SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	15-May-15	22-May-15	Local	USD	Local	USD
Botswana	DCI	10394.50	10454.03	0.57%	-0.06%	10.02%	7.76%
Egypt	CASE 30	8303.00	8988.03	8.25%	8.23%	0.51%	-5.81%
Ghana	GSE Comp Index	2307.71	2360.76	2.30%	-0.91%	3.21%	-17.99%
Ivory Coast	BRVM Composite	262.57	265.11	0.97%	-0.98%	2.72%	-5.68%
Kenya	NSE 20	4980.71	4879.95	-2.02%	-2.68%	-4.55%	-10.65%
Malawi	Malawi All Share	16048.80	16127.19	0.49%	-0.40%	8.34%	14.06%
Mauritius	SEMDEX	1975.98	1974.90	-0.05%	-1.21%	-4.77%	-14.56%
	SEM 10	375.85	375.79	-0.02%	-1.17%	-2.59%	-12.61%
Namibia	Overall Index	1185.23	1174.45	-0.91%	-0.69%	6.96%	4.95%
Nigeria	Nigeria All Share	34439.40	34272.09	-0.49%	-0.38%	-1.11%	-9.23%
Swaziland	All Share	300.23	305.80	1.86%	2.08%	2.58%	0.66%
Tanzania	TSI	4703.54	4707.70	0.09%	-1.81%	3.98%	-11.34%
Tunisia	TunIndex	5696.48	5649.40	-0.83%	-2.51%	11.00%	6.32%
Zambia	LUSE All Share	5950.33	5948.20	-0.04%	1.69%	-3.45%	-13.52%
Zimbabwe	Industrial Index	154.03	155.94	1.24%	1.24%	-4.21%	-4.21%
	Mining Index	42.93	44.38	3.38%	3.38%	-38.11%	-38.11%

CURRENCIES

Cur-rency	15-May-15 Close	22-May-15 Close	WTD % Change	YTD % Change
BWP	9.56	9.62	0.63	2.10
EGP	7.61	7.61	0.02	6.70
GHS	1.87	4.00	3.24	25.85
CFA	576.34	587.69	1.97	8.91
KES	94.49	95.13	0.67	6.83
MWK	435.95	439.83	0.89-	5.02
MUR	33.52	33.91	1.17	11.46
NAD	11.85	11.82-	0.23	1.91
NGN	197.39	197.17-	0.11	8.95
SZL	11.85	197.17-	0.22	1.91
TZS	1,956.96	1,994.80	1.93	17.27
TND	1.91	1.94	1.73	4.40
ZMW	7.21	7.09-	1.69	11.65

SECURITIES AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Botswana

Corporate News

Choppies Supermarket, a Botswana-listed retail chain has picked a Kenyan businessman as its partner to help in its expansion plan into East Africa. Birju Pradipkumar Patel, who serves as a director at Export Trading Group — one of the largest global agriculture commodity companies based in Dar es Salaam — confirmed that he had partnered with Choppies for its Kenya and Tanzania operations. Pre-listing statement prepared by the retailer ahead of its secondary listing on the Johannesburg Stock Exchange on Wednesday next week revealed that Mr. Pradipkumar and another investor Parin Bharakumar Patel are directors at Choppies Enterprise Kenya Limited, a subsidiary of the Botswana retailer. Speaking to the Business Daily on phone from South Africa, Mr. Pradipkumar confirmed that he is the director of Choppies Kenya and Tanzania but declined to disclose details on the extent of his investment. "Yes. We have registered a subsidiary in Kenya and Tanzania," said Mr. Pradipkumar last Thursday. Choppies, in its pre-listing statement named Mr. Patel and Mr. Pradipkumar as shareholders of its local subsidiary with 75 per cent shares held.

The retailer's mode of expansion has always been acquisition and use of local suppliers, which it said has been successful. Mr. Pradipkumar, however, remained tight-lipped on which local supermarket they would acquire for their entry in Kenya. "We have not yet decided but we are looking," he said. Mr. Pradipkumar added that they are yet to conclude designing a strategy for their entry into Kenya market. Choppies on Monday last week announced its entry in East Africa as it expands in Africa. The retailer said it had been attracted by the low development of Kenya's formal retail market, estimated at about 30 per cent penetration. Choppies expects to raise about Sh4.6 billion ($48 million) for expansion and to clear outstanding debt. The firm has market capitalisation of Sh50 billion ($520 million) and reported revenue of Sh48 billion ($501.2 million) last year. London-based real estate consultancy firm Knight Frank on Thursday said multinationals are being attracted to Kenya because of spending power of consumers and appeal of international brands. *(Business Daily Africa)*

Economic News

Botswana will defer for one year the payment of a three percent royalty tax to support copper producers during a period of weak global demand and to avoid job losses, Minerals Minister Kitso Mokaila said on Thursday. Copper producers in Botswana include AIM-listed African Copper and Discovery Metals. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Egypt

Corporate News

Egypt's third-largest listed property developer SODIC reported first-quarter net profit of 79.31 million Egyptian pounds ($10.39 million), nearly double the 40.33 million it earned in the same period last year. SODIC, also known as Sixth of October Development and Investment, also said on Sunday that first-quarter revenue dipped to 283.85 million pounds from 301.2 million a year earlier. *(Reuters)*

Edita Food Industries announced that it signed a contract yesterday to acquire around 55,000 square-meters of land in Polaris Al Zamil Industrial Park in Sixth of October City (3km away from the E07 facility). The deal value was not disclosed but it is significantly below the EGP80mn earmarked for the land purchase, according to management." *(Bloomberg)*

A group of nine banks have offered to provide Egypt's New Urban Communities Authority (NUCA) with a LE5.4 billion (US$700 million) 15 -year syndicated loan to finance the local component of the planned monorail connecting 6th of October City and Sheikh Zayed with Cairo and Giza, according to daily business newspaper Al Mal. Commercial International Bank, Qatar National Bank Al Ahli, National Bank of Egypt, Banque Misr and Arab African International Bank offered LE800 million each, while Crédit Agricole, Arab Bank, Bank Audi, and Alexandria Bank offered LE350 million each, Al Mal reported. In early May, Housing Minister Mostafa Madbouly said Canada's Bombardier Inc and Egypt's Orascom Construction and Arab Contractors will build a $1.5 billion monorail near Cairo. The 52 km- (32 mile) project is set to be completed by mid-2018.*(Egypt Independent)*

Egypt's revenue from the Suez Canal was $422.1 million in April, a government website said on Wednesday, up from $420.1 million in March. The fastest shipping route between Europe and Asia is one of Egypt's main sources of foreign currency. *(Reuters)*

Juhayna Food Industries, one of Egypt's largest dairy product and juice makers, will form a joint venture with Denmark's Arla foods that will be 51 percent owned by Juhayna and managed by Arla, Juhayna said on Thursday. The venture, ArJu Food Industries, will "expand Juhayna's product portfolio to include cheese, butter and infant formula," and will aim to start sales in Egypt in October, the statement said. *(Reuters)*

Economic News

Egypt's unemployment rate fell to 12.8 percent in the first three months of 2015, compared to 13.4 percent in the same period a year ago, the government statistics agency said on Sunday, citing an improved economic outlook. President Abdel Fatah al-Sisi has pledged to reduce joblessness to 10 percent over the next five years. The former army chief has brought a degree of stability to the Arab world's most populous country since he toppled Islamist President Mohamed Mursi in 2013 after mass protests against his rule. Analysts believe actual unemployment may be higher than the official figures. Statistics agency CAPMAS cited an "improvement in economic activities" as the reason for the lower unemployment rate. But a survey this month showed that business activity in Egypt's non-oil private sector has contracted for the past four months. Government reforms and billions of dollars from Gulf allies have boosted investor confidence, but Egypt faces pressure to deliver more jobs for its rapidly growing population of about 90 million. The labour force grew 0.5 percent year-on-year in the first quarter to 27.7 million, less than one-third of the total population, CAPMAS said. About two-thirds of the 3.5 million unemployed Egyptians are youth, it said. *(Reuters)*

Dubai's Ear Properties plans to list a 13 percent stake in its Egyptian unit on Cairo's stock exchange, the largest listed developer in the United Arab Emirates said on Wednesday. The share sale will comprise of a public offering to retail investors in Egypt, plus a private placement to local and international institutions, according to a filing to the Dubai Financial Market. Ear did not state when the initial public offering of Ear Misr would be launched, but said it was still finalising internal and regulatory approvals for the sale. It will retain an 87 percent stake after the listing. If completed, the flotation will underline the link between Egypt and the UAE, with the latter providing large amounts of financial, energy and political support since the army toppled President Mohamed Mursi of the Muslim Brotherhood after mass protests against his rule in 2013. Ear said its unit would use some of share sale proceeds to fund new developments and expand its land bank in Egypt. Ear Misr would be the second Ear unit to be listed inside a year, after Ear Malls Group raised 5.8 billion dirhams ($1.58 billion) from its 15.4 percent IPO last September, while the parent firm has also said it wants to float its hospitality unit. The Egyptian unit in April reported a profit of 172.7 million Egyptian pounds ($22.63 million) for the first three months of 2015, up from 30.7 million pounds a year earlier. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Ghana

Corporate News

No Corporate News This Week

Economic News

Expansion is expected to remain stuck at an almost two-decade low this year, at 3.9 percent, before accelerating to between 8 percent and 9 percent by 2019, Terkper told reporters on Wednesday in the capital, Accra. "What we have for the medium-term is a return to growth," he said. "The period of fiscal consolidation is going to go into a period of bright prospects for the country." Ghana's economy grew 4 percent last year, the slowest pace in 20 years, as a cash crunch forced the government to limit spending and power outages curbed output. Authorities concluded an agreement with the International Monetary Fund in April for $918 million in emergency loans to help finance the budget and bolster the cedi after it fell to a record low. Terkper said the budget deficit will narrow to 2 percent to 4 percent of gross domestic product in the medium term. The shortfall is projected by the government to reach 7.5 percent of GDP this year, down from 9.3 percent in 2014. The state's finances will improve after most of the arrears for wages and capital investment were cleared last year, Terkper said. A fund will be created this year to help pay for the annual interest on government debt, he said. The cedi fell 1.4 percent to 4.03 per dollar as of 2:34 p.m. in Accra, extending its decline since the start of the year to 20 percent in the worst performance in Africa. Growth in West Africa's second-biggest economy will also be supported when new oil fields begin production next year, Terkper said. Ghana will use the proceeds from crude sales and increased donor inflows to help address the power shortages, he said. *(Bloomberg)*

Ghana's oil production will rise six-fold by 2018 to an estimated 242.3 million barrels from 39.1 million barrels this year as new fields start production, Finance Minister Seth Terkper said on Wednesday. Terkper said the West African country was also forecast to produce 37 billion cubic feet of gas this year, adding that the government's objective was to add value to its energy production by turning gas into power domestically. He forecast that medium-term economic growth would rebound to 8-9 percent a year. *(Reuters)*

Ghana accepted 502.1 million cedis' ($124.9 million) worth of bids on a three-year domestic bond sale and paid a yield of 23.47 percent, the central bank said on Thursday. The yield was slightly higher than the 22.49 percent paid ona similar paper issued last month. A total of 572.89 million cedis' worth of bids were tendered for the 630 million-cedi paper, which will be used to refinance maturing debt and boost government finances, said Louis Azu, deputy director at the treasury. Azu said offshore investors accounted for 93.8 percent of accepted bids. Ghana, which exports gold, cocoa and oil, began a three-year financial aid programme with the International Monetary Fund last month to help fix its economy, dogged by high deficits, widening public debt and a weakening currency. Interest rates in Ghana are among the highest in the region, reflecting fiscal challenges facing the economy. Consumer inflation rose to 16.8 percent in April, from 16.6 percent the month before. The yield on Ghana's benchmark 91-day treasury bill also rose to 25.0768 percent last Friday, from 25.0373 at the previous sale, following a surprise 100 basis point hike by the central bankâ€™s rate setting committee on Thursday. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya

Corporate News

Beer maker East African Breweries Limited (EABL) is set to renew the contracts of about 20,000 sorghum farmers after reduction of excise duty payable on Senator Keg, which is mainly brewed from the grain. President Uhuru Kenyatta on Friday signed into law the Alcoholic Drinks Control (Amendment) Bill 2015, setting the excise tax cut (remission) at 90 per cent from the current 50 per cent for beers manufactured using at least 75 per cent locally-sourced sorghum, millet or cassava. Sales of Senator Keg — an EABL low-cost beer manufactured using sorghum — dipped sharply after introduction of a 50 per cent excise tax in October 2013, forcing the brewer to suspend most contracts it had signed with farmers. "This is really welcome news and a big win for the sorghum farmers in the country," said Eric Kiniti, the corporate relations director at Kenya Breweries. The brewer, which has been lobbying to have the tax cut raised, says it is now awaiting clarity from the Treasury on implementation of the new law before reviewing the farmers' contracts from July when EABL's financial year begins. The excise tax amendment was not made through the Finance Act as is normally the case for new laws that have a financial implication on the national budget. "We are still seeking clarity from the Treasury on this amendment and will closely monitor to gauge the full effect of the new pronouncement. When the new law takes effect, we shall react accordingly as far as contracts are concerned," said Mr. Kiniti.

The tax protected Senator Keg recorded quick growth on its launch in 2004 as a cheap beer meant to lure low-income earners from consuming illicit and in most cases unhealthy brews. The 50 per cent excise tax charge, through which government sought to raise Sh6.2 billion, led to a doubling of prices and a sudden slump in sales as low-end consumers dropped the beer. Senator Keg's contribution to EABL's volumes during its peak was over 10 per cent but this share has since dropped to less than 4 per cent following the higher taxation. The depressed sales saw thousands of Senator Keg outlets shut down with EABL, by August last year, accumulating 13,000 tonnes of sorghum which it said was enough to sustain Senator Keg production for three years. This excess stock led EABL to downscale its demand from farmers and announce that it would not be renewing about 20,000 contracts because it did not have need for the grain. A study conducted by Tegemeo Institute indicates that farmers' forgone income from sale of sorghum to EABL in the 2013/14 financial year was Sh180 million, while assemblers lost Sh78 million revenue from bulking and sale to the brewer. Following the decision to revise the excise tax, EABL says it will not continue with the current contracts while seeking to recruit more farmers if demand soars. *(Business Daily)*

Centum Investment will from Monday open the issuing of Sh6 billion fixed rate and equity linked notes at the Nairobi Securities Exchange, with the promise to further deepen Kenya's capital markets. This comes after last week's approval by the Capital Markets Authority (CMA) for the public listing on the Fixed Income Securities Market Segment (Fims). The investment company said wananchi would have an opportunity to be part of its growth strategy through the notes whose tenure spans five years. "The notes offer the public an opportunity to be a part of Centum's growth strategy for the 2014-2019 period, which focuses on development of investment opportunities in eight key sectors, real estate, energy, financial services, education, health, ICT, agribusiness and fast moving consumer goods," the firm said in a statement. The issue will be a component of the funding applied to develop Centum's proprietary opportunities, specifically in the financial services, energy and real estate sectors. The notes are senior unsecured fixed rate as well as senior unsecured equity linked notes. Their interest will be payable semi-annually. The senior unsecured fixed rate notes will be issued at fixed interest rate of 13 per cent. "At the time of issuing the last bond in September 2012, Centum had total assets worth Sh15.7 billion and since then, Centum had successfully doubled its total assets, which stood at Sh36.8 billion as at 31 December 2014. A similar scenario was replicated in the growth of Centum's cash flows from dividend, interest and exits from its portfolio," said Centum Group chief executive James Mworia last week. Centum currently has a credit rating of A for both long and short-term credit quality, according to the Global Credit Ratings Company. This is above the minimum of BBB — for investment grade debt. *(Daily Nation)*

British Petroleum (BP) is Monday set to sign a local lubricants distributorship deal with KenolKobil, signalling a thaw in relationship with the UK-based oil major, following a legal tussle between the two companies over an agency contract. The signing will enable Kenolkobil to continue distributing the Castrol-branded lubricants which will potentially strengthen its financial health. Kenol has been on the rebound from a record Sh6.3 billion loss reported in 2012. The recovery is partly driven by the recent lower oil prices and an aggressive reduction of its debt load. "The company is increasingly looking more stable and has improved relations with international oil marketers, some of whom are trading with Kenol on open credit terms, thus providing more tools for the oil marketer to be more aggressive," said Standard Investment Bank (SIB) in its latest market outlook on the company. "From a profitability standpoint, subsidiaries contribute around 40 per cent of profitability," the report said, adding that the rebounding oil prices will have little impact on the financial position of the firm. Kenol, which is Kenya's third-biggest oil dealer by market share after Total and Shell, has spread its footprint to Tanzania, Uganda, Rwanda, Burundi and Ethiopia. The oil marketer had been locked in a long tussle with the UK company after BP, the owner of the lubricant, sought to repossess the brand from Kenol and award it to its former partner Shell. Kenol had a deal to supply the Castrol lubricants with initial owner of the brand, Burmah-Castrol of Scotland, but the supply contract was complicated after BP bought out the Scottish firm in 2000. BP exited the Kenyan market in 2007.

Kenol went to court in 2000 and stopped the handover of the supply deal to Shell, whose products are currently marketed by Vivo Energy. Lubricants, a by-product of oil, are mostly used in reducing friction in machines, mostly in automotive, industrial, fishing, racing, mining and aviation industries. Unlike motor petrol, its prices are not controlled by the Energy Regulatory Commission (ERC) and analysts reckon that the products offer high profit margins. Kenol returned to profitability in the year ended December 2013, with a positive bottom line of Sh558.4 million. In the period to December 2014, the marketer reported a net profit of Sh1 billion. The growth was helped by asset sales and aggressive cost-cutting measures. "In 2015, it is looking to shore up on non-fuel business (rental income) in Kenya, in partnership with Inscor by rebuilding two major stations in Nairobi (South B and South C) as well as in other towns such as Narok (targeting tourist market on the way to Maasai Mara) and Kilifi (Mtwapa)," SIB said. Kenol's Pan African expansion strategy suffered in 2013 when its potential acquirer, Puma Energy, dropped its bid for the oil marketer without giving reasons. "KenolKobil is no longer looking at being acquired in the near term (one to two years)," noted the SIB report. It sold its Kenyan business to partner Shell Petroleum Company, which later sold 80 per cent of its Africa operations to PE firm Helios and commodity trader Vitol in 2011. Shell and BP had a joint venture whose assets included 130 retail stations, aviation fuels, lubricants and 17 per cent of the oil major's shares in Kenya Petroleum Refineries (KPRL). The shares were sold to India's Essar, which in turn resold them to the Kenyan government. *(Business Daily)*

The International Finance Corporation (IFC) will acquire a stake in Kenya Re partly owned reinsurer, Zep-Re, in a Sh1.9 billion deal. The World Bank investment arm is buying an estimated 11 per cent in the Nairobi-based regional underwriter despite objection from Kenya Re. "The proposed project consists of an IFC investment of up to US$20 million in new shares in Zep-Re for a direct shareholding in the company in line with the stake of the other two development financial institutions," reads a disclosure document from IFC. The entry of IFC has, however, not been taken kindly by Kenya Re whose stake, along with that of other shareholders, will be diluted by the creation of new shares. Kenya Re shareholding in Zep Re has shrunk to 16 per cent from 20.7 per cent two years ago following the entry of two development financial institutions. Last year, German DEG bought 11 per cent shareholding in the regional reinsurer at Sh1.3 billion while AFDB bought a 14.5 per cent stake in 2012. Kenya Re's management said it had shown interest in injecting additional capital in Zep-Re but the regional insurer had opted to bring on board new shareholders. "We are keen and interested in investing more in Zep-Re. We don't know why they have opted to seek new investors but the right of admission is dependent on the annual general meeting," said Jadiah Mwarania the chief executive of Kenya Re. Attempts to get comment from Zep-Re failed. Other Kenyan insurers who have shareholding in Zep-Re are Mayfair with 1.7 per cent ownership, Blue Shield, 0.8 per cent, and Apollo Insurance with 0.3 per cent.

The disclosure documents indicate IFC is seen as a long-term partner that will assist the company in its growth and consolidation in the insurance and reinsurance markets while also boosting its potential to raise additional cash in future. "IFC's injection of fresh equity will provide credibility and confidence to other investors in future capital raising efforts" said its disclosures. Other shareholders are Kenya Government with 1.1 per cent stake, Rwanda (seven per cent), Sudan (4.85 per cent) and Djibouti with a 4.25 per cent shareholding. Zep-Re plans to use the new capital to build insurance muscle to absorb the premiums it receives. Kenyan insurance companies are mandated to give a tenth of their reinsurance business to Zep-Re. Investor appetite for insurance companies has been growing, driven by the uptake of social security products such as life insurance, education policies and retirement schemes. The number of people accessing life insurance rose to 1.4 million in 2013, up from one million in 2009, according to the latest Financial Access survey. Reinsurers are also anticipating increased business from the nascent oil and gas sector across East Africa. Analysts have previously warned the local insurance market risks losing out on business from the oil sector due to low capital. Huge-pocketed private investors have entered the insurance market in the recent past, seeking to tap into the expected growth. Last year, UK based Old Mutual bought a majority stake in UAP while Moroccan Saham Group acquired Mercantile Insurance. In 2013 Zep-Re reported a profit of Sh1.4 billion ($15.3 million) with Kenya Re booking Sh205 million as its share of profits from the company that year. Zep-Re owns a minority equity stake in the Tanzanian Reinsurance Corporation Ltd, Uganda Reinsurance Corporation and WAICA Reinsurance Corporation. *(Business Daily)*

Barclays Bank Kenya said on Thursday its pretax profit for the first quarter rose 10 percent to 3.12 billion Kenyan shillings ($32 million), helped by an increase in interest income. Net interest income, or total interest minus interest expenses, rose to 5.14 billion shillings from 4.76 billion a year before, spurred on by higher lending to customers. Barclays Kenya, a unit of Barclays Plc, said its net loans and advances to customers rose to 125.3 billion shillings from 116.78 billion. Earnings per share rose to 0.39 shillings from 0.36 shillings. *(Reuters)*

Economic News

The Kenyan shilling held steady on Monday as pressure on the currency eased along with falling demand for dollars. At 0700 GMT, commercial banks posted the shilling at 95.85/96.05, unchanged from Friday's closing rate. The shilling weakened to its lowest point since November 2011 earlier this month, driven by demand for dollars from importers and local firms looking to pay dividends to shareholders abroad. "Demand (for dollars) has fizzled out," said a trader at a commercial bank. The shilling has also got some support in recent days from firms selling dollars to meet their tax obligations in the local currency this week, traders said. *(Reuters)*

The Kenyan shilling inched lower on Tuesday, weighed down by demand for dollars by importers. At 0645 GMT, commercial banks posted the currency at 96.45/55 per dollar, slightly down from the previous day's closing rate of 96.20/40. "It is just normal demand that is picking up on the corporate side, bearing in mind we have started approaching the end month," said Robert Gatobu, a trader at Bank of Africa. He said the shilling could weaken past the 96.50 level in the next few days as firms finish paying local taxes this week, enabling them to drive up demand for the greenback. The shilling has broken through a series of fresh lows since Nov. 2011 this month, mainly due to demand for dollars, amid a steep downturn in tourism caused by insecurity. Tourism is an important source of hard currency. *(Reuters)*

Kenya has picked China's HCIG Energy Investment Company and Liketh Investments Kenya Ltd to develop two coal blocks in its Eastern region, the energy and petroleum ministry said on Tuesday. The consortium will mine and process coal on blocks A and B within the Mui basin. The basin is sub-divided into four blocks, namely, A, B, C and D. The deal will also include the construction of a coal-fired power plant using coal from the blocks and will sell surplus electricity to Kenya's national grid, the ministry said in a statement. Another Chinese firm, Fenxi Mining Group, was in 2011 selected to develop blocks C and D within the Mui basin. The east African nation is hoping that coal from the Mui basin, where block C is estimated to contain a minimum of 400 million tones, will help save foreign exchange by cutting import costs. Some of the coal will go to the cement and steel industries, which import large volumes of coal, and the rest will be used for energy generation, helping to fill a gap that is usually filled by diesel-fired, thermal plants. In September 2014 a consortium led by Kenyan firms Centum Investment and Gulf Energy won a government tender to build a 1,000-MW, coal-fired power plant in Lamu. The two firms joined forces with Chinese firms China Huadian Corporation Power Operation Company, Sichuan Electric Power Design and Consulting Company, and Sichuan No. 3 Power Construction Company for the project. The new power plant will cost about $2 billion, about $500 million of which to be funded through equity and the balance through debt. Kenya wants to expand its electricity generation capacity by 5,000 megawatts (MW) by 2017 from about 2,152 MW now, to lower tariffs and cut costs of doing business. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Kenya will offer five state-owned sugar companies for sale to private investors over the next year after writing off 59 billion shillings ($611 million) of debt, the Privatization Commission said. The government plans to sell its stakes in Nzoia Sugar Co., South Nyanza Sugar Co., Chemelil Sugar Co., Muhoroni Sugar Co. and Miwani Sugar Co. to make the industry "more viable," the commission said in a May 15 statement. The companies accounted for about 10 percent of the 592,100 metric tons of sugar produced in Kenya last year, according to Kestrel Capital (East Africa) Ltd., a Nairobi-based brokerage. "Government reached the decision of bailing them out completely so that the firms would look attractive to investors," Henry Obwocha, the chairman of the commission, said in an interview on May 18 in the capital, Nairobi. Of the total debt, the state was owed 35 billion shillings, suppliers and farmers 6 billion shillings, and other creditors and taxes amounting to 13 billion shillings, he said. Kenya is trying to overhaul its sugar industry, which theFood and Agriculture Organisation says is beset by problems including dilapidated factories, poor governance, insufficient funding and inadequate research. Domestic production costs can be as high as $900 per ton of refined sugar, compared with as little as $300 per ton in countries in the 19-nation Common Market for Eastern and Southern Africa bloc, according to Kenya's state-run Sugar Directorate.

Production of the sweetener accounts for 15 percent of Kenyan agriculture, which makes up more than a fifth of the country's $55 billion economy, Sugar Directorate data shows. The industry employs at least 250,000 people, the FAO says. The country usually fills an annual sugar deficit of about 200,000 tons with imports from the region. The objectives of privatizing the millers include enhancing competitiveness and diversifying into "co-generation of power, ethanol production and other value-added products," according to the commission. The government approved the sale of the sugar companies in 2010. The government plans to sell 51 percent stakes in the companies to a "strategic partner," and a further 24 percent to both growers and employees, Obwocha said. The government, which currently owns at least 98 percent of each of the five producers, will retain a 25 percent interest in them, he said. "We are not ruling out the possibility of a foreign strategic investor," Obwocha said. Kenya is also completing plans to sell the state's stakes in a number of hotels, he said. Manufacturing companies and financial institutions are also being lined up. The government's interests include 38.8 percent of the Intercontinental Hotel in Nairobi, 40.57 percent of the Nairobi Hilton Hotel and 39.1 percent of Mountain Lodge. "No estimates have been given how much government expects to realize from the sale of those shares in the three prime properties," the commission said last week. The government has ruled out the privatization of the National Bank of Kenya Ltd., Obwocha said. The state "injected billions of shillings into the bank and therefore holds preferential shares and that would complicate issues if the bank were to be privatized," he said..*(Bloomberg)*

The Kenyan shilling weakened on Friday, dragged lower by growing demand for dollars as importers seek to meet their end month obligations ahead of time. At 0715 GMT, commercial banks posted the shilling at 97.10/20 per dollar, slightly down from Thursday's close of 97.00/10. "We are approaching end month so there is genuine demand from importers," said a trader with a commercial bank. Traders said the surge in demand had curbed the impact of tight liquidity in the money markets, which was expected to offer support to the currency, by making it slightly more expensive to bet against the shilling. The weighted average interest rate on the overnight borrowing market for banks rose above 11 percent this week, indicating there was a liquidity squeeze. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi's consumer inflation rose to 18.8 percent year-on-year in April from 18.2 percent in March, data from the National Statistical Office showed on Tuesday. *(Reuters)*

Mauritius

Corporate News

No Corporate News this week

Economic News

Mauritius' tourism revenues rose 3 percent to 11.86 billion rupees ($339 million) in the first quarter versus the same period last year thanks to more arrivals in the Indian Ocean island, data showed on Wednesday. Tourism is a valuable source of foreign exchange for the Indian Ocean island, known for its luxury spas and beaches, but it has found long-haul visitors from Europe harder to attract since the global financial crisis and has stepped up efforts to woo Chinese tourists to make up the shortfall. Statistics Mauritius said in a statement visitor arrivals in the first quarter rose 10.6 percent to 291,329. It expected numbers for the full year to rise 5.9 percent to 1,100,000. The number of tourists from Europe, the biggest source of visitors to the island, rose 11.5 percent year-on-year to 169,129 in the three months to end-March, the data showed. "According to the Bank of Mauritius, tourism earnings for the year 2015 will be around 48.50 billion rupees (+9.5 percent) compared to 44.30 billion in 2014," Statistics Mauritius said. It said the occupancy rate climbed to 73 percent from 68 percent year-on-year in the first quarter. *(Reuters)*

SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

Nigeria

Corporate News

Nigeria's largest cement producer, Dangote Cement, has announced a gross profit of N74.7 billion for the three months ended March 31, 2015, indicating an increase of 10.5 per cent over N67.63 billion recorded in the same period in 2014. According to the cement giant's unaudited results for first quarter of 2015, revenues rose by 10.8 to 114.7billion compared to N103.57 billion in the corresponding in 2014. The improvement in the first results was buoyed by maiden contributions from non-Nigerian factories Net profit was up from 44.1 per cent to 68.6 billion in contrast to N47.62 billion in 2014, while earnings per share grew by 45.7 per cent to 4.09. Group cement sales volumes was up by 3.4 per cent to 3.8 million tonnes driven by contributions from South Africa, Senegal, Cameroon and new lines in Nigeria. The margins from Nigeria increased by new pricing, improved gas supply and more use of coal. Dangote cement plants are now operational in Zambia and Ethiopia. The new plants are expected to impact positively on the financials of the cement giants. Speaking on the first quarter results, Chief Executive officer, Dangote Cement, Mr. Onne van der Weijde, said: "Our African projects are now beginning to deliver revenue growth for the group and even at this early stage we are seeing good potential in all the countries into which we are expanding.

"Senegal has made an excellent start, Cameroun is poised for a strong entry into an exciting growth market and Sephaku Cement is clearly shaking up the South African market as the first new entrant in many years." "Although sales fell in Nigeria, we improved both revenues and margins thanks to pricing actions in December following the collapse of the oil price and currency devaluation. We are making a significant investment to improve our logistical capabilities and I am pleased to report a much more favorable fuel supply in the first quarter of 2015." "We have invested for growth in Africa and each new factory that opens will generate good returns for shareholders as we deliver on our promise to become Africa's leading cement company." Dangote Cement is Africa's leading cement producer with three plants in Nigeria and recently opened factories in South Africa, Senegal and Cameroon. It is a fully integrated quarry-to-customer producer with production capacity of 29 million tonnes in Nigeria at the end of 2014. The Cement Obajana plant in Kogi State, Nigeria, is the largest in Africa with 13.25 million tonnes capacity across four lines. The Ibese plant in Ogun State has four cement lines with a combined installed capacity of 12 million tonnes. The Gboko plant in Benue state has 4 million tonnes capacity. Dangote Cement's plants in Senegal and Cameroun were inaugurated in January this year when they began production and the company's premium 42.5 grade was launched into the markets in the two countries. The Ethiopian and Zambian plants have also begun production as the company inches close to its determination to clock 40 million metric tonnes per annum before the end of 2015.*(This Day)*

Seplat Petroleum Development Company has said the pioneer tax incentive granted it made it possible for the company to boost oil and gas production, provide employment opportunities and help grow the Nigerian economy. Responding to a recent allegation that it had benefitted from improper tax waivers in relation to its grant of pioneer tax incentive by the federal government, Chief Executive Officer of the company, Austin Avuru, said in a statement that in 2013, the company applied for pioneer status incentive through the Nigerian Investment Promotion Council (NIPC) as the government body responsible for investment promotion. Avuru said the company followed the prescribed process for application and provided all the information and documentation required in support of the application. The incentive, he noted was part of an industry-wide exercise and Seplat was one out of 15 oil and gas companies that were granted the pioneer tax incentive. According to Avuru, Seplat had fully re-invested the tax savings from the grant and has delivered verifiable results thereto. He said: "Seplat believes that it is an excellent example of the whole purpose of establishing the pioneer incentive scheme. The Company has fully re-invested the tax savings from the grant and has delivered verifiable results thereto. "Seplat is now a key supplier of gas to the domestic market, which is the direct outcome of the pioneer incentive granted to SEPLAT and aims to continue to contribute meaningfully to the growth and development of the Nigerian economy."

Reeling out benefits from the tax holiday to the Nigerian economy, Avuru said: "The grant of pioneer status has made it possible for Seplat to boost oil and gas production, provide employment opportunities, impact on their communities and help grow the Nigerian economy." He added: "Gas production rose from an average of 90mmscfd to a current level of around 200 MMscfd with a target of 300 MMscfd by the end of 2015. This increase has been driven by an over US$300 million investment in gas development over the tax holiday period. Oil production has grown from a daily average of 14,000 barrels in 2010 to the current daily rate of over 70,000 barrels. The statement also added that its royalty payments have gone up from an average of $40 million per annum in 2010 to US$147 million in 2014." Furthermore he said the company had continued to fund the NPDC/SEPLAT JV to drive these outstanding growths in oil and gas production despite being owed substantial sums in unpaid cash-calls from Nigerian Petroleum Development Company. (NPDC). The statement added that the tax incentive has also helped Seplat in creating over 300 new jobs and delivering several community development projects in their operating areas, adding "the multiplier effect of our over US$700 million in annual expenditure through Nigerian contractors adds over 1,000 additional jobs."*(This Day)*

Nigeria's Skye Bank said on Tuesday its first-quarter pretax profit rose 81 percent to 6.26 billion naira ($31 million) versus the same period of last year. Gross earnings at the mid-tier lender also increased to 42.37 billion naira during the three-month period, compared with 34.33 billion a year earlier, it said in a statement. The bank said its investment and other operating income rose by 64 percent, while interest income increased by 13 percent, boosting overall earnings for the period. *(Reuters)*

The Managing Director, Fidelity Bank Plc, Mr. Nnamdi Okonkwo yesterday said the bank would ensure regular payment of to shareholders speaking at bank's 'Facts behind the figures' presentation at the Nigerian Stock Exchange (NSE) in Lagos, Okonkwo said the bank would pay 50 per cent of profit after tax as dividend for the current year, up from the 37.8 per cent payment ratio made for the 2014 financial year. According to him, the bank is targeting a deposit growth of 10 per cent for the financial year ending December 31, 2015, adding that this would achieved through branch expansion and aggressive growth in retail customer base. Okonkwo said that the bank would open 25 branches in 2015 and would also use electronic channels to reach out to more customers. He added that the bank was targeting a non-performing loan (NPL) ratio of 4.0 per cent against 4.4 per cent achieved in 2014 on a net interest margin of seven per cent compared with six per cent posted in 2014. Speaking on the recent bond, Fidelity Bank said that the N30 billion 16.48 per cent fixed rate subordinated unsecured bonds due 2022 was fully subscribed. He said that the bond would enable the bank to be a dominate player in the small and medium enterprises (SMEs) sector of the economy. "The funds will be used to expand our support to the SMEs and retail segments of the market. It will count as tier II capital in line with the guidelines of Basel II of the Central Bank of Nigeria (CBN)," he said. According to him, the bank's capital adequacy ratio (CAR) is in excess of 22 per cent compared to 15 per cent threshold of the apex bank. Okonkwo said that the bank was committed to its four growth startegies to ensure enhanced returns to all stakeholders. "The strategies are enhanced balanced sheet, growth in retail and SMEs growth, migration of customers to electronic channels and efficiency in customer service," he said. On SMEs, the MD said that the bank had disbursed N80 million to three firms under the N220 billion Micro Small and Medium Enterprises (MSME) fund. The three companies are Petters & Daniels Industries Limited, Uzo-Best Nigeria Limited, and Pecho Plastics. Meanwhile, the Executive Director, Market Operations Technology, Mr. Ade Bajomo, commended the bank for ensuring regular payment of dividend to shareholders since it listed 10 years ago. He, however, enjoined the bank to ensure strict adherence to post-listing requirements and ensure prompt release of audited and non-audited results.*(This Day)*

Having been resuscitated from loss of N33 billion in 2013 to a profit of N13 billion in 2014, Unity Bank Plc said it is targeting a profit N20.3 billion at the end of the current financial year. The profit level will increase to N26.1 billion in 2016 and N30.4 billion in 2017. Managing Director, Unity Bank Plc, Henry Sementari, gave these projections on Wednesday while presenting 'Facts behind the figures' held at the Nigerian Stock Exchange (NSE) in Lagos. According to him, the profit would made from gross earnings of N76.26 billion, N88.52 billion and N109.49 billion in 2015, 2016 and 2017 respectively. Apart from improved profit and gross earnings, Unity Bank is eying loans and advances of N229 billion in 2015, N250 billion in 2016 and N283 billion in 2017.Total deposits are expected to hit N352538 billion in 2015, N381 billion in 2016 and N424 billion in 2017, while total assets will climb to N441 billion in 2015, N578 billion in 2016 and N600 billion in 2017. He expressed optimism that the bank would achieve the targets barring any unforeseen circumstances and with stable business environment. Speaking on the successful resuscitation of the bank, the MD attributed the bank's growth strategy to operational efficiency derived from its business model and strategic intent. He said that agriculture sector remained a major strategic focus of the bank based on its historical strength, noting that the bank would focus on emerging middle market entrepreneurs to remain retail bank of choice. On the bank's share reconstruction, Semenitari said that the exercise was meant to sustain its business module toward commencement of dividend payment. He said that the exercise would enable the bank to ensure enhanced dividend payout to all shareholders in the nearest future. Sementari explained that the volume of shares when compared with the shareholders' funds would not enable the bank generate profit that would enhance shareholders value, hence the reconstruction. He assured stakeholders that the basis of the reconstruction was largely on performance which would enable the bank to ensure enhanced dividend payment to all shareholders in the nearest future.*(This Day)*

Guaranty Trust Bank Plc (GTBank) said it is applying technology and breakthrough innovation to enable funds transfer on the mobile phone for the first time in Nigeria for the bank's customers. In this regard, the bank has launched another first of its kind mobile channel through which its customers can conveniently perform third party transfers to both GTBank and other bank account holders in Nigeria, via their mobile phones, by simply dialing the short code *737* with details of the amount and account number (NUBAN) of the beneficiary. The *737* transfer service is a novel offering pioneered by GTBank in the Nigerian financial industry, that is safe, simple and convenient. To initiate transfers to a GTBank account, simply dial *737*1*Amount*NUBAN Account No# e.g. *737*1*1000*1234567890# The 737 transfer service has been introduced to build on the success of the Bank's One Click Top –upservice, which offers GTBank customers an efficient and easy way to buy airtime on their mobile phones directly from their GTBank account by simply dialing a short code (*737*AMOUNT#). Managing Director/CEO of the bank, Mr. Segun Agbaje said,"We will continue to leverage technology to make banking, especially payments and transfers, faster, safer and more convenient for all our customers. This service addresses the electronic banking requirements of our customers, irrespective of their phone type". The *737* transfer service is only available to GTBank customers via their mobile phone numbers registered with the bank and has minimum transfer limit of N1,000 and a daily transfer limit of N20,000. The new technology on mobile phone money transfer, will help boost mobile money in Nigeria, which has not been very successful, since cashless policy was introduced by the Central Bank of Nigeria in January 2012.

With the latest innovation from GTBank, its customers can now transfer money via their mobile phones, without any form of hinderance from the internet. Before, most bank customers relied heavily on internet banking, which has its challenges, when there are issues with internet connectivity. The bank has a record of "Industry First" innovations such as "GTBank Mobile App", a mobile application that merges internet banking and mobile money service offerings to allow customers enjoy more flexible banking such as Check account balance, Transfer funds to family and friends, Stop and confirm cheques, Bill payments, FX transfers, Flight bookings, Airtime recharge, Online dhopping, Purchase cinema tickets, among others. Other industry firsts include; Internet Banking, GTConnect; the interactive contact centre, Social Banking on Facebook, FastTrack, SME MarketHub, an online e-commerce platform and the first Naira MasterCard.*(This Day)*

The Central Bank of Nigeria (CBN) has approved merchant bank licence for FBN Holdings Plc through its subsidiary Kakawa Discount House Limited, the Group Chief Executive Officer of FBN Holdings, Mr. Bello Maccido, said yesterday. Speaking at the company's third annual general meeting (AGM) in Lagos, Maccido said the final approval was granted to the company by the apex bank on May 19. According to him, the new business line would afford additional avenue to sell investment banking products to its esteemed customers. "To have a merchant banking licence will be beneficiary to the shareholders medium to long-term. It will also afford the company the opportunity to pay enhanced dividend in the nearest future," he said. Meanwhile, shareholders of FBN Holdings Plc have approved the N3.26 billion recommended by the directors. However, the shareholders said the dividend, which translates into 10 kobo per share was small. Responding to the complaints, Chairman of FBN Holdings, Mr. Oba Otudeko explained that the low dividend pay-out was as a result of the significant reduction in dividend received from its subsidiaries especially First Bank of Nigeria Limited. According to him, as a result of increased capital requirement by the CBN, occasioned by the adoption of Basal 2 Capital Accord, First Bank Limited had to reduce its pay-out ratio and retained substantial portion of its profit to boost capital.

"This has impacted the capacity of FBN Holdings Plc to pay dividends hence the proposed cash dividend of 10 kobo per share and a scrip issue of one for every 10 shares held translating to an 11 per cent dividend yield. With the retention of N79.6 billion, we are confident that the capital adequacy ratio of First Bank is adequate for its business in the short to medium term. Hence, FBN Holdings has no immediate plans for any capital raising exercise especially given the currently depressed prices in the capital market," Otudeko said. Commenting on the performance of the group in 2014, Otudeko stated that notwithstanding the tough macroeconomic and regulatory terrain, business groups across commercial banking and insurance all recorded remarkable banking and asset management progress consolidating market leadership in various segments. He said, "While the commercial banking group leveraged the growing opportunities in trade and transaction banking in our domestic markets as well as across the six West African economies in which we operate and Europe, the investment banking arm was able to seize the opportunities arising from ongoing reforms in the power sector and divestment of oil and gas assets by foreign players to record a remarkable growth in earnings over the previous year," he said. FBN Holdings ended 2014 with Profit before tax N92.9 billion compared with N91.3 billion in 2013, while profit after tax rose to N82.8 billion from N70.6 billion in 2013. *(This Day)*

Economic News

Despite the weak fiscal position of the country, members of the Central Bank of Nigeria's (CBN's) monetary policy committee (MPC), which commence their 244th meeting this Monday, are likely to vote majorly for the retention of the benchmark interest rate and other monetary policy tools. The two-day meeting, which would be the third this year, is expected to focus on critical policy decisions relating to the economy. The meeting comes a few days to the country's May 29th, 2015 hand-over date to an incoming Muhammadu Buhari-led administration. The financial market has been relatively calm since the conclusion of the elections, even as investors have taken cautious trading steps and actions amidst uncertainty in monetary policy and fiscal direction of the incoming administration. The MPC had this year taken certain bold policy decisions relating to currency devaluation, net open position (NOP) and the monetary policy rate (MPR) in light of daunting fiscal and monetary policy challenges. The Retail Dutch Auction System was closed in February 2015, while all demand for forex was directed to the interbank market even as the CBN continues to intervene intermittently in the interbank market to moderate volatility swings. Latest inflation figures showed that the consumer price index (CPI) continued northwards for the fifth consecutive month as it stood at 8.7 per cent in April 2015. Nigeria's external reserves stood at N29.787 billion as at last Thursday, just as the price of Brent crude ended at $66.81 a barrel on Friday. According to analysts at Afrinvest West Africa Limited, in the plethora of issues to be considered, the recent pressure on exchange rate, external reserves position, rising price level and slowing domestic economic growth would likely take the centre stage.

They added: "In this light, we look through our crystal ball that the decisions of the MPC would most probably be to maintain the status quo on major policy rates while postponing the possible further devaluation of the naira to a later meeting after installation of new administration. "However, we believe pressure in the fiscal and monetary policy space also accounted for the sluggish performance of the economy. Whilst this may be of concern to MPC, we note that it may likely count for less in monetary policy decisions for May given other overriding issues that should take precedence." They also argued that the effectiveness of the 2015 budget remains questionable, saying that the broad objective of the budget is largely unconnected with the policy disposition of the incoming administration. "Hence, we think the MPC may be more concerned about the fiscal stance of the incoming government rather than the policy thrust of the transition budget," the report added. Also, analysts at the Financial Derivatives Company Limited (FDC), while considering recent National Bureau of Statistics data that showed a contraction in economic growth to 3.96 per cent in the first quarter of 2015, from 6.21 per cent in the corresponding period of 2014, as well as the uptick in inflation, argued that the country could be moving towards stagflation.

Stagflation is a macroeconomic condition in which a country experiences a reduction in real economic growth at the same time as facing an increase in the general level of prices, which is inflation. "In order to stimulate growth, the government is likely to spend more through increased borrowing and advocate a lower interest rate. This reduces unemployment and boosts growth but is likely to result in a higher level of inflation rate. Nonetheless, if the level of economic growth achieved by the accommodative policy is significant, the impact of a high rate of inflation may be muted," the FDC added. It noted that the current CBN's inflation target of six to nine per cent is unrealistic with the current fundamentals in play. "Targeting an inflation band of 10-13 per cent allows the CBN more room to tinker with the interest rates to stimulate growth. Encouraging bank lending to specific sectors of the economy using subsidised interest rates alongside a more practical inflation target helps to address the looming issue of stagflation. "If policy measures by the new administration are aimed at reviving productivity and improving returns on investment, the real sector will have the incentive to lift capital expenditure. Hence, Nigeria will be on the transition path from stagflation to higher and sustainable real economic growth," it added. Buhari is obsessed with development and long-term competitiveness of the Nigerian economy, aimed at improving the welfare of Nigerians. "He will have to deal with some trade-offs especially allowing for some inflation whilst investing significantly i.e. 10 per cent of GDP in infrastructure to jump start the economy," an FDC report added. *(This Day)*

Nigeria's federally-collected revenue reduced to N560.84 billion in February 2015. The estimated federally-collected revenue in February 2015, according to the Central Bank of Nigeria's (CBN's) economic report for February obtained at the weekend, was lower than the receipt in the preceding month by 21 per cent. Similarly, the estimated amount of revenue earned in February was lower than the provisional 2014 monthly budget estimate by 38.1 per cent. The decline in estimated federally-collected revenue (gross) relative to the monthly budget estimate was attributated largely to the shortfall in receipts from oil revenue during the review month. At N201.12 billion or 35.9 per cent of the total revenue, gross non-oil receipts was below the provisional 2014 monthly budget estimate by 35.0 per cent. It was also below the receipts in the preceding month by 10.4 per cent. The decline in non-oil revenue relative to the provisional monthly budget estimate reflected, largely, the fall in receipts from National Information Technology Development Fund (NITDEF) and FG Independent Revenue, according to the report. Of the gross federally-collected revenue in a net sum of N408.37 billion (excluding deductions and transfers) was transferred to the federation account for distribution among the three tiers of government and the 13 per cent derivation fund. The federal government was said to have received N194.35 billion, while the state and local governments received N98.58 billion and N76.00 billion, respectively.

The balance of N39.45 billion was distributed to the oilproducing states as 13 per cent derivation fund. From the value added tax (VAT) pool account, the federal government received N9.21 billion, while the state and local governments received N30.69 billion and N21.48 billion, respectively. "Overall, the total allocation to the three tiers of government from the federation account and VAT pool account in the review month amounted to N489.85 billion, compared with N568.79 billion in the preceding month," it added. During the month of February 2015, the predominant agricultural activity across the country was preparation of land for early planting. Other activities in the southern and northern states included: harvesting of tree crops; irrigation-fed vegetable and cereal production, respectively. In the livestock sector, farmers were involved in raising the stock of livestock to replace those sold during the festivities. Though the incidence of insurgency subsided in February 2015, agricultural activities remained subdued in most areas of southern Yobe and Borno States as well as northern Adamawa states. "A total of N135.5 million was guaranteed to 5,008 farmers under the Agricultural Credit Guarantee Scheme (ACGS) in February 2015. The amount represented an increase of 55.1 and 3.1 per cent above the levels in the preceding month and the corresponding period of 2014, respectively. Sub- sectoral analysis showed that food crops obtained the largest share of N877.3 million (77.3 per cent) guaranteed to 3,933 beneficiaries, livestock had N112.3 million (9.9 per cent) guaranteed to 306 beneficiaries, Fisheries sub-sector got N62.3 million (5.5 per cent) guaranteed to 185 beneficiaries, and mixed crop received N49.3 million (4.3 per cent) guaranteed to 255 beneficiaries," it added. *(This Day)*

Nigeria's central bank will probably keep its benchmark interest rate unchanged at a record high at its final policy meeting before President-elect Muhammadu Buhari takes office. The Monetary Policy Committee will retain the rate at 13 percent, according to 21 of 22 economists surveyed by Bloomberg. Chernay Johnson of CS Securities Joburg Ltd. predicted a 100 basis-point increase. Governor Godwin Emefiele is due to announce the decision at a press conference scheduled to begin at 2 p.m. on Tuesday in the capital, Abuja. "It's a week before the inauguration of a new administration," Yvonne Mhango, an economist at Renaissance Capital, said by phone from Johannesburg. "The monetary authorities would like to be aware of what it has planned, particularly on the fiscal front, before making any policy decisions." Buhari, 72, takes over as leader of Africa's biggest oil producer and most populous nation on May 29 following an almost 40 percent slump in the price of crude in the past year that's forced the government to curb spending. Finance Minister Ngozi Okonjo-Iweala said on May 5 that a "cash-flow crunch" prompted authorities to borrow more than half the amount it budgeted for the full year already.
Nigeria depends on oil exports for more than two-thirds of government revenue. Last month, outgoing lawmakers approved a

2015 budget of 4.49 trillion naira ($22.6 billion), down 4.5 percent from last year's spending plan. Emefiele, 53, raised the benchmark rate by 1 percentage point in November and devalued the naira as falling oil prices eroded foreign-exchange reserves needed to maintain the currency peg. Inflation has accelerated since then, reaching 8.7 percent in April, close to the top of the bank's 6 percent to 9 percent target band. Policy makers should raise the interest rate to 15 percent in order to fight inflation, while allowing the naira to fall to about 220 to the dollar, Oyin Anubi and Turker Hamzaoglu, economists at Bank of America Merrill Lynch, said in a May 13 report. Those changes are unlikely this month, they said. The naira has dropped 8.3 percent against the dollar on the interbank market this year and was trading as low as 199.25 on Monday. Investors are looking to the central bank to ease restrictions on foreign-exchange trading, according to Dapo Olagunju, treasurer at Lagos-based Access Bank Plc. The central bank introduced a new dealing system in February that stops lenders buying dollars on the interbank market without matching orders from import customers. "A hike in rates and FX flexibility are the two things the market, both local and international investors, would like," Olagunju said by phone. *(Bloomberg)*

One of the leading investment bank, Renaissance Capital, has predicted that the Nigerian economy will become a $1 trillion dollar economy by the year 2025. Speaking at the 6th Annual pan-Africa 1:1 investor conference held in Lagos, ON Monday, the bank's Global Chief Economist, Charles Robertson noted that Nigeria's recently successful general elections was a grand opportunity to steer the country towards the right direction. He said: "We believe Nigeria will be a $1 trillion economy by 2025, and it will keep doubling in size every 10 years. Gross domestic product (GDP) per capita is likely to reach around $15,000 by 2050. Following the April elections, the new government represents the best opportunity in recent years to push forward reform for Africa's largest economy." Robertson also said kudos should be given to the current administration for its efforts to maintain a relatively stable debt profile, compared to the country's West African neighbour, Ghana, which borrowed heavily when oil prices were high. Now that oil prices have gone down, Ghana's debts profile is not looking good, while Nigeria's is still good enough to attract foreign investors, he added. Although, with the nation's reserves have dwindled to about $30 billion, Robertson admitted that the current administration could have done better managing the economy, "but things could have been much worse if the country had borrowed like Ghana," he said. Also speaking at the event, Professor Patrick Utomi, outlined some of his expectations from the incoming government and listed some key factors of economic progress to include: diversification from oil and integration of the longitudinal zones.

He encouraged the incoming Buhari's government to adopt new core values, "where emphasis of policies should move towards the well-being of average citizens rather than special interest groups." He also touched on the need to empower the private sector, noting that they "should be seen as the driver for the government's special interest in the common good." The one time presidential candidate went on to list the drivers of progress in any economy. These he noted include leadership, culture, entrepreneurship, human capital, strong institutions and policy choices, even as he encouraged the incoming administration to look into every of these factors in delivering its election promises to the people. "The coming years – challenging as they might be – would be years of great hope," he said, concluding in a rousing, uplifting tone. Meanwhile, Renaissance Capital, which continues to grow massively in emerging and frontier markets like Africa and Asia, believe that there is a lot of potential, not just in Nigeria, but on the African continent. The bank's Chief Executive Officer, Igor Vayn enthused: "We are confident in the vast, untapped development potential of African countries, fuelled by expanding economies and a growing customer base. Since we first launched here (Lagos) in 2007, we have maintained our deep commitment to grow our presence on the ground." *(This Day)*

The Ministry of State for Industry, Trade and Investment has stated that the volume of trade between Nigeria and Poland has incr million in two years with Nigeria on the profit side. Minister of State for Industry, Trade and Investment, Chief Kenneth Kobani, pointed out that Nigeria gained trade surplus with Poland to the tune of N1,217,368,639 and N24,979,876,388 in 2011 and 2013 . He stated this during a meeting with Polish Deputy Minister for Economy, Mr. Andrzej Dycha at the ministry's headquarters in Abuja. The minister said the government has made tremendous effort to open Nigeria's economy to both local and foreign businesses to invest in all sectors of the economy, adding that there is room for enhanced trade related activities through diversifications and development of specific industrial parks with both countries. "Poland had made tremendous stride over the year and Nigeria had also made giant stride. Poland represents a type of country Nigeria want to do business with. Your effort and reforms which have benefitted your citizens are desirable to be copy for Nigeria to consolidate and achieve her dream of largest economy in the continent," he said. According to him, the ministry is the engine room of the economy, stressing that the officials of the ministry are ready to cooperate with their counterparts from Poland to enhance cordial relations of both countries adding that government is more interested in developing agro processing, mining, industrial city and the service sector Earlier, the Polish Deputy Minister for Economy, Dycha said Nigeria is a key partner of Poland in Africa, maintaining that their focus is to encourage Polish investors to invest and establish businesses in Nigeria with their priority to increase trade and investment in Nigeria. He said Poland is one of the fastest growing economies in European Union (EU) and fastest growing in terms of industrial production in the first quarter of this year. "Our trade turnover exceeded $440 billion and we had achieved 60 per cent increase in trade with Nigeria. Your experience is important to us and exchange of knowledge is germane to cooperation and development," Dycha stressed. *(This Day)*

Nigeria's central bank kept its benchmark interest rate at 13 percent on Tuesday, stressing the need to preserve foreign exchange reserves that have been depleted in recent months to support a weaker naira. At the bank's first policy meeting since the shock election victory of Muhammadu Buhari, who takes office as president on May 29, Governor Godwin Emefiele said it was not possible for the central bank to intervene on a daily basis to supply banks with foreign exchange and support the naira. Government revenues in Africa's biggest oil producer have shrunk as a result of lower oil prices and the naira has plunged despite the bank spending billions of U.S. dollars to prop it up. "The (monetary policy) committee stressed the need for practical measures to restore the reserve buffer, safeguard the value of the currency and engender overall stability of the banking system," Emefiele told a news conference. "It was noted however, that monetary policy is gradually approaching the limits of tightening." The cash reserve requirement (CRR), the amount the central bank requires banks to set aside, was revised to 31 percent for both public and private sector deposits, Emefiele said. Previously the CRR on private sector deposits was 20 percent and 75 percent for public sector deposits. "Currently, with growing anecdotal reports of public sector arrears involving the payment of salaries by state governments as well as payments to contractors, this combination of measures is likely to signal an eventual tightening of policy," said Razia Khan, head of Africa research for Standard Chartered bank. "The immediate impact on market liquidity will depend on the ratio of private sector to public sector deposits in the Nigerian banking system," she said, referring to the CRR. Bismarck Rewane, economist and CEO of Lagos consultancy Financial Derivatives, said the change to the CRR was "a tacit way of increasing money supply and bringing down interest rates. The downside is that it will create extra liquidity and increase the pressure on the naira in foreign exchange markets." Buhari, whose inauguration next week will be the first democratic handover of power from a sitting leader to a rival in Nigeria, is set to inherit an ailing economy that grew by 4 percent in the first quarter of 2015 - a sharp slowdown from the same period last year as it has been hit by weak oil prices. Last week the national statistics office said consumer inflation rose to 8.7 percent year-on-year in April, up 0.2 percentage points from March and the highest rate since July 2013. *(Reuters)*

Yields on Nigeria's local bonds rose slightly on Wednesday after central bank's harmonisation of the Cash Reserves Requirement (CRR) on public and private sector deposits triggered a sell-off by some investors. At its rate-setting meeting on Tuesday, the (CRR), the amount the central bank requires banks to set aside, was revised to 31 percent for both public and private sector deposits. Previously the CRR on private sector deposits was 20 percent and 75 percent for public sector deposits. Some banks that held more of the private sector deposits in CRR would be required to make an additional provision of 11 percent due by Thursday, triggering the selling down of their investment in bonds to raise additional money. "Some banks that have their deposits skewed to private sector are selling down their bond holdings in order to make provision for the increase in the CRR on the deposit, driving up yields at the market," one dealer said. The yield on the benchmark bond maturing in 2024 inched up to 13.63 percent from 13.60 percent the previous day, while that on the 2022 paper rose to 13.59 percent from 13.51 percent. Interest rates on short borrowing among banks eased, following the injection of portion of the budgetary allocations to states and local government in the banking system on Tuesday. "Market liquidity increased to around 235 billion naira ($1 billion) on Wednesday from deficit level the previous day," a currency dealer said. Secured Open Buy Back (OBB) eased to 7 percent, while overnight placement fell to 8 percent from 15 percent the previous day, traders said. *(Business Day)*

Outgoing Nigerian President Goodluck Jonathan has approved the 4.5 trillion naira ($22.6 billion) budget for 2015, which was passed by parliament in late April, the president's spokesman said on Wednesday. The budget is 3.2 percent smaller than last year's as Africa's biggest oil producer is facing a cash crunch following the halving of global crude prices in the past year. It was passed later than usual in part due to the presidential election on March 28. "I can confirm to you that Mr. President had signed the 2015 budget into law some days back without the usual fanfare," spokesman Reuben Abati said. There could be supplements to the budget after incoming president Muhammadu Buhari takes office next week. He has yet to outline his economic policy although he is expected to crack down on excessive spending by government officials, including the use of official cars. The finance ministry was forced to revise down the assumed oil price in the budget several times before submitting it at $65 a barrel in December. Lawmakers ultimately passed the budget at an even lower level of $53 a barrel. The fuel subsidy, a heavy burden on the nation's purse, was also subsequently slashed by 90 percent because of low income. The government relies on oil sales for up to 80 percent of revenues and an expensive election campaign helped drain its already limited rainy day fund. The finance ministry said earlier this month that it has already been forced to use up half of its budgeted borrowing allowance to pay overheads and salaries and has not released any funds for capital expenditure so far this year. *(Reuters)*

Tanzania

Corporate News

THE National Microfinance Bank (NMB) and CRDB Bank have posted almost matching first quarter net profit this year with the latter's profit surging to catch up with the former to underline intensifying competition between the two largest banks in Tanzania. Financial statements issued recently shows that the NMB net profit went up slightly by 0.5 per cent to 38.36bn/- being reduced by fund set aside for, probably, bad debts. On the other hand, CRDB net profit jumped up by 56 per cent to 37.84bn/- pushed up considerably by net interest income that went up by 34.5 per cent. Though a single quarter does not a guarantee of a good performance for the rest of the year, but, according to analysts is a pointer to the performance of the year. Last year, CRDB, the biggest bank in term of balance sheet, posted a net profit of 95.6bn/- while NMB, the largest in terms of network and profit, made a net profit of 156bn/-. CRDB Managing Director, Dr Charles Kimei, said the bank profitability level is increasing after intensifying and solidifying its position in the market and won the government business. "We won the tender this year after building 20 new branches and qualified to take government business," Dr Kimei told the shareholders at annual general meeting held in Arusha early this month. Analysts have it that, NMB with some 160 branches and CDRB with over 120 branches and over 1,600 agent banking units, the two are likely to dominate the sector for many years to come. Dhow Financials Chief Executive Officers, Prof Mohamed Warsame, NMB and CRDB were now focusing on areas they did not concentrate much, with the former going for corporate business and the latter on retail banking.

"Today if you analyse closely their businesses NMB is venturing also into corporate and CRDB enters retail business as well," Prof Warsame, a financial analyst, said. The Prof said CRDB is a biggest bank in terms of balance sheet - deposits, loans, assets - while NMB is the largest in terms of profitability - pushed by retail businesses. "The two banks, (at the moment), control almost 50 per cent of total banking sector profit," Prof Warsame said, "These are two big competitors." However, while CRDB and NMB battle for the top position, National Bank of Commerce, once a top bank, is struggling to walkout from the red after cutting down its net loss by almost half to 2.02bn/- from 5.6bn/-. The new NBC Managing Director, Mr. Edward Marks, said he would focus on system improvement and profitability to steer the bank to new heights in the competitive banking industry. Mr. Marks, said immediately after arriving in Dar that is also keen to introduce new innovations in the electronic market include maintaining the bank's profitability, a trend seen in 2014 figures where it posted a net profit of 9.09bn/-. Standard Chartered Bank, net profit slowed by almost 4.0 per cent to 9.8bn/- mainly affected by operation expenses that increased by over 10 per cent despite closing two branches to remain with six. Citibank, in the same quarter posted a net profit of 6.15bn/- compared to 5.6bn/- of quarter-one last year. Bank M, a mid-size bank pretax profit increased by 48.4 per cent to 6.13bn/- in this year's first quarter compared to 4.13bn/- of similar quarter last year, after net interest and non-interest incomes generated hefty revenues.*(Daily News)*

BANK M, the fastest growing bank in the country, has shown interest on listing on Dar es Salaam Stock Exchange main market. According to our source the bank showed interest on listing at the bourse but was yet to file a formal application. "They have only shown interest but are yet to submit a formal application," she said. "I could be in a better position to comment further when the bank submits an application." Bank M's quarter-one financial results shows that earning per share went down by over a half to 130/- from 353/-, despite a profit increase at end of March. The declining of the earning per share, amid a hefty profit, is seen as a preparation for the listing of the bank by diluting its share ahead of IPO. The bank in the first quarter of this year posted a robust pre-tax profit increase by 48.4 per cent to 6.13bn/- compared to 4.13bn/- of similar quarter 2014. Nevertheless, analysing the bank financial results shows it need to recapitalize as deposit gross loans and advances to total deposits is well above the recommended ratio. The Bank of Tanzania's regulatory ratio is 80 per cent but Bank M loans to total deposits stands at 92.3 per cent as at the end of March. Reports from Nairobi, Kenya say Bank M has acquired a majority stake in Oriental Bank of Kenya. The bank was looking into a possibility to enter the Kenyan market in the recently years. The bank is a mediumsized financial services provider, offering financial services to individuals, small to medium enterprises, and large corporations. As of June 2013, the bank's total asset base was valued at about 728.05bn/-.*(Daily News)*

WEEKLY AFRICAN FOOTPRINT

TRADING

This Week's Leading Headlines Across the African Capital Markets

Economic News

THE banks' interest rates on deposits and loans have generally decreased in March relative to the preceding month, thus narrowing down the gap of the two. The Bank of Tanzania (BoT)'s Monthly Economic Review of April shows that overall interest rate on time deposits in March averaged 7.33 per cent compared to 7.89 per cent of February. At the same time overall lending rate fell to 15 per cent from 16.14 per cent in corresponded month. The central bank says interest rate on one year deposits averaged 11 per cent compared with 10.68 per cent while overall lending rate was 13.93 per cent compared with 14.37 per cent. Following these developments, BoT says, the interest rate spread between "one year deposits and loans narrowed to 2.98 percentage points in March 2015 from 3.63 percentage points in the preceding month." The economic review also shows that all selected economic activities recorded increase in credit from banks, with exception of agriculture which contracted. Credit to trade related activities remained high, recording an annual growth of 35.7 per cent, followed by building and construction, and transport and communication which grew by about 28 per cent and 24 per cent, respectively. Although credit growth to agriculture activity contracted, its share in the stock of credit remained in the top four economic activities that recorded much of the credit from banks. Other dominant activities in this cluster were trade, personal loans, and manufacturing. The interest rate dropping also helped to push up exports went up to 9.35 billion US dollars for the year ending March compared to 8.59 billion US dollars recorded in the corresponding period in 2014. "Good performance in exports of manufactured goods, travel receipts and traditional exports accounted for the improvement," the report says. However, the export value of gold decreased due to fall in export volume and prices in the world market.*(Daily News)*

Tanzania's currency retreated to an all-time low as slumping gold exports reduced the amount of foreign-currency coming into the country. "Lack of inflows into the economy has put a lot of pressure on the shilling," Moses Kawiche, a trader at CRDB Bank Plc in Dar es Salaam, said by phone Tuesday. There are "low inflows against demand from importers" for dollars, he said. Gold shipments from East Africa's second-largest economy dropped 13 percent to $1.4 billion in the year through March 31, according to the central bank. The shilling is the worst performer this year after Ghana's cedi among 24 African currencies tracked by Bloomberg. The currency weakened as much as 0.8 percent before trading 0.3 percent lower at 2,030 per dollar by 4:05 p.m. in Dar es Salaam. That's the lowest since at least December 1988, when Bloomberg began compiling data on the shilling. It's retreated 15 percent in 2015. Economic growth is spurring demand for dollars, which are used to pay for imports, and adding pressure on the local currency. Expansion is forecast at 7.2 percent this year, faster than the International Monetary Fund's projection for sub-Saharan Africa of 4.5 percent. Foreign reserves dropped to $4 billion in March from $4.2 billion in February because of external obligations by the government and sale of foreign exchange in the domestic market to manage liquidity, the central bank said on Tuesday. *(Bloomberg)*

THE current account balance deficit has narrowed by almost 16 per cent in March thanks to exports increase. The Bank of Tanzania (BoT) said in its latest monthly economic review that the current account balance narrowed to a deficit of 4.29 billion US dollar for the year ending March, compared to 5.10 billion US dollars in a corresponding period last year. BoT said the improvement was mainly "on account of increase in exports of goods and services coupled with a decrease in imports of both goods and services." On other hand, capital and financial account balances deteriorated, leading to worsening of the overall balance of payments to a deficit of 460.2 million US dollars compared to a surplus of 192.2 million US dollars recorded in 2014. The deficit depleted gross official foreign reserves to 4.06 billion US dollars at the end of March from 4.22 billion US dollars recorded at the end of the preceding month. The decline, according to the central bank April's Month Economic Review, was on account of payment of government external obligations. Also the decline was registered following selling of foreign exchange in the interbank foreign exchange market for liquidity management and smoothening out of short-term fluctuations in the exchange rate. "The foreign reserves were sufficient to cover about 4.0 months of projected imports of goods and services excluding those financed by foreign direct investment," BoT said. The government external debt stock amounted to 14.69 billion US dollars at the end of March, a decrease of 61.3 million US dollars from the stock recorded at the end of February. "The decrease was on account of exchange rates fluctuations," BoT said. On annual basis, the debt stock increased by 1.23 billion US dollars from the amount recorded in the corresponding period in 2014 on account of new disbursements.

The external debt profile by borrower category indicated that in March, central government external debt decreased by 64.7 million US dollars due to appreciation of greenback against Special Drawing Rights (SDR) while, on year to year basis, it increased by 1.07 billion US dollars. Value of export of goods and services amounted to 9.35 billion US dollars in the year ending March, compared with 8.59 billon US dollars recorded in the corresponding period in 2014. While value of imports of goods and services went down to 13.45 billion US dollars in the year ending March compared with 13.76 billion US dollars recorded in the corresponding period in 2014.(*Daily News)*

THE shilling continued with a plunge on Wednesday, breaking its own record low day after day to reach 2,080/- per one US dollar. The National Microfinance Bank (NMB) quoted the shilling trading at buying 1,960/- while selling at 2,080/- and said further drop was predicted. "Further fall is expected as demand seems to be enormous for across sectors with US dollar inflows at the very minimal," NMB said on its e-Market Report. According to the Tanzania Securities, using Bank of Tanzania's (BoT) indicative Foreign Exchange Market rate, the shilling has depreciated by over 13 per cent since January to 1,952/83 a dollar. On year-to-year up to on Thursday, the shilling sunk by almost 20 per cent. CRDB Bank had other opinion showing the shilling was relative stable on Tuesday stabilising around the levels of 2020/2030 to a greenback. "We expect the shilling to remain more or less around these levels during today's trading session," the bank said on its Market Highlights. While depreciation of the shilling may be a boon to exporters as it makes their products and services more competitive, it spells doom to importers as imports become more expensive. Mzumbe University Senior Economics Lecturer, Prof Honest Ngowi, said shilling depreciation has far-reaching effect on the economy as whole since the country is a net importer. "If the shilling goes down, imported goods automatically becomes expensive to push inflation up," Prof Ngowi said. In May inflation has climbed some 0.2 per cent age points to 4.5 per cent, though the shilling was not blamed rather food index. On Thursday, international media have it that emerging market currencies and stocks fell on Monday, coming under pressure from a climbing dollar after better than- expected US housing data. The dollar index hit its highest level in two weeks after data showed April housing starts at the highest in almost 7-1/2 years, rekindling concern that the US Federal Reserve could hike interest rates sooner rather than later. (Daily News)

Tanzania's central bank has raised its statutory minimum reserve ratio for commercial banks to 10 percent from 8 percent as of May 29 as part of its efforts to stem the shilling's volatility. Traders said the increase of the statutory minimum reserve ratio (SMR), the portion of deposits commercial banks are meant to leave at the central bank, could support the shilling, which has been setting new record lows against the U.S dollar over the past few months. At close of trade on Thursday, commercial banks quoted the shilling at 2,040/2,050, from Wednesday's close of 2,035/2,045. The central bank's governor, Benno Ndulu, said in a circular seen by Reuters on Thursday that there had been pressure on the exchange rate driven by strengthening of the dollar following good performance of the U.S. economy coupled with speculative activities in the foreign exchange market. "This is likely to put upward pressure on inflation that may become more difficult to fight going forward," Ndulu said. "The Bank of Tanzania has decided to revise the SMR rate charged on private deposit liabilities with banks and general public from the current level of 8 percent to 10 percent." Tanzania's inflation inched up for the third straight month to 4.5 percent in April from 4.3 percent in March. Fred Siwale, a dealer at CRDB Bank, said the decision by the central bank to raise the minimum statutory reserve ratio is expected to mop up excess liquidity on the local currency. "When banks comply with the new SMR level of 10 percent, this will support the shilling and it might start to strengthen slightly from next month," he said. (Reuters)

Tanzanian President Jakaya Kikwete said on Thursday that Western donors are setting degrading conditions for aid to the east African nation and he could be forced in time to tell them: "keep your aid". Tanzania, one of Africa's biggest per capita aid recipients, has experienced repeated delays in payments due to donor concerns about corruption, poor governance and the slow pace of reforms. "It is unacceptable for our development partners to use their aid stick to pressure us to do certain things or else they will cut aid," Kikwete said in a statement issued by the presidency. "We will reach a point where we will say this is too degrading ... keep your aid." A group of donors last year withheld nearly $500 million in budget support to Tanzania over corruption allegations in the energy sector. The aid freeze affected the execution of the government's budget for the current fiscal year 2014/15 and weakened the local currency. The Tanzanian government has vowed to wean itself off donor dependency in its upcoming 2015/16 budget. Kikwete said some Western donors had threatened to suspend aid to Tanzania over a new cybercrime law that activists and bloggers say is aimed at stifling freedom of speech ahead of a general election later this year. The Tanzanian president said the threats would prove "counter-productive". Tanzania said its spending in the 2015/16 fiscal year will rise by 13.24 percent to 22.48 trillion shillings to pay for infrastructure projects and a general election this year. (Reuters)

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zambia

Corporate News

Zambia's Mopani Copper Mines (MCM) owned by Glencore said on Thursday it had completed upgrading a copper refinery at cost of $74 million seven months ahead of schedule. Mopani said in a statement that the completion of the upgrades at the Mufulira refinery located 385 km (239 miles) north of the capital Lusaka would reduce energy consumption and hasten production. "Our refinery in Mufulira has been using an old conventional electro refining process since the 1930s when the refinery was commissioned," the company said. Production of copper cathodes would start soon, MCM said. *(Reuters)*

Economic News

Zambia's kwacha strengthened over one percent to 7.1500 per dollar at 1029 GMT, its firmest level since April 14, buoyed by the return of global demand for the commodity. Consumption of refined copper in China in the second half of 2015 is likely to rise, with growing demand in the world's top consumer likely to support global prices. Zambia is Africa's second-biggest producer of the industrial metal. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Zimbabwe

Corporate News

THE AICO Share Trust has signed an agreement with a foreign investor who is set to take over the Trust's shareholding in Olivine Holdings limited. The deal is with an Asian company Wilmar International, a firm which also has an interest in Surface Investments. In a letter to Olivine employees seen by The Herald Business, managing director Mr. Jonas Mushanyari said the investor was expected to capitalise the business. "All employees are advised that AICO Trust has signed an agreement with a foreign investor who will take over AIMCO Trust shareholding in Olivine Holdings Limited. "The investor will capitalise the business. The transaction is subject to regulatory approvals. Employees will be kept informed of developments relating to the transaction in due course," read part of the letter. The Industrial Development Corporation general manager and group chief executive Mr. Mike Ndudzo, however, declined to comment on the deal. "I am unable to comment as we signed a non- disclosure agreement, and appeal to you to respect it also for the sake of our country's economy and credibility," Mr. Ndudzo said in an emailed response on Friday. IDC met with beneficiaries of the AICO Olivine Holdings Share Trust at an annual general meeting held in February to approve the disposal of a 50,69 percent stake in Olivine Holdings of which 49,31 percent was previously held by AICO, which was warehoused pending disposal to interested suitors. The trust received the shares (14,17 million shares) owned by AICO by way of donation. However, IDC exercised its pre-emptive right to purchase the shares on a back-to-back basis. IDC canvassed for bidders and the tender process resulted in a bidder whose price and strategic fit was considered appropriate. *(Herald)*

Cottco Holdings Ltd., sub-Saharan Africa's biggest cotton company, said it's seeking a partner to help it with funding after talks with the China-Africa Development Fund collapsed and as it renegotiates debt payments with lenders. "The business was looking for a partner to work with in its efforts to grow the crop volumes," Collins Chihuri, Cottco's managing director said in an interview on May 15 in Gokwe, 227 kilometers (141 miles) southwest of the capital Harare."The negotiations did not go through for now, but the business will continue to look out for opportunities." He declined to say why talks failed. The company, based Harare, operates five ginneries in the southern African country with an annual processing capacity of 150,000 metric tons of seed cotton. Zimbabwe has about 200,000 cotton farmers. It posted a loss of $10 million in the six months ended Sept. 30 as the national harvest fell as some farmers switched to other crops with the international price of cotton falling 20 percent over the past year. As of Sept. 30 the company had borrowings of $58 million and it applied to be placed under judicial management the next month. Trade in its shares on the Zimbabwe Stock Exchange was suspended. The company has suspended its application for judicial management and is talking to lenders about reorganizing its debt, Cottco said in a document sent to investors in March. Cottco, which started as the Cotton Marketing Board in 1969, was sold to private investors in 1994 and began trading on the bourse in 1997.

Zimbabwe's cotton crop is expected to plunge to between 90,000 and 100,000 tons this year from 145,000 tons last year, Chihuri said. "The decrease in crop is, in the main, as a result of poor weather," he said. "Most areas in the country, especially in the lowveld were declared drought areas. The Zambezi valley was affected by floods." Cottco expects to buy a third of the national crop, he said. Competitors include the local unit of Singapore's Olam International Ltd., a company known as China Africa Cotton Zimbabwe Ltd. and ETG Parrogate. "Some farmers have moved to other crops including tobacco and soybeans," he said. "Increase in acreage for other crops has been higher in areas with generally higher average rainfall." The cotton industry is still negotiating with farmers for this year's producer price, which will be determined by the international lint price, costs of production for the farmer and cost of the ginner, Chihuri said. Last year, the average price was 60 cents per kilogram of seed cotton. Nqobizitha Nyoni, a cotton farmer in Njelelele, a ward in Gokwe, says he has reduced his cotton growing area by half since 2013 to four hectares (10 acres) and switched to soybeans and sweet potatoes. "At times, I don't have money for cotton inputs and at times the prices offered by merchants is bad," Nyoni says from his soybean field. "My family needs food on the table."*(Bloomberg)*

Beverages manufacturer Delta Corporation, (Delta), plans to spend nearly $50 million in capital projects aimed at buttressing its operating capacity. Matts Valela, Delta financial director told businessdaily last week at the company's analysts briefing that part of the capital expenditure (capex) would be used to invest in performing units to cushion the group. "Pegging capex at this early stage is still a bit of a challenge taking the economic conditions into account; however, we are likely going to heavily invest in the sorghum beer plant earmarked for Masvingo next year," he said. "A rough estimate for the establishment of the new plant is around $18 million depending on the type of infrastructure already present at the site," added Valela. Delta also plans to replace part of its aging vehicle fleet as well as sprucing up its manufacturing plants. This comes as the Zimbabwe Stock Exchange-listed concern has been relying on its sorghum products — particularly Chibuku Super — to boost revenue in the face of declining economic conditions that have resulted in low consumer spending. For the year to March 2015, sorghum beer was up eight percent on prior year driven by the Chibuku Super, according to Delta, supply of Chibuku Super improved in the last quarter of the year with the brand attaining a 50 percent contribution by March 2015.

Delta currently has a new Chibuku Super production facility in Bulawayo, scheduled for commissioning by July 2015 and is expected to assist in closing the supply gaps. Valela noted that the SABMiller associate was also exploring ways in which it could boost its toll malting for export into regional markets. "Of our capacity, over half of the 35 000 tonnes we produce annually, is absorbed by the local market, we are looking at exporting to countries beyond Zambia, which we are currently supplying with over 8 000 tonnes," he said, adding malt prices were determined by global prices. Valela said the group also wanted to invest into making its premium brands more attractive to the market. "We are also looking into revamping our premium brands so that they keep performing well, for the last year, they cushioned the company, so we want to improve them," Valela said. The listed blue chip counter's profit declined by 12 percent to $92,8 million in the full year to March 2015 from $104 million. It's maheu and dairy mix beverages were also up 11 percent for the year. Valela said the group wanted to adopt a strategy were it would capitalise on the units that were contributing to the bottom-line, to manage the softening demand for the lager unit, whose volume was down 17 percent for the period under review. *(Daily News)*

KINGDOM Bank Africa, a Botswana based entity owned by Nigel Chanakira has been placed under final liquidation after the High Court in that country granted the order. The High Court has appointed Mr. Max Marinelli and Mr. Chris Bray, both chartered accountants in Gaborone to oversee the liquidation. The two "will shortly" commence the necessary winding-up processes, the Bank of Botswana (BoB) said yesterday. Mr. Chanakira remained invested in KBAL after he sold his 30 percent stake in the local financial institution AfrAsia Bank, also under liquidation, in September 2013. The cash and equity deal resulted in Mr. Chanakira, through family vehicle Crustmoon Investment, exiting AfrAsia. AfrAsia then sold its 35,7 percent in KBAL to Mr. Chanakira. The transaction was completed late last year. According to the Botswana central bank, KBAL is insolvent with liabilities exceeding assets by $17 million. It said KBAL had placed significant funds - at least 70 percent of its total assets-on deposit with Afrasia Bank Zimbabwe Limited. AfrAsia, founded by Mr. Chanakira also suffered liquidity problems and in February this year, surrendered its banking licence and was subsequently placed under liquidation. These problems have negatively impacted on KBAL, the recoverability of its funds on deposit, its ability to continue as a going concern and its ability to meet its obligations to depositors. Prior to the final order, KBAL was under a temporary management.

The temporary managers found that the asset base of the bank had been severely eroded due to a number of factors which gave rise to liquidity problems and ultimately insolvency. "Further to the public notice of March 10, 2015, issued by the Bank of Botswana, this is to inform depositors and other members of the public that the period of temporary management of Kingdom Bank Africa came to an end on May 18, 2015," said BoB. "The Bank of Botswana has determined, in accordance with Section 34(d) of the Banking Act, to petition the High Court for a winding-up order on the grounds that KBAL is insolvent and that its assets exceed its liabilities by approximately $17 million. "The petition for the final winding-up of KBAL was brought before the High Court of Botswana on May 12, 2015. The High Court granted a final winding-up order in respect of KBAL." The BoB said based on the information obtained during the early stages of the temporary management, it commissioned a forensic audit of the financial affairs of KBAL, with a particular focus on some investments and placements at foreign financial institutions. The forensic audit is ongoing. *(Herald)*

MIMOSA Mining Company are pursuing cost-saving initiatives to increase volumes, improve efficiency and manage production costs, executive chairperson Winston Chitando has revealed. Speaking to NewsDay at the launch of the company's official website last Thursday, Chitando spoke about the cost-saving initiatives as a way of improving the company's performance as it nears its financial year. "Globally, in terms of the resource industry, pressure on the cost curve is going up. So the efforts to manage costs are ongoing in most companies, but particularly for Mimosa," said Chitando. This was in response to the mining company's last quarterly report that showed a slump brought about by the weakening South African rand against the United States dollar. Chitando cited government's proposal to introduce a 15% levy on exports of unprocessed metals as another challenge the company was facing. Chitando said because of efforts in pursuing these cost-saving initiatives, the company's key performance indicators (KPI) were much better, with quarterly volumes much higher. "Improvement in our KPIs and quarterly volumes automatically leads to lower unit costs," said Chitando. On trading, Chitando said Mimosa had had a very reasonable nine months since the start of their new financial year in July 2014, in terms of the four main pillars of the company. "The purpose of this website is to enable us to communicate better with our stakeholders. We realise a website is an effective tool for communicating our operations," said Chitando. He revealed that with the creation of the website, the company hoped to ensure information was always available to those who needed it in real time. "The website will enable us to respond speedily to news, events and queries, resulting in improved stakeholder relations thus having instant representation," said Chitando. He admitted that the website was long overdue and it was time for the company to be up to date and easily accessible. The website is user-friendly and easy to navigate, and will have information in real time.*(News Day)*

Zimbabwe Asset Management Co., set up by the country's central bank to buy non-performing loans, said it will seek funding from institutional investors locally and outside the country to help fund its operations. The company known as Zamco, established in August to tackle surging levels of bad debt that had reached as high as 90 percent at some financial institutions, is evaluating the purchase of $383 million of loans, Chairman Bart Mswaka said in an e-mailed response to questions. "Zamco will also work hand in hand with accredited asset managers/investment advisers who will augment Zamco's funding sources through raising funds from institutional investors both local and foreign," Mswaka said. It will also borrow money and be funded from the sale of Treasury bills and bonds, he said. The central bank said Zamco had been established to deal with as much as $700 million worth of bad loans at banks including Metbank Ltd., Allied Bank Ltd., AfrAsia Bank Zimbabwe Ltd. and Tetrad Investment Bank Ltd. AfrAsia's license was canceled in February, the same month Tetrad was placed in judicial management. Zimbabwe's economy shrunk by half during a near decade long recession that ended in 2009, according to the government. Growth is now slowing as consumer demand slumps, causing many companies to close. Zamco won't take over loans made by banks to managers or board members, Mswaka said. The company will start by purchasing non-performing loans secured by mortgage bonds and it will take over the bond and collateral obligations from the selling institution, he said. "The NPLs acquisition approach is meant to avoid creating moral hazard in the banking sector," he said. "This will avoid Zamco being seen as pardoning past bad lending decisions." Foreign investors will be invited to participate in funding the resolution of the loans, he said. "Zamco should step into the shoes of the bank and enjoy the same rights over collateral," he said. "There may be instances where additional security may be required, especially in instances where there is refinancing or restructuring of the loan." *(Bloomberg)*

Econet Wireless Global's subsidiary, Liquid Telecoms has so far covered more than 7 000 kilometres of fibre in Zimbabwe after the company successfully raised $150 million for further expansion of fibre network. The funds were raised through a loan facilitated by Standard Chartered Bank and provided for by several global investment banks. The investment is currently being used to extend its fibre network into additional countries as part of an expansion strategy. It will also go to the company's ongoing Fibre to the Home builds in Kenya, Rwanda, Zambia and Zimbabwe which will provide homes and businesses with unlimited data packages and 100 megabytes per second. Liquid Telecoms Zimbabwe managing director Mr. Wellington Makamure yesterday said the fibre is working according to plan and the company is trying hard to provide fast and accessible network to the consumers. "We have invested in excess of $150 million so far and out of that investment we have covered over 7 000 kilometres of fibre in the country," said Mr. Makamure. Meanwhile CEC Liquid Telecom yesterday announced the expansion of its business in Zambia following the full acquisition of Realtime, the second largest Internet Service Provider in Zambia. Liquid Telecom - a Zimbabwe founded company - has built the largest independent fibre network in Africa.

Realtime Technology Alliance Africa Ltd will now focus on the retail and business markets in Zambia providing communications services to homes and businesses of all sizes across Zambia, using the satellite and fibre networks of CEC Liquid Telecom as well as its existing WiMAX network. Mr. Makamure who is also CEC Liquid Board Member and group executive for Southern Africa said; "Realtime will be one of the first resellers for Fibroniks, Liquid Telecom's Fibre To The Home service over which homes and businesses of all sizes can receive 100Mbps, the fastest broadband ever available in Zambia. Here in Zimbabwe, we have rolled out Fibroniks through the biggest ISP in our country - ZOL, which is wholly owned by Liquid Telecom." He added that the Fibroniks service - with its unlimited data packages - is initially available to 15 600 homes and businesses in Lusaka including areas such as Rhodes Park, Northmead, Long Acres, Sunningdale and Kabulonga. The FTTH build will continue and is expected to reach 20 000 premises in Lusaka by year-end. Services will become available as each targeted area is connected, with a likelihood that the build will extend to Copperbelt towns by the end of the year. CEC Liquid Telecom will continue to provide wholesale products and services to all licensed operators in Zambia.

Realtime will receive network access from CEC Liquid Telecom on the same terms as other providers.CEC Liquid Telecommunications Limited is a joint venture between The Liquid Telecom Group and Copperbelt Energy Corporation PLC, a Zambian power generation, transmission and distribution company. It has established itself as the country's most reliable and consistent broadband provider. Its nationwide fibre network is the first fully redundant network in Zambia, providing SLAs at a level not previously experienced in the country. International access is through the multi-award-winning pan-African fibre and satellite networks of The Liquid Telecom Group. Andrew Kapula, CEC Liquid Telecom Managing Director, said; "This is another major milestone for both our company and the Zambian telecoms market. "We will continue to invest in Zambia so that we can provide operators, ISPs, homes and businesses of all sizes with the fastest and most reliable broadband available in Zambia. We believe in the power of connectivity to change lives and will continue to build a high-quality network that will enable our people and businesses to prosper." *(Herald)*

ECONET Wireless Zimbabwe Limited on Wednesday reported a 41 percent decline in after-tax profit for the year-ended February 2015. The country's biggest telecommunications firm said a government-decreed voice tariff cut and taxes on airtime and mobile handsets ate into revenue. "The introduction of a 5 percent excise duty on airtime sales, a 25 percent duty on handsets, and a 5 cents levy per transaction on mobile money transfers, compounded by a 35 percent voice tariff reduction has negatively affected the viability of the telecommunication sector, which has hitherto been a mainstay of investment, economic vitality, and employment creation in our country," Econet said. "The company has had to cut capital expenditure, and stop further employment creation for the first time since it began operations. Econet is one of the largest employers in the country, both directly and indirectly, and is concerned about the job losses that now look to be inevitable." After-tax profit for the year was $70,2 million, down from $119,4 million in 2014, although revenue levels largely held at $746,2 million, nearly 1 percent lower than $752,7 million previously. The firm's overlay services, mostly anchored on its mobile money services Ecocash, helped arrest the decline in revenue from the tax and tariff measures, these typically carry lower margins.

The overlay services added $72.7 million to revenue during the year, Econet said, a growth of 64.9 percent on the prior year's contribution. Mobile broadband weighed in with $103 million to revenue, an increase of 42,3 percent on the 2014 figure. Econet's debt to equity ratio improved to 36 percent from 38 percent previously following an increase in debt repayments to $98 million compared with $76 million previously. The firm says it is on course to pay off most of its debt within the next three years. It invested $125,4 million (2014: $281,3 million) on its network, pushing the firm's total investment above $1,2 billion over the past five years. The investment in the network allows Econet to accommodate an additional 2 million to its current subscribers, who rose 5 percent to nearly 9,2 million over the year. The firm said in addition to the government's tariff and tax measures, the failure of state-owned firms – NetOne and TelOne to settle interconnection debts, which rose to $26,3 million in the year under review, threatened the stability and viability of the telecommunications sector. Econet closed the year with $95 million in cash holdings .*(New Zimbabwe)*

Economic News

Gold production registered a 25 percent growth in the first quarter of the same period last year to boost the mining sector's growth for the period to $452 million in value terms. Chamber of Mines chief executive officer Mr. Isaac Kwesu said the first quarter is looking better than the comparative period last year. He said coal had registered a 55 percent increase followed by nickel which jumped by 5 percent. The gold sector has particularly performed much better considering that it recorded a 2,1 percent decrease in the first quarter of 2014. "The mining sector's first quarter is looking better than the same period last year on the back of the major movement in gold. The majority of the gold has been coming from small players," said Mr. Kwesu. However, chrome recorded a 45 percent decrease pulled down mostly by energy costs. About 50 percent of the sector's costs are on electricity and hence players are engaging Government and the utility Zesa for a tariff review. "The electricity tariffs are the major contributor to the cost structure. Players are proposing a reduction in tariffs to $0,08 /KWH from the current $0,13/PWH," said Mr. Kwesu. Meanwhile, the Chamber of Mines will hold its 76th Annual General Meeting and conference in Victoria Falls from Thursday. The conference will run under the theme; "Shared Vision, Shared Values, Shared Benefits: A Roadmap for the Zimbabwe Minerals Resources Sector". "The theme is guided by the desire to address the aspirations of our country through a thriving and growing mining industry. The conference will provide an opportunity to reflect on the founding principles and values underpinning the mining industry. It will also explore how we can build consensus on the kind of mining industry we all aspire to have," said the Chamber's president Mr. Alex Mhembere.

Some of the key issues that the event will seek to interrogate include achieving an equitable and optimum share of mineral benefits, the current contribution of the mining industry to the economy and how to maximise the contribution to achieve the socio economic well-being of the society. The conference will also interrogate the critical success factors and enablers that must be addressed to achieve the desired benefits. At the AGM, the council representatives will consider issues critical for the running of the Chamber and give guidelines to the executive committee to manage until next council meeting. The AGM will consider statutory issues inclusive of the audited accounts of organisation. The council meeting will elect office bearers for the 2015 /16 year as is required by the constitution. Vice President Emmerson Mnangagwa will be the guest of honour while Mines and Mining Development Minister Walter Chidhakwa will give a keynote address. The prime event will be attended by leading personalities in minerals industry that include policy makers, industry executives, senior representatives of the suppliers and mining communities representatives to unpack opportunities and craft solutions for the mining industry. *(Herald)*

ZIMBABWE's imports for the first quarter of the year stood at $1,57 billion compared to exports of $717 million, Buy Zimbabwe has said. Buy Zimbabwe said the country's widening import bill against exports was a major contributory factor towards the increasing trade deficit, warning if the trend was left unchecked, the economy would be crippled. Speaking at a press briefing, Buy Zimbabwe questioned the government's pursuit of what it called "suicidal" economic policies despite the current account deficit being 16% of the gross domestic product (GDP). "We noticed early signs that the relationship between imports and exports was getting seriously unbalanced and if the trend continues where we import more than we export it will lead to an economic crisis," said the executive director Munyaradzi Hwengwere. "Any economy that continues to do that will get into a serious problem because you are basically eating more than you can replenish." Hwengwere said over the last two years there had been a greater realisation that imports were a problem, hence the creation of Buy Zimbabwe in 2011 to try to promote local products. Buy Zimbabwe said for the period January to March, imports stood at $1,57 billion while exports stood at $717 million, a decline of 28% from the previous quarter. One factor that has led to lesser exports is instability in regional currencies due to the strengthening United States dollar.

Lack of production and an almost non-existent manufacturing sector was forcing producers to import raw materials from outside the country."As a nation we must know what we are really good at, what our key drivers are in terms of consumer goods, food stuffs and the actual ingredients of production," said Buy Zimbabwe chairperson of business affairs committee Oswell Binha. He said the government should stop putting a price ceiling where productive levels were very low. "The role of the government is merely to create an environment that enables producers to do what they do best," Binha said. "The government is not a business and once they start doing something which then impacts the way business is being done then there is a problem. "You need to open up to encourage the farmer to go back to the land and that's how you induce raw materials for production. We need to create an economic policy framework that says who produces what and at what primary level to create competitiveness." He said there were currently no incentives to export. "The government must just give the key ingredients in enabling productivity and that is all with the exception of rationale regulations," said Binha. According to the Zimbabwe National Statistics Agency, South Africa accounts for 43% of imports into Zimbabwe, making it the country's main trading partner.

Buy Zimbabwe is hosting a Buy Local summit from June 17 to 19 in Victoria Falls aimed at bringing together key business leaders, decision makers and government officials.*(News Day)*

Zimbabwe's gold production rose 25 percent to 4,180 kg in the January-March quarter after small gold milling companies increased output, the country's chamber of mines said on Thursday. The chamber projected gold production for the year as a whole of 16,721 kgs, up 8.7 percent from last year. Gold has been the country's third-largest foreign currency earner after tobacco and platinum in the last two years. The chamber said mines were, however, being affected by low international mineral prices, high electricity tariffs as well as power cuts and higher mining fees imposed by the government. *(Reuters)*

Disclosures Appendix

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECURITIES AFRICA®