

# LuSE

## LUSAKA STOCK EXCHANGE

### 1996 STATISTICS

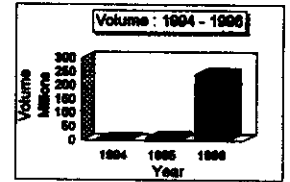
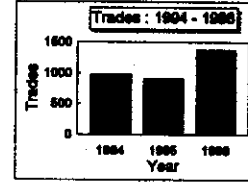
#### CONTENTS

1996 Market Statistics.....	2
Share Price movement Graphs.....	4
Bond market.....	5
Custodial Services.....	5
Trading Statistics of Stock brokers.....	6
Events and Plans for 1997.....	7
Summary of Market Structure.....	8
Members of the Lusaka Stock Exchange.....	8

# 1996 MARKET STATISTICS

## OVERVIEW : 3 YEAR PERIOD

YEAR	NO OF TRADES	VOLUME OF SHARES	TURNOVER US \$	MARKET CAPITALISATION MILLION \$	EXCHANGE RATE KW PER US \$
1994	977	3,934,020	368,384	N/A	694
1995	898	7,917,400	228,900	436	947
1996	1,376	241,381,900	2,643,146	229	1,297



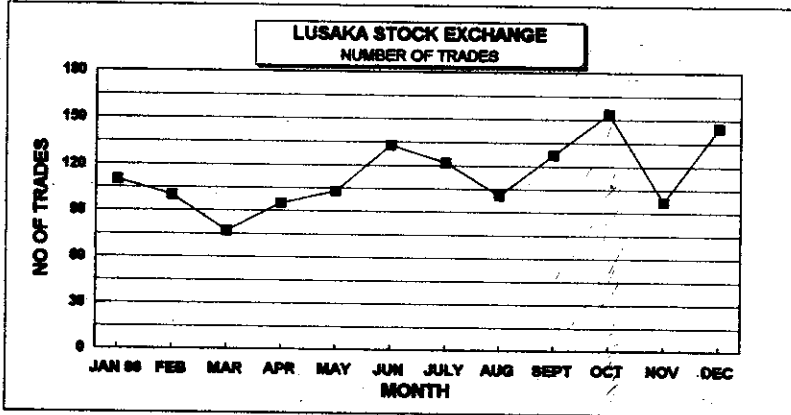
Trading activity, volume of shares and turnover increased markedly in 1996 compared to 1994 and 1995 when the market was just starting.

## MONTHLY MARKET DATA

MONTH	NO OF TRADES	VOLUME	TURNOVER (K)	MARKET CAPITALISATION MILLION KWACHA	EXCHANGE RATE KWACHA PER 1 US\$	INTEREST RATES BANK BASE RATE %	ANNUAL INFLATION RATE %
JANUARY 1996	110	4,509,224	176,209,423	374,677	1,013	45	43
FEBRUARY	100	12,955,421	521,817,110	364,449	1,050	47	43
MARCH	77	4,647,916	165,136,209	281,418	1,190	48	43
APRIL	95	214,034	5,439,971	282,418	1,241	50	47
MAY	103	405,646	19,428,461	346,280	1,241	52	51
JUNE	133	423,389	26,850,478	334,959	1,285	53	50
JULY	122	356,547	35,547,756	296,756	1,290	53	47
AUGUST	101	140,519,646	1,544,486,348	281,141	1,282	54	49
SEPTEMBER	127	573,348	16,515,379	315,727	1,280	54	46
OCTOBER	154	2,095,509	46,413,769	294,280	1,290	55	36
NOVEMBER	97	366,746	4,768,380	288,023	1,281	55	33
DECEMBER	157	74,314,474	865,547,094	297,343	1,297	55	35
<b>TOTAL</b>	<b>1,376</b>	<b>241,381,900</b>	<b>3,428,160,378</b>				

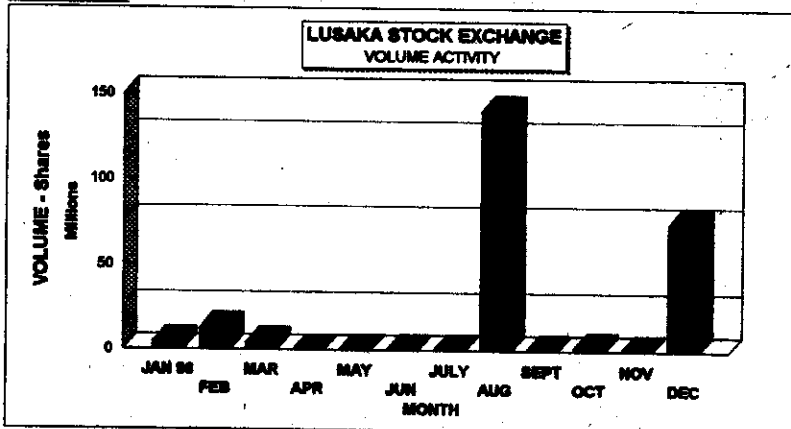
The table above gives the stockmarket statistics for 1996 and sets this against the underlying economic environment. The Kwacha (local currency) devalued by 28 %.

## TRADES



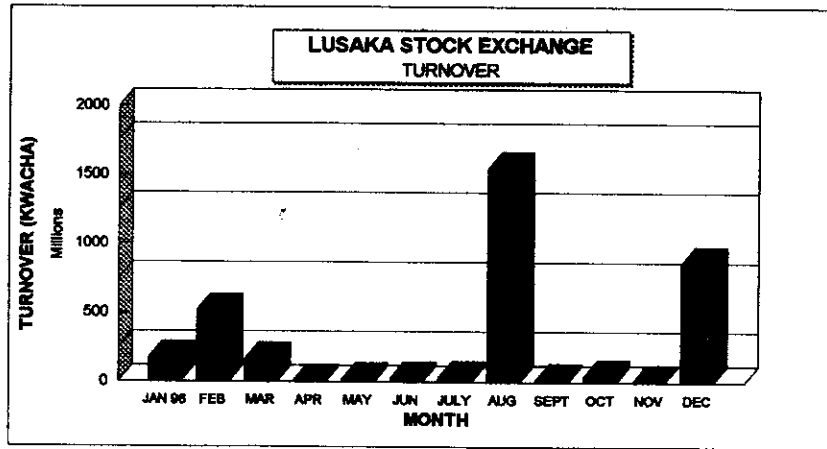
Trading activity gradually increased over the year 1996. The upward trend is the result of greater awareness in the general public as well as the growth of the stockmarket driven by floatations from the privatisation programme. The presence of 6 member brokers has also improved market coverage.

## VOLUME



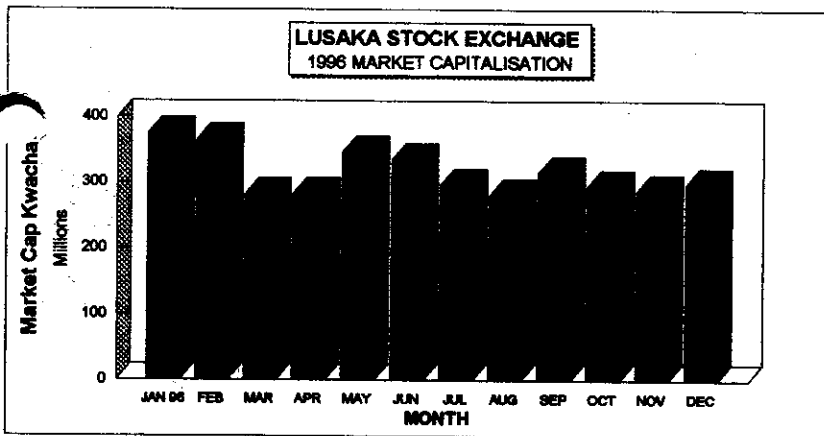
Volumes were high in the first quarter following the listing of Rothmans of Pall Mall (Zambia) PLC in December 1995 and the subsequent keen interest in the stock mostly from foreign investors. Volumes dropped in April - July until the record setting transaction of 140 million shares of Zambia Sugar PLC in August. After the listing of Zambia Sugar PLC in 1996, there was a slight upturn in volumes in October followed by a significant decline in November generally thought to be occasioned by the general elections. The year closed with a significant rebound when 74 million shares traded in December.

## TURNOVER



Turnover closely mirrors the trend in volumes traded with high turnover in the first quarter followed by peaks in August and December.

## MARKET CAPITALISATION



Market Capitalisation remained fairly stable and level over the year after the peaks of January - February and May - June. This suggests that price discovery which very noticeable in 1994 and 1995 is now essentially complete.

## MARKET PRICING AND STATISTICS AS AT 31 DECEMBER 1996

### LISTED COMPANIES

Security	Last Trade Price	PE RATIO	P/BV RATIO	No of Shares Issued	Market Capitalisation Million Kwacha	No of Shares in Depository	Depository capitalisation K Million	Dividend Yield %
CHIL	51	11.66	0.54	200,039,904	10,202	27,572,275	1,406.19	3.92
FH	220	6.09	1.03	9,799,521	2,156	1,036,489	228.03	9.09
RTHZ	33	2.23	0.37	161,280,000	5,322	32,333,972	1,067.02	5.58
ZCCM	1,900	-5.66	0.15	89,296,428	169,663	10,796	20.51	-
ZSUG	12	4.30	3.71	5,426,938,035	65,123	950,942,462	11,411.31	9.17
SUB TOTAL		8.43		5,887,353,888	252,467	1,011,895,994	14,133	

### KEY :

CHIL : Chilanga Cement PLC  
 FH : Farmers House PLC  
 RTH : Rothmans of Pall Mall  
 ZCCM : Zambia Consolidated Copper Mine  
 ZSUG : Zambia Sugar Company

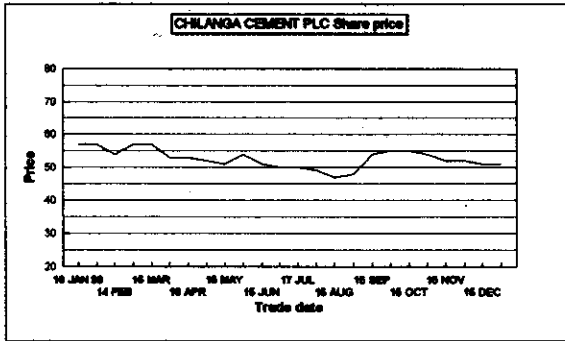
### QUOTED COMPANIES

Security	Last Trade Price	PE RATIO	P/BV RATIO	No of Shares Issued	Market Capitalisation Million Kwacha	No of Shares in Depository	Depository capitalisation K Million	Dividend Yield %
BATAZ	9	-7.46	0.77	194,835,456	1,754	6,325,686	56.93	1.11
NCBNK	300	11.68	1.88	7,250,000	2,175	216,694	65.01	-
SCZ	10	10.69	4.21	4,095,000,000	40,950	66,963,753	669.64	6.40
SUB TOTAL		6.74		4,297,085,456	44,879	73,506,133	792	
TOTALS		7.04		10,184,439,344	297,345	1,085,402,127	14,925	

BATAZ : Zambia Bata Shoe Company  
 NCBNK : New Capital Bank  
 SCZ : Standard & Chartered Bank Zambia

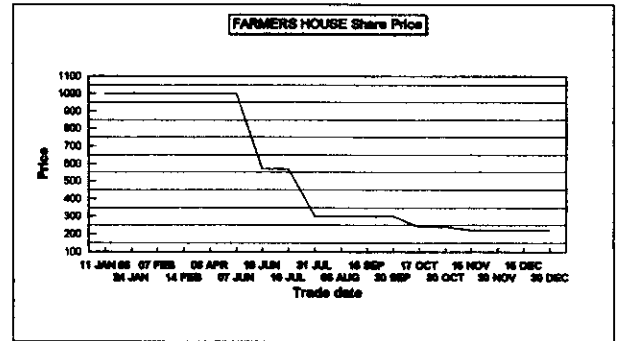
# SHARE PRICE MOVEMENT GRAPHS

## CHILANGA CEMENT PLC



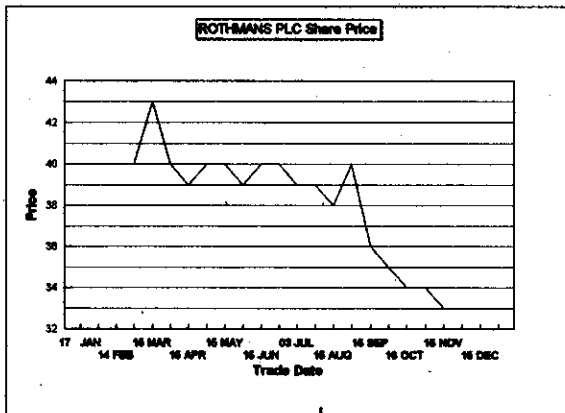
**SECTOR:** Industrial - Producer of cement for construction and building.  
**Trading commenced on 12 May 1995.**  
**P/BV = 0.54      PE = 11.66      Dividend Yield = 3.92%**

## FARMERS HOUSE PLC



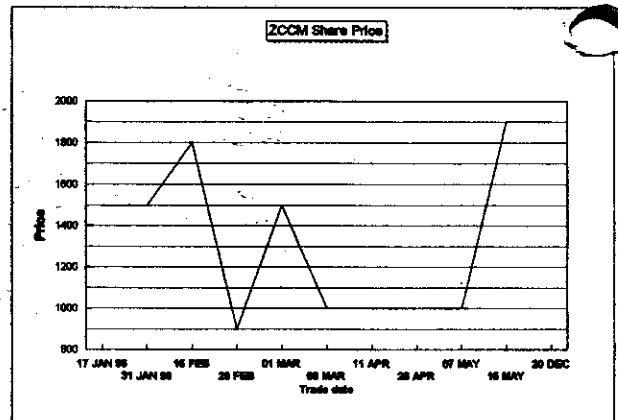
**SECTOR:** Property investment  
**Trading commenced on 7th June 1994.**  
**P/BV = 1.03      PE = 6.09      Dividend Yield = 9.09%**

## ROTHMANS OF PALL MALL (ZAMBIA) PLC



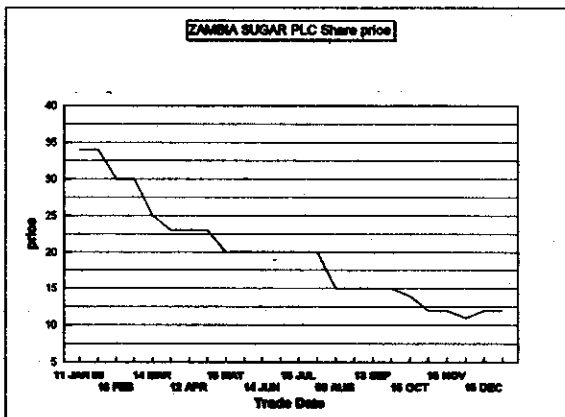
**SECTOR:** Industrial processing of tobacco and cigarette manufacture.  
**Trading commenced on 13th December 1994.**  
**P/BV = 0.37      PE = 2.23      Dividend Yield = 5.58%**

## ZAMBIA CONSOLIDATED COPPER MINES LTD



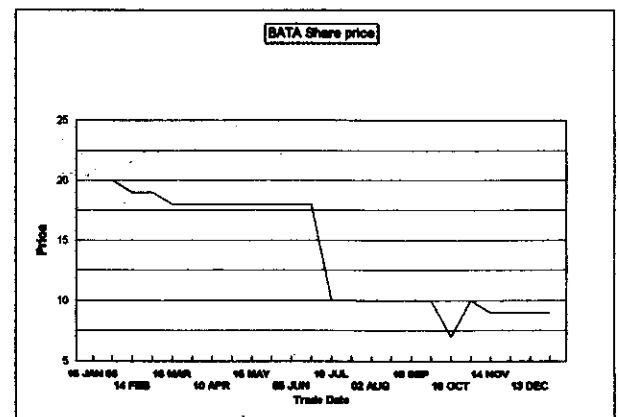
**SECTOR:** Mining - Production of finished Copper and Cobalt for export.  
**Trading commenced on 27th September 1994.**  
**P/BV = 0.15      PE = -5.66      Dividend Yield = -**

## ZAMBIA SUGAR COMPANY PLC



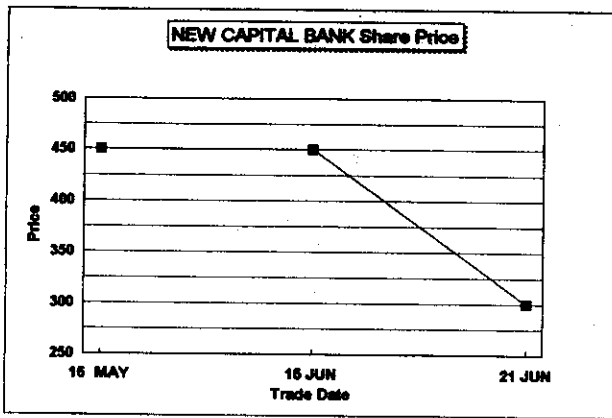
**SECTOR:** Industrial / Agriculture : Operation of Sugar plantation and refining of sugar for domestic and export markets. Producer of beverage drinks, Jams and sugar products.  
**Trading commenced on 25th January 1995.**  
**P/BV = 3.71      PE = 4.30      Dividend Yield = 9.17%**

## ZAMBIA BATA SHOE COMPANY

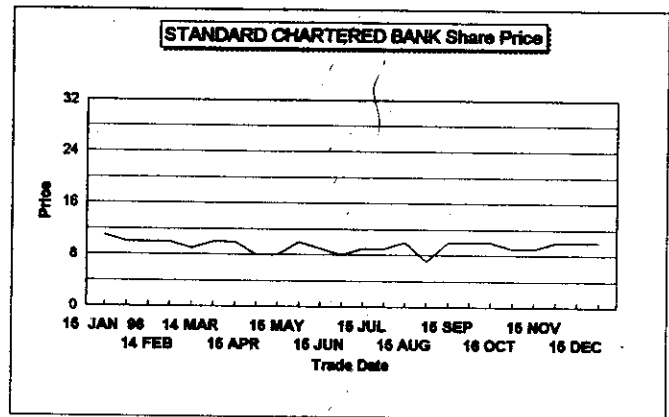


**SECTOR:** Industrial - Manufacture of retail shoes and industrial footwear.  
**Trading commenced on 3rd May 1994.**  
**P/BV = 0.77      PE = -7.46      Dividend Yield = 1.11%**

## NEW CAPITAL BANK PLC



## STANDARD CHARTERED BANK (ZAMBIA) LTD.



SECTOR: Banking

Trading commenced on 9th November 1995.

P/BV = 1.88 PE = 11.68 Dividend Yield = -

SECTOR: Banking

Trading commenced on 1st March 1994.

P/BV = 4.21 PE = 10.69 Dividend Yield = 6.4%

## BOND MARKET

On 9th August 1995, the LuSE opened its market to trading in bonds. Two types of bonds have been listed by the Bank of Zambia for secondary market trading at the LuSE, namely the Government auction bonds and the Statutory Reserve Bonds.

### Auction Bonds

The auction bonds are of one year duration and are issued by the Bank of Zambia on behalf of the Government. The first auction bonds were issued in January 1995. The auction bonds pay semi annual coupon interest payments to holders. Currently the interest income and capital gains earned on bonds is not subject to with-holding tax. The auction bonds are not re-discountable at Bank of Zambia. After the primary issue, sellers and buyers can trade the bonds on the LuSE.

The minimum value to participate in the auction tender at the primary issue is K30 million. On 2nd December 1996, the Bank of Zambia announced changes restricting the primary market to commercial banks only.

### Statutory Reserve Bonds

The LuSE has also listed all the Statutory Reserve Bonds created in 1995 and held by commercial banks. These bonds were issued on 1st February 1995. The total value of the bonds issued was K56,364 million and the redemption has been evenly spread in 12 tranches of K4,697 million each. The first tranche matured on 1st February 1996 and the last will mature on 2nd November 1998. Statutory reserve bonds do not attract a fixed rate of interest. Interest is paid every six months at the weighted average rate applicable to 91 day treasury bills during the previous six months.

The intended benefits of listing and creating a secondary market in Government bonds and statutory reserve bonds include:

- i) Developing and strengthening the financial and capital market in Zambia.
- ii) To improve liquidity in the financial system.
- iii) To support the development of a market in long term securities that facilitate and enhance stabilisation of financial and fiscal conditions.

### Trading, Settlement and Commissions

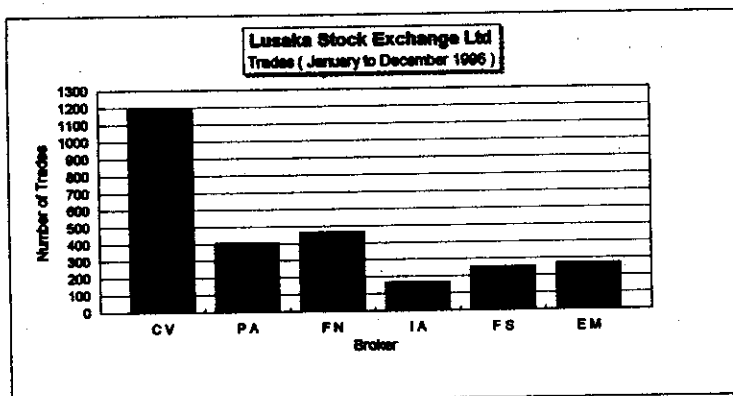
Trading is on order matching basis leading to market determined bond prices.

The LuSE depository system can handle T + 1 settlement. On request, settlement can be achieved on trade date as well. Commissions are fully negotiable. The indicative scale is 0.75%.

## CUSTODIAL SERVICES

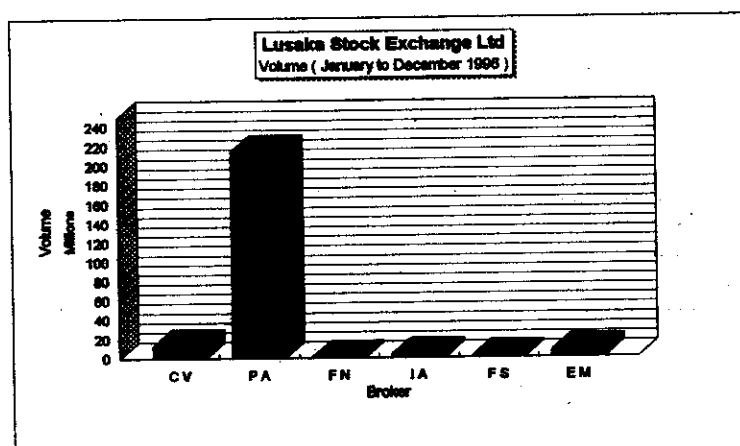
Barclays Bank Zambia Ltd is a non trading member of the LuSE Central Share Depository and provides custodial services to domestic and foreign clients investing in the Zambian stockmarket.

## TRADING STATISTICS OF STOCKBROKERS



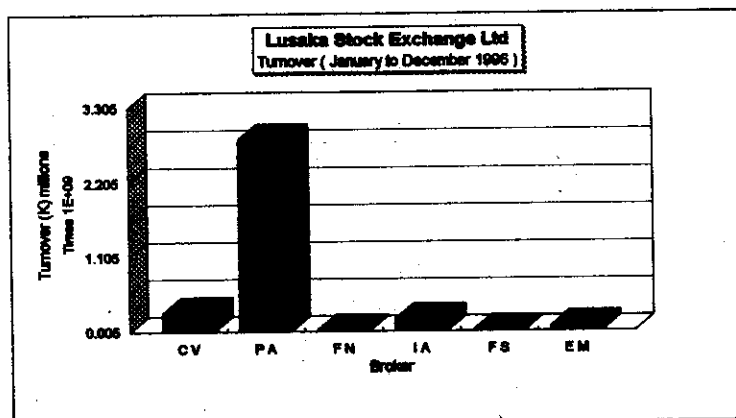
### Broker 1996 TRADES

C V - Cavmont Securities Ltd	1,192
P A - Pangaea Securities Ltd	406
F N - Finance Securities Ltd	468
I A - InterAfrica Securities Ltd	167
F S - First Merchant Securities Ltd	251
E M - Emerging Markets Securities Ltd	271



### Broker 1996 VOLUMES

C V - Cavmont Securities Ltd	26,332,088
P A - Pangaea Securities Ltd	429,517,918
F N - Finance Securities Ltd	1,999,350
I A - InterAfrica Securities Ltd	7,292,272
F S - First Merchant Securities Ltd	3,096,828
E M - Emerging Markets Securities Ltd	14,525,344



### Broker TURNOVER (Kwacha)

C V - Cavmont Securities Ltd	567,159,140
P A - Pangaea Securities Ltd	5,688,559,620
F N - Finance Securities Ltd	46,027,976
I A - InterAfrica Securities Ltd	365,802,084
F S - First Merchant Securities Ltd	32,807,262
E M - Emerging Markets Securities Ltd	155,964,674

### Cavmont Securities

Commencement date 7 Feb, 1994.  
A founder member of the LuSE.  
Had a total number of 1,255 clients by year end.

### Pangaea Securities

Admitted to membership on 24th April 1995.  
Had 617 clients by year end.

### Finance Securities

Admitted to membership on 8th February 1995.  
Had 875 clients by year end.

### InterAfrica Securities

Admitted to membership on 24th April 1995.  
Had 46 clients by year end.

### First Merchant Securities

Admitted to membership on 24th April 1995.  
Had 245 clients by year end.

### Emerging Market Securities

Admitted to membership on 29th February 1996.  
Had 116 clients by year end.

### Note

Volume and turnover are computed by summing all buy and sell orders transacted by the broker on the exchange.

## **EVENTS OF 1996**

### **HIGHLIGHTS**

- ZCCM 'B' ordinary shares were dual listed via an introduction on 24th January 1996. These shares trade on the London Stock Exchange and Paris Bourse.
- Farmers House listed on 28th August 1996. Farmers House is a locally owned property investment company.
- Zambia Sugar PLC listed on 27th September 1996. Zambia Sugar is the sole producer of refined sugar in Zambia for domestic and export market.
- Emerging Markets Securities was admitted into membership of the LuSE on 29th February 1996 becoming the sixth operating member.
- On 6th February 1996 a record 12.5 million shares of Rothmans traded. This record volume was exceeded on 30th August 1996 when a new record was set involving a trade of 140 million Zambia Sugar shares.
- Metal Fabricators of Zambia (ZAMEFA), BP, National Breweries, Northern Breweries were among the companies privatised with a significant component reserved for floatation to the Zambian public via the Zambia Privatisation Trust Fund ( ZPTF ).
- The Zambia Venture Capital Fund opened in 1996. This will in due course interface with the Stock Exchange in some of its ventures.

### **PLANS FOR 1997**

- The listing of Zambian Breweries Plc is planned for April - May. Citibank Zambia has been appointed by the ZPTF as the lead merchant bank.
- Other listings.  
The Exchange would like to see the listing of BP Zambia, ZAMEFA, National Breweries in 1997.
- Institutional Investment Development.  
The LuSE in conjunction with the Securities and Exchange Commission (SEC) and the Swedish International Development Agency (SIDA) will hold a 4 day regional workshop on institutional investment and fund management. Countries participating will be Uganda, Tanzania, Malawi, Zimbabwe, Botswana and Namibia.
- Unit Trusts.  
A number of local institutions are actively reviewing the formation of unit trusts and their efforts could lead to the operationalisation of the first unit trust in Zambia in 1997.

## SUMMARY OF MARKET STRUCTURE

ADDRESS:	P O Box 34523, Lusaka, Zambia
TEL NO:	(260 1) 22 8391/22 8594/22 8537
FAX NO /E-mail	(260 1) 22 5969 / luse @ Zamnet.zm
ESTABLISHED:	21 February 1994
TRADING DAYS:	Mon - Fri
TRADING HOURS:	10:00 - 12:00
TRADING STRUCTURE:	Mechanism: <ul style="list-style-type: none"> <li>• Single Price Auction</li> <li>• Order matching System</li> </ul>
INSTRUMENTS TRADED:	Equities, Collective Investment Units, Government Bonds
MAIN INDEX NAME:	Not yet Established
MEMBERSHIP:	Corporate / Dual Capacity trading permitted
CLEARING:	Same Day (T + 1)
SETTLEMENT:	Per transaction for stock, money is net. T + 3 rolling basis All members contribute to settlement guarantee fund
DEPOSITORY:	Yes (use is mandatory)
BROKERAGE RATES:	Negotiated Indicative scale is 1.25% equities : 0.75% bonds
TAXES:	<b>Dividend/Withholding</b> <ul style="list-style-type: none"> <li>• 15% withholding and treated as income</li> </ul> <b>Capital Gains:</b> <ul style="list-style-type: none"> <li>• None</li> </ul> <b>Property Transfer Tax:</b> <ul style="list-style-type: none"> <li>• 2.5% by seller on unlisted securities only</li> </ul> <b>Corporate Income Tax</b> 30 % corporate tax
EXCHANGE CONTROLS	NIL
OWNERSHIP RESTRICTIONS FOREIGN OWNERSHIP LIMITS	NIL

### LUSAKA STOCK EXCHANGE LTD

1st Floor, LuSE Building, Cairo road.  
P. o Box 34523, Lusaka.

Tel: (260 1) 228537/228391/228594  
Fax: 225969 / 228608, E-mail: luse @ Zamnet.zm

### LuSE Members

**Caymont Securities Ltd (founder member)**  
4th floor Tazara House Independence Ave  
Box 35476, Lusaka  
Tel : 227763 Fax : 227764/224304  
Dealers representative (s) : J. Chizinga,  
C. Mukolwe

**Emerging Market Securities Ltd**  
Meridien Centre Building Complex  
Box 31469, Lusaka  
Tel : 229906-10 Fax: 237609  
Dealers representative : P. Yuyi

**Finance Securities Ltd**  
3rd floor, Chanik House  
Box 37102, Lusaka  
Tel : 229733/42 Fax : 227544 / 227290  
Dealers representative : Nduba Namonde

**First Merchant Securities Ltd**  
1st floor, Kulima Tower  
Box 37796, Lusaka  
Tel : 225757 / 9 Fax: 225764  
Dealers representative (s) : G. Sichone / F. Mumba

**Inter Africa Equities & Securities Ltd**  
38 Joseph Mwila Rd, Rhodes Park  
P/Bag E488, Lusaka  
Tel : 225002 Fax : 225003  
Dealers representative (s) : A. Zulu /  
T. Pemba

**Pangaes Securities Ltd**  
1st floor LuSE Building  
Box 30163, Lusaka  
Tel : 238709-10 Fax : 238708  
Dealers representative: M. Mutukwa