

Telecom shares decline despite hefty dividend

By **ABDUEL ELINAZA**

VODACOM Tanzania share has declined despite declaring special hefty dividend.

The telecom share lost by 9.41 per cent to close last week trading at 770/-, while some share were at selling counter at a price tag of 740/-.

Arch Financial and Investment Advisory Managing Director Iyen Nsemwa said the seller at low price was

there from the beginning, but they had failed to find a match due to low demand.

"At the moment there are number of buyers. That is why some deals are struck. The buyers are wooed by the lucrative dividend to warrant some exchange, albeit at low price," Mr Nsemwa told 'Daily News' at the weekend.

Voda last week announced a special dividend of 178/57 a share, the highest amount to be offered since

listed on Dar es Salaam Stock Exchange (DSE) three years ago. The amount is subject to the approval of the board.

"Dividend normally pushes up demand and that is what it is happening at the bourse. The price also is expected to increase as demand builds up," Mr Nsekela said. However, at the closing of last week session the counter had supply of some 4.0 million shares at price of 740/- a stock.

Orbit Securities Head of Research and Analytics, Imani Muhingo said there was price decline despite hefty dividend due to long time supply pressure on the counter and investors were willing to sell at any price.

"Investors," Mr Muhingo said, "have been trying to get out at much lower prices for more than two years without success. "The dividend attracted a little bit of supply and longtime sellers were

willing to sell for anything".

Voda paid the highest ordinary dividend to shareholders currently standing at 24/31 for the year ending last December.

Voda, the only listed telecom, still controls the market lion share of 30.6 per cent, which equals to 14.7 million subscribers out of 48.1 million country total at this year's quarter two.

However, the announcement of the special dividend

came as the company was forecasting to post a decline of at least 25 per cent in its six-month profit to this September compared to the profit recorded during a similar period last year.

The telecom company said in a statement that a drop in profit for the six months was triggered by a number of factors, including failure of some of its previous customers to register using a biometric system.