SECURITIES AFRICA
RESEARCH & CAPITAL MARKETS

PAN-AFRICA

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

TRADING

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

AFRICA STOCK EXCHANGE PERFORMANCE

				WTD % Change		YTD % Change	
Country	Index	9-May-14	16-May-14	Local	USD	Local	USD
Botswana	DCI	8917.90	8977.43	0.67%	1.06%	-0.84%	0.20%
Egypt	CASE 30	8370.57	8553.43	2.18%	1.15%	26.10%	22.94%
Ghana	GSE Comp Index	2247.01	2246.05	-0.04%	-0.52%	4.70%	-13.81%
Ivory Coast	BRVM Composite	232.35	238.93	2.83%	1.07%	2.98%	2.42%
Kenya	NSE 20	4963.80	4967.57	0.08%	-0.22%	0.82%	-0.19%
Malawi	Malawi All Share	13103.58	13113.87	0.08%	0.39%	4.65%	11.50%
Mauritius	SEMDEX	2033.87	2055.18	1.05%	0.50%	-1.93%	-2.08%
	SEM 7	397.75	402.82	1.27%	0.73%	-0.20%	-0.35%
Namibia	Overall Index	1124.39	1104.65	-1.76%	-1.25%	10.80%	12.37%
Nigeria	Nigeria All Share	38554.19	39022.10	1.21%	0.45%	-5.58%	-6.52%
Swaziland	All Share	284.32	284.32	0.00%	0.52%	-0.47%	0.94%
Tanzania	TSI	3021.87	3059.22	1.24%	1.27%	7.59%	3.75%
Tunisia	TunIndex	4516.90	4527.94	0.24%	-0.81%	3.35%	4.73%
Zambia	LUSE All Share	5950.38	5966.30	0.27%	-1.91%	11.55%	-7.06%
Zimbabwe	Industrial Index	176.55	173.59	-1.68%	-1.68%	-14.12%	-14.12%
	Mining Index	29.03	27.97	-3.65%	-3.65%	-38.92%	-38.92%

CURRENCIES

	9-May-14	16-May-14	WTD %	YTD %
Cur-rency	Close	Close	Change	Change
BWP	8.59	8.56 -	0.39 -	1.04
EGP	7.02	7.09	1.02	2.57
GHS	1.87	2.87	0.48	21.48
CFA	471.00	479.22	1.74	0.54
KES	85.70	85.95	0.30	1.02
MWK	388.45	387.25 -	0.31 -	6.14
MUR	28.91	29.06	0.54	0.15
NAD	10.39	10.34 -	0.52 -	1.40
NGN	159.93	161.14	0.76	1.00
SZL	10.39	161.14 -	0.52 -	1.40
TZS	1,614.84	1,614.34 -	0.03	3.70
TND	1.60	1.62	1.07 -	1.32
ZMW	6.45	6.60	2.22	20.02

SECURITIES AFRICA

Botswana

Corporate News

No Corporate News This Week

Economic News

No Economic News This Week

WEEKLY AFRICAN FOOTPRINT

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Egypt

Corporate News

International telecoms firm Global Telecom Holding, the Egypt-based group formerly called Orascom Telecom, reported on Wednesday a net profit of $43 million for the first quarter of 2014. That compared with a loss of $204 million in the first quarter of last year. Global Telecom's Executive President Ahmed Abou Doma will resign on June 30, 2014, the company added. He will be succeeded by Vincenzo Nesci as CEO and board member, while continuing in his role as chairman of Orascom Telecom Algrie SpA. Total customers increased 8 percent year-on-year to exceed 90 million by the end of the first quarter, driven by growth in Algeria and Pakistan, as well as in Bangladesh and Canada, Global Telecom said. Revenue fell to around $830 million in the first quarter from $849 million in the same period last year. Revenue was hit by the depreciation of some local currencies in its markets against the U.S. dollar, mainly in Pakistan, it added. Global Telecom Holding is a member of the VimpelCom Group. *(Reuters)*

Egypt's biggest listed bank, Commercial International Bank, posted a 22 percent rise in first-quarter net income, the bank said in a statement on Thursday. Its first-quarter income stood at 805 million Egyptian pounds ($113.18 million) while revenues for the quarter rose by 16 percent to 1.8 billion pounds, the bank said. CIB in 2013 posted a 35 percent rise in net profit for the full year. The bank said its deposits increased by 6.1 percent in the first quarter to 102.7 billion pounds with a deposit market share of 7.5 percent, up from 7.37 percent in December 2013. "CIB continued to gain market share by growing its deposit base, attracting 6 billion pounds during the quarter," Hisham Ezz Al-Arab, CIB Chairman and Managing Director, said in the company's statement. "CIB maintained its strong balance and sound liquidity position as well as robust financial indicators,Â positioning the bank well for the rest of the year," he added. Egyptian banks such as CIB have been able to keep their bottom lines growing thanks partly to high interest rates paid by the state last year for its short-term borrowing. State borrowing costs rose as foreign investors exited the local Treasury market, tax receipts suffered from a weak economy and the government boosted spending to meet popular demands for better living standards after an uprising toppled long-time President Hosni Mubarak in 2011. *(Reuters)*

Economic News

Egypt has secured a means of importing liquefied natural gas (LNG) that will help it address an energy crisis, although the LNG import terminal to be provided by a Norwegian firm will not be in place in time to ease painful gas shortages this summer. Egypt's oil ministry and Hoegh LNG said on Monday they had reached an agreement for Egypt to use of one of Hoegh's Floating Storage and Regasification Units (FSRU) for five years. Hoegh Chief Executive Sveinung Stoehle told Reuters the firm had signed a contract including "the main details of the agreement, but there are still some details that need to be worked out." Egypt can export LNG but cannot import it without the terminal, and a worsening gas shortage has caused power cuts that are set to become more acute during the hot summer months. The tender process to find a company to provide the terminal began around 20 months ago, well before the army toppled Islamist President Mohamed Mursi last July. It continued to run into hurdles under the interim government that replaced Mursi. The terminal will not be ready for the summer, when the country's next president will take office and face the challenge of power cuts and fuel shortages - issues that helped spur mass protests against Mursi. But once the terminal is operational, it will enable Egypt to secure badly needed supplies of gas, needed for power generation for households and industry. The state-run gas company said last week it had reached deals for 12 shipments of LNG from Russian and French firms, without giving details on pricing arrangements Hoegh said the FSRU was set to start operations in the third quarter of this year.

The ministry said the terminal would be moored off of the Red Sea port of Ain Sokhna from Sept. 1. Giles Farrer, senior analyst on Wood Mackenzie's LNG team, said that although it was feasible to have the terminal in place by September, technical issues such as connecting it to the main networks made the timeline "look ambitious." Farrer said the announcement was an encouraging step, but added specifics of how payment - both for the terminal and for gas imports - would be structured were still unclear. Despite more than $12 billion in loans, donations, and free fuel aid from Gulf oil producers to Cairo since Mursi's ouster, Egypt's finances are still precarious. Energy problems are likely to worsen in the next fiscal year beginning in July, when consumption will outstrip output for the first time, according to the government. Gas is in short supply due to declining domestic production, forcing the government to cut into LNG earmarked for export. Though paying for imported natural gas is less desirable for Egypt than contracting with foreign firms to exploit domestic reserves, violent unrest since the 2011 uprising that ousted autocratic President Hosni Mubarak has hurt investor confidence. Companies have been wary of developing reserves, and the government's promises to offer more appealing terms to reassure them have not yet resulted in new contracts.

Oil and gas firm BG Group warned earlier this year that turmoil in Egypt would hit its 2014 output. The government owes foreign energy firms including BG at least $5.7 billion, a top state oil executive said last month. Egypt's energy problems are unlikely to be solved until the government tackles the root cause - a wasteful, decades-old fuel subsidies system that drains foreign currency reserves and keeps consumption unchecked. Mismanagement of the sector has also contributed to the shortages. Successive governments have failed to develop a sound strategy to tap major natural gas reserves even as an exploding population boosted demand for the fuel. In the absence of investments, the government is prioritising imports. Oil Minister Sherif Ismail told Reuters in February the government was aiming to get LNG import facilities in operation by the summer but said that if the problem was not addressed this year, it would be "at least for the years to come." Reuters reported in the same month that Hoegh had pulled out of the deal to install the terminal, citing sources with knowledge of the talks between Cairo and Hoegh. Hoegh said on Monday the deal was "on good commercial terms" and it was "very pleased," without providing details. The oil ministry said the platform had a storage capacity of 170,000 cubic metres and was undergoing final testing in South Korea. *(Reuters)*

Egypt will speed up structural economic reforms this year, led by cuts in energy subsidies, regardless of whether it strikes a deal on IMF financial aid, Finance Minister Hany Kadry Dimian said on Tuesday. The economy has been hammered by three years of upheaval that followed the 2011 toppling of President Hosni Mubarak, and the government will give priority to crucial tax increases and politically risky cuts to generous state subsidies for fuel. "We need to get the wheel moving again and this will requires us to reestablish confidence in the Egyptian economy, primarily through comprehensive structural reform measures," Dimian told Reuters in an interview on the sidelines of an IMF conference in Amman. He said Egypt had an "ambitious program to streamline energy subsidies coupled with tax reforms that helps broaden the tax base and promote a fully fledged Value Added Tax system," Dimian, who took office last February, said the first phase of the energy reforms could begin as early as next autumn, when the government introduces a smart card that would control the amount of fuel distributed at a subsided price. The move could save around 1 percent to 1.5 percent of the country's $262.8 billion GDP this year alone, he added.

The International Monetary Fund estimates Egypt's energy subsidies amount to three times the spending on education and seven times the expenditure on health. Heavy spending on energy subsidies takes a heavy toll on the economy, consuming a fifth of all state spending, but raising energy prices could trigger protests. Dimian recently said that spending on energy subsidies next year will be 10 percent to 12 percent above the 130 billion Egyptian pounds ($18.6 billion) budgeted for in the current fiscal year unless immediate reforms are made. The reforms will happen regardless of whether a deal is worked out with the IMF after a presidential election in Egypt this month, Dimian said. "We will be evaluating the situation to see if there is a need to conclude this programme of financial support (with the IMF) or whether we just confine ourselves to the reforms we conclude (on our own)," he said. The International Monetary Fund and Egypt have sporadically discussed a loan worth up to $4.8 billion to help the economy, which was hurt by political turmoil that drove away tourists and foreign investors, two major sources of foreign currency. Masood Ahmed, the IMF's Director for the Middle East and North Africa, said the world body had sent two technical missions to Egypt so far to discuss tax reforms, and was ready to extend aid once the government decided it was needed.

"At the moment, the Egyptians have not asked for financing from the IMF, but we have indicated to them that we would be ready to provide financial support as soon as Egyptian authorities feel that would be useful," Ahmed said on Tuesday. Aid from the Gulf has reduced the pressure on Egypt to reach a deal with the IMF that would require economic reforms the government might find politically risky, analysts say. Dimian said Egypt's economy could not keep to relying on the billions of dollars of Gulf aid in the form of cash transfers, oil shipments and central bank deposits extended after the army toppled Islamist President Mohammad Mursi last year.

"The aid came at a decisive time, but from the point of view of designing economic policies, these policies are not designed at all on the continuation of this aid," Dimian said. The cash injections are keeping the economy afloat and allowing Egypt to increase some spending on investments, but analysts say the government still needs a long-term plan to ensure financial stability. Dimian said the priority of economic decision makers was tackling structural imbalances to restore the investor confidence crucial to sustainable growth. The 2014 growth forecasts remained around 2 to 2.5 percent, down from a target of 3 to 3.5 percent. But growth could rise to between 3 and 3.25 percent in 2015, fueled by faster economic activity and much less aid from the Gulf, Dimian said. "Growth might go better, but this is what how we read it for the time being," he added. Economic growth had been running at 6 percent to 7 percent before the protests, although even that pace was barely enough to produce work for the youths entering the job market. *(Reuters)*

The Egyptian government sold $1.289 billion worth of one-year dollar-denominated treasury bills at an auction on Tuesday with an average yield of 2.433 percent, the central bank said. The total bids amounted to $1.574 billion. The Ministry of Finance had set the issue size at $1.2 billion. The minimum yield was 2.38 percent and the maximum yield was 2.44 percent. The average yield was down from 2.474 percent at the last issue of a 1-year dollar-denominated T-bill issued on Feb. 18. *(Reuters)*

The number of tourists visiting Egypt fell 32.4 percent in March compared with the same month last year, state media said on Tuesday, as a vital source of foreign currency continues to dry up after years of political turmoil. Around 755,000 tourists visited Egypt in March, state-news agency MENA quoted official statistics agency CAPMAS as saying, compared with more than a million in March 2013. The tourism sector, a major source of foreign currency for Egypt, has been hammered since the popular uprising that toppled autocrat Hosni Mubarak in 2011. It suffered another blow in February when a coach carrying Korean tourists was bombed by Islamist extremists. Egypt's revenue from tourism tumbled 41 percent last year to $5.9 billion. Hundreds were killed in the violence that followed the army's overthrow of Islamist President Mohamed Mursi in July. The tourism ministry this month launched a three-year marketing campaign in the hope of attracting tourists and investors to the country. *(Reuters)*

WEEKLY AFRICAN FOOTPRINT

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TRADING

Ghana

Corporate News

The West African Gas Pipeline Company (WAPCo) is considering expanding the pipeline from its current capacity of 170million standard cubic feet of gas per day (MMscfd) to 315million; because the company believes it can transport gas from Ghana or from new sources in Nigeria. Managing Director of the company, Walter Perez, told a meeting that discussed security of the pipeline in Accra his outfit is "proactively moving forward with initial engineering" to facilitate expansion of the pipeline. "Although gas volumes currently received from Nigeria are significantly below expectation, we envision increased utilisation of the pipeline going forward with potential new sources here in Ghana and likely new sources in Nigeria," he said. The belief is that if it does not transport more gas from Nigeria to recipient countries, it may in the future transport gas from Ghana to Benin and Togo -- and perhaps La Cote D'Ivoire, which has expressed interest in joining the pipeline consortium. The pipeline is supposed to deliver 133MMscfd to Benin, Togo and Ghana; its delivery has, however, been way below expectation due to lack of supply. At the best of times, even before it broke down for ten months beginning in August 2012, it provided about 40% to 60% of the contractual volumes. The Nigerian supplier, N-Gas, which is a consortium made up of the Nigeria National Petroleum Corporation (NNPC), Shell and Chevron, have often cited continuous breach of the pipelines connecting the main one and competition for the product in the Nigeria market as reasons for the shortfall.

The contractual price of the gas, which is said to be no longer competitive, has also been cited in some circles as being partly responsible for the paucity of supply. Walter Perez said the pipeline however remains "a critical and strategic asset for regional economic growth and integration"-- a reason beneficiary countries must support the company to protect it from the threats it faces both on land and at sea. "It is clear that multiple layers of protection are needed to confront the challenges we face on and offshore. In and around WAPCO host communities, especially in Nigeria, indiscriminate sand-mining has been a constant threat to the onshore section of the pipeline. Offshore, the company has endured several key challenges, including two major pipeline breaches..." he said. The World Bank estimates -- based on a financial modelling exercise -- that the cost of not having gas to generate power in Ghana is about US$1million per day. So when the pipeline was breached for 315 days, Ghana, by the bank's conservative estimates, lost US$315million. ECOWAS, which proposed the construction of the pipeline in 1982, has been seeking an inter-connection of transmission lines and power plants in the sub-region. Ghana already shares power with Togo and Benin, and sometimes La Cote D'Ivoire. Government's vision has been to attain 5,000 megawatts of generation capacity by 2016; and in the process gas is supposed to play a major role. While about 90MMscfd is expected from the Jubilee oilfield initially, when the gas processing plant is ready, other gas fields are expected later to boost the country's own gas generation. The government is also considering the possibility of importing Liquefied Natural Gas to shore-up supply. *(Ghana Web)*

Stanbic Bank Ghana Limited and Metropolitan Bank have collaborated to launch three new products that will enhance consumer safety within the country. The products are Motor, Travel and Home owners Insurance. The products were launched at a media briefing Thursday, at the Opeibia branch of Stanbic Bank in Accra. Nana Dwemoh Benneh, Head of Personal and Business Banking of Stanbic bank said," the collaboration with Metropolitan bank is to deliver service that is beneficial to the consumer in an industry that remains critical sector for every economy. Stanbic Bancassurance will provide cutting edge solutions at affordable cost, while ensuring that claims are dealt with promptly." This is all underwritten by Metropolitan Insurance Company limited and as such the products will be available through all Stanbic bank branches. The Stanbic motor insurance is an extensive automobile policy that covers customers during damage of property belonging to another party, damage to property, injury to a person and even covers damage to a customer's own vehicle. Under the Travel insurance, a customer can enjoy the following privileges: medical expenses as well as loses that will be incurred, when travelling. Medical expenditure under this very policy include emergency dental care, repatriation of mortal remains, emergency return home, delivery of medicines, advance of bail bonds, personal assistance services, advance of bail bonds and 24 hour assistance.

In respect of loses and delays, customers can enjoy services regarding delayed flight or baggage, loss of identity cards, location and forwarding of personal belonging and baggage , all belong to this very insurance policy. Compensation of loss emanating from fire, burglary as well as natural occurrences such as lightning, explosion, earthquake, storm impact, wind, malicious damage and flooding are all held under the wing of the Stanbic Home owners' insurance policy. Metropolitan Insurance is the recipient of many awards including CIMG General Insurer as well as Re Cedant of the year awards for 3 consecutive years, while Stanbic bank is a member of the of the Standard Bank Group fully fledged Tier one bank in Ghana with 23 branches nationwide. Stanbic Bancassurance is a medium through which Metropolitan bank and Stanbic bank will distribute their insurance products. *(Reuters)*

Economic News

Ghana's falling currency has fuelled smuggling of as much as 100,000 tonnes of cocoa into neighbouring Ivory Coast since October, reversing a trend, industry sources said. Cocoa smuggling between the world's two biggest cocoa producers is common, but over the past decade it has mainly involved Ivorian beans being taken illegally to Ghana. That has changed this season. Ghana's cedi currency, which the government has struggled to prop up, has fallen nearly 23 percent against the dollar so far this year, while Ivory Coast's euro-pegged CFA franc has remained stable, making the country's official farmer price around 24 percent higher than Ghana's. Exporters said the Ivorian price is now seen as more attractive by Ghanaian farmers, who can make bigger profits selling their output to smugglers. "(The smuggling) is due primarily to the weakness of the currency in Ghana," said Edward George, head of soft commodities research at Ecobank. George said he had spoken to private sector representatives in Ghana as well as officials from Ghana's marketing board, Cocobod. "The lowest estimate we heard was 60,000 tonnes. The highest was 100,000 tonnes, and that was from Cocobod," he said. Cocobod spokesman Noah Amenya confirmed smuggling was taking place but said the organisation did not have any figures. "We are supporting the local authorities and the various task forces to fight the smugglers," he told Reuters. Estimates of smuggled volumes obtained by Reuters from four European traders ranged from 40,000 to 80,000 tonnes of beans, while exporters in Ivory Coast put the figure at between 50,000 and 60,000 tonnes. Bean arrivals at Ivorian ports reached around 1.3 million tonnes by May 11, according to exporters' estimates, up more than 10 percent from the same time last season.

Ivory Coast's October-to-March main crop opened on Oct. 2 with its sector regulator, the CCC, fixing a minimum guaranteed farmer price of 750 CFA francs ($1.59) per kg. Ghana's price of 3,392 cedis per tonne was roughly on par with Ivory Coast's at the time. Despite the beans lost to smuggling, Ghanaian cocoa output still remains more than 15 percent ahead of last year's levels with purchases reaching 704,266 tonnes by April 8 since the start of the main crop. But Ivory Coast decided to maintain its farmer price at the main crop level of 750 CFA francs/kg for April-to-September mid-crop cocoa, which is usually sold at a discount. This in turn could further fuel illegal trafficking as Ghana heads towards its light crop in July unless they raise the price, analysts said. "Looking forward, it depends what happens to the farmer price because a depreciating cedi means Ghana should be able to increase their price by more (than Ivory Coast), to where it should be in dollar terms," said a European analyst who declined to be named. *(Reuters)*

New restrictions in Ghana on foreign exchange accounts will not be effective unless the West African nation resolves underlying macroeconomic imbalances, the International Monetary Fund said on Tuesday. The IMF welcomed a recent tightening of monetary policy but said more may be needed, in combination with fiscal consolidation to get inflation back into target range. Ghana faces a challenge to meet its 2014 fiscal deficit target of 8.5 percent of GDP, the IMF added. *(Reuters)*

Ghana is concentrating on a "home-grown" fiscal strategy to tackle its economic woes for now, rather than an assistance programme with the International Monetary Fund, President John Mahama said on Tuesday. The West African country's decision to resolve its own difficulties comes as the IMF called for further measures to fix the economy. Bolstered by relatively stable politics and exports of cocoa, gold and oil, Ghana has emerged in recent years as one of Africa's brightest economic prospects. However, it is grappling high inflation, a sliding currency and a ballooning budget deficit. The IMF forecasts Ghana's economy will grow by 4.75 percent this year, well below the 8 percent expansion projected by Finance Minister Seth Terkper in his budget in November. Ghana and the IMF were due to discuss possible assistance at talks in Washington last month but Mahama said no decision had been taken to enter a programme. "What we are concentrating on is the preparation of a home-grown strategy of fiscal consolidation. It is our expectation that both our domestic and international partners will join us in the implementation of this strategy," the president said at a national economic forum. Mahama said Ghana presented details of its strategy to the IMF this month as part of regular consultations that all member states engage in with the Fund. Meanwhile, the IMF said in a statement on Tuesday that new restrictions on foreign exchange accounts designed to stabilise Ghana's cedi currency will not be effective unless the country resolves underlying macroeconomic imbalances. And while the IMF commended fiscal measures outlined in the 2014 budget, it said that the country will nevertheless face a challenge to meet its 2014 fiscal deficit target of 8.5 percent of GDP. "Directors therefore urged the authorities to take additional short-term measures to reduce the fiscal and external imbalances," the IMF said. Ghana ended its last three-year, $600 million IMF programme in 2011. The country's main opposition the New Patriotic Party boycotted Tuesday's economic forum, accusing Mahama of using it to impose his own economic blueprint on the nation, without consulting other stakeholders. *(Reuters)*

Kenya

Corporate News

Safaricom, Kenya's biggest telecoms operator, expects its free cash flow to rise by 10-17 percent in its financial year ending next March, driven by higher usage across its products and services, it said on Monday. The company said it would continue next year to return the bulk of excess cash to shareholders. Safaricom, which is 40 percent owned by Britain's Vodafone , reported a 23.8 percent rise in annual core profits for the just concluded financial year and raised its dividend by 52 percent to 0.47 shillings per share. It has previously cited a lack of acquisition opportunities as one reason for paying out so much in dividends, although it has won conditional regulatory approval, along with the local unit of Bharti Airtel to buy Kenya's No. 3 network Yu. Safaricom gave the market a free cash flow guidance for this year of about 26 billion shillings, driven by higher demand for its services, including money transfer service M-Pesa. "Voice (revenue growth) is still there. We are still not one of those people who are saying 'voice is dead'," Bob Collymore, Safaricom's CEO told Reuters after an investor briefing. Revenue from voice services, which accounts for 60 percent of the company's total revenues, grew by 12 percent to 86.3 billion shillings, Safaricom said.

Non-voice revenue, from services like Internet access, short messages and money transfer, rose by 28 percent, driving the total revenue higher by 16 percent. The company said it expected the growth to continue due to the diversity of the products and services as well as investments in the network that have led to quality improvements over the years. "People are finding there is a relevance in the products," said John Tombleson, the company's chief financial officer. Safaricom, which has 21.6 million users or 67.9 percent of the market, enjoys the widest network coverage in Kenya, east Africa's largest economy. Earnings before interest, tax, depreciation and amortisation (EBITDA) rose 23.8 percent to 60.9 billion shillings ($700 million) in the year ended March 31 from 49.2 billion the year before. Safaricom pledged to contain cost rises to maintain the EBITDA margin, which improved by 2.5 percentage points to 42.12 percent, above the 40 percent average for top global operators. Earnings per share rose 29.55 percent to 0.57 shillings, the company said. The results were released after the stock market had closed. Safaricom shares have doubled in the past year as earnings and dividends have increased and as Kenyan stocks have attracted more international investors. *(Reuters)*

Economic News

The Nairobi Securities Exchange (NSE) will sell up to a 38 percent stake in an initial public offering by the end of next month to raise funds for new products and enhance transparency, its chief executive said. Peter Mwangi said the owners of the Kenyan bourse, a mutual company held by brokers, will offer up to 81 million shares of 4 shillings ($0.05) each, amounting to 38 percent of its total capitalisation, subject to regulatory approval. However, the actual offer price will be set by the IPO advisers at a later date. "We want to list through an IPO (initial public offer) on the main market. We need to open this listing before the 30th of June," he told Reuters. "That conversion from a private to a public company will position us to be a very effective player." Sub-Saharan African capital markets have been attracting rising investment from outside the continent as investors chase higher returns. "We are playing in a sweet spot where the frontier funds think Africa is rising. East Africa is a hot spot on the African map and we are the gateway into that east African region," Mwangi said. Regional integration has been driving expansion among locally listed firms and the discovery of oil and gas across east Africa in recent years has also bolstered investor confidence.

NSE's pretax profit more than doubled to 379 million shillings last year from 2012, lifted by a surge in trading turnover after the country's presidential election passed off peacefully in March. Mwangi said part of the funds raised in the offer will be used to bankroll new products like derivatives, exchange-traded funds and Sharia-compliant indexes. Plans to offer currency and interest rates futures and options were at an advanced stage with the regulator Capital Markets Authority perusing them for a final approval. "We are seeing more and more international investors who might want to invest in Kenya and they might want to hedge the currency risk," the chief executive said. Kenyan banks offer foreign exchange forward contracts, which are negotiated directly with buyers, but they cannot be traded. The NSE futures market will offer standardised contracts for currency futures that will be traded. Mwangi said they wanted to attract more listings on the NSE's Growth Enterprise Market (GEMS) which is aimed at small firms wishing to list their shares. Only one firm, property developer Home Afrika, is listed on GEMS and the NSE hopes it will pull in more through easier listing terms like requiring business owners, mainly families reluctant to lose control of their businesses, to offer a minimum of 15 percent shares on the market. "With 85 percent you have effective control of your company but you enjoy all the advantages of being listed. We are in a sense offering the best of both worlds," Mwangi said. *(Reuters)*

Kenya is considering rescheduling a $600 million syndicated loan as part of its discussions with commercial banks about repaying the debt that matures this month, Treasury Secretary Henry Rotich said. The East African nation in its 2013-14 budget said it will settle the syndicated loan with the proceeds from a proposed Eurobond, an offering that has been repeatedly delayed since September. The government says it's prevented by law from issuing sovereign debt until it pays two court awards, made in Geneva in 2012 and London last year, totaling 1.4 billion shillings ($16 million) that must be approved by parliament. "We are discussing within and with the banks, and are considering various options including retiring the loan, and if we get an offer for rescheduling, we can consider that also," Rotich said today by phone from the capital, Nairobi. The two-year syndicated loan was arranged in 2012 by Citigroup Inc., Standard Bank Group Ltd. (STAN) and Standard Chartered Plc. The government borrowed the funds to finance infrastructure development. The debt paid an interest margin of 475 basis points more than the London interbank offered rate, according to data compiled by Bloomberg. Rotich didn't specify how much is owed on the loan. The court-awarded payments are linked to contracts that the Kenyan government gave to companies to supply communications equipment between 1997 and 2004. The contracts are related to a corruption scandal known as Anglo-Leasing, in which deals were secured by the Kenyan government through a fake company, according to the Law Society of Kenya, which is trying to block the payments in the country's Court of Appeal. Kenya's parliament is currently in recess and is scheduled to resume sitting on June 3. *(Bloomberg)*

Kenya has won a three-month extension on a $600 million syndicated loan, a Treasury official said on Thursday, giving it time to continue discussions on its delayed debut dollar bond. The government also said it had reached a deal to settle a long-running row over paying past contracts that had threatened plans for the Eurobond, which could be worth up to $2 billion. The east African nation took out the two-year syndicated loan at an interest rate of 7 percent in 2012 to fund development projects. It had intended to use some of the proceeds of the planned Eurobond to pay it off. Kamau Thuge, the Finance Ministry's principal secretary, said he was "hopeful" the bond issue would be completed, otherwise he said the loan would be paid from foreign reserves. Underwritten by Citigroup, Standard Chartered and Standard Bank, the $600 million loan was due to be repaid on May 16. "What we have done is just to extend the repayment ... by another three months as we continue discussions on the sovereign bond," Thuge told Reuters.The Eurobond has been delayed by volatile market conditions and by the dispute over contract payments, which parliament said should not be made because the deals from a decade or more ago were awarded in violation of the law by past governments. The current government said failure to pay would threaten Kenya's reputation as a borrower because a Swiss and British court had ordered that payment be made. That, in turn, could threaten demand for the bond issue. A government said a deal to settle the row with the claimant was reached, involving total payment of $16.4 million, a sum it said was negotiated down from $18.8 million. "The settlement will also protect Kenyaâ€™s reputation as a country that meets its contractual obligations and adheres to the rule of law," the government said in a statement released by the president's office.

A group of lawyers had asked the Kenyan high court to stop the government from paying, a request the high court declined last week. The lawyers are appealing against the ruling. The government said on Thursday that this was a sensitive period because of the Eurobond plan. "The issuance cannot take place unless all obligations related to the court awards are paid," the government said. "The stoppage would irreparably injure Kenya's reputation as it prepares to launch its debut bond." Other African nations also have plans for Eurobonds, but some have suggested they could pull them because the price of such issues has risen. The U.S. Federal Reserve's moves this year to scale back its bond-buying programme have dampened investor interest in emerging markets. Ratings agency Fitch said Kenya's extension of the syndicated loan highlighted the refinancing risk some African nations faced as they turned to international markets for financing rather than relying on concessional loans.But Fitch, which affirmed Kenya's rating of "B+" with a stable outlook in January, said it would not be changing the rating and said Kenya's foreign reserves would still be comfortable if it had to use them to repay the syndicated loan. The central bank had foreign exchange reserves of $6.23 billion, equivalent to 4.36 months worth of import cover, at the end of February. *(Reuters)*

Malawi

Corporate News

No Corporate News this week

Economic News

Malawi expects to harvest 3.9 million tonnes of maize this year, an 8 percent rise from last year, boosted by good rains and farm subsidies, a government official said on Monday. Jeffrey Luhanga, principal secretary in the Ministry of Agriculture, said with an annual maize consumption of about 2.9 million tonnes the southern African country would have a surplus of about one million tonnes. Maize is a staple in Southern Africa and countries with a surplus crop mostly export to neighbouring countries in deficit. *(Reuters)*

Mauritius

Corporate News

Mauritius' Sun Resorts posted an 82 percent drop in its pretax profit for the first quarter to 24.5 million rupee ($815,300) after lower tourist arrivals led to a pricing war in the local market, it said on Monday. The Indian Ocean island state has seen its vital tourism industry struggle in recent years mainly due to a faltering global economy. "The local industry engaged in a major price war and aggressive promotions from competitors in all markets heavily impacted our performance as we tried to protect our rates," Sun Resorts said in a statement. Sun Resorts' room occupancy rate fell to 59 percent during the period from 62 percent in the same time the year before, cutting revenue to 1.1 billion rupee. *(Reuters)*

Mauritius Commercial Bank's (MCB) nine-month pretax profit rose 3.4 percent to 3.95 billion rupees ($131 million), helped by rising net interest income, fees and commissions. MCB, the biggest bank by market value in east Africa and the Indian Ocean region, has said it expected its full-year results to be higher, despite subdued economic growth in Mauritius. Net interest income grew 4.1 percent to 5.5 billion rupees, while net fee and commission income increased by nearly 5 percent to 2.0 billion rupees, the bank said in a statement. However, the bank said earnings during the third quarter had been curbed by increasing loan impairments. Nine months earnings per share fell to 13.23 rupees from 13.49 rupees in the same period a year earlier. *(Reuters)*

Mauritius' leading sugar producer Omnicane reported a bigger pretax loss in the first quarter than a year earlier, but said it expected a slightly better sugarcane crop and higher refined sugar production this year. It posted a pre-tax loss for the first three months of 137.5 million Mauritius rupees ($4.57 million) versus a loss of 75.5 million a year earlier. Its loss per share was 2.25 rupees versus 1.57 rupees. "Based on prevailing climatic conditions, a slightly better sugarcane crop is expected compared to 2013," the firm said in its results announcement. *(Reuters)*

Economic News

No Economic News this week

Nigeria

Corporate News

Sterling Bank Plc has stressed that an improvement in the quality of infrastructure in the country will boost the operations of small and medium scale enterprises (SMEs). Executive Director, Sterling Bank, Mr. Abubakar Suleiman said this in an interview with journalists at a seminar organised by the banks for SME operators that was held in Lagos recently. Suleiman noted that the process for transforming SMEs into bigger organisations to enable them contribute significantly to the growth of the economy. He also said there is need to improve on the quality of education in the country in order to build capacity entrepreneurs in the country. "The type of education that we provide for SMEs today needs to be improved. The legal environment, the process of getting approvals, setting up a business and today when it comes to competitiveness, Nigeria still has a lot to do and a long way to go and it moves from there to the infrastructure that supports businesses.
"For example, you have to worry about power, training all the people you get and many other things. So, it is a lot more complicated running an SME in a developing economy," he added.

However, he pointed out that the objective of the seminar was to improve the business and management practice for SMEs. According to Suleiman, it is the view of Sterling Bank that for it to be able to support SMEs their reporting standard as well as their day-to-day management of their organisations needs to improve. He said: "So the idea is that we have a role to play, we would help in developing managerial quality within SMEs, but we cannot do everything." On his part, the Chief Executive Officer, Africa Star Limited, Mr. Bawor Benjamin said participant at the programme would benefit immensely, adding that it would expose them to new ideas to develop their businesses. "It is a way of trying to encourage the small and medium scale businesses and give them an idea of how to grow their business, give it proper structure, so that they can be able to access funds to make their business grow," he added. *(This Day)*

The market capitalisation of Seplat Petroleum Development Company Plc increased by N6.841 billion, following listing of additional 10.026 million shares of 50 kobo of the company on the Nigerian bourse. The Nigerian Stock Exchange (NSE) had on April 14, listed 543.284,130 shares of the company at N576 per share. However, the NSE said additional 10,026,183 shares were added to Seplat last Friday. The additional shares, the exchange explained, arose as a result of over subscription and allotment of Seplat's global Initial public offering (IPO). THISDAY checks showed that the additional shares have boosted the market capitalisation of Seplat by N6.841 billion to close at N377.540 billion. The petroleum exploring and production firm closed as the seventh capitalised on the NSE as at last Friday. Seplat became the first Nigerian firm to enjoy a dual listing on the NSE and LSE last month. Speaking during the listing on the NSE, the Chairman of Seplat Dr. ABC Orjiako, said: "We are delighted with the support shown and happy to welcome a range of blue chip investors to our share register. "Despite a challenging market for oil and gas stocks, the response has been excellent and demonstrates strong demand in both London and at home for a leading Nigerian indigenous E&P player." Speaking in the same vein, the Chief Executive Officer of Seplat, Mr. Austin Avuru, said: "We are already a leading indigenous independent in our home market but the opportunities opening up in Nigeria for companies like ours are significant." In his remark, the CEO of the NSE, Mr. Oscar Onyema, said that with the listing of Seplat is a celebration of many milestones. "Seplat becomes the first Nigerian company listed on the main market of the LSE and the first pure play upstream listing on the NSE. This is also the first IPO since the market crash of 2008. It exemplifies your leadership and commitment to support and promote Nigeria," he said. *(This Day)*

Consolidated Breweries Plc invested N15 billion to boost its efficiency and remain competitive in the industry. The Managing Director of the company, Mr Boudewijn Haarsma, who disclosed this noted that the investment was made in two years. According to him, in spite of increased competition in the value for money segment, Consolidated Breweries Plc has been able to sustain its leadership. "If you take the totality of our investment in the last two years, it amounted to about N15 billion. In 2013 alone, N6billion was invested in new equipment, capacity expansion and process standardisation. "This has created improvements in our operational efficiency and cost savings. The impact of these measures, although not yet very visible in our 2013 results, is already manifesting in our performance in the first quarter (Q1) of 2014. In Q1 of 2014, we reported very strong volume growth well ahead of the market average," he said. Consolidated Breweries ended 2013 with an increase of 12 per cent net profit. While revenue for 2013 closed at N34 billion, profit after tax rose from N1.103 billion in 2012 to N1.237billion in 2013. Haarsma decried the inclement operational environment, saying growth in the beer market stalled over the last two years, following several years with average growth rates of 10 per cent. “The slowdown in growth was on account of increasing pressure on consumers' disposable income. At the same time, sales of the most affordable brands in the market, also known as the ‘value for money segment’, grew faster than before.

"This led to significantly increased competition in the ‘value for money segment’ as all brewers have reacted to the changing market dynamics and are increasing their commercial focus and investments behind their more affordable brands,” he said. Despite the competition, the Chairman of Consolidated Breweries Plc, Prof. Oyin Odutola-Olurin, expressed confidence in the Nigerian beer market saying it has potential for positive growth in the coming years. She said the recent acquisition and investments have, therefore, positioned the company for better performance in the years ahead. “Our recent acquisitions and investments in capacity expansion have positioned our company for future growth and competitiveness”, she said. Apart from capacity expansion, Consolidated launched a new bottle for its flagship brand, "33" Export lager beer in 2013. The product, the company said, has been very well received in the market. *(This Day)*

Heineken NV, the world's third-biggest brewer, said it plans to merge its two units in Nigeria, pooling the country's industry leader with the no. 3 beermaker. Nigerian Breweries Plc and Consolidated Breweries Plc will combine to become more efficient, Amsterdam-based Heineken said in a statement, over the weekend. The Dutch company holds 54.1 percent of the former whose brands include Heineken and Star, and 53.8 percent of the latter, the maker of beers such as Turbo King. The combination is “based on a significant and compelling strategic rationale” and will allow the companies to tap growth in sub-Saharan Africa's second-largest beer market, Heineken said. Benefits will come from economies of scale such as combined purchasing of raw materials or deliveries, it said. Regulatory approval may take several months, and the businesses will operate as usual until then, Heineken said. Nigerian Breweries will remain listed after the merger, it said. Heineken competes with Diageo Plc and SABMiller Plc in Nigeria, which is Africa's largest economy. Heineken reported “low double-digit” percentage growth in volume in its fiscal first quarter on April 24.

Africa is one of the world's most attractive and fastest growing regions for beer, and is a key platform for Heineken's continued investment and future growth. Nigeria has a significant and growing beer and malt drinks market, underpinned by favourable demographics: an expanding population of almost 180 million people, of whom more than 70 percent are under the age of 30; increasing levels of urbanization and a rapidly developing middle class supported by rising income levels. Lagos-listed Nigerian Breweries (NB) was incorporated in 1946, producing its first bottle of Star lager in 1949. The company has eight breweries and two malting plants. Consolidated Breweries, majority owned by Heineken since 2005, ranks behind Guinness Nigeria Plc in the country's beer market.*(Business Daily)*

The President of the Association for Advancement of the Rights of Nigerian Shareholders (AARNS), Dr.Faruk Umar, has said the production sharing contract (PSC) deal Transnational Corporation of Nigeria (Transcorp) signed with the Nigerian National Petroleum Corporation (NNPC) for the oil block OPL281 will boost the future performance of Transcorp. Transcorp had in 2007 won the block in the 2007 bid round and paid signature bonus of USD30 million to the federal government. With the signing of the PSC, Transcorp will now proceed with its drilling plans for this prolific block. The OPL 281 will be the centrepiece of Transcorp's energy business and will provide the gas feed stock for its planned energy city in Delta State which will comprise its 1000MW capacity Transcorp Ughelli Power Plant, and proposed fertiliser and petrochemical plants. Reacting to the signing of the deal between Transcorp and NNPC, Faruk told THISDAY at the weekend that it will boost the operations of the company and deliver better value to stakeholders. “This is a good development as a shareholder of Transcorp, I am very excited and happy because it means good things to come in the future. Besides, this further attests to the leadership quality of the chairman of Transcorp, Mr. Tony Elumelu. We know this is the beginning of more things to come from the company,” Faruk said. The AARNS had before now expressed confidence that the company would achieve a profit target of N30 billion for the year. “Mark my words, with the kind of investments the company is making, the efficiency and determination of the board led by Elumelu and the commitment of management and staff, I am confident that the target would be achieved,” Faruk said.

According to him, with the power company being revamped and generating income for the company, the target would even be surpassed. Faruk declared that he has not regret investing in Transcorp, disclosing that he had to even increase his holding when Elumelu bought into the company. "Given his track record in reviving former Standard Trust Bank and transforming United Bank for Africa, I knew his coming into Transcorp would lead to improved fortunes and that is what we are seeing in the company," he said. The Chief Executive Officer of Transcorp, Obinna Ufudo, had told the shareholders recently that the first phase of the transformation of the company was to grow the business lines. "In our first two years, what did was to stabilise the enterprise. We made investment in power plant and others. Our vision is for Transcorp to be leading Nigerian conglomerate in key sectors that can contribute to growth of the economy. We have chosen those sectors to be hospitality, energy and agriculture," he said. Ufudo said in the power business, the company will focus on concluding the rehabilitation of a number of identified turbines in toe to improve generating output at Ughelli plat to 700 megawatts. "Our oil and gas business will witness a speedy take-off as we expect to finalise negotiations of the production sharing contract of OPL281 with the Department of Petroleum Resources. We will embark on aggressive drilling camping for commercial production before the end of 2014," he said. *(This Day)*

Fuel retailer Total Nigeria said on Monday its first-quarter pretax profit fell to 1.71 billion naira ($10.61 million), down 7.56 percent from 1.85 billion naira a year ago. Turnover also fell to 60.59 billion naira during the three months period to March, compared with 61.04 billion naira in the same period of last year, it said in a filing to the Nigerian Stock Exchange *(Reuters)*

Nigerian oil services company Caverton has received stock exchange approval for a planned 31.8 billion naira ($197 million) listing on May 20, it said on Monday. Caverton, which provides marine and aviation services to multinational oil companies including Shell, Total and Addax, said it will list 3.35 billion ordinary shares on the Nigerian bourse at 9.50 naira per share. The Nigerian Stock Exchange CEO told Reuters in April that he expected more oil and gas listings to follow Seplat's market debut in Lagos and London via a $500 million initial public offering (IPO). Nigerian IPOs dried up after a 2008 crash wiped more than 60 percent off the market's capitalisation. The index has since recovered, gaining 35 percent in 2012 and 47 percent in 2013, but new listings are still only trickling in. Caverton did not announce plans to raise fresh equity capital but said it wants to broaden its ownership base as it expands its shipping and helicopter services and diversify into new markets within West Africa. Profits at the oil servicing firm rose to 1.04 billion naira in 2012, from 60.37 million naira a year earlier. Revenue grew to 16.13 billion naira in 2012, against 10.93 billion naira in 2011, the company said. *(Reuters)*

Lafarge WAPCO Cement plc (WAPCO) is a 60 percent-held subsidiary of Lafarge SA, located in Ogun State, in the South-western region bordering Lagos State. WAPCO is the second-largest cement manufacturer in the country, with a c. 15 percent share of total industry production capacity. The business became a part of the Lafarge Group following the acquisition of the Blue Circle Group by Lafarge in 2001. The company has 2.23 billion shares outstanding with shareholders funds of N49.97 billion as of March 31, 2014. Ashaka Cement Nigeria plc, a unit of Lafarge South Africa, for the three months period through March 2014, recorded tremendous growth both in top- and bottom-line level buoyed by cost cuts and focused strategy. The performance is impressive considering slow growth of companies in the North-east region of the country caused by the Boko Haram insurgents, disrupting commercial activities.

For the Q1 2014, Ashaka Cement revenue rose by 7.74 percent to N6.50 billion from N6 billion recorded same period in the prior year (FY12). Profit before tax surged by 74.04 percent year-on-year to N2.81 billion in Q1'2014, compared with N1.61 billion as of Q1'2013, while profit after tax also spiked by 69.45 percent to N1.91 billion in Q1'2014, as against N1.13 billion as of Q1 2013. Based on BusinessDay's investigation, this is the most impressive Q1 operational performance among the cement makers. The sector has been experiencing copious growth as the cumulative full-year 2013 revenue of the four major dominant players hits N500.2 billion. Net margin, a gauge of profitability and efficiency, jumped to 29 percent in Q1' 2014, from 18 percent as of Q1' 2013. One of the fulcrums of good financial management is cost minimisation and maximisation of profits that Ashaka has been able to achieve as the analyses below reveals. Cost-of-sales margins reduced to 50 percent in 2014, as against 63.1 percent as of Q1'13, hence gross margin spiked to 48.92 percent in 2014 from 36.67 percent in 2013. Operating expenses were down by 13.23 percent to N729.19 million in Q1'14, compared with N840.11 million as of Q1'13, while operating margin slid to 11.21 percent in Q1'14 as against 14 percent in Q1'13. Cost of sales in the review period declined by 13.44 percent to N3.32

billion in Q1'2014, compared with N3.83 billion as of Q1' 2013. Return on average equity and return on assets in the review period were 3.97 percent and 2.76 percent, respectively.

Ashaka cement's total assets for the first three month through March increased by 4.82 percent to N70.67 billion compared with N67.42 billion as of Q1'13. In 2009, Ashaka launched the Maiganga coal project to improve its operational costs, and has sufficient coal reserves to provide at least 25 years of energy for cement production. The company's share price closed at N20.01 on May12, 2014, on the floor of the Nigerian Stock Exchange, and market capitalisation was N44.81 billion on the same day. Price-to-book ratio and price-to-sales ratio were 0.90x and 2.05x, respectively. *(Business Day)*

Julius Berger Nigeria plc, Nigeria's largest construction company, plans to raise N7.5 billion in new capital as it seeks to boost operations in Africa's largest economy. The company has authorised the directors "to raise additional capital of up to N7,500,000,000, through the issuance of any form of debt and/or equity instrument(s)," it said in a statement. The capital may be raised through a public offering, private placement, rights issue or any other methods deemed fit. The directors have also been authorised to issue up to 150,000,000 (One hundred and fifty million) ordinary shares of 50 kobo each in the authorised share capital of the company to identified investor(s), by way of a special placement, at a price per share to be determined on the basis of the volume weighted average closing price, over the 90-day period preceding the date the company obtains approval from the Securities and Exchange Commission (SEC). For the year ended December 2013, Julius Berger grew gross revenues by 5.54 percent year-on-year to N212.73 billion from N201.56 billion in the same period of the prior year (FY12). Profit before tax in the period spiked by 31.43 percent y/y to N16.22 billion as against N12.34 billion, as of FY2012. Due to increased tax payment that doubled in the prior year, profit after tax reduced by 2 percent y/y to N7.85 billion in 2013, from N8.0 billion in 2012. Julius Berger closed trading up 4.98 percent at N71.91/ per share on Monday, May 12, 2014. The stock is up 45.87 percent in the past year. *(Business Day)*

Nigeria's Diamond Bank plans to tap equity markets to raise between $200 million to $250 million following its debut Eurobond issue due to be priced on Wednesday, its chief finance officer told Reuters on Tuesday. *(Reuters)*

Diamond Bank Plc has issued its debut $200 million five-year Eurobond. The bank plans to also tap the equities market to raise between $200 million to $250 million. Diamond Bank is seeking to raise $500 million additional capital in its quest to raise its tier-2 capital by $750 million. The bank's Chief Finance Officer, Mr. Abdulrahman Yinusa told Reuters yesterday that the Eurobond is quoted on the Irish Stock Exchange. The yield was 8.75 per cent. However, THISDAY learnt that the yield on the fixed income instrument, at inception was nine per cent (issue price of 99.0). The notes are expected to be rated B by S&P and Fitch. Diamond Bank had planned to place a Eurobond (albeit a tier-II note) in June last year, and even it undertook an investor roadshow, but the issuance was postponed due to the adverse market environment at the time. But Emerging Market Strategist at Standard Bank, Mr. Samir Gadio who explained that market conditions are now supportive, added that the bank clearly took advantage of the multi-week window of opportunity in global capital markets characterised by further compression in emerging market Eurobond spread. "Furthermore, the more resilient naira in recent weeks (albeit less so in mid-May) and relative stabilisation in foreign reserves, coupled with the Central Bank of Nigeria's continued commitment to exchange rate stability, should have in principle also eased foreign investor concerns about the bank's exposure to forex risk.

"Diamond Bank initially announced that it would attempt to raise $300 million -$350 million from the market, but the final size of the deal ($200 million) suggests that investor demand for the 19s was muted and/or a number of offshore accounts required a more significant yield premium," he added. He also noted the frequency and cumulative scale of Eurobond supply from Nigerian banks, especially following the recent Zenith Bank $500 million issue as well as Wednesday's announcement of plans to raise $750 million in form of a medium-term note programme. "In this context, the demand-supply mismatch for Nigerian corporate Eurobonds may incrementally become less pronounced, unlike a few years ago, with the potential to result in a more cautious asset selection process among investors and even gradually force the less robust names to pay a higher premium," he added. *(This Day)*

Shareholders of Consolidated Breweries Plc Friday approved the N917.732 million recommended by the board for year ended December 31, 2013. The dividend translated into N1.85 per share for the shareholders whose names on the register of the company as at April 17, 2014. Speaking at the 34th Annual General Meeting of Consolidated Breweries, the chairman of the company, Prof. Oyin Odutola-Olurin, said the company achieved several milestones in recent years. The achievements, according to her, include the expansion of the company's production capacity, the successful merger of Benue Breweries Limited and DIL/Maltex (Nigeria) Plc, as well as the introduction of a new bottle for "33" and a variant of Malt drink, the Hi-Malt Choco Twist. She disclosed that the company plan to use gas to power some of the equipment at the Ijebu Ode Brewery,Ogun State in an effort to drive down costs. Also speaking, the Managing Director of the company, Mr Boudewijn Haarsma said Heineken's long-term sustainability strategy has been integrated by Consolidated Breweries. "We aim to create genuine shared value for all our stakeholders as sustainability is part of how we manage our business", Haarsma said.

Shareholders lauded the management's efforts at consistent payment of dividends over the years, urging them to sustain impressive results. They also hailed the decision by the company to discuss merger arrangement with Nigeria Breweries Plc, saying this would result in a bigger and better company. But the shareholders called for fair treatment in the merger process. Odutola-Olurin, however, assured them of that the management would do everything possible to protect their interests. Meanwhile, the stock market fell for the first time this week as the Nigerian Stock Exchange (NSE) All-Share Index shed 0.46 per cent to close at 38,957.47 yesterday. Similarly, the market capitalisation shed N60 billion, falling from N12.892 trillion to N12.832 trillion. Skye Bank Plc led the price losers with 7.5 per cent, followed by Skye Shelter Fund with five per cent decline. Mobil Oil Nigeria shed 3.8 per cent. *(This Day)*

Economic News

No Economic News this week

Tanzania

Corporate News

No Corporate News this week

Economic News

No Economic News this week

Zambia

Corporate News

No Corporate News this week

Economic News

Zambia want to raise its annual maize production to 4 million tonnes next year after increasing the number of farmers receiving subsidised fertiliser, a government-owned newspaper reported on Wednesday. Zambia's maize production rose by over 30 percent this year to 3.3 million tonnes, booking its biggest volumes on record. State-owned newspaper Times of Zambia quoted Agriculture Minister Wylbur Simuusa as saying the number of small-scale farmers getting subsidised fertiliser would be raised to one million from 900,000. One of the strategies being employed is to start the input distribution programme early, Simuusa said. This will guarantee us a production of not less than 4 million tonnes of maize for the 2014/2015 agricultural season. Maize is a staple food in southern Africa. *(Reuters)*

A major infrastructure development drive in Zambia has driven demand for imports higher, piling pressure on the kwacha currency and pushing it to record lows this week, market watchers said on Thursday. The kwacha hit a record low of 6.6800 to the dollar on Thursday and was trading at 6.6450/6.6650 at 1354 GMT from a close of 6.5850/6.6250 on Wednesday. The currency has lost more than a quarter of its value against the dollar this year, having hovered around the 5.5 level for much of 2013. "Demand for dollars has been growing because of large infrastructure projects which need imported capital equipment in areas such construction and mining," Sarel van Zyl, chief executive of the local arm of South African bank FNB, said this week. "What is happening is part of the growth cycle Zambia is in at the moment. The important thing is that it is fluctuating through a band and seems to have stabilised around these levels," van Zyl said. Apart from the increasing dollar demand, tightened foreign exchange inflows into Africa's second copper largest producer due to falling prices of the metal have also put pressure on the kwacha, a commercial bank trader said. Only 8,000 km of Zambia's 67,000 km road network are paved and the government plans to double that by 2017 at a cost of about $6 billion.

It is also working on a separate $349 million project named L400 that involves the rehabilitation and construction of new roads in selected areas of the capital, Lusaka. President Michael Sata said on Thursday his government was determined to improve infrastructure and create jobs. "Our government will continue to focus its efforts on growing the economy faster and to make it more labour absorbing by implementing projects such as the L400," Sata said in a statement. Zambia is also modernising Lusaka's main airport at a cost of $385 million and is looking for $522 million to build a new airport in the mineral-rich Copperbelt province, about 330 km (200 miles) north of Lusaka. Nigeria's Dangote Cement Plc is building a $400 million plant in Zambia and Lafarge is expanding an existing cement plant. *(Reuters)*

Zimbabwe

Corporate News

INDUSTRY and Commerce minister Mike Bimha has revealed that normal production at Lancashire Steel is expected to resume in the next six months after the injection of fresh capital by Essar Africa Holdings into New Zim Steel. Bimha last week told journalists in Harare that the new investors had agreed to revive the Kwekwe steel plant. "It has been agreed to revive operations at Lancashire Steel using imported feedstock over the course of the next six months. In addition, it has also been agreed to import certain steel products for sale through some existing Zisco or New Zim Steel distribution centres," Bimha said. Meanwhile, Bimha said workers at the beleaguered company would start receiving their outstanding salaries this week. "Relief will start from next week thereafter," Bimha said. Ziscosteel chairman Nyasha Makuvise said the company was still working on the figures on how much would be given to the 2 800 employees. The employees are owed $204 million in outstanding salaries and $110 million relates to employees' liabilities. Essar is expected to construct a 600 megawatt power plant for the project and a beneficiation plant in Chivhu. Bimha said NewZim Steel would be operational in the next two years under phase one of the project. NewZim Steel is expected to produce 500 000 tonnes of liquid steel within 24 months under the initial phase and would increase to 1,2 metric tonnes per annum in the second phase. The deal is a partnership between government and Essar Africa Holdings in which the Indian firm has 54% shareholdings. The initiative is a first that government has tried to do in a bid to commercialise its parastatals. *(News Day)*

Financial analysts have predicted that Econet Wireless Zimbabwe's mobile money transfer service EcoCash will contribute a weighty 7percent to revenue. IH Securities predicted that EcoCash has potential to bring low cost financial solutions to Zimbabweans either excluded or priced out of the formal banking system. The securities company has forecast Econet's revenue to jump 4,6 percent in 2015 to $787 million on the back of significant projected growth in Ecocash' revenue. "EcoCash is a product with significant capacity to bring low cost financial solutions to many Zimbabweans either excluded from or priced out of the banking sector. A worsening macro-economy means that part of this population is on the rise," IH said. Already, Ecocash has demonstrated its potential to leverage growth in top-line after its revenue contribution in the year to February came in 10 percent ahead of IH Securities' expectation, at $33,4 million, which was 5 percent of the $753 million 2014 top-line. The agency network of EcoCash continues to expand, currently at 10 000 agents across the country. Econet has also opened a total of 1 million EcoCashSave accounts, testimony of the platform's capacity to facilitate transactions and also mobilise funds. The number of EcoCash subscribers rose 67 percent to 3,5 million, 7 percent lower than the analysts projection of 3,8 million mobile money transfer customers. IH said while many companies were experiencing a decrease in the top-line, Econet was well positioned to whither the storm of the difficult environment through innovation. "On the back of the expanding product range and expanding agency network, we forecast a 7 percent contribution to revenue from EcoCash in 2015," said IH.

The potential upside for data revenues is also significant, IH said, as cheaper devices and more cost effective communication applications are developed. The phenomena serve to increase the attractiveness of data usage for the average Zimbabwean. Data subscription and revenue growth was in line with expectations on 31 percent subscriber growth to 4,2 million and 62 percent revenue growth to $72 million, representing 10 percent of total revenue in 2014. Analysts however noted that increased data penetration brings with it some threats, as lower costs forms of communication further threaten voice revenues. Voice, sms, Interconnect and roaming revenue declined 1,76 percent to $595 million in the full year to February 2014 on promotional activity and increased use of data backed applications for communication. A key strategic issue in data is therefore the data bundle structures and pricing, with management working on products to complement the applications, IH said. IH has therefore forecast data to rise to 11,5 percent of revenues in 2015. Econet after tax profit was down 16 percent at $119 million in the year to February on stagnating revenue from voice, sms, interconnect and roaming service revenue. *(Herald)*

A 38 percent rise in interest income led Delta to an increase in profitability for the year to March 31 in spite of the marginal decline in revenue.For the period, the bottom-line was 3 percent higher at $105,7 million mainly boosted by finance income, which finance director Mr Matts Valela said was from improved cash holdings and treasury operations. Interest income was at $9,5 million from $6,9 million last year. Chief executive Mr Pearson Gowero noted there had been a slowdown in consumer demand in the last half of the year as economic fundamentals continued to worsen. "We are not seeing any green shoots or hope that things will get better as consumption trends remain poor. The fourth quarter was subdued, Christmas especially. We don't know where this will take us but we hope for a bright future." Total beverage volumes were flat at 6,9 million hectolitres in spite of the significant upsurge in the demand for sorghum beer and alternative beverages. Revenue was down 1 percent to $625,51 million. Operating income was also down by the same to $134,2 million. Lager beer volumes were 18 percent lower which Mr Gowero said reflected the softening demand and high consumer prices driven by the onerous levels of excise duty. He however, noted that the premium category performed better than mainstream and had helped contain the revenue loss. Sparkling beverages declined a marginal 2 percent, mainly attributed to an out of stock situation occasioned by extended water supply disruption at the main factory in Harare and softening demand. Harare, Bulawayo and Midlands had the top per capita consumption figures of 32l, 28l and 11l correspondingly while volume performance was positive in Mash West and Central, Mat North and Midlands with Harare, Bulawayo and Mat South recording shrinkages. Convenience packs grew to 40 percent contribution from 32 percent while returnable glass bottles' contribution declined to 60 percent from 68 percent. Sorghum beer had, however, performed well driven mainly by Chibuku Super although Mr Gowero noted that the other brands under this category had not witnessed any drop in volume. Sorghum beer volumes were the highest since dollarisation as the beer "offers refuge to a lot of consumers" under the current liquidity crisis. *(Reuters)*

The country's largest chicken breeder, Irvine's Zimbabwe has invested $6 million towards the construction of silos and a stockfeed processing plant which will push production capacity to 25 tonnes per hour.Currently Irvine's Zimbabwe has a 5-tonne per hour capacity. The three silos have a combined holding capacity of 9 000 tonnes of maize and soya beans. The stockfeed plant will be commissioned in September this year. In an interview with The Herald Business yesterday, Irvine's Zimbabwe chairman Mr David Irvine said the investment is part of the company's plans to expand its chicken business. "We managed to get funding from a Scandinavian based financial institution, Norsad Finance Limited and the funding has gone towards the setting up of this state of the art stockfeed plant. "Our old plant does not have the capacity to enable us to fulfil demand hence we ended up buying some of our feed from other sources," said Mr Irvine."We still have the capacity to add two more silos but at the moment our focus is on finishing the main plant." He said the silos that have been supplied by an American based company, GSI (Pvt) Limited will be commissioned at the end of this month. All the civil work at the construction site is being done by local companies. Mr Irvine said the stockfeed plant is going to have two lines that produce pellets for broiler chickens. Through this initiative Irvine Zimbabwe will be able to increase the pellets production by 87 percent. "The introduction of the new lines is going to improve our capacity. Our old pellet line currently produces 8 tonnes of pellets per hour and the new line under construction will produce 15 tonnes per hour," he said. Mr Irvine said this investment was in line with the Zimbabwe Agenda for Sustainable Socio-Economic Transformation cluster of Infrastructure development. The company is currently producing an average of 600 000 chicks per week. The company has also extended its focus towards empowering small scale producers through its contract grower programme. Recruitment of contract growers has aided in meeting consumer demand of chicken and also contributed to economic growth and employment creation. *(Herald)*

Astra says working capital management and cost control will remain the key focus area after aggregate volumes in the four months to April declined 5 percent over last year.Speaking at the annual general meeting on Wednesday, managing director Mr Mac Mazimbe said Astra's performance in the first four months mirrored the conditions prevailing in the economy. "The economic and business environment is known to everyone. However, we have in place a number of initiatives to grow exports of paints as well as capitalise on the strategic alliance with the new shareholders (Kansai Plascon)." He, however, added that there would not be immediate results from the foray into the region as the group is not competitive in the target export markets. Aggregate volumes declined 5 percent compared to last year while the slight recovery by 2 percentage points in the gross margin resulted in sales revenue declining by 3 percent translating to 23 percent of F13 turnover. Mazimbe said gross profit values were ahead of last year by 3 percent with the margin recovering to 32 percent from 30 percent mainly due to the performance of the chemicals division. Operating expenses were flat resulting in the group posting a 3 percent operating profit margin for the period compared to 1 percent last year. The group is currently operating around 35 percent capacity with the chemicals division enjoying a 40 percent market share. *(Herald)*

WEEKLY AFRICAN FOOTPRINT

This Week's Leading Headlines Across the African Capital Markets

Economic News

Government overturned a February deficit to post an operating surplus in March following the floating of Treasury Bills in the two months. Latest figures from the Accountant-General's Office show that Government reported a surplus of $52,06 million from a deficit of $28,78 million taking the cumulative total for the three months to March to a positive $39,03 million. In the period, total domestic financing amounted to $16,77 million after the issuance of $76,5 million worth of Treasury Bills. In February, $26,5 million TBs were issued while a further $50 million were taken up by Old Mutual and NSSA. From the financing, Government managed to make domestic debt repayments of $59,72 million. However, analysts have warned Government against "indiscriminate" use of Treasury Bills to fund recurrent expenditure as this could crowd out the private sector from the limited liquidity available in the market. Confederation of Zimbabwe Industries president Mr. Charles Msipa recently said although industry welcomed the clearing of FCA balances through TBs by the Reserve Bank of Zimbabwe, the federation was concerned that excessive use of the instruments could force the private sector out. "There is so much capital available in the country so typically if the Government gets into a deficit and gets into a habit of relying on that liquidity to finance the deficit it means that there is less money available to the other players in the productive sector for lending," said Mr. Msipa. *(Herald)*

Zimbabwe's deflation thawed substantially after the annual inflation rate gained 0,65 percentage points to minus 0,26 percent in April as revenue from tobacco eased the liquidity crisis, but analysts warned the danger was not over yet.According to the Zimbabwe National Statistical Agency the annual rate of inflation improved from minus 0,91 percent in March 2013 to minus 0,26 percent in April. "This means that prices, as measured by the all items CPI decreased by an average of 0,26 percentage points between April 2013 and April 2014," Zimstat said. Zimbabwe entered deflation in February as liquidity conditions tightened while aggregate demand kept declining due to lower disposable incomes. During deflation, when the annual rate of inflation falls below zero, companies cannot increase prices of goods; instead, they cut prices even when costs are rising. However, some economists believe that Zimbabwe was not in deflation, positing that the drop in prices was only price correction in line with trends in the region. Annual food and non-alcoholic beverages inflation prone to transitory shocks was minus 3,73 percent in April while non-food inflation for the month was 1,50 percent. The monthly rate of inflation gained 0,81 percentage points on the March rate of minus 0,22 percent to 0,58 percent in April. Zimstat said prices, as measured by the CPI increased by an average of 0,58 percent from March 2014 to April 2014. Economists yesterday gave varied accounts of their opinions on the factors behind the easing of the deflation, including the weakening rand and improved liquidity. Harare economist Mr Witness Chinyama said there has not been any change of key macro-economic fundamentals, as such people should not read much into the surge in the rate of annual inflation as it was only marginal. "We should not read much into it unless, it had been a very big or substantial change (above zero inflation rate). It could be due to some technical factors such as if you had a lower base last year," Mr Chinyama said.

He said with a lower measuring base for inflation last year, it was technically possible the rate of inflation for the corresponding month of this year would be higher. Harare economist Mr John Robertson attributed the increase in the rate of inflation to the strengthening of the South African rand as a possible factor to the surge. This could be because of the strengthening of the South African rand, (since) you do not get much from the US dollar when you buy from South Africa," he said. Mr Robertson also suggested that the reason behind inflation seemingly beginning to creep up could be rising costs, which could have decelerated decrease in prices. "It could be costs are rising and prices were not falling as fast as they were (in the last few months)," he said. Another Harare economist who spoke on condition that he was not named said prices had risen marginally during the period under review owing to an improved liquidity situation due to sales of tobacco since mid March this year. "There has been a lot of liquidity injected into the economy since March. We may see a lot of liquidity and income being generated from tobacco between March and August this year," the Harare-based economist said. Zimbabwe has generated $398 million from 124 million kilogrammes of flue-cured tobacco sold since the opening of the 2014 selling season mid-February, statistics from the Tobacco Industry and Marketing Board (TIMB) show. However, the economist pointed out that the economy could slump deeper into deflation mode if Government fails to come up with measures to improve liquidity by August, when the tobacco marketing season comes to an end. Tight liquidity amid ever increasing closure of companies has negatively impacted disposable incomes, which in turn has resulted in lower demand for goods. This has thrown the economy into deflation. Economists warned deflation was hard to exit as it calls for stimulant packages to boost aggregate demand.

While inflation, which peaked at 231 million at the last official count prior to dollarisation in 2009, is not desirable if too high, an average rate of 3,5 percent is acceptable to allow for cost adjustments and a profit margin for viability. Government has little latitude to stimulate demand, either by boosting industrial activity or improving the liquidity situation, considering the country is using a basket of foreign currencies and currently not printing its own currency. The situation was worsened by the fact that the country's export performance is poor, diaspora inflows are subdued, lines of credit and foreign direct investment have kept trickling at a painfully low rate due to perceived country risk. Options available to Government include re-engaging multi and bi-lateral lenders, negotiated settlement to the issue of sanctions, optimising revenue from minerals, resolving the debt issue, tapping informal sector revenues and making Zimbabwe attractive to investors to help boost industrial activity to create jobs. *(Herald)*

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