

DYER & BLAIR INVESTMENT BANK

DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

17th AUGUST 2020



DYER & BLAIR
INVESTMENT BANK

WE KNOW. YOU KNOW.

CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	108.32	(0.03)	(6.89)
KES/GBP	141.97	(0.17)	(6.79)
KES/EUR	128.00	0.14	(12.90)

KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	131.40	1.50	(21.04)
NSE-20	1,738.43	(0.30)	(34.51)
NSE-25	2,977.93	1.30	(27.38)
FTSE 15	156.11	1.45	(29.46)
FTSE 25	170.58	0.21	(25.67)

Market Activity	Close	1-day	y-t-d
Market Cap (USD BN)*	18.62	18.35	25.06
Market Turnover (USD MN)	2.91	3.25	989.64
Foreign Buys (%)	36.13	50.72	50.30
Foreign Sales (%)	29.79	87.89	76.72
Foreign Participation (%)	32.96	69.31	63.51

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
Car & General	23.10	9.74	1,300
Express Kenya	4.17	9.74	100
N.B.V.	0.60	7.14	2,200

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
Standard Group	20.30	(9.78)	100
Home Afrika	0.41	(8.89)	13,300
Longhorn Publishers	4.54	(7.35)	4,700

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
KCB Group	0.95	0.06	0.49	31.00	1.47
Safaricom	0.74	0.63	0.05	28.40	2.53
Co-operative Bank	0.43	0.00	0.09	10.50	(3.23)
Equity Group	0.43	0.36	0.06	30.25	5.22
Kenya Re	0.13	-	0.13	2.15	(2.71)

*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	33.90	0.11	6.27
KES/RWF	8.91	(0.03)	4.72
KES/TSH	21.46	0.03	5.35
USD/USH	3,672.01	0.08	(0.19)
USD/RWF	965.57	(0.05)	(1.84)
USD/TSH	2,325.00	(0.00)	(1.17)

EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
DSE DSEI	1,747.05	(0.52)	(15.16)
DSE TSI	3,486.83	-	1.62

DSE**	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
CRDB	7,565.98	7.45	160.00	-
TBL	283,761,056.63	507.82	10,900.00	-
TPCC	92,798.81	92.25	1,980.00	-

*Local Currency

**Trading data for the previous day.

N/B:

RSE remained closed in observance of a public holiday i.e. The Feast of Assumption. The market will resume on August 18, 2020.

RESEARCH DEPARTMENT

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SALIENT NEWS

UMEME 1H20 EARNINGS

Umeme released its 1H20 results reporting a 64.5% y-o-y decline in PAT to USH 21.8 BN (USD 5.9 MN) primarily on account of revenue shortfalls arising from reduced electricity demand, increased energy losses and outstanding regulatory income recoveries. EPS for the period stands at USH 13.40 (USD 0.004).

The board did not recommend an interim dividend for the period citing uncertainties around the COVID-19 crisis and their focus on improving the operational performance, managing liquidity and resolving the regulatory challenges facing the company.

Revenue from contracts with customers rose 4.1% y-o-y to USH 848.8 BN (USD 231.0 MN) despite a 5.0% y-o-y drop in electricity sales to USH 778.0 BN (USD 211.7 MN) arising from a 1.6% y-o-y reduction in underlying electricity unit sales to 1,538 GWh. ECP revenues relating to completed connections for the period rose by 79.3% y-o-y to USH 52.0 BN (USD 14.1 MN).

Cost of sales rose by 18.7% y-o-y to USH 616.8 BN (USD 167.8 MN) owing to a 11.7% y-o-y increase in electricity purchases to USH 544.0 BN (USD 148.0 MN) driven majorly by a 12.0% y-o-y increase in bulk supply tariff. This saw the gross profit margin decline 890 bps y-o-y to 27.3%.

Total expenses edged up 13.4% y-o-y to USH 111.5 BN (USD 31.5 MN). Energy losses for the period rose by 50 bps y-o-y to 17.4%. Finance costs reduced by 12.3% y-o-y to USH 26.7 BN (USD 7.3 MN) as the company paid down debt totaling USH 65.0 BN (USD 17.7 MN) in settlement of the term facility with Standard Chartered Bank, Stanbic Bank Uganda Limited, International Finance Corporation (IFC) and a short-term revolving facility with DFCU Bank Limited.

Total assets increased by 4.0% y-o-y to USH 2.6 TN (USD 719.2 MN) on the back of a 2.8% y-o-y increase in non-current assets to USH 2.0 TN (USD 557.0 BN) and an 8.4% y-o-y rise in current assets to USH 596.1 BN (USD 719.2 MN).

Total liabilities rose by 3.6% y-o-y to USH 1.8 TN (USD 481.6 MN) while total equity increased by 4.8% y-o-y to USH 873.1 BN (USD 273.6 MN).

On a trailing basis, Umeme is trading at a P/E multiple of 4.1x in line with the sector median and a P/B multiple of 0.5x against a sector median of 0.2x. Its ROE stands at 11.4% against a sector median of 10.4% while its ROA stands at 3.8% in line with the sector median. We issue a **HOLD** recommendation. *(Source: Company filings, DBIB Research)*
