

DYER & BLAIR INVESTMENT BANK

DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

19th March 2020



DYER & BLAIR
INVESTMENT BANK

WE KNOW. YOU KNOW.

CURRENCY PERFORMANCE-KES

| | Close | 1-day | y-t-d |
|---------|--------|--------|--------|
| KES/USD | 104.22 | (0.48) | (2.85) |
| KES/GBP | 123.00 | 2.03 | 7.48 |
| KES/EUR | 113.59 | 0.76 | (0.19) |

KENYAN EQUITY MARKETS

| Equity Indices | Close | 1-day | y-t-d |
|----------------|----------|--------|---------|
| NASI | 132.86 | (0.70) | (20.16) |
| NSE-20 | 2,032.34 | (0.81) | (23.43) |
| NSE-25 | 3,218.07 | (1.45) | (21.52) |
| FTSE 15 | 171.50 | (1.73) | (22.51) |
| FTSE 25 | 179.28 | (1.43) | (21.88) |

| Market Activity | Close | 1-day | y-t-d |
|---------------------------|-------|-------|--------|
| Market Cap (USD BN)* | 19.48 | 19.62 | 25.06 |
| Market Turnover (USD MN) | 7.70 | 11.86 | 338.76 |
| Foreign Buys (%) | 44.61 | 48.96 | 50.54 |
| Foreign Sales (%) | 93.94 | 89.61 | 71.11 |
| Foreign Participation (%) | 69.28 | 69.29 | 62.34 |

| Top Gainers | VWAP | 1-day | Volumes |
|------------------|-------|--------|---------------|
| | (KES) | ch (%) | ('000 shares) |
| E.A.Cables | 1.88 | 6.82 | 1,400 |
| N.S.E | 9.90 | 6.68 | 200 |
| Flame Tree Group | 1.29 | 5.74 | 22,400 |

| Top Losers | VWAP | 1-day | Volumes |
|--------------------|-------|--------|---------------|
| | (KES) | ch (%) | ('000 shares) |
| Sanlam Kenya | 13.85 | (9.48) | 2,300 |
| B.O.C Kenya | 57.50 | (8.73) | 1,000 |
| Uchumi Supermarket | 0.26 | (7.14) | 80,400 |

| Top Traders | Turnover | F.buys | F.sales | VWAP | 1-day |
|-------------------|----------|---------|---------|--------|--------|
| | (USD mn) | (USD m) | (USD m) | (KES) | ch (%) |
| Safaricom | 3.35 | 2.41 | 3.21 | 25.40 | 0.20 |
| E.A.B.L. | 2.89 | 0.48 | 2.88 | 160.50 | (6.82) |
| KCB Group | 0.72 | 0.49 | 0.67 | 40.60 | (2.29) |
| Equity Group | 0.42 | 0.04 | 0.41 | 39.05 | 0.13 |
| Centum Investment | 0.09 | - | 0.00 | 22.35 | (1.76) |

*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 | 36.24 | (0.38) | (0.21) |
| KES/RWF | 9.13 | 0.47 | 2.37 |
| KES/TSH | 22.12 | 0.40 | 2.47 |
| USD/USH | 3,777.51 | (0.87) | (3.07) |
| USD/RWF | 951.98 | (0.01) | (0.41) |
| USD/TSH | 2,305.01 | (0.09) | (0.30) |

EAC EQUITY MARKETS

| Equity Indices | Close | 1-day | y-t-d |
|----------------|----------|--------|---------|
| USE ALSI | 1,492.39 | (0.49) | (17.12) |
| USE LCI | 342.29 | 0.02 | (2.27) |
| RSE RSI | 121.87 | - | (1.24) |
| RSE RASI | 150.16 | - | 10.75 |
| DSE DSEI | 1,899.00 | (0.17) | (7.78) |
| DSE TSI | 3,499.12 | - | 1.98 |

| RSE | Turnover (KES MN) | VWAP (KES) | VWAP (L.C)* | 1-day ch (%) |
|---------------|-------------------|------------|-------------|--------------|
| BOK | - | 28.47 | 260.00 | - |
| BLR | 4,532.52 | 15.11 | 138.00 | - |
| CTL | - | 7.66 | 70.00 | - |
| IMR | - | 9.74 | 89.00 | - |
| DSE ** | | | | |
| CRDB | 107,012.80 | 7.01 | 155.00 | - |
| Vodacom | 192.17 | 38.43 | 850.00 | - |

*Local Currency

**Trading data for the previous day.

RESEARCH DEPARTMENT

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SALIENT NEWS

Co-op Group FY19 Earnings

Co-op Group has today released its FY19 earnings recording a 12.4% y-o-y growth in PAT to KES 14.3 BN. EPS rose 13.3% y-o-y to KES 2.48 while DPS remained flat y-o-y at KES 1.00. Net interest income came in flat (+1.7% y-o-y) at KES 31.3 BN on the back of a 1.4% y-o-y rise in interest income to KES 43.6 BN and a 0.8% rise in interest expense to KES 12.3 BN. Yield on interest earning assets declined 139 bps y-o-y to 11.0% while cost of funds declined 27 bps y-o-y bring net interest margin down 112 bps to 7.6%..

Non-interest income rose 33.1% y-o-y to KES 17.2 BN on the back of a 34.7% rise in fees and commissions to KES 12.8 BN and a 100.7% rise in other operating income to KES 2.2 BN. Funded income reliance ratio thus declined 588 bps to 64.6% whereas funded income generating potential rose 279 bps y-o-y to 86.6%.

Operating expenses rose 5.9% y-o-y to KES 25.3 BN while bad debt charges rose 37.9% y-o-y to KES 2.5 BN. Cost to income ratio declined 249 bps y-o-y to 52.1% while cost of risk rose 20 bps y-o-y to 0.95%.

Customer loans and advances rose 8.7% y-o-y to KES 266.7 BN while customer deposits rose 8.7% y-o-y to KES 332.8 BN. Loan to deposits ratio thus remained fairly flat at 80.1%. **Gross NPLs rose 7.5% y-o-y to KES 31.6 BN**, while interest expense rose 21.5% y-o-y to KES 5.1 BN bringing total NPLs to KES 26.5 BN, up 5.2% y-o-y. NPL ratio thus declined 10 bps y-o-y to 10.6%. *(Source: Company filings, DBIB Research).*

Standard Chartered FY19 Earnings

Standard Chartered released their FY19 results reporting 1.7% y-o-y increase in profits after tax to KES 8.2 BN. EPS edged up 1.7% to KES 23.5 while DPS grew 5.3% to KES 20.00.

Total Income was fairly flat, edging up by a slight 0.4% y-o-y to KES 28.7 BN courtesy of a 0.4% y-o-y increase in net interest income to KES 19.5 BN and a 0.3% y-o-y increase in non-interest income to KES 9.2 BN. Operating expenses (less loan provision) increased by 7.6% y-o-y to KES 16.0 BN while bad debt charges dropped 70.3% y-o-y to KES 572.6 MN.

The loan book grew 8.5% y-o-y to KES 128.7 BN. Net NPLs dropped by 11.5% y-o-y to KES 12.3 BN owing to a 7.4% y-o-y decrease in gross NPLs to KES 20.1 BN. The NPL ratio dropped 195 bps y-o-y to 13.5%. Total assets edged up 5.9% y-o-y to KES 302.3 BN

Total liabilities increased by 6.5% y-o-y to KES 254.4 BN primarily on account of a 30.0% y-o-y increase in borrowed funds to KES 11.1 BN. Customer deposits edged up by 1.8% y-o-y to KES 228.4 BN.

ROE currently stands at 17.4% against an industry average of 15.9% while **ROA** stands at 2.7% against an industry average of 2.4%. On a trailing basis, the bank is trading at a P/E ratio 8.0x against an industry median of 5.5x and a P/B ratio of 1.4x against an industry median of 0.8x. Dividend yield currently stands at 10.7%. *(Source: Company filings, DBIB Research).*
