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BusinessHub

Co-op posts Sh3.2b profit in first quarter

BANKING: Co-operative Bank Group has returned a Sh3.2 billion net profit in the first quarter compared to Sh3.4 billion in a corresponding period last year. Group Managing Director and Chief Executive Gideon Muriuki (*pictured*) said capping of interest rates in Kenya coupled by currency devaluation and hyperinflation in South Sudan contributed to the profit decline. Muriuki said through the 'Soaring Eagle Transformation Agenda' that focuses on improving operational efficiency, superior customer service and lower operating costs, the group has managed to reduce the overall operating costs from 60 per cent in 2014 to 47.9 per cent in the first quarter this year. During the period, the group's total assets grew by 7.9 per cent from Sh27.7 billion to Sh 378.5 billion compared to Sh350.7 billion in the same period last year.

–ZACHARY OCHUODHO

KPC records 16.7pc increase in net profit

FINANCIALS: Kenya Pipeline Company (KPC) has posted an after tax profit of Sh8.4 billion for the financial year ending June 30, 2016 compared to Sh7.2 billion posted in a similar period in 2015. The company posted a 12 per cent growth in pre-tax profit to Sh12.0 billion for the financial year ended June 30, 2016 compared to Sh10.7 billion achieved in the year before. KPC's Managing Director, Joe Sang attributed the growth to improved fuel supply and a prudent cost management strategy.

"The company's growth has been underpinned by strategic initiatives around prudent cost management and efforts to enhance fuel supply in Kenya and the region," Sang said.

Sang said the company, in partnership with stakeholders, is working hard to reclaim lost market share.

–ZACHARY OCHUODHO

More maize bags arrive from Ethiopia tomorrow

>Continued from Page 1

Secretary Richard Lesiyampe said yesterday.

But while making the announcement he did not indicate the quantity of the maize from Zambia.

The Government expects to import 90kg five million maize bags by September, with one million bags ending up in the Strategic Grain Reserve.

"Up to end of July our intention is to import five million bags which will be boosted by early crop harvest expected to start in mid-July should all the factors of production remain constant, "he said during a meeting with 55 medium and small millers who have been camping at Kilimo House since Monday waiting to sign government's subsidy programme contracts that will enable them to receive maize for milling.

Allotment increament

He told the millers they would from today start receiving 200, 000 bags of white maize from the various NCPB depots across the country and the allotment will be increased from next week depending on the uptake.

"We expected the small millers to start producing the subsidised maize flour immediately to increase availability of the commodity," he said.

The PS said millers would be expected to follow the Sh6 billion subsidy programme requirements of producing and packaging the Sh90 maize flour in 2kg packet and a kilogramme which will retail for Sh47.

"Any miller who contravenes the subsidy regulations programme risks a jail term of six years or a fine of Sh1 million."

Small millers had not signed contacts with the government because they had not complied with Kenya Revenue Authority and business registration requirements.

United Grain Millers Association chairman Peter Kuguru said most of the small millers have an average milling capacity of 30 tonnes per day (333 bags) and they risked closing down if they were locked out of the government programme.

"We appreciate the government gesture that will enable us retain our market share," said Kuguru.

The association's members control more than 50 per cent of maize flour in the market, and mostly serving market segment outside the main urban centres.

More maize imports are also expected at the Port of Mombasa Thursday next week imported by a consortium of local millers ferried by a vessel christened MV Costas L.

More imports

The ship will bring in some 380,000 bags of maize. Another vessel Mv Interlink Priority is expected to arrive at the Port of Mombasa on May 24 with also 380,00 bags of corn.

However, it is not clear whether the Mv Interlink Priority grain is white or yellow corn. Yellow corn is mainly used for the manufacturing of animal feeds.

By yesterday, vessel tracking satellite showed the two ships were sailing towards Kenya through the Red Sea.

The arrival of the second vessel of subsidised maize import will add to another 330,000 bags imported last week.

However, the import has generated a lot of controversy after it emerged that the maize allegedly bought from Mexico had been stored in a depot in South Africa since last year.

The maize had been bought by a South African company from Mexico when there was a shortage in the Southern Africa country and the excess amount was stored in Durban, South Africa.

See related stories on page 17

A consumer buys subsidised maize flour from a Tuskys outlet in Nairobi yesterday. PHOTOS: ALICE MBURU

IMMEDIATE ACTION

The Ministry of Agriculture, Livestock and Fisheries has put in place a subsidy programme.

The programme will avail millers and other participating members of the Creals Millers Association with white maize at subsidised prices.

It will boost maize quatities available to millers at affordable prices with intention to pass the benefit to consumers at a fixed subsidy price.

37.1 million

Bags of maize produced in the country in 2016 against projected consumption of between 24 and 43 million bags due to prolonged drought leading to shortage of about five to seven million bags

Volvo to set up Sh2.5b assembly plant in Mombasa

by Steve Umidha
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Sweden-based truck manufacturer Volvo Trucks is targeting East African growth with its planned $25millon (Sh2.5billion) assembly plant in Mombasa which could see its first locally assembled truck hit Kenyan roads as early as the first quarter of 2018.

The truck maker has picked a dealer to help drive that growth, bringing the number of manufacturers set to establish assembly plants in Kenya to four. Others are Volkswagen (VW), Peugeot and Iveco.

NECST Motors East Africa Ltd is now the appointed distributor and seller of Volvo brands in Kenya, Uganda and Tanzania with the dealership expected to raise Volvo's regional market share which is largely dominated by Isuzu and Toyota's Hino brands.

New partnership

The new partnership, signed in Nairobi yesterday, marks an end to Volvo's association with Portuguese car dealer, Auto-Sueco. Volvo, ranked second-largest in the world after German multi-national automotive company Daimler Chrysler in unit production said the split was 'mutually' decided.

300

Number of jobs both direct and inderect that Volvo will create in Kenya

"We believe there is a significant potential for the premium truck business as regional economies grow. I am confident that we have found the right partner in Necst. There was no fall-out with the previous dealer. Together with them we came to the same conclusion last year that is better for them to focus on other countries since they were not prepared to invest in the future of the three regional markets we want to focus on," said Claes Nilsson, President of Volvo Trucks.

The planned investment that includes setting up 20 new workshops across the region and car parts warehouse for Volvo trucks is expected to create 300 direct and indirect jobs.

"We will train employees to equip them with modern skill sets as we aim to drive the truck brand in the region by bringing safe, durable and fuel efficient trucks onto East African roads," Erik Eberhardson, Co-founder of Necst Motors said.

Regional office

The partnership deal has also seen Volvo Trucks open a regional office in Nairobi which will be responsible for expanding footprint of the brand in East Africa.

The company targets to assemble between 400 and 500 trucks yearly to meet the growing demand for medium and larger trucks, resulting from massive infrastructure projects, oil and gas as well as mining activities across the region.