

**FEATURE**
**PZ CUSSONS GHANA LIMITED (PZC)**

PZ Cussons Ghana Limited was incorporated as Paterson Zochonis Ghana Limited, a private company, in 1934. After its conversion into a public company in 1976, PZ was amongst the first companies to list on the Ghana Stock Exchange in 1990. In June 2002, the Group underwent a name change from Paterson Zochonis to PZ Cussons Ghana Limited with the view of refreshing and modernizing its corporate image while unifying the Group under one identity.

From its initial activities of importing, exporting and general trading, the operations of PZ have evolved over the years into the manufacture and distribution of a variety of household products. These include toiletries, cosmetics, pharmaceutical, electrical and nutritional products. In the company's list of flagship products and brands are Imperial Leather, Cussons Baby range of products, Camel Antiseptic, Duck Bar Soap, Nunu Instant Milk Powder, Zubes Cough Mixture, Alagbin, Robb, Coast Milk, Venus Hair Care range, Haier Thermocool and the recently introduced Carex Hand Gel.

PZ's track record in terms of its financial performance over the years has been impressive, irrespective of occasional dips in the company's indicators. Between May 2006 and May 2013, Total Revenue of PZ grew by 327.88% from GH¢22.38 million to GH¢95.74 million, signifying an average growth of 46.84% per year. In the same vein, PZ's Net Profit increased from GH¢2.23 million as at May 2006 to a high of GH¢7.86 million as at May 2013 indicating a total growth of 252.38% and an annual average growth of 36.05% over the seven-year period.

The results of PZ's half year for 2013/14 operational year show a mixed performance over the review period. Revenue earned during the six-months was GH¢46.91 million, representing a 17.04% increase over the GH¢40.08 million obtained for the first half of the 2012/2013 operational year. Cost of Sales, Distributing Costs and Administrative Costs stood at GH¢32.27 million, GH¢11.67 million and GH¢3.35 million respectively, resulting in an Operating Loss of GH¢0.39 million for the half year. According to the company, this was mainly due to the sharp and continuous depreciation of the Ghana Cedi which subsequently impacted on its cost and margins. Although, Other Income of GH¢0.60 million also came in and could have reverted the loss position, this did not materialize as Finance Cost of GH¢0.43 million had been incurred. This moved the bottom line of PZ to a loss of GH0.22 million, causing Earnings Per Share to fall from GH¢0.0468 to GH¢-0.0013.

On the Ghana Stock Exchange, the equity's performance has been satisfactory. From an initial price of GH¢0.0105 in November 1990, the equity had by 29<sup>th</sup> November 2011 appreciated to GH¢1.42. On 30<sup>th</sup> November, 2011, the company embarked on a bonus share issue in the ratio of five (5) new shares for every one (1) share held. This increased PZ's issued shares from 28 million to 168 million and subsequently caused the equity's share price to decline from GH¢1.42 to GH¢0.24. From then, the equity recorded no price change, ending 2011 at GH¢0.24. In 2012, PZ's price fell gradually from its year opening price to GH¢0.18 by year-end but the trend reversed in 2013 as the equity recorded an appreciation of 338.89% to end the period at GH¢0.79. Currently, PZ is trading at GH¢0.77 as at Friday, 17<sup>th</sup> January, 2014.

**Income Statement**
*(All figures are stated in thousands of Ghana Cedis)*

	2010/11	2011/12	2012/13	2013/14 Q2
Revenue	66,184	82,322	95,742	46,906
Operating Profit	5,751	965	10,316	(386)
Net Profit	6,314	764	7,861	(223)

**Balance Sheet Summary**
*(All figures are stated in thousands of Ghana Cedis)*

	2010/11	2011/12	2012/13	2013/14 Q2
Total Assets	56,946	62,278	72,907	75,276
Total Liabilities	25,749	30,950	33,718	37,083
Total Equity	31,197	31,328	39,189	38,193

**Ratios/Statistics**

	2010/11	2011/12	2012/13	2013/14 Q2
Profit Margin (%)	9.54	0.93	8.21	-0.47
Return on Assets (%)	11.09	1.23	10.78	-0.30
Return on Equity (%)	20.24	2.44	20.06	-0.58
Earnings Per Share (GH¢)	0.2255	0.0045	0.0468	-0.0013
Dividend Per Share (GH¢)	0.0226	-	0.0046	-
Net Assets Per Share (GH¢)	1.1142	0.1865	0.2333	0.2273
Share price				
High (GH¢)*	1.39	1.46	0.35	0.91
Low (GH¢)*	1.10	0.22	0.16	0.35
Close (GH¢)*	1.39	0.22	0.35	0.80

**Investor Ratios**

	2012/13	2013/14 Q2
Price to Book Value	1.50	3.52
Price Revenue Ratio	0.61	2.87
Price Earnings Ratio	7.48	-603.84
Dividend Yield	0.01	-
Year-to-date Return (%)*	59.09	128.57

*\*Operational year begins in June and ends in May*

**Price Information**

Year Opening Price (GH¢)	Week Opening Price (GH¢)	Current Price (GH)	Weekly Change (GHS)	Weekly Change (%)	Year To Date (%)
01.01.14	13.01.14	17.01.14			
0.2668	0.2675	0.2686	0.0011▲	0.41▲	0.66▲

## GHANA STOCK EXCHANGE NEWS

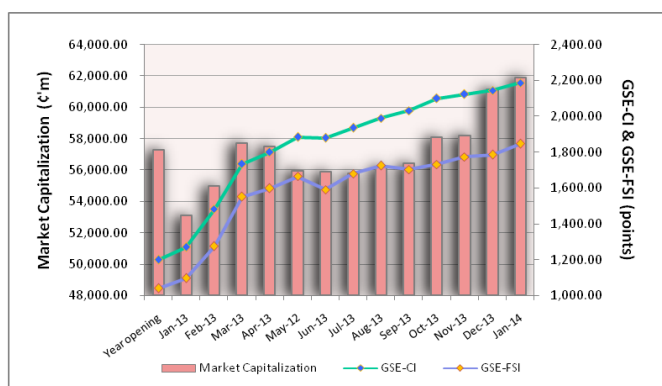
Trading activity on the Ghana Stock Exchange increased significantly during the week under review compared to that of last week. With a total trade of 4,785,965 shares worth GH¢8,797,654.36 exchanged between market participants, an increase of 84.23% and 56.23% over last week's volume and value respectively was recorded. SIC Insurance Company Limited was the most active equity with trade of 1,719,467 shares followed closely by CAL Bank Limited with 1,693,440 shares. Starwin Products Limited recorded trade of 10 shares to be the week's least traded equity.

The week saw the GSE Composite Index (GSE-CI) climbing up by 2.12 points from a week opening of 2,184.82 points to 2,186.94 points as at Friday, 17<sup>th</sup> January, 2014. The GSE-Financial Stocks Index (GSE-FSI) also increased by 2.78 points to end the week at 1,847.22 points. This moved their year-to-date returns to 1.95% and 3.39% respectively.

Market capitalization however declined by GH¢110.31 million during the week mainly due to the price fall in Ecobank Transnational Incorporated, one of the highly weighted equities. It closed the period at GH¢61,872.86 million.

The graph below shows the trend in the GSE Composite Index, GSE Financial Stocks Index and Market capitalization from January 2013 to January 2014.

Chart 1 – Trend of Market Indicators



## MONEY MARKET NEWS

### Cedi Continues Its Depreciating Trend Against Major Currencies

For the week under review, the Ghana Cedi continued its depreciating run against all the internationally traded currencies. The local currency depreciated against the US Dollar, the British Pound, the Euro, the South African Rand and the Japanese Yen by 1.32%, 0.56%, 1.46%, 0.31% and 1.85% respectively.

So far this year, the Ghana Cedi has lost 6.18%, 4.98%, 4.58%, 1.77%, and 6.80% of its value against the Dollar, Pound, Euro, Rand and Yen respectively.

The free-fall in the value of the local currency has been mainly attributed to high government spending and Ghana's dependence on imports to meet wholesale and retail demands.

The following table summarizes the interbank rates for the week under review.

Table 1 – Summary of Interbank Rates

	Buying		Selling	
	10.01.14	17.01.14	10.01.14	17.01.14
US Dollar	2.2640	2.2938	2.2665	2.2963
Pound	3.7272	3.7483	3.7322	3.7526
Euro	3.0768	3.1212	3.0792	3.1246
Rand	0.2091	0.2098	0.2094	0.2100
Yen	0.0216	0.0220	0.0216	0.0220

Source: Ghana Association of Bankers

## Interest Rates

Transactions on the money market this week resulted in yield appreciations in only two government-backed securities. The two, the 91-days Treasury bill and the 182-days Treasury bill witnessed a 0.1755% and 0.0635% increase in yield to close at 19.4085% and 19.2448% respectively. On the other hand, the yields on the 1-Year Note and the 2-Year Fixed Rate Note remained at 17.00% and 16.50% respectively during the week.

Tenders worth GH¢295.17 million and GH¢1.41 million were received for short term bill and notes and the 2-Year Fixed Rate Note respectively for last week. Both tenders were sold out.

For this week, the Bank of Ghana hopes to raise GH¢633.00 million from both short and medium term securities.

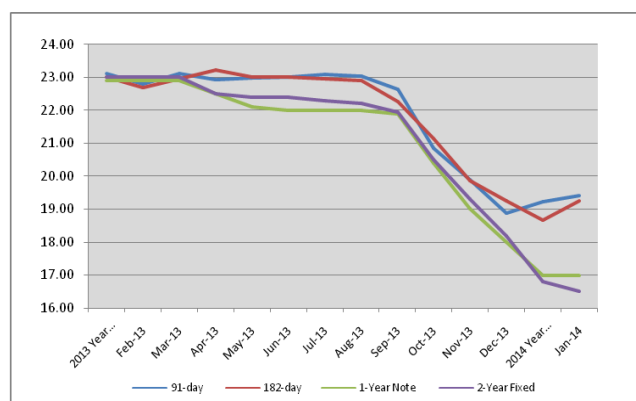
The table below shows the rates for the week under review alongside that of the previous week while the chart displays the trend of the yields from January 2013 to January, 2014.

Table 2 – Prevailing Interest Rates

Interest Rates (for Weeks Beginning)			
	06.01.14 (% p.a.)	13.01.14 (% p.a.)	Year-to-date change (%)
91 Day	19.2330	19.4085	0.1755▲
182 Day	19.1813	19.2448	0.0635▲
1-Year Note	17.0000	17.0000	-
2-Year Fixed Rate Note	16.5000	16.5000	-

Source: Bank of Ghana

Chart 2 – Trend of Interest Rates on Money Market Securities



## RELEVANT CORPORATE NEWS

### ETI – DEPARTURE OF GROUP DIRECTOR FINANCE AND RISK AND UPDATE ON REFORMS

Ecobank Transnational Incorporated has announced that Mrs Laurence de Rego, the Group Executive Director for Finance and Risk, is no longer an employee of the company.

In another development, the company is embarking on reforms aimed at further strengthening its corporate governance. In this vein, ETI has engaged the Global Board Center of the renowned Swiss Business School, the International Institute for Management Development (IMD), to undertake a review of its corporate governance including the size, constitution of the Board, related party transactions as well as committee structures and incentive policies. This together with other reports from professional services firm - EY, formerly Ernst and Young would bring out some recommendations which may require shareholders approval before implementation. A meeting of ETI's shareholders would therefore be convened soon.

*GSE Press Release: 005&006/2014*

## COMPANIES THAT DECLARED FINAL DIVIDENDS IN 2012

Company	Final Dividend Per Share	Qualifying date	Book Closure	Payment Date
AYRTN	GHC0.00125	Jun 25	Jun 26 - 27	Aug 8
AADS	GHC0.0009			Apr 2
AGA	GHC0.0900			Apr 2
BOPP	GHC0.0770	Apr 23	April 24 - 26	May 10
CAL	GHC0.035	Mar 22	Mar 25 - 26	Apr 30
CMLT	GHC0.0060	Jun 26	Jun 27	Aug 30
EBG	GHC0.29	Apr 10	Apr 11 - 18	May 10
EGL	GHC0.016	May 17	May 20 - 22	Jun 28
ETI	0.4 US cents	Jul 5	Jul 5	Jul 19
FML	GHC0.06	Apr 19	April 22 - 24	May 8
GCB	GHC0.14	May 31	Jun 3 - 7	Jun 28
GOIL	GHC0.015	Aug 15	Aug 16	Aug 30
MLC	GHC0.015	Jun 25	June 26 - 28	July 19
PBC	GHC0.0062	Mar 15	March 18 - 22	May 7
PZ	GHC0.0046	Sept 23	Sept 24 - 27	Oct 14
SCB	GHC0.47	May 17	May 20 - 21	Jun 28
SOEGGH	GHC0.04	Mar 22	Mar 25 - 26	May 15
SPL	GHC0.0022	Sept 26	Sept 27	Oct 8
TBL	20 Butus	Apr 18	Apr 19	Apr 30
TOTAL	GHC0.69	Jul 18	Jul 19 - 24	Jul 26
UNIL	GHC0.2560	Apr 10	April 11 - 24	May 24
UTB	GHC0.02	Apr 12	Apr 15 - 17	May 31

## COMPANIES THAT HAVE DECLARED INTERIM DIVIDENDS FOR 2013

Company	Final Dividend Per Share	Qualifying date	Book Closure	Payment Date
EGL	GHC0.020	Oct 1	Oct 2 - 3	Nov 4
TOTAL	GHC0.0771	Dec 18	Dec 19 - 20	Dec 24

Listed Equities	% of Market Capitalization	Week	Week	Price	Weekly	Year-to-	P/E Ratio	Dividend	Return on	Price/	Price/
		Opening Price (GH¢)	Closing Price (GH¢)	Change (GH¢)	Return (%)	Date Return (%)		Yield (%)	Assets (%)	Book Value	Revenue
	17.01.14	13.01.14	17.01.14		17.01.14	17.01.14	17.01.14	17.01.14	31.12.12	17.01.14	17.01.14
ACI	0.004	0.06	0.06	-	-	-	-	-	-11.48	0.37	0.49
AGA	24.00	37.00	37.00	-	-	-	-	0.24	-19.21	2.07	1.67
ALW	0.02	0.05	0.05	-	-	-	-	-	-2.66	0.10	0.06
AYRTN	0.06	0.18	0.17	0.01 ▼	-5.56	-	20	0.74	4.94	1.79	3.08
BOPP	0.18	3.21	3.19	0.02 ▼	-0.62	-0.62	18	2.41	10.29	2.61	3.92
CAL	0.87	0.97	0.98	0.01 ▲	1.03	1.03	6	3.57	34.67	0.93	0.98
CLYD	0.002	0.04	0.04	-	-	-	8	-	1.10	0.02	0.002
CMLT	0.002	0.16	0.16	-	-	-	9	3.75	2.54	0.63	0.36
CPC	0.07	0.02	0.02	-	-	-	-	-	-2.68	-7.77	0.66
EBG	2.71	5.70	5.71	0.01 ▲	0.18	1.78	10	5.08	3.20	2.63	2.70
EGL	0.38	1.88	1.86	0.02 ▼	-1.06	-1.06	5	0.86	7.91	0.39	0.64
ETI	5.93	0.24	0.23	0.01 ▼	-4.17	21.05	4	-	1.16	0.63	0.76
FML	1.26	6.64	6.72	0.08 ▲	1.20	1.51	31	0.89	18.86	10.93	7.84
GCB	2.16	4.91	5.05	0.14 ▲	2.85	4.12	7	2.77	4.16	3.52	2.81
GGBL	2.12	6.20	6.20	-	-	-	-	-	9.59	6.11	4.17
GOIL	0.36	0.89	0.89	-	-	-	16	1.69	5.52	3.20	0.03
GSR	1.14	2.75	2.75	-	-	-	-	-	1.09	0.01	0.03
GWEB	0.002	0.04	0.04	-	-	-	-	-	2.25	-0.60	2.48
HFC	0.45	0.94	0.94	-	-	-2.08	9	-	2.26	0.85	1.81
MLC	0.03	0.38	0.33	0.05 ▼	-13.16	-13.16	11	4.55	1.66	0.16	0.25
PKL	0.003	0.06	0.06	-	-	-	-	-	-35.20	-1.47	1.70
PBC	0.13	0.17	0.17	-	-	-	6	3.65	0.92	1.48	0.21
PZ	0.21	0.79	0.77	0.02 ▼	-2.53	-2.53	-	-	11.44	3.30	1.35
SCB	2.81	15.00	15.05	0.05 ▲	0.33	0.74	9	3.12	4.14	0.71	0.77
SIC	0.12	0.39	0.39	-	-	-	17	-	1.09	1.07	0.90
SPL	0.005	0.04	0.04	-	-	-	8	-	6.14	1.04	0.64
SOGEGH	0.40	0.75	0.75	-	-	-	7	5.33	2.40	1.37	1.92
SWL	0.001	0.03	0.03	-	-	-	12	-	7.65	1.00	0.19
TBL	0.11	0.35	0.35	-	-	-	9	-	2.11	2.55	0.01
TOTAL	0.91	5.03	5.03	-	-	-0.59	14	13.72	8.16	0.68	0.07
TRANSOL	0.004	0.03	0.03	-	-	-	16	-	11.50	-0.70	13.71
TLW	51.28	34.98	34.98	-	-	-	24	-	7.10	5.94	13.49
UNIL	1.83	18.10	18.10	-	-	-1.15	47	1.41	12.68	33.26	4.84
UTB	0.32	0.44	0.44	-	-	-2.22	9	4.55	0.54	0.99	2.37
<b>Depository Shares</b>											
AADS	0.08	0.52	0.52	-	-	-	-	0.17	-	-	-
<b>Preference Shares</b>											
SCB-PREF	0.01	0.52	0.52	-	-	-	-	-	-	-	-
<b>ETF</b>											
GLD		26.13	26.13	-	-	-	-	-	-	-	-

**Key** ABL—Accra Brewery Ltd, ACI—African Champion Industries, AGA—AngloGold Ashanti Ltd, ALW—Aluworke Ltd, AYRTN—Ayrton Drug Manufacturing Ltd, BOPP—Benso Oil Palm Plantation Ltd, CAL—CAL Bank Ltd, CFAO—CFAO Ghana Ltd, CLYD—Clydestone Ghana Ltd, CMLT—Camelot Ghana Ltd, CPC—Cocoa Processing Company Ltd, EBG—Ecobank Ghana Ltd, EGL—Enterprise Group Ltd, ETI—Ecobank Transnational Incorporated, FML—Fan Milk Ltd, GCB—Ghana Commercial Bank Ltd, GGBL—Guinness Ghana Breweries Ltd, GOIL—Ghana Oil Company Ltd, GSR—Gold Star Resources Ltd, GWEB—Golden Web Ltd, HFC—HFC Bank Ltd, MLC—Mechanical Lloyd Company Ltd, PKL—Pioneer Kitchenware Ltd, PBC—Produce Buying Company Ltd, PZ—PZ Cussons Ghana Company Ltd, SCB—Standard Chartered Bank Ltd, SIC—SIC Insurance Company Ltd, SPL—Starwin Products Ltd, SOGEGH—Societe Generale Ghana Ltd, SWL—Sam Woode Ltd, TBL—Trust Bank (The Gambia) Ltd, TOTAL—Total Petroleum Ghana Ltd, TRANSOL—Transaction Solutions Ghana Ltd, UNIL—Unilever Ghana Ltd, UTB—UT Bank Ltd, AADS—AngloGold Ashanti Depository Shares, SCB-PREF—Standard Chartered Bank Preference Shares, ETF—Exchange Traded Fund, GLD—New Gold

■ As at September 2013 ■ As at June 2013 ■ As at May 2013 ■ As at March 2013 ■ As at December 2012 ■ As at September 2012 ■ As at September 2012 ▲ Price Gainers ▼ Price Decliners