

# DYER & BLAIR INVESTMENT BANK

## DAILY MARKET REPORT

Founder Member of the Nairobi Securities Exchange

10<sup>TH</sup> NOVEMBER 2021



DYER & BLAIR  
INVESTMENT BANK

WE KNOW. YOU KNOW.

### CURRENCY PERFORMANCE-KES

	Close	1-day	y-t-d
USD/KES	111.70	(0.04)	(2.32)
GBP/KES	151.36	(0.43)	(2.03)
EUR/KES	129.32	(0.20)	3.42

### KENYAN EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
NASI	172.48	0.85	13.39
NSE-20	1,933.28	(0.08)	3.47
NSE-25	3,804.97	0.79	11.41
FTSE 15	210.15	0.85	17.96
FTSE 25	230.81	0.88	16.82

Market Activity	Close	1-day	y-t-d	Cumm.
Market Cap (USD BN)*	24.10	23.89		24.65
Market Turnover (USD MN)	6.51	8.73		980.80
Foreign Buys (%)	51.31	30.22		55.84
Foreign Sales (%)	53.04	67.95		57.07
Foreign Participation (%)	52.18	49.09		56.45

Top Gainers	VWAP (KES)	1-day ch (%)	Volumes (shares)
Sameer Africa	2.99	6.41	2,300
BK Group	28.50	5.56	400
TPS Eastern Africa	16.85	5.31	3,400

Top Losers	VWAP (KES)	1-day ch (%)	Volumes (shares)
Eveready E.A	0.89	(6.32)	86,200
DTB Kenya	57.75	(3.75)	14,200
Crown Paints	32.70	(2.68)	39,400

Top Traders	Turnover (USD mn)	F.buys (USD m)	F.sales (USD m)	VWAP (KES)	1-day ch (%)
Safaricom	3.02	0.70	2.82	40.50	1.00
Equity Group	2.61	2.52	0.51	53.25	2.90
KCB Group	0.24	0.02	0.04	44.65	0.56
E.A Breweries	0.23	0.05	0.06	164.00	(0.61)
Centum	0.21	0.00	-	17.50	(1.13)

\*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	31.65	(0.32)	(5.19)
KES/RWF	9.13	(0.03)	0.53
KES/TSH	20.59	(0.13)	(3.06)
USD/USH	3,535.00	0.28	3.00
USD/RWF	1,019.31	(0.01)	(2.86)
USD/TSH	2,300.00	0.09	0.82

### EAC EQUITY MARKETS

Equity Indices	Close	1-day	y-t-d
USE ALSI**	1,456.69	(0.27)	11.21
USE LCI**	334.64	0.08	0.84
RSE RSI	100.86	-	(8.35)
RSE RASI	145.10	-	(2.06)
DSE DSEI**	1,865.21	(0.42)	2.66
DSE TSI**	3,472.52	0.01	(0.34)

USE**	Turnover (KES MN)	VWAP (KES)	VWAP (L.C)*	1-day ch (%)
BOBU	53,590.73	3.48	110.13	(4.23)
SBU	105,814.52	0.81	25.72	1.42
UMEM	2,039.61	6.26	198.00	(1.00)

RSE				
BOK	1,054,748.29	27.40	250.00	-
BLR	-	13.15	120.00	-
IMR	7,890.07	4.93	45.00	-
CMR	-	13.15	120.00	-
MTNR	53,257.94	19.73	180.00	-

DSE **				
CRDB	1,448,026.07	11.66	240.00	-
DSE	84,726.75	59.25	1,220.00	1.67
JATU	12,034.44	28.65	590.00	-
NMB	5,942,625.14	87.42	1,800.00	-
TPCC	640,671.36	165.12	3,400.00	-
VODA	1,495.81	37.40	770.00	-

\*Local Currency

\*\*Trading data for the previous day.

### RESEARCH DEPARTMENT

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## SALIENT NEWS

### Safaricom PLC 1H22 Earnings.

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**Safaricom PLC** announced its 1H22 results recording a 12.1% y-o-y increase in profit after tax to KES 37.0 BN anchored by 45.8% y-o-y growth in M-Pesa revenue to KES 52.3 BN.  
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**Safaricom PLC announced its 1H22 results recording a 12.1% y-o-y increase in profit after tax to KES 37.0 BN anchored by 45.8% y-o-y growth in M-Pesa revenue to KES 52.3 BN.** M-Pesa performance came on the back of the lifting of the waiver of charges on transactions below KES 1,000, and was further supported by economic recovery. EBIT was up 28.8% y-o-y to KES 57.9 BN. Net finance cost notably jumped 12.6x to stand at KES 3.0 BN on account of new debt to fund Ethiopia investment

**Service revenue was up 16.9% y-o-y to KES 138.4 BN mainly supported by the 45.8% y-o-y growth in M-Pesa revenue to KES 52.3 BN.** Voice revenue grew by 3.2% y-o-y to KES 41.5 BN while SMS revenue was down 18.3% y-o-y to KES 5.9 BN. Mobile data revenue increased 6.3% y-o-y to stand at KES 23.6 BN. Voice revenue contribution to service revenue declined to 29.9% compared to 1H21's 33.9%. Mpesa revenue contribution stood at 37.8% compared to 1H21's 30.3% while mobile data revenue contribution stood at 17.1% compared to 1H21's 18.8%.

**Overall ARPU increased by 7.0% y-o-y to KES 711.67 mainly supported by 31.3% y-o-y growth in M-Pesa ARPU to KES 300.71.** The number of chargeable transactions per one month active user stood at 18.06, up 91.9% y-o-y compared to 9.41 transactions in 1H21. Mobile data ARPU was up 7.9% y-o-y to KES 198.32, with one month active mobile data subscribers increasing by 5.0% y-o-y to 24.05 MN. Voice ARPU was down 2.9% y-o-y to KES 247.60

**EBITDA margin improved 180 bps y-o-y to stand at 52.9% following a 110 bps decline in operating costs as a percentage of total revenue to 16.0% (Operating costs were up 10.3% y-o-y to KES 23.4 BN).** EBIT margin improved 330 bps y-o-y to 39.6%. The company registered net finance cost of KES 3.0 BN compared to KES 236.3 MN in 1H21 following an increase in borrowings from KES 14.8 BN in FY21 to KES 77.0 BN in 1H22. Out of the KES 77.0 BN borrowings, KES 43.0 BN was attributed to Ethiopia investment roll-out. Ethiopia investment CAPEX was guided at USD 1.5-2.0 BN over the next 5 years, with year 1 funding (including license payment) to stand at USD 600 MN.

**Management's EBIT guidance including Safaricom Ethiopia stood at KES 97-100 BN, while CAPEX guidance including Safaricom Ethiopia stood at KES 70-73 BN.** Management further guided EBITDA break-even at year 4 of operations, with mobile money license yet to be awarded. The company expects to launch Ethiopia operations mid 2022.

**Total Assets increased by 44.6% y-o-y to KES 333.6 BN** following a 57.5% y-o-y rise in non-current assets to KES 275.2 BN and a 4.4% y-o-y rise in current assets to KES 58.4 BN.

**Total liabilities increased by 66.4% to KES 154.8 BN** led by a 81.9% y-o-y rise in current liabilities to KES 137.2 BN while non-current liabilities edged down 0.1% y-o-y to KES 17.5 BN. Total equity increased 29.9% y-o-y to KES 178.8 BN.

**Safaricom is currently trading at a P/E multiple of 22.1x and a P/B multiple of 11.8x.** Its ROE stands at 53.3% and ROA stands at 21.8%.

*(Source: Company filings, DBIB Research).*

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