vision of a private sector-driven economy, explaining that despite the promise of Ghana's economy being derailed in recent years, largely as a result of the mismanagement of the economy, he was confident of the return of the country onto the path of progress and prosperity. Describing Ghana as "a country of immense potential," with "a people who are capable of working hard to produce a prosperous Ghana," President Akufo-Addo noted that his government was determined to create conducive climate to stimulate private enterprise growth. He said the 2017 'Asempa Budget' contained policy initiatives that would create the needed fiscal space for government to implement its programmes and spur on the development of the private sector. "It is only when we grow the economy that we will create jobs and prosperity for the people," he added. President Akufo-Addo reiterated his commitment to protecting the public purse and dealing with corruption through the "office of Special Prosecutor, which will be independent of the Executive. It will have the mandate to deal with issues of corruption and allegations of corruption against public office holders. The meeting was attended by Vice President Dr Mahamudu Bawumia; Chief of Staff, Akosua Frema Osei Opare; and Finance Minister, Ken Ofori-Atta. *(Ghana Web)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Mumias Sugar Company will on Monday suspend operations for three months to allow urgent maintenance work. Chief executive officer Errol Johnston on Tuesday said the closure was informed by the prevailing weather conditions and will enable them fix faulty equipment in the factory. "This is to bring to the notice of our farmers and stakeholders that management of Mumias Sugar Company Limited wishes to take advantage of the prevailing weather conditions to shut down the factory for routine repairs and maintenance," said in a statement to the newsroom. He said the final run boil-out will be on Sunday April 10. "This strategically takes advantage of the onset of this year's long rain season," he said. Mr. Johnston said heavy rains have been an impediment to smooth harvesting and transport operations given the heavy farm machinery, tractor and loaders used in the process, besides damaging the sugarcane crop. He said the closure will also be a good opportunity for the young cane to grow and mature. Sugar cane factories have been scrambling for the raw material, encouraging poaching that has been witnessed in the recent past. The closure comes a few weeks after the cash strapped miller was given Sh239 million as part of the Sh1 billion bailout strategy. "Sunday will be our last day of production. We call upon all our clients to bear with the situation as the sugar factory undergoes urgent maintenance," he said. However, most supermarket are not at the moment stocking Mumias Sugar brands. The CEO, however, confirmed that farmers will continue receiving the usual crop husbandry and related services as normal to boost the productivity of their sugarcane crop. "I look forward to a stronger partnering over the closure period and upon resumption of milling operations," he said. The company in February this year reported a half-year net loss of Sh2.92 billion in the period to December 2016 compared to Sh1.56 billion the previous year. The Nairobi Securities Exchange-listed miller says it foresees its earnings dropping by more than 25 per cent for the year ending June 2017. The troubled firm attributes the losses to an acute shortage of raw materials that led to factory underutilisation, resulting in high unit costs of production. The volume of sugarcane crushed has dropped by 45 per cent from 581,541 tonnes last year to 319,746 tonnes in the period under review. Consequently, the quantity of sugar manufactured dropped by 67 per cent in the year ending December to 12,197 tonnes from 36,510 in the previous year. The firm was also unable to sell electricity to Kenya Power under the power purchase agreement that it has with the utility, further denting the miller's earnings. The listed sugar company has undergone financial difficulty owing to mismanagement, shortage of sugarcane and cash flow constraints. The miller has so far received close to Sh3 billion from the government for a turnaround plan to profitability. *(Daily Nation)*

Nation Media Group #ticker:NMG has maintained a total dividend payout at Sh10 per share despite full-year net earnings dropping by a fifth, highlighting the firm's bullish outlook for this year. The Nairobi bourse-listed media house reported Sh1.68 billion in after-tax profit for the fiscal period to December 2016 compared with Sh2.22 billion a year earlier — an outcome it attributed to one-off costs related to restructuring and absence of a tax credit enjoyed in 2015. NMG, the largest media company in Eastern Africa, posted Sh11.3 billion in turnover, down from Sh12.3 billion in 2015, helped by higher sales from the digital and television divisions. "The underlying business is fairly strong. We've reduced our cost base. Those costs won't be recurring this year," Joe Muganda, the NMG chief executive, said at an investor briefing. "We are acquiring and creating new revenue streams. We continue recouping the benefits of the new printing press." He said the company had weathered a tough operating environment with challenges such as reduced advertising spending from key clients and delayed payment especially by State agencies. The total dividend payout due to shareholders amounts to Sh1.88 billion, reflecting a dividend yield of 10.53 per cent based on yesterday's closing price of Sh95 per share; the third-best return at the Nairobi bourse.

NMG closed the year with a cash war chest amounting to Sh3.4 billion, up from Sh3 billion in 2015. The group incurred one-off costs totalling Sh342.9 million related to the radio business, QTV, staff retrenchment and setting up Spark TV in Uganda. The company's 2015 results benefited from a Sh274 million tax credit related to the capital investment in setting up the $20 million state-of-the-art printing press launched in mid-March last year. The cost of sales dipped by a fifth to Sh2 billion from Sh2.4 billion posted in 2015, attributed to the efficiency of the new printing press, reworking route to market, and proper management of newspaper returns. Mr Muganda said revenue from the digital business doubled to account for three per cent of total revenue, and plans are under way to grow this to 10 per cent in the short term. *(Nation)*

Power generating firm KenGen has delayed the construction of a 400-megawatt wind-power plant in Meru County until land rows rocking the project are resolved. The first phase of the Meru Wind Farm Project, which is expected to cost Sh6.9 billion, was scheduled to be completed in December 2017. The project will sit on an 18,700–acre piece of land in Tigania East Sub-County. According to KenGen's managing director Albert Mugo, the construction has been delayed due to land disputes. "As you see in the papers, we await land adjudication so that we can deal with the bona-fide land owners," Mr Mugo said through a text message. To speed up the demarcation of the disputed land, a budget of Sh6 million was approved by the national government. The process was expected to be completed within two months to allow the firm to construct the plant this year. However, this has faced a big blow after Meru Governor Peter Munya put an injunction to stop the process. "Those purporting to be committee members have not been gazetted. Whatever they are doing in the land is illegal. If we allow them to continue with the illegal process, the poor will be deprived of their land," he said. The governor said he will only allow the process to go on once an all-inclusive land committee is constituted. Mr Munya said the bona-fide land owners should be given a two week notice before meeting to choose a committee that will oversee the subdivision of land. The area has been in a conflict of interest from many stakeholders since the power company identified it for the mega project. The area, which is located few metres from the Isiolo International Airport, is also seen as an avenue for the Lamu Port-South Sudan-Ethiopia-Transport (LAPSSET) Corridor project. According to the District Lands and Adjudication Settlements Officer (DILASO) Kephers Obingo, the demarcation process will be done before the KenGen wind power station is set up. "We need cooperation from all those involved to ensure the exercise runs smoothly. Genuine land owners will get documents immediately after the demarcation," Mr Obingo. The wind mill project will occupy the sections of Ngaremara and Gambela locations. *(Nation)*

Economic News

Kenya's government has unveiled a package of initiatives under its latest budget to develop Islamic finance in the country, as part of efforts to mobilise local funds and set Nairobi as a regional hub for the sector. The moves could spur Kenya's decade-old Islamic banking sector and help the government fund infrastructure in a country where Muslims account for about 10 percent of the population of some 44 million. Finance Minister Henry Rotich outlined the steps as part of the country's 2017/2018 budget, released on Thursday, aiming to level the playing field between Islamic and interest-based transactions. Amendments to the Public Finance Management Act will also allow the government to issue Islamic bonds, or sukuk, as an alternative funding source. This could prove useful for a government that has set aside billions for infrastructure, with a fiscal deficit set at 524.6 billion shillings ($5.10 billion). Implementation could be quick as most changes have already been drafted by the Islamic Finance Project Management Office (PMO), a body setup by the government to coordinate efforts among its regulatory agencies. "The primary objective is to prepare the groundwork for a sovereign sukuk but also equally to attract corporate sukuk from the region," said Farrukh Raza, managing director of IFAAS, an Islamic finance consultancy which designed the PMO's framework. The government has commissioned IFAAS to run the PMO, which is working with law firm Simmons & Simmons to help develop Islamic Finance in Kenya. The Treasury has said it is considering a debut sale of sukuk this year, although national elections in August could delay those plans.

The amendments will benefit Kenya's two full-fledged Islamic banks and several Islamic windows, which until now have operated by way of exemptions. They will be joined by Dubai Islamic Bank, which last month received approval in principle for a banking license from the central bank. Changes to stamp duty would ensure their products are tax neutral against interest-based transactions, as the asset-based nature of Islamic finance contracts often means they can incur multiple tax charges. This is designed to be revenue neutral to the government and would not compromise fiscal revenues, said Raza. Exemptions to value added tax would allow returns from Islamic deposits to be eligible for deductions similar to interest-based products. This would apply to individuals, corporates and government entities, Raza said. The budget also calls for amendments to cooperatives and savings societies, while new regulations will help setup an Islamic pension scheme based on the risk-sharing concept of takaful. This would aid the government in achieving financial inclusion and financial diversification targets, Raza added. *(Reuters)*

Kenya's Finance Minister Henry Rotich said on Thursday he expected steady economic growth for the next fiscal year as he presented the country's last budget before a national election in August. Growth is expected to be 5.9 percent in 2017, the same rate of expansion in the first three quarters of last year, he said. "But growth could be lower if the ongoing drought persists and the slowdown in private sector credit is not reversed," Rotich warned. East Africa has been suffering from severe drought and aid groups say 2.7 million Kenyans need food aid. Rotich set the fiscal deficit at 524.6 billion shillings ($5.10 billion) or 6 percent of the gross domestic product, down from 9.0 percent in the current fiscal year, he said. Rotich increased expenditure and net lending up to 2.29 trillion shillings this year, up from 2.27 trillion in last year's budget. He set aside billions for infrastructure including railways and new roads, and increased welfare payments for senior citizens.
"The net external financing will amount to 256 billion or 2.9 percent of GDP and will be mainly on concessional terms," Rotich told lawmakers. The balance, 268.6 billion shillings or 3.1 percent of GDP, will be borrowed from the local market, he said. Rotich said the government is investigating the effects of a controversial cap on interest rates, which bankers say have frozen smaller lenders out of the market as banks invest in low-risk government bonds. After the government tightened banking regulations and introduced the cap, the growth of private sector credit slowed down to 4.5 percent last December, from 17 percent a year earlier, stoking concerns about the potential impact on growth. He said Kenya would freeze government recruitment except for a few sectors, part of a promise to tackle the country's ballooning wage bill. President Uhuru Kenyatta, who is up for re-election in August's parliamentary and presidential vote, has promised he will slash politicians' pay packages, which are among the highest in the world. He has also dismissed opposition criticism of government borrowing, saying the money is funding an ambitious development agenda. *(Reuters)*

The South African owner of Amarula and Viceroy brands is now the majority owner of Kenya Wine Agencies Ltd (Kwal) after buying out investment firm Centum in a deal estimated at Sh1 billion. Distell yesterday announced it has acquired Centum's entire 26.43 per cent stake in Kwal for an unknown value; bringing to 52.43 per cent its ownership in the wine maker and alcoholic beverages marketer. "Spirits has been the fastest growing segment of Kenya's alcohol industry and growth is anticipated to remain robust," said Mr. Donovan Hegland, managing director of Distell Africa. "Our strategy is to expand geographically through acquisitions of and/or partnerships with those who have leading brands, rich heritage, and strong platforms," Mr. Hegland said in a statement. The Stellenbosch-based brewer first acquired a 26 per cent stake for Sh860 million from the Kenyan Government, which owns Kwal through the Industrial and Commercial Development Corporation. State-backed financier ICDC owns a 42.65 per cent stake in Kwal, with distributors having 0.92 per cent. There is an ongoing sale of 3.84 million shares or four per cent stake at a price of Sh34.46 a piece to staff under an employee stock ownership plan. The acquisition comes barely three months after Kenya's antitrust regulator granted Kwal a five-year exclusive deal to be the sole importer and distributor of 16 brands made by Distell.

The Competition Authority of Kenya in December allowed Kwal to solely import and distribute the brands made up of brandy, wine and whiskey from the South African company. Distell brands such as Amarula, Viceroy, Drostdy-Hof, Two Oceans, and Chamdor juices, account for half of Kwal's turnover, according to regulatory filings with the competition watchdog. Kwal sold about eight million litres of alcoholic beverages in 2016; the brewer disclosed. Kwal's iconic brands include Kingfisher, Kibao Vodka, Caprice wine, Hunters Choice, Simba Cane, Beehive brandy, Yatta Grape Juice and Yatta Wines, which make up the other 50 per cent of sales. The company enjoyed a monopoly manufacturing and distributing wines and spirits until liberalisation of the Kenyan economy in 1992/1993, exposing Kwal to stiff competition. Kwal is banking on Distell's backing to fend off rivalry in Kenya's highly attractive industry. Kwal is now locked in a head-to-head battle for market share with rivals such as East African Breweries Ltd, Keroche, London Distillers, Wines of the World, and Africa Spirits, who manufacture or market imported alcoholic and non-alcoholic beverages. Distell first signed a deal in 1998 with Kwal to distribute its products in Kenya. But in 2012, the South African firm threatened to terminate the partnership and enter the Kenyan market on its own, but a sweetheart saw Distell buy a controlling stake in Kwal. *(Daily Nation)*

Listed banks last year increased their purchase of government securities by Sh153.1 billion and slowed down on lending in the in the wake of interest rate caps that started in September. The 11 publicly traded lenders held Sh550.2 billion of government bonds and

Treasury bills (T-Bills) as of December, raising the financial investments 38.5 per cent from Sh397.1 billion a year earlier according to data compiled by the Business Daily. Lending by the Nairobi Securities Exchange (NSE)-listed firms meanwhile grew at a lower rate of 6.3 per cent in the period compared to 17.2 per cent the year before, according to Cytonn Investments. Banks and analysts have said the rush to treasuries is due to the fact that they offer high and safer returns compared to lending to risky borrowers who are finding it difficult to get loans at the prescribed maximum rate of 14 per cent. "This has mainly been as a result of the new loan pricing methodology that limits the loan rates currently at 14 per cent," said Maurice Oduor, investment manager at Cytonn. Equity Bank #ticker:EQTY increased its holding of treasuries 135 per cent to Sh100.6 billion in the review period, topping the list of lenders who retreated to the safety of government debt. Diamond Trust Bank #ticker:DTK more than doubled its portfolio to Sh74.3 billion while that of HF Group jumped 90.4 per cent to Sh4 billion. It was followed by National Bank of Kenya #ticker:NBK which ended the year at Sh34.5 billion, up 27.7 per cent from Sh27 billion. Co-op Bank was the only listed lender to cut its holding of government debt to Sh57.8 billion from Sh60.1 billion in 2015. Kenya's biggest bank by assets KCB Group #ticker:KCB raised its treasuries portfolio 18 per cent to Sh90.9 billion. "The enactment of the (interest rate controls) is expected to impact on credit growth for specific segments of the market, dampened by inability to price risk," KCB commented on the rate caps. "Banks are also expected to become more conservative in their lending while investments in Treasury bills are expected to increase." *(Business Daily)*

Kenya private-sector activity slowed in March, a survey showed on Wednesday, dropping to its lowest level since the survey began in 2014, and falling below the threshold separating an expansion from a contraction. The Markit Stanbic Bank Kenya Purchasing Managers' Index (PMI) dropped to 48.5, the first time the index had fallen below the 50 mark since the survey began in January 2014. A reading above 50.0 indicates growth. "Most indicators of activity showed deceleration. Respondents to the survey indicated weaker underlying demand conditions, exacerbated by financial constraints faced by customers," Jibran Qureishi, regional economist for East Africa at Stanbic, said. "The seasonally adjusted output index indicated that output contracted for the second month in a row." Like other countries in the region, Kenya is experiencing a drought that has hurt farming and left millions in need of food aid. Inflation rose to 10.28 percent year-on-year in March, its highest level since May 2012, pushed by higher food prices. Subdued underlying demand and less willingness to spend were reported as factors behind the decline in output. The government capped commercial rates at 4 percentage points above the central bank rate last September, worsening already sluggish growth in private sector credit. *(Reuters)*

Kenya has fully sold its debut mobile phone-based bond worth 150 million shillings ($1.45 million), with investor demand forcing the issue to be closed ahead of time, the Treasury said on Wednesday. The East African nation started selling the three-year bond, called M-Akiba, on March 23, becoming the first to issue a mobile phone-based bond in the world. The offer was open for three weeks but it closed on Wednesday when the target amount was reached. The 150 million shillings raised is the first tranche of the bond; the balance of 4.85 billion shillings goes on sale in June. The bond sale is a further advance in financial technology for the country that pioneered mobile money with M-Pesa in 2007. Some 102,000 people registered on their phones to invest in the bond, but only 5,000 of those made actual purchases, ranging from the minimum 3,000 shillings up to 1 million shillings - the maximum bought by a single investor, the Finance Ministry said. "This makes the average investment in M-Akiba to be 20,000 shillings," a ministry statement said. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Economic News this week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Mauritius

Corporate News

No Corporate News this week

Economic News

Foreign direct investment in Mauritius grew 41 percent in 2016 to 13.64 billion rupees ($388.8 million), thanks to investment in real estate, financial and insurance activities, official data showed on Tuesday. Foreign investment in real estate led with a total of 9.93 billion rupees followed by financial and insurance activities with 2.15 billion rupees, the central bank said. "About a third of the direct investment inflows originated from France (4.49 billion rupees), while those from China (2.44 billion) represented 17.9 percent of the total," the bank said in a statement. Famed for its white sandy beaches and luxury spas, the Indian Ocean island nation is diversifying its economy away from sugar, textiles and tourism into offshore banking, business outsourcing, luxury real estate and medical tourism. (Reuters)

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Nigeria

Corporate News

The United Bank for Africa Plc (UBA) has said it plans to extend its presence in Africa from 19 countries, Nigeria inclusive, to 25 countries by 2024. The Head, Investor Relations, UBA, Mr. Abiola Rasaq, who disclosed this during a media briefing in Lagos at the weekend, said the bank has developed a cost-effective strategy to achieve this plan. He explained that the bank's operating licence in some of the African countries allows it to expand into some neighboring countries without raising fresh capital. "The way we are going to do it this time around is a different. Initially, when we went into some of these African countries we operate presently we went in fully as a new bank. In the countries, we are targeting, based on our current strategy and the mapping that we have done, we have opportunity with the licence that we have to move into those countries. "There are two different types of licences. There is the unit licence and uniform licence. The unit licence only allows you to operate in just one country. In Senegal presently, we have a uniform licence. That uniform licence gives us the priority to actually passport our licence for example into Mali, if we think Mali is right. "So, our business in Chad presently, holds a uniform licence that gives us the opportunity to passport that licence into Niger Republic if we think the timing is right and there are opportunities in those markets. So, this is a strategy we want to use to go into those markets we are targeting. "We are using this strategy because we want to be able to sweat the capital we have put in each of the businesses without taking excessive risks in each of the countries. So, with this strategy, we don't have to raise new capital. This is a lot more cost efficient and we would need little or no capital in those businesses and we are likely to make profit even from year one," Rasaq explained further.

Earlier, the Group Chief Finance Officer, UBA, Mr. Ugo Nwaghodoh, said the objective of the bank is to grow its business in many other countries to be as big as what it has presently in Ghana, Senegal, Congo Brazzaville and Cameroon. This, according to him is because of the positive growth projections on Africa from notable institutions such as the International Monetary Fund (IMF). "One of the areas we are driving business in Africa is in supporting key sectors such as oil and gas, infrastructure, agriculture, top manufacturers and as you are aware, a lot of the markets are rich in commodities and agriculture. And these are the key drivers of these economies. What is very important is that in any market you operate, you play very well. "We are also pioneering the introduction of certain electronic banking solutions in some of these markets and we are making a lot of money from this. We are deepening our play in these markets, driving financial inclusion and that is helping our business," Nwaghodoh said. He, however, declined to disclose the bank's exposure to Etisalat Nigeria, saying: "We are not unaware of the news around Etisalat's debt. I think the issue has been overhyped and there is a lot of misconception around what the issues are. What I can tell you is that there is no amount that is due for payment to UBA Plc that has not been paid by Etisalat." *(This Day)*

Bontus Group of Companies has signed a Memorandum of Understanding (MoU) with Dangote Group as part of efforts to promote its dynamic nature in the production of essential commodities in the economy. Speaking at the signing of the MOU in Onitsha, Anambra State, the Chairman of the group, Chief Uche Okafor, said Dangote is not only a major player in the economy, but in Africa, therefore they have indicated decided to partner with the group as an outlet to distribute its commodities in the South-east and South-south zones of the country. In his remarks, the Director, South-east of Dangote Group, Mr. Tunde Mabogunje, said the group had come of age in the production of essential commodities such as salt, sugar, and cement, adding that their brand of rice would launched on or before December, and the rice has all the nutrients of local brands from Jigawa State. He added that Dangote tomatoe puri would be in the market soon, while urging the group to maintain its goodwill as it was one of the merits which Dangote Group identified before appointing the group to become a major distributor of Dangote products. Mabogunje added: "Dangote Group is alwayshappy when their products get to the final consumer. Bontus Group of companies is a corporate entity with relationship with Dangote Group in other areas apart from commodity distribution." *(This Day)*

Shareholders of Access Bank Plc, Guaranty Trust Bank Plc, United Bank for Africa Plc and Zenith Bank Plc are reaping the benefits of their investments as the four banks have given a total of N168.29 billion as dividends for the 2016 financial year. The Nigerian economy went into recession last year, a development that has affected the performance of many companies for the year. While investors in some companies will receive lower dividends, some will be without dividends. However, these four banks have rewarded their shareholders with higher dividend, the challenging environment notwithstanding. Zenith Bank recorded the highest gross dividend payout of N63.42 billion, which translated to 202kobo per share. The shareholders have already approved and started receiving the dividend after their annual general meeting (AGM) that was held last month. Addressing the shareholders at the AGM, Chairman of Zenith Bank Plc, Mr. Jim Ovia said the bank was able to fully exploit the available opportunities to post the impressive results. He said in line with its commitment to delivering superior returns to its much-valued shareholders, the bank ensured that a good chunk of the profit was set aside for shareholders. "In this regard, we have declared and paid you an interim dividend of 25 kobo per share in the course of 2016 financial year. We hereby propose a final dividend of 177 kobo per share. This brings the total dividend for the year ended December 31, 2016 to 202 kobo per share as against 180 kobo per share paid the previous year," Ovia said. GTBank Plc followed with a dividend of N58.86 billion, which is equivalent to 200 kobo per share. The shareholders are expected to approve the dividend at the forthcoming AGM of the bank. Similarly, UBA Plc is to reward its shareholders with N27.21 billion for the year, translating to 75 kobo per share. According to the Group Managing Director/Chief Executive Officer of UBA, Mr. Kennedy Uzoka, the bank would continue to deliver excellent service to its customer and remain committed to creating superior and sustainable returns for its shareholders. In the same vein, Access Bank Plc last week splashed N18.80 billion dividend on the shareholders. Every shareholder went home with 65 kobo dividend per share. Addressing the shareholders at the AGM last week, the Chairman of the Access Bank, Mrs. Mosun Belo-Olusoga said the board would remain focused in its pursuit of shareholder value and continue to provide the stability and strategic direction the bank requires to deliver operational excellence in our bid to become the world's most respected African bank. The Group Managing Director/Chief Executive Officer of Access Bank, Herbert Wigwe said that although the macro-economic conditions and corresponding implications on the banking industry remain uncertain, the bank's diversified banking model, robust balance sheet and solid management team give it the strength and resilience that will keep the financial institution in good stead. *(This Day)*

Unity Bank Plc wednesday announced its audited financial results for the year ended December 31, 2016, showing a drop in profit after tax (PAT) by 53 per cent to N2.184 billion from N4.689 billion in 2015. However, the bank recorded gross earnings of N84 billion, seven per cent higher than N78 billion recorded in 2015. The gross earnings were driven largely by growth in transaction-based income. Despite the high inflation in 2016, the bank reduced its operating expenses by three per cent from N29 billion to N26 billion, reflecting a significant step by the bank in maximising derived benefits through the efficient allocation of resources and cost containment initiatives embarked upon by the new management. The bank attributed the lower bottom-line partly to high impairment charge of N35 billion in 2016, compared with N27 billion charged in December 2015. The bank grew its deposit liabilities by 14 per cent from N231billion recorded in December 2015 to N264 billion in December 2016, indicating effect of increased customer confidence, renewed customer care and the emerging innovative products rolled out during the year.

Commenting on the result, the Managing Director/Chief Executive Officer, Unity Bank, Tomi Somefun said: "The key performance indicators point to increasing resilience in the face of challenging economic headwinds that characterised the operating environment in 2016. "Despite the harsh operating environment, the bank remains stable having driven strategic choices to inspire greater market confidence and leveraging cost optimisation strategies, presence in the Northern markets which served as a bulwark, just as the deepening of our presence in Lagos /Southwest also balanced its outlook in the Southern markets. The proactive steps and efficiency gains arising from major business decisions produced encouraging results that elicited double digit growth in deposit portfolio of the bank during the year. "The direction for the bank in the coming years is to diversify the earnings base and target growth in double digit territory by aggressive pursuit of new business opportunities in the retail & Small and Medium Enterprise (SME) businesses, agribusiness, financial inclusion, digital banking, increase portfolio mix and drive more traffic to our channels with strong collaboration from our institutional and financial investors that are poised to add a new phase of business revolution to our growth model." To support this strategic objective, the bank is actively in the process of raising significant capital to leverage increased resources to expand its operations and improve existing technology infrastructure. *(This Day)*

The two Dangote companies also recorded a Profit Before Tax, PBT of N35.6 billion in 2016, representing a growth of 44.1 per cent from

N24.7 billion recorded in 2015. The Profit After Tax surged by 124 per cent to N24.96 billion from N11.14 billion in 2015. Meanwhile, analysis of the individual company show that Dangote Flour posted a revenue of N105.8 billion from N48.027 billion in 2015, while Dangote Sugar posted a revenue of N169.7 billion, representing a growth of 68 per cent from N101.06 billion in 2015. The PBT of Dangote Flour rose to N16.036 billion in 2016 from N8.577 billion in 2015, while Dangote Sugar recorded 19.61 billion, representing a growth of 21 per cent from N16.16 billion in 2015. The PAT of Dangote Flour stood at N10.56 billion in 2016, from a loss of 12.7 billion in 2015, while that of Dangote Sugar recorded N14.4 billion in 2016, from N11.14 billion in 2015. Dangote Flour is proposing a dividend of 60 kobo per share for the financial year 2016 as against 50 kobo per share in 2015. Commenting on the result, the Acting Managing Director of Dangote Flour, Mr. Abdullahi Sule, said: "We are very pleased with the results for the period under review, our revenue grew by 68 per cent and improve sales volume compared to 2015 despite the current macro-economic challenges." Continuing he said "Our focus in the current year and for the future remains leveraging our strengths to maximize every opportunity to generate sales, increase our market share and create sustainable value for our stakeholders. Concerted efforts are being made towards the actualization of our BIPs plan. *(Vanguard)*

Economic News

No Economic News This Week

China has offered Nigeria a $4.5 billion loan for agricultural machinery and infrastructure, a Nigerian state governor said on Tuesday. Zamfara state governer Abdulaziz Yari said the loan had a 20-year repayment period at an interest rate of 1 percent. "China is giving us a credit line of $4.5 billion for the procurement of strategic machinery for rural development and agriculture," Yari, who chairs the forum of Nigeria's state governors, told reporters after a meeting with the president and agriculture minister. Nigeria, Africa's biggest economy and an OPEC member, is in its first recession in 25 years largely due to low oil prices. The government has prioritised growth in the agriculture sector to reduce its reliance on crude oil sales, which make up two-thirds of government revenue. Agriculture minister Audu Ogbeh said he and the governor briefed the president on "developments following our visit to China in April last year" and the progress of negotiations on issues related to agricultural machinery. Yari said the loan offer would be presented to cabinet colleagues on Wednesday and considered by lawmakers for final approval. *(Reuters)*

Nigeria's central bank said on Tuesday it will offer dollar forwards to be delivered within two months to offset a backlog of matured foreign exchange obligations to manufacturers, airlines, fuel importers and agriculture businesses. "Authorised dealers' accounts with the central bank will be debited in full for the naira equivalent of the dollar bid amount on a spot basis," the bank said in a notice to commercial lenders. "The central bank will settle the bids through forward settlements of two months," added the bank, which did not specify the amount of dollars to be sold. The bank had on Monday offered $150 million wholesale forwards to banks and said it also released $90 million for invisible transactions to ensure liquidity in the forex market. The bank has been selling dollars on the official market in an attempt to narrow the spread with the black market exchange rate of the naira. The naira currency was quoted at 390 to the dollar on the black market on Tuesday, against 395 a dollar on Monday. The naira closed at 306.25 to the dollar on Tuesday, compared with 306.30 the previous day. *(Reuters)*

The International Monetary Fund (IMF) warned Nigeria its economy needs urgent reform in a report published on Wednesday that highlighted the risks to growth for the recession-hit country and the dangers of a volatile foreign exchange market. The document, a report from IMF staff which Reuters saw an earlier version of last month, outlines a raft of failings in Nigeria's handling of Africa's largest economy and could affect talks over at least $1.4 billion in international loans. It strikes a more critical tone than the Fund's board adopted in a statement last week, though that also said Nigeria should lift its remaining foreign exchange restrictions and scrap its system of multiple exchange rates. Nigeria fell into recession in 2016, its first in 25 years, largely due to the impact of low oil prices and militant attacks on energy facilities in the Niger Delta oil hub. Crude sales account for more than 90 percent of foreign exchange earnings and two-thirds of government revenue. The country, whose economy contracted 1.5 percent last year, has also been plagued by a conflict with Boko Haram militants since 2009, creating a humanitarian crisis in the northeast which authorities are struggling to handle. The Washington-based fund's analysis came on the same day that Nigeria's President Muhammadu Buhari held a launch ceremony for a flagship economic recovery plan. But the IMF said the plan, criticised by economists for including few concrete measures, is not enough to drag Africa's biggest economy out of recession. If Nigeria's economy is to recover, "much more needs to be done", the IMF said in the staff report.

It also urged the major oil producer to introduce immediate changes to its exchange rate policy - characterised by central bank curbs, multiple exchange rates and an artificially high naira valuation - or risk "a disorderly exchange rate depreciation". The presidency, budget and planning ministry, finance ministry and central bank did not immediately respond to requests for comment. The Fund said the Nigerian authorities were concerned about the IMF staff report's view. Nigerian authorities had said further measures were under way which included the implementation of a more flexible foreign exchange market and "maintaining tight monetary policy to underpin price stability", according to the IMF report. Nigeria has not asked the Fund for fiscal support but its recommendations may influence institutional lenders ahead of the annual spring meetings with the World Bank. The World Bank has been in talks with Nigeria for more than a year over an application for a loan of at least $1 billion and the African Development Bank has $400 million on offer. But talks have stalled over economic reforms. *(Reuters)*

Nigeria's cabinet has approved $1.3 billion of loans from international lenders to fund the newly licensed Development Bank of Nigeria, the finance minister said on Wednesday. The money is made up of $500 million from the World Bank, $450 million from the African Development Bank, $200 million from German state bank KfW and $130 million from France's state development agency, said Kemi Adeosun, Nigeria's finance minister. The loan facility is still subject to approval by the National Assembly, she said. *(Reuters)*

Tanzania

Corporate News

No Corporate News This Week

Economic News

THE Dar es Salaam Stock Market registered mixed results in this year's quarter one as domestic market capitalization plunged and dividend yield surged. DSE local market cap plunged by 3.0 per cent to 7.5tri/- in quarter one in comparison to last year's fourth quarter. And trailing weighted average dividend yield registered an increase of 0.2 percentage points to 5.6 per cent. DSE Chief Executive Officer, Moremi Marwa, attributed the domestic market cap drop yesterday to foreign investors' activities and demand to fulfil social economic needs. "…This was a result of selling pressure emanating from social-economic needs during the quarter and decreased foreign investors activity," Mr. Marwa said on DSE CEO Quarterly Report. The bourse chief said apart from market cap decline, liquidity —trading turnover — decreased by 8.0 per cent to 75bn/- from 83bn/- in the quarter. The Tanzania Share Index (TSI), the index that tracks domestic listed companies, also went down by 3.0 per cent from 3,677.82 points at end of December 2016 to 3,572.68 points at end of March. However, the total market cap and DSE Index (DSEI), tracking performance of all listed companies, went up 5.0 per cent in Q1 assisted by cross-listed counters. The DSEI increase pushed up total market capitalisation from 19.12tri/- recorded at the end of last December to 20.13tri/- at the close of the quarter Q1 2017. The DSEI moved from 2,198.40 points to settle at 2,315.06 points, a rise of 5.0 per cent. "There has been lesser than envisaged global growth in trading and investment activities, the collapse of commodity prices that affected many countries in the continent, as well as rising of debts for many African economies," Mr. Marwa said. On the valuation: Weighted Average market Price Earnings (PE) Ratio for domestic listed companies was trailing at 13.82 times compared with the trailing PE ratio of 14.04 times as of December 2016. *(Daily News)*

Zambia

Corporate News

AIRTEL Networks Zambia Plc is this year expected to inject a capital of about US$50 million to enhance economic opportunities in urban and rural areas through improved network system. Meanwhile, the company recorded a gross profit of about K1.9 million last year compared to about K1.55 million in 2015, representing a 20 percent increase. Airtel chairperson Monica Musonda said the investment will enable the company to upgrade its operations to enhance its competitive edge. Speaking in an interview on the sidelines of the company's annual general meeting last week, Ms Musonda said Airtel will continue to invest heavily in improving the use of telecommunication and refined delivery of services through network optimisation. "Despite operating in an increasingly tough environment marked by fierce competition, inflationary pressure and exchange fluctuations, overall performance of the company remained strong. "I remain excited about the long-term prospects for the industry as well as the continued growth of the business as appetite for data, among other things, continue to grow rapidly and smartphone adoption accelerates," she said. Commenting on the financial overview, Ms Musonda said the business continued to improve its margins due to strong cost measures such as a reduction in operating expenses and war on waste, which aims at improving operations without necessarily compromising on the quality of services offered to customers. "The yardstick of measure for any company's success is, undoubtedly, profitability. It is pleasing to report that the company's revenue grew by 10.1 percent from K1.924 million in 2015 to K2.118 million in the period under review while gross profit increased from K1.548 million in 2015 to K1.858 million in 2016,"she said. And Airtel managing director Peter Correia said the company will continue to make substantial investments in the network by deploying high-speed wireless communication for mobile phones and data terminals to improve overall customers' experience. *(Daily Mail)*

Economic News

Zambia plans to introduce a flat electricity tariff 9.30 U.S. cents/kilowatt hour (kWh) backdated to January for mining companies, instead of individually negotiated rates that have averaged 6 U.S. cents/kWh, the state power firm said on Tuesday. Zesco Ltd. Managing Director Victor Mundende said the utility also aimed to increase electricity prices for retail customers, saying prices would rise 50 percent in May and a further 25 percent in September. "Negotiations involving a team of government ministers and the mining companies over the new tariffs have by and large been successful," Mundende told a media briefing. Energy Minister David Mabumba told the briefing some mining firms opposed the rise and talks with them were continuing. The proposals have been presented to the Energy Regulation Board (ERB), which can decide to accept, change or reject them. Mabumba said Zesco was buying some power from other producers at a higher cost than it was sold to its customers. "We are attracting financing from the same international markets. Investors won't go to a country where they will not get a return on their investment," Mabumba said. *(Reuters)*

Zimbabwe

Corporate News

STANDARD Chartered Bank Zimbabwe saw its profit after tax increasing by over 3 000% to $13,43 million for the year ended December 31, 2016 from the comparable period in 2015 due to cost efficiencies. The jump in earnings came despite a drop on net interest income to $21,34 million in the period under review from 2015's $23,91 million. Net interest income is the main avenue banks make their top line. The other route is non-funded income derived from fees, commissions and services charges. In a statement accompanying the bank's financial results, board chairperson Samuel Vengai Rushwaya said the profit increment was as a result of it improving its operating systems. "The improved financial performance was achieved on the back of costs efficiencies attained during the year as the bank continues to innovate and improve its operating systems and processes," he said. "Considerable efforts have been made to contain loan impairments through continuous collaborations with our customers." He said the bank would continue taking advantage of opportunities as capacity utilisation increases. As the bank experienced higher profit margins, its operating expenses was down to $38,52 million for the period under review from $55,43m million recorded in the previous year. Total revenue was down to $55,02 million for the period under review from the previous year's $62,39 million. "Revenue momentum declined year-on-year due to a prudent lending strategy which ensured that only those customers with capacity to repay could access lines of credit," Rushwaya said. To that effect, loans and advances to customers for the period under review were $125,14 million, down from $163,3 million in the previous year.

Cash and cash equivalents was up for the period under review to $199,08 million from the previous year's $127,81 million. Deposits from clients increased to $395,15 million in 2016 period from $291,3 million in previous year. Rushwaya said the bank would be spending $9 million over the 2016/17 financial year towards branch optimisation, refurbishment and digital platforms. He said the branch optimisation process was aimed at reducing excess space. "This year will see clients starting to benefit from efficiencies of our refreshed approach which aims to make service delivery simple, faster and better," Rushwaya said. Refurbishment of the Robert Mugabe, Gweru and Bulawayo branches has been completed, while the remaining six branches are expected to be finished mid-year. *(News Day)*

Atlas Mara's Zimbabwe unit BancABC said on Friday its after tax profit fell by a quarter to $1,8 million on the back of declining operating income. Operating income declined by 13,3 percent from $47,99 million in the previous year to $41,6 million on account of narrowing risk appetite leading to margin pressures and a fall in credit volumes. Net interest income declined by 35 percent from $38 million in the previous year to $26,3 million on the back of the bank's cautious lending approach and interest rate caps. Operating profit improved from $3,3 million previously to $3,97 million on the back of a reduction in operating expenditure. On a positive note, impairment losses on credit exposures declined from an expense of $7,3 million in the previous year to a net reversal of $1,6 million as a result of prudent underwriting standards and controlled risk appetite. "The reduced impairment charges also reflects success in our NPL collection efforts as well as net benefits from NPL disposals to the Zimbabwe Asset Management Corporation (ZAMCO)," said chairman Alvord Mabhena. Zamco is a special purpose vehicle set up by government in 2014 to purchase non-performing loans from banks and clean their balance sheets. As at December 31 last year ZAMCO had bought bad loans worth $813 million resulting in a decline in the market NPL ratio to 7,9 percent by end of 2016. BancABC's deposits from customers fell 10,5 percent from $282 million in the previous year to $252,4 million. Total asset value dropped by 14,4 percent to $419,4 million in the period from $490,2 million recorded in the previous year. Loan and advances fell by a quarter from $316 million in the preceding year to $233 million due to bank's efforts to mitigate credit risk by reducing lending. The bank's core capital increased by 6 percent to $71,6 million with a capital adequacy ratio of 21 percent ahead of the regulatory minimum of 12 percent. *(Source)*

CFI Holdings recorded a 24 percent increase in revenue to $22,6 million in the five months to February 2017 from $18,1 million in the same period last year. Acting chief executive Timothy Nyika told shareholders on Friday that the group was 'above break-even' from a loss of $4 million for the same period the prior year. Margins increased by 4,6 percent as favourable margins were recorded in Farm and City retail and horticultural projects. Nyika said Crest Poultry group and Victoria Foods, which are under judicial management, will resume operations in April and July this year respectively. Nyika said the group's joint ventures at Glenara Estates continues to perform well. "Potato production continued to contribute positively to the group's performance. The Estate utilised a sizable hectarage on maize and soya beans which could go a long way in providing input to our other operations," said Nyika. Previously, the group reported that its turnover for the full-year to September 2016 dropped 56 percent to $29,3 million from $66,6 million recorded in the comparable period previous year. The group's loss after tax for the previous full year dropped by 45 percent to $13,7 million in the period from $25,2 million recorded previously. *(Source)*

Metbank Zimbabwe said on Friday its after tax profit for the full year to December more than doubled to $660,288 from $259,510 previously on increased income. Operating income rose 90 percent from $3,6 million in the previous year to $6,9 million on the back of a surge in non-interest income. Net interest income declined by 94 percent from $4,3 million in the previous year to $251,987 on the back of a very significant increase in interest expenses. Interest expenses rose 77 percent from $4,5 million previously to $8,1 million driven by a surge in interest expense on deposits from other banks. However, the decline in interest income was offset by a triple fold increase in commission, fee income and other operating income from $1,6 million in the preceding year to $6,2 million. Operating expenditure declined from $10,94 million in the previous year to $9,98 million chiefly on the back of a reduction in staff costs and administrative expenses. Non-performing loans declined to 3,1 percent which is within the regulatory threshold of 5 percent as a result of aggressive loan collection and a cautious lending strategy. "The bank continues to be aggressive in its loan collection and recovery efforts whilst underwriting a new book with caution", said chairman Wilson Manase. Loan and advances decreased by 25 percent from $28,7 million in the preceding year to $21,5 million. Deposits increased by 46 percent from $38,83 million in the previous year to $56,62 million. Total assets increased by 27 percent to $200,7 million in the period from $157,9 million recorded in the previous year. The bank increased its investment in property by 22 percent from $116,4 million in the preceding year to $142,4 million. The bank closed the year with a total regulatory capital of $55,9 million and said it continues to pursue its recapitalisation efforts to reach minimum regulatory capital of $100 million by year 2020. However its capital adequacy ratio declined from 23,7 percent previously to 19 percent. Manase said the bank continues to focus on property development, mortgage financing and commercial banking under its five-year strategic plan. *(Source)*

Tongaat Hulett Zimbabwe (THZ) is geared to partner Government in the development of 25 000 hectares of sugar cane earmarked to be irrigated by water from Tokwe-Mukosi Dam, in a development that is likely to create more than 10 000 jobs. The development comes as the company has adopted sugarcane plantations expansion drive in which 4 000ha are being developed for more than 200 out-grower farmers in Chiredzi under the Kilimanjaro Project. With the recently completed Tokwe-Mukosi Dam already recording over 65% full, development of the planned 25 000ha irrigation scheme is long overdue. Despite continued threats to seize some of its existing plantations, Tongaat Hulett said it will continue investing in development of new plantations as a way of empowering new outgrower farmers, while meeting the growing demand for Zimbabwean produced sugar on the international market. Tongaat Hulett corporate affairs and communications manager Adelaide Chikunguru said their company's two sugar mills in Triangle and Hippo Valley were operating below capacity, as they could process cane from 75 000ha annually, but were doing so for just 45 000ha. *(Herald)*

Hwange Colliery Company narrowed its net loss by 22 percent to $89,9 million in the full-year to December from $115 million recorded in the previous year but the coal miner's going concern status remains in question after liabilities outstripped assets by $168 million. But revenue declined by 41 percent to $39,9 million from $67,5 million recorded in the preceding year, chiefly on poor sales. Cost of sales declined by nearly a quarter to $77,7 million from $101 million, but the company made a gross loss of $37,8 million in the period from $33,8 million previously. Administrative costs stood at $47,6 million, 22 percent lower than the $60,6 million recorded previously. Total annual coal production volumes decreased to 38 percent as the mining contractor's contribution to production volumes declined to 58 percent in 2016 from 63 percent in the preceding year. The Portuguese contractor, Mota-Engil has since resumed mining after quitting over the coal miner's failure to pay a $50 million debt. Mota-Engil signed a five- year contract worth $260 million with HCC in January 2014 and was producing 200,000 tonnes of coal per month but quit last year after Hwange's obligations rose to $50 million. Total raw coal mined also declined by 37,78 percent to 969,153 tonnes relative to 1,557,567 tonnes in 2015.

Total assets value fell 23 percent from $239 million in the prior year to $183 million. But the coal miner's precarious financial position continued to worsen as total liabilities exceeded total assets by $168 million. Total liabilities stood at $350 million versus total assets of $183 million. Accumulated losses at $258,6 million continue to chew shareholder's equity which is now at negative $167,7 million, reflecting the company's financial distress. The company said it engaged its creditors in a scheme of arrangement to implement a turnaround strategy while addressing creditors' claims in a structured manner. Chairman Winston Chitando said a firm of chartered accountants has been hired to do a verification process of creditor claims and balances and a deposit will be paid from company's own funds. "Creditor balances as at 31 January 2017 shall be paid a deposit and balances remaining shall be paid over time from cash generated from the Company's own operations," said Chitando in the financial results. The scheme consists of the conversion of short-term debts to medium and long-term. *(The Source)*

Unifreight reported a net profit of $1,7 million for the year ended December 2016 from a net loss of $4,2 million in the preceding year after restructuring its business model and an aggressive cost cutting exercise that saved over $5 million. Notwithstanding a 4,5 percent decline in the group's revenue from continuing operations of $23,8 million from $24,97 million recorded in the preceding year, profit before tax from continuing operations improved to $88,000 from the previous loss of $3,1 million on decreased overhead costs. Chairman Patrick Chingoka said overheads fell by $5,176 million from the previous year on the back of the restructuring and cost reduction exercises in 2015. Earnings before interest, tax, depreciation and amortisation (EBITDA) increased to $4,1 million in the period from $55,000 achieved in 2015. Chingoka said the group made a profit of $3,407 million from the deconsolidation of Tredcor Zimbabwe (Private) Limited, which was included within the profit for the year from discontinued operations. Net cash generated from operations improved greatly to $2,7 million from a negative $8,3 million recorded in the previous year. Total assets decreased by 11,5 percent from $35,9 million in the preceding year to $31,7 million following the deconsolidation of Tredcor Zimbabwe (Private) Limited. The group reduced its borrowings significantly to $3,96 million from $9,26 million recorded in the previous year. The group did not declare a dividend. Chingoka said going forward, the group will continue to invest in new vehicles and rigorously pursue new revenue streams while containing costs. The group expects revenue for the 2017 financial year to increase by six percent.*(The Source)*

Manufacturing concern GB Holdings reported a 15 percent drop in revenue from $3,9 million to $3,3 million for the full year to December 2016, after rubber prices fell during the year. Gross profit declined from $1,28 million in the prior year to $658,600, while loss after tax narrowed to $936,000 from $1,78 million in 2015. The rubber division recorded 14 percent decline in volumes to 204 metric tonnes compared to 238 metric tonnes achieved in the prior year, while revenue dropped 30 percent to $1,5 million. Chemical division volumes dropped 17 percent to 818 metric tonnes but revenue increased by four percent from $1,77 million to $1,84 million as prices remained firm. Net financial costs were lower at $138,000 compared to $224,000 in the previous year. Total assets dropped from $10,3 million in 2015 to $9,9 million. "Plant rehabilitation scheduled for completion in the third quarter will enable the company to make forays in the regional markets," said chairman Godfrey Nhemachena. (Buoyed by an improved agricultural outlook in 2017, the promotion for consumption of locally produced products and its strategic positioning, the company looks forward to an improved outcome in the ensuing year.*(The Source)*

Economic News

The African Development Bank (AFDB) says it wants local investors to participate in the financing of the construction of Batoka Gorge Hydro Electric Scheme. Zimbabwe and Zambia, who are scouting for cash to build a 2,400 megawatt power plant on the Zambezi River which borders the two southern African nations, appointed the bank as lead financial adviser for the project estimated at $4 billion. The two countries last week hosted an investors conference to court financiers for the development of the power plant which will be located 54 Kilometers downstream of the Victoria Falls. AfDB Energy vice president Amadou Hott told the conference that the financing would involve a mix of grants and loans from development financial institutions and institutional investors. "We do not want a transaction were big sovereign guarantees are required because that will delay the project, and the two governments already have budgetary constraints. We do not want to add more to the burden that the governments are facing, therefore the majority of the funding, not all will come from the private sector," he said. "We also want to crowd in institutional investors, private equity investors, but we also look at local investors. We want this project to be also owned by locals investors, the Zambians and the Zimbabweans should trust the project and put their long term savings in owning shares of the Special Purpose Vehicle that we will own the two power plants." Hott said the AfDB plans to invest $2 billion of its own resources in Africa's energy sector by 2020 but did not sa how much it would put up for the Batoka plant. *(Source)*

ZIMBABWE'S clothing and textiles manufacturing sector has experienced a growth trajectory over the past five years, with exports growing 165% to $8,2 million in 2016 from 2012 figures, a latest report has shown. Information gathered from ZimTrade, the country's export promotion body, revealed that despite a plethora of challenges affecting the clothing and textile industry, the sector was still bringing in foreign currency through exports. "Zimbabwe's clothing and textiles manufacturing sector has experienced a growth trajectory over the past 5 years, with exports growing from $3,1 million in 2012 to $8,2 million in 2016," said ZimTrade. "Zimbabwe's major export destination for clothing and textiles was South Africa with a share of 80%, while the rest of Sadc contributed 16%." According to the Trade Map, the global import bill for clothing and textiles was worth $428 billion in 2015, with the United States, Germany, Japan and the United Kingdom being the largest importers. To capacitate players in the clothing and textile sector, ZimTrade recently conducted the Marketing and Branding for International Competitiveness Training Programme for 12 companies in the sector. The training was part of its export capacity building initiatives aimed at inculcating an export culture amongst local companies. They also had the opportunity to be coached on how to conduct business using online and social media platforms. ZimTrade associate trainer, Dennis Choguya, who was one of the facilitators, highlighted the need for product differentiation and niche marketing when pursuing export markets. Market surveys conducted by ZimTrade in Mozambique, Zambia, Angola, Namibia and the Democratic Republic of Congo have identified opportunities for clothing and textiles. The tourism hubs of Tanzania and Namibia are niche markets for safari wear, ZimTrade said. *(News Day)*

Disclosures Appendix

This Publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or would subject Securities Africa Limited, or its subsidiaries or affiliates to any registration or licensing requirement within such jurisdiction. Neither this Publication nor any copy of it may be distributed in any jurisdiction where its distribution may be restricted by law and any persons into whose possession this Publication comes should inform themselves about, and observe, any such restrictions.

The information contained in this Publication or on which this Publication is based has been derived from sources believed to be reliable and accurate however no representation or warranty, express or implied, is made as to the fairness, completeness, accuracy, timeliness or otherwise of the information or opinions contained in this Publication and no reliance should be placed on such information or opinions. The information contained in this Publication has not been independently verified by Securities Africa Limited. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted as to or in relation to the fairness, completeness, accuracy or timeliness or otherwise of this Publication or as to the reasonableness of any assumption contained, nor for errors of fact or omission or for any opinion expressed in this Publication.

Past performance should not be taken as an indication of future performance, and no representation of any kind is made as to future performance. The information, opinions and estimates contained in this Publication are provided as at the date of this Publication and are subject to change without notice. Distribution of this Publication does not constitute a representation, express or implied, by Securities Africa Limited, or its advisers, affiliates, officials, directors, employees or representatives (the "Parties") that the information contained in the Publication will be updated at any time after the date of the Publication. The Parties expressly do not undertake to advise you of any information coming to any or all of their attention.

Any opinions expressed in this Publication may differ or be contrary to opinions expressed by other business areas or groups of Securities Africa Limited as a result of using different assumptions and criteria. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results.

All projections and forecasts in this Publication are illustrative only. The actual results may be materially affected by changes in economic or other circumstances, which cannot be foreseen. No representation or warranty is made by any of the Parties as to the achievability or reasonableness of any projection or forecast contained in this Publication.

This publication is provided to you for information purposes only on the understanding that Securities Africa Limited is not acting in a fiduciary capacity. It does not address specific investment objectives or financial situations, and any investments discussed may not be suitable for all investors. Prospective investors must make their own examination and evaluation of the merits and risks involved in the securities set out in this Publication including any legal, taxation, financial and other consequences of investment and should not treat the contents as advice relating to legal, taxation or other matters. This report is not to be relied upon in the substitution of independent judgment with respect to any investment decision. Investors should consider this Publication as only a single factor in making their investment decision, and as such, the Publication should not be viewed as identifying all risks, direct or indirect, that may be associated with any investment decision.

Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of, or income derived from, the investment. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk.

Securities Africa Limited conducts designated investment business only with eligible counterparties and professional clients. To the extent permitted by law and regulation, Securities Africa Limited accepts no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of this Publication or its contents or otherwise arising in connection with that. This Publication is not intended for distribution to retail clients.

By receiving this Publication, the recipient agrees to keep confidential the information contained in this Publication together with any additional information made available following further inquiries. None of the material, nor its content, nor any copy of it, may be altered in any way, disclosed, published, reproduced or distributed to any other party, in whole or in part, at any time, without the prior written permission of Securities Africa Limited.

Nothing in this Publication constitutes or forms part of, and should not be construed as, an offer for sale or subscription of, or solicitation of any offer to buy, sell or subscribe for, the securities of the Company, nor should it or any part of, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Securities Africa Limited and/or its associates and/or any of their respective clients may have acted upon the information or opinions in this Publication prior to your receipt of it. Securities Africa Limited and/or its associates may provide investment banking services to the Company and in that capacity may have received confidential information relevant to the securities mentioned in this Publication which is not known to the researchers who have compiled this Publication.

Securities Africa Limited and/or its associates and/or their officers, directors, employees or representatives may from time to time purchase, subscribe for, add to, dispose of or have positions or options in or warrants in or rights to or interests in the securities of the Company or any of its associated companies mentioned in this Publication (or may have done so before publication of this Publication) or may make a market or act as principal or agent in any transactions in such securities.

This report may not have been distributed to all recipients at the same time. This report is issued only for the information of and may only be distributed to professional investors (or, in the case of the United States, major US institutional investors as defined in Rule 15a-6 of the US Securities Exchange Act of 1934) and dealers in securities and must not be copied, published or reproduced or redistributed (in whole or in part) by any recipient for any purpose.

English law governs the issue, publication and terms of this Publication and any disputes arising in relation to any of them will be subject to the exclusive jurisdiction of the English courts.

By accepting this Publication, you agree to be bound by the foregoing limitations. No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of Securities Africa Limited.

Licensed to conduct Investment Business by the Bermuda Monetary Authority

SECURITIES AFRICA®