



Uganda
Securities Exchange

May 2022

MONTHLY BULLETIN

ACTIVITY REPORT

MARKET PERFORMANCE

Equities Report

The trading volume for May 2022 was 52,464,273 shares with a turnover of UGX 6,448,037,343. This month's turnover increased by 571.47% compared to UGX 960,292,685 that was recorded in May 2021 and a volume of 81,465,433.

Activity in May increased 69.75% compared to the turnover registered in April 2022, from 3.7 billion to 6.4 billion. This represents a daily average turnover of approximately UGX 307 million. Volume traded increased to 52 million shares compared to 27 million shares traded in April 2022. The number of deals increased to 552 deals up from 489 deals executed in April 2022, with 34 per cent of the deals attributed to the UMEME Limited counter.

Turnover performance per counter

UMEME counter dominated activity for the month accounting for 62.61 percent of the total turnover followed by Bank of Baroda Uganda with 28.14 percent. In third position was MTN Uganda Limited with 6.87 per cent contribution to the month's turnover and Uganda Clays Limited in fourth position with 1.24 percent, Stanbic, National Insurance Corporation Uganda Limited, CIPLA, New Vision Limited and DFCU combined recorded 1.14 percent of the total turnover.

Volume traded per counter

Bank of Baroda Uganda registered the highest volume of shares with 47.99 percent, followed by UMEME with 31.94 percent. Uganda Clays Limited came third with 8.02 percent of the volume, while

Stanbic was in the fourth position with 5.19 percent of the total volume. MTN Uganda Limited accounted for 4.55 percent, National Insurance Corporation Uganda Limited, CIPLA, New Vision Limited and DFCU had the least number of shares traded amounting to 1,214,233 shares representing 2.32 percent of total number of shares traded.

Trading Volumes and Activity on a Monthly Basis year on year

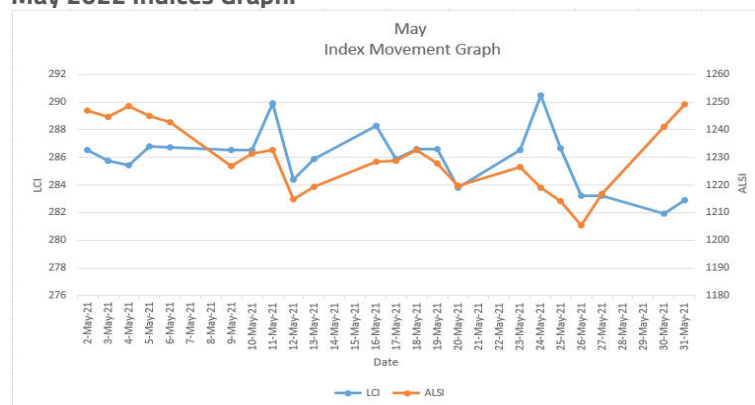
	May 2022	May 2021
Volume Traded	52,464,273	81,465,433
Turnover (UGX)	6,448,037,343	960,292,685
Number of Deals	552	264
Trading Days	21	19
Daily Average Turnover (UGX)	307,049,397	50,541,720
Daily Average number of trades	26	14
Market Capitalization (UGX.bn)	21,480.45	20,193.76
USE All Share Index (ASI)	1,249.07	1,451.93
Local Share Index (LSI)	282.93	337.47

Source USE Product Markets Department

USE Index Results

The Local Company Index (LCI) slightly decreased during the period with many local counters registering minimal price movements. The local index commenced the month at 286.56 and closed at 282.93 representing a 1.27 percent decline. The All Share Index (ALSI) rose by 0.17 percent to 1249.07 from 1246.99 at the start of the month.

May 2022 Indices Graph:



Source: USE Product Markets Department



Equities Report

The trading volume for May 2022 was **52,464,273** shares



Turnover performance per counter

UMEME counter dominated activity for the month accounting for **62.61%** of the total turnover



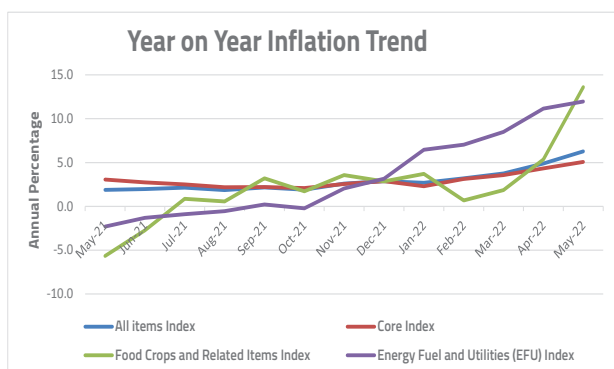
Volume traded per counter

Bank of Baroda Uganda registered the highest volume of shares with **47.99%** followed by UMEME

INFLATION – OUTLOOK AND RISKS

Annual headline inflation increased to 6.3% in the 12 months to May 2022 up from 4.9% in April 2022. This was mainly driven by the increases in the prices of commodities under; 'Food and Non-Alcoholic Beverages' (11.0 percent), 'Transport' (4.4 percent), 'Personal Care, Social Protection and Miscellaneous Goods' (3.9), between April and May 2022. The Monthly Headline Inflation for May 2022 increased by 1.5 percent compared to the 1.4 percent rise recorded in the month of April 2022. This is mainly attributed to the monthly Food and Non- Alcoholic Beverages Inflation that rose by 3.5 percent in May 2022 from the 3.1 percent rise recorded in April 2022.

The Core Inflation for the 12 months to May 2022 increased to 5.1 percent in May 2022, up from 4.3 percent registered in April 2022. This is mainly attributed to Annual Other Goods Inflation that increased to 7.8 percent for the 12 months to May 2022 up from 6.6 percent recorded in April 2022. Year on year Annual food crops and related items inflation increased to 13.6% in the year to May 2022 up from 5.4% in the year to March 2022. Year on year Electricity, Fuel and Utilities inflation increased to 12.0% up from a 11.2% in May 2022 driven by higher prices of petrol during the period.



Source: UBOS UGANDA CONSUMER PRICE INDEX: 2016/17=100 MAY 2022

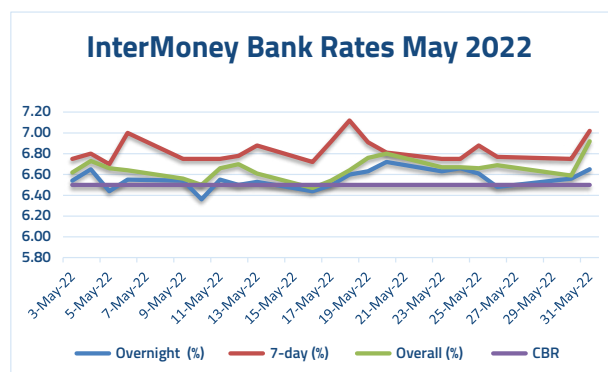
INTEREST AND LENDING RATES

Interbank Money Market Rates

Interbank Money Market rates edged slightly lower averaging 6.65% in May 2022 compared to 6.71% in April 2022. Overnight rates edged at 6.56% in May 2022 compared to 6.71 in April 2022 while 7-Day rates edged lower averaging at 6.83 last month compared to 6.90% in April 2022.

Inflation is increasing rapidly and is spreading broadly across the basket of consumer goods and services. Supply and demand imbalances that were caused by the Covid-19 pandemic and heightened by the Russia-Ukraine conflict are the main underlying forces of broader price pressures.

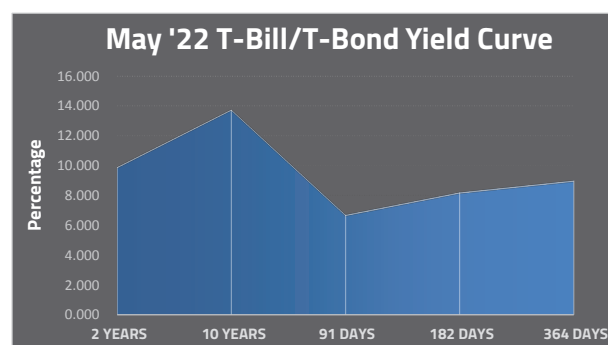
While the inflationary pressures are likely to be temporary, the worsening economic outlook, uncertainty and risks ahead motivated the MPC to tighten monetary policy to contain demand pressures until supply catches up. Accordingly, the MPC has raised the CBR to 7.5 percent and maintained the band on the CBR at +/- 2 percentage points. Consequently, the margins on the rediscount and bank rates remain at 3 percentage points and 4 percentage points respectively. The rediscount and bank rates are now 10.5% and 11.5%, respectively. The Bank of Uganda will continue to raise the CBR until inflation is firmly contained around the medium-term target.



Source: Bank of Uganda

Yields on Government securities

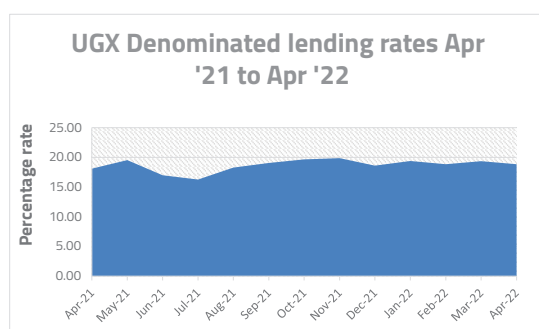
Rates on the short end of the yield curve at the end of May 2022 edged the same as at the end of April 2022 for 91-Day, 182-Day, and 364-Day. So, the 91-Day, 182-Day and 364-Day, closed the past month at 6.7%, 8.2% and 9.0% respectively. The recently issued 2-year and 10-year government papers closed May 2022 at 9.900%, and 13.750% respectively.



Source: Bank of Uganda

Lending rates

Shilling denominated lending rates declined to 18.84% in April 2022 from 19.35% in March 2022. Month on month Foreign Currency denominated lending rates slightly rose to 6.11% in April 2022 compared to 5.97% in March 2022. On average foreign currency denominated lending rates have been fluctuating pointing to a differing appetite for these loans.

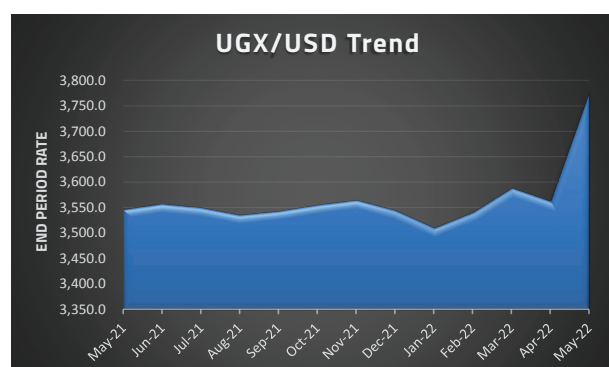


Source: Bank of Uganda

FOREIGN EXCHANGE RATE DEVELOPMENT

The local currency edged lower month on month closing at 3,775 in May compared to 3,562 in April driven by higher appetite for foreign currency during the period.

The Uganda Shilling has weakened by 6.5% against the USD so far this year compared to 3,554 at the end of May 2021.



Source: Bank of Uganda

BOND LISTINGS:

There were 2 treasury bonds listed in May 2022, these were re-openings with a value of UGX 400bn. The current total value of the Government Bonds listed on the bourse stands at UGX 23.4 trillion.

Government Bond Schedule: May 2022

INSTRUMENT CODE	IS IN	ISSUED SHARES	ISSUE DATE	RATE	MATURITY
FXD/05/2017/5YR	UG12H1305228	156.3BN	2017/05/19	15.38	2022/05/13
FXD/7/2012/10YR	UG0000001079	1.615TN	2013/08/14	11.00	2022/06/09
FXD/07/2017/5YR	UG12H0707226	300BN	2017/07/13	14.13	2022/07/07
FXD/12/2017/5YR	UG12H2811224	156.3BN	2017/12/04	12.50	2022/11/28
FXD/6/2013/10YR	UG0000001244	1.862TN	2013/04/24	11.00	2023/04/13
FXD/09/2021/2YR	UG12F0709234	750BN	2021/09/09		2023/09/07
FXD/1/2014/10YR	UG12J1801248	1.290TN	2014/01/30	14.00	2024/01/18
FXD/05/2019/5YR	UG12H1005240	153.7BN	2019/05/17	14.88	2024/05/10
FXD/8/2014/10YR	UG0000001467	1.070TN	2014/08/13	14.00	2024/08/01
FXD/10/2019/5YR	UG12H2509240	250BN	2019/10/02	14.88	2024/09/25
FXD/1/2015/10YR	UG0000001517	850BN	2015/01/28	11.00	2025/01/16
FXD/12/2015/10YR	UG12J1812252	120BN	2015/12/30	19.50	2025/12/18
FXD/08/2016/10YR	UG12J2708269	1.220TN	2016/09/08	16.63	2026/08/27
FXD/5/2017/10YR	UG12J0605277	1.160TN	2017/05/18	16.00	2027/05/06
FXD/1/2018/10YR	UG12J1301280	220BN	2018/01/25	14.13	2028/01/13
FXD/12/2013/15YR	UG0000001376	220BN	2013/12/04	15.25	2028/11/16
FXD/2/2015/15YR	UG0000001533	1.865TN	2015/02/25	14.25	2029/08/23
FXD/5/2015/15YR	UG12K0205308	120BN	2015/05/21	17.50	2030/05/02
FXD/11/2020/10YR	UG12J1411303	187BN	2020/11/27	16.00	2030/11/14
FXD/4/2016/15YR	UG12K0304317	1.630TN	2016/04/20	17.00	2031/04/03
FXD/3/2017/15YR	UG12K0403325	1.470TN	2017/03/23	16.38	2032/03/04
FXD/2/2018/15YR	UG12K0302337	750BN	2018/02/22	14.38	2033/02/03
FXD/7/2019/15YR	UG12K2206346	2.259TN	2019/07/11	14.25	2034/06/22
FXD/11/2020/15YR	UG12K0811352	1.646TN	2020/11/27	16.25	2035/11/08
FXD/11/2020/20YR	UG12L0111405	2.239TN	2020/11/27	17.50	2040/11/01

Corporate Bond Activity: May 2022

The corporate Bonds segment remained inactive throughout the period. Investors in this segment have continued to hold onto their investments and receive interest that is paid out semi-annually. Below are the corporate bonds currently listed on the USE;

1. Kakira Sugar Limited Bond maturing on 07.12.2023

Alternative trading of Government securities Activity: May 2022

	Month	Security	Amount Auction	Secondary
01	May-22	TBILL	555,500,000	
02		TBOND	4,200,000	16,000,000
	Total		559,700,000	16,000,000

CORPORATE ANNOUNCEMENTS: MAY 2022



CIPLA

Annual Results For the year ended 31st March 2022

Financial Performance

Revenue Sales for FY 2021-22 were UGX 267.4 billion compared to UGX 284.5 billion in FY 2020-21. Reduction in sales was explained by non recurrence of COVID-19 sale opportunities in the export segment after the pandemic came under control.

Excluding the impact of one-off COVID-19 sales, overall annual sales grew by 3% compared to FY 2020-21.

Gross profit margin increased to 27% in FY 2021-22 compared to 19% in FY 2020-21 partly due to the change in customer and product mix.

Impairment allowance on financial assets mainly comprised an allowance for receivables from Government of Zambia (GoZ). The Company has a receivable from GoZ of UGX. 25.2 billion (FY 2020-21: UGX 42.9 billion) which was fully provided for.

General and administrative expenses reduced by 2% from UGX. 51.6 billion in FY 2020-21 to UGX. 50.8 billion.

Dividends Subject to approval by shareholders, the Directors recommend payment of a dividend of UGX

2.0 (FY 2020-21: Nil) per share for the financial year ended 31 March 2022. The dividend shall be paid to shareholders registered in the books of the Company at close of business on 31st August 2022 and will be paid on 21st September 2022.

Full announcement can be found on our website; CIPLA FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2022 | Uganda Securities Exchange (USE)

BATU

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Financial Performance

Gross revenue declined by 42% to UGX 93.8 billion, driven by reduction in sales volume.

Excise Duty and Value Added Tax reduced by 41% to UGX 48.6 billion in line with the decline in sales volume. Consequently, net revenue decreased by 43% to UGX 45.2 billion.

Total cost of operations reduced by 40% to UGX 30 billion, driven by lower sales volume and cost management initiatives undertaken to cushion business profitability.

Profit after tax decreased by 48% to UGX 10.3 billion, reflecting the drop in net revenue and lower costs.

Despite the challenges experienced during the year, the company remained profitable with strong cash generation.

Dividend; UGX 209 per ordinary share was declared by the directors to be recommended for approval by shareholders at the Annual General Meeting to be held on 15 June 2022. The dividend which is subject to withholding tax, will be paid on 11 July 2022 to shareholders on the register on the register at the close of business on 20 June 2022.

Full announcement can be found on our website; BAT UGANDA - FINANCIAL STATEMENTS 2021.pdf (use.or.ug)

Announcement of a Change to the Board of Directors of British American Tobacco Uganda Limited

In accordance with Rule 36 of the Uganda Securities Exchange Listing Rules 2021, the Board of Directors of British American Tobacco Uganda Limited announced the following change:

Mr. Kirunda Magoola resigned from his position as Managing Director and executive Board member, effective 11 May 2022. Mr. Magoola was appointed to the Board as Managing Director on 1 August 2020

Consequently, the Board announced the appointment of Mr. Mathu Kiunjuri as Managing Director and executive Board member effective 12 May 2022. Mr. Kiunjuri has

over 20 years' experience in leadership, marketing and business strategy within the BAT Group, having worked in multiple markets, including Kenya, Tanzania, Ethiopia, South Africa, Rwanda and Uganda.

Full announcement can be found on our website; 06_Board Announcement- Uganda (use.or.ug)

New Appointment to the Board of Directors of British American Tobacco Uganda Limited

In accordance with Rule 36 of the Uganda Securities Exchange Listing Rules 2021, the Board of Directors of British American Tobacco Uganda Limited announced the appointment of Mr. Henry Rugamba as a Non-Executive Board member effective 24 May 2022. Mr. Rugamba is a seasoned public relations professional with over 28 years in public relations and marketing communications. The Board is confident that Mr. Rugamba's extensive corporate affairs experience will be valuable to BAT Uganda's strategic objectives.

Full announcement can be found on our website; BATU UGANDA -APPOINTMENT OF NEW BOARD OF DIRECTORS | Uganda Securities Exchange (USE)

UMEME LIMITED

Post Agm Notice

Umeme Limited (the Company) hereby informed its shareholders and the general public that at the Annual General Meeting (AGM) of the Company held as a hybrid meeting (partly physical and partly virtual using electronic means), on Thursday 19th May, 2022, the shareholders passed the following:

1. Receipt and adoption of the annual audited financial statements for the year ended 31st December 2021, including the reports of the Directors and External Auditors.
2. Declaration of a final dividend of Ugx 54.1 per ordinary share.
3. Appointment of Ernst & Young, Certified Public Accountants as External Auditors of the Company for the year 2022. Among others.

The dividend will be paid on or about 22nd July, 2022 to shareholders whose names appear on the Company's register at close of business on 24th June, 2022.

MTN Uganda Limited

Post AGM Notice

MTN Uganda informed its Shareholders that at the annual general meeting of the Company held on Friday 27 May 2022 at the Company's head office at Plot 69/71 Jinja Road Kampala, Uganda the following resolutions were passed as ordinary resolutions:

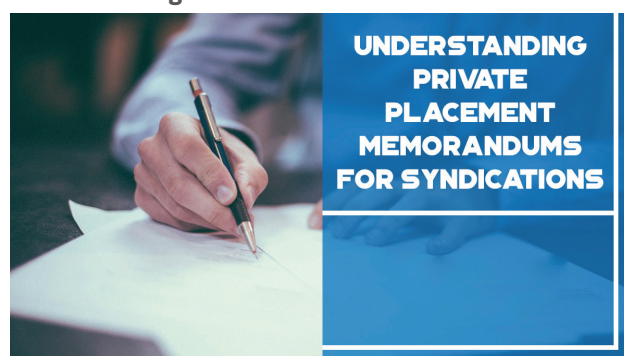
1. Receipt and adoption of the audited accounts for the

year ended 31 December 2021, together with the reports of the Directors and Auditors thereon.

2. Declaration of a final dividend of UGX 4.706 per share for the year ended 31 December 2021.
3. Re-appointment of PricewaterhouseCoopers Certified Public Accountants as the external auditor of the Company for the audit relating to the financial year ending 31 December 2022, and authorization of the Directors to fix the auditor's remuneration.
4. Approval of the fees payable to the non-executive Directors of the Company for the year 2022. Only shareholders registered in the books of the Company at close of business on 26 May 2022 are entitled to receive the final dividend. The dividend will be paid (net of withholding tax) electronically to the nominated bank accounts or mobile money wallets of eligible shareholders on 24 June 2022.

EDUCATION COLUMN.

Understanding Private Placement



Raising capital is key to building a thriving business and fuelling growth. For company founders, fundraising often begins with seed money from friends and family, but as a business succeeds, they often look elsewhere for extra cash.

A significant milestone in some companies' development may be an initial public offering, or IPO, when a company obtains a listing on a public exchange to allow the general public to buy and sell shares.

But there is an alternative to the IPO: the private placement.

What Is a Private Placement?

A private placement is a sale of stock shares or bonds to pre-selected investors and institutions rather than on the open market. It is an alternative to an initial public offering (IPO) for a company seeking to raise capital for expansion.

A company can be more selective about who buys its shares if it sells them in a private placement. Shares sold in an initial public offering, or IPO, are offered to

the general public and tend to attract more attention. However, private placement allows a company to raise money without going public and having to disclose financial information. A company can remain private while still gathering shareholder investments.

Investors invited to participate in private placement programs include wealthy individual investors, banks and other financial institutions, mutual funds, insurance companies, and pension funds.

There are minimal regulatory requirements and standards for a private placement even though, like an IPO, it involves the sale of securities. The sale does not even have to be registered with the Securities exchange. The company is not required to provide a prospectus to potential investors and detailed financial information may not be disclosed.

Instead of a prospectus, private placements are sold using a private placement memorandum (PPM) and cannot be broadly marketed to the general public.

Advantages of Private Placement

Advantages of private placements include:

Select one:

- ☐ A. Cost of funds may be lower.
- ☐ B. Private lenders are more willing to negotiate changes to a bond contract.
- ☐ C. The speed of private placement deals and flexibility in issue size.
- ☐ D. All of the above.

A company may choose to raise capital through a private

placement for any number of reasons. If a company is young, it might not yet meet certain public listing requirements, or a company might find benefits to remaining private.

A Speedier Process/ faster turn around time

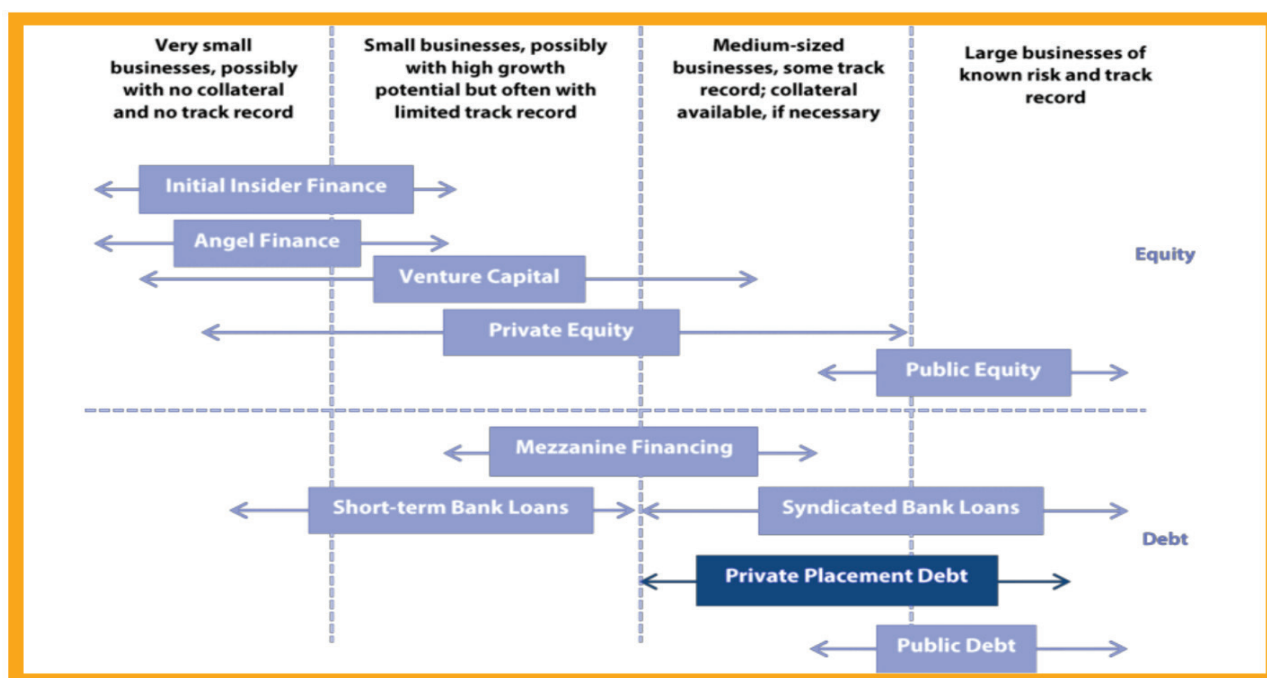
Above all, a young company can remain a private entity, avoiding the many regulations and annual disclosure requirements that follow an IPO. That means the process of underwriting is faster, and the company gets its funding sooner.

If the issuer is selling a bond, it also avoids the time and expense of obtaining a credit rating from a bond agency. Yet, preparing for an IPO may be costly and require significant preparations to ensure the company's books and financial reporting meets certain standards. On top of that, being a public company requires significant ongoing public disclosure, as public companies report earnings every quarter, and regularly report other key information and events, such as when the chief executive or other executives buy or sell shares in the company.

A private placement, its relatively few regulatory requirements allows a company to sell shares that are neither publicly traded nor registered with the Securities Exchange Commission, easing both costs and reporting burdens, while also enabling management to retain a greater degree of control over the company.

A private placement allows the issuer to sell a more complex security to accredited investors who understand the potential risks and rewards.

A More Demanding Buyer. The buyer of a private placement bond issue expects a higher rate of interest than can be earned on a publicly-traded security.



Different assets: Since sellers aren't registering with the SEC, even bonds can be sold more quickly. A company does not have to get a credit rating from a bond agency and can sell to accredited investors who understand more complex bond offerings.

When one invests in private placements it may be a win-win situation: The business owner gains access to needed capital and the buyer gains the potential to reap a higher return on their investment. One also gains the benefit of diversifying their retirement portfolio.

Cons of a private placement.

Increased collateral. A company may have to offer some form of collateral to entice buyers. Because of the additional risk of not obtaining a credit rating, a private placement buyer may not buy a bond unless it is secured by specific collateral.

More ownership. A private placement stock investor may also demand a higher percentage of ownership in the business or a fixed dividend payment per share of stock.

Higher interest rates: Compared to bonds issued by publicly traded companies, private placement bonds earn a higher rate of interest. That leaves a company on the hook for larger pay-outs.

In general, securities acquired in a private placement are "restricted," meaning investors cannot resell them without registration or an applicable exemption under the securities law. The company must also file a brief notice of the offering with the SEC. For investors, however, even after the restricted period ends, they might still struggle to sell those securities, as private placement securities are generally very illiquid.

What has to be disclosed?

Issuers selling securities in a private placement generally have fewer disclosure requirements than issuers that sell securities in a public offering.

In short, an issuer must abide by the antifraud provisions of securities law when disclosing information about its private placement offering, no matter who it is selling to, but when non-accredited investors are involved, the issuer must also disclose other key information, such as financial statements. As such, investors may gather information on their own beyond what is provided in the offering documents to make an informed investment decision and should recognize that they may lock themselves into an investment that is difficult to liquidate and that could come with high transaction costs.

Since private placements fall under different regulations compared to IPOs, they operate differently.

KEY TAKEAWAYS

- A private placement is a sale of securities to a pre-selected number of individuals and institutions.
- Private placements are relatively unregulated compared to sales of securities on the open market.
- Private sales are now common for start-ups as they allow the company to obtain the money they need to grow while delaying or foregoing an IPO.

BOTTOM LINE

Private placement can offer investors an exclusive opportunity that is not available to the public. It can also offer companies funding without having to disclose a lot of financial information.

Private placements have become a common way for start-ups to raise financing, particularly those in the internet and financial technology sectors. They allow these companies to grow and develop while avoiding the full glare of public scrutiny that accompanies an IPO.

However, all investments carry risk. Though still covered by antifraud portions of securities laws, private placements can withhold more information from investors than public offerings.

Companies should know that non-accredited investors still require financial disclosures. Meanwhile, potential investors should consider gathering information beyond what is offered before sinking their money into a private placement.

Investing in securities that do not disclose their financial information can be confusing. A financial advisor can help investors get a clearer picture.

SOURCE:

<https://smartasset.com/investing/private-placement>

<https://www.iraresources.com/understanding-private-placements>

<https://www.investopedia.com/terms/p/privateplacement.asp#:~:text=What%20Is%20a%20Private%20Placement,to%20raise%20capital%20for%20expansion>

<https://www.finra.org/investors/insights/private-placements-explained>

Appendix I: USE Member Firms

The following USE Member Firms are licensed to act as both broker/dealers and Market Advisors:

Market Advisor	Contact Person:
Dyer & Blair (Uganda) Ltd Rwenzori House Ground Floor P. O. Box: 36620 Kampala Tel: +256-414-233050 Fax: +256 -414 231813 Email: Uganda@dyerandblair.com	Ms. Esther Kakiza
Equity Stock Brokers (U) Ltd. Suite A-3, Plot 16-17 Nyonyi Gardens, Kololo P. O. Box: 23482 Kampala, Uganda Tel: +256-414 7719133/44 Email: equity@orient-bank.com	Mr. Isaac Mwigu
Crested Stocks and Securities Limited Head Office - Impala House 6th Floor Plot 13-15, Kimathi Avenue P. O. Box 31736, Kampala, Uganda Tel: +256 312 230900/ +256 414 230 900 Email: info@crestedcapital.com Website: www.crestedcapital.com	Mr. Robert H. Baldwin
UAP Old Mutual Financial Services Ltd 2nd floor, Block A, Nakawa business park P. O. Box 20079, Kampala Tel: +256 414 332 825 Email: brokerageufs@uap-group.com	Mr. Mwebaze Simon
SBG Securities Limited 4th Floor Crested Towers (Short Towers) P. O. Box 7131, Kampala Tel: +256 0312 224 600 Email: sbgs_uganda@stanbic.com	Mr. Joram Ongura



Uganda
Securities Exchange

UGANDA SECURITIES EXCHANGE

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