

DYER & BLAIR INVESTMENT BANK

DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

23RD MARCH 2021



DYER & BLAIR
INVESTMENT BANK

WE KNOW. YOU KNOW.

CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	109.86	(0.00)	(0.63)
KES/GBP	152.44	0.13	(2.75)
KES/EUR	130.92	(0.06)	2.22

KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	169.11	0.96	11.18
NSE-20	1,931.34	(0.00)	3.37
NSE-25	3,736.79	0.73	9.42
FTSE 15	194.53	0.53	9.19
FTSE 25	220.07	0.82	11.38

Market Activity	Close	1-day	y-t-d	Cumm.
Market Cap (USD BN)*	23.65	23.43	21.39	
Market Turnover (USD MN)	5.15	4.50	237.51	
Foreign Buys (%)	68.39	54.33	61.31	
Foreign Sales (%)	28.82	52.36	62.06	
Foreign Participation (%)	48.60	53.34	61.68	

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
HF Group	4.13	9.84	46,600
B.O.C Kenya	64.00	6.67	1,000
I&M Holdings	45.00	4.65	218,900

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
Liberty Kenya	7.92	(6.82)	2,700
Total Kenya	21.85	(5.00)	68,900
Longhorn Publishers	4.43	(3.90)	2,200

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
Safaricom	3.23	2.86	0.72	39.45	1.41
E.A Breweries	0.34	0.30	0.31	170.00	-
KCB Group	0.32	0.08	-	41.20	0.73
BAT Kenya	0.31	-	0.31	480.00	(0.36)
Jubilee Holdings	0.19	0.19	-	296.00	0.77

*Year-to-date refers to Market Capitalization as at 31st December 2020

CURRENCY PERFORMANCE-TSH, USH, RWF

	Close	1-day	y-t-d
KES/USH	33.36	(0.00)	(0.06)
KES/RWF	9.05	0.01	(0.32)
KES/TSH	21.11	(0.00)	(0.63)
USD/USH	3,665.01	0.00	(0.57)
USD/RWF	994.01	(0.01)	(0.31)
USD/TSH	2,319.01	(0.00)	(0.00)

EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
USE ALSI**	1,426.60	(0.19)	8.91
USE LCI**	345.54	(0.59)	4.13
RSE RSI	104.10	-	(5.41)
RSE RASI	147.01	-	(0.77)

RSE	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOK	-	24.98	226.00	-
BLR	-	11.05	100.00	-
CTL	-	9.28	84.00	-
IMR	130,325.70	4.86	44.00	-
CMR	-	13.26	120.00	-

*Local Currency

**Trading data for the previous day.

NB: The Dar es Salaam Stock Exchange (DSE) remained closed on 22nd March 2021 as Tanzania mourned the death of president John Magufuli.

RESEARCH DEPARTMENT

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SALIENT NEWS

Umeme Ltd FY20 Earnings

Umeme Ltd has today released its FY20 earnings recording a **69.0% y-o-y decline in PAT to USH 43.1 BN (KES 1.3 BN)**. This was on account of the effects of the COVID-19 pandemic on the operating and regulatory environment and the regulatory lag in the recovery of outstanding income. The EPS for the period stood at USH 27.0 (KES 0.8), 68.6% lower y-o-y. The directors recommend a final dividend of USH 12.2 (KES 0.4) per ordinary share for the year ended 31st December 2020, subject to withholding tax deductions where applicable, to be paid on 19th July 2021 if approved, to registered shareholders as at the close of business 25th June 2021.

Revenues from contracts with customers dropped 6.5% y-o-y to USH 1.7 TN following a reduction in revenues from the provision of Electricity Connections Policy (EPC) services by 72.0% y-o-y to USH 54.0 BN due to the suspension of the ECP program. Cost of sales reduced by 0.1% y-o-y to USH 1.2 TN.

Operating expenses edged up 8.5% y-o-y to USH 244.7 BN on the back of a 48.0% y-o-y increase in repair and maintenance expenses to USH 45.7 BN and a 46.7% y-o-y increase in foreign exchange losses to USH 11.4 BN.

Finance income rose 7.2% y-o-y to USH 18.9 BN. Finance costs fell 16.8% y-o-y to USH 49.0 BN primarily due to the reduction of interest expense incurred on facility A (provided by IFC) and facility B (provided by Stanbic Bank Uganda Ltd and Standard Chartered Bank), following the repayment of principal of USH 110.0 BN and the reduction in the variable 6-month LIBOR rates.

Total assets advanced by 4.8% y-o-y to KES 2.7 TN largely on account of an 18.9% y-o-y increase in other financial assets to USH 1.0 TN and a 47.0% y-o-y rise in inventories to USH 102.6 BN. Total liabilities increased by 9.0% y-o-y to USH 1.9 TN while total equities fell 3.6% y-o-y to USH 803.2 BN.

Net cash flows from operating activities grew 42.8% y-o-y to USH 277.1 BN. Net cash flows used in investing activities rose by 166.3% y-o-y to USH 278.7 BN while net cash flows used in financing activities increased by 418.7% y-o-y to USH 106.5 BN.

Umeme Ltd is currently trading at a P/E multiple of 8.7x against an industry median of 2.0x and a P/B multiple of 0.5x against an industry median of 0.2x. The ROE stands at 5.4% against an industry median of 6.2% while the ROA stands at 1.6% against an industry median of 2.6%. The dividend yield stands at 5.3% as per current prices. *(Source: Company filings, DBIB Research).*

SALIENT NEWS Cont'd

Kenya Airways FY20 Earnings

Kenya Airways has today released its FY20 earnings reporting a loss after tax of KES 36.2 BN, a further deterioration by 178.9% y-o-y. This was occasioned by the COVID-19 pandemic where the Government issued directives to suspend all scheduled passenger services into and out of the country from April to July 2020, to curb the spread of the virus. Upon resumption of scheduled operations in August, network operations remained low as the effects of the pandemic continued to be felt and with travel restrictions still prevalent in some of its key destinations. The loss per share for the period stood at KES 6.2.

Total income declined by 58.8% y-o-y to KES 52.8 BN as a result of reduced flight capacity aligned to the depressed demand. Passengers uplifted in 2020 reduced by 65.7% y-o-y to 1.8 MN. In addition, passengers revenue declined by 67.5% y-o-y to KES 33.7 BN while the total passenger capacity measured in Available Seat Kilometres (ASKs) dropped by 68.4% y-o-y to 5.3 BN, with cabin factor declining to 65.3%, 12 bps lower y-o-y.

Total operating costs reduced by 38.5% y-o-y to KES 79.9 BN, largely driven by the reduced operations in FY20. An impairment of leased assets due to the lower earning capacity of its assets due to reduced flights of KES 7.0 BN was included in the company's results, thus affecting the assets' carrying values in its books.

Total assets dropped 12.4% y-o-y to KES 171.5 BN on the back of a 15.1% y-o-y reduction in non-current assets to KES 144.3 BN while total liabilities rose by 10.3% y-o-y to KES 235.6 BN.

Net cash generated from operating activities fell by 59.4% y-o-y to KES 6.5 BN. Net cash used in investing activities dropped 166.6% y-o-y to KES 964.0 MN whereas net cash generated from financing activities plunged 95.7% y-o-y to KES 884.0 MN. *(Source: Company filings, DBIB Research).*
