

DYER & BLAIR INVESTMENT BANK

DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

27th August 2020



DYER & BLAIR
INVESTMENT BANK

WE KNOW. YOU KNOW.

CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	108.15	(0.03)	(6.73)
KES/GBP	142.20	(0.13)	(6.96)
KES/EUR	127.67	0.12	(12.62)

KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	137.26	1.49	(17.52)
NSE-20	1,771.18	0.60	(33.27)
NSE-25	3,163.48	1.85	(22.85)
FTSE 15	170.39	2.10	(23.01)
FTSE 25	182.15	1.91	(20.63)

Market Activity	Close	1-day	y-t-d
Market Cap (USD BN)*	19.50	19.20	25.06
Market Turnover (USD MN)	4.58	4.38	1,026.14
Foreign Buys (%)	73.96	41.34	50.39
Foreign Sales (%)	54.05	38.37	76.05
Foreign Participation (%)	64.00	39.85	63.22

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
Sameer Africa	3.85	10.00	5,200
Express Kenya	4.50	7.66	1,100
Umeme	7.04	6.34	2,500

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
Liberty	7.70	(9.41)	1,500
NBV	0.62	(6.06)	13,500
WPP Scangroup	6.52	(3.83)	288,400

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
Safaricom	2.83	2.64	1.75	29.45	1.55
Equity Group	0.50	0.46	0.22	36.45	4.74
E.A Breweries	0.25	0.12	0.12	154.25	1.48
ABSA	0.20	0.00	0.00	9.82	(0.81)
KCB Group	0.16	0.00	0.13	36.05	2.85

*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	33.98	(0.03)	(6.05)
KES/RWF	8.94	(0.01)	(4.47)
KES/TSH	21.45	(0.03)	(5.41)
USD/USH	3,675.00	0.00	(0.27)
USD/RWF	966.63	(0.02)	(1.95)
USD/TSH	2,320.01	(0.00)	(0.96)

EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
RSE RSI	115.74	-	(6.21)
RSE RASI	149.24	-	10.08
DSE DSEI	1,775.97	0.42	(13.75)
DSE TSI	3,486.71	-	1.62

RSE	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOK	-	26.85	240.00	-
BLR	-	15.33	137.00	-
CTL	-	8.17	73.00	-
IMR	-	5.26	47.00	-
CMR	-	13.43	120.00	-
DSE **				
CRDB	138,435.15	7.46	160.00	-
DSE	12,031.96	41.49	890.00	-

*Local Currency

**Trading data for the previous day.

RESEARCH DEPARTMENT

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SALIENT NEWS

I&M HOLDINGS 1H20 EARNINGS

Profit after tax (PAT) saw a 29.5% y-o-y decline to KES 3.2 BN. This was partly on account of a 3.6% y-o-y decline in total income to KES 11.1 BN and an 8.5% y-o-y increase in operating expenses to KES 5.0 BN. The EPS for the period closed at KES 3.69.

Net interest income declined 1.4% y-o-y to KES 6.9 BN on the back of a 3.4% y-o-y increase in interest income to KES 13.1 BN and a 9.4% y-o-y increase in interest expense to KES 6.2 BN.

Non-funded income declined 7.1% y-o-y to KES 4.2 BN, attributable to a 27.0% y-o-y decline in net income from forex dealings to KES 942.1 MN and a 2.8% y-o-y decline in fees and commission income to KES 2.1 BN. Other operating income saw a 7.4% y-o-y increase to KES 1.2 BN.

Operating expenses (less loan loss provisions) rose 8.5% y-o-y to KES 5.0 BN mainly on the back of a 21.9% y-o-y increase in other operating expenses to KES 1.8 BN. Staff costs for the period remained flat at KES 2.3 BN.

Pre-provision operating profit declined 11.8% y-o-y to KES 6.1 BN. Contrary to other banks, I&M's loan loss provision expense saw a 7.0% y-o-y decline to KES 1.0 BN. The share of loss of joint venture stood at KES 579.5 MN compared to a profit of KES 404.1 MN in 1H19. As a result, profit before tax dropped 27.7% y-o-y to KES 4.5 BN.

Customer loans and advances rose 7.2% y-o-y to KES 184.6 BN. On the funding side, customer deposits saw a 6.4% y-o-y increase to KES 252.5 BN whilst borrowed funds saw a 1.6% y-o-y decline to KES 10.0 BN.

On a trailing basis, I&M is trading at a P/E ratio of 3.8x, against an industry median of 5.2x, and a P/B of 0.6x in line with an industry median of 0.6x. ROE stands at 16.1% whereas ROA stands at 2.8%. The group's dividend yield stands at 5.9%, against an industry median of 5.5%. We maintain a **HOLD** recommendation. *(Source: Company filings, DBIB Research)*

SALIENT NEWS

NCBA GROUP 1H20 EARNINGS

Disclaimer: As NCBA results are reported on a prospective basis (a continuation of CBA), for our y-o-y variance analysis, we have tried to achieve a like for like comparison by combining NIC's 1H19 and CBA's 1H19 numbers to get NCBA 1H19**.

Profit after tax (PAT) declined 38.3% y-o-y to KES 2.6 BN. This was primarily on account of a 341.2% y-o-y increase in bad debt charge to KES 7.6 BN. Earnings per share (EPS) for the period closed at KES 1.76.

Total income saw a 15.9% y-o-y increase to KES 21.3 BN (-5.1% q-o-q). This was attributable to a 6.8% y-o-y increase in net interest income to KES 11.2 BN (+3.9% q-o-q) and a 28.0% y-o-y increase in non-funded income to KES 10.1 BN (-14.2% q-o-q).

Interest income rose 6.2% y-o-y to KES 20.7 BN (+3.2% q-o-q) whereas interest expense rose 5.5% y-o-y to KES 9.5 BN (+2.4% q-o-q).

Fees and commission income rose 43.5% y-o-y to KES 7.2 BN (-18.6% q-o-q) whereas net income from forex dealings rose 1.2% y-o-y to KES 1.9 BN (-9.1% q-o-q).

Operating expenses (less loan loss provisions) declined 1.0% y-o-y to KES 9.4 BN (+6.5% q-o-q). Pre-provision operating profit rose 33.7% y-o-y to KES 11.9 BN (-13.3% q-o-q). Loan loss provisions saw a 341.2% y-o-y upswing to KES 7.6 BN (+2.0% q-o-q).

On the funding side, customer deposits rose 9.1% y-o-y to KES 390.5 BN (flat q-o-q). In line with deposit growth, the loan book grew 4.0% y-o-y to KES 248.3 BN (+1.0% q-o-q).

On a trailing basis, NCBA is trading at a P/E multiple of 4.7x against a sector median of 5.2x and a P/B multiple of 0.5x against a sector median of 0.6x. Currently, its ROE stands at 11.6% whereas ROA stands at 1.6%. Dividend yield stands at 1.1%. We maintain a **HOLD** recommendation. *(Source: Company filings, DBIB Research)*