

Second Yetu IPO expected to oversubscribe

By ABDUEL ELINAZA

YETU Microfinance Bank second primary offer oversubscription is imminent if the micro-lender has a strategic partner, stock brokerage said yesterday.

The broker have it that partner will “pick up a chunk” of share because Yetu has a good supply of stocks on the market at the same IPO price of 550/-.

Orbit Securities, Head of Research and Analytics, Imani Muhingo, said for firm go for second IPO with the same trading price implies that the “book building process was successful and a buyer was set”.

“From the looks I believe they have ready set interested strategic investors who would pick up a chunk of the offer,” Mr Muhingo said.

The analyst said if the bank has not set up an interested buyer then under subscription is looming since investors could easily access shares at the bourse.

“I say this because Yetu has a good supply of shares on the market at the same IPO price of 550/-.

“If there are no ready set strategic investors then I expect a substantial under subscription,” Mr Muhingo said.

Other broker said the IPO was too small for the market since 2.0bn/-that put on offer could be bought by a single investor.

However, Yetu said that they expecting an oversubscription based on its good performance built since listing on the alternative market in some four years ago.

Yetu Managing Director, Altemius Millinga said the first IPO was not oversubscribed since they

were not known.

“And we entered the market with a new name...these limited our subscription level,” Mr Millinga said adding:

“But this time around we are positive that the IPO will be oversubscribed.”

The bank said they want more individual to own the shares instead of limited number of shareholders.

The microfinance bank offloaded 3,636,365 shares to market at a price of 550/- a stock.

In 2016, Yetu sold 6,223,380 shares at the price of 500/-and managed to raise 3.1bn/-. Yetu was the Best Listed Company, Enterprise Growth Market (2017), CITI Micro Entrepreneurship Awards 2017, Best Financial Institution, Best Listed Company in Enterprise Growth Market (2018).