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:

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	7-Mar-14	14-Mar-14	Local	USD	Local	USD
Botswana	DCI	9,155.35	9,003.87	-1.65%	-2.13%	-0.55%	-1.81%
Egypt	CASE 30	7,949.60	8,140.05	2.40%	2.30%	20.01%	19.38%
Ghana	GSE Comp Index	2,419.38	2,403.27	-0.67%	-0.39%	12.03%	4.29%
Ivory Coast	BRVM Composite	246.37	242.52	-1.56%	-0.25%	4.53%	5.77%
Kenya	NSE 20	4906.72	4983.83	1.57%	1.70%	1.15%	1.16%
Malawi	Malawi All Share	12,662.47	12,662.47	0.00%	-0.35%	1.05%	-0.08%
Mauritius	SEMDEX	2,074.51	2,067.21	-0.35%	0.01%	-1.36%	-1.05%
	SEM 7	399.07	402.70	0.91%	1.28%	-0.23%	0.08%
Namibia	Overall Index	1,049.45	1,008.42	-3.91%	-4.94%	1.15%	-1.50%
Nigeria	Nigeria All Share	38,952.47	38,171.32	-2.01%	-1.65%	-7.64%	-9.68%
Swaziland	All Share	294.27	294.27	0.00%	-1.08%	3.01%	0.32%
Tanzania	TSI	2,913.40	2,904.08	-0.32%	-0.07%	2.13%	-0.04%
Tunisia	TunIndex	4,624.39	4,616.91	-0.16%	0.46%	5.38%	10.39%
Zambia	LUSE All Share	5,502.74	5,536.81	0.62%	1.98%	3.52%	-3.98%
Zimbabwe	Industrial Index	189.13	186.22	-1.54%	-1.54%	-7.87%	-7.87%
	Mining Index	36.80	33.16	-9.89%	-9.89%	-27.58%	-27.58%

CURRENCIES

Cur-rency	7-Mar-14 Close	14-Mar-14 Close	WTD % Change	YTD % Change
BWP	8.71	8.76	0.49	1.29
EGP	6.94	6.95	0.09	0.53
GHS	1.87	2.53	- 0.28	7.42
CFA	477.32	471.05	- 1.31	- 1.17
KES	85.19	85.08	- 0.13	- 0.01
MWK	415.82	417.27	0.35	1.13
MUR	29.04	28.93	- 0.36	- 0.31
NAD	10.65	10.77	1.09	2.68
NGN	163.73	163.14	- 0.36	2.26
SZL	10.65	163.14	1.09	2.68
TZS	1,594.50	1,590.57	- 0.25	2.18
TND	1.57	1.56	- 0.62	- 4.54
ZMW	6.00	5.92	- 1.33	7.80

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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TRADING

Egypt

Corporate News

Three years of political turmoil since the uprising that swept autocratic leader Hosni Mubarak from power have taken a heavy toll on Egypt's economy, deterring foreign investment and tourism. Islamist President Mohamed Mursi was ousted last year following protests against his rule. EFG, which has yet to report full-year 2013 earnings, has seen its annual profits slide sharply since 2011, when Mubarak was deposed. The bank, which has operations across the Middle East, wants a better revenue balance, CEO Karim Awad said in an interview on the sidelines of a conference in Dubai on Monday. Currently 60 percent of investment banking revenue comes from Egypt and 40 percent from abroad, but EFG wants to flip that round to 60 percent from overseas, he said. "Egypt will continue to be a very crucial market for EFG Hermes but we want to make sure we have good operations in the United Arab Emirates, Saudi Arabia, Kuwait and other markets," Awad said. "The target is to become a more balanced regional bank that operates across all markets, with Egypt remaining the largest contributor," he said, adding the bank was targeting growth in its asset management business, with its core brokerage operations also pushing it towards the overseas revenue target. Awad said EFG's mergers and acquisitions advisory pipeline was currently strongest in Saudi Arabia, with deals both inside the country and outbound transactions into other Middle East nations being worked on.

EFG Hermes reported a 63 percent drop in 2011 full-year net profit to 307.7 million Egyptian pounds ($44.2 million), compared with a year earlier, amid the country's unrest. The bank, which saw a merger deal with Qatari investment bank QInvest collapse in May last year, has aggressively cut costs since the tie-up failed. Awad said the bank expects operating expenses to fall to 780-800 million Egyptian pounds at the end of 2013 and to 500 million Egyptian pounds in 2014. *(Reuters)*

Telecom Egypt posted consolidated net profits of 2.96 billion Egyptian pounds in 2013, compared to 2.62 billion in 2012, according to a balance sheet published in a newspaper on Wednesday. The Egypt-based joint stock company earned revenues of 11.13 billion Egyptian pounds in 2013, against 10.03 billion in 2012. *(Reuters)*

Egypt's Medinet Nasr for Housing and Development SAE on Wednesday said its net profit jumped 102.6 percent in 2013 on the back of a 50 percent rise in sales. The net profit of the company, according to data it published on Wednesday in the Al-Akhbar newspaper, reached 186.88 million pounds in the year to end-December 2013 compared with 92.24 million in 2012. Sales by Medinet Nasr, a public shareholding company engaged in real estate development and housing, increased 50 percent to 658.48 million pounds from 438.97 million pounds in 2012. *(Reuters)*

Egypt's landline monopoly Telecom Egypt expects a newly-formed government to grant it a licence to provide mobile services this month or next, the state-controlled company's chief executive said on Wednesday. Telecom Egypt has been relying on its data business to boost revenue and has been waiting to launch a new mobile operation that would complement its existing joint venture with Vodafone and rival the sector's two other players. The growth of those businesses is steadily eating away at Telecom Egypt's traditional fixed-line services as Egyptians opt to use mobile phones and the internet instead, forcing the company to seek ways of expanding its exposure to mobile. Egypt's economy has been harmed by three years of political and economic turmoil that followed the downfall of autocratic President Hosni Mubarak after a popular uprising in 2011 and the army's ouster of Islamist President Mohamed Mursi last year. Army chief Field Marshal Abdel Fattah al-Sisi, who orchestrated Mursi's ouster, is expected to be voted in as president in coming elections. Telecom Egypt chief executive Mohamed el-Nawawy expects the mobile services licence to be issued in March or April, he told Reuters after the company announced 2013 results. The Cairo-based group posted net profit of 2.96 billion Egyptian pounds ($425 million) for 2013, compared with 2.62 billion in 2012. It earned revenues of 11.13 billion Egyptian pounds, against 10.03 billion the year before. Nawawy said expectations for 2014 would be announced later and described 2013 as "a great year" in terms of growth. The company, of which the government owns 80 percent, serves 35 million customers in seven million homes. Egypt's telecoms' regulator said in 2012 it would grant the firm a licence to provide mobile services and would later let mobile companies offer fixed-lined services using Telecom Egypt's infrastructure. Egypt has three mobile operators: Vodafone Egypt, Mobinil, which is controlled by France Telecom, and Dubai-based Etisalat.*(Reuters)*

Egypt's Orascom Telecom Media and Technology Holding said 2013 profit after tax dropped by 69.5 percent to 1.12 billion Egyptian pounds ($161 million). OTMT also said that in 2012 it sold 29 percent of Egyptian mobile service provider Mobinil to France Telecom for 202.50 pounds per share. It kept 5 percent of Mobinil shares and France Telecom holds about 94 percent. The 2013 results came in a statement published in financial newspaper Al-Mal. OTMT's shares closed at 1.51 pounds on Wednesday, putting its market cap at 7.92 billion pounds. . *(Reuters)*

Economic News

Arabtec Holding, Dubai's largest listed construction firm, has agreed with the Egyptian army to build one million houses in a project worth 280 billion Egyptian pounds, it said in a statement on Sunday. The project, one of the biggest in the region, is seen as a boost to the country of 85 million which has been struggling to attract tourists and foreign investors, amid political turmoil, and saw its foreign reserves drop to a critical low last year. It will cover 160 million square meters across 13 sites in Egypt for lower income individuals. The company said it expected that work on the project would start in the third quarter of this year and be completed before 2020. The firm did not say how the project will be financed but Hasan Ismaik, Arabtec's chief executive told Reuters on the sidelines of a press conference in Cairo said that the land will be given for free. Ismaik added that there will be an agreement with around 40 banks in Egypt to provide financial facilities for limited income individuals. Egypt's economy has been struggling since a mass uprising toppled autocrat Hosni Mubarak in 2011 when millions of Egyptians took to the streets calling for social justice and better distribution of wealth as well as an end to corruption. One year later, the same demands emerged bringing an end to Islamist President Mohamed Mursi who was toppled after only one year in office when the army, prompted by mass protests, ousted him on July 3. The United Arab Emirates, Saudi Arabia and Kuwait have pledged more than $12 billion to help boost Egypt's economy. *(Reuters)*

Egypt's annual urban inflation rate slowed to 9.8 percent in February, continuing to ease from a near four-year high reached in November, data from the official statistics agency CAPMAS showed on Monday. The inflation rate has come down from 13 percent in November and eased in February from 11.4 percent in January. "I don't see (this drop in February) as very significant," said Moheb Malak, an economist at Prime Securities. "The same period the previous year had really high inflation due to the depreciation of the pound ... which led to rising prices of most commodities," he said. The core annual inflation rate fell to 9.7 percent in February from 11.7 percent in January, the central bank said on Monday. Egypt's economy has been buffeted by investment outflows and a drop in tourism due to political turmoil since autocrat President Hosni Mubarak was toppled in an uprising in 2011. Despite inflows of billions of dollars in aid from Gulf Arab states after the army's ouster of Islamist President Mohamed Mursi last July, economic recovery has been limited. Mursi's fall cleared the way for Egypt to obtain billions of dollars in aid from the military-backed government's allies in the Gulf - Saudi Arabia, the United Arab Emirates and Kuwait - although billions have also had to be returned to Qatar, which supported Mursi's Muslim Brotherhood. The army-backed government introduced a 30 billion Egyptian pound stimulus package in 2013 and followed up with a second 33.9 billion pound package last month. *(Reuters)*

Egypt will permit cement companies to use coal for energy, the industry and investment minister said on Monday. "We will let cement companies use coal ... but in parallel they must abide by strict environmental regulations," said Mounir Fakhry Abdel Nour said at a news conference. *(Reuters)*

A $40 billion deal for Dubai firm Arabtec to build one million homes in Egypt may mark the start of politically-inspired Gulf investment in the country's creaking infrastructure, from housing to transport, power generation and agriculture. Egypt's economy is recovering only slowly from the turmoil that followed its 2011 revolution. Its government lacks the cash to build infrastructure, while political and business risks are still far too high for most companies to invest in projects. But with the Arabtec deal - one of the largest construction contracts ever announced in the region - Egyptian and Gulf governments appear to have found a formula to channel billions of dollars into the economy in a way that serves their political and economic interests. The construction company said on Sunday that it had agreed with the Egyptian army to build the homes at 13 locations around the country on land provided free by the armed forces, which own a large amount of financial assets and real estate. The deal lets the army-backed government tackle a housing shortage that has been a grievance bringing Egyptians onto the streets in the past three years. Army chief Field Marshal Abdel Fattah al-Sisi can tout the project in a presidential election campaign which he is expected to mount this year. By using such deals to shore up the popularity of the Egyptian army, governments in the six-nation Gulf Cooperation Council (GCC) can keep at bay the Muslim Brotherhood, an arch-enemy of the Gulf monarchies. The Islamist movement ruled Egypt until its overthrow by the military last year. Gulf companies awarded such projects can gain market share in Egypt with only moderate risk, since they have the backing and protection of their governments. In Arabtec's case, the deal could help to transform it from a mid-sized firm into a regional construction giant. "We'll see similar deals in the coming period, whether it is in energy, oil and gas, roads," Karim Awad, co-chief executive of EFG-Hermes, Egypt's biggest investment bank, told Reuters. "Investors from the GCC are also showing interest in developing those sectors, including renewable energy." Egypt's assistant minister of investment Neveen El Shafei said talks with potential Gulf investors "on various levels and different sectors are ongoing, and we hope more deals will be concluded in the near future". The importance of the Arabtec deal goes well beyond its economic impact, said John Sfakianakis, chief investment strategist at MASIC, a Saudi Arabian investment firm. "It's a state capitalist project of trans-national magnitude that basically tells the world that the GCC will be there to support Egypt no matter what," he said. Saudi Arabia, the United Arab Emirates and Kuwait have promised over $12 billion in aid to Egypt since last July, when the army ousted President Mohamed Mursi, who was backed by the Brotherhood. Large sums of additional aid are expected. In the initial months, the donors focused on averting a financial crisis, stabilising Egypt's foreign exchange reserves and helping the government to pay its operating costs. The Arabtec deal signals they have now begun trying to engineer stronger growth for the Egyptian economy, hoping to ease political tensions by cutting unemployment and raising living standards. Construction of Arabtec's "middle-income" homes is expected to start in the third quarter of this year, with the first to be delivered in early 2017 and the whole project to be completed before 2020, the company said. Some details of the plan have not been released and some have not been decided. But Arabtec's chief executive Hasan Ismaik told Reuters that initial financing would be provided by the UAE government, while the rest would come in the form of advance payments and installments paid by the home buyers. The homes will be bought over periods of 10 to 20 years, and Arabtec has reached agreements with 40 banks to provide financing to the buyers, Ismaik said. Last month, Egypt's central bank said it would deposit low-cost funds at banks so the money could be lent on as cheap mortgages. By giving a central role in the project to a UAE company, the Arabtec deal appears to ease at least partly a concern of the Gulf donors: that their money could be wasted through corruption or Egypt's inefficient bureaucracy.

It is not clear that the project will be very profitable for Arabtec, which is listed on the Dubai stock market. This may explain the relatively sluggish reaction of Arabtec shares to the news; they rose only 1.7 percent on Monday. Local financial firm Arqaam Capital kept its "buy" rating on the stock but said it feared Arabtec would enjoy only modest profit margins. It also said the company would face execution risks, since it had never managed a project nearly as large. Ismaik himself indicated he was not counting on big profits: "We look at the project more as UAE aid to Egypt than we look at its expected revenue." But Arabtec's overriding motivation may not be commercial; its largest shareholder is Abu Dhabi state fund Aabar , which owns a 22 percent stake. That makes it a logical vehicle for the UAE's economic diplomacy. Even if profits are slim, the firm may benefit in other ways from the project. The contract is worth about $8 billion annually, more than five times Arabtec's 2012 revenues of $1.5 billion; by taking on the work, it may at a stroke become one of the largest construction contractors in the region. The deal effectively uses some of the UAE's oil wealth to finance overseas growth of one of its leading firms, in much the same way that some Chinese construction firms have moved abroad by working on projects funded by China's government. Aabar may already be compensating Arabtec in markets other than Egypt; last month the Abu Dhabi fund said it would assign all future construction work in its $20 billion real estate portfolio around the world to the Dubai company.

Other areas where Gulf companies are likely to consider government-backed investments in Egypt include power generation, which has been a constraint on industrial growth, oil and gas extraction, which would earn the country badly needed foreign exchange, and agriculture, since food price inflation threatens political stability. Saeed Mohammed al-Tayer, chief executive of state-owned Dubai Electricity and Water Authority, said on Monday he believed other UAE and Egyptian firms were discussing energy and petrochemical deals. He did not name the firms. The UAE's Dana Gas, a privately-owned firm, said last month that it was upgrading an Egyptian natural gas production plant to increase its capacity by 25 percent. The Egyptian government owes it $274 million in unpaid bills, according to Dana; investing in Egypt in line with governments' wishes could help it recover that money. Gulf firms are already active in Egypt's farm sector. Since 2007 Abu Dhabi investment firm Jenaan has accumulated about 67,200 hectares of arable land there, growing wheat for Egyptian consumption. The Arabtec deal "could mark the beginning of similar infrastructure projects that involve GCC companies which have experience and depth, but also the required financing and at the same time the willingness to undertake such mammoth projects," said Sfakianakis. *(Reuters)*

Egypt's newly appointed finance minister said on Wednesday the growth target had slipped and the budget deficit would widen more than official forecasts as the turmoil of the past three years takes its toll on the economy. Hany Kadry Dimian, who took office last month in a surprise cabinet reshuffle, said the state's budget deficit for fiscal year 2013/14 would be around 12 percent and expected it to stand at 10-10.5 percent for the next fiscal year. "In best conditions it (this year's deficit) will be around 11 to 12 percent and leans more to higher than 12 percent." Dimian, a former Finance Ministry official, told reporters. A Finance Ministry report released last year had expected the deficit to stand at 9.1 percent in 2013/14, down from 13.8 percent in 2012/13. Egypt's economy has been hammered by three years of upheaval that followed the uprising that toppled President Hosni Mubarak. Investors and tourists have been driven away and the disillusioned youths who took to the streets have seen no better prospect for prosperity, risking further unrest for a government anxious to get the economy moving to shore up support. Conceding the target for expansion had also been revised, Dimian said "large events happened on the political and security and even economic areas so we expect 2 to 2.5 percent growth". That was down from a previous target of 3 to 3.5 percent. Economists polled by Reuters in January saw 2 percent growth for the year ending June 2014. In January, Egypt said it was targeting growth of between 4 and 4.5 percent next fiscal year, ending June 2015. Growth had been running at around 6-7 percent before the protests - although even that pace was barely enough to produce work for the number of youths entering the job market. Dimian was appointed in an unexpected cabinet reshuffle. That came shortly before a presidential vote expected in two to three months and which army chief Field Marshal Abdel Fattah al-Sisi is mostly likely to win. Sisi ousted Islamist President Mohamed Mursi last July in reaction to mass protests against his elected year in office, a move that brought him wide popularity among ordinary Egyptians. The newly formed cabinet vowed to do its best to achieve the public's long called-for demands of economic and security enhancements and achieving social justice for the millions of poor and uneducated Egyptians. But Sisi last week expressed grave concern over Egypt's economy, which he described as very difficult and requiring hard work, insistence and patience. In response to the public's pleas for social justice, the government introduced a minimum wage of 1,200 Egyptian pounds for all public sector employees in January but that additional expenditure is expected to compound the pressure on the already stretched budget. Egypt has launched two stimulus packages of around 30 billion Egyptian pounds, each after Gulf Arab countries Saudi Arabia, the UAE and Kuwait pledged more than $12 billion to support the ailing economy.

But Gulf aid is not expected to keep pouring in. Last year, UAE's deputy Prime Minister Mansour bin Zayed al-Nahayan said Egypt could not live on Gulf aid alone and must think of unusual and innovative ways to boost its income. "Aid will definitely not continue in the same way but it will take a new form of foreign direct investment from the Gulf. This is a more sustainable form," Moheb Malak, economist at Prime Holding, said. UAE-based Arabtec Holding had agreed on a $40 billion housing project with the Egyptian army that is said to be the biggest in the region in which 1 million housing units will be built to alleviate the housing problem in the country of 85 million people. Dimian said the government was also studying the idea of adding a 5 percent tax to individuals with high income that will be implemented for a temporary period to support the economy during the time of crisis. "It will be a 5 percent tax on their incomes for a period that does not exceed two-five years. I believe that we can apply this tax for a period of three years," he said, adding that the issue will be presented to the cabinet for discussion soon. *(Reuters)*

Arab countries will extend aid to Egypt in the form of petroleum products until at least September, Finance Minister Hany Kadry Dimian said on Thursday, a move that will help avert an energy crunch expected in the summer when consumption soars. Saudi Arabia, the United Arab Emirates and Kuwait have rushed to provide aid to Egypt, including around $4 billion worth of oil products sent between July and December, since the army deposed Islamist President Mohamed Mursi after mass protests. "Arab aid for petroleum products offered to

Egypt will continue until next September or October," Dimian, who took office last month in a surprise cabinet reshuffle, said in a text message to Reuters. Last month, Egypt's oil minister said the country would need to import $1 billion worth of petroleum products to meet energy needs for the summer. Fuel subsidies cost Egypt's government $15 billion a year, a fifth of the state budget. The money keeps pump prices well below market values, giving Egyptians no incentive to curb their consumption. Egypt also requires liquefied natural gas (LNG) for power generation, in short supply due to declining local production, even as it cut into exports of LNG previously promised to foreign firms. *(Reuters)*

Egypt's central bank has covered 50 percent of a backlog of dollars owed to foreign investors seeking to repatriate funds from the country, it said in a statement on Thursday. A repatriation scheme opened in March last year and aimed at restoring confidence in Egypt's economy guarantees foreign investors in Egypt's stock and government bond markets access to dollars despite severe shortages of foreign currency. "(The central bank) covered 50 percent of foreign investors' pending backlogs ... today by direct sales to the investors' custodians," the central bank said in a statement. "The remaining backlog will also be covered by the Central Bank of Egypt in the near future." The bank said backlogs had accumulated because foreign investors had refrained from using the central bank's repatriation mechanism. It did not say how much money was waiting to leave the country, where three years of political instability has driven tourists and foreign investors away.
Foreign reserves fell to a critical low of $13.5 billion last year, down from $36 billion before the uprising that toppled autocrat Hosni Mubarak in 2011. The central bank has been rationing dollars through routine auctions to commercial banks to slow the slide in the pound.
Egypt is pushing through with a road map for political transition that calls for presidential and parliamentary elections this year following the army's removal of elected president Mohamed Mursi following protests against his rule. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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Ghana

Corporate News

SIC Insurance Co., Ghana's biggest insurer, rose to the highest in nine months and reported a return to profit in 2013 as it paid out fewer claims. The stock rose 4.2 percent to 50 percent by 2 p.m. in the capital, Accra, the highest since June 7. SIC is the best performer this month on the Ghana Stock Exchange Composite Index, rallying 14 percent. Investors were anticipating the company didn't repeat the 2012 loss, said Haruna Gariba, a stock trader at Merban Stockbrokers Ltd. in Accra. "Investors were already buying shares in anticipation of positive full -year 2013 results," he said by phone. "Claims incurred by the company in 2013 were much lower than in 2012." SIC reported net income of 346,918 cedis ($134,961) in 2013 from a loss of 9 million cedis in 2012, it said in a statement on its website today. The company paid 20.4 million cedis in claims last year from 26 million cedis in 2012, it said. The shares have climbed 28 percent this year, the fifth-best performance on the index, which has gained 12 percent. SIC's 14-day relative strength index reached 99 today. It's been above the 70 level that may indicate to technical traders a stock is overbought since Feb. 19. *(Bloomberg)*

Ghana's largest cocoa buyer Produce Buying Company (PBC) is set to raise $75 million from a private lender in a bid to fund purchases more cheaply, its managing director said on Tuesday. The revolving credit is to be granted at the start of each cocoa season under terms more favourable than those to which the company was previously subject, Kojo Atta-Krah said, declining to name the lender. PBC spent 46 percent of gross profits last year on borrowing. "It is a cheaper credit and not more than a quarter of what we pay to the banks currently, and with this the greatest ill confronting the company would have been eliminated," he told reporters and analysts in Accra. He said there were also plans to also raise capital through a rights issue this year but did not provide details. Ghana is the world's second biggest cocoa producer after Ivory Coast and PBC currently buys around 35.3 percent of Ghana's total annual crop output. The country will produce more cocoa in the 2013/14 season than previously expected, with its main crop harvest now estimated at 850,000 tonnes, the deputy head of its Cocobod regulator said last month . *(Reuters)*

The board of Ecobank removed its chief executive, Thierry Tanoh, on Tuesday following months of turmoil at one of the biggest financial institutions in sub-Saharan Africa. The crisis over corporate governance and leadership that led to Tanoh's departure is seen as a test case for regulators and has put a spotlight on the integrity of financial institutions on a continent where economies are expanding rapidly. Ecobank named Deputy CEO Albert Essien as its new chief executive. It also announced the reinstatement of finance director Laurence do Rego, which was a demand by Nigeria's securities regulator, which is investigating alleged breaches of corporate governance. "Ecobank Transnational Incorporated today announces the departure of Group CEO Mr Thierry Tanoh with effect from 12 March 2014. Effective the same date he will no longer be a director of ETI," the bank's holding company said in a statement. Tanoh could not immediately be reached for comment. Tanoh's supporters have said he was under pressure because of his drive to expose and correct abuses of corporate governance that pre-dated his tenure, which attracted powerful enemies nervous of what he might uncover. Essien, who is from Ghana, has been at Ecobank for more than 20 years and rose to deputy group CEO two years ago. The 12-member board made its decision at a meeting in Yaounde, the capital of Cameroon, a senior bank official said. Tanoh did not attend. The Ivorian took the reins as CEO in January 2013, having previously served as a vice president at the International Finance Corporation, the investment arm of the World Bank. Ecobank is based in Togo and has a presence in 35 African countries. There are few other pan-African banks, and the continent's biggest financial institutions are based in South Africa. Under Tanoh, profits grew 56 percent in the first nine months of last year, and his defenders said those results reflected his leadership qualities. But his tenure was also marked by a row over his bonus and by an investigation launched last August by Nigeria's Securities and Exchange Commission (SEC) after do Rego told the regulator that Tanoh had pressured her to misstate 2012 financial results.

Ecobank denied that allegation and said do Rego had previously been suspended in a dispute over her qualifications. The SEC in January criticised what it said was an absence of clear vision and strategy at the bank, inadequate transparency in recruiting and conflicts of interest. It also demanded that do Rego be reinstated as a whistleblower, something the bank said would be against Togolese law. Last week, shareholders at an extraordinary general meeting voted to implement reforms designed in part to answer the regulator's criticism. In an apparent snub to Tanoh, they also told the board to reinstate do Rego. A senior Ecobank official played down the impact of the crisis on the bank. "It's obviously caused people to be a bit concerned, but if you look at the share price it is slightly down this year, but it is still much higher than at the end of 2012," the official said. Tanoh's position as CEO was undermined by a series of defections from the board at a bank that had attracted little adverse publicity under the long tenure of its previous CEO, Arnold Ekpe. "This (Tanoh's departure) was just a matter of time. I expect a positive response in terms of the market's view of Ecobank's corporate governance," an institutional investor said, declining to be named. Four executives on Tanoh's top five-person committee wrote on Feb. 13 to interim Chairman Andre Siaka to say Tanoh should resign to solve a crisis of leadership. That email was sent by Essien, who was executive director of corporate and investment banking in addition to his duties as deputy CEO. On March 1, non-executive board member Daniel Matjila denounced Tanoh in a letter to Siaka and the board, calling for his contract to be terminated immediately. Matjila represents South Africa's Public Investment Corporation, the bank's largest shareholder with 18.35 percent. His letter had the support of two other board members, which had amounted to a total of seven who came out publicly to oppose Tanoh before Tuesday's meeting. *(Reuters)*

Economic News

Ghana has lost an estimated GH¢ 50 million for not reviewing upwards stumpage fees of natural forest timber species for the past 11 years. It is estimated that the country loses an average of GH¢ 5 million annually for not increasing the fees. The last time the fees were reviewed was in July 2003. Timber companies pay GH¢ 25 as stumpage fee for Odum and sell it for about €800 in countries like Germany.
Information gathered by The Finder indicates that powerful timber merchants in Ghana allegedly lobby people who have influence on the Forestry Commission (FC) to ensure that the Commission did not increase stumpage fees of natural forest timber species for the past 11 years. According to information, the Forestry Commission reviewed the fees for 2014 and has accordingly written to all the timber companies and authorities notifying them of the new rate effective March 1.h. However, immediately the letter dated February 18, 2014 was received, influential people started mounting pressure on the Commission not to go ahead with the new rates. With the existing rates, stump fees generate GH¢10 million a year and the Forestry Commission keeps GH¢ 5 million and the remaining GHD 5 million is shared among the Office of the Administration of Stool Land, the Stool that owns the land, the Traditional Authority and the District Assembly.
When the new rates are implemented, stumpage fees would double to GH¢20 million per annum, of which the Commission would keep Gh¢ 10 million and the other stakeholders also share GH¢ 10 million.

The Timber Resources Management Regulations Legislative Instrument (L.I.) 1649, which was amended by L.I. 1721, mandates the Forestry Commission to review stumpage fees on the harvesting of timber species for commercial purposes. The increase took into account the FOB prices from the latest minimum guiding prices of the Timber Industry Development Division and the interbank rates (buying) of the euro as at February 18, 2014. The revenue loss is affecting the finances of the Commission and other stakeholders. As of January 2007, for both on and off reserve, 50% was deducted by the FC in order to secure its management and regulation services, and the other 50% was split between the Office of the Administration of Stool Land (OASL) and other beneficiaries. After the OASL has taken 10% as administration fees, the remainder is shared as follows: 25% to the Stool through the Traditional Authority for the maintenance of the Stool, 20% to the Traditional Authority, and 55% to the District Assembly within the area of authority of which stool lands are situated. The Commission needs to implement the new rates to reflect the current economic realities to ensure that it generates adequate revenue to fund its mandate of managing, protecting and developing the forest state of the country and at the same time generate adequate revenue for landowners and the district assemblies who rely heavily on the proceeds from the stumpage fees. The change in stumpage fees for some high-demand trees is Asafina, from GH¢25.20 to GH¢ 112.04; African black wood, from GH¢ 12.39 to GH¢ 149.16; Candolllei, from GH¢ 21.68 to GH¢ 86.37; Sapele, from GH¢27.37 to GH¢ 130.72; and Utile, from GH¢ 31.60 to GH¢ 135.38. The Commission staggered the charging of the increase as follows: 50% from March 1, 2014, increase it to 75% in September, and 100% in January 2015. *(Ghana Web)*

Ghana will start processing gas from its offshore Jubilee oil field by September following long delays, the head of state-run Ghana

National Petroleum Corporation (GNPC) said on Monday. Construction work on the $750 million plant, originally scheduled to be completed last year, has been delayed because of financial and technical problems. "Mechanical completion is expected at the end of this month ... then commissioning that may take up to three months. So we believe that somewhere in the third quarter, it (gas processing) should happen," acting GNPC chief executive Alex Mould told reporters. Ghana began commercial production of crude from the field in late 2010 with reserves estimates of up to 1.2 billion barrels. The field has estimated reserves of up to 1.4 trillion cubic feet of gas. Oil production has slowed because of delays in starting gas processing, according to Tullow. Mould said the plant would ramp up to a maximum 150 million cubic feet of gas daily, most of which would be fed into a plant for power generation. Tullow holds a 35.5 percent stake in the Jubilee field. Other stakeholders are GNPC with 13.6 percent, public investment group Kosmos with 24.1 percent, Anadarko Petroleum Corp with 24.1 percent, and Sabre/PetroSA with 2.7 percent. *(Reuters)*

Inflation shot up marginally to 14 percent in February this year from 13.8 percent recorded in January. It still remains the highest since March 2010. According to the Ghana Statistical Service, both food and non-food inflation shot up to 7.5 and 19 percent. The main drivers of inflation were Housing, Water and Electricity; Transport; Miscellaneous Goods and Services; Mineral Water and Milk, Cheese and Eggs. Meanwhile, the Ashanti region recorded the highest inflation rate of 16.7 percent during the month of February whilst the Upper West recorded the least inflation rate of 9.5 percent. The Greater Accra region recorded an inflation rate of 14.4 percent. *(Ghana Web)*

Government failed to realise revenue it was hoping to mobilise through taxes for last year. According to the Ministry of Finance's provisional fiscal data for 2013, the state was able to collect, GH¢14.3 billion as against a target of GH¢17 billion. The interim fiscal data for 2013 also revealed that, all the various tax types failed to meet their projected target with the exception of communication service tax and company tax on oil companies. However the total revenue including grants and duties reached a little over GH¢19 billion as a against a target of GH¢22 billion. The state ended last year spending a little over GH¢1 billion because government managed spend GH¢26 billion, compared to a GH¢28 billion target. Government also spent GH¢9.2 billion on compensation for public workers which includes, wages and salaries. Payment of interest on loans hit GH¢4.3 billion, with almost, 90 per cent going to servicing domestic loans. *(Ghana Web)*

Kenya

Corporate News

Kenya's CIC Insurance plans to issue bonus shares, increase its share capital and expand its business to Malawi this year after reporting a marginal rise in full-year pretax profit. The insurer, in which Co-operative Bank is the single largest shareholder, said in a statement that it plans to double its share capital to 6 billion shillings and issue one bonus share for every five shares held. Pretax profit rose slightly to 1.67 billion shillings from 1.65 billion shillings a tear earlier, largely because of a modest rise in investment income against rising operating costs, commissions and claims. Investment income rose 7 percent to 1.7 billion shillings, while claims increased by 30 percent to 6 billion shillings and operating rose 20 percent to 2.4 billion shillings. Earnings per share ticked up to 0.67 shillings from 0.64 shillings in 2012. The insurer said it would pay a dividend of 0.10 shillings per share, unchanged from the previous year. *(Reuters)*

Economic News

The Kenyan shilling held steady against the dollar on Friday, while shares eked out meagre gains on expectations that some firms may post higher earnings for last year. At the 1300 GMT close of trade, commercial banks posted the shilling at 86.50/60 per dollar, barely moved from Thursday's closing rate of 86.45/55. "It's really range-bound," said Duncan Kinuthia, head of trading at Commercial Bank of Africa, adding there was a good supply of dollars at 86.50 and good demand for them at 86.30. On Tuesday, the central bank of Kenya held its benchmark lending rate at 8.50 percent for the fifth policy meeting in a row. "(Due to) the fact that there was no change in the monetary policy stance, we expect to continue within these ranges," Kinuthia said. The central bank mopped up 9 billion shillings from the market on Friday through 14-day repos at a weighted average interest rate of 6.776 percent. In the stock market, the benchmark NSE-20 share index inched up 0.2 percent to close at 4906.72 points as investors bet firms that have not posted their full-year earnings will report profit growth. ARM cement, which will post its earnings later this month, rose 1.2 percent to close at 83.50 shillings a share. "They did 28 percent growth in earnings per share in the third quarter so for the full year they will be around that level," said Kuria Kamau, a research analyst at Kestrel Capital. *(Reuters)*

Kenya will push ahead with a debut Eurobond even though market conditions have deteriorated and it is not clear what yield it will have to pay, Finance Minister Henry Rotich said on Monday. The east African country plans to borrow up to $2 billion from overseas financial markets but postponed its investor roadshow, which had been expected to start in January. Rotich said Kenya will set a date for roadshows once it receives clearance from the stock exchange where the bond will be listed. "We are progressing," Rotich told Reuters by telephone. "In a short while, maybe as soon as we get the clearance, we should be proceeding to that (roadshow) stage." International bond issuance by African sovereigns hit a record high in 2013 as foreign investors sought higher yields among fast-growing economies such as Rwanda and Ghana. However, the delay in Kenya's roadshow and greater market volatility triggered by the United States reducing its economic stimulus programme have made some investors question whether Kenya will be able to borrow as much as it hopes in current market conditions. Bankers who were not on the deal told IFR, which is also owned by Thomson Reuters, that Kenya may have to entice investors with a yield of 9 to 10 percent if it wants to borrow $2 billion. Even if it sought to borrow $1.5 billion, it could cost between 8.50 percent and 9 percent, said one banker. Rotich declined to comment on how much Kenya intends to borrow and said it was difficult to judge the price of the bond as market conditions have worsened since last year. "Yes, we are aware of the gradual tightening of markets," he said. "But we cannot know the price until we start this process of roadshows and meeting investors and getting their indication about what rate they can lend to Kenya." Kenya's initial debut Eurobond in 2007 was scuppered by post-election violence which crippled the economy and dented investor confidence. One fund manager said Kenya should push ahead with the bond as a peaceful election last year and oil discoveries in its northern regions have fuelled optimism about the country's economic prospects. "It is a favoured country in the eyes of investors at the moment," the fund manager said. "It has a good story to it." However, not everyone was optimistic about Kenya's prospects of launching the bond under current market conditions. "I'll believe it when I see it," said one banker. *(Reuters)*

Kenya has offered Ethiopian companies a chance to raise funds and trade their shares on the Nairobi bourse in a move that could give them access to capital without compromising Addis Ababa's closed economy policy. The Nairobi Securities Exchange plays a key role in the region by dual-listing shares of companies already listed in neighbouring Uganda. In 2012 the bourse offered to help start a Somali stock exchange but the plan never materialised. "Kenya stands ready to begin consultations for the regulations and guidelines that would allow Ethiopian companies to raise investment capital and trade at our Nairobi Securities Exchange," President Uhuru Kenyatta told a joint meeting of executives from both nations in the Ethiopian capital. Ethiopia, whose largest firms like Ethio Telecom and Ethiopian Airlines are owned by the state, is widely coveted by regional firms because it has one of Africa's fastest growing economies and a large consumer base of more than 80 million people. So far the Addis Ababa government has largely rejected calls to privatise state-owned sectors and liberalise the economy to speed up growth which stood at 9.7 percent in the fiscal year 2012/2013. "We are enthused by the possibilities for joint ventures between our business, and particularly by the potential for cross-listing on regional bourses," Kenyatta said. His delegation to Ethiopia includes executives of Kenyan firms like dairy company Brookside, associated with his family, Equity Bank and telecoms operator Safaricom.

Ethiopia and Kenya, which share a common border, signed a special status agreement in 2012, detailing various areas of co-operation in trade, energy and infrastructure. Analysts said Ethiopia would benefit if its firms take up the offer to tap Kenyan capital markets. "The advantage for Ethiopia for this arrangement would be the ability to provide companies with an inflow of capital without necessarily running the risks of an open capital account economy which Kenya is already accustomed to," Nairobi-based Standard Investment Bank said in a note to clients. Kenya exported goods worth $53.2 million to Ethiopia in 2012 and imported goods worth $4.1 million in the same year, Kenyatta said. Kenyatta's four-day tour of Ethiopia is his second state visit, after China last August, since he took office last April. *(Reuters)*

Kenya plans to begin marketing its debut Eurobond at the end of this month, and investor interest in the issue appears strong, the International Monetary Fund said on Thursday. Kenya expects to borrow up to $2 billion from international markets to refinance an existing syndicated loan of $600 million and to fund the construction of infrastructure projects. "It is still the objective of the Kenyan authorities to conduct a roadshow, most likely towards the end of March or in April 2014," Ragnar Gundmundsson, the IMF's resident representative in Kenya, told Reuters in an interview. There were indications of considerable interest in the issue, he said, in spite of market volatility set off when the United States decided to wind down its economic stimulus. "The yields for countries like Kenya are still likely to be attractive, especially when you compare with the cost of borrowing on the domestic market," Gundmundsson said. The IMF expects the Kenyan economy, east Africa's largest, to expand by 5.5-6 percent this year, compared with an estimated 5.1 percent in 2013. Good weather and increased lending to the private sector are expected to boost growth. Credit to the private sector is growing 20 percent a year, the central bank said, up from about 10 percent in 2012, after Kenya's central bank raised rates to combat inflation. "This rate of growth in credit to the private sector is compatible with a pick-up in economic activities without creating undue inflationary pressure," Gundmundsson said. The central bank is likely to maintain a cautious monetary stance until towards the end of the year, when inflation is projected to fall to its 5 percent target, from 6.86 percent last month. "If they do see that the downward inflation trends are confirmed, then they may consider some relaxation of the monetary policy stance," he said, adding that the central bank will also bear in mind the credit growth rate.

The IMF expects Kenya's current account deficit to narrow to 7.7 percent of GDP by June 2015, the end of the next fiscal year, from 8.3 percent this fiscal year. Gundmundsson credited government efforts to better capture data related to the current account, such as foreign investment and export of services. Kenya is also rebasing its gross domestic product to take into account emerging sectors like oil and gas, which is likely to lead to an increase in estimates of the economy's size. The exercise will be completed by the end of May this year. However, rising public-sector wages threaten to crowd out spending on development, set at a minimum of 30 percent of the revenues per year. Kenya spends 54 percent of annual revenues on wages, against a global benchmark of about 35 percent. Salaries are expected to jump to 64 percent of annual revenues in the next three years. "It is clearly not sustainable if the government wants to create sufficient space to finance development priorities," Gundmundsson said. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

No Corporate News this week

Mauritius

Corporate News

No Corporate News this week

Economic News

No Corporate News this week

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria

Corporate News

As part of its commitment to the development of the Nigerian economy, Access Bank Plc has gone into partnership with the CWC Group, an international non-governmental organisation renowned for creating opportunities and developing knowledge, to support this year's Nigerian Oil and Gas (NOG) conference. The event commences in Abuja from next Monday. Specifically, the conference is expected to address steps the country must take to evolve and maintain its position as Africa's leading oil and gas producer amid increasing intercontinental competition, and how the Nigerian industry as a whole must address the crippling impact of oil theft. Now in its 14th year, the NOG conference has proven to be the most veritable engagement platform for policy makers and operators in the sector. The conference would be opened by the Minister for Petroleum Resources, Mrs. Diezani Alison-Madueke. Similarly, Access Bank's Group Managing Director, Mr. Herbert Wigwe, is expected to join other industry experts to deliberate on how to overcome the challenges facing the growth of independent and indigenous producers and service providers in the oil and gas sector and ways of supporting them to overcome the challenges. "By this, Access Bank will again demonstrate its exceptional capacity and knowledge of the Nigerian oil and gas sector which arguably has positioned it as the preferred bank of operators in the sector. In recent times, the bank has increased its support for local and international operators through series of funding arrangement, intermediation and advisory services," a statement explained. The CWC Group specialises in energy and infrastructure, developing knowledge, creating commercial opportunities and strategic solutions for government and industry by offering professional training, conferences and exhibitions. *(This Day)*

Directors of Unilever Nigeria Plc and Lafarge Cement WAPCO Nigeria Plc will meet next week to consider the companies' corporation actions regarding 2013 financial year. While directors of Lafarge Cement WAPCO will meet on March 18, those of Unilever will meet on March 21, 2013. Apart from considering the audited accounts of the companies, the directors would also decide the dividends to be recommended. According to market operators, considering their nine months results, shareholders of the companies should expect mixed dividends pay-out. Unilever had paid the same N1.40 dividend in 2011 and 2012. However, the company had ended nine months to September 30, 2013 with a decline in profit, thereby fuelling speculations that the company might reduce its dividend level or repeat what has been paid in the past two years. Unilever's revenue increased by 9.5 per cent or N3.954 billion from N41.66 billion to N45.614 billion. But profit after tax dropped from N4.007 billion in 2012 to N3.501 billion. Its earnings per share during the period declined by N0.13 kobo or 12.26 per cent, ending the period with an EPS of 93 kobo compared to N1.06 kobo in the corresponding period of 2012. The company's total assets stood at N40.122 billion as against N36.498 billion in 2012, while total liabilities stood at N31.875 billion in 2013 from N26.454 billion in 2012. On the other hand, Lafarge Cement, which paid dividend of 75 kobo in 2011 and N1.20 in 2013, recorded an increase in its nine months results. The company's revenue grew by six per cent, rising from N70 billion to N74.2 billion. Gross profit rose to N29 billion while pre-tax profit stood at N20.6 billion, showing an increase of 26 per cent above what was recorded in the corresponding period of 2012. Post-tax profit of N74.28billion and N20.46billion, were up 6.35 per cent and 88.63 per cent from N69.84billion and N10.85billion recorded in2012. Analysts at Dunn Loren Merrifield has said in their assessment, the post-tax profit in 2013 was already 39.09 per cent ahead of full year 2012 post-tax profit of N14.71billion and indicates that WAPCO's earnings for 2013 will come in stronger than expected. "Lending support to this assertion is our expectation that, in line with historical trends, Q4 2013 earnings will dominate Q3 2013 earnings even as Q3 2013 earnings are an improvement on Q3 earnings in the last two years," the analysts said. *(This Day)*

Less than two years after its launch, the FBN Money Market Fund now has over N20 billion in assets under its management. The Fund, managed by FBN Capital Asset Management, is an open ended mutual fund that invests in a broad range of money market securities such as Treasury Bills (TBs) and commercial papers, and aims to offer a high level of security coupled with a competitive yield. The company in a statement said based on the figure reported as at the 6th of March, 2014, the Fund is currently yielding 11.69 per cent, which is much higher returns than customers would receive in a regular savings account. The Fund, the statement added, is also rated Aa(f) by Agusto and Co. because it has minimal to low risk of investment loss due to low net asset value volatility. Commenting on the milestone achieved, Managing Director and Head of FBN Capital Asset Management, Michael Oyebola, said: "The FBN Money Market Fund launched at N1.5

billion in September 2012 and we have witnessed the Fund grow exponentially over the past 18 months both in terms of performance and assets under management. The Fund has also consistently paid a dividend to unit holders quarterly in March, June, September and December every year. "FBN Capital Asset Management Limited is the Asset Management company of the FBN Capital Group (a subsidiary of FBN Holdings Plc). The firm was recently recognised as Best Investment Bank in Nigeria for the third year running by Global Finance Magazine, and in 2013 was also named in the World Finance Banking Awards as the Best Investment Bank in Nigeria and the EMEA Finance African Banking Awards as the Best Local Investment Bank." The FBN Money Market Fund, he said, is managed by a team of professional and qualified Fund Managers who have years of experience adding that the Fund is suitable for savers and investors who are looking to enhance the returns on their money and investments start as low as N5,000. "Investing in the fund is easy and open to everyone. Interested individuals can visit any First Bank branch nationwide or visit FBN Capital Asset Management at their offices located in Lagos, Abuja and Port Harcourt to subscribe, "he explained. *(This Day)*

Japaul Oil & Maritime Services Plc plans to raise $400 million to $500 million this year to allow the Nigerian company to expand its offshore business in Africa. Japaul is studying loans, bonds, stocks or a combination of all three to raise money after appointing a consulting firm a month ago, Chief Executive Officer Jegede Paul said in Lagos. The company, now in Nigeria, the United Arab Emirates and Oman, plans to buy ships and equipment to expand in "about 12 countries in Africa over the next five years," Paul said in a March 7 interview. It's looking at nations with viable maritime and oil industries such as Angola, Equatorial Guinea and Ghana. Paul declined to name the firm helping with the fundraising. Japaul, based in Lagos, sees earnings rising 10 percent to 25 percent this year after slumping 59 percent to 486 million naira ($3 million) in the first nine months of 2013 as it raised short-term funds to buy assets. The company targets 25 percent profit growth from 2015 on the contributions from acquisitions. "There is whole lot to be made in this industry if we have sufficient equipment," Paul said in his head office. Producers need help prospecting, drilling, producing and selling oil, he said, adding that part of the money may be used for refinancing. Japaul also plans to pay a dividend for 2013, the CEO said. The company, which has started to import refined petroleum products for sale to Nigerian retail outlets, plans to restrict its upstream business, relating to production, to chartering ships for now rather than buying fields itself, Paul said. International oil producers like Royal Dutch Shell Plc (RDSA) and Chevron Corp. have been selling local fields to curb business damaged by social unrest and theft in the Niger River delta. "We have not applied to buy any of the fields," Paul said. "Maybe it's something we'll look at in the future." *(Bloomberg)*

Full Year 2013 earnings from bellwether banks, Zenith Bank and GT Bank, expected this week, will provide more clarity to investors about the level of profitability in Nigeria's banking sector as lenders see profits slow from increased regulations. The results may also provide a catalyst for the next leg-up or down for equities as banking names collectively make up about 30 percent of total market capitalisation for the Nigerian Stock Exchange (NSE) All Share Index (ASI). In terms of benefit to shareholders, analysts expect that the duo will not depart from what obtained in the past in terms of a tradition of dividend payouts. Nigerian bank earnings slowed in the most recent quarter (Q3) as lenders struggled to boost profit on elevated cash reserve requirements (CRR) and reduction in fees (COT). However, at the NSE yesterday, more investors favoured GT Bank and Zenith Bank in their equities portfolio pick, a development which pushed their share prices higher. The share price of GT Bank plc rose by N1.01kobo from an initial level of N24.99 to N26, while Zenith Bank gained N0.15kobo from N21.45 to N21.60, though some schools of thought within the market feared a possible shrinkage in these banks' balance sheet size, particularly their net interest margin, following the tightened monetary policy environment in which the banks operated during the period. Recall that in its unaudited results for nine months ended September 30, 2013, Zenith Bank plc reported Gross Earnings of N255.299 billion, an increase of 11.41 percent against N229.161 billion in the corresponding period of 2012. Profit Before Tax was N83.037 billion against Q3'12 level of N75.223 billion, up by 10.39 percent; while Profit After Tax rose slightly by 8.88 percent to N69.751 billion in Q3'13 against N64.061 billion in Q3'12. The bank's earnings per share (EPS) in the third-quarter of 2013 was 220 against 202, up by 8.91 percent. Also in Q3'13, Zenith reported Net Interest Margin of 9.47 percent, from 8.91 percent in same period of 2012.

Cost-to-Income Ratio (CIR) was 55.84 percent, against 55.07 percent in Q3'12. Loan-to-Deposit Ratio stood at 52.22 percent, against 56.65 percent in same period of 2012."I expect Zenith to post N106 billion in PBT; a mild 4 percent year-on-year (YoY) growth; albeit PAT will be soft at N89 billion, implied 19 percent return on average equity and a 12 percent decline from previous year's level due to non-recurring tax credit earned in 2012," Rasaq Abiola, lead analyst at UBA Capital, told BusinessDay. "I expect Zenith to declare N1.80 dividend, translating to 64 percent payout ratio, given its adequate capitalisation and less need for earnings retention. Our dividend expectation on Zenith is an attractive 8.4 percent yield on current market valuation of the stock." Sewa Wusu, analyst at Sterling Capital, said: "In terms of benefit declaration to shareholders, I do not see any departure from what was obtainable in the past. I think Zenith will maintain its traditional dividend payout. GT Bank will also follow suit. But we might see some strain or shrinkage in their balance sheet size, particularly their profitability." He foresees a likely decline in these banks' net interest margin (NIM) following the tightened monetary policy environment in which the banks operated during the period (2013 financial year). "By and large, we expect to see benefit declarations maintained. We also think that in spite of the liquidity challenge, some of the banks can still weather the storm," Wusu added. Guaranty Trust Bank had in the nine months ended September 30, 2013 reported a Profit Before Tax of N82.36 billion, indicating a 7.12 percent increase over N76.89 billion recorded in the corresponding period of 2012.

The bank's Profit After Tax (PAT) in Q3'13 stood at N69.24 billion as against the N63.734 billion earned in the comparable period of 2012. It also in Q3'13 reported Gross Earnings increase to N181.96 billion from N166.48 billion the previous year. The bank's total assets in Q3'13 stood at N1.875 trillion compared to the N1.73 trillion as at December 2012. On his expectation of GT Bank FY 2013 scorecards, Abiola said: "We expect GT Bank to gross its 2013 FY PBT to N108 billion, with expected PAT of N91 billion; implied 31 percent return on average equity and 5 percent YoY growth in earnings. We look forward to N1.45 per share final dividend (in addition to the N0.25 interim dividend per share). The final dividend translates to 5.8 percent yield on current price of the counter." Femi Ademola, head, research & intelligence, BGL plc, projects Gross Earnings of N244.13 billion for GT Bank. He also projects a likely report of N109.37 billion in PBT by GT Bank, N92.02 billion in PAT, Net Interest Margin of 8.9 percent, dividend per share of N1.3 (totalling N1.55 with the interim dividend), and total assets of N1.92 trillion. On Zenith Bank, the analyst projects Gross Earnings of N337.79 billion, PBT of N113.24 billion, PAT of N92.85 billion, Net Interest Margin of 6.01 percent, dividend per share of N1.60, and total assets of N2.91 trillion. *(Business Day)*

To further arrest the problem of building collapse and other construction failures allegedly caused by the preponderance of lower grade (32.5) of cement in the market, Dangote Cement yesterday announced the completion of the calibration of its factories across the country to produce 52.5 grade of the product. With this, the company becomes the first cement company in Africa to achieve the feat. For the past one month, major concerns have been raised by various interest groups, over the standardisation of the essential product. These stakeholders had warned that the prevalence of 32.5 cement grade in the market was a major cause of building collapse in the country, threatening to stage protests against cement manufacturers who produce the lower grade of the product. In response to the stakeholders' threat, Dangote Cement had announced that it produces only 42.5 grade of cement from its plants, while other cement makers tried to explain that the lower 32.5 grade did not pose the dangers identified by the stakeholders. However, the Group Managing Director of Dangote Cement, Devakumar Edwin, told journalists in Lagos that they had further demonstrated their commitment to delivering high quality and safe product to Nigerians, by raising the quality bar beyond the high grade 42.5 cement to a much higher grade of 52.5. He said the company had commenced the production of the cement grade from all of its three plants in Ibese, Ogun State, Gboko, Benue State and Obajana in Kogi State.

Edwin said the cement giant had scored another first as the 52.5 grade of cement was being produced in Africa for the first time, thus attesting to the resolve of the company to be a leading international producer of the essential product. Basking in the euphoria of the new feat, Edwin disclosed that the new cement grade, which had been certified by the Standard Organisation of Nigeria (SON), as conforming to the requirements of NIS 444-2003 and other relevant standards, would sell for the same amount as the lower grade 42.5N type. Giving reasons for this, the GMD stated that it costs more to produce the 52.5 grade but that Dangote Cement decided to sell at the same price in the interest of its customers and so as to make it affordable to all. He flaunted before journalists, the SON certificate, which read in part "considering the inspection carried out at your factory by a team of SON officers and the outcome of the laboratory samples of the product of your company, I have the pleasure to inform you that the under listed product of your company is hereby adjuged by the SON to conform to the requirements of NIS 444-1:2003 and other relevant standards. He explained that the new cement could be used for all construction purposes but that it was the best for any civil construction having bearing column. Edwin stated that Dangote Cement was also the first to produce the 42.5 grade, while other manufacturers were churning out 32.5 grade, pointing out that the desire to constantly research into how to improve the quality of its products necessitated the new cement grade. The Dangote Cement boss reasoned that with the quality of the higher grade of cement, the incidence of building collapse would be better controlled. In his contribution, Mr. Joe Makoju, the Honorary Adviser to the President of Dangote Group, Aliko Dangote, described the introduction of the new cement as ground breaking, saying Nigeria was now one of the best quality producers of cement in the world. S"No matter the sophistication of the structure, this is the best grade for any civil construction. Dangote did not create the standard. The standard has been there, we have only blazed the trail by starting its production. Its' good for lead bearing columns," Makoju explained.*(This Day)*

Shell said on Monday that it had reopened its Nembe Creek Trunkline in Nigeria on Monday after the removal of crude theft points. The pipeline, which carries Bonny Light crude oil, had been shut since Feb 23, the spokesman said. *(Reuters)*

Much expected financial results of banks for the 2013 year have begun to hit the stock market as Zenith Bank Plc yesterday became the first to announce its audited results. The bank reported profit after tax of N95 billion and recommended a dividend of N55 billion. Specifically, Zenith posted gross income of N351.5 billion for the year ended December 31, 2013, showing an increase of 14 per cent above the N307 billion posted in 2012. Interest income rose almost 18 per cent from N221 billion to N260 billion, while net interest income recorded a higher growth of 21 per cent to hit N156.8 billion, up from N189.3 billion in 2012. Profit before tax stood at N111 billion in 2013 as against N102 billion in 2012. However, high operating expenses and tax payment led to a drop in profit after tax. The bank paid a tax of N15 billion, indicating a jump of 977 per cent from N1.419 billion in 2012. Consequently, profit after tax fell by five per cent from N101 billion to N95.318 billion.

The directors recommended a dividend of N54.9 billion, which translate into N1.75 per share. The 2013 dividend is 9.3 per cent higher than the N1.60 paid in 2012. Considering the current price of Zenith Bank Plc the dividend yield stood at 8.1 per cent. A further analysis of the results showed that customers' deposits rose 18 per cent from N1.929 trillion to N2.277 trillion. Return on average equity stood at 19.6 per cent, while return on average asset was 3.3 per cent. Positive reaction to the results led to the shares of Zenith Bank to close higher at N21.99. Meanwhile, the stock market maintains its positive momentum with the Nigerian Stock Exchange (NSE) All-Share Index appreciated by 0.25 per cent to close at 39,269.40, while market capitalisation ended at N12.61 trillion. In percentage terms, Union Bank of Nigeria Plc, International Energy Insurance Plc and Guinness Nigeria Plc led the price gainers with 4.95 per cent, 4.92 per cent and 4.82 per cent respectively. *(This Day)*

The ambitious plan by Dangote Group to build a 400,000 barrels-per-day refinery in Nigeria is picking up pace, with the disclosure of an award of a $139 million contract to India's Engineers India Limited (EIL) by the Group. The contract won by the state-owned Indian firm is for the provision of project management consultancy (PMC) and engineering, procurement and construction management (EPCM) services for the Dangote's refinery and polypropylene plant. According to A K Purwaha, EIL chairman and managing director, according to Press Trust of India, under the agreement, EIL will provide project PMC and EPCM services for implementing a grassroots 400,000 barrels per day (20 million tons) refinery and 600,000 tons a year polypropylene plant. It would be recalled that Aliko Dangote, Africa's richest man and business mogul, in April 2013 had disclosed his intention to build a 400,000 barrels-per-day refinery in Nigeria, as well as petrochemical and fertiliser plants at the Olokola Liquefied Natural Gas (OKLNG) Free Trade Zone in Ondo State. Analysts have said that Dangote's foray into the oil sector has the prospect of shaking up Nigeria's stagnant oil and gas industry, adding that they expect the refinery to help cut Nigeria's oil import volumes significantly while also helping to deal a blow on the opaqueness around the subsidy management system.

The Group will spend $9 billion to build the largest privately owned refinery, which would double the country's maximum refinery output. In September last year, a significant milestone towards the construction of the refinery was reached, with the signing of a term loan between Dangote Group and a consortium of local and foreign banks for the financing of the project. Dangote Industries clinched a $3.3 billion syndicated loan from the banks, which will augment its equity contribution of $3.50 billion. EIL, a leading engineering consultancy and EPC company, is looking at markets abroad to more than double its revenue to $1 billion in the next 3-4 years. "We are strong in refinery, petrochemicals, pipelines, upstream oil and gas projects and metallurgy. We are now looking at diversifying into nuclear energy, water and waste management and solar thermal projects," Purwaha was quoted as saying. "We are looking more focusedly on overseas markets particularly in Middle-East, Africa and South East Asia," he said. "We are targeting 20 percent of our revenues from overseas market." The company, which reported a net profit of Rs 628.58 crore on a turnover of Rs 2,505.97 crore in 2012-13, is targeting more than double of the turnover to $ 1 billion. EIL has already re-entered the fertiliser sector and is doing projects in Bangladesh, Indonesia and Nigeria. "We are looking with be interest in diversifying into high growth areas where we can provide high quality of engineering skills and knowledge," he said. Right from executing its first refinery project in Madras Refinery in 1967, EIL has its footprint in 19 of the 22 operating refineries in the country with a combined capacity of more than 150 million tons. EIL has also been involved in the establishment of 7 of the 8 mega petrochemical complexes in India.

Nigeria is Africa's top oil producer and the continent's second-biggest economy, but still relies heavily on imported refined petroleum products for the servicing of its economy, creating a lucrative market for European refiners and oil traders at the expense of the Nigerian masses. The country has four refineries located in Port Harcourt, Warri and Kaduna, with a combined capacity of around 445,000 bpd or 70.75 million litres per day, but they operate well below full capacity owing to decades of mismanagement and corruption. *(Business Day)*
Concerned by the challenge of access to finance in the country, First Bank of Nigeria Limited has said it would soon launch a system that would ensure that its customers access loans without collateral. Specifically, the bank said it would soon launch a system that would ensure that customers that which to secure facilities from the bank undergo psychometric test to enable them access credit without collateral. In addition, the bank said as part of efforts to build capacity among small and medium scale enterprises' (SMEs') in the country it would train operators in the country. Speaking at a products fair organised by the bank, the Manager, Consumer Segment, First Bank, Mr. Akinfolarin Oluwafemi said the move would also contribute to the growth of the country's Gross Domestic Product (GDP). "You come to me and you want to borrow money from you and I don't know you, I will need you to give me something that I can fall back on if you default. "Basically with this system, if you walk into any First Bank branch, they conduct this test for you and you get your loan based on the result of the test and we are not asking for collateral," he added. He noted that SMEs employ the largest number of people in any economy in the world. "We started our SME strategy last year and that was why we had our SME conference last year. We have now built on that with a 2014 programme which was built around the two key things that we have identified among SMEs – capacity building and access to finance. "We are going to start holding SME seminars across Nigeria before May. We want to train you (SMEs) on how to develop your strategy, we want to tell you how you can access finance and how you can structure your company in a way that you will have books that you can take to the bank and be able to access finance," he explained. He revealed that the training would focus on specific sectors in the economy. According to him, the country has about 17 million companies that are termed SMEs contributing significantly to the economy. "Everybody wants to do something and most of us need loan for that. Basically, what we done is that we have identified value-added products and services. "We have loan products and convenient base platform, we have various channels that can make life easier," he added. The bank used the platform to showcase products such as 3AL, for consumer banking, payment and collection and wholesale banking. *(This Day)*

Economic News

Royal Dutch Shell lost nearly $1 billion through theft and various disruptions to its Nigerian oil and liquefied natural gas (LNG) operations in 2013 and said that rampant oil theft is costing the country even more. The Anglo Dutch company, updating investors on its strategy, also said that proposed Nigerian legislation had curbed investment, hindering production, while security is a daily challenge and oil theft "very material". Nigeria is important for Shell because the African country provides almost 10 percent of the company's output and is seen as a source of future growth. In its annual report, also published on Thursday, Shell said that some risks of working in Nigeria had worsened.
The Nigerian Petroleum Industry Bill (PIB), a piece of legislation several years in the making, has not passed but it could change the terms for foreign oil companies in the country. "There are at least three to four different versions of it and most of them have been unhelpful to supporting future investments in the country," Simon Henry, Shell's chief financial officer, said on a conference call. "Therefore the industry at large has taken almost no significant investment decision in that six, seven-year period. So the country's 4 millon barrel-a-day target has

effectively become actual production of less than 2 (million bpd)."

Nigeria produced about 1.9 million bpd in February, according to OPEC figures. Oil theft is often associated with criminals who tap crude from pipelines for local refining. Stolen oil also leaves the country in tankers. "The theft is very material," Henry said. "Figures have been quoted up to a billion dollars a month being stolen from the governmet, in effect, and that figure is probably accurate." Shell's Nigerian oil and gas output averaged 265,000 barrels of oil equivalent per day in 2013, down 100,000 bpd from 2012 and equal to about 8 percent of total supply of 3.2 million bpd. The company, which is in the process of selling some onshore Nigerian oil blocks, still views Nigeria as a source of longer-term growth and Henry said Shell would continue to invest in gas and deepwater projects. *(Reuters)*

Tanzania

Corporate News

No Corporate News this week

Economic News

Tanzania's year-on-year inflation was 6.0 percent in February, unchanged from the previous month, the statistics office said on Saturday. "The monthly headline inflation rate for the month of February 2014 has increased at a lower speed of 1.4 percent compared to an increase of 1.8 percent recorded in January 2014," the National Bureau of Statistics said. Analysts said they expect the inflation rate to rise because of higher energy and fuel costs, making it unlikely the government will achieve its 5.0 percent inflation target by June. "The inflation rate will likely go up over the coming months due to a significant increase in power tariffs from January this year and higher diesel and petrol prices," Humphrey Moshi, economics professor at the University of Dar es Salaam, told Reuters. "Higher electricity tariffs usually have an impact on the household level and also increase the cost of doing business." *(Reuters)*

LACK of uniform regulatory framework for securities markets in the East African Community (EAC) has been limiting free movement of stocks among partner states. Regionalisation could help EAC capital markets achieve economies of scale, expand the pool of investors, increase the number and diversity of issuers, products and strengthen corporate governance. The Dar es Salaam Stock Exchange (DSE) Chief Executive Officer, Mr. Moremi Marwa, said in an interview in Dar es Salaam on Wednesday that there was still lack of the Central Depository for securities among the EAC partner states where trading can be conducted smoothly. The EAC securities markets offer a range of products, including company stocks traded in primary and secondary markets, treasury bills, bonds and corporate bonds. "It is a setback to be addressed by member states to allow free movement of stocks across the region thus making capital markets to play vital role in economic development," he said. He said the establishment of the central securities depository for free movement of shares in the region was one of the projects in pipeline being implemented by the Association of Stock Exchange of the EAC partner states. It contradicts the findings by the World Bank Group on the East African Common Market Scorecard 2014 that named Tanzania and Burundi as the only partner states with restrictions making most difficult to conduct securities operations. According to the report, Tanzania's restrictions affect 10 of the 14 securities operations highlighted while lack of regulation for derivatives affects two others.

The securities operations include quoted and unquoted securities, some collective investment schemes, money market instruments and derivatives. Some of the restrictions include those based on nationality, place of residence, current payments and where the capital is invested. Only two operations in Tanzania including foreign purchases and sales of money market instruments by residents and domestic purchases of collective investment schemes by non-residents were free of restrictions. Also Tanzanians were allowed to participate in the cross listed stocks after the Bank of Tanzania (BoT) had issued dispensation. It opposes the scorecard findings that Tanzanians were not allowed to take part in the cross listed stocks. The scorecard findings also misreported that the DSE Market Capitalisation was 1.9 billion US dollars instead of 10.94 billion US dollars. However, foreign participation in the market is only 60 per cent in Tanzania compared to 85 per cent in Kenya and 100 per cent in Uganda and Rwanda.*(Daily News)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

No Corporate News this week

Economic News

BANK of Zambia has spent US $178 million from its reserves to help prop the kwacha and ensure foreign exchange market's stability. In the near term, the kwacha is expected to remain on the defensive against the dollar, trading within a K5.88 and K5.99 range for bid and offer. BoZ governor, Dr Michael Gondwe, said the kwacha has depreciated against major convertible currencies due to the declining copper prices on the international market, slowdown in portfolio investment inflows and the US Federal Reserve Board's decision to reduce dollar liquidity supplied through its quantitative easing programme which was affecting currencies in emerging markets. Dr Gondwe told journalists in Lusaka today that the currency depreciation was not unique to Zambia as emerging market currencies had generally weakened against the US dollar since the year began. During the briefing, Dr Gondwe forbade journalists from asking questions as he unilaterally read the statement. "In order to support the relatively low supply of foreign exchange and moderate volatility in the foreign exchange market, the Bank of Zambia has, to date, sold US$178 million to the market," he announced. Dr Gondwe said the implementation of prudent fiscal and monetary policies within the flexible exchange rate regime would be critical to the successful management of the exchange rate volatility. "On the part of the market players, the Bank of Zambia will continue encouraging them to use hedging instruments to manage exchange rate risk or volatility," he said. Dr Gondwe said the gross international reserves had declined to US $2.673 billion at the end of February from US $2.751 billion in January. "The decline in reserves was mainly due to foreign exchange sales aimed at supporting the market and payments related to oil procurement," said Dr Gondwe. By the end of last week, the kwacha, which has lost by about 4.7 per cent this year, easily breached the K6 mark for the first time to make it one of the three worst performing currencies in the world. Apart from increasing sales of the foreign exchange currency to help prop up the kwacha, BoZ had raised the monetary policy rate by 0.50 percentage points and the statutory reserve ratios for the commercial bank to14 per cent from eight per cent effective March 10, 2014 to help halt the kwacha's free fall. *(Post Zambia)*

Zimbabwe

Corporate News

African Consolidated Resources Plc, an Alternative Investment Market listed gold mining company with significant interest in Zimbabwe, is undertaking a due diligence exercise with a major bank for US$70 million to develop its Pickstone-Peerless resource. "The Company is pleased to inform shareholders that it is currently undertaking a due diligence exercise with a major African bank with which a term sheet was signed in 2013," ACR said. The term sheet provides for a US$70 million debt facility to fully finance the expansion of the mine to 50 000 tonnes per month, subject to customary due diligence, credit committee approval and also to ACR securing equity for the initial plant construction. The company is now engaging with a number of interested parties to raise US$30 million for phase 1 construction as required by the term sheet as a pre-condition to debt-financing the project. It is therefore also facilitating due diligence exercises with parties who have expressed bona fide interest in this respect. ACR said a detailed indigenisation plan has been drafted and its submission to the Government is imminent. Cash balance at January 31, 2014 was US$1,85 million (unaudited) and as reported in the interim results further funding will be required in the 2014 second quarter for ACR to both continue operating as a going concern and develop its Pickstone-Peerless project together with its portfolio of high impact assets. Discussions are in progress in relation to additional equity funding. ACR group technical director Mike Kellow told international media that real success was that in 12 months it has gone from just a resource estimate to a pre-feasibility and a definitive feasibility. In December, ACR undertook a pre-feasibility study on the wider Pickstone Peerless project, that assumed a mineable reserve of 1 million ounces of gold, which has since been firmed up to a 1,02 million ounce reserve grading 1,9 grammes per tonne. This gives credibility to the company's plans to mine at a peak rate of 100 000 oz over ten years or more, at an average all-in sustaining cost of less than US$700 and assuming US$1 300 gold price. Allowing for those parameters, the Pickstone-Peerless project should generate cash flow of between US$53 million and US$78 million per year, depending on the gold price, which is all to the good. *(Herald)*

Zimplow volumes declined across most of its SBUs but the group managed to report a small profit after accounting for gains accrued after they disposed on Puzey & Payne and Tassburg. Chief executive Mr Zondi Kumwenda told analysts on Wednesday that demand in the year to December was severely constrained with liquidity constraints adding to business woes. As a result animal drawn implents were down 15 percent from prior year with the main reduction being recorded on export volumes. Kumwenda said local volumes had shown a strong recovery during October but tailed off quite dramatically during the latter parts of November and the whole of December. Regional sales decreased but the reduction was tempered by a 43 percent volume increase in the South African subsidiary. Spares had performed well, gaining 5 percent. "Had it not been for the cash shortages it could have been a spares season," said Mr Kumwenda. Volumes overall were affected by reduced donor activity after the elections. That together with the low disposable income and competition from the East had affected performance. On the mechanical business tractor sales were 31 percent lower than the previous year. "We sold a combined harvester while gensets were down 52 percent. Motorbikes, which are not core to the business were 70 percent down." "Service hours were down 41 percent as the tight liquidity positions experienced by many farmers reduced their ability to have their equipment serviced. Parts turnover was down 14 percent to US$3,26 million from US$3,8 million. "Again the effect of low turnover was felt together with the poor land preparations." Farmec Implements turnover was down 6 percent to US$2,12 million from US$2,27 million. Northmec was down 41 percent. Mr Kumwenda said implements were also down 40 percent. Service hours were up 10 percent but parts turnover was 6 percent lower. *(Herald)*

ZIMBABWE Stock Exchange-listed insurance firm Nicoz Diamond Insurance, posted a 21% increase in Gross Premium Written to $30 million for the full year ended December 31, 2013 due to better management of expenses and control of claims. Speaking at an analyst briefing in Harare last Friday, company general manager corporate services Gloria Zvaravanhu said during the period under review Net Premium Written increased to $18,3 million after a 29% increase. For the full year, the company posted a decline in profit of $2,3 million compared to the same period last year from $2,4 million. Zvaravanhu said underwriting profit was up 727% to $892 000 while cash generated from operation stood at $1,4 million up by 60% from the same period last year. She said the company was able to make investments during the year from the cash that was generated from operations. During the 12-month period the number of claims stood at 3 817 with motor vehicles insurance having the majority of the claims. Nicoz Diamond's managing director Grace Muradzikwa said the revenue growth for this year to February was subdued at $6,955 million compared to $6,962 million during the same period last year. "We had a slow start this year, our focus is on revenue and cost alignment. We need to tighten our belts," she said. Muradzikwa said the company spent $1,2 million on the Mozambique venture that it partnered with BancABC and Mozre . She said the company was expecting good results in the long term from the new venture. Muradzikwa said its Ugandan subsidiary, which faced challenges last year, managed to post a profit after its turn around. She said the company would be recapitalising the Ugandan unit soon. The short term insurance group has other operations in Malawi and Zambia. According to the 2014 national budget the insurance industry's total assets grew by 20% to $3,6 billion as at September 30, 2013 due to growth in life assurance and pension fund assets. *(News Day)*

Meikles Limited's mining arm, Meikles Centar Mining Private Limited has signed a partnership agreement with a local mining firm DGL Investments (Imviga) intending to buy 51 percent equity in the company. DGL Investments is a subsidiary of emerging gold producer Duration Gold Limited based in Matabeleland and majority owned by British-based Clarity Capital. Meikles Centar Mining Limited has been looking at four gold mining companies with a view of getting into partnership with other partners or taking over their assets. An amount of US$500 million is expected to be invested as the group seeks to spread its operations into mining. Meikles Centar Mining chairman Mr Herbert Nkala said an agreement has been reached with a local mining company with a view to expand its production. "The company has signed a term sheet with DGL Investments ("Imviga") with a view to it purchasing a 51 percent share in that company," Mr Nkala said. DGL Investments is a small to medium sized gold mining company with two producing assets in the country. Meikles Centar Mining got into the deal with potential to expand production, as well as to re-open a number of other brown-field properties in DGL's portfolio. The proposed purchase will be finalised subject to a full due diligence exercise and all regulatory approvals being obtained. Mr Nkala could not divulge the financial details of the agreement saying the deal was still at its infancy adding that Meikles Centar Mining continues to explore for opportunities in the chrome mining industry. "Much is being done on the ground in terms of chrome mining and should the investigations prove successful, a further announcement will be made in due course," he said. Further, he added that the new mining company is actively considering entering into the platinum industry and a number of investors have shown keen interest. The platinum mining venture would be subject to potentially attractive claims being identified for development. Meikles Centar Mining has since received regulatory approvals from the Zimbabwe Investment Authority and the Competition and Tariff Commission to start operations. Funding will be injected into the projects individually while further capital will be introduced as required. Last year Meikles Limited executive director Mr Mark Wood said the firm wants to come up with structures to accommodate such kind of mining investments. Mr Wood said the country has a lot of struggling mines while some are operating under care and maintenance and the partnerships will revive some of the mines. Meikles Limited wanted to venture into diamond mining through the acquisition of Rio Tinto (UK)'s 78 percent stake in Murowa Diamonds, but that has been reversed after Rio Tinto decided to stop the deal. *(Herald)*

NICOZ Diamond says it will this year focus on revenue and cost alignment after witnessing a slow start to the year. Managing director Mrs Grace Muradzikwa told analysts on Friday that the group would now "tighten the belts" by enhancing and sustaining its liquidity position as well as growing its investment portfolio. The group does not expect significant growth in the current environment after Gross Premium Written in the two months to February amounted to US$6,95 million, a marginal decrease from US$6,96 million last year. "As anticipated revenue growth is subdued reflective of the economy but this is totally in line with expectations," said Mrs Muradzikwa adding that the group would focus on managing costs and maintaining a healthy bottom line. In the year to December, economic growth had significantly slowed as the liquidity situation tightened. "This had affected the way we do business," said Muradzikwa As a result revenue growth slowed while premium collections remained a big challenge. Mrs Muradzikwa said the market remained highly competitive with 24 active players.

She said the group would aggressively grow alternative distribution channels as these were gaining prominence. "We want to offer convenience to clients." Mrs Muradzikwa noted the insurance market had grown an average 8 percent with motor remaining the dominant class with a contribution of 45 percent. The penetration ratio in the country was at 2,1 percent against 10 percent in South Africa while Zambia was at 1,6 percent and Uganda at 1 percent. The group reported GPW of US$30, 018 million in the December year, a 21 percent growth from 2012. Net Premium Written was 29 percent higher at $18,31 million. Corporate Services head Gloria Zvaravanhu said there had been a significant growth in the underwriting profit of 727 percent to US$892 000. Pre-tax was up 56 percent to US$3,21 million after accounting for investment income. The group generated cash of US$1,41 million from operating activities. Investment income of US$2,32 million was largely made up of property at 61 percent but Zvaravanhu noted that the group had dropped its exposure in property from 76 percent. The bottom line was lower after associates traded in the negative while earnings amounted to 0,4c. The group declared a dividend of 0,064c per share. In terms of the ratios, Zvaravanhu said the expenses/EP was at 37 percent and was now nearing the 35 percent target. Claims/EP was at 47 percent, ROCE was at 17 percent and the solvency margin was at 59 percent. Head of Operations Noel Manika, said motor remained the dominant class contributing 47 percent to GPW with a retention ratio of 75 percent. The contribution to claims was at 73 percent while the loss ratio was 59 percent. For the group, total claims amounted to US$7,42 million. There were a total 3 817 claims with an average cost per claim of US$1 945. *(Herald)*

LIFESTYLE Holdings has defaulted on its obligation to pay out minority shareholders who opted for cash under an arrangement that involved issuing of new TN Harlequin International shares in exchange for Lifestyle shares.Lifestyle de-listed last year after shareholders voted in favour of a scheme of arrangement which resulted in them owning shares in new entity TNHI, a Mauritius-registered firm. TNHI, which owns 100 percent shareholding in Lifestyle Holdings, was set up by the directors of Lifestyle as a vehicle to raise offshore funding for the group's operations. A cash option was approved for shareholders not willing to exchange their Lifestyle shares for TNHI shares. Lifestyle Holdings offered a cash consideration of US$0,00645 for every Lifestyle ordinary share held, payable in four equal instalments. The cash conversion price of US$0,00645 was at 61,25 percent premium of the trading price. The first payment date was July 5, 2013, some sources said yesterday. It has, however, emerged that Lifestyle has failed to fulfil its obligation on two instalments. "The first instalment was due on July 5, 2013 and that was fully paid. However, Lifestyle is yet to fulfil its obligations in respect of second and third instalments that were due on October 3, 2013 and January 1, 2014 respectively," said a source familiar with the developments. The outstanding amount could not be established. Lifestyle chief executive Mr Tawanda Nyambirai could not be reached for a comment yesterday. Prior to the approval of the scheme of arrangement, the Securities and Exchanges Commission of Zimbabwe had filed a High Court application arguing the proposed transaction violated rules requiring transparency and independence. It said there were material conflicts of interest, as the company was advising itself through TN Financial Services. It also noted that de-listing of Lifestyle Holdings effectively destroyed any possibility of shareholders ever knowing the goings of their company, as was the case with CAPS Holdings which left shareholders holding merely onto share certificates. SECZ said the schemes of arrangement were being abused as they were being used by bankrupt companies to escape public scrutiny and avoid being held accountable. Lifestyle, which operates furniture manufacturing and retail and fast moving consumer businesses, is facing challenges and the group has significantly scaled down. Lifestyle founder Mr Nyambirai said his business empire would not collapse as he is working to realign his remaining businesses to the prevailing macro-economic conditions. In an interview recently, the Harare businessman took great exception to negative media reports that the business empire he toiled to build was crumbling, pointing out the reports are baffling as the group is simply right-sizing as everybody else is doing. "Lifestyle is doing what everybody else should be doing in the circumstances, right sizing. We shall only keep those businesses where we are, or can be better than our competitors. Lifestyle shall not crumble," he assured. Explaining the inevitable need to right-size, Mr Nyambirai said TN Harlequin Luxaire – as the largest furniture manufacturer in the country – its operations employ in excess of 1 400 people, but challenges require it to reduce costs in order to survive the economic difficulties. "Its manufacturing and retail arms employ in excess of 1 400 people. To carry this level of staff costs, the company has to generate sales in excess of US$1,8 million per month. (But) the average sales per month for 2013 were far below this figure," Mr Nyambirai said. *(Herald)*

ZIMBABWE Stock Exchange-listed TSL Limited is expecting an increase in the volumes of tobacco from its contracted farmers this year, despite the fluctuation of tobacco prices at the auction floors, an official said. The company hopes to surpass the 2,5 million kilogrammes of tobacco recorded last year by reaching this year's contract target of 3,8 million kilogrammes. TSL Limited group chief executive Mr Washington Matsaira yesterday told the AGM that despite the prevailing economic environment, the company expects volumes to grow.
"We have utmost confidence that we are moving on a steady and comfortable path and the company is mindful of the challenges affecting the industry. "The 2014 tobacco selling season has not been a good one because of softer prices but we hope to record increased volumes compared to last year," said Mr Matsaira. TSL Limited is a conglomerate with interest in logistics, tobacco, agro inputs and properties. He

said the general liquidity crunch has been a challenge and the company is mitigating the impact of adverse factors in the operating environment. Mr Matsaira said: "Now that purchase of tobacco has started we hope to meet the 3,8 million kg target."

The tobacco company is also accelerating its Propak business by increasing output to enhance product availability. Propak, a subsidiary of TSL limited, is currently engaging farmers in a bid to regain market share lost over the years to merchants. "Increased output to increase product availability is one of our plans to regain our market share," Mr Matsaira said. On Logistics, Mr Matsaira said the group had a positive start to 2014 as the impact of the business model review was beginning to show. The integration of Premier Forklift Services was now complete and the business is expected to significantly improve the quality and range of handling services offered to clients and introduce revenue streams. "Overall we expect a positive out-turn on the back of an improved tobacco season." Mr Matsaira, however, said the search for a long-term technical partner continues. Real Estate also had a positive start and revenue and profitability are marginally ahead of budget. Expansion of capacity continues to grow with 9 000 square metres of new warehousing units to be commissioned soon.
Cut Rag's performance was up on 2013, Mr Matsaira said adding that the group was confident of growth. *(Herald)*

FIDELITY Life Assurance of Zimbabwe (FLAZ) has recorded a decline in after-tax profit of $2,5 million for the year ended December 31 2013 owing to the decline in revenue. In 2012, the group recorded an after-tax profit of $4,1 million. Speaking at an analyst briefing in Harare on Wednesday, FLAZ chief executive officer Simon Chapereka said the decline in revenue by 15% to $15 million was largely due to the low uptake of residential stands at the firm's Fidelity Life Park in Manresa. Chapereka said the company's performance was also being affected by the current liquidity crunch, company closures and increased informalisation of the economy. "The manufacturing industry is still in financial dire straits characterised by low capacity utilisation, low disposable income to employees and closure of companies and this affected collection and generation of premium income," Chapereka said. He, however, said the growing informalisation of the economy required insurance companies to be innovative in coming up with products that appealed to the informal market. Speaking at the same event, FLAZ general manager finance and administration Bernard Bere said the company recorded an increase in net premiums income by 3% to $14 453 000 for the year ended December 2013 up from $14 081 000 million in 2012. "The year 2013 was not a good year for us as compared to 2012. Our net premiums income grew by 3%. This is as a result of customers failing to pay premiums on time," Bere said. Total income decreased by 10% to $24,5 million for the period under review from $27,2 million in 2012.

Bere said the group business income increased by 9% to $9,1 million due to increased collection from group business premiums. In the period under review, claims increased by 28% to $2,1 million, while commission expenses declined by 76% to $261 000. "The decline in commission expenses is a reflection of non-generation of new business," Bere said. During the same period, underwriting surplus grew by 5% to $6,2 million up from $5,6 million on the same period last year. The company's Malawi-based subsidiary had premium income of $2,8 million and a profit after tax of $0,85 million for the period under review. Bere bemoaned the depreciation of the Malawi kwacha against the United States dollar. "Had it not been for the depreciation of Malawi kwacha against the United States dollar, the company would have registered a higher profit," he said. *(News Day)*

Economic News

The mining sector has potential to attract US$12 billion in new investment over the next five years, but Zimbabwe's high mining fees could scare off investors, a World Bank report on trade and competitiveness revealed. In contrast to the potential the sector has for attracting investment, mining companies require about US$5 billion for recapitalisation over five years. The WB said the mining sector witnessed a 30 percent growth in the value of exports from 2000 to 2009 with a 150 percent jump in the exports recorded in 2010 before the growth rate subsided to 30 percent in 2012. However, the Breton Woods institution said the boom underestimates the potential of the sector to attract new investment into the existing projects. "This amount (US$5 billion) is less than half the potential of absorption of new investment by existing projects (US$12 billion)," the WB said. The WB said royalties have been increased substantially in recent years with various fees associated with exploration and exploitation, ranked among the highest in the world, seen as having potential to sterilise exploration. "While most of these fees are bearable for an operating mine, they are not for exploration companies where no income is forthcoming. These fees scare off what little investment in exploration there is," the WB said. Royalties for gold have increased from 4,5 percent to 7 percent, diamonds 10 percent to 15 percent, platinum group metals 5 percent to 10 percent. Diamonds miners pay US$1 million application fees, PGMs US$500 000 registration and US$2,5 million application fees while coal, with 1 percent royalties pay US$500 000 application and US$500 000 registration fees. Further, ground rental has been increased from zero to US$3 000 per hectare for diamonds, nil to US$ 1 000 for PGMs as well as for coal mining. A 15 percent levy has been introduced on exports of un-beneficiated PGMs as Government tries to encourage establishment of a precious metals refinery. This is designed to optimise returns from the export of minerals. "However, international experience shows that using export taxes as an incentive to stimulate further value addition investment or beneficiation is a high risk strategy for which there are few successful stories," the WB said. The multi-lateral lender said private investors are the best informed sources for identifying potentially profitable mineral beneficiation projects because an export tax was a negative incentive since it reduces the investor's profits. In addition, the WB report cited the potential effect of the design of the country's equity laws saying they could stunt mining exploration outside known the deposits and constrain capital flows to smaller lucrative ones. In terms of the Indigenisation and Economic Empowerment Act, designed to bring marginalised black indigenous Zimbabweans into mainstream economy, locals should hold a minimum of 51 percent in all entities. The WB, lack of large scale exploration activities implies that unknown mineral resources continue unexplored the true potential of the country says hidden. It added that the last three decades have witnessed evolution in exploration technology with power geophysical and geochemical tools, technology which can only be accessible after allowing international investors.

Absence of sophisticated investors has stunted new exploration as no exploration licenses issued since 2005 despite a total of 319 applications. As a result, companies make small claims of 1 hectare granted by rural district councils for six months as larger claims are granted by the President. Companies therefore get numerous claims and block them together, but given their short tern nature, it becomes risky to invest in serious exploration. "To increase exploration and eventually discovery of new deposits, it will be particularly important that there are policies guaranteeing security of tenure for companies. As exploration is undertaken by junior companies, the ability to sell any discoveries to other companies appears central." *(Herald)*

SOME companies that produce consumer products have declared dividends for the year ended December 31 2013, despite the depressed environment. British American Tobacco Company, Old Mutual, Nicoz Diamond, CBZ Holdings, Colcom, Innscor and TSL have declared dividends for 2013.A dividend is a payment made by a corporation to its shareholders, usually as a distribution of profits. CBZ Holdings declared a total annual dividend of $2,3 million for the period under review while Nicoz Diamond declared a final dividend of 0,064 cents per share. BAT declared a dividend of 0,18 cents, Innscor declared a 0,060 cents dividend for the period under review. The Colcom dividend was 0,40 cents while TSL declared a dividend of 0,3 cents per share. A local analyst said dividends in such an environment where there is tight liquidity would be dependent on the nature of the business. "Cash-generative businesses fare relatively well in a tough environment because having cash is so precious compared to predominantly credit-based businesses. Predominantly credit-based business may be profitable, but realising profits may be a mammoth task and this can only be seen in their cashflow statement," the analyst said. The analyst, however, said some of the companies declare dividends because they may be forced by major shareholders. Others may declare dividend as a way of managing perception because the public will rate highly a company that pays dividends in such an environment irrespective of their cashflows. Despite having declared dividends the companies indicated that the environment was tough due to liquidity challenges currently facing the economy. In a statement accompanying Nicoz Diamond financial results, the company's chairman Albert Nduna said short-term insurance in Zimbabwe was characterised by marginal growth due to widespread under-insurance or non-insurance. "Collectability of premiums remained a challenge in the absence of insurance premium financing, forcing insurers to extend payment terms to clients. This deflated the savings mobilisation role of insurance companies in the economy affecting their capacity to participate in funding national projects," Nduna said. CBZ Holdings said the period under review was tough as banks had the Memorandum of Understanding that placed restrictions on financial institutions' revenue initiatives. The bank's chief executive officer John Mangudya said the environment was characterised by an investor wait-and-see attitude over the pre and post-election period.*(News Day)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

THE Bankers' Association of Zimbabwe (BAZ) said there is need to set up a Special Purpose Vehicle (SPV) to address the issue of increased non-performing loans (NPLs). Addressing the Parliamentary Portfolio Committee on Industry and Commerce on Monday, BAZ vice-president Sam Malaba said there was need for further consultations on the development of a holistic debt-resolution framework. The official figures show that bad loans shot to 15,92 % for the year ended December 31 2013 from the 4% recorded in 2009 when the country adopted the multi-currency system. "We also noted that there is need for more discussions with RBZ (Reserve Bank of Zimbabwe) on how to deal with the non-performing loans that are in the banking sector for us to have a holistic debt resolution framework to address NPLs," Malaba said. "We had proposed maybe an SPV could have been set up for that purpose in line with what happened when the CBZ nominees were set up, and also Climax was set up with regards to the RBZ. "The SPV will take all the bad loans and try to sell them on the market. But for SPV to recover, the bank will give a discount on the value of the loan, for example if the loan will be for a $100 million SPV will get the loan at $60 million and will try to recover the full amount," Malaba said. He, however, said currently there was no targeted time frame on when the project would take off. According to the 2014 Monitory Policy Statement, RBZ acting governor Charity Dhliwayo said under capitalised banks were currently saddled with huge non-performing loans. "In addition, the ever-greening of non-performing loans has resulted in the understatement of the level of provisions for bad and doubtful debts, thereby overstating the respective institutions' earnings and capital positions," Dhliwayo said. Malaba challenged government to fulfil its mandate to recapitalise the RBZ to enable the central bank to resume its function as a lender of last resort to restore confidence in the banking sector. He said the recapitalisation of RBZ would provide liquidity support to the financial sector to ensure that it effectively played its lender of last resort function and to rediscount market instruments when the need arises. Since the country dollarised in 2009 the central bank has not played its role as a lender of last resort in the multicurrency system. Treasury has failed to provide funding to the central bank for it to perform the function. The central bank requires between $150 — 200 million to get back on its feet. *(News Day)*

China's ambassador to Zimbabwe said his country is willing to help the African nation establish its first platinum refinery as it attempts to boost its economy by processing the precious metal rather than exporting semi-processed ore. "China is not quite sophisticated in that area, but we are trying to cooperate with our Zimbabwe partners," Ambassador Lin told a conference in the capital, Harare, today. Zimbabwe, which holds the world's second-biggest platinum reserves after South Africa, is demanding that companies mining the metal in the country should build a refinery there. Anglo American Platinum Ltd. (AMS), Impala Platinum (IMP) Holdings Ltd. and Aquarius Platinum Ltd. (AQP) have operations in Zimbabwe. The country's Chamber of Mines said in February that a refinery would need as much as $5.3 billion in investment, in building the plant and boosting output, to make it viable. Zimbabwe's Finance Minister Patrick Chinamasa in January led a delegation to China to seek concessional loans, Lin said. The ministry will send another delegation next week, he said. The delegation met representatives of Sinosure, or the China Credit Export & Insurance Corp., and Export Import Bank of China, said Deputy Foreign Affairs Minister Christopher Mutsvangwa. "It's now up to the Ministry of Mines to decide," he said. "We want to have a refinery here, so we said to them to show our good will on our relations between Zimbabwe and China we gave Global Platinum a license" to seek platinum in the country. Global Platinum Resources is part-owned by China's Norinco International Cooperation Ltd. *(Bloomberg)*

THE Zimbabwe Stock Exchange (ZSE) has begun consultations for the first draft of the new listing requirements issued on Monday. The ZSE's listing rules were last reviewed in 2002 and in June 2013, the local bourse embarked on a programme to revamp the rules. In a statement, ZSE chief executive officer Alban Chirume said: "Members of the public are hereby advised that the ZSE formally invites comments from the public on the first draft of the revised ZSE listing requirements issued on March 10 2014." Chirume said the proposed consultations would run until end of next month. He said the proposal for input on the current listing rules which were last reviewed in February 2002 was sent to stakeholders and the comments received were considered in the preparation of the first draft of the revised listing rules. "The Zimbabwe Stock Exchange requires the public's input on the draft as part of the stakeholder consultation process. Unless input is of a general nature, comments must be specific and cross-referenced to the relevant sections in the first draft," he said. He added that the second draft of the listing rules would be issued in due course once stakeholders' input had been considered. The ZSE listings rules outline the guidelines and procedures for pre-listed, listed and those that need to de-list. ZSE has previously stated that the current set of its listing rules were in conflict with other laws governing publicly listed companies, adding that the listing rules were vague and not specific. *(News Day)*

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A Zimbabwean unit of Chinese-owned Sinosteel plans to build a $780 million coalbed methane gas-fired electricity generation plant to produce 400 MW in the southwest of the country, a company official said on Wednesday. Sinosteel is the majority shareholder in chrome producer Zimasco, which in turn owns 90 percent of Shangani Energy Exploration, the company that would produce methane gas and construct the power plant. Roger Williams, services director at Zimasco, told a meeting of parliamentarians in Harare that Shangani Energy Exploration would start production within six months of being given the go ahead by the government. Williams said the first phase of the project would see $50 million being spent on drilling 38 wells and the construction of a 12 megawatt power station that would test the "commercial extractability of all wells". "That would then assist design of what is required for a bigger power station. That would require an estimated 1,000 wells." "As soon as we have got the (government) permission, drilling rigs will be shipped from China," Williams later told journalists. The total project should take up to five years and if complete, Zimbabwe's first coalbed methane gas plant would help ease the country's electricity shortages. The southern African country produces about 1,200 MW of electricity against a peak demand of 2,200 MW, which has led to frequent power cuts in the country. In January, China lend Zimbabwe $319 million to pay for the expansion of its Kariba power station by 300 MW. *(Reuters)*

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