

# Companies & Markets

BUSINESS TIMES



Ecobank Zimbabwe issues US\$80m worth of LCs in 2019 - PAGE 6

Caledonia eyes three mines - PAGE 6



## RioZim gets potential investor on BIOX plant

LIVINGSTONE MARUFU

Listed diversified miner, RioZim, is in advanced talks with a potential investor for its US\$25m Biological Oxidation plant at Cam and Motor Mine which is set to be completed by September this year as the company moves to beneficiate its precious minerals further to earn more foreign currency.

RioZim, which has been reeling with forex shortages, said if the company agrees on the investor's terms, the project will be completed earlier.

RioZim chief executive, Bhekinkosi Nkomo told *Business Times* that the setting up of the plant is expected to help in the processing of pure oxide ores to make good grades and high recoveries.

"We are in discussions with the potential investor of our US\$25

million Cam and Motor BIOX plant to improve the processing of oxides with high-quality grades. However, we will give finer details on the project in the next two weeks..." Nkomo said.

The company said BIOX plant project at Cam and Motor Mine is underway: civil works are in progress and structural steel fabrications are being moved forward.

Key suppliers and contractors have also been appointed.

Cam and Motor Mine achieved 489kg during the half-year ended June 30, 2019; a 7% increase from 458 kg achieved in the same period in 2018.

The performance was on the back of processing of pure oxide ores with good grades and high recoveries.

Nkomo said the mine was in the process of constructing its BIOX plant to treat refractory ore and the mine will source ore from the group's One Step Mine which is within the

proximity of the current Cam and Motor Mine processing plant.

Preparations for mining and trucking of ore from One Step were at an advanced stage as at close of period.

RioZim was affected by crippling power cuts despite the firm paying for uninterrupted power supplies in United States dollars.

The mine experienced acute power cuts in the second quarter of the year which worsened during the month of June last year.

Renco experienced some plant breakdowns which reduced production processing time.

In addition, the incessant power cuts in the second quarter of 2019 had a negative impact on gold output.

RioZim is pursuing two power projects, the 178MW solar project and the 2 800MW Senga Power Station in Gokwe. Surplus power would be exported to the national

grid.

During its financials for the six months to June 30, 2019, revenues for the company grew 211% to ZWL\$137m from ZWL\$44m in the comparative prior year.

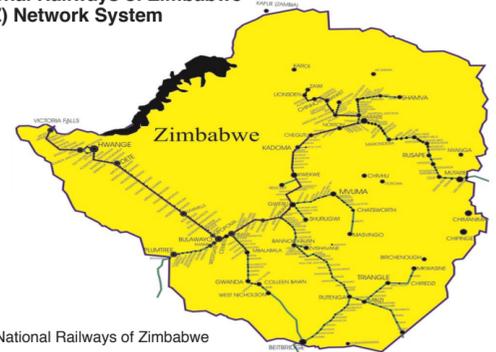
The company attributed low revenue to the decrease in gold production due to incessant power cuts experienced during the period under review.

Gold price firmed during the period under review to US\$1,344 per ounce on average compared to US\$1,298 per ounce in the comparative period in prior year.

Profit for the period was ZWL\$38.2m compared to ZWL\$406,000 during the same period in 2018.

Total assets for the group grew by more than 9,000% to ZWL\$1.04bn during the reviewed period from ZWL\$162.1m in the comparative period in prior year.

National Railways of Zimbabwe (NRZ) Network System



Source: National Railways of Zimbabwe

### Why the NRZ matters

SHORT VIEW  
Batani Matsika



The National Railways of Zimbabwe (NRZ) has for some time been looking to embark on a major recapitalisation and rehabilitation programme so as to improve its rail infrastructure. In a recent development, the Government of Zimbabwe cancelled a US\$400

million deal involving the Diaspora Infrastructure Development Group (DIDG) and Transnet. The reason being that DIDG failed to provide proof of funding for almost two years. Cabinet now wants the NRZ recapitalisation project to be re-tendered. Meanwhile, sources have it that NRZ has signed a new deal with Union Wagons of Russia for the supply of wagons and locomotives.

In our view, a recapitalisation of NRZ will rejuvenate existing

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## A FRESH START FOR DEBT-FREE ARDEN CAPITAL LIMITED

A fresh start is what Arden Capital Limited ("Arden" or the "Company") is aiming for after shareholders approved a change of name on the 1st of November 2019. Arden, formerly Brainworks Limited, is a diversified investment holding company based in Mauritius with an investment portfolio constituted of Zimbabwean companies. Arden listed on the main board of the Johannesburg Stock Exchange ("JSE") on the 13th of October 2017. Since then, Arden has transformed itself from being a diversified group with interests in financial services, hospitality, property, logistics, and a number of other investments which were held under a private equity model, to becoming a company that has refined its investment strategy to focus primarily on its hospitality and property assets.

Arden's investment assets comprises of African Sun Limited ("African Sun"), a tourism and hospitality company operating eleven hotels, Dawn Properties Limited, which owns seven of the properties operated by African Sun, and FML Logistics (Private) Limited, a logistics company primarily involved in the transportation of petroleum products across the Southern African region.

Arden's Interim Chief Executive Officer ("CEO") and substantive Chief Financial Officer, Mr. Peter Saungweme, says the name change from Brainworks Limited to Arden Capital Limited resonates with the Company's refocused investment strategy, relative to Brainworks which investors knew to be a company with investments in diverse sectors. "There is no magic or hidden meaning in the name "Arden" which is drawn from the name of the street address of the Harare office. The Company was previously known as Brainworks Limited and as an entity pursuing a diverse range of investments under a private equity model. Based on this model, the Company invested in various sectors over the years. This was over and above having an advisory arm which has since been discontinued", said the CEO.

In 2017, a decision was made to focus primarily on hospitality. As a result, the Company completed the exit of its financial services sector oriented investments in 2018. Growth in the years ahead will be focused on hospitality assets and driven firstly in Zimbabwe. As opportunities are identified, growth will extend to the region.

Despite these being testing times for Zimbabwe, Arden's key subsidiary African Sun embarked on a refurbishment programme that will see its hotels revamping their product offering and positioning itself as the leading hospitality and tourism brand in the country. "The prevailing economic environment has not been easy on the local business community; however, our businesses have remained resilient, particularly the flag bearer African Sun because of its hard currency cash-generating capacity. In spite

of the challenging economic environment, African Sun managed to make substantial investments in renovations and soft finishing in 2019, with additional similar investments earmarked for 2020 and beyond," said Mr. Saungweme. He urged potential investors to take advantage of the investment opportunities in the country despite its on-going economic challenges, stating that "Although the Zimbabwe investment space is currently considered risky, it should also be noted that a lot of assets in Zimbabwe are significantly undervalued, therefore this is the time when investors must carefully consider investment opportunities. In addition, given the years of subdued economic growth, there are opportunities across most sectors."

Concerning Arden's announcement that the JSE granted Arden permission to extend the tenure of the Interim CEO to June 2020, Mr. Saungweme explained that "The Company is currently considering various group restructuring options whose outcome could have an impact on this appointment. Shareholders, and in particular the JSE, are fully informed of the progress on this matter. The Board remains fully briefed and announcements will be made soon."

The CEO advised that Arden had managed to achieve a balance sheet that is substantially debt-free. Mr. Saungweme explained that "Over the last three years, the Company focused on addressing the debt albatross which stood at US\$38 million as of 31 December 2017, with US\$24 million thereof being directly attributable to the holding company itself. With tremendous support from our shareholders and other asset rationalisation programs, we managed to achieve a milestone where the balance sheet is substantially debt-free."

When prompted to explain whether Arden would pursue a local listing, the CEO explained that a secondary listing of the Company on the Zimbabwe Stock Exchange ("ZSE") has always been a clear strategic objective. The Board has been working on the debt issue and realignment of our investment portfolio by focusing and implementing a cost-effective group structure to make the counter attractive to investors in terms of a Zimbabwe secondary listing. "Arden remains committed to the secondary listing as it affords hard currency hamstrung local investors, an opportunity to invest. We anticipate listing on the ZSE in the near future, and the required announcements will be made in due course", said the CEO.

It is clear that Arden Capital Limited is streamlining its investments and revising its investment strategy in a manner that will position them for growth and profitability in the years to come, by making them a worthwhile investment for both local and foreign investors.

### KEY MANAGEMENT



PETER SAUNGWEME  
Interim Chief Executive Officer/ Chief Finance Officer



MARKUS DE KLERK  
Legal Counsel

### THE BOARD



Simon Fredrick William Village  
Chairman



Peter Saungweme  
Interim Chief Executive Officer/ Chief Finance Officer



Chipo Mtasa  
Lead Independent Non-Executive Director



George Sidney John Bennett  
Independent Non-Executive Director



Audrey Mamoshoeshe Mothupi  
Independent Non-Executive Director



Richard Godfrey Muirimi  
Non-Executive Director



Simon Nyarota  
Independent Non-Executive Director



Zaïn Mehtab Madaran  
Independent Non-Executive Director



Manisha Ramphul  
Independent Non-Executive Director