

DYER & BLAIR INVESTMENT BANK

DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

8th May 2020



DYER & BLAIR
INVESTMENT BANK

WE KNOW. YOU KNOW.

CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	106.01	0.06	(4.61)
KES/GBP	130.58	0.54	1.77
KES/EUR	114.39	0.21	(0.90)

KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	140.87	(1.35)	(15.35)
NSE-20	2,034.71	(0.32)	(23.35)
NSE-25	3,352.96	(1.36)	(18.23)
FTSE 15	179.37	(1.97)	(18.95)
FTSE 25	187.77	(2.31)	(18.18)

Market Activity	Close	1-day	y-t-d
Market Cap (USD BN)*	20.31	20.59	25.06
Market Turnover (USD MN)	6.09	10.14	602.83
Foreign Buys (%)	65.31	78.65	49.63
Foreign Sales (%)	91.73	82.01	75.15
Foreign Participation (%)	78.52	80.33	62.39

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
E.A.Cables	1.90	9.20	5,200
Eveready	0.81	8.00	2,400
Sanlam Kenya	16.00	6.31	100

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	('000 shares)
Eaagads Ltd	9.00	(10.00)	2,400
Standard Group	18.00	(10.00)	100
The Limuru Tea	400.00	(6.43)	1,000

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
B.A.T. Kenya	2.31	2.30	2.31	315.00	-
Safaricom	2.25	1.24	2.20	28.35	(1.90)
Equity Group	0.55	0.22	0.43	39.15	(1.51)
KCB Group	0.42	0.21	0.38	39.05	(0.51)
E.A Breweries	0.17	-	0.00	170.50	(4.48)

*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	35.85	0.07	0.89
KES/RWF	8.79	0.30	6.09
KES/TSH	21.84	(0.11)	3.70
USD/USH	3,800.00	0.13	(3.68)
USD/RWF	931.36	0.36	1.76
USD/TSH	2,315.01	(0.04)	(0.74)

EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
USE ALSI	1,466.84	(1.98)	(18.54)
USE LCI	340.26	-	(2.85)
RSE RSI	122.00	-	(1.13)
RSE RASI	150.19	-	10.78
DSE DSEI	1,864.63	1.05	(9.45)
DSE TSI	3,492.23	-	1.78

RSE	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOK	-	29.18	260.00	-
BLR	-	15.60	139.00	-
CTL	-	7.86	70.00	-
IMR	-	10.10	90.00	-

DSE **

CRDB	19,026.55	6.87	150.00	-
TPCC	208,536.54	100.74	2,200.00	-

*Local Currency

**Trading data for the previous day.

RESEARCH DEPARTMENT

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SALIENT NEWS

Bamburi Cement FY19 Earnings

Bamburi Cement Limited released its FY19 results reporting a 37.2% y-o-y decline in PAT to KES 359.0 MN despite a 17.4% y-o-y increase in PBT to KES 728.0 MN. This is attributable to a 668.8% y-o-y increase in tax charge as the investment deductions from capacity expansion projects in Hima, its Uganda based subsidiary ceased to be applicable. EPS for the period stands at KES 1.74, 26.6% lower y-o-y. The board did not recommend the payment of a dividend for the period.

Turnover dropped by 1.3% y-o-y to KES 36.8 BN. Management attributes this to the restricted access to the Rwandan market through its Uganda based subsidiary which led to the loss of volumes previously sold; the shelving of phase 2B of the SGR project in Kenya; and lower selling prices resulting from competitive pressures fueled by overcapacity in the regional cement market and a deteriorated product mix.

Operating profit rose 44.1% y-o-y to KES 1.1 BN primarily owing to a 1.5% y-o-y decline in operating expenses to KES 35.6 BN. Consequently, operating profit margin rose 96 bps y-o-y to 3.0%.

Finance costs edged up by 238.3% y-o-y to KES 389 MN as a result of the full year impact of interest on debt taken to finance the capacity expansion project commissioned by Hima cement in 2018.

Total assets shed 3.8% y-o-y to KES 46.0 BN on account of a 2.5% y-o-y decline in non-current assets to KES 37.0 BN and an 8.9% y-o-y drop in current assets to KES 9.0 B N.

Non-current liabilities increased by 12.4% y-o-y to KES 6.1 BN while current liabilities dropped 12.6% y-o-y to KES 7.0 BN. This saw total liabilities edge down 2.5% y-o-y to KES 13.1 BN.

Given the direct correlation between GDP growth rate and the growth in the cement market, management expects the **cement market in both Kenya and Uganda to mirror actual GDP growth in 2020.**

On a trailing basis, the counter is trading at a P/E multiple of 48.2x against a sector median of 1.3x and a P/B multiple of 0.6x against a sector median of 0.3x. ROE stands at 1.3% against a sector median of 16.3% while ROA stands at 0.8% against a sector median of 3.9%. (*Source: Company filings, DBIB Research*).