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Safaricom gets nod to create own local TV content

Photo/ ENOS TECHE

NEW VENTURE: Safaricom CEO Bob Collymore with consumer business general manager Sylvia Mulinge display the company's set-top box during its launch in Nairobi on May 8.

BY CONSTANT MUNDA

SAFARICOM'S push to venture into all-round television broadcasting services has gathered steam after the Communications Authority approved its application for requisite licences.

The CA has approved the firm's application for four TV broadcasting licences subject to public input within a month, the regulator said in a Gazette notice on Friday, effectively breathing life into its floundering Internet-enabled Bigbox decoder launched on May 8.

The giant telco has been authorised to offer commercial free-to-air and internet protocol TV services as well as subscription management and terrestrial subscription broadcasting services.

The commercial FTA TV licence allows Safaricom to create own content and air it both terrestrially and online after its application for Internet protocol licence was also approved.

Safaricom will also be free to venture into the lucrative pay-TV market, dominated by South Africa-owned MultiChoice Africa, after getting the terrestrial subscription broadcasting and management services licences.

"The authority wishes to notify the general public that any person, natural or legal entity, desirous of making any representation and/or objection to the grant of the said licences herein to do so vide a letter...before expiry of 30 days from the date of this notice," CA managing director Francis Wangusi said in the notice dated July 23.The letter should indicate the licence category and also be copied to Safaricom, he said.

The approvals place the most profitable firm in Eastern and Central Africa in a position to mount considerable competition on Wananchi Group's Zuku's Triple Play offering – TV, telephone and Internet services.

Safaricom said on July 10 it was repackaging the value proposition for the Sh10,000 Big Box which has had a torrid start in the market, with critics not seeing clear value for their money.

"The plan was to initially partner with content providers and have engaged some of them," Safaricom's general manager for consumer business Sylvia Mulinge said, adding the telco has since gone back to the set-top box supplier to enhance the decoder's capability. "This is a journey ...(and)we will come back after one or two months with enhanced proposition for our customers."

Redtape hampers uptake of business loans

BY RICHARD MUNGAI

THE private sector has urged government to ease accessibility to youth and women business loans whose uptake has been slowed by many requirements.

The group which met on Friday at a post 2015 Global Entrepreneurship Summit workshop said enhancing access to capital will enable entrepreneurs to successfully launch businesses that can attract more investors.

Most investors who attended the summit last month were scouting for start-up businesses, it emerged. The local business community has urged government to end the bureaucracy in disbursing loans targeting youth, women and persons with disabilities.

The government allocated Sh1.65 billion in this year's budget for business loans to special groups.

"Some of these foreigners said if Kenyans are investing in themselves then they don't mind to co-invest," Bidco Africa Group CEO Vimal Shah said.

Over Sh100 billion was committed for the small and medium enterprises at GES 2015.

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ALY KHAN'S STAR PORTFOLIO

INVESTORS ABC: KQ KEY TO DREAMS OF A REGIONAL HUB

FOR many years, the mantra around investing in emerging and frontier markets, was the acronym BBC – Banks, Beer and Cement.

The investing strategy was based on the premise that as economies grew, folks needed more banking, drank more beer and used more cement.

Of course telecommunications then came along.

This week past, investors at the Nairobi Securities Exchange saw a number of companies report their earnings.

Allow me to start with Kenya Airways which is the A (for Airlines) in the ABC of my headline. Everyone knew it had been a very turbulent flight over the last 12 months and it fell on Mbuvi Ngunze's shoulders (the CEO for seven months now) to report what was the largest corporate loss in Kenyan history.

The loss after tax clocked Sh25.74 billion and equity position is now negative at Sh5.96 billion loss.

The Queen of England described a particularly bad year as an "Annus Horribilis" and certainly I think KQ would characterise this period as did the queen.

Ngunze spoke of a $200m bridge loan from Afrexim Bank and this will give the national carrier a 12-month bridge. It is very clear that if we have dreams to be a hub then we have to have an airline. It is absolutely inimical to the national interest if the national airline is hobbled or worse. It is not too difficult to work out what has happened.

KQ was essentially very light on equity, fuelled by the expansion with debt and all this new capacity arrived just when bums on seats thinned out (cabin factor was 63.6 per cent versus 65.6 per cent the previous factor). London - Mombasa was down 40 per cent year on year, for example, for reasons that are well known.

In my opinion and Chris Kirubi's (who made an impassioned intervention with some fruity language at the earnings release), its about capital. KQ needs partners and shareholders with much deeper pockets. This is the reality. A few months ago, I called for a serious discussion with the Gulf carriers. They have deep pockets. It is a no-brainer discussion.

Let me turn to the B in my ABC. EABL reported a six per cent headline full year revenue gain and a 40 per cent net profit growth.

I have been saying for a while that CEO Charles Ireland was a little like the duck on the water, seemingly serene on top of the water but lots of activity below the waterline.

These results were strong, plain and simple, and speak to business gaining momentum and traction. EABL's share price rallied 3.16 per cent on Friday and will rise further.

Kenya Commercial Bank released first half results too where total assets surged 15.56 per cent to Sh566.61 billion and profit before tax accelerated 13.09 per cent to clock Sh13.20 billion. KCB is seriously expansive. The bank is looking at an acquisition in Mozambique, opening an office in Ethiopia and more.

KCB is moving the dial big time. KCB-Mpesa had over two million customers disbursing more than Sh2 billion in loans and I learnt that they are pre-clearing credit limits via sophisticated big data analysis.

Finally, allow me to conclude with Athi River Cement. ARM reported a seven per cent rise in first half operating profit but earnings were impacted by unrealised foreign exchange losses of Sh1.42 billion. Foreign exchange has been a factor in nearly all the earnings I have sighted of late.

The FX loss veiled a very strong underlying, organic narrative. The Tanga Clinker facility is now at 70 per cent capacity utilisation and cement sales are accelerating with a noteworthy skew in second versus first quarter in the earnings. Cement demand is growing at double digits in this region and by producing their own clinker ARM has a significant competitive advantage.

These are tough times for investors at the NSE. The NSE20 fell 1.84 per cent to close at just above 4,400 on Friday, a level not reached since February 2013. The Nairobi All Share fell 1.7 per cent to close at a 17-month low.

Shares go up and down and readers are advised that this column represents Mr Satchu's personal opinions.