

DYER & BLAIR INVESTMENT BANK

DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

28th May 2020



DYER & BLAIR
INVESTMENT BANK

WE KNOW. YOU KNOW.

CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	107.03	0.08	(5.61)
KES/GBP	131.86	(0.19)	0.81
KES/EUR	117.96	(0.59)	(4.05)

KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	136.51	(0.94)	(17.97)
NSE-20	1,964.46	(0.61)	(25.99)
NSE-25	3,214.83	(0.25)	(21.60)
FTSE 15	171.72	0.27	(22.41)
FTSE 25	181.12	(0.51)	(21.08)

Market Activity	Close	1-day	y-t-d
Market Cap (USD BN)*	19.49	19.68	25.06
Market Turnover (USD MN)	3.66	4.58	679.30
Foreign Buys (%)	45.94	54.29	49.63
Foreign Sales (%)	86.18	86.99	77.53
Foreign Participation (%)	66.06	70.64	63.58

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
Crown Paints	49.50	10.00	100
Olympia Capital	2.38	9.68	100
Home Afrika	0.50	6.38	25,300

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
Kenya Airways	2.44	(9.63)	284,500
N.S.E.	7.70	(4.23)	52,700
Stanlib Fahari I-REIT.	6.34	(3.94)	132,000

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
Safaricom	2.11	1.11	2.06	28.05	(2.09)
Equity Group	0.28	0.20	0.21	35.80	(0.14)
KCB Group	0.24	0.08	0.17	36.20	1.54
B.A.T. Kenya	0.23	0.20	0.22	320.00	-
Stanbic Holdings	0.21	-	0.21	84.50	-

*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	35.37	(0.53)	2.22
KES/RWF	8.91	(0.08)	4.76
KES/TSH	21.63	(0.08)	4.62
USD/USH	3,785.01	(0.45)	(3.27)
USD/RWF	953.70	(0.00)	(0.59)
USD/TSH	2,315.00	0.00	(0.74)

EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
USE ALSI	1,383.91	0.91	(23.15)
USE LCI	340.40	-	(2.81)
RSE RSI	122.00	-	(1.13)
RSE RASI	150.19	-	10.78
DSE DSEI	1,819.00	0.18	(11.67)
DSE TSI	3,491.74	(0.01)	1.77

RSE	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOK	-	29.18	260.00	-
BLR	-	15.49	138.00	-
CTL	-	7.86	70.00	-
IMR	-	10.10	90.00	-

DSE **

CRDB	4,646.28	6.93	150.00	-
DCB	231,139.80	13.41	290.00	(1.69)
DSE	6,916.26	40.68	880.00	-
TPCC	203.42	101.71	2,200.00	-

*Local Currency

**Trading data for the previous day.

RESEARCH DEPARTMENT

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SALIENT NEWS

Equity Group 1Q20 Results

Equity Group saw a 14.1% y-o-y decline in PAT to KES 5.3 BN mainly on the back of a 660.4% y-o-y rise in loan loss provisions to KES 3.1 BN (Pre-provisions operating profit rose 9.5% y-o-y to KES 10.1 BN).

Net interest income rose 10.6% y-o-y to KES 11.5 BN on the back of a 14.3% y-o-y rise in interest income to KES 15.4 BN and a 26.7% y-o-y rise in interest expense to KES 3.9 BN.

Non-interest income rose 15.8% y-o-y to KES 8.3 BN on the back of a 12.5% y-o-y rise in fees and commissions to KES 5.4 BN, a 34.3% y-o-y rise in forex income to KES 1.1 BN and a 16.1% y-o-y rise in other operating income to KES 1.8 BN.

Operating expenses less provisions rose 16.3% y-o-y to KES 9.7 BN placing cost to income ratio at 49.0%. Loan loss provisions rose 660.4% y-o-y to KES 3.1 BN placing annualized cost of risk on average loans at 3.6%.

Loans and advances rose 24.1% y-o-y to KES 379.2 BN whereas customer deposits rose 16.5% y-o-y to KES 499.3 BN. Investment securities rose 11.9% y-o-y to KES 189.9 BN.

Gross NPLs rose 51.9% y-o-y to KES 44.6 BN whereas interest in suspense rose 63.1% y-o-y to KES 5.4 BN. As a result total NPLs rose 50.5% y-o-y to KES 39.3 BN. The NPL ratio rose 176 bps y-o-y to 10.5% whereas the NPL coverage ratio rose 163 bps y-o-y to 38.4% following a 57.2% y-o-y rise in loan loss provision to KES 15.1 BN.

On 26th May 2020, the board of directors withdrew the proposed first and final dividend of KES 2.50 per share for the year ended 31st December 2019 citing the need to conserve cash to address the impact of the COVID-19 crisis. This follows a media report that the group had restructured loans amounting to KES 92.0 BN for up to three years to customers who had demonstrated the impact of COVID-19 crisis on their cash flows. (*Source: Company filings, DBIB Research*).

ABSA Bank 1Q20 Results

Profit after tax (PAT) edged up by 3.0% y-o-y to KES 2.0 BN. Earnings per share (EPS) for the period closed at KES 0.36, 4.2% higher y-o-y. The BOD has maintained the recommendation of a final dividend of KES 0.90 for FY19 to shareholders on register by COB June 03, 2020. The virtual AGM will be held on June 19, 2020.

Total income rose 8.1% y-o-y to KES 8.6 BN. Net interest income rose 4.5% y-o-y to KES 5.6 BN courtesy of a 2.8% y-o-y increase in interest income to KES 7.6 BN and a 1.9% y-o-y decline in interest expense to KES 2.0 BN.

SALIENT NEWS

ABSA Bank 1Q20 Results cont...

Operating expenses (less loan loss provisions) declined 5.4% y-o-y to KES 4.1 BN. As a result, pre-provision operating profit saw a 24.0% y-o-y upswing to KES 4.5 BN. The bank's loan loss provisions expense significantly increased by 75.2% y-o-y to KES 1.1 BN.

On the funding side, customer deposits rose by 6.6% y-o-y to KES 238.7 BN. In line with deposit growth, the loan book advanced by 12.4% y-o-y to KES 203.0 BN. Available-for-sale securities declined by 1.0% y-o-y to KES 82.3 BN whilst the held for dealing securities increased by 27.4% y-o-y to KES 43.1 BN.

Total NPLs saw a 20.4% y-o-y increase to KES 15.0 BN courtesy of a 12.4% y-o-y increase in gross NPLs to KES 17.3 BN. As a result, the NPL ratio remained flat y-o-y at 7.9% (+138 bps q-o-q). The NPL coverage ratio declined 122 bps y-o-y to 58.8%. *(Source: Company filings, DBIB Research).*

HF Group 1Q20 Results

Loss after tax stands at KES 0.6 MN, a significant improvement from the loss after tax of KES 158.3 MN reported in 1Q19. Loss per share for the period stands at KES 0.01 compared to KES 1.65 in 1Q19.

Net interest income rose 13.7% y-o-y to KES 580.7 MN on account of a 20.9% y-o-y decline in interest expense to KES 664.1 MN. Interest income saw a 7.8% y-o-y decline to KES 1.2 BN.

Non-funded income (NFI) dropped 2.0% y-o-y to KES 253.5 MN, attributable to a 10.3% y-o-y decline in other operating income to KES 114.3 MN and a 3.7% y-o-y decrease in fees and commissions income to KES 120.4 MN. Net income from Forex dealings edged up 198.6% y-o-y to KES 18.8 MN.

Operating expenses (less loan provisions) shed 7.7% y-o-y to KES 689.6 MN primarily attributable to a 19.6% y-o-y decrease in other operating expenses to KES 293.8 MN. Staff costs remained fairly constant at 256.3 MN (+0.5% y-o-y). Loan loss provision expense decreased by 23.4% y-o-y to KES 137.6 MN.

Customer loans and advances edged down 8.5% y-o-y to KES 38.4 BN while customer deposits grew by 11.8% y-o-y to KES 38.0 BN. Loans to deposits ratio therefore dropped 2,373bps y-o-y to 99.3%. Borrowed funds dropped by 55.2% y-o-y (+0.5 q-o-q) to KES 5.8 BN.

Gross non-performing loans (NPLs) decreased by 5.8% y-o-y to KES 12.2 BN whereas interest in expense rose 28.4% y-o-y to KES 3.4 BN. As a result, total NPLs shed 14.6% y-o-y to KES 8.8 BN. The NPL ratio edged up 54 bps y-o-y to 24.1%. *(Source: Company filings, DBIB Research).*
