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INVICTUS SECURITIES

Zimbabwe Stock Exchange

Morning Update

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>ZSE Statistics
>ZSE Corporate Calendar
>Zimbabwe Press Summary

ZSE Statistics

Zimbabwe Stock Exchange

Item	Closing	% Change
Industrial Index	134.11	(0.45)
Mining Index	29.10	-
Total Volumes '000'	8,632.20	0.99
Total Value 'US$ 000'	508.17	0.55
Active Counters	17.00	
Advances: Declines	2:4	

Major Movers	Price	% Change
FMHL	2.13	6.50
DAIR	8.32	0.12
-	-	-
-	-	-
-	-	-
-	-	-

Dual Listings	Price	USD Equivalent
ABCH (BWP)		
PPC (ZAR)		
Hwange (ZAR)		
Old Mutual (ZAR)		

Major Decliners	Price	% Change
TURN	0.70	(22.22)
OLDM	255.00	(8.93)
PEAR	2.40	(4.00)
NMB	3.60	(0.28)
-	-	-

Corporate Calendar

Calendars	
Zimbabwe	
September 14- September 18	
Monday	
Tuesday	
Wednesday	
Thursday	RTG Interims and Analysts Briefing (3 pm, Jacaranda 2, Rainbow Towers)
Friday	

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Zimbabwe Press Summary

Govt moves to promote FDI (*Herald*, Monday September 14, Pg 1)

Government is coming up with a cocktail of measures to attract Foreign Direct Investment (FDI) in the country, among them amending the Companies Act and other relevant investment regulations to align them with the best business practices, a senior Government official has said. After realising that some investors were being frustrated by long and protracted procedures in their quest to invest in Zimbabwe, government also intends to reduce "the starting of a business period" in line with the 10-Point Plan for Economic Growth outlined by President Mugabe in his recent State of the Nation Address. With immediate effect, investors who are in the process of making business inquiries and those to come, will be handled by an Inter-Agency Platform coordinated by the Office of the President and Cabinet to avoid unnecessary bureaucracy. In a speech read on his behalf by his deputy Ray Ndhlukula at a workshop in Harare on Creating a Conducive Investment Climate last Friday, Chief Secretary in the Office of the President and Cabinet Misheck Sibanda, said this approach would entail the turnaround time on approving investment.

Zim processes $1.6 bln FDI proposals (*Daily News*, Saturday September 12, Pg 11)

Zimbabwe has registered investment proposals amounting to $1.6 bln in the first half of the year from 91 international investors, official figures show. The Zimbabwe Investment Authority chairman Nigel Chanakira told stakeholders attending a Zimbabwe International Monetary Fund roundtable last week that the investment authority was now looking at digitalising the investment process to encourage more inflows of Foreign Direct Investment.

IMF hints at Zim credit lines (*Sunday Mail*, September 13, Pg 2)

The IMF could reopen lines of credit to Zimbabwe in 2016 if Harare completes the ongoing Staff Monitored Programme and a comprehensive plan to clear its arrears. This would mark the financier's first loans to Zimbabwe in 17 years. The SMP is an informal government/IMF agreement to monitor implementation of a country's economic reforms. Completion of Zimbabwe's SMP in December 2015 will see the IMF unveil a new three-year programme under which funding is likely to be unlocked. This programme could also expand Zimbabwe's funding sources to the World Bank and the Africa Development Bank, as both have the same benchmarks as the IMF. The country owes the IMF, World Bank and AfDB US$110 million, US$1,2 billion and $600 mln respectively, and is paying US$150 000 monthly to the IMF. IMF assistant director Domenico Fanizzasaid the multilateral lending institution could loosen its purse strings if Zimbabwe formulated a comprehensive payment plan.

IMF boost for Zimbabwe (*Standard*, Sunday September 13, Pg 13)

The positive outcome from Zimbabwe's re-engagement with the International Monetary Fund (IMF) will instill confidence in the economy and bring in investors from the international community, experts have said. This follows the visit to Zimbabwe by an IMF team to review progress of reforms under the Staff Monitored Programme (SMP). The team said Zimbabwe had met the quantitative targets set and a final review was scheduled for next year.

Government slashes fuel prices (*Sunday Mail*, September 13, Pg 2)

Government has reduced petrol and diesel prices by seven and five US cents respectively, as it continues working on economic variables that directly affect competitiveness. A Statutory Instrument is likely to be issued this week to enforce the price reduction, which leaves a litre of petrol at a minimum $1,28 and diesel at $1,15. Since early 2015, global oil prices have been declining on the back of an oversupply of the product. In January, a barrel of crude oil cost US$47,22, further declining to US$45,71 yesterday. However, local fuel retailers had not factored this into their pricing structures; and even when they did over the past two weeks, petrol sold at $1,35-$1,43 and diesel for between $1,18 and $1,30. Energy and Power Development

Minister Samuel Undenge said government had resolved to intervene to protect the public. The Zimbabwe Energy Regulatory Authority, he said, had hired a consultant to come up with a pricing formula for the sector.

Chinamasa to address auditors annual indaba (*Herald*, Monday September 14, Pg B3)

Finance Minister Patrick Chinamasa will address the Institute of Internal Auditors annual conference scheduled for Victoria Falls next week to discuss the myriad of problems besetting the economy. Over 200 delegates converge in the resort town from the 22nd to the 25th of this month to share ideas on teething issues in the economy under the theme "Will The Sun Rise Tomorrow, Yes But . . . ".

Banking sector safe – IMF (*NewsDay*, Monday September 14, Pg 7)

The local banking sector is safe and free of distressed institutions, the International Monetary Fund (IMF) has said, imploring authorities to further bring down the loans default rate to bolster confidence. An IMF team, which was in the country for a second review of the Staff Monitored Programme (SMP), gave a clean bill of health on the financial sector, which they say is the engine for economic growth. "There are no longer any distressed banks, all banks now fully comply with capital requirements, nonperforming loans have declined, and the interbank market is now functioning," head of the mission team Domenico Fanizza said.

RBZ to resume public auctions (*Herald*, Monday September 14, Pg B1)

The Reserve Bank of Zimbabwe will soon resume public auctions to raise funding required to finance key government programmes and move away from private placements with investors. The central bank has in the recent past been directly approaching individual investors to take up Treasury Bills to raise funds for government. But the system does not guarantee a defined yield gap. RBZ Financial Markets deputy director William Manhimanzi told a KPMG international financial reporting standards and business seminar last week that a committee, made up of RBZ and Ministry of Finance officials had already been set up to work on the return to Open Market Operations.

Zamco to conclude restructuring exercise (*NewsDay*, Monday September 14, Pg 7)

The Zimbabwe Asset Management Corporation (Zamco) is at advanced stages of concluding the restructuring of transactions of four distressed companies amounting to $68 million, an executive said last week. Zamco was set up last year as a special purpose vehicle to buy secured non-performing loans (NPLs) on banks' balance sheets to create room for them to lend again. Speaking at the KPMG IFRS Business seminar 2015 last week, Zamco acting chief executive officer Cosmas Kanhai said these transactions are expected to be concluded by September 30.

Self-administered pension funds arrears rise (*Herald*, Monday September 14, Pg B1)

Contribution arrears of self-administered funds increased 63% in the first quarter to March to $168 mln from $103 mln reported in the previous quarter as liquidity challenges continue to affect sponsoring employers. According to the Insurance and Pension Commission report for self-administered funds, arrears contributions, high expense ratios, and meagre benefits and capital values to members continue to be the major challenges for the pensions industry. The report covers 15 stand-alone funds, four fund administrators and three life assurers. In the period, self-administered funds reported total received contributions amounting to $61 mln, a 6% growth from $58 mln reported in the comparative quarter last year.

Corporate incest that killed Tetrad (*Sunday Mail*, September 13, Pg B2)

The incestuous relationship among Tetrad Holdings' subsidiaries — TFS Management Services, Tetrad Investment Bank (TIB) and Multiridge Finance — through which the asset management business was used as a "honey pot" from which funds were sourced to prop-up the parent company's other activities ultimately collapsed the asset manager. This is the conclusion reached in a report compiled by Tetrad final liquidator, Mr Knowledge Hofisi. TFS was placed under provisional liquidation on April 15, 2015 with Hofisi of Aurifin Capital as the provisional liquidator, before his confirmation as the final liquidator exactly three months later. The unit is considered insolvent as its liabilities exceed assets by $1.5 mln. It is understood that the venture was killed by declining business volumes, an illiquid market and corporate incest. But it is the "irresponsible" investments that were made in other units that are disturbing, noted the liquidator.

Dangote to establish 630MW plant (*Sunday Mail*, September 13, Pg 2)

Africa's richest man Aliko Dangote has registered his trading company, Dangote Holdings, in Zimbabwe and plans to build a 630MW thermal power station. The plant would be Zimbabwe's third-largest after Hwange Thermal and Kariba Hydro power stations, which have generation capacity of 920MW and 750MW respectively. The Nigerian tycoon's team was in Harare last week to discuss ventures in coal mining, energy and cement manufacturing. Authorities set up the Inter-Agency Platform, co-ordinated by the Office of the President and Cabinet, to handle the investments. The Agency is headed by Deputy Chief Secretary to the President and Cabinet Justin Mupamhanga.

Treat investors fairly, Zim urged (*Daily News*, Saturday September 12, Pg 11)

The Bankers Association of Zimbabwe (Baz) has warned government to stop prioritising certain investors at the expense of others. Baz president Sam Malaba said the same treatment awarded to Nigerian billionaire Aliko Dangote must be extended to all who wish to invest in Zimbabwe. "The figures are not speaking well about our treatment of investors. If the Diaspora can remit $1.3 bln per year as Foreign Direct Investment (FDI) nets a pathetic $400 mln what does that say about us as an investment destination?," Malaba queried stakeholders at an International Monetary Fund (IMF) and Finance ministry breakfast meeting this week.

International tourist arrivals up 4% (*Herald*, Monday September 14, Pg B2)

The number of international tourist arrivals increased by 4% to 538 mln in the first half of 2015, the latest United Nations World Tourism Organisation (UNWTO) global tourism barometer says. Destinations worldwide received 21 mln more international tourists between January and June 2015, compared to the same period of 2014. The barometer shows that Europe, Asia and the Pacific and the Middle East all recorded 5% growth in international arrivals while the Americas registered a 4% increase.

$585 mln tobacco sold by season end (*Herald*, Monday September 14, Pg 2)

Close to 200 mln kilogrammes of flue-cured tobacco worth $585 mln was sold during the 2015 season which ended on Wednesday. Tobacco Industry and Marketing Board public relations manager, Ishemunyoro Moyo, on Thursday said insignificant volumes of tobacco were expected from the Northern Tobacco clean up sale. "Tobacco growers sold 198.7 mln kilogrammes of flue cured tobacco worth $586 mln during the 2015 marketing season. Earnings declined by 14% from the 215.8 mln kg worth $684 mln that had been sold during a corresponding period last year." According to latest TIMB statistics, the seasonal average price was $2,95 per kg compared to $3,17 per kg last year.

Tobacco exports up 50% (*Daily News*, Saturday September 12, Pg 12)

Zimbabwe's tobacco exports are up more than 50% this week earning the country $347 mln compared with $231 mln last year, statistics from the industry regulator show. The Tobacco Industry and Marketing Board said in the latest trading update that the country has so far sold 65 mln kg of the crop at an average price of $5,32 per kg compared with 50.4 mln kg at $4,58 per kg last year .

African Distillers starts exporting to Malawi (*Herald*, Monday September 14, Pg B2)

Wines and spirits maker, African Distillers has started exporting to Malawi while also working on venturing into Zambia and Mozambique. Afdis managing director Cecil Gombera said the company is working towards exploiting new market opportunities and is also anticipating ciders growth ahead of market performance. "We have so far exported into Malawi. We are closely watching the performance of the product in that market and planning the next shipments accordingly. We are now working on exports to Zambia and Mozambique," said Gombera. He said the company sees moderate growth prospects in line with economic performance and anticipates ciders will continue to grow ahead of market performance.

Anchor Holdings scouts for Belgian investors (*Herald*, Monday September 14, Pg B3)

Anchor Holdings is in negotiations with Belgian investors over the possibility of joint venture partnerships on three of its subsidiaries following the 60% acquisition of another subsidiary, Anchor yeast by Lesaffre. The diversified group has interests in agriculture, yeast manufacturing, mining and has a cotton and wool manufacturing unit in Mutare. Anchor Holdings head of New Initiatives and Growth Michael Nyabadza said last week that more deals are under negotiation and these deals are aimed at improving productivity of companies within Anchor yeast group.

ZHL bounces back to profitability (*NewsDay*, Monday September 14, Pg 7)

Zimre Holdings Limited has recorded a profit of $1.1 mln for the half year ended June 30, 2015 attributed to a decline in net claims. The profit was achieved after a loss of $50 000 during the same period last year. In a statement accompanying the group's interim results for the period ending June 30, board chairman Benjamin Kumalo said gross premiums were at $42 mln, which was in line with what was recorded during the same period last year. Kumalo said the contribution of the domestic insurance and reinsurance operations to gross premium written was maintained at 53%. During the period under review, shareholders' funds increased by 38% to $63 mln in 2015 from $46 mln in 2014 due to the additional capital injected into the business in February 2015. Total assets increased by 16% to $178 mln in 2015 from $154 mln in 2014. Commenting on group's segment performance, Kumalo said, gross premium written for the reinsurance sector declined by 5% to $16.7 mln from $17.5 mln in 2014.

Zimre gross premium remains flat (*Daily News*, Saturday September 12, Pg 11)

Zimre Holdings Limited says its gross premium written remained flat at $42 mln in the 6 months to June 2015 due to harsh economic climate in the country. The group's chairman, Ben Khumalo, said contribution of the domestic insurance and reinsurance operations to gross premium written was maintained at 53% in the period under review. Operating profit was maintained at $1.6 mln. Profit after tax of $1.1 mln was achieved in 2015 compared with a loss of $0.1 mln on 2014.

Chrome miners seek freedom (*Sunday Mail*, September 13, Pg 8)

Small-scale chrome miners want to be released from the tributary agreements they currently have with two of the country's biggest chrome mining concerns — Zimasco and Zimalloys — and be given an opportunity to sell their ore to the special purpose vehicle (SPV) that was recently launched by Government. A tributary is an arrangement through which a miner gets mining rights to exploit a claim that is owned by a lessor. Last week, Government announced that "no producers will be allowed to sell chrome ore outside the SPV except those on tributary agreements". Authorities, who are deliberately trying to eliminate middlemen, intend to ship most of the chrome ore to Russia, which has a ready market for the commodity. But the new policy means small-scale chrome producers, most of whom are mining low grade ore, will have no option but to sell their product to Zimasco and Zimalloys. Statistics from the Zimbabwe Miners Federation (ZMF) indicate that 78% of small-scale chrome miners are on tributary agreements with either of the two big miners, which own most of the choicest claims, while only 10 percent are regarded as truly independent. For example, Zimasco has 890 small-scale chrome miners operating under the tributary agreements.

KFC to splash $17 mln on Zim (*Sunday Mail*, September 13, Pg B1)

Kentucky Fried Chicken's local franchise plans to spend over $17 mln on 25 new branches over the next five years on the back of better-than-expected performance at Belgravia and Joina City outlets in Harare. Sources said last week that management expected each store to generate annual revenue of $5.9 mln. "KFC is set to establish up to 25 shops around the country as they were pleased with a great reception that (Belgravia and Joina City) received. KFC Zimbabwe has exceeded expectations so the management has already agreed with the parent company in South Africa to set more branches late this year or early next year," said the sources.

'Ex-Jap' vehicles kill local assemblers, dealers (*Standard*, Sunday September 13, Pg 13)

The influx of second-hand vehicles into the country has suffocated local assemblers and dealers of new vehicles are struggling to cope in the absence of cheap financing from banks. The popularity of pre-owned cars has grown so much that sellers in Japan, Be Forward and SBT, have set up local offices to satisfy the growing demand. Latest statistics show that pre-owned car imports total over 60 000 in the period 2009 up to June this year. Quest Motor Corporation said last week the influx of second-hand vehicles was taking a knock on its business. "On a single shift, we can produce 35 vehicles a day, at capacity that would be three shifts per day, so 105 vehicles per day. Meaning we could do 2 000 cars per month at full capacity," sales and marketing director Niroshia Abdulla said.

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