

# DYER & BLAIR INVESTMENT BANK

## DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

18<sup>th</sup> AUGUST 2020



**DYER & BLAIR**  
INVESTMENT BANK

WE KNOW. YOU KNOW.

### CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	108.31	0.01	(6.88)
KES/GBP	141.83	0.10	(6.69)
KES/EUR	128.42	(0.33)	(13.28)

### KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	130.51	(0.68)	(21.57)
NSE-20	1,729.46	(0.52)	(34.85)
NSE-25	2,971.57	(0.21)	(27.53)
FTSE 15	156.39	0.18	(29.33)
FTSE 25	170.20	(0.22)	(25.84)

Market Activity	Close	1-day	y-t-d
Market Cap (USD BN)*	18.50	18.62	25.06
Market Turnover (USD MN)	3.21	2.91	993.06
Foreign Buys (%)	22.41	36.13	50.21
Foreign Sales (%)	79.80	29.79	76.73
Foreign Participation (%)	51.11	32.96	63.47

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
Standard Group	22.30	9.85	100
Sasini Plc	18.65	9.71	3,300
Kenya Re	2.34	8.84	129,500

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
BK Group	15.05	(5.94)	5,200
Flame Tree Group	1.33	(4.32)	15,000
WPP Scangroup	7.02	(4.10)	341,300

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
Safaricom	1.53	0.29	1.46	28.00	(1.41)
KCB Group	0.86	0.35	0.84	31.30	0.97
Co-operative Bank	0.27	-	0.05	10.50	-
Equity Group	0.23	0.00	0.08	30.80	1.82
KenGen Co.	0.07	-	0.01	5.40	(2.53)

\*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	33.87	0.08	6.34
KES/RWF	8.91	(0.01)	4.72
KES/TSH	21.47	(0.01)	5.34
USD/USH	3,669.00	0.08	(0.11)
USD/RWF	965.58	(0.00)	(1.84)
USD/TSH	2,325.00	0.00	(1.17)

### EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
RSE RSI	116.43	-	(5.65)
RSE RASI	149.37	-	10.17
DSE DSEI	1,747.50	0.03	(15.14)
DSE TSI	3,486.83	-	1.62

RSE	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOK	-	26.92	240.00	-
BLR	-	15.37	137.00	-
CTL	-	8.19	73.00	-
IMR	-	5.61	50.00	-
CMR	6,730.46	13.46	120.00	-
<b>DSE**</b>				
CRDB	11,963.33	7.45	160.00	6.67

\*Local Currency

\*\*Trading data for the previous day.

RESEARCH DEPARTMENT

[research@dyerandblair.com](mailto:research@dyerandblair.com)

---

## SALIENT NEWS

### EQUITY GROUP 1H20 EARNINGS

**Equity saw a 24.4% y-o-y decline in profit after tax to KES 9.1 BN** primarily due to a 773.4% y-o-y rise in loan loss provision expense to KES 8.0 BN which placed the cost of risk for the period at 2.0%.

**Operating profit before provisions rose 11.7% y-o-y to KES 20.0 BN** on the back of a 3.8% y-o-y rise in total income to KES 39.0 BN and a 3.4% y-o-y decline in operating expenses to KES 19.0 BN.

**Net interest income rose 16.9% y-o-y to KES 24.6 BN** on the back of an 18.5% y-o-y rise in interest income to KES 32.8 BN and a 23.6% y-o-y rise in interest expense to KES 8.2 BN.

**Non-interest income declined 13.0% y-o-y to KES 14.4 BN** on the back of an 8.0% y-o-y decline in fees and commissions to KES 9.2 BN and a 36.7% y-o-y decline in other operating income to KES 2.9 BN. Net forex income rose 20.0% y-o-y to KES 2.2 BN.

**Customer loans and advances rose 22.0% y-o-y to KES 391.6 BN** whereas customer deposits rose 18.6% y-o-y to KES 543.9 BN. Investment securities rose 20.5% y-o-y to KES 216.4 BN.

**Gross NPLs rose 55.8% y-o-y to KES 45.6 BN** (+2.0% q-o-q) whereas loan loss provision rose 72.7% y-o-y to KES 16.3 BN (+8.2% q-o-q). Consequently NPL ratio rose 207 bps y-o-y to 10.4% whereas NPL coverage rose 422 bps y-o-y to 41.0%.

**On a trailing basis**, Equity is trading at a P/E of 5.9x and a P/B of 0.9x against sector median multiples of 4.8x and 0.6x. It has an ROE of 14.6% and an ROA of 2.4% against sector median return multiples of 15.4% and 2.0%. We maintain our **BUY** recommendation. *(Source: Company filings, DBIB Research)*

---