

# DYER & BLAIR INVESTMENT BANK

## DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

21<sup>st</sup> May 2020



**DYER & BLAIR**  
INVESTMENT BANK

WE KNOW. YOU KNOW.

### CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	106.89	(0.08)	(5.48)
KES/GBP	131.10	(0.24)	1.39
KES/EUR	117.14	(0.13)	(3.33)

### KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	138.66	(0.91)	(16.68)
NSE-20	2,004.01	(0.26)	(24.50)
NSE-25	3,248.43	(1.04)	(20.78)
FTSE 15	172.43	(1.47)	(22.09)
FTSE 25	183.00	(1.30)	(20.26)

Market Activity	Close	1-day	y-t-d
Market Cap (USD BN)*	19.83	20.01	25.06
Market Turnover (USD MN)	5.49	2.47	652.73
Foreign Buys (%)	33.84	88.77	49.83
Foreign Sales (%)	92.93	88.54	77.20
Foreign Participation (%)	63.38	88.66	63.52

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
Kenya Airways	2.87	9.96	116,000
N.S.E.	8.50	4.42	20,300
Trans-Century	1.69	4.32	2,100

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
TPS E.A.	12.90	(9.47)	50,000
B.O.C Kenya	58.00	(9.38)	100
Stanlib Fahari I-REIT.	6.02	(9.06)	414,600

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
Equity Group	1.26	0.50	1.23	35.95	(2.31)
Safaricom	1.21	0.39	1.15	28.80	(0.69)
KCB Group	1.01	0.01	0.99	36.00	(2.83)
E.A. Breweries	0.88	0.13	0.87	161.25	(1.07)
B.A.T. Kenya	0.45	0.44	0.45	317.50	(0.08)

\*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	35.44	0.26	2.00
KES/RWF	8.92	(2.18)	4.66
KES/TSH	21.66	0.08	4.49
USD/USH	3,788.35	0.18	(3.37)
USD/RWF	953.44	(2.27)	(0.56)
USD/TSH	2,315.01	(0.00)	(0.74)

### EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
USE ALSI	1,389.60	(0.66)	(22.83)
USE LCI	340.40	-	(2.81)
RSE RSI	122.00	-	(1.13)
RSE RASI	150.19	-	10.78
DSE DSEI	1,820.12	0.88	(11.61)
DSE TSI	3,492.10	-	1.78

RSE	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOK	-	29.15	260.00	-
BLR	-	15.47	138.00	-
CTL	-	7.85	70.00	-
IMR	-	10.09	90.00	-

#### DSE \*\*

CRDB	79,439.47	6.93	150.00	-
SWIS	30,012.00	60.02	1,300.00	-
TPCC	50,789.55	101.58	2,200.00	-

\*Local Currency

\*\*Trading data for the previous day.

RESEARCH DEPARTMENT

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

### KCB Group: 1Q20 Earnings Update

**KCB GROUP released its 1Q20 results recording an 8.5% y-o-y increase in profit after tax (PAT) to KES 6.3 BN.** On a like for like basis ( KCB's 1Q19 + NBK's 1Q19), profit rose 7.2% y-o-y. For our variance analysis and for the sake of discussion, we use the numbers on a like for like basis. As expected, cost of risk drove performance with bad debt charges up 90.6% y-o-y to KES 2.9 BN (annualized cost of risk of 2.1%) eating into operating profit before provisions which was up 16.8% y-o-y to KES 11.8 BN.

**Net interest income rose 4.4% y-o-y to KES 15.1 BN** on the back of a 5.6% y-o-y rise in interest income to KES 20.2 BN and a 9.4% y-o-y rise in interest expense to KES 5.1 BN. Non-funded income rose 20.9% y-o-y to KES 7.9 BN. This followed a 24.7% y-o-y rise in total fees and commissions to KES 5.4 BN. Forex income rose 31.8% y-o-y to KES 1.5 BN.

**Customer loans and advances grew 8.6% y-o-y to KES 553.9 BN (+3.5% q-o-q)** whereas investment securities rose 17.6% y-o-y to KES 202.6 BN. On the funding side, customer deposits rose 15.4% y-o-y to KES 740.4 BN whereas borrowed funds rose 2.3% y-o-y to KES 21.9 BN.

**On a trailing basis:** KCB is trading at a P/E ratio of 4.4x, against an industry median of 4.9x and a P/B of 0.9x above the industry median of 0.8x. ROE stands at 18.5% against a sector median of 16.7% whereas its ROA stands at 2.6% above a sector median of 2.4%. *(Source: Company filings, DBIB Research).*

### Co-op Group: 1Q20 Earnings Update

**CO-OP Group released its 1Q20 results recording a 0.3% y-o-y decline in profit after tax to KES 3.6 BN.** EPS for the period stands at KES 0.61. Trailing EPS stands at KES 2.48. As expected, cost of risk drove earnings performance with bad debt charges rising 79.5% y-o-y to KES 0.9 BN, effectively eating into operating profit which rose 9.7% y-o-y to KES 6.1 BN.

**Net interest income rose 8.5% y-o-y to KES 7.5 BN** on the back of a 4.5% y-o-y rise in interest income to KES 10.5 BN and a 4.4% y-o-y decline in interest expense to KES 3.0 BN. Non-funded income rose 19.0% y-o-y to KES 5.0 BN. This followed a 28.3% y-o-y rise in total fees and commissions to KES 4.4 BN.

**Customer loans and advances rose 9.8% y-o-y to KES 276.2 BN** whereas investment securities rose 10.4% y-o-y to KES 117.2 BN. On the funding side, customer deposits grew 6.9% y-o-y to KES 339.6 BN whereas borrowed funds rose 15.5% y-o-y to KES 27.4 BN. Gross non-performing loans rose 7.1% y-o-y to KES 31.8 BN. Interest in suspense rose 18.5% y-o-y to KES 5.5 BN.

**On a trailing basis,** Co-op is trading at a P/E ratio of 5.2x, against an industry median of 4.9x and a P/B of 0.9x against an industry median of 0.8x. Its ROE stands at 17.2% above the industry median of 16.7% whereas its ROA stands at 3.1% above the industry median of 2.4%. *(Source: Company filings, DBIB Research).*

---

---

## SALIENT NEWS

### Jubilee Holdings: FY19 Earnings Snapshot

Jubilee Holdings released its FY19 results reporting a 2.6% y-o-y decline in PAT to KES 4.0 BN. EPS for the period stands at KES 49.07, 5.3% lower y-o-y.

**Dividends per share (DPS) for the period remained constant at KES 9.00.** The directors recommended and approved a final dividend of KES 8.00 per share to be paid on 24/07/2020 (Interim dividend - KES 1.00).

**Net insurance premium revenue recorded a 13.0% y-o-y upswing to KES 19.5 BN** on account of a 9.4% y-o-y growth in gross earned premiums to KES 29.1 BN and a 2.9% y-o-y increase in insurance revenue ceded to reinsurers to KES 9.6 BN. Other revenues grew 24.8% y-o-y to KES 13.3 BN.

**Operating profits remained fairly constant at 4.0 BN (+0.5% y-o-y)** as net insurance benefits and claims edged up 23.8% y-o-y to KES 19.7 BN and total expenses and commissions rose by 13.4% y-o-y to KES 9.1 BN

**Total assets increased by 13.9% y-o-y to KES 130.1 BN** while total liabilities rose by 14.6% y-o-y to KES 99.6 BN. Total equity edged up 11.6% y-o-y to KES 30.5 BN.

**On a trailing basis**, the company is trading at a P/E multiple of 4.5x against a sector median of 5.2x and a P/B multiple of 0.6x against a sector median of 0.6x. Its ROE stands at 13.2% against a sector median of 10.9% while its ROA stands at 3.1% against a sector median of 2.0%. Dividend yield currently stands at 3.6%. *(Source: Company filings, DBIB Research).*

---