

DYER & BLAIR INVESTMENT BANK

DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

29th April 2020



DYER & BLAIR
INVESTMENT BANK

WE KNOW. YOU KNOW.

CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	107.28	(0.03)	(5.86)
KES/GBP	133.98	(0.56)	(0.78)
KES/EUR	116.67	(0.31)	(2.92)

KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	140.21	3.13	(15.74)
NSE-20	1,967.19	1.00	(25.89)
NSE-25	3,262.99	2.62	(20.43)
FTSE 15	173.13	1.99	(21.77)
FTSE 25	185.23	2.71	(19.29)

Market Activity	Close	1-day	y-t-d
Market Cap (USD BN)*	19.98	19.37	25.06
Market Turnover (USD MN)	3.00	3.55	550.75
Foreign Buys (%)	30.18	47.92	48.46
Foreign Sales (%)	50.70	81.42	75.50
Foreign Participation (%)	40.44	64.67	61.98

Top Gainers	VWAP (KES)	1-day ch (%)	Volumes ('000 shares)
Kakuzi	341.00	10.00	400
WPP Scangroup	16.95	7.62	2,900
Kenya Airways	0.91	5.81	172,600

Top Losers	VWAP (KES)	1-day ch (%)	Volumes ('000 shares)
Flame Tree	0.95	(9.52)	1,214,700
Nation Media	21.40	(7.96)	240,700
E.A.Cables	1.74	(5.43)	1,800

Top Traders	Turnover (USD mn)	F.buys (USD m)	F.sales (USD m)	VWAP (KES)	1-day ch (%)
Equity Group	1.46	0.52	0.71	36.80	2.65
Safaricom	0.79	0.36	0.69	29.00	4.69
I&M Holdings	0.11	-	-	51.00	(0.49)
KCB Group	0.10	-	-	36.30	1.40
ABSA Bank	0.09	-	0.09	10.55	(0.47)

*Year-to-date refers to Market Capitalization as at 31st December 2019

CURRENCY PERFORMANCE-TSH, USH, RWF

	Close	1-day	y-t-d
KES/USH	35.47	(0.10)	1.93
KES/RWF	8.88	0.02	5.07
KES/TSH	21.57	0.27	4.88
USD/USH	3,805.01	(0.13)	(3.82)
USD/RWF	952.76	(0.01)	(0.49)
USD/TSH	2,314.01	0.24	(0.70)

EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
RSE RSI	122.00	(0.24)	(1.13)
RSE RASI	150.19	(0.03)	10.78
DSE DSEI	1,775.56	0.28	(13.77)
DSE TSI	3,494.06	-	1.83

RSE	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOK	102,460.17	29.27	260.00	-
BLR	1,553.79	15.54	138.00	(0.72)
CTL	-	7.88	70.00	-
IMR	-	10.13	90.00	-

DSE **	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
CRDB	1,228,396.72	6.95	150.00	-
DSE	3,053.20	41.26	890.00	(1.11)

*Local Currency

**Trading data for the previous day.

RESEARCH DEPARTMENT

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SALIENT NEWS

Safaricom FY20 Earnings Snapshot

Safaricom released its FY20 results recording a 19.5% y-o-y rise in PAT to KES 74.7 BN. EPS rose 19.5% y-o-y to KES 1.86 whereas DPS rose to KES 1.40 from KES 1.25 in FY19. Headline EPS (excluding a one-off gain from the acquisition of the M-PESA brand) rose to KES 1.78.

Total revenue rose 4.9% y-o-y to KES 262.56 BN mainly on the back of a 4.8% y-o-y rise in service revenue to KES 251.22 BN, a 10.9% y-o-y rise in handsets and other revenue to KES 10.48 BN.

MPESA revenue rose 12.6% y-o-y to KES 84.44 BN, mobile data revenue rose 12.1% y-o-y to KES 40.67 BN, while voice revenue declined 1.4% y-o-y to KES 94.45 BN.

M-PESA accounted for 33.6% of service revenue on the back of a 10.0% y-o-y rise in 30-day active M-PESA customers to 24.9 MN and a 5.3% y-o-y rise in chargeable transactions to 12.9 per customer per month (chargeable transactions excluding betting rose 21.0% y-o-y to 10.7).

Mobile data accounted for 16.2% of service revenue on the back of a 14.2% y-o-y rise in 30-day active data customers to 22.0 MN, a 23.7% y-o-y rise in the number of mobile data customers using more than 100 mbs to circa 9.1 MN and an 84.4% y-o-y rise in active 4G devices to 6.1 MN.

EBITDA rose 8.3% y-o-y to KES 134.63 BN following a 4.0% y-o-y rise in direct costs to KES 74.70 BN and a 4.9% decline in other expenses to KES 53.59 BN. EBIT rose 13.5% y-o-y to KES 101.01 BN on the back of a 4.8% y-o-y decline in depreciation and amortization to KES 33.62 BN.

Management reported a one off share of profit of joint venture (M-PESA Global Services Limited) of KES 3.3 BN following the acquisition of the M-PESA brand which will now position the company to expand the M-PESA footprint across the continent.

The removal of fees on Mpesa transfers below KSH 1,000.00 in response to the COVID-19 pandemic had an impact of KES 0.6 BN over the month of March 2020 (last month of the fiscal year).

Net cash from operating activities rose 6.8% y-o-y to KES 106.62 BN. Free cash flow rose 11.4% y-o-y to KES 70.3 BN up from KES 63.1 BN in FY19. Capex dropped to KES 36.1 BN in FY20 compared to KES 37.2 BN in FY19.

On a trailing basis, Safaricom is trading at a P/E multiple of 15.8x and a P/B multiple of 8.1x. Its ROE stands at 51.5% whereas ROA stands at 34.5%. Dividend yield currently stands at 4.8%. Management declined to issue guidance for FY21 due to the prevailing uncertainty. *(Source: Company Filings, DBIB Research)*

Stanlib Fahari I-REIT FY19 Earnings Snapshot

Stanlib Fahari I-REIT released its FY19 results recording a 9.4% y-o-y drop in net profit to KES 175.2 MN. Basic earnings per unit for the period came in at KES 0.97, 9.3% lower y-o-y. Distributions per unit were held constant at KES 0.75 on account of significant capital projects recently undertaken at Greenspan Mall and the likely negative impact of the coronavirus pandemic on cash flows.

Rental and related income grew by 11.2% y-o-y to KES 344.3 MN in line with lease escalations and as a result of income from the new cinema at Greenspan Mall and full year income contribution from the 67 Gitanga Place. Only seven months had been included FY18. Consequently, total revenue rose by 6.5% y-o-y to KES 353.9 MN.

SALIENT NEWS

Stanlib Fahari I-REIT FY19 Earnings Snapshot

Fund operating expenses dropped by 14.5% y-o-y to KES 111.3 MN owing to the recovery of VAT input which had previously been capitalized to fund expenses. Property expenses on the other hand grew by 5.0% y-o-y to KES 114.3 MN on account of the recognition of expenses from 67 Gitanga Place for the full year whilst only seven months were included FY18; and a 22.2% y-o-y increase in tax leakage from the provision for irrecoverable withholding tax by tenants to KES 16.5 MN. As a result, total operating expenses shed 5.6% y-o-y to 225.6 MN.

Increase in fair value of investment property was reported at KES 21.7 MN, 49.8% lower y-o-y on the back of a depressed real estate sector and continued downward pressure on rentals more so in the retail sector.

Total assets increased by 0.7% y-o-y to KES 3.9 BN attributable to a 3.0% y-o-y upswing in non-current assets to KES 3.5 BN and an 8.0% y-o-y decline in current assets to 406.2 MN. Total equity rose by 1.1% y-o-y to KES 3.8 BN while total liabilities shed 10.6% y-o-y to KES 115.0 MN.

On a trailing basis, the REIT is trading at a P/E multiple of 8.0x and a P/B multiple of 0.4x. Its ROE stands at 5.1% whereas ROA stands at 5.0%. Dividend yield stands at 8.5%. *(Source: Company Filings, DBIB Research)*