Umeme, Uchumi post combined sh54b increase

By Samuel Sanya

Shares of Umeme, the electricity utility firm and Uchumi, the embattled supermarket chain, have significantly improved on the Uganda Securities Exchange (USE) since the end of May, combining to improve the value of the market by sh54b.

Of the two counters, Umeme posted the greater growth, registering an additional sh43.86b in market capitalisation after its shares touched highs of sh430 on Tuesday, up from sh400 per share at the end of May.

Offshore interest and confidence in Umeme's financial prospects has continued to drive the company's share value despite a dip in profits in 2016 to sh99.7b from sh105.9b the year before.

In a show of financial might, Umeme's retained earnings rose to sh314b from sh272b in 2016. Despite this, Umeme's directors recommended a significantly lower total dividend of sh18.8 per share for 2016, down from sh35.2 per share the year before which was paid to shareholders around July 5, 2017.

Meanwhile, Uchumi, which danced with liquidation a few months ago, is showing signs of recovery after managing director Julius Kipng'etich revealed that a strategic investor has been identified to inject Ksh3.5b (about sh121b) to support its life.

This will provide temporal relief to partly close up a Ksh5b (about sh173b) debt that the supermarket owes suppliers and financiers. In addition to the new investor, the government of Kenya is expected to release a bailout loan of Ksh1.2b to leave a gap of just Ksh0.3b (sh10.4b) for the supermarket chain to dance with.

"We have so far received Ksh500m from the government and with the injection from the investor; we are now ready to restock our stores in the next 90 days. Our franchise model of business will also begin in those 90 days," Kipng'etich is quoted in Kenyan media as having said.

"We are lucky we have assets which we are planning to liquidate according to our needs. Everything has been planned and we will announce in due course," Kipng'etich added, having previously revealed that the former management under CEO Jonathan Ciano had cooked books to make the company appear to be in a better financial position than it actually was. Uchumi's capitalisation improved by sh10.43b on Tuesday as its shares were trading at sh117.78 per share up from sh78.48 at the end of May.

Meanwhile, the all share index improved to 1,707.24 from 1,698.84, while the local share index declined to 369 from 370.20 with only three active counters on Tuesday. Umeme, Stanbic, and Baroda traded shares worth a modest sh24m in 37 deals.

July 25

USE ALSI Current: 1,707.24 Previous: 1,698.84

Security	Opening Price (UGX)	Closing Price (UGX)	Session Price High (UGX)	Session Price Low (UGX)	Turnover (UGX)	Deals	Oustanding Bids	Outstanding Offers	Volume	Market Cap (UGX) Billions
BATU	30,000.00	30,000.00	0.00	0.00	0	0	0	13,177	0	1,472.40
BOBU	100.00	100.00	108.00	100.00	12,712,000	6	0	169,406	127,112	250.00
CENT	1,395.47	1,394.26	0.00	0.00	0	0	1,066	0	0	927.80
DFCU	759.00	759.00	0.00	0.00	0	0	40	49,800	0	377.38
EABL	8,806.18	8,833.20	0.00	0.00	0	0	0	0	0	6,985.07
EBL	1,378.13	1,402.92	0.00	0.00	0	0	0	0	0	5,194.70
JHL	14,457.39	14,444.88	0.00	0.00	0	0	0	0	0	865.18
KA	169.88	164.54	0.00	0.00	0	0	1,000	0	0	246.23
KCB	1,378.13	1,385.60	0.00	0.00	0	0	0	1,000	0	4,134.82
NIC	12.00	12.00	0.00	0.00	0	0	404,942	0	0	16.99
NMG	3,744.36	3,741.12	0.00	0.00	0	0	0	0	0	705.36
NVL	539.00	539.00	0.00	0.00	0	0	79	30,500	0	41.23
SBU	27.25	27.00	27.25	27.00	10,158,142	25	0	455,165	376,227	1,382.09
UCHM	109.21	117.78	0.00	0.00	0	0	0	0	0	31.26
UCL	13.00	13.00	0.00	0.00	0	0	912,256	0	0	11.70
UMEM	427.00	427.00	430.00	425.00	1,415,177	6	24,400	12,900	3,311	693.57
Total					24,285,319	37			506,650	23,335.77