

# DYER & BLAIR INVESTMENT BANK

## DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

24<sup>TH</sup> MARCH 2021



**DYER & BLAIR**  
INVESTMENT BANK

WE KNOW. YOU KNOW.

### CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	109.85	0.01	(0.62)
KES/GBP	151.86	0.38	(2.36)
KES/EUR	130.68	0.19	2.40

### KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	168.96	(0.09)	11.08
NSE-20	1,910.17	(1.10)	2.24
NSE-25	3,723.71	(0.35)	9.03
FTSE 15	193.86	(0.34)	8.82
FTSE 25	220.05	(0.01)	11.37

Market Activity	Close	1-day	y-t-d	Cumm.
Market Cap (USD BN)*	23.63	23.66	21.39	
Market Turnover (USD MN)	5.69	5.15	243.23	
Foreign Buys (%)	35.14	68.39	60.69	
Foreign Sales (%)	19.34	28.82	61.05	
Foreign Participation (%)	27.24	48.60	60.87	

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
HF Group	4.54	9.93	40,400
Total Kenya	23.80	8.92	3,300
Uchumi Supermarket	0.26	8.33	37,300

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
Sanlam Kenya	11.20	(7.05)	300
Liberty Kenya	7.46	(5.81)	19,000
Nation Media Group	18.00	(5.26)	45,000

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
Safaricom	2.98	1.16	0.62	39.45	-
Equity Group	1.25	0.42	0.38	42.00	0.84
KCB	0.79	0.19	-	41.85	1.58
E.A Breweries	0.20	0.18	0.05	169.50	(0.29)
I&M Holdings	0.09	0.01	-	43.20	(4.00)

\*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	33.27	(0.26)	(0.33)
KES/RWF	9.05	0.01	(0.31)
KES/TSH	21.11	0.01	(0.62)
USD/USH	3,655.01	0.27	(0.29)
USD/RWF	993.99	0.00	(0.31)
USD/TSH	2,319.01	(0.00)	(0.00)

### EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
USE ALSI**	1,422.19	(0.31)	8.58
USE LCI**	345.54	-	4.13
RSE RSI	104.10	-	(5.41)
RSE RASI	147.01	-	(0.77)
DSE DSEI**	1,873.63	(0.01)	3.12
DSE TSI**	3,518.15	(0.01)	0.96

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	97,252.61	4.86	44.00	-
CMR	-	13.26	120.00	-

DSE **	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
CRDB	1,253,997.74	10.89	230.00	-
DSE	28,658.45	52.11	1,100.00	-
JATU	187,582.60	85.26	1,800.00	(5.26)
NICO	99,001.93	9.00	190.00	(2.56)
SWALA	3,481.65	23.21	490.00	-
SWIS	22,813.08	53.05	1,120.00	-
TCCL	15,539.51	19.18	405.00	-
TPCC	789,883.80	118.42	2,500.00	-
VODA	17,507.71	36.47	770.00	-

\*Local Currency

\*\*Trading data for the previous day.

### RESEARCH DEPARTMENT

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## SALIENT NEWS

### ABSA Group FY20 Earnings

**ABSA Group announced its FY20 results today, reporting a 44.2% y-o-y decline in profit after tax (PAT) to KES 4.2 BN.** The group recorded an 8.5% y-o-y increase in pre-provision operating profit to KES 17.9 BN. However, this growth was wiped off by a 114.9% y-o-y increase in the group's bad debt charge to KES 9.0 BN. Earnings per share (EPS) for the period stood at KES 0.77 compared to KES 1.37 in FY19. No dividend was recommended.

**Net interest income rose 0.9% y-o-y to KES 23.4 BN,** on the back of a 1.3% y-o-y increase in interest income to KES 31.4 BN. Interest expense increased 2.7% y-o-y to KES 8.0 BN. Net interest margin contracted 28 bps y-o-y to 6.6% on account of decline in yield on assets.

**Non-funded income (NFI) rose 5.2% y-o-y to KES 11.1 BN,** partly attributable to a 22.2% y-o-y increase in net income from forex dealings to KES 4.4 BN and a 42.0% y-o-y increase in other operating income to KES 1.2 BN. Fees and commissions income declined 9.9% y-o-y to KES 5.5 BN.

**Operating expenses (less loan loss provisions) declined 3.7% y-o-y to KES 16.6 BN,** owing to a 3.9% y-o-y decline in staff costs to KES 9.8 BN. The cost-to-income ratio in turn improved by 297 bps y-o-y to 48.2% compared to FY19's 51.2%.

**The bank's loan loss provision expense saw a 114.9% y-o-y upsurge to KES 9.0 BN,** spiking the cost of risk to 4.3%, up 217 bps y-o-y.

**Customer loans and advances saw a 7.2% y-o-y increase to KES 208.8 BN (-0.2% q-o-q).** The group's investments in government securities rose 13.2% y-o-y to KES 89.7 BN (-5.3% q-o-q). On the funding side, customer deposits rose 6.7% y-o-y to KES 253.6 BN (+2.9% q-o-q).

**ABSA is trading at a P/E multiple of 12.3x and a P/B multiple of 1.1x, above sector medians of 6.5x and 0.7x respectively.** Its ROE stands at 8.9% whereas its ROA stands at 1.1%. (*Source: Company filings, DBIB Research*).

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## SALIENT NEWS Cont'd

### Centum Investments issues profit warning

Centum Investments announced that based on the preliminary assessment of its projected consolidated financial results for the year ending 31 March 2021, net earnings are expected to be at least 25% lower y-o-y. This is attributable to a number of factors. Firstly, there was no disposal of investments in FY21 thus no gains on disposal recorded. Secondly, some of the portfolio companies in which Centum has controlling or significant stake have reported a decline in net earnings which will reflect in the Group's consolidated net earnings as well as a lower share of associate profit. In addition, the company has minority stakes in other portfolio companies which have cut back dividend payments in order to preserve their liquidity so as to navigate through COVID-19 uncertainties subsequently affecting the Group's performance. Thirdly, Centum's real estate subsidiary sustained very strong sales and cash collection levels. However, this performance will not be reflected in the Group's consolidated income statements for FY21 but in subsequent years because revenue from the sale of residential units is only recognised upon registration and transfer of ownership to the respective buyers. Lastly, Centum real estate completed land sales in FY21 and booked approximately KES 2.0 BN in revenue at a significant value uplift on the initial cost. However, the value uplift on the parcels of land that were sold was already recognized in prior periods even though it has been realized in the current year. *(Source: Company filings, DBIB Research).*

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