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

| | | | | WTD % Change | | YTD % Change | |
|---|---|---|---|---|---|---|---|
| Country | Index | 30-Apr-15 | 7-May-15 | Local | USD | Local | USD |
| Botswana | DCI | 10017.15 | 10323.09 | 3.05% | 3.06% | 8.65% | 6.17% |
| Egypt | CASE 30 | 8672.29 | 8742.42 | 0.81% | 0.80% | -2.24% | -8.38% |
| Ghana | GSE Comp Index | 2272.77 | 2255.03 | -0.78% | -1.06% | -1.41% | -18.32% |
| Ivory Coast | BRVM Composite | 264.70 | 269.30 | 1.74% | 5.00% | 4.35% | -2.71% |
| Kenya | NSE 20 | 5091.43 | 5070.80 | -0.41% | -1.29% | -0.82% | -5.58% |
| Malawi | Malawi All Share | 16024.62 | 16026.15 | 0.01% | 1.09% | 7.66% | 15.71% |
| Mauritius | SEMDEX | 1955.81 | 1955.83 | 0.00% | 0.41% | -5.68% | -15.48% |
| | SEM 10 | 371.03 | 371.39 | 0.10% | 0.50% | -3.74% | -13.73% |
| Namibia | Overall Index | 1200.96 | 1186.61 | -1.19% | -2.92% | 8.07% | 4.21% |
| Nigeria | Nigeria All Share | 34708.11 | 34388.12 | -0.92% | -0.45% | -0.78% | -8.52% |
| Swaziland | All Share | 300.23 | 300.23 | 0.00% | -1.74% | 0.71% | -2.88% |
| Tanzania | TSI | 4724.06 | 4719.32 | -0.10% | 0.14% | 4.23% | -8.23% |
| Zambia | LUSE All Share | 5994.04 | 5991.49 | -0.04% | 1.52% | -2.75% | -14.99% |
| Zimbabwe | Industrial Index | 156.26 | 154.00 | -1.45% | -1.45% | -5.40% | -5.40% |
| | Mining Index | 42.93 | 42.93 | 0.00% | 0.00% | -40.13% | -40.13% |

## CURRENCIES

| Cur-rency | 30-Apr-15 Close | 8-May-15 Close | WTD % Change | YTD % Change |
|---|---|---|---|---|
| BWP | 9.64 | 9.64- | 0.01 | 2.33 |
| EGP | 7.61 | 7.61 | 0.00 | 6.70 |
| GHS | 1.87 | 3.84 | 0.28 | 20.70 |
| CFA | 597.30 | 578.77- | 3.10 | 7.25 |
| KES | 92.71 | 93.54 | 0.89 | 5.05 |
| MWK | 435.52 | 430.87- | 1.07- | 6.95 |
| MUR | 34.09 | 33.95- | 0.41 | 11.58 |
| NAD | 11.82 | 12.03 | 1.77 | 3.70 |
| NGN | 197.25 | 196.31- | 0.48 | 8.47 |
| SZL | 11.82 | 196.31 | 1.77 | 3.70 |
| TZS | 1,936.58 | 1,931.96- | 0.24 | 13.58 |
| ZMW | 7.38 | 7.26- | 1.54 | 14.40 |

SECURITIES AFRICA

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## Botswana

### Corporate News

THE JSE will get another African boost when Botswana grocery retailer Choppies Enterprises lists on the main board at the end of this month. This will be the fourth inward listing from the rest of the continent, following in the footsteps of Namibia's Trustco, Botswana's Wilderness Safaris and Nigeria's Oando. Choppies would use the secondary listing to raise about R600m by issuing new shares equal to 10% of issued stock, CEO Ramachandran Ottappath said on Tuesday. Choppies commands a market capitalisation of 5.2-billion pula (about R6.3bn) on the Botswana Stock Exchange. Three existing major investors will also offer for sale another 160-million of the issued shares, increasing the stock available in Johannesburg to 280-million shares. "That will help us reach the JSE's (minimum) free float threshold of 20%," said Mr. Ottappath. Botswana's biggest grocery retailer plans to open 31 new stores in Botswana, SA and Zimbabwe by the end of this year. The company already has 125 retail outlets in the three countries, including 35 stores in the northern provinces of SA. "We have the infrastructure to take our store base in SA to 100 without having to increase the distribution capacity," said Mr. Ottappath. The stores in North West, Limpopo, Mpumalanga and Free State are supported by two distribution centres in Rustenburg, which Mr. Ottappath said were functioning at 35% of capacity now. Twelve new stores in Zimbabwe will take the total to 30 by December. Thirty more stores will be built in the country over the next few years.

In Botswana Choppies will add five more stores, taking the total to 77 retail outlets by December, followed by another 20 in the medium term. "In Botswana we can also grow our stores to 100 without adding distribution infrastructure," said Mr. Ottappath. "Growth is in the DNA of this company. In the years between 2002 and 2007, we grew Choppies seven times without negatively affecting profitability," he said, when asked if management could cope with that amount of growth. "We'll double this business; we'll grow significantly without compromising profitability." Four years ago the company operated only 57 stores in Botswana, and has been growing annual revenue at an average of 27%. Gross profit has increased at a compound annual growth rate of 34% since 2011, reaching 177-million pula in financial 2014. In the next two months Choppies will start operations in Namibia, Zambia and Tanzania, targeting lower-to middle-income consumers. It will also enter Kenya before the end of the year. Choppies entered Zimbabwe by buying 10 Spar Group stores in Harare and Bulawayo in 2013. "We easily entered Zimbabwe and converted the stores to the Choppies brand without doing too much marketing," Mr. Ottappath said. Zimbabweans were familiar with the brand as they relied on its stores in Francistown, Botswana, during the hyperinflation of the past decade. (Business DayLive)

### Economic News

*No Economic News This Week*

# WEEKLY AFRICAN FOOTPRINT

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TRADING

## Egypt

### Corporate News

**Canada's Bombardier Inc and Egypt's Orascom Construction and Arab Contractors will build a $1.5 billion monorail near Cairo, Egypt's housing minister said.** The 52 kilometre (32 mile) project is set to be completed by mid-2018 with funding from a 14-year loan, Mostafa Madbouly said in a statement, without saying who was providing the funds. The train will connect the Cairo metro system, which is being expanded, to areas west of the capital including 6th of October City and Sheikh Zayed. Cairo, a centuries-old metropolis where more than 20 million people reside, has suffered for years from crumbling infrastructure and neglect. Improved public transport could help reduce congestion in streets where commuters compete with commercial traffic, three-wheeled tuk-tuks and donkey carts. The move comes weeks after the government announced a project to build a new capital southeast of Cairo, a proposal that has received mixed reviews. Madbouly said technical and financial offers for the rail project had been approved, but Reuters could not immediately reach the companies to confirm the details. Orascom, an engineering and building business, is controlled by Egypt's prominent Sawiris family. It announced plans late last year to build a $3 billion coal-fired power station on the Red Sea coast in a joint venture with Abu Dhabi state fund International Petroleum Investment Co (IPIC). Bombardier provides rail vehicles, signalling and control equipment, as well as making planes. *(Reuters)*

**Shareholders in Egypt's GB Auto have subscribed to almost all of its 960 million Egyptian pound ($125.82 million) rights issue as the auto assembler and distributor pushes ahead with expansion plans.** Egypt's sole distributor of Hyundai, Mazda and Geely cars as well as three-wheel tuk-tuks and motorbikes made by India's Bajaj, aims to invest $1.5 billion in new factories, in a vote of confidence in the country's political stability. Political turmoil has hammered Egypt's economy since an uprising toppled Hosni Mubarak in 2011. President Abdel Fattah al-Sisi has pledged to get the economy back on track and lure back investors by creating a more business-friendly climate. GB Auto said it raised 958.7 million Egyptians pounds, or 99.86 percent of its proposed $960 million rights issue. Egypt's largest listed auto assembler and distributor told Reuters last week that it wanted lower tariffs on car imports from the United States and Asia, fearing that free trade agreements signed with Europe, Turkey and Morocco would distort competition. *(Reuters)*

### Economic News

**Egypt's General Authority for Supply Commodities (GASC) set a tender on Monday to buy an unspecified amount of wheat from global suppliers for shipment from June 16-25.** Mamdouh Abdel Fattah, vice chairman of GASC, the country's main wheat buying agency and one of the world's biggest state importers of wheat, is seeking to buy cargoes of soft and/or milling wheat from the United States, Canada, Australia, France, Germany, Poland, Argentina, Russia, Kazakhstan, Ukraine and Romania. Tenders should reach GASC by noon local time (1000 GMT) on Tuesday and the results should come out after 3:30 p.m. local time on the same day. Wheat bids should be free-on-board, with a separate freight offer.*(Reuters)*

**Egypt will attract about 20 percent more visitors this year compared with 2014, the tourism minister said on Monday, as the holiday sector recovers after four years of political upheaval, violence and street protests.** About 2.15 million tourists visited the country in the first quarter, up 6.9 percent from a year ago, Khaled Ramy said. Advance bookings indicate the full-year total would be around 12 million, below 2010's peak of 14.7 million but above 2014's 9.9 million. "In the next four-and-a-half years we have to increase by double-digit (percentages) every year," the minister said. Egypt's tourism revenue reached a peak at $12.5 billion a year in 2010, but was less than half that in 2013 as turmoil in the run up to the army's toppling of Islamist President Mohamed Mursi deterred visitors. Revenue last year was $7.3 billion, Ramy told a news conference in Dubai. "We would like to reach $26 billion by 2020," he said. The number of forward bookings for this summer and winter are 15-20 percent higher than a year ago and visitor numbers in the first two weeks of April rose 19 percent year -on-year, he said. "By 2016 we will maybe surpass the levels of 2010," said Ramy, who has struck a more upbeat tone since succeeding Hisham Zaazou in early March. That month, Zaazou warned Egyptian tourism would not fully recover by the end of 2015. Ramy said the tourism sector was also seeking to appeal to a younger market. "We would like to reposition Luxor, Aswan and the Nile valley as a young and vibrant product â€" usually if you say cultural tourism you think of people who are 50 plus, but we'd like to change that." Egypt has 189,000 hotel rooms, with a further 154,000 under construction, the minister said. "By 2020 we should have enough space to accommodate 34 million tourists (annually)," he added. *(Reuters)*

**Egypt has issued a five-year tender to lease a second liquefied natural gas (LNG) import terminal, the head of the state gas board told Reuters on Monday, seeking to tackle an energy crisis.** Egypt was once an energy exporter but declining oil and gas production and increasing consumption has forced the government to divert energy supplies to the domestic market, turning the country into a net energy importer. "We launched yesterday a tender to lease a second LNG import terminal for a period of five years. We have sent it to eight international companies and we expect to get a reply within a week," Khaled Abdel Badie said in a telephone interview.
The floating regasification and import terminal, which converts super-cooled LNG into gas, would be Egypt's second. An import terminal from Norway's Hoegh LNG arrived in Egypt last month. Egypt has struck a number of LNG supply deals, including a March agreement with Russia's Gazprom to import 35 cargoes of LNG. Egypt also agreed in January to import 33 LNG cargoes from Trafigura, 9 from Vitol, 7 from Noble, and 6 from Algeria's Sonatrach, to be delivered in this year and next. *(Reuters)*

**Egypt's supplies minister said on Tuesday that it has so far bought about 1.6 million tonnes of local wheat since the current season began in mid-April.** Speaking to Reuters on the sidelines of a conference in the Lebanese capital Beirut, Khaled Hanafi said: "Until now, we've received about 1.6 million tonnes and this size changes every day. I think the percentage of procurement is higher than it's been in the past." Egypt expects to take in around 3.7 million tonnes of local wheat for some 10 billion Egyptian pounds ($1.31 billion) which will ensure it has strategic reserves until the beginning of October. The season for local wheat procurements ends in mid-July. Hanafi said his country, the world's top wheat importer, had reduced its wheat imports by 20 percent in the current fiscal year ending in June since it implemented a new smart card system for subsidised bread. Egypt imported 5.46 million tonnes of wheat in the fiscal year 2013/2014 in addition to procuring 3.7 million tonnes of local wheat. Hanafi said he expected a big drop in wheat imports in the 2015/2016 fiscal year, without being more specific.*(Reuters)*

**The World Bank approved a $500 million loan to help Egypt finance the construction of one million housing units for low-income residents over five years, the country's housing minister said on Wednesday.** "Between 25 and 40 percent of the loan will be given immediately. It will be directed towards building some units ... and providing subsidies," Mostafa Madbouly said in a statement. Egypt, with a burgeoning population of nearly 90 million and poverty levels hovering around 40 percent, is pursuing a number of projects aimed at easing a shortage of affordable housing that has been a grievance of young Egyptians for decades. Last month, Dubai builder Arabtec said it was in talks with several local and international banks to finance the first phase of its project to build another one million housing units in Egypt. The World Bank said in a statement on Tuesday its board of directors had approved the loan to improve access to homeownership and rental units for low-income households in Egypt. "The Egypt Inclusive Housing Finance Program ... will reach 3.6 million people, including an estimated 1.6 million beneficiaries living below the poverty line," it said. Madbouly said 170,000 units would be completed by the end of the year, bringing the total number of finished units to 250,000. *(Egypt.com)*

**Egypt's budget deficit in nine months to March rose to 9.4 percent of gross domestic product, the finance ministry said on Thursday, compared with 7.3 percent for the same period last year.** The deficit since the start of the fiscal year in July until the end of March reached 218.3 billion Egyptian pounds (US$28.61 billion), from 145 billion pounds for the comparative period, the ministry said in a report on its website. "It is noteworthy to mention that due to exceptional and mandatory, total expenditures picked up during the period of the study, exceeding the impact of increased revenue proceeds," it said. In February, Prime Minister Ibrahim Mehleb said he believed his government's budget deficit would come in below 10 percent of GDP in the current financial year to the end of June, against 14 percent last year. Egypt's GDP is expected to grow four percent, up from 2.2 percent last year, he said. *(Reuters)*

## Ghana

### Corporate News

**Ecobank Ghana has stepped up its support in the agricultural sector with a credit facility of GH¢152 million in 2014 to help the sector unlock its potential.** The bank has extended more than GH¢22 million in the last four months to smallholder farmers who are into the cultivation of soya, maize and rice and other in the value chain. Speaking at the second Ghana Agribusiness Investment Summit in Accra, the Executive Director of Domestic Bank of Ecobank Ghana, Mr George Mensah-Asante, called for increased support to small scale agriculture farmers to enable them contribute to the economic development of the nation. That, he said, was necessary because the small scale agricultural sector had remained the bedrock of most developing economies of the world. "Through our facilities, farmers have had increased access to modern technology, improved seeds and fertilizers," he said. The sector's contribution to total productivity in the economy stands at about 22 per cent, having ceded its lead role to the services sector which now contributes about 53 per cent. Hitherto, individual farmers would reach out to a financial institution for credit to finance their farming activities. Since the sector is mainly rain-fed in the country, a bad weather would mean poor harvest which often rendered the loans bad. Although the bank has been doing some level of agric financing, it has since 2007 been scaling up the portfolio with the assistance of some development financial institutions interested in green growth and climate change. They include the United States Agency for International Development-Financing Ghanaian Agriculture Project (USAID-FinGap), the Danish International Development Agency (DANIDA) and the German Technical Cooperation (GTZ). *(Ghana Web)*

### Economic News

**Cocoa futures rallied more than 2 percent on Tuesday due to concerns over tight supplies from No. 2 grower Ghana, while white sugar adjusted lower after a public holiday during which raw sugar had tumbled 3 percent.** Arabica coffee futures firmed in choppy dealings, underpinned by a soft dollar and firmness in Brazil's currency, the real. July New York cocoa was up $66, or 2.3 percent, at $2,941 per tonne at 1359 GMT. London July cocoa was up 31 pounds or 1.6 percent at 2,018 pounds per tonne. "The market is up because Ghana purchases are down and the crop is worse than expected," a senior London-based broker said. Ghana estimates its 2014/15 cocoa season output will be not more than 700,000 tonnes, down from an initial target of more than 1 million tonnes that had been revised to 850,000 tonnes, senior government sources told Reuters. White sugar adjusted to the slide in raw sugar futures seen on Monday, when London softs markets were shut for a holiday. Raw sugar futures edged up, with traders focused on a massive delivery tonnage received by trade house Wilmar against last week's expiry of the May raw sugar futures contract. "The sole receiver has refining interests for some of the sugar, but the market seems to doubt that it can absorb all of it easily," said Nick Penney, a senior trader with Sucden Financial Sugar.
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Traders said sugar futures prices were likely to be capped by huge stocks overhanging the market. August white sugar futures were down $5.90 or 1.6 percent at $367.50 a tonne. July raw sugar futures traded up 0.07 cent, or 0.6 percent, at 12.58 cents a lb. Arabica coffee futures edged up in volatile, technically driven dealings, supported by the firmer real. The stronger real eroded incentives to producers in top grower Brazil to sell, as it would give them lower local-currency returns from dollar-denominated coffee sales. Traders noted that Volcafe, the Swiss-based coffee division of commodities house ED&F Man, raised its Brazil 2015 coffee crop forecast to 51.9 million bags. This is the largest forecast to date. July arabica traded up 1.05 cents, or 0.8 percent, at $1.3395 per lb, within sight of Monday's seven-week low of $1.3155 per lb. July robusta coffee edged up $9 or 0.5 percent to $1,781 a tonne. *(Reuters)*

**Treasury yields, which indicate the cost of government's borrowing, have been falling consistently since February 20. The 91-day T-bill has fallen for 11 straight weeks since the latter part of February, declining from 25.85 percent to 25.08 percent at last Thursday's auction.** Also, the 182-day bill has fallen for 10 straight weeks since February 27; declining from 26.41 percent to 25.74 percent at last week's auction. The current 91-day yield of 25.08 percent is the lowest since August 29, 2014 while the 182-day yield of 25.74 percent is the lowest since July 04, 2014. Analysts say while the size of the decline in the yields is not significant, the development is positive and will be even more beneficial for the economy if maintained. Falling yields imply a reduction in the cost of borrowing for government, which is deemed crucial to facilitating fiscal consolidation. Additionally, Treasury rates also impact on the rates at which businesses borrow from the banks. But whether this trend will continue depends on inflation developments and stability of the cedi, which continues to slide and poses possibly the greatest risk to macroeconomic stability currently. Government has planned to borrow more than GH¢25billion from the domestic market within the first six months of 2015 as against the GH¢14.3billion it borrowed through the issuance of securities in the same period last year. The local currency, which has fallen by more than 16 percent in the first quarter of the year, continues to stoke inflationary pressures. Last month's inflation stood at 16.6 percent, rising marginally from 16.5 percent in February. The fall in the yields is welcome news for government, especially at a time when interest payment continues to weigh heavily on government's resources.

Total interest payment for 2015, according to the Finance Ministry, is estimated at GH¢9.6billion -- equivalent to 7.1 percent of GDP and 24.4 percent of total expenditure. Of this amount GH¢1.5billion will be expended on external interest, while GH¢8billion will be for domestic interest payments. The country's total public debt stock as a percentage of GDP increased from 36.3 percent in 2009 to 48.03 percent in 2012, and further to 55.53 percent in 2013 and 67.6 percent last year. The finance ministry has attributed the rapid rise of public debt in recent years to an increase in external net disbursements for infrastructure projects and net domestic issuance, as well as depreciation of the cedi. Government's third US$1billion Eurobond in as many years comes at a time an International Monetary Fund bailout programme is in full swing. The bond will be used to retire maturing Eurobond in 2017, and will come at some cost to government given the local currency's continuous slide. The venture into the Eurobond market, which is supposed to be a strategy to avoid expensive domestic interest rates, is becoming increasingly costlier in terms of the cost of the debt in cedi terms. Ghana's last September Eurobond attracted a coupon rate of 8.125% as the local currency went on to finish the year depreciating by 30.9%. In addition to the weak cedi, the IMF has said in its latest World Economic Outlook that sub-Saharan African countries, including Ghana, planning to issue Eurobonds this year will have to put in place a contingency plan as it envisages possible surges in exchange rate volatility. The concerns of the WEO report stems from what it described as "unusually large" exchange rate movements. Among major currencies, the dollar has seen a major appreciation -- which reflects major differences in monetary policy, with the United States expecting to exit the zero lower bound this year -- and the euro and yen, a major depreciation. *(Ghana Web)*

## Kenya

### Corporate News

**Cash-strapped Kenya Airways has initiated talks with an airline from the Middle East in a bid to raise cash in exchange for equity.** Sources within the company also told Sunday Nation that the national carrier has abandoned midway its multi-billion project for the purchase of new Dreamliner jets. This is said to be part of new measures the airline hopes will boost its struggle to get out of its current financial crisis. Though the KQ management would not confirm or deny the engagement with a potential partner yesterday, CEO Mbuvi Ngunze is on record saying that the airline is looking for a partner with deep pockets. Those in the know say Qatar Airways and Emirates are among those the national carrier is looking at for a potential partner. “We cannot comment on this. It’s a shareholder issue,” the company said in an emailed response on Saturday. The airline, which is expected to release its full-year financial results this month, has been in bad financial state and has in the past few months relied on short-term loans to pay workers and run daily operations. It is estimated that the company would require about Sh18 billion to get out of the red. Mr. Ngunze said KQ would not purchase the remaining three of nine of Dreamliner jets it had ordered from Boeing in 2006 but would instead lease the aircraft from an Irish company. The airline has already entered a sale and lease agreement with AWAS Aviation Trading Ltd, a company based in Ireland, meaning that the three planes will not be financed on the balance sheet of Kenya Airways. “Given our current financing, we must be prudent in finding innovative financing solutions while keeping with our growth ambition. The new aircraft will be important additions to our fleet as we strive to give our guests the best experience possible,” the CEO said. He said the lease deal would be beneficial to the company’s balance sheet as it seeks to improve its liquidity. Huge debts have been a key player in the matrix that brought the national carrier to its knees.

Most of this debt was acquired to finance the purchase of Dreamliner jets as part of a fleet modernisation project launched by former CEO Titus Naikuni. The decision to rescind its intention to buy all the nine new Dreamliners midway and instead run three of those on a lease agreement could significantly prop the company’s financial standing. After announcing a Sh10 billion loss in the half year, the worst performance in the history of Kenya’s corporate sector, the company said it would contract a financial advisor to help restructure its debt. But it is yet to contract one. Analysts predict that the airline could report a bigger loss in the full-year results, given that most of the factors it blamed for the poor half-year performance have not significantly changed. The airline had blamed its huge loss on cancellation of flights to West Africa after the outbreak of Ebola and reduced passenger numbers due to travel advisories issued against Kenya in the wake of high insecurity. The airline has yet to resume its West African flights while the security situation in the country is still wanting.*(Business Daily)*

**High operating expenses, including marketing costs, pulled down Crown Paints’ net profit in the year ended December by 91 per cent to Sh19.7 million compared to Sh213.8 million the year before**. The firm’s revenues jumped 17 per cent to Sh6 billion, underlining the impact of the high operating costs that saw its net margins drop to 0.3 per cent from 4.1 per cent. “We spent more than $1 million (Sh94.5 million) in Tanzania and Uganda on advertising, putting up billboards, running campaigns and adverts,” Rakesh Rao, the firm’s chief executive had said after announcing the profit warning in February. The increased marketing effort is aimed at boosting sales of the regional subsidiaries which the company says experienced “very challenging market dynamics” in the period, signalling significant profit declines. Crown is operating relatively new subsidiaries in Tanzania and Uganda and opposition from incumbent competitors has forced it into aggressive marketing to secure market share. The company’s liquidity position has worsened as cash flows from operations last year stood at minus Sh9.82 million compared to a positive Sh110.7 million position in 2013. Net profit for the half year to June 2014 stood at Sh109.34 million, indicating that the 91 per cent decline in full year earnings came in the second half. The firm’s income statement does not show its total costs or a breakdown of the same, including administrative expenses and cost of goods sold. The paint manufacturer is in the list of over 13 listed companies that have announced profit warnings for 2014 results, showing profit drops of 25 per cent or more. Others are Sameer Africa, Sasini, Williamson Tea, Kapchorua Tea and TransCentury. Despite the reduced profitability, Crown has proposed a dividend payout of Sh1.75 per share, maintaining the same level as last year. This will see it pay out a total of Sh41.5 million or double its net profit of Sh19.7 million for the period. Crown joins firms like TPS Eastern Africa that have maintained the same dividend payout despite recording significant profit drops last year. *(Business Daily)*

**Kenya's Nation Media Group selected Joseph Muganda to be its next chief executive, replacing Linus Gitahi who opted for early retirement, it said on Monday.** Nation Media, whose titles include one of the country's biggest papers, the Daily Nation, also operates websites, radio and television stations in east Africa. Muganda, who will start the job in July, joins from East African Breweries, where he served as managing director for Kenya. Nation Media also elevated Tom Mshindi to the post of editor in chief, overseeing editorial content across all platforms. Mshindi had been the group's chief operating officer and acting editorial director. Nation Media shares closed at 225 shillings, down from last week's close of 234 shillings. Muganda's appointment was announced after trading had ended for the day. *(Reuters)*

**Kenya Commercial Bank group's first-quarter 2015 pretax profit rose 12 percent to 6.23 billion shillings ($65.54 million) from the same period last year, helped by higher interest income, the bank said on Wednesday.** The bank's net loans and advances to customers rose to 297.03 billion shillings from 233.78 billion shillings, which resulted in an 11 percent rise in net interest income to 9.26 billion shillings. The bank, which also operates in Rwanda, Burundi, Tanzania, Uganda and South Sudan, said total assets rose 510.27 billion shillings from 411.43 billion shillings.*(Reuters)*

**Kenya's Safaricom Ltd plans to expand its mobile and fibre optic network and will launch a home broadband service to boost growth after posting a 17 percent rise in annual earnings.** Earnings before interest, tax, depreciation and amortisation (EBITDA) rose to 71.2 billion shillings ($748.7 million) in the year ended March, lifted by a 13 percent rise in revenue to 163.4 billion shillings. Safaricom, whose capital expenditure rose 21 percent to 33.7 billion shillings, plans to expand its 3G network to cover 80 percent of the population from 69 percent at present. It also plans to roll out faster 4G services to 13 more towns by December from two currently, and add fibre optic connections to 10 more towns. "We are continuing just to roll out our standard network, continuing to update the network, continuing to roll fibre out. So it's kind of largely business as usual," Chief Executive Bob Collymore told reporters on Thursday. Collymore, whose term as chief executive was extended for two years, said Safaricom would launch set-top boxes which will receive TV and data services using 4G on Friday. "Effectively it gives you broadband access in the home," he said. Safaricom said full-year net income, which jumped 38 percent to 31.87 billion shillings, was likely to be 32-34 billion this financial year. The company, 40 percent owned by Britain's Vodafone Group PLC, expects free cashflow of 25-26 billion shillings from 27.5 billion last financial year. Its voice service revenue rose 4 percent to 87.4 billion shillings, while that from money transfer service M-Pesa was up 23 percent to 32.6 billion.

Mobile data services revenue was up 59 percent to 14.82 billion shillings and that from short message services jumped 15 percent to 15.6 billion. It said earnings per share rose to 0.80 shillings from 0.57 shillings and proposed a dividend per share of 0.64 shillings, up from 0.47 shillings. At 0939 GMT, Safaricom's shares were down 2 percent at 17.20 shillings on the Nairobi Securities Exchange. Daniel Kuyoh, research analyst at Kingdom Securities, said the drop was due to profit taking by some investors, who had already priced a better full-year performance. "A lot of investors that we are seeing are simply offloading ... The results coming out today have probably strengthened a lot of investors, those are the speculators (taking profit)," he said. *(Reuters)*

## Economic News

**The Nairobi Securities Exchange (NSE) is the second-best performer this year amongst Africa's large bourses despite recent foreign investor outflows.** NSE has slowed down as dollar returns fall with the weakening of the shilling but its performance amongst six second-tier markets has been relatively good. The NSE All Share Index (NASI) which tracks the performance of all the stocks at the exchange is up 6.3 per cent this year at 173 points, while the NSE 20 share index is down 0.4 per cent at 5091 points. African Alliance (AA) market data on the All-Share indices of peer bourses in Africa shows the top performer is the Tunis Stock Exchange which is up 8.9 per cent for the year. Morocco's Casablanca Stock Exchange ranks third with a 3.3 per cent gain, followed by the Nigeria Stock Exchange which is up slightly at 0.06 per cent. The Zimbabwe and Egypt stock exchanges have negative returns for the year, down 3.9 and 10.9 per cent respectively. Smaller stocks have been outperforming the bigger ones at the NSE in recent weeks, although analysts expect its performance as a whole to improve as corporate announcements pick up again. "There still exist pockets of opportunities in the NSE thus we expect the bourse to reverse current momentum in the next few weeks with the biggest catalysts being the banking sector as listed lenders begin announcing first quarter earnings," said Genghis Capital analyst Florence Kimaiyo. "Liquidity and corporate actions that unlock value remain key factors to watch out for, especially with our high exposure to foreign investors but value in the mid-cap to small-cap counters cannot be overlooked." Data from AA though shows dollar returns of -2.9 per cent for the NSE in April, when the shilling depreciated sharply to the dollar by 4.2 per cent to exchange at 94.50.

In 2014, dollar investors at the NSE saw a gain of 13.6 per cent, which was however still below the NASI gain of 20 per cent. The other bourses have recorded mixed performances in dollar returns over the past month. Nigeria is leading with a gain of 8.9 per cent followed by Tunisia at 7.12 per cent. Nigeria is recovering after a presidential election that was hailed as a success. The poll has restored investor faith in the country's economy. On the other hand, Egypt and Morocco have negative dollar returns of 5.6 per cent and 0.6 per cent respectively. South Africa Johannesburg Stock Exchange that is rated the sole tier-one bourse in the continent, has a dollar return of 7.7 per cent. Its JSE All Share Index is up 9.4 per cent in the past month. Foreigners looking to invest in a country carefully consider the dollar valuation against local currencies at entry and exit since this determines their margins. A weakening local currency discourages their entry since it means investors get fewer dollars when exiting the market — leading to lower dollar return.*(Business Daily)*

**Kenya will receive a Sh3.5 billion ($37million) credit from the World Bank Group under a new finance program**. The loan is aimed at improving financial stability by ensuring more affordable and long term financing in the country under the new program dubbed Kenya Financial Sector Support Project. "Kenya's financial sector is the third largest in sub-Saharan Africa and it makes a significant contribution to economic growth and job creation," World Bank Country Director Diarietou Gaye explained. "The opportunity for Kenya now is to transform the financial sector to provide more affordable and longer term credit to contribute effectively to growth and shared prosperity," she said. The program will focus on banks, insurance and pension schemes through a more targeted approach that supports solutions to specific constraints that curtail economic growth and the job creation of the private sector. This will be aimed at improving investment opportunities for institutional and foreign investors. Primary beneficiaries of the program will be the National Treasury, and financial sector regulators including the Central Bank of Kenya (CBK), Capital Markets Authority (CMA), Retirement Benefits Authority (RBA) Insurance Regulatory Authority (IRA) and the Sacco Societies Regulatory Authority. It will also support the Kenya Deposit Insurance Corporation and the Public Debt Management Office. The new program builds on the reforms that have been supported by the Financial and Legal Sector Technical Assistance Project in the past decade.

Financed by the bank credit of Sh1.7 billion ($18million) and co-financing of Sh946 million ($10 million) from Britain's Department for International Development, the latter project was approved by the bank in October 2004 and closed in March 2013.The World Bank now says the critical need is to consolidate these gains by addressing the remaining gaps and weaknesses in the financial markets, especially as they relate to long term financing needs of Kenya's development agenda. "The new facility will also facilitate access to and reduce the cost of finance, which are identified as constraints to business growth and job creation" Senior Financial Sector Specialist Smita Wagh says. The Bank's Country Partnership Strategy (CPS) for Kenya and the government's Vision 2030 identify access to finance as critical to enhancing the prospects for Kenya's growth, regional competitiveness, and shared prosperity. The World Bank Group pledges to continue to support efforts to increase financial access to improve the enabling environment for private investment, which plays a critical role in Kenya's development process. *(Capital FM)*

**The Kenyan shilling weakened on Wednesday, as the central bank pledged to contain inflation through money-market operations and to suspend voice brokers from the currency market.** The shilling has dropped 5.26 percent to the dollar this year as imports rose, tourism slumped and demand for dollars grew among importers and companies paying annual dividends to shareholders abroad. At the 1300 GMT close of trade, commercial banks posted the shilling at 95.10/20 to the dollar, its lowest point since November 2011, and slightly down from Tuesday's close of 95.05/15. Duncan Kinuthia, head of trading at Commercial Bank of Africa, said further weakening could be expected if the shilling convincingly passes the technical support level of 95.00. "I don't see a favourable outlook," he said. The central bank, which sold dollars to banks on three occasions last month to stamp out volatility, said it would pursue a tightening bias to contain inflation through money- Earlier, it asked commercial banks to stop dealing with voice brokers in the foreign exchange market, traders said. They said the move to lock out the brokers would make discovery of price hard and enhance volatility. Aly Khan Satchu, an independent trader and analyst, said the central bank's tougher language and its decision to lock out voice brokers were aimed at tamping down speculation, to ensure the shilling, which hitherto had been very stable, does not depreciate too rapidly. In the stock market, the benchmark NSE-20 share index shed a third of a percentage point to close at 5,083.94 points. Shares of Kenya's top bank by assets, KCB fell 2.4 per cent to close at 60.5 shillings each, weighed on by some investors who booked their gains after the bank issued its trading results for the first quarter. The bank's pretax profit rose by 12 percent during the period, but Satchu said some investors may have been expecting faster growth. In the debt market, bonds worth 208 million shillings were traded, down from Tuesday's volume of 515 million shillings. *(Reuters)*

**Kenya's central bank held its benchmark lending rate at 8.50 percent on Wednesday, saying it would pursue a tightening bias to contain inflation through money market operations.** The bank's Monetary Policy Committee (MPC) said in a statement that developments in the foreign exchange markets had triggered inflationary expectations and said this threatened the bank's price stability objective. A spike in food prices due to dry weather pushed inflation to 7.08 percent last month, its highest level since August. April's inflation figure was above consensus expectation in a Reuters poll of analysts and was close to the upper limit of the government's target band of 2.5-7.5 percent. The shilling has weakened by 5.26 percent to the dollar this year on the back of rising imports, a slump in tourism and general demand for dollars from importers and firms paying annual dividends to shareholders abroad. The central bank said it would use open market operations to neutralise the emerging threats to price stability. "The MPC will therefore pursue the current tightening bias stance in the money market through the CBK (Central Bank of Kenya) monetary policy operations in order to anchor inflationary expectations," the MPC said. The bank has frequently mopped up shilling liquidity from the market, using repurchase agreements (repo) and term auction deposits, another financial instrument. *(Reuters)*

**Kenya's regulator has introduced new takaful (Islamic insurance) rules which will allow the entry of conventional players into the sector, part of efforts to boost capital markets in East Africa's biggest economy.** Takaful is seen as a bellwether of consumer appetite for Islamic finance products. It is based on the concept of mutuality; the takaful company oversees a pool of funds contributed by all policy holders. Islamic finance, which follows religious principles such as bans on interest payments, accounts for roughly 2 percent of total banking business in Kenya, where Muslims make up about 15 percent of the population of 40 million. The rules will come into effect in June with firms required to adhere to the requirements by December, according to a document from Kenya's Insurance Regulatory Authority. This would see Kenya join the countries such as Pakistan and Indonesia in allowing takaful windows, which enable firms to offer sharia-compliant and conventional products side by side. The rules require separate financial reporting requirements for takaful windows from their parent firm, and their operating model must be approved by a board of religious scholars. Operators must also maintain separate takaful funds for their general and life businesses. Kenya's first full-fledged takaful firm was launched in 2011, Takaful Insurance of Africa. Islamic lender First Community Bank also operates a takaful scheme while Kenya Reinsurance Corp has developed a sharia-compliant reinsurance product of its own. *(Reuters)*

**Foreign construction companies are expected to include 30 per cent local ownership or sub-contract 30 per cent of the project works to Kenyan firms to qualify for registration.** The companies have been given up to May 28 to register with the National Construction Authority in order to get jobs in Kenya. The firms must also transfer skills to local contractors in order to qualify for registration. An advertisement to this effect was signed yesterday by the executive director registrar of contractors, Mr Daniel Manduku. The recommendations came out of consultative meeting held in October at Boma hotel, which involved construction firms and representatives of foreign companies. The companies are required to submit a schedule of projects they are executing with the details of costs and completion dates. They are also required to lodge an affidavit with the authority besides providing proposals on the 30 per cent sub-contracting or joint venture in addition to a viable proposals for technical skills transfer. The authority has also said that all firms should pay 0.5 per cent levy on the value of projects they are undertaking. They should also be registered by National Construction Authority to operate. The authority said there were some contractors, who were starting work without paying the levy and warned that action would be taken against them. They also warned that there were conmen, who were purporting to be officials of the authority going round on construction sites, seeking bribes. The contractors have been asked to be alert and report them for action to be taken. *(Nation)*

## Malawi

### Corporate News

*No Corporate News this week*

### Economic News

**Malawi expects its economy to grow by 5.4 percent this year, even after the southern African country was hit by devastating floods and dry spells that damaged tobacco and corn crops, President Peter Mutharika said.** Growth would rebound in 2016, reaching 6.5 percent, Mutharika said Tuesday during a state of the nation address to lawmakers in the capital, Lilongwe. Floods in January displaced more than 200,000 Malawians and killed at least 176. Tobacco is Malawi's largest export earner and the country is Africa's largest supplier of the burley, or air-cured, variety of the crop. Malawi's government would pursue policies that seek to curb inflation and reduce the balance of payment deficit, Mutharika said. Annual average inflation is expected to drop to 16.4 percent in 2015 from 23.8 percent last year, helped by a more stable exchange rate and lower oil prices, he said. "It is projected that inflation will continue to be on a downward trend and will reach an annual average rate of 12 percent in 2016," said Mutharika. Malawi's traditional donors have withheld as much as $150 million in aid because of a government corruption scandal referred to by local media as "cashgate." Donors have provided up to 40 percent of the country's budget in previous years. "Following the cashgate scandal, the contribution of donor support to the budget substantially declined from about 30 percent of the total resource envelope to less than 20 percent in the 2014/2015 fiscal year," Mutharika said. "As a result, the 2014/2015 budget has been largely financed by domestic resources." To fill the revenue gap caused by reduced donations, the government intensified tax reforms, a process Mutharika said he expected to be completed by the end of the 2015/2016 fiscal year. *(Bloomberg)*

## Mauritius

### 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*



## Nigeria

### Corporate News

**Transnational Corporation of Nigeria Plc says it made a profit before tax of N2.57bn in the first quarter of the 2015 financial year, compared to a loss before tax of N573.95m in 2013.** The group's profit after tax also soared, hitting N2.19bn, a marked difference from the N687.74bn loss after tax it reported a year ago. Revenue for the group stood at N9.92bn, which represented a drop of five per cent year-on-year, from the N10.54bn in it posted for the first quarter of 2014. The company's revenue was, however, up by 39 per cent to N736m from N528m recorded in the corresponding period of 2014. Also, Transcorp grew its total assets by three per cent from N170.76bn for the full year 2014 to N176.32bn in the three months ended March 31, 2015. The President and Chief Executive Officer, Transcorp, Mr. Emmanuel Nnorom, was quoted as saying that company performed well despite the challenges it faced. He said, "Transcorp performed relatively well in this first quarter despite headwinds faced by our power business. Acute gas shortages have limited our production capacity while margins are depressed by delayed implementation of MYTO 2.1 tariffs despite increased gas prices." Nnorom, however, expects the group to perform even better in the second quarter of the year. "The commencement of operations by the bulk trader and improvement of the security of gas pipelines will drive recovery in Q2 2015," he said. "In addition, our hotel business is expected to benefit from improving security and political outlooks in the second quarter to provide an enabling platform to achieve its occupancy targets."
Meanwhile, the equities segment of the Nigerian Stock Exchange closed on a positive note for the first time this week on Thursday with the NSE All-Share Index rising by 1.93 per cent to close at 34,708.11 basis points. As a result, its year-to-date return now stands at +0.15, compared to -1.7 per cent a day earlier. The market capitalisation of the listed equities also rose by 1.93 per cent to close at N 11.786tn. Investors exchanged 374.562 million shares valued at N3.750bn in 4,696 deals on Thursday. *(Punch)*

**Dangote Sugar Refinery Plc last week reported a revenue of N22.4 billion for the first quarter (Q1) ended March 31, 2015 and a profit before tax (PBT) of N3.8 billion, as against N25 billion and N5.8 billion respectively in the corresponding period of 2014**. Profit after tax decreased to N2.4 billion, from N3.8 billion in 2014. Commenting on the Q1 results, Group Managing Director of Dangote Sugar, Graham Clark, said: "As anticipated, the Q1 of 2015 proved challenging in terms of our operating environment, with sales volume being constrained by depressed market conditions. Sugar production slowed to match sales demand and stocks were built up in the period. Good advantage was taken of lower raw sugar prices, as the world sugar market continue to trend lower. Positive indications of increased market demand are emerging and we are well positioned to respond by increasing production and selling from available stocks. Group revenue will benefit from increased selling prices achieved during the first quarter of 2015." Dangote Sugar is Nigeria's largest producer of household and commercial sugar with 1.44 million tonnes of refining capacity able to supply most of the country through an extensive network of distributors. Its refinery at Apapa imports raw sugar from Brazil and refines it into white, Vitamin A fortified sugar suitable for household and industrial uses. On the other hand, its Savannah cane sugar factory located near Numan, in Adamawa State, has an installed sugar capacity of 50,000 tonnes.

According to the company, its strategy is to become a global force in sugar production, working within Nigeria's National Sugar Master Plan to end importation and sell more than one and a half million tonnes of locally produced sugar in Nigeria and neighbouring countries. "As part of this plan we acquired Savannah Sugar in December 2012 and are currently improving its farmed acreage and upgrading its production facilities. We intend to augment's Savannah's 32,000 hectares in Adamawa state by acquiring and planting a further 150,000 hectares across Nigeria, supporting the new plantations with modern production facilities that are located closer to the consumer," Clark said. Dangote Sugar Refinery Plc recorded a PAT of N11.6 billion in 2014 up from N10.8 billion. Based on the performance, the directors recommended dividend of N4.8 billion, which translates into 40 kobo per share. During 2014 the primary focus of Dangote Sugar was primary to enhance its operational efficiency, focus on growth plans increase sugar production, and to continue to provide for the needs and requirements of its customers, employees and stakeholders generally. "Our performance in 2014 was impacted by operational challenges including disruptions to the supply of natural gas (our primary energy source) to the ,Apapa Refinery, currency depreciation and the challenges of the security situation in north-eastern Nigeria," the company said. *(This Day)*

# WEEKLY AFRICAN FOOTPRINT

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**Dangote Cement Plc has invested N217 billion on its expansion programme across African countries during the 2014 financial year. The countries are Nigeria, Senegal, Cameroun, Congo, Ghana, Cote d'Iviore, Sierra Leone, South Africa, Ethiopia, Tanzania and Zambia.** The amount shows an increase of 55 per cent above the N140 billion invested in projects and normal capital expenditure in 2013. In his report to the shareholders at the sixth annual general meeting in Lagos on Wednesday, Chairman of Dangote Cement, Alhaji Aliko Dangote said 2014 was the year in which the company achieved significant progress it's goal to become a truly pan-African manufacture and distributor of cement. "We began the year with three factories in Nigeria, a small import operation in Ghana and several building sites across Sub-Saharan Africa. As a result of the sizable investments that we have made over the past few years, Dangote Cement ended the year with new lines in Nigeria, factories becoming operations in Senegal and South Africa," he said. According to him, Dangote Cement's capacity increased from 21 million tonnes in January to more than 34 million tonnes at the end of 2014. "As we were extending our geographical footprint across Africa, we consolidate our position in Nigeria by increasing our capacity from 20 to 29 million tonnes. I believe this has given us an excellent base from which to capture the growth in Nigeria, perhaps the most attractive cement market in the whole of Africa, averaging nearly a 10 per cent annual in ease since 2004," he said.

The chairman disclosed that apart from expanding the scale and reach of its business, the company took many steps to make it more efficient and more accountable by welcoming two new independent directors and by engaging with experts in risk management, environmental care, social responsibility and better governance. "As a result of all these initiatives, I believe our company is well on its way to be a global and respected force in cement production, operating odeon and efficient plants in exiting growth markets that will generate substantial returns for shareholders for many years to come," he said. Meanwhile, shareholders of Dangote Cement Plc have approved the N102 billion dividend recommended by the board for the 2014 financial year. They commended the board and management for the performance of the company amid the challenging operating environment. Dangote Cement ended 2014 with a revenue of N392 billion up from N386 billion in 2013. Administrative expenses rose from N25.9 billion to N274 billion, while sales/distribution expenses increased from 35.6 billion to N37.4 billion. Finance cost soared by 140 per cent from N13.7 billion to N32.9 billion. Profit before tax stood at N184.7 billion, compared with N191 billion. But the company paid an income tax of N25.2 billion in 2014, as against a tax credit of N10.5 billion 2013. The N25 billion tax charge resulted from the expirations of the tax exemptions on some lines of the company's business. Consequently, the company ended the year a PAT of N159.5 billion, compared with N201 billion in 2013. *(This Day)*.

**Unilever Nigeria has announced the commencement of the new edition of its Knorr Taste Quest. The initiative, which is in its third edition, is a reality TV show designed to further connect the brand with consumers.** According to the company, the previous editions have helped the brand to reinforce Knorr's culinary expertise and bring to live the brand's love for Flavour. "It is a platform for people to showcase their culinary skills, as well as bring to the homes of consumers the most exhilarating, and educational cooking show in Nigeria," Brand Building Director Foods, Unilever Nig. Plc, Mrs. Nsima Ogedi Alakwe said at media briefing organised to announce the Season 3. She said the Season III is no doubt going to be filled with more suspense and drama in the kitchen, adding that the show is opened to consumers who are passionate about cooking and are ready to explore the various creative ways of cooking. She said: "Master Class" edition, not only would the task be fiercer and more difficult, the bar has been set even higher as this season would take everything the contestants have gotten. They would need skill, patience, passion, speed, creativity and stamina to stand the heat in the kitchen," Speaking about the feedbacks the company has received over the initiative and the brand, the Brand Building Director Foods stated that the brand's total awareness grew remarkably, reaching over 13 million viewers with the show. "We have also gotten numerous comments from our ever growing fans on Facebook on how much they love the show and can't wait for the third season. Well, the wait is finally over as we have begun the search for the next best cook in Nigeria," she stated. On the modalities for the show, the Category Manager, Savoury, Mrs. Nnenna Osi-Anugwa said interested consumers are to fill the entry form and sshortlisted participants would be invited for auditions in Lagos, Calabar, Abuja and Enugu. She added that top 16 would be chosen to slug it out in the kitchen for the grand prize. In this season, the winner, according to her, will go home with a whooping N5, 000,000 naira cash prize, kitchen equipments and loads of Knorr. Also, prizes of N1, 000,000 and N500, 000 will be given to the first and second runner respectively. *(This Day)*

# WEEKLY AFRICAN FOOTPRINT

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**Nigeria's Dangote Cement said it will begin production in Tanzania in August, as sub-Saharan Africa's leading cement producer eyes new markets on the continent.** A $500 million factory it is building in southern Tanzania, with an annual capacity of 3 million tonnes, will double the country's annual output of cement to 6 million tonnes. However, Dangote faces challenges in accessing coal and natural gas as sources of cheap power to run the factory, its owner, Aliko Dangote, Africa's richest man, told President Jakaya Kikwete at a meeting in Dar es Salaam over the weekend, according to a statement released by the president's office. Tanzania, East Africa's second-biggest economy, has made big natural gas discoveries and has coal reserves of up to 5 billion tonnes, but lacks infrastructure to deliver the energy to major factories. Dangote's factory is being built in the Mtwara region but there is no infrastructure to connect the plant to gas from nearby offshore natural gas fields. Dangote applied last year for a license to build a 75 megawatt coal-fired plant in Tanzania that would power the cement factory. Initially it will power the plant from electricity on the grid. The Nigerian company plans to roll out plants across Africa to reach an annual capacity of 62 million tonnes by 2017, up from an estimated 42 million tonnes last year. Its Tanzanian plant will supply the domestic market and export to landlocked countries in the region. It will be competing with other Tanzanian cement producers including Tanzania Portland Cement, owned by a subsidiary of Germany's Heidelberg Cement AG ; Tanga Cement, majority owned by Afrisam Mauritius Investment Holdings Limited; and Mbeya Cement, owned by France's Lafarge SA. *(Reuters)*

**AshakaCem Plc, a subsidiary of Lafarge Africa Plc, makers of Ashaka Cement, on Tuesday declared a dividend of 45kobo on every ordinary share for its shareholders in its 2014 business operations.** The dividend, which represents an increase of 7.1 percent over what was paid in 2013, was approved by the shareholders at the annual general meeting held in Abuja. On the aggregate, the company also posted N4.567 billion as profit for the year under consideration, compared to N2.824 billion in 2013. Speaking at the AGM, the Chairman of the company, Mallam Suleiman Yahyah, said that domestic demand for cement in 2014 was flat, adding that there was no remarkable change from its 2013 demand. According to him, the company remitted N684.26 million as tax against N20.6 million the previous year. He attributed the decline in cement production to both electric power supply and the instability in the North-eastern part of the country. He said: "Also the turnover decreased by approximately 2.6 percent as a result of increased self-collection of cement by distributors, which excludes haulage costs from the selling price." The chairman said the company would channel more of its investment and resources into increasing cement production to about four million metric tonnes from its current production of about one million metric tonnes based on the country's housing deficit of about 17 million.

According to him, the board and management of the company continue to adopt strategies that will improve returns to stakeholders in the years ahead. Yahyah was appointed chairman of Ashaka Cement in March.as its chairman. He is also the chairman of Nigerian Aviation Handling Company (NAHCO), chairman Rosehill Group, Asokoro Island and a director in several other companies in the country.
Some shareholders had expressed optimism that the appointment of Yahyah as the new chairman of AshakaCem would add great value to the cement company. The National Coordinator of the Independent Shareholders Association of Nigeria (ISAN), Mr. Sunny Nwosu had commended the appointment describing him as a man of ground-breaking record in managing quoted companies. “He has a big heart. Even when you have a problem with him, he will call you and say let’s settle. He also understands the yearning of shareholders,” Nwosu said. Meanwhile, the stock market declined for the second day as the Nigerian Stock Exchange (NSE) went down by 0.14 per cent to close at 34,600.33. Similarly, market capitalisation shed N16.6 billion to be at N11.8 trillion.*(This Day)*

**Shell has declared force majeure on exports of Nigeria's Forcados crude oil stream, a spokesman for the company said on Wednesday.** It declared force majeure on the evening on May 5 following "a series of leaks" in the Trans Forcados pipeline that brings the oil to the export terminal. The pipeline itself is operated by the Nigerian Petroleum Development Company(NPDC). Several cargoes of Forcados for May loading were still on offer, with around 189,000 barrels per day (bpd) scheduled for export in six cargoes. The June export programme, with a total of 158,000 bpd, had not yet started trading, sources said. An overhang of light sweet crudes in the Atlantic Basin has depressed differentials to dated Brent and limited the impact of recent supply disruptions on some West African crude oil grades. *(Reuters)*

**Fidelity Bank Plc said it is targeting a 10 per cent loan growth for the financial year 2015. Speaking yesterday at the bank’s annual general meeting for the 2014 financial year held in Lagos, the Managing Director/Chief Executive Officer, Fidelity Bank, Mr. Nnamdi Okonkwo**

**also said the bank would deepen its play in the retail and small and medium scale enterprises (SMEs) segment this year, so as sustain the growth realised last year.** "Last year, we grew loan book by 26 per cent, but if you factor in devaluation, you will see that our actual growth last year was 18 per cent. This year, we have given a guidance of 10 per cent loan growth because we are not going to have the kind of big ticket transaction we had last year, like the Shell Divestment, which we played actively in. "While maintaining our strong corporate banking play, SME banking would help you grow low cost deposits because the multinationals and upper market players cannot pay the type of interest rate you will charge. So, if we deepen our retail play, our cost of fund would be lower," he explained. The Fidelity Bank boss, however pointed out that 2015 would be a tough year for banks, saying that given the traction that Fidelity Bank had gained he anticipates a greater financial year for the financial institution. Meanwhile, shareholders of the bank unanimously approved the 18 kobo per ordinary share of 50 kobo dividend payable to shareholders whose names appeared on the bank's register of members as at the close of business on April 17, 2015. With this, Fidelity Bank has for 10 years, consistently paid out dividends to its shareholders.

Okonkwo noted that the 2014 performance was a positive reinforcement of the medium term strategic objectives which are anchored on the following pillars: improving the efficiency of the balance sheet; growing the retail and SME businesses; focusing on niche corporate banking segments; increased migration of customers to electronic channels and improving the customer experience across all service channels. He explained that the bank has a solid platform for growth, underpinned by strong customer loyalty and significant investments in physical and electronic distribution channels. He added: "Our retail banking strategy gathered increased momentum in 2014 with the bank acquiring over 471,000 new retail customers, consumer loans growing by over 21 per cent and core low-cost retail deposit by 18 per cent which lowered our average cost of customer deposits." Earlier the Chairman of the bank, Chief Christopher Ezeh had in his opening remark noted the exceptional performance of the Bank in spite of the economic whirlwind occasioned by the drop in the global oil prices. *(This Day)*

**The Group Managing Director/Chief Executive Officer of Access Bank Plc, Mr. Herbert Wigwe yesterday said the bank would place more emphasis on its retail business and strive for a leadership position in customer service.** Wigwe stated this while addressing shareholders at the 26th annual general meeting (AGM) in Lagos even as he assured the shareholders that the fresh capital raised through eurobond and rights issue would place the bank ahead of the Central Bank of Nigeria (CBN)'s headwinds. According him, considering steps being currently taken by the bank and the success recorded in the rights issue, the bank would pay more dividend at the end of the current financial year. "All we are doing now is to secure the future of the bank and we are on the right course. You should expect better dividend next year. When some of the seeds we are germinating now began to bring fruits, it will be to the admiration and satisfaction of our shareholders," he said. In his address to shareholders, Chairman of the bank, Mr. Gbenga Oyebode, said the bank's ability to generate strong financial performance despite adverse market condition is a testament to the efforts of the management team. He added that in the year under review, the bank improved its revenue generation capacity as gross earnings rose to N245 billion from what was recorded in 2013, while profit before tax rose by 20 percent to N52 billion.

He added that the company would maintain strong capital and liquidity and ensure effective risk management to reduce cost, stressing the bank was committed to the goal of reaching the pinnacle in Nigeria and sub-saharan Africa. He attributed the bank's performance to the efforts of the management team and staffers in ensuring value creation. "As we pursue our mission and vision, we are confident that the strategic direction we have chosen is sound. We will maintain our strong capital and liquidity, managing risk effectively and operating efficiently to reduce costs," Oyebode stated. Shareholders commended the performance of the bank.For instance, Dr Faruk Umar of Association for the Advancement of Rights of Nigerian Shareholders lauded for the the improved results and dividend in spite of unfriendly economic environment. Progressive Shareholders Association of Nigeria (PSAN), Mr. Boniface Okezie said the shareholders were proud of the bank because it had outperformed its peers in the industry, adding that, the tempo should be maintained in the years ahead. *(This Day)*

**Nigerian Breweries Plc has paid N126 billion in dividends to shareholders from 2010 to 2014, even as the Managing Director of the company, Mr. Nicolaas Vervelde has assured stakeholders the company is now in a position for sustained growth and more returns for its shareholders, following the successful merger with Consolidated Breweries Plc.** An analysis of the dividend payment history of the leading brewing firm shows that it paid a dividend of N9 billion in 2010, N22.687 billion in 2011, N22.66 billion in 2012, N34.032 billion in 2013 while

N37.207 billion is being paid in respect of 2014. And shareholders stand to enjoy more dividends given the assurance of Vervelde. Speaking in Lagos on Tuesday, he said merger of the company with Consolidated Breweries that was concluded last December, had greatly enhanced its portfolio and increased its market share. According to him, post-merger, Nigerian Breweries will be able to meet the demands of a changing Nigerian beer market, deliver significant cost and revenue synergies and gain access to new markets with broader product offerings, among other things. Stressing that the company remained committed to cost leadership and outperforming the market, he said through the elimination of duplication in its operations and the use of one management and one office, and other efforts, the company would remain true to its strategies and values Despite the challenges, he said Nigerian Breweries grew its market share in 2014, performing relatively well in the stout and malt markets.

In the course of the year, he also noted that the company recorded significant success in terms of its innovation rate, introducing Star Lite, Heineken Draught, and Breezer, while re-launching Gulder and repackaging Legend. Stressing that the company remained committed to cost leadership and outperforming the market, he said through the elimination of duplication in its operations and the use of one management and one office, and other efforts, the company would remain true to its strategies and values. He explained that the company embarked on cost reduction strategies such as logistic cost and cost of raw materials to reduce the impact of unfriendly operating environment on its operational performance. On the company's outlook for the year, Vervelde, who said the economic challenges of 2014 had persisted into the first quarter of 2015, said he was confident that the year would be positive for the company. Nigerian Breweries recorded a revenue of N266.37 billion compared with N268.61 billion achieved in the corresponding period of 2013. Profit before dropped to N61.46 billion from N62.24 billion posted in 2013, while profit after tax stood at N42.52 billion against N43.08 billion in 2013. *(This Day)*

## Economic News

**Nigeria plans to sell N60 billion ($300 million) of 5, 10 and 20-year sovereign bonds on May 13, its fifth debt auction of the year, the Debt Management Office (DMO) said on Tuesday.** The DMO said it would sell 20 billion naira each of the papers, due to mature in 2020, 2024 and 2034 respectively. The papers are re-openings of previous issues and the results of the auction will be published the following day. Nigeria, sub-Saharan Africa's biggest economy, issues sovereign bonds monthly to support the local bond market, create a benchmark for corporate issuance and fund its budget deficit. *(Business Day)*

**Nigeria has already used half the borrowing allowance it has budgeted for and has not released any funds for capital expenditure so far this year, as lower oil prices eat into its revenues, the country's finance minister said on Tuesday.** "We have serious challenges," Finance Minister Ngozi Okonjo-Iweala said in an emailed statement. "Things have been tough since the beginning of the year and they are likely to remain so till the end of the year." The borrowed money has been spent to cover overhead, including salaries, the minister said. Lawmakers in Africa's biggest economy and oil producer last week passed a 4.49 trillion naira ($23 billion) budget for 2015, 3.2 percent lower than last year's spending plans. It was forced to cut spending after global oil prices slumped. The budget took longer than usual getting through parliament, worsening the cash squeeze, because of the closely fought general elections in March, which saw incumbent President Goodluck Jonathan defeated. "As a result of the 50 percent decline in oil revenues, the country has faced a difficult cash crunch ... Out of the 882 billon naira budgetary provision for borrowing, the government has borrowed 473 billion naira to meet up with recurrent expenditure," the finance ministry said. Okonjo-Iweala had projected annual domestic borrowing last year would fall to below 500 billion naira from 577 billion naira in 2013.

The borrowing requirement this year could crowd out lending to the real economy, raising domestic interest rates and yields on government bonds, which could hurt growth. Forecasts for growth have already been lowered twice this year. The ministry said that inflation is still in single digits and that the Nigerian economy is projected to grow by 4.8 percent this year. Government revenues have shrunk sharply since oil sales account for up to 80 percent of them and its currency, the naira, has weakened drastically, despite the central bank's spending billions of U.S. dollars to prop it up. The lack of funds for capital expenditure means badly needed infrastructure development will be put on hold.

Funding for large projects such as bridges and roads had already begun to dry up in 2014, forcing construction firms companies with government contracts to cut back and fire thousands of workers. *(Reuters)*

**Nigeria will slash petrol subsidies by 90 percent this year because government revenues have been hit by the slump in oil prices. The government had said it would gradually phase out fuel subsidies which are a significant burden on public finances, but cutting subsidies risks aggravating a fuel crisis in the country.** Major cities are experiencing a crippling gasoline shortage as oil importers feel the pinch from unpaid government subsidies, a plummeting local currency and tighter credit lines triggered by lower crude prices, oil traders and local industry sources say. While Nigeria is Africa's biggest oil producer, a neglected refining system means it is almost wholly reliant on imports for the 40 million litres per day of gasoline it consumes. Parliament approved the reduction in subsidies to 100 billion naira ($505 million) for 2015, Finance Minister Ngozi Okonjo-Iweala said late on Tuesday. The cuts were accounted for in last week's 4.49 trillion naira budget for 2015, but the breakdown was not announced until Tuesday. Lawmakers also approved 45.5 billion naira for a separate kerosene subsidy. In November, the government said it hoped to gradually phase out the subsidies, reducing them to 408.68 billion naira next year and 371.18 billion naira for 2017. Okonjo-Iweala said in her budget speech that the government had already spent half of the amount it had planned to borrow and that it had not released any funds for capital expenditure this year on account of lower oil revenue. This year's budget took longer than usual getting through parliament, worsening a cash squeeze in government, because of the closely fought general elections in March that saw incumbent President Goodluck Jonathan defeated by opposition leader Muhammadu Buhari. He will take office later this month. Nigeria tried to end subsidies in 2012 doubling the price of a litre of petrol overnight to 150 naira ($0.93), from about 65 naira, in efforts to cut government spending and encourage badly needed investment in local refining. The move angered citizens who see cheap pump prices as the only benefit they derive from living in an oil-rich country and lead to 8 days of nationwide strikes. The government later reinstated part of the subsidy to end the strikes. *(Reuters)*

# WEEKLY AFRICAN FOOTPRINT

TRADING

*This Week's Leading Headlines Across the African Capital Markets*

## Tanzania

### Corporate News

**CRDB Bank, the largest bank in term of balance sheet, plans to raise its capital through rights issue for its ambitious local and regional expansion drive.** Despite controlling less than 20 per cent of market's share, its capital ratio is not adequate in comparison to its growth strategy and branch optimisations. CRDB's Chief Executive Officer, Dr Charles Kimei, said another reason of raising capital follows the regulator's decision to increase core capital and total capital adequacy ratio by 2.5 per cent. "Though we (CRDB) have a strong capital position at the moment, we still need to raise an extra capital to sustain our growth and profitability in the future," Dr Kimei said. The CEO was presenting 2014 financials before investors, shareholders and financial analysts on a yearly CRDB Analysts Day. The bank has resolved to raise additional equity capital through the right issue subsequent to a recommendation made by its board in March. The rights offer, if all go as planned, is figured-out to be conducted in June after receiving blessing from relevant authorities -- DSE and CMSA. Dr Kimei said the rights issues ratio will be five to one -- meaning each five shares have the right of one, at a price, normal at discount, to be determined after its annual general meeting later this month.

According to the CRDB, subject to the provision of Article 19(1) of Article of Association of the bank, issue up to 435,306,432 new ordinary shares by the way of rights. "The right offer is anticipated to be fully subscribed by a strategic investor(s) who will buy the remaining shares if current shareholders turn down the offer," Dr Kimei said. Last year the bank's regional expansion programme saw it increase the number of branches from two to four in Bujumbura, Burundi, where total deposits went up to 28.89bn/- from 15.97bn/- of previous year. Dr Kimei said Burundi subsidiary broke-even this March being two years from commencing operations and is expected to make profit this year depending on local condition --especially political situation. The bank also plans to open another subsidiary in Lubumbashi, DRC. Dhow Financial CEO, Prof Mohamed Warsame said beside the regulatory directive, the rights offer comes at the right time as the bank expansion could not be implemented without injection of fresh capital. "CRDB now needs capital to effect Bank of Tanzania changes," Prof Warsame said, "as growth is driven by capital." The rights issue will prop-up the profitability margin in near feature it will not be seen in this year but in the years to come," the finance professor, who was analysing the bank's new move, he said. In the next five years, Prof Warsame said, the bank net profit projects, should expansion go as planned, will hit 288bn/- in 2019 -- pushed up by net interest income of 624.87bn/-. The bank projects to bear the fact that in 2010 net profit was 47.24bn/- but rose considerably to 95.64bn/- in 2014 *(Daily News).*

**Vodacom Tanzania Ltd., the country's biggest mobile operator, will spend 200 billion shillings ($100 million) expanding its network this year to tap market potential in rural areas and add mobile-money subscribers.** The company, which belongs to a South African unit of Newbury, England-based Vodafone Plc, plans to work with rival operators to provide access to more remote areas hampered by a lack of electricity and roads, said Georgia Mutagahywa, head of corporate affairs. The company wants to increase the number of customers for its mobile money-transfer service, known as M-Pesa, by 25 percent by the end of this year, she said. Tanzania's rural population is "where growth will come from in the next decade," Mutagahywa said in an e-mailed response to questions on April 30. About 70 percent of the country's 45 million people live in rural areas, according to the National Bureau of Statistics. Vodacom Tanzania has a 37 percent share of the mobile market in Tanzania. The country has 56 mobile-phone subscribers per 100 inhabitants, compared with 73 in Nigeria and 146 in South Africa -- the continent's two biggest economies -- according to data from the Geneva-based International Telecommunication Union.
A lack of connections to the electricity grid and access roads in rural areas is forcing Vodacom Tanzania to connect sites to diesel-fired generators in a bid to grow its current market share, Mutagahywa said. In 2011, only 27 percent of Tanzanians lived in towns, compared with the global average of 57 percent, according to the World Bank.

"It is not economically viable for a single operator to rollout to these uncovered areas," she said. "Tanzania's lack of power infrastructure has a huge impact on the investment we require." Tanzania is expanding and building new ports, constructing power plants and laying roads under a $25.2 billion, five-year development plan aimed at raising the economy to middle-income status -- gross national income per capita of $1,045 to $12,746 -- by 2025. The nation is Africa's fifth-largest gold producer and has estimated reserves of 50.5 trillion cubic feet of natural gas that's being developed for export by companies including Statoil ASA and BG Group Plc. Vodacom Tanzania is targeting 7.5 million users of its M-Pesa service, from 6 million now, by December, Mutagahywa said. The company currently handles about $1.1 billion worth of transfers a month through the platform, which enables subscribers to pay utility bills and transfer money to each other's phones.

Safaricom Ltd. in neighboring Kenya, which is 40 percent owned by Vodafone, generated 15.6 billion Kenyan shillings ($165 million) of revenue from the service in the first half of its financial year last year. Vodacom Tanzania is also seeking to secure additional spectrum for expanded data coverage through its 3G broadband platform and has ruled out faster 4G LTE data services for the time being, according to Mutagahywa. "Rollout will commence once Vodacom acquires spectrum," she said. "We are modernizing our core and transport network in preparation for full LTE services in readiness for spectrum availability." In January, Vodacom Group was one of the companies that expressed interest in acquiring Emirates Telecommunications Corp.'s 65 percent stake in Zanzibar Telecom Ltd. Zantel, as the Zanzibari company is known, is Tanzania's largest Internet-service provider. *(Bloomberg)*

## Economic News

**THE Dar es Salaam Stock Exchange (DSE) equity markets turnover decreased by 46 per cent to 9.94bn/- from 18.52bn/- posted on the previous market with TBL continuing to dominate the bourse in terms of turnover.** The weekly market wrap-ups by Zan Securities Limited shows that the total volume of shares increased to 2.50 million up by 53 per cent from 1.64 million. Price movements were recorded in three local listed companies at the end of the week with top gainers being TWIGA and TOL by 3.57 per cent or 170/- and 0.86 per cent or 5/- respectively. Tanga Cement Company Ltd (SIMBA) was the only counter in the list of top losers by 4.76 or 190/-. Top gainers for cross listed companies were; JHL, EABL and ACA. TBL was the most active counter after moving 613,234 shares, closing the week at 14,500/- per share. Comparatively, both key benchmark indices were in green territory with the Tanzania Share Index (TSI) capped at 4,724.06 points up by 0.19 per cent compared with 4,715.13 points posted on preceding market. The All Share Index (DSEI) closed at 2,699.61 points, high by 1.53 per cent compared with 2,658.89 points posted a week earlier. Industrial and Allied Index sustained an upward trend by 0.27 per cent to close at 6,117.19 points compared with 6,100.55 points posted on 24th April 2015. Banks, Finance and Investment and Commercial Services Sector Indices remained unchanged during the week just ended. Total market capitalisation increased by 1.52 per cent to close at 23.63tri/-. Similarly, Domestic market capitalization appreciated by 0.19 per cent to close at 10.01tri/-.*(Daily News)*

**THE shilling depreciation has favoured foreign investors' participation on Dar es Salaam Stock Exchange (DSE), who are buying more shares as their involvement has increased by 91.35 per cent in the first quarter.** The shilling in this year's first four months sunk to its lowest level in history since the local currency was introduced in 1966 after crossing a 2,000/- mark. Market analysts have it that the shilling's depreciation works in favour of foreign buyers who now get more shillings when changing their dollars to have more purchasing power. On the other hand, foreigners get little when selling their shares at the current exchange rate thus holding their sales. The DSE Chief Executive Officer, Mr. Moremi Marwa, said the fall and rise of shilling against major currency has an effect to stock players, especially foreign investors whose returns have to be converted into hard currencies. "ÉObviously this brings into the fore the issue of foreign currency risk, which is one of the key risk considerations for any investor," Mr. Marwa said, 'hence, stability of the local currency is preferred than otherwise." Last week the bourse equity market's turnover decreased by 46 per cent to 9.94bn/- from 18.52bn/- posted on the previous market. Zan Securities CEO Raphael Masumbuko said bourse turnover slowing down is a result of basket variables including the ongoing Mwalimu Bank IPO, dividends season and shilling depreciation. "There are a lot of factors surrounding trading, but shilling depreciation is among them, as it favours foreigners on buying but goes against selling,' Mr. Masumbuko said.

The Zan CEO said the depreciation makes foreigners to hold their share anticipating the shilling will appreciate in the coming future, as gains on share sell is eaten by currency fluctuation. CRDB Bank said that interbank activities and continued demand caused the shilling to continue to weaken against the greenback during last Friday's trading session. "The local currency closed at the levels of 2005/2015 against the dollar, its highest levels in history," CRDB Bank said yesterday on its market highlights. The Bank of Tanzania (BoT) Governor, Prof Benno Ndulu, said the shilling in this year's quarter-one went down by 9.6 per cent and 13 per cent on wholesale and retail markets respectively. Other variables that are affecting the bourse turnover are normal demand and supply forces, which are seeing as the market enters into trading season period. Also Mwalimu Bank primaries where buyers hold their bid until eleventh hours and financial results annunciation which will determine the share movement - down or up - in the coming days. The Mwalimu Bank IPO ended on Monday. Recently, DSE said that earnings - capital gain - from listed stocks at the bourse, as measured in shilling was about 35 per cent in year-on- year basis up to end January - even considering the recent fall in Tanzania Shillings relative to US Dollar. *(Daily News)*

**THE Dar es Salaam Stock Exchange (DSE) becomes the first bourse in Africa to start using mobile phone platform on buying and selling shares and bonds next month.** The bourse said the platform will go into digital operation, after the end of this (second) quarter, after a year of successful testing. The DSE Chief Executive Officer, Mr. Moremi Marwa, said that investors in remote places will be able to access the bourse's Trading and Depository platform through their mobile phones via virtual stock brokers. "We intend to start using mobile platform for trading listed securities during end of this quarter or beginning of next quarter," Mr. Marwa said. The CEO said during last and this year, "the platform's testing has worked very well -- we therefore intend to move into the live environment in the next few weeks". According to DSE, under the initiative, investors can buy and sell shares, bonds and any future listed instruments without physically visiting stock brokers or agents. "We envisage that this initiative will deepen even further accessibility of financial products which are listed in our stock exchange," Mr. Marwa said. The trading rules -- as they related to trading, delivery and settlement of securities and cash -- will apply as is currently the case.

The bourse has been conducting the DSE Scholar Investment Challenge since last year whose apart from providing edutainment to students in higher learning institutions, the other objective of the Challenge is to use it as a testing platform for the mobile and internet trading. "'Daily News' was tipped that the mobile phone equity and debt trading will be flagged-off during the listing of Mwalimu Commercial Bank which is expected on June 8. Mwalimu Bank initial public offer oversubscription is looming largely as upcountry buyers have outpaced city dwellers, thanks to mobile phone transaction platforms. The previous IPOs trend was dominated by Dar es Salaam buyers as most could reach stock brokers and banks and access information easily because all have officers in the country's business capital. However, the technology has changed the trend thus allowing rural residents to access brokers through their mobile phone and completes the share buying procedures at finger tips. Core Securities Chief Executive Officer, Mr. George Fumbuka, told 'Daily News' yesterday for the first time upcountry's buyers are dominating the IPO unlike the previous ones where Dar es Salaam topped the list. "Mobile phones have made wonders a lot of people are buying from upcountry for the first time," Mr. Fumbuka said. *(Daily News)*

**Tanzania's energy regulator raised the maximum retail prices of petrol and diesel on Wednesday but cut the price of kerosene, citing swings in international energy prices and a weakening local currency.** Fuel prices have a big effect on inflation and the local currency in Tanzania, which relies on oil imports for transport and power generation. The Energy and Water Utilities Regulatory Authority (EWURA) raised the retail price of petrol 6.32 percent and diesel by 1.37 percent. Kerosene prices were cut 1.86 percent in the latest monthly price caps, which take immediate effect. "These changes have been caused by changes of prices of petroleum products in the world market and the depreciation of the Tanzanian shilling against the U.S. dollar," EWURA said in a statement. EWURA raised the price of petrol in the commercial capital Dar es Salaam by 111 shillings to 1,866 shillings ($0.9439) per litre and that of diesel by 23 shillings to 1,695 shillings per litre. Kerosene prices in the commercial capital fell 31 shillings to 1,624 shillings per litre. The Tanzanian shilling has fallen through a string of record lows against the dollar in recent weeks. *(Reuters)*

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*

TRADING

## Zambia

### Corporate News

**ENGINEERING Institution of Zambia Properties Plc intends to offer 30 million ordinary shares on the stock market to raise capital and finance its new office park facility, says Pangaea Securities.** Pangaea Securities, who are the sponsoring broker, stated that EIZ Properties Plc intends to offer 30 million ordinary shares at the offer price of K2.00 per share to raise financing to construct a mixed-use office property to serve as its head office. "The company will use the proceeds from the subscription offer to complete the proposed building project of the EIZ head office and office park. The new office block is Zambia's first highly energy efficient office park to achieve a harmonious cohabitation of the secretariats in one headquarter facility," according to a press statement issued via Pangaea Securities. Pangaea stated that the EIZ intends to raise around K60 million through the local bourse to meet the total project costs. "A down payment of 20 per cent has been paid to the contractor. The company is seeking to raise capital to meet the project costs of K60,000,000. Through the offer, the Zambian public, specifically, local institutional investors and members of the Engineering Institution of Zambia ('EIZ'), will directly be subscribing for ordinary shares in the company," stated Pangaea. The opening date relating to the offer and the quotation of the ordinary shares was May 4, with the final results of the offer and allocation of shares expected to be announced on June 5. *(Post Zambia)*

**TAJ Pamodzi Hotel Plc has opted to leave the Lusaka Stock Exchange after refusing to give up 25 per cent minimum shareholding to the public. Taj Pamodzi Hotels Plc is one of the firms listed on the LuSE, but has not complied with the local bourse's regulation requiring listed companies to float a minimum of 25 per cent shares to the public.** "Taj Pamodzi Hotel has refused to give the public a minimum 25 per cent of shares and have opted to leave the stock exchange. It is one of companies which falls short of minimum 25 per cent public float," an industry official said anonymously. Larry Kalala, one of the board directors, refused to comment on the matter and promised to give details later. LuSE chief executive Brian Tembo only confirmed Pamodzi's non-compliance to the stock exchange's 25 per cent public float regulation and that the company had requested for an extension to submit a plan by June. "We are liaising with their broker," Tembo said, without giving further details. Ceaser Siwale, the chief executive officer of Pangaea Holdings Limited, Pamodzi Hotel's broker, said he was not aware of the hotel's plan to leave LuSE. "LuSE over the years has been working towards ensuring that everyone complies with its rules. The government has said it will scale down its holding in ZCCM-IH so that it is compliant. There are other few companies that have been doing the same while others are in the process. I think each company has its own strategy and it is difficult for me to single out one client," said Siwale, adding that each company was taking its own route. The rules were revised in December 2012 and non-compliant listed companies were given up to 2013 to submit compliance plans.

Lafarge Plc was the first non-compliant company to comply by mid 2014, followed by Zambia Sugar which has 1.4 per cent remaining. Other non-compliant companies working on compliance plans are Zambrew, British American Tobacco, Airtel, Puma, ZAMEFA, African Explosives and Standard Chartered Bank. "Pamodzi, after being given a chance by the LuSE to submit compliance plans, have, however, decided to leave the exchange market," the source said. The source said this, however, requires the majority shareholder to seek approval from minorities and offer to buy the willing ones out at a premium to market price. "If an existing shareholder doesn't sell, they can still be a shareholder in a private or unlisted Pamodzi but they will have difficulty getting a market valuation of their shares or indeed selling them," added the source. "But also, what we understand is that Taj is selling its African operations, so listing in Zambia is complicating the issue." The 25 per cent minimum float is not unusual for listed companies as it ensures sufficient spread of shares in public hands and enhances a company's market valuation. *(Post Zambia)*

### Economic News

*No Economic News This Week*

# WEEKLY AFRICAN FOOTPRINT

*This Week's Leading Headlines Across the African Capital Markets*



## Zimbabwe

### Corporate News

**Zimbabwe largest platinum producer, Zimplats' profit in the quarter to March 2015 surged by 133 percent to $6,8 million compared to a loss of $20,5 million in the previous quarter due to increased metal sales.** In the period under review metal sales volumes went up four percent from 100 443 ounces to 104 608 ounces. "Tonnes mined increased by eight percent from the previous quarter due to the 43 000 tonnes of ore from the Bimha Mine redevelopment and a 14 percent production increase at Mupfuti Mine. "The stripping of bulk waste at the Open Pit Mine progressed well with the first ore expected early in the fourth quarter," said the platinum miner. Zimplats — 87 percent owned by South African Impala Platinum (Implats) — said revenues for the quarter increased by 10 percent to $110,2 million. In the period under review, direct and indirect tax payments to the government decreased by 31 percent to $9 million compared to the previous quarter "mainly due to a reduction in royalties" which are "now payable at the mining agreement rate". The Australian Stock Exchange-listed miner last year began refurbishments of the refinery — located in Selous, about 80km west of Harare — following mounting pressure from government on beneficiation of minerals to ensure that the country derives maximum benefits from the exploitation of its natural resources. "We will refurbish and commission the mothballed Selous Metallurgical Complex Base Metal Refinery ("BMR") at an estimated cost of $131 million and orders for long lead items have already been placed. "Implementation of the project started in July 2014 and is expected to be completed by June 2016," said the company.

A base metal refinery may process platinum up to 60 percent of platinum group metals, which will be further processed by a precious metal refinery. Zimplats suspended operations of its BMR, which separated minerals such as nickel, chrome and copper from platinum group metals, a few years ago after it had become prohibitively expensive to operate due to outdated technology. The group also said the previous quarter's cash cost was also low due to the release of metal locked up in the system, which resulted in "metal in converter matte produced" being higher than the metal in concentrate produced. Zimplats is among three South African platinum groups that are operational in Zimbabwe. The others are Aquarius Platinum, which jointly owns Mimosa mine together with Implats and Anglo Platinum which runs the Unki mine. *(Daily News)*

**CFI Holdings Limited posted a loss for the year ended September 30 2014 of $9,9 million from $6,5 million in the comparable period in 2013 attributed to limited working capital.** The group's chairman Simplicius Chihambakwe said the group finance costs were flat at $4 million compared to the previous year. "Rationalisation costs, limited working capital availability, overall low capacity utilisation and heavy financing costs weighed down the business's performance in the period," Chihambakwe said. Turnover for the year declined by 18,5% to $71,1 million. "The retail division revenue registered a modest 1% turnover decrease, while poultry and specialised receded 31% and 40%, respectively, due to the impact of operations rationalisation in poultry and inadequate working capital for the specialised division. Of the total turnover, poultry contributed 38% (2013 — 44%), specialised 8% (2013 — 11%) and retail 54%(2013 — 45%)," Chihambakwe said. During the period under review the group incurred $1 million in retrenchment costs. The group invested $400 000 in property plant and equipment in the current period while a 14% investment stake in Windmill was disposed of at consideration at $1,15 million effective end of September in 2014 through a debt swap with the entity. Crest Breeders International, a division of the group, had its operations rationalised and had its capacity utilisation reduced to 20% of the 2013 levels. He said Crest operations would be affected by the proposed land-for-debt swap with local institutions and hence the need for advance preparations for relocating the business elsewhere. "The group signed a memorandum of understanding defining a land-for-debt swap framework with its financiers in April 2014.

The proposed transaction was premised on a property owned by Crest Breeders measuring 834 hectares known as Langford Estates," Chihambakwe said. "The group hopes to conclude the swap arrangements before the third quarter ending June 20 2015, thus rationalising its gearing to levels commensurate with the streamlined operations for the group." He said the group had so far approved the subdivision permit for the development of 12 401 high-density residential stands measuring 240m² each. Meanwhile, Chihambakwe said the group had registered 5 500 stands and payment was coming from Saturday Retreat, a property measuring 107ha which had been invaded by various housing co-operatives. The land was taken by the government, but a settlement was reached in January this year and CFI is registering the individuals who were at Saturday Retreat.*(News Day)*

**RioZim Ltd., which mines gold, diamonds and coal in Zimbabwe, wants to work with state-owned power utilities in South Africa and Namibia to build a 1,400-megawatt electricity plant near its Sengwa coal fields.** The $2.1 billion thermal power plant would produce electricity for RioZim's mines and sell the excess back to state-owned utilities such as South Africa's Eskom Holdings SOC Ltd. and Namibia Power Corp., RioZim Chief Executive Officer Noah Matimba told lawmakers Monday in Zimbabwe's capital, Harare. Botswana, South Africa, Namibia and Zimbabwe all import electricity because they can't meet domestic demand consistently. With Mozambique, they are all inter-connected through the regional Southern African Power Pool. "The chances are that this project will be bankable with partnerships with Eskom and NamPower, utilities whose risk is acceptable to lenders," Matimba said. RioZim, which has already spent $20 million on the project, is open to any partnerships that will see the power plant built, Matimba said. Fuel for the facility will come from the company's coalfields in Sengwa in northern Zimbabwe, while it will draw water from Lake Kariba, 85 kilometers (53 miles) to the north. Zimbabwean President Robert Mugabe and his South African counterpart Jacob Zuma discussed the possible partnership last month, Matimba said. RioZim holds a minority share in Rio Tinto Plc's Murowa diamond mine. *(Bloomberg)*

**RIOZIM Limited is still waiting for regulatory approval for its $10 million rights issue and expects a favourable response within the next two months.** In a cautionary statement yesterday, the listed mining concern said in the interim, the rights offer calendar was still suspended until the company gets the approvals and a new calendar will be put in place. "Exchange control Approval for GEM RioZim Limited to underwrite the rights offer. Further talks have been held with the Reserve Bank of Zimbabwe that the above mentioned approval will be granted before the expiration of the 60-day grace period," the company said. RioZim said in terms of complying with the indigenisation and Economic Empowerment Act, the company was waiting for the approval of its plan by the government. "The company has engaged the relevant ministries responsible for assessing indigenisation plans for the mining sector. The government is currently deliberating on the approval of the transaction," it said. The company in January this year said it was set to raise $10 million through a rights offer to fund the opening of Cam & Motor Operations. A rights issue is an issue of rights to buy additional securities in a company made to the company's existing security holders. The listed concern said it would make a renounceable offer of 66 666 667 ordinary shares of a nominal value of $0,01 each in the company's share capital, at a subscription price of $0,15 each to existing shareholders in the ratio of 124,931 new ordinary shares for every 100 ordinary shares already held by shareholders. *(News Day)*

**MWANA Africa's largest shareholder, China International Mining Group Corporation (CIMGC) and Yat Hoi Ning, a non-executive director and associate of CIMGC, has sold off nearly half of its holdings in the pan-African resources group, the company has said.** Before the sale, CIMGC controlled a substantial 21.4 percent stake in Mwana while Ning owned 7.6 percent giving them a combined shareholding of 29 percent but the parties had a fall-out with Mwana over board seats, with the matter spilling into the courts. The 2012 Chinese $21 million investment into Mwana Africa was made at a time the miner — which has significant nickel and gold assets in Zimbabwe — was looking for capital to restart its Bindura Nickel Corporation's operations, which had been halted during the country's economic meltdown in 2008. However, the dispute over board seats allocated to, among others, Zimbabwean non-executive directors and old mining hands – Herbert Mashanyare and Mwana veteran Ngoni Kudenga – has imperilled the partnership. CIMGC and Ning have gone to court to contest the appointment of Stuart Morris, Johan Botha, Kudenga and Mashanyare as non-executive directors of Mwana Africa. On Wednesday, Mwana said Ning and CIMGC had disposed of 106,254,717 and 81,424,282 ordinary shares at a price of £0,018 (three cents) per share but the company was unaware of the buyer's identity.

Following the disposals, CIMGC now has a holding in the company of 218 million shares, representing 15.60 per cent of the issued share capital of Mwana while Ning, who is also the CIMGC chairman, now holds 454,545 Shares, representing 0.033 per cent of the issued share capital. "The purchasers of the shares … are not parties known to the Company; the Company is establishing whether Mr Ning is still interested (for the purposes of the AIM Rules for Companies) in the Shares now held by these purchasers," Mwana said in a statement on Wednesday. "Requests have been made to CIMGC and Mr Ning to clarify the identities of these new shareholders, and their relationship to

CIMGC and Mr Ning respectively." CIMGC and Ning filed a petition with the High Court on December 8, 2014 challenging the validity of a resolution passed at the company's September AGM, relating to the appointment of the directors. At a hearing on January 7 this year, initial directions were laid down for the future conduct of the petition including the setting of a trial window of three months from November 1 this year. *(New Zimbabwe)*

**ECONET this week launched its "EcoCash Savings Club", a new mobile product to support savings groups across the country. The service is targeted at the self-employed, informal sector entrepreneurs, street vendors and social investor women's groups.** According to the company anyone registered on EcoCash – Econet's mobile money service – can set up a group mobile wallet for free. Savings clubs earn interest on all pooled funds starting from $1 after every 30 days. The product looks to improve informal group savings and investment clubs, locally known as 'mukando' or 'maround', which are common throughout Zimbabwe and across many parts of the world. The schemes typically consist of a group of members, who each contribute regularly into a cash pool that members borrow from on a rotating basis. While the practice is widespread, savings clubs face security risks in handling cash and difficulties tracking contributions and withdrawals from members. In a statement this week, Econet said the EcoCash Savings Club offers a more inclusive, secure, transparent and convenient way for people to pool funds using their mobile wallet. The company, in partnership with the Organisation For Public Health Interventions (OPHID) - a Zimbabwean NGO - has been working with groups of women countrywide to refine the EcoCash Savings Club. Commenting on the announcement, CEO of Econet Wireless, Douglas Mboweni, noted: "In Econet's drive to broaden financial inclusion, we seek to create economies of scale that build up savings deposits for the nation as well as demonstrate through their savings patterns the credit worthiness of our customers. "We are committed to continue on the path of dynamic innovation, to bring world-class financial services in the context of our Zimbabwean market." The nationwide launch took place Wednesday at the Border Church Clinic in rural Marondera District.

The Mbereko Women's Groups at the clinic, which have savings groups for pregnant women and new mothers, have been pilot testing the Savings Club product over the past six months, with guidance from OPHID. "Group savings culture for specific purposes or asset investment is a common phenomenon in Zimbabwe, but the target segment is largely un-recognised and underappreciated," said Natalie Jabangwe-Morris, head of EcoCash Business. "EcoCash Savings Club is intended to reward this diligent savings behaviour, as well as become an enabler for access to other services, such as mobile credit. It also offers an opportunity to extend EcoCash mobile money agency businesses to groups of people that are credit worthy, but have been long marginalised." Diana Patel, deputy director of OPHID, said at the launch, "We are pleased to have partnered with EcoCash on the group savings product, and to be the first of many other NGOs that will work with Econet to ensure broader financial inclusion, empowerment and social transformation in Zimbabwe." *(New Zimbabwe)*

## Economic News

**ACTIVITY on the Zimbabwe Stock Exchange (ZSE) continues to be depressed due to the poor performance of the economy characterised by serious liquidity constraints.** Official statistics show that the industrial and mining indices went down during the month of April while the turnover increased. The industrial index has been on a downward trend after opening the year at 164,90 points in January. It went down to 167,16 points in February, 158,22 points in March and it closed the month of April at 156,26 points. Companies that are listed on the ZSE published their financial statements and most of the companies were bemoaning the business operating environment which is difficult as well as the unavailability of working capital due to liquidity constraints. The Confederation of Zimbabwe Industries shows that most firms are operating at below 40% capacity utilisation which makes it difficult for companies to make good profits as they are not utilising the full capacity they have. A local analyst said: "Nothing much has changed on the local bourse between March and April. Companies published their financial results and it was not all rosy." The performance off the mining counters that include Bindura, Falgold, Hwange and Rio Zim in April was low as the index declined during the month of April. The resources index closed the month of April at 42,93 points from 43, 93 points in March. Bindura Nickel Corporation has been a major drive of the mining index since last year, but the other three counters have been affected by the environment and have been registering poor performances. The index since the beginning of the year has been on a decline path. The mining index opened the year at 58,13 points and in February it went down to 55,38 points. Turnover stood at $29 million from $18 million March.*(News Day)*

**Zimbabwe plans to import 700,000 tonnes of the staple maize grain to plug a deficit after bad weather affected the crop from the current farming season, state radio reported on Tuesday.** It quoted Agriculture Minister Joseph Made as saying Zimbabwe had 150,000 tonnes of maize in stock and was looking to import to make up for the shortfall. Zimbabwe requires at least 1.8 million tonnes of maize annually and has over the years relied on imports from neighbouring countries, including Zambia and South Africa, to plug the gap from local production. Domestic output is expected to drop by 35 percent to 950,000 tonnes this year compared with 2014, the United Nations Food and Agriculture Organisation has said. Earlier this year the government, anticipating a low maize harvest, lifted a ban on imports it had imposed last year. Made said the government would focus on delivering food to rural areas while private millers would import maize to sell in urban areas. He was not immediately available for comment. Agriculture contributes 17 percent to Zimbabwe's gross domestic product and the decline in maize production is expected to impact on growth, which the government has forecast at 3.2 percent for 2015.*(Reuters)*

**THE Zimbabwe Diamond Technology Centre (ZDTC) yesterday unveiled part of the equipment worth $10 million from India in a major boost for the cutting and polishing of diamonds in the country.** Value addition of minerals has been given prominence under the economic blueprint, the Zimbabwe Agenda for Sustainable Socio-Economic Transformation — to generate more from the country's mineral resources. ZDTC chairperson Lovemore Kurotwi said the company planned to acquire equipment worth $10 million from India for the centre. "The equipment that we have received today is the first phase while the other equipment is on transit to Zimbabwe. The set that we received has different units that include the planner, laser, router, blocking and bruiting machines. We have 14 specialists from India who are helping in the commission and training the people," he said. Kurotwi said the centre would start working on the cutting and polishing of diamonds soon after the launch. ZDTC is one of the seven diamond cutting and polishing companies that have been licensed by the government. Kurotwi said the new equipment could cut 100 big diamonds at a given time while it could cut 700 diamonds if they were small sizes.
The equipment will increase production by 85% while the remainder will be done manually. Super Trends Investments chairperson Charles Mugari said the government should look at the challenges the diamond sector was facing. Mugari said the government had been licensing players in the diamond sector, but it had not been following up on the challenges being faced by the sector. "Once they licence the players they forget them,"he said. The centre is part of the beneficiation and value addition drive in the country. The country is working on the consolidation of diamond mining companies. The country is believed to have 25% of the world's diamonds. *(News Day)*

**THE mining sector has so far released $38 million out of the $176 million it pledged to Community Share Ownership Trusts (CSOT), an official has said.** Appearing before the Parliamentary Portfolio Committee on Youth and Indigenisation acting permanent secretary in the Indigenisation ministry Mabasa Temba Hawadi said the figure represented 21,6% of the total pledges made by mining companies. "We have held meetings with all the companies on the outstanding pledges on the Zimunya Marange CSOTs," Hawadi said. He said the pledges were only done verbally as has been revealed in the past. Speaking at the same meeting, Mines and Mining Development acting permanent secretary Simon Masanga said diamond companies were requested to pay $250 000 as seed capital for the CSOTs. He said so far two out of the five diamonds companies had paid the seed capital. The five diamond mining companies include Marange Resources, Gye Nyame, Anjin Investments, Kusena Diamond Mining Company and Mbada Diamonds. "To date, Marange resources paid $250 000 and Mbada $200 000 to the trust. Nothing has been paid by the other diamond companies," Masanga said. "We recommend that the Zimunya Trust be renegotiated over a long period. Since the time of the launch, production has been going down. Most of the companies are working on the dumps. The pledges were made on the assumption that production was going to go up, but the opposite happened."

He said with the current levels of production there was no way the companies could raise $10 million each. Chairperson of the Indigenisation Parliamentary Committee Justice Mayor Wadyajena requested the correspondence between the former Youth and Indigenisation minister Saviour Kasukuwere and former Mines minister Obert Mpofu on CSOTs. But the two senior government officials could not provide the requested documents. Masanga said: "I do not have that letter." Hawadi said soon after the pledges, the diamond companies were told to honour their pledges and were invited for a meeting by Indigenisation minister Christopher Mushohwe in March this year. "So far, we have received a letter from one of the companies, Gye Nyame, saying they were discussing the issue with the board. The other companies have not responded since March," he said. CSOTs were set up so that communities benefit from companies exploiting resources in their areas. The government gazetted the Indigenisation law in 2010 that requires local, community and employee participation in companies. *(News Day)*

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