

DYER & BLAIR INVESTMENT BANK

DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

7TH AUGUST 2020



DYER & BLAIR
INVESTMENT BANK

WE KNOW. YOU KNOW.

CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	108.00	(0.05)	(6.58)
KES/GBP	142.10	(0.27)	(6.89)
KES/EUR	128.09	(0.15)	(12.99)

KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	130.58	0.76	(21.53)
NSE-20	1,758.08	(0.07)	(33.77)
NSE-25	2,990.66	0.76	(27.07)
FTSE 15	158.62	0.77	(28.33)
FTSE 25	171.72	0.88	(25.17)

Market Activity	Close	1-day	y-t-d
Market Cap (USD BN)*	18.56	18.42	25.06
Market Turnover (USD MN)	1.96	1.93	970.21
Foreign Buys (%)	14.30	56.08	50.11
Foreign Sales (%)	48.39	47.09	76.98
Foreign Participation (%)	31.34	51.59	63.55

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
TPS Eastern Africa	14.50	7.41	500
Eveready East Africa	1.08	6.93	100
Equity Group	31.50	5.18	932,700

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
Britam	6.96	(6.95)	7,700
Uchumi	0.32	(5.88)	7,600
Home Afrika	0.47	(4.08)	1,200

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
KCB Group	0.62	-	0.55	32.95	(1.35)
Safaricom	0.55	0.23	0.25	27.70	1.09
Equity Group	0.27	0.03	-	31.50	5.18
ABSA Bank	0.15	0.00	0.03	8.62	(0.23)
Co-operative Bank	0.09	0.00	-	10.30	(1.44)

*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	34.13	0.03	5.63
KES/RWF	8.88	0.03	5.05
KES/TSH	21.53	0.05	5.07
USD/USH	3,686.01	(0.02)	(0.57)
USD/RWF	959.42	(0.02)	(1.19)
USD/TSH	2,325.01	(0.00)	(1.18)

EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
USE ALSI	1,263.62	0.01	(29.83)
USE LCI	339.22	0.04	(3.15)
DSE DSEI	1,773.00	0.29	(13.90)
DSE TSI	3,476.88	0.14	1.33

DSE**	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
CRDB	1,031,250.87	6.97	150.00	3.45
DSE	82,685.32	41.34	890.00	-
NICO	35,536.11	7.90	170.00	-
SWIS	4,227.17	60.39	1,300.00	-

*Local Currency

**Trading data for the previous day.

NOTE: RSE remained closed today in observance of a public holiday i.e. Umuganura/Harvest Day.

RESEARCH DEPARTMENT

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SALIENT NEWS

WPP Scangroup 1H20 Earnings

WPP Scan Group saw a rise in combined profit after tax to KES 1.6 BN primarily due to a net gain on disposal of discontinued operations of KES 2.2 BN. Continuing operations saw a loss of KES 532.0 MN.

Continuing operations saw a 20.6% y-o-y decline in net sales to KES 1.1 BN due to the impact of cost cutting measures taken by the firm's clients as a result of the COVID-19 crisis. Operating and administration expenses rose marginally at 3.3% y-o-y to KES 1.4 BN as management also worked to managed the firm's cost structure.

The firm saw a significant rise in provision for bad and doubtful debt to KES 328.8 MN from KES 53.1 MN in 1H19 due to an overdue amount from a parastatal client.

As previously announced, the group realized a net gain of KES 2.2 BN from the sale of its interest in Millward Brown East Africa, Millward Brown Nigeria, Millward Brown West Africa and Research & Marketing group whose results have been included as part of discontinued operations.

The group's trade and other receivables declined 51.3% y-o-y to KES 2.4 BN while its trade and other payables also declined 35.9% y-o-y to KES 2.5 BN. Cash and cash equivalents rose 96.7% y-o-y to KES 7.4 BN primarily due to the proceeds from the sale of discontinued operations which came in at KES 5.6 BN.

On 6th July, 2020, the company announced a special interim dividend of KES 8.00 per share to shareholders on the register on 28th July 2020 and payable on or before 27th August 2020. *(Source: Company filings, DBIB Research).*

Kenya Re-Insurance 1H20 Earnings

Kenya Re saw a 45.8% y-o-y rise in profit after tax to KES 1.6 BN. Profit before tax rose 51.6% y-o-y to KES 2.1 BN.

Gross written premiums rose 2.4% y-o-y to KES 9.1 BN while net earned premiums rose 16.6% y-o-y to KES 8.7 BN. Short term business accounted for KES 8.1 BN and KES 7.8 BN of gross written and net earned premiums respectively while long term business accounted for KES 909.6 MN and KES 904.3 MN respectively.

Investment income declined 2.1% y-o-y to KES 1.9 BN comprising KES 1.4 BN from the short term business and KES 487.1 MN from the long term business. Altogether, total income rose 12.7% y-o-y to KES 10.6 BN.

SALIENT NEWS

Net claims and benefits rose 3.1% y-o-y to KES 5.1 BN comprising KES 4.6 BN from the short term business and KES 555.8 MN from the long term business. Cedant acquisition costs rose 5.8% y-o-y to KES 2.1 BN comprising KES 1.9 BN and KES 285.7 MN from the short term and long term business respectively.

Net assets rose 3.6% y-o-y to KES 33.1 BN aided in part by a 25.5% y-o-y rise in cash and cash equivalents to KES 9.2 BN which was despite a 51.1% y-o-y decline in net cash generated from operating activities.

On a trailing basis, Kenya Re is trading at a P/E of 1.7x and a P/B of 0.2x against sector median multiples of 5.1x and 0.6x respectively. We maintain a **BUY** recommendation. *(Source: Company filings, DBIB Research).*
