

DYER & BLAIR INVESTMENT BANK

DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

31ST MARCH 2021



DYER & BLAIR
INVESTMENT BANK

WE KNOW. YOU KNOW.

CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
KES/USD	109.51	0.19	(0.31)
KES/GBP	150.69	0.57	(1.57)
KES/EUR	128.60	0.53	3.95

KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	158.62	(1.46)	4.28
NSE-20	1,846.41	(0.02)	(1.18)
NSE-25	3,531.58	(0.36)	3.41
FTSE 15	184.82	(0.02)	3.74
FTSE 25	206.95	(1.07)	4.74

Market Activity	Close	1-day	y-t-d	Cumm.
Market Cap (USD BN)*	22.25	22.58	21.39	
Market Turnover (USD MN)	6.77	10.67	273.34	
Foreign Buys (%)	44.75	30.92	59.09	
Foreign Sales (%)	78.89	76.54	61.96	
Foreign Participation (%)	61.82	53.73	60.53	

Top Gainers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
I&M Holdings	50.00	13.64	255,700
Eaagads Ltd	14.30	9.58	100
Williamson Tea Kenya	147.00	7.89	100

Top Losers	VWAP	1-day	Volumes
	(KES)	ch (%)	(shares)
Uchumi Supermarket	0.23	(8.00)	264,700
CIC Insurance	2.08	(7.56)	203,300
Sameer Africa	3.57	(6.05)	2,900

Top Traders	Turnover	F.buys	F.sales	VWAP	1-day
	(USD mn)	(USD m)	(USD m)	(KES)	ch (%)
Safaricom	4.87	1.79	4.61	36.25	(2.95)
KCB Group	0.76	0.68	0.19	41.30	2.35
Equity Group	0.43	0.34	0.26	37.95	-
E.A Breweries	0.21	0.21	0.20	158.00	1.28
Co-operative Bank	0.21	0.01	0.04	13.20	(2.22)

*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	33.47	0.35	0.26
KES/RWF	9.08	0.20	0.03
KES/TSH	21.18	0.19	(0.31)
USD/USH	3,665.01	(0.16)	(0.57)
USD/RWF	994.38	(0.01)	(0.34)
USD/TSH	2,319.01	(0.00)	(0.00)

EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
USE ALSI**	1,348.56	(4.51)	2.95
USE LCI**	344.53	(0.63)	3.82
RSE RSI	105.64	1.35	(4.01)
RSE RASI	147.31	0.19	(0.57)
DSE DSEI**	1,846.16	0.69	1.61
DSE TSI**	3,518.06	-	0.96

RSE	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOK	9,620,125.33	25.66	233.00	3.10
BLR	-	11.01	100.00	-
CTL	539,861.90	9.47	86.00	-
IMR	59,602.87	4.85	44.00	-
CMR	-	13.22	120.00	-

DSE **				
CRDB	378,215.80	10.86	230.00	-
DSE	148,565.11	51.95	1,100.00	-
JATU	53,787.56	80.28	1,700.00	-
NICO	182,948.54	8.97	190.00	-
NMB	11,050.30	110.50	2,340.00	-
SWIS	5,289.03	52.89	1,120.00	-
TBL	10,294.72	514.74	10,900.00	-
TCCL	61,201.65	19.13	405.00	-
TPCC	472.23	118.06	2,500.00	-
VODA	363.62	36.36	770.00	-

*Local Currency

**Trading data for the previous day.

RESEARCH DEPARTMENT

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SALIENT NEWS

I&M Holdings FY20 Earnings

I&M Holdings released its FY20 results posting a 21.9% y-o-y decline in profit after tax (PAT) to KES 8.4 BN. Pre-provision operating profit saw a drop by 1.6% y-o-y to KES 14.1 BN and further declined due to a 288.5% y-o-y rise in loan loss provision expense to KES 2.5 BN. Earnings per share (EPS) for the period came in at KES 9.77, representing a 21.7% y-o-y decrease. The directors recommend the payment of a dividend of KES 2.25 per share on or around 20th May 2021 to be paid to shareholders on the company's register as at the close of business on 15th April 2021. They also recommend a bonus issue of 1:1 to shareholders on the company's register as at the close of business on 10th May 2021.

Net interest income edged up by 0.6% y-o-y to KES 15.6 BN following a 2.5% y-o-y increase in interest income to KES 27.8 BN but bolstered by a 5.1% y-o-y increase in interest expense to KES 12.2 BN. Yield on interest earning assets declined 89 bps y-o-y to 9.1% whereas cost of funds dropped 38 bps y-o-y to 4.3%. As a result, the group's net interest margin (NIM) declined by 52 bps y-o-y to 4.8%.

Interest income from loans and advances fell by 2.1% y-o-y to KES 21.9 BN, placing the yield on average loans for the period at 12.1%, 101 bps lower y-o-y. Interest income from investment securities rose 35.9% y-o-y to KES 5.6 BN, placing the yield on average investment securities at 7.2%, 167 bps lower y-o-y. Interest expense from customer deposits rose 4.7% y-o-y to KES 10.6 BN placing the cost of average deposits at 4.3%, 27 bps lower y-o-y.

Non-funded income (NFI) advanced by 4.3% y-o-y to KES 8.6 BN, following a 4.4% y-o-y increase in fees and commission income to KES 4.2 BN and a 50.7% y-o-y increase in other operating income to KES 2.6 BN. Foreign exchange trading income saw a 26.9% y-o-y decrease to KES 1.9 BN. Fees and commissions on loans rose by 3.2% y-o-y to KES 1.9 BN whilst other fees and commissions rose by 5.5% y-o-y to KES 2.2 BN. As a result, funded income reliance shed 82 bps y-o-y to 64.4%.

Operating expenses (less loan provisions) rose 7.1% y-o-y to KES 10.1 BN, owing to a 15.3% y-o-y increase in other operating expenses to KES 3.6 BN. Staff costs dropped by 4.3% y-o-y to KES 4.5 BN.

Income tax charge fell by 33.8% y-o-y to KES 2.5 BN placing the group's effective tax rate at 23.2%, 307 bps lower y-o-y.

Customer loans and advances saw a 6.9% y-o-y increase to KES 187.4 BN (+0.9% q-o-q). The group's investments securities rose by 88.6% y-o-y to KES 101.7 BN (+11.3% q-o-q).

On the funding side, customer deposits grew by 14.3% y-o-y to KES 262.7 BN (+3.9% q-o-q). Borrowed funds rose 36.1% y-o-y to 14.8 BN owing to a 66.1% y-o-y increase in long-term debt to KES 10.3 BN and a 4.1% y-o-y decline in long-term debt to 4.5 BN.

I&M holdings is currently trading at a P/E multiple of 4.5x, below the sector median of 6.4x and a P/B multiple of 0.6x at par with the sector median. Its ROE stands at 12.6%, above the sector median of 10.3% whereas ROA stands at 2.3%, above the sector median of 1.6%. Currently, dividend yield stands at 5.1%. *(Source: Company filings, DBIB Research).*

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