

# DYER & BLAIR INVESTMENT BANK

## DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

20<sup>TH</sup> AUGUST 2020



**DYER & BLAIR**  
INVESTMENT BANK

WE KNOW. YOU KNOW.

### CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	108.56	(0.13)	(7.13)
KES/GBP	143.47	(0.17)	(7.92)
KES/EUR	129.21	0.38	(13.98)

### KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	131.56	0.54	(20.94)
NSE-20	1,734.72	0.14	(34.65)
NSE-25	3,017.65	0.87	(26.41)
FTSE 15	160.78	1.72	(27.35)
FTSE 25	173.27	1.19	(24.50)

Market Activity	Close	1-day	y-t-d
Market Cap (USD BN)*	18.60	18.50	25.06
Market Turnover (USD MN)	1.88	3.56	998.90
Foreign Buys (%)	60.49	55.93	50.25
Foreign Sales (%)	77.80	88.02	76.78
Foreign Participation (%)	69.15	71.98	63.51

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
Sameer Africa	3.57	9.85	500
Flame Tree	1.32	5.60	800
KCB Group	33.50	5.35	2,173,900

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
N.B.V.	0.60	(9.09)	2,300
Bamburi Cement	23.10	(7.60)	106,300
Kenya Re	2.17	(6.87)	10,537,600

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
KCB Group	0.67	0.64	0.65	33.50	5.35
Safaricom	0.48	0.30	0.36	28.05	0.18
Kenya Re	0.21	-	0.21	2.17	(6.87)
N.S.E.	0.10	0.10	0.08	6.76	0.30
Co-operative Bank	0.10	0.00	0.05	10.50	(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	33.85	(0.09)	6.40
KES/RWF	8.90	0.10	4.91
KES/TSH	21.37	0.13	5.76
USD/USH	3,675.01	(0.22)	(0.27)
USD/RWF	965.79	(0.02)	(1.87)
USD/TSH	2,320.01	(0.00)	(0.96)

### EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
RSE RSI	116.24	(0.16)	(5.80)
RSE RASI	149.34	(0.02)	10.15
DSE DSEI	1,752.54	(0.11)	(14.89)
DSE TSI	3,491.81	(0.14)	1.77

RSE	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOK	-	26.98	240.00	-
BLR	-	15.40	137.00	-
CTL	78,682.63	7.87	70.00	(4.11)
IMR	-	5.62	50.00	-
CMR	74,186.48	13.49	120.00	-

DSE**				
CRDB	1,213,739.41	7.72	165.00	(2.94)
DSE	1,980,230.22	41.65	890.00	-
NMB	218.99	109.49	2,340.00	-
TCC	63,575,593.09	795.47	17,000.00	-

\*Local Currency

\*\*Trading data for the previous day.

RESEARCH DEPARTMENT

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## SALIENT NEWS

### BRITAM GROUP 1H20 EARNINGS

**Britam saw a 197.7% decline in profit after tax to a loss of KES 1.6 BN in 1H20**, down from a profit of KES 1.7 BN in 1H19 primarily due to fair value losses of KES 3.1 BN following the depressed performance of the stock market and property revaluation losses of KES 929.0 MN due to the depressed property market that has seen low occupancy levels and rental yields.

**Net earned premiums rose 8.1% y-o-y to KES 11.7 BN** on the back of an 8.7% y-o-y rise in gross written premiums to KES 14.1 BN and a 31.5% y-o-y rise in premiums ceded to KES 2.4 BN. Management attributed top line growth to continued growth of the international general insurance business which recorded an increase in gross earned premium of 34.0%, contributing 23.0% of the group's gross earned premium and a profit of KES 575.0 MN.

**Investment income rose 33.5% y-o-y to KES 3.6 BN** whereas net unrealized gains on assets held at FVPL declined 228.4% y-o-y to a loss of KES 3.2 BN. As a result, total income declined 23.6% y-o-y to KES 12.9 BN. Investment income ratio declined 4483 bps y-o-y to 3.6% while investment income reliance ratio declined 2,766 bps y-o-y to 3.2%.

**Net claims and benefits rose 22.3% y-o-y to KES 8.1 BN** to see a claims ratio of 69.4%, up 809 bps y-o-y. Operating and other expenses declined 6.4% y-o-y to KES 3.9 BN on the back cost of control measures to see an expense ratio of 33.4%, down 517 bps y-o-y. Commission payable rose 9.9% y-o-y to KES 1.8 BN whereas commission earned rose 24.9% y-o-y to KES 635.6 MN. As a result, acquisition ratio declined 47 bps y-o-y to 10.2%. Altogether, the combined ratio rose 246 bps y-o-y to 113.0%.

**The group's net assets declined 14.4% y-o-y to KES 25.1 BN** on the back of a 2.6% y-o-y rise in total assets to KES 128.5 BN and a 7.8% y-o-y rise in total liabilities to KES 103.4 BN.

**We do not anticipate a significant recovery until the stock market recovers from the COVID-19 related sell off.** On a trailing basis, Britam is trading at a P/E of 61.7x and a P/B of 0.7x against sector median price multiples of 3.7x and 0.6x respectively. We issue an **UNDERWEIGHT** recommendation. *(Source: Company filings, DBIB Research)*

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