



KENYA EQUITIES: INDICES & MARKET METRICS MOVEMENT done

Index	0 wk	1 wk	1 m	3 m	6 m	12 m	Y-T-D
NASI	147.58	(0.02)	(0.01)	(0.02)	(0.03)	(0.12)	0.05
NSE-20	2,467.68	(0.00)	(0.05)	(0.08)	(0.15)	(0.23)	(0.13)
DBIB Select	85.13	(0.01)	(0.01)	(0.00)	(0.02)	(0.05)	(0.00)
FTSE 15	183.24	(0.01)	(0.02)	(0.01)	(0.04)	(0.14)	0.06
FTSE 25	194.11	(0.01)	(0.00)	-	(0.02)	(0.13)	0.10
FTSE Frontier 50	42,177.48	(0.04)	(0.13)	(0.06)	(0.10)	(0.15)	(0.03)

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	0 wk	1 wk	1 m	3 m	6 m	12 m
Market Cap. (USD m)	2,221.97	(0.03)	(0.02)	(0.02)	(0.03)	(0.10)
Market Turnover (USD m)	13.41	(0.55)	(0.38)	(0.64)	(0.46)	(0.45)
Market P/E (x)	14.29	(0.01)	0.00	0.01	0.05	0.11
Market Div. yld (%)	6.36	15.34	6.36	118.35	171.12	226.59
Market ROE (%)	34.31	(209.95)	(213.46)	(271.08)	52.87	(371.46)

(Source: NSE, DBIB Research)

KENYA FIXED INCOME: YIELDS & MARKET METRICS MOVEMENT

	0 wk	1 wk	1 m	3 m	6 m	12 m
FTSE Bond Index	98.34	0.00	0.00	0.01	0.02	0.04
Market Turnover (USD m)	86.48	0.24	(0.53)	(0.54)	(0.14)	(0.28)
91-day T-Bill (%)	6.39	(1.30)	(16.20)	(61.00)	(50.10)	(127.30)
5 year rate (%)	9.87	(9.80)	(30.67)	(79.05)	(134.84)	(189.99)
Interbank Lending (%)	4.73	124.00	222.00	65.00	92.00	(137.00)

(Source: CBK, NSE)

KENYA MACRO METRICS MOVEMENT

	0 wk	1 wk	1m	3m	6m	12m
KES/USD	103.55	(0.00)	0.00	(0.02)	(0.01)	0.01
KES/GBP	126.40	(0.00)	(0.22)	0.19	0.03	(0.01)
KES/EUR	114.63	(0.00)	(0.00)	(0.01)	0.01	0.03
Fx reserve: Import Cover	5.78	(0.09)	(0.26)	(0.62)	0.41	0.07
Inflation	5.00	-	-	(49)	65	96
CBR	9.00	-	-	-	-	-

(Source: CBK, NSE)

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IN THIS WEEK'S ISSUE...

Weekly equity turnover contracted by 54.7% w-o-w to close at USD 13.41 MN(KES 1.4 BN).

Both the **NSE 20** and **NASI** indices dropped by 0.4% and 1.5% w-o-w to close at 2,467.68 and 147.58 respectively.

EQUITY MARKET SUM UP

Weekly equity turnover contracted by 54.7% w-o-w to close at USD 13.41 MN(KES 1.4 BN). Both the NSE 20 and NASI indices dropped by 0.4% and 1.5% w-o-w to close at 2,467.68 and 147.58 respectively.

Banking sector turnover advanced by 31.9% to close at 0.59 BN.7 stocks advanced, 3 declined and 2 held constant during the week. National Bank was the top gainer rising 10.5% w-o-w to close at KES 4.12 whereas I&M holdings was top loser shedding 2.6% w-o-w to close at KES 46.55.

Week-on-Week Performance

Top gainers	%	Top Losers	%	Top Traders	USD m
National Bank	10.5	Umeme	(15.2)	Safaricom	3.65
Sameer Africa	9.0	CIC Insurance	(8.3)	Equity Group	2.79
Housing Finance	8.5	Centum Investment	(7.6)	K.C.B	2.24
Eveready East Africa	7.2	Flame Tree Group	(7.4)	E. A. Breweries	2.17
B.O.C Kenya	7.0	Uchumi	(6.3)	Nation Media	0.60

(Source: NSE, DBIB Research)

Y-T-D Performance

Top gainers	%	Top Losers	%
Sameer Africa	109.7	Kenya Airways	(71.9)
Longhorn	51.4	Uchumi Supermarket	(62.5)
Express Kenya	30.0	Mumias Sugar	(50.0)
Safaricom	26.8	Nation Media	(44.5)
Trans-Century	25.4	Kenya Re Insurance	(33.1)

(Source: NSE, DBIB Research)

Weekly Foreign Performance

Top Weekly Buys	% Purchase	Top Weekly Sales	% Sold
Crown paints	100.0	B.A.T (K)	94.7
Equity	97.7	Umeme	84.9
E.A.Breweries	94.3	Safaricom	77.7
Centum	94.2	Crown paints	77.3
K.C.B	88.9	Co-op Bank	71.4

(Source: NSE, DBIB Research)

Y-T-D Foreign Performance

Top Foreign Buys	% Purchase	Top Foreign Sales	% Sold
Bank of Kigali	99.9	Bank of Kigali	100.0
B.A.T (K)	97.7	Kakuzi	95.5
Umeme	96.9	B.A.T (K)	91.0
Crown Paints	85.3	Jubilee	85.3
Safaricom	83.8	Stanbic	77.3

(Source: NSE, DBIB Research)

This week, bond turnover advanced by 23.9% w-o-w to close at USD 86.5 MN (KES 9.0 BN).

FROM THE FIXED INCOME DESK

This week, bond turnover advanced by 23.9% w-o-w to close at USD 86.5 MN (KES 9.0 BN). The most traded bond was the fixed coupon bond issue number FXD1/2019/15yr which recorded a turnover of KES 1.3 BN. The bond traded between 12.86% and 12.18%.

FXD1/2018/15 and FXD2/2019/15 September Primary Bond Issues.

The government reopened fixed coupon bond issue numbers FXD1/2018/15 and FXD2/2019/15 aiming to raise KES 50.0 BN. The funds raised are to go towards budgetary support. FXD1/2018/15 has a coupon rate of 12.65% whereas FXD2/2019/15 has a coupon rate of 12.73%. The bonds will be on sale between 22/08/2019 and 17/09/2019.

Top Trades for the Week ending 30 August 2019.

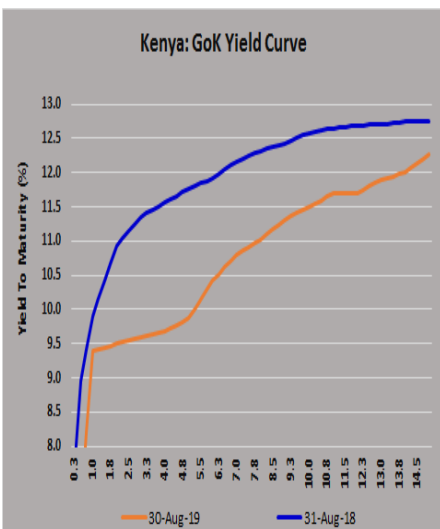
Trading Date	Issue No.	Years	Coupon	Yield	Price	Total Value
			(%)	(%)	(%)	(KES m)
26-Aug	IFB 1/2019/25Yr	24.5	12.200	11.563	109.939	500.0
29-Aug	FXD1/2019/15Yr	14.4	12.857	12.175	105.650	500.0
30-Aug	FXD1/2019/15Yr	14.4	12.857	12.000	106.913	500.0
30-Aug	IFB 1/2014/12Yr	7.5	11.000	10.000	107.927	494.0
26-Aug	IFB 1/2016/9Yr	5.7	12.500	9.980	111.857	400.0
27-Aug	FXD 1/2016/10Yr	7.0	15.039	10.450	122.424	400.0
26-Aug	IFB 1/2014/12Yr	7.5	11.000	10.080	107.480	394.0
28-Aug	FXD3/2019/15Yr	14.9	12.340	12.250	101.602	380.0
30-Aug	FXD2/2019/15Yr	14.7	12.734	12.350	106.343	380.0
30-Aug	FXD1/2019/15Yr	14.4	12.857	12.150	105.859	300.0
26-Aug	FXD2/2018/15Yr	14.1	12.750	12.014	109.323	294.3
27-Aug	FXD2/2018/15Yr	14.1	12.750	11.984	109.568	294.3
27-Aug	FXD 3/2019/10Yr	9.9	11.517	11.490	100.404	270.0

(Source: NSE, DBIB Research)

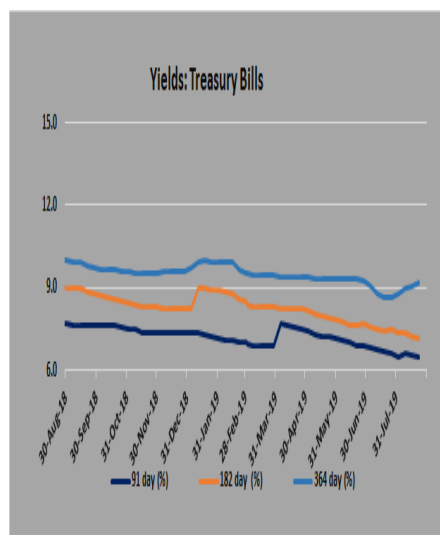
Treasury Bill auction for the week ending 30 August 2019.

Instrument	Amount Bids Received (KES Bn)	Subscription (KES Bn)	Bids Accepted Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.0	5.318	132.97	5.318	6.385	(1.3)
182-day	10.0	4.821	48.22	4.822	7.011	(0.9)
364-day	10.0	8.683	86.83	7.769	9.392	14.4

(Source: NSE, DBIB Research)



(Source: CBK, DBIB Research)



(Source: CBK, DBIB Research)

EAC MARKETS SNAPSHOT

Rwanda: The RSE, RSI and RASI indices declined 0.6% and 0.1% w-o-w to close at 125.18 and 135.87 respectively.

Tanzania: The DSE TSI held constant at 3,291.83 whereas DSEI rose by 0.4% w-o-w to close at 1,946.22.

Rwanda: The RSE, RSI and RASI indices declined 0.6% and 0.1% w-o-w to close at 125.18 and 135.87 respectively. Weekly turnover stood at RWF 1.2 MN compared to RWF 3.4MN recorded the previous week.

Tanzania: The DSE TSI held constant at 3,291.83 whereas DSEI rose by 0.4% w-o-w to close at 1,946.22. Total weekly turnover stood at TZS 5.7 BN compared to TZS 351.7 MN reported the previous week.

	Week's High (L.C)	Week's Low(L.C)	Current Price (L.C)	Price (KES)	w-o-w change %	y-t-d change %	Turnover (L.C MN)	Turnover (KES MN)
Rwanda Stock Exchange (RSE)			-					
Bank of Kigali	273	270	270	30	(1.1)	(2.9)	1.08	0.12
Bralirwa	143	143	143	16	0.0	(4.7)	0.14	0.02
Cyrstal Telecom Ltd	60	60	60	7	0.0	15.4	-	-
I&M Rwanda	90	90	90	10	0.0	(1.1)	-	-
Dar Es Salaam Stock Exchange (DSE)			0					
African Barrick Gold (ACA)	7,500	6,000	7,500	72	25.0	41.0	-	-
CRDB Bank	100	100	100	1	0.0	(31.0)	195.37	1.89
Dar Es Salaam Community Bank (DCB)	340	340	340	3	0.0	0.0	-	-
DSE	1,080	1,080	1,080	10	0.0	(26.0)	0.51	0.00
Maendeleo (MBP)	490	490	490	5	0.0	-2.0	-	-
National Microfinance Bank (NMB)	2,340	2,340	2,340	23	0.0	18.2	-	-
Precision Air Services (PAL)	400	400	400	4	0.0	0.0	-	-
Swissport Tanzania (SWIS)	1,600	1,600	1,600	15	0.0	(31.6)	-	-
Tanzania Breweries (TBL)	11,400	10,900	11,400	110	4.6	(11.6)	5,451.24	52.64
Tanga Cement Company (TCCL)	600	600	600	6	0.0	(6.3)	-	-
Tanzania Cigarette Company (TCC)	17,000	16,200	17,000	164	0.0	0.0	0.81	0.01
Tanzania Portland Cement (TPCC)	2,020	2,000	2,000	19	0.0	(3.8)	5.74	0.06
Tanzania Tea Packers (TTP)	120	120	120	1	0.0	0.0	-	-
TOL Gases	660	600	660	6	10.0	0.0	-	-
Swala	490	450	450	4	(8.2)	(8.2)	0.90	0.01
Mucoba Bank	400	400	400	4	0.0	0.0	-	-
YETU	550	550	550	5	0.0	(8.3)	-	-
MCB	500	430	500	5	16.3	0.0	-	-
MKCB	780	780	780	8	0.0	(2.5)	-	-
Vodacom	800	800	800	8	0.0	6.7	0.00	0.00
TICL	385	350	385	4	10.0	0.0	-	-
NICO	175	175	175	2	0.0	(35.2)	6.53	0.06

(Source: RSE, DSE, DBIB Research)

*L.C refers to Local Currency

Kenya Market News

Kenya Airways 1H19 Earnings

Kenya Airways released its 1H19 results posting a loss after tax of KES 8.6 BN, representing a 112.2% y-o-y increase.

Kenya Airways released its 1H19 results posting a loss after tax of KES 8.6 BN compared to a loss of KES 4.0 BN in the same period last year. The basic loss per share for the period closed at KES 1.47 compared to a loss per share of KES 0.69 in 1H18. Revenue recorded a 12.2% y-o-y growth to KES 58.6 BN on the back of the new routes to New York, Mogadishu and Libreville, increased frequencies, improved cargo performance and ancillary services. Passenger revenue increased by 5.8% y-o-y to KES 42.6 BN on the back of a 6.6% y-o-y increase in passenger numbers to 2.4 MN. Total operating costs shot up by 15.5% y-o-y to KES 61.5 BN courtesy of a 5.0% increase in fuel costs due to increased flying, increased ASKs (available seat kilometres), rising staff costs and the return of two Boeing 787's that were on sub-lease to Oman Air. Consequently, operating loss closed off at KES 2.9 BN while loss before income tax increased by 114.5% y-o-y to KES 8.6 BN. Management attributed the significant dip in performance to one-off charges totalling circa KES 1.93 BN including one-off impairment charges of KES 930.0 MN that was courtesy of adoption of IFRS 16 and accelerated depreciation of KES 512.0 MN. Non-current assets grew by 68.9% to KES 183.53 BN while non-current liabilities increased by 914.4% to KES 97.50 BN due to the adoption of IFRS 16 that came into effect in January 2019 (replacing IAS 17). This standard requires lessees to account for all leases on their balance sheets as liabilities, at the present value of the future lease payments alongside an asset reflecting the right to use the asset over the lease term. Cash generated from operations increased by 180.0% to KES 8.70 BN riding on increased flying frequency and additional routes. Cash and cash equivalents generated declined by 462.0% to a negative position of KES 2.2 BN. Cash and cash equivalents at the end of the half year closed at KES 4.23 BN, 29.1% lower than their closing balance in 1H18.

If nationalized, KQ stands to benefit from tax concessions and exemptions from paying excise duty on all goods.

Management is open to the proposed nationalization after their proposal to take over management of JKIA was turned down by Parliament as a last ditch effort to prevent continued erosion of market share to its peers such as Ethiopian Airlines and Rwandan Air. If nationalized, KQ stands to benefit from tax concessions and exemptions from paying excise duty on all goods. KQ believes that the umbrella structure that will hold KAA, KQ, JKIA and a centralized Aviation Services College will enable the airline to improve its overall performance.

Going forward, management intends to leverage on increased flight frequencies and the opening of key strategic routes such as Rome-Geneva to Malindi. The New York City route which was launched in October 2018 has shown a positive passenger uptake attributable to code-share agreements that enable passengers to connect to other destinations in the US. In 2H19, management intends to work on a fleet refinancing program which will improve the group's cash flow after completion. (Source: Company Filings, DBIB Research).

Barclays Bank of Kenya Limited

Barclays Bank of Kenya Limited released their half year earnings and posted a 3.1% y-o-y increase in profit after tax to KES 3.9 BN

Barclays Bank of Kenya Limited released their half year earnings and posted a 3.1% y-o-y increase in profit after tax to KES 3.9 BN amid a 4.2% y-o-y growth in total income to KES 16.3 BN and a 3.0% y-o-y drop in operating expenses (less loan loss provisions) to KES 8.4 BN. Total interest income increased by 7.4% y-o-y to KES 15.2 BN on account of a jump in interest income from other banks from KES 68.0 MN to KES 157.8 MN as well as a 15.4% y-o-y rise in interest income from government securities to KES 4.1 BN. Interest expenses recorded a 30.8% y-o-y jump to KES 4.2 BN primarily on account of a 53.9% y-o-y growth in interest expense on customer deposits to KES 3.4 BN. Overall, yield on interest earning assets rose 15 bps y-o-y to 10.8% whereas cost of funds rose 4 bps y-o-y to 2.8% placing the net interest margin at 8.0% compared to 8.2% as at 1H18. Non-funded income rose 12.6% y-o-y to KES 5.3 BN driven by a 41.0% y-o-y increase in total fees and commissions to KES 669.6 MN and a 74.4% y-o-y increase in other non-interest income to KES 505.6 MN. Overall, funded income reliance declined 241 bps y-o-y to 67.6%. On the Funding side, customer deposits appreciated by 5.9% to KES 229.7 BN whereas deposits from other banks grew by 44.0% y-o-y to KES 7.8 BN. The group's loan book recorded a 6.0% y-o-y growth to KES 186.7 BN while loans due from other banks diminished by 29.3% y-o-y to KES 13.6 BN. Investment in government securities escalated by 15.4% y-o-y to KES 4.1 BN whereas securities held for dealing jumped 43.0% y-o-y to KES 32.9 BN. As a result total assets saw an 11.8% growth to KES 353.8 BN. Total non-performing loans (NPLs) rose by 16.0% to KES 12.7 BN. The NPL ratio increased by 22 bps y-o-y to 7.8%.

Management recommends an interim dividend of KES 0.2 per share (Same as 1H18) placing the dividend yield at 10.0%. The dividends will be payable on or about October 11th 2019 to shareholders registered at the close of business on September 7th 2019. Barclays continues to transition into ABSA with current position at 60.0% completion the process is expected to be completed by mid-2020. (Source: Company Filings, DBIB Research)

Stanchart 1H19 Earnings

Stanchart released their 1H19 earnings posting a 5.4% y-o-y growth in PAT to KES 4.7 BN on the back of a 70.1% y-o-y decline in loan loss provisions to KES 0.4 BN.

Stanchart released their 1H19 earnings posting a 5.4% y-o-y growth in PAT to KES 4.7 BN on the back of a 70.1% y-o-y decline in loan loss provisions to KES 0.4 BN. Interest income dropped 7.3% y-o-y to KES 12.7 BN attributable to a 15.2% y-o-y drop in interest income from government securities to KES 5.4 BN and a 78.2% decline in other interest income to KES 76.2 MN. Interest income from loans dropped by 0.2% y-o-y to KES 6.7 BN. Interest expense declined by 26.0% y-o-y to KES 2.9 BN partly on account of 75.5% y-o-y drop in interest expenses on deposits from other banks to KES 7.7 MN and a 22.5% drop in interest expense on customer deposits to KES 2.6 BN. Overall, net interest income was flat at KES 9.8 BN. Total non-funded income declined by 2.2% y-o-y to KES 4.7 BN on the back of a 12.8% y-o-y drop in total fees and commission to KES 2.6 BN and a 14.7% y-o-y growth in forex income to KES 1.6 BN. Operating expenses less loan loss provisions advanced by 6.4% y-o-y to KES 7.3 BN placing the operating profit at KES 7.3 BN compared to KES 7.8 BN recorded in 1H18. Total assets declined by 0.5% y-o-y to KES 294.5 BN. Total liabilities declined by 1.5% y-o-y to KES 247.7 BN. The loan book grew by 7.4% y-o-y to KES 120.1 BN whereas customer deposits slightly declined by 1.0% y-o-y to KES 228.5 BN. As a result the loan to deposit ratio stood at 51.9% compared to 48.2% posted in 1H18. Gross non-performing loans advanced by 6.7% y-o-y to KES 19.8 BN whereas interest in suspense rose 4.8% y-o-y to KES 7.1 BN. This placed total non-performing loans at KES 12.6 BN compared to KES 11.7 BN posted in 1H18. The group's NPL ratio dropped by 9 bps y-o-y to 14.1%. Management announced an interim dividend of KES 5.00 per share to be paid to shareholders on 30th October 2019. (Source: Company Filings, DBIB Research)

I&M Holdings Plc 1H19 Earnings

I&M Holdings Plc released its 1H19 earnings posting a 17.0% y-o-y increase in profit after tax to KES 4.5 BN with a 2.2% y-o-y increase in net interest income to KES 7.0 BN.

I&M Holdings released its 1H19 earnings posting a 17.0% y-o-y increase in profit after tax to KES 4.5 BN with a 2.2% y-o-y increase in net interest income to KES 7.0 BN. Despite an 18.3% y-o-y increase in interest expense to KES 5.7 BN, net interest income grew owing to an 8.8% upsurge in interest income to KES 12.7 BN. Non-funded income rose by 5.8% y-o-y to KES 2.0 BN on the back of a 6.0% y-o-y increase in fees and commission income to KES 2.1 BN. Net trading income increased by 38.2% y-o-y to KES 2.0 BN while other operating income increased by 53.7% y-o-y to KES 376.5 MN. As a result, total income rose by 9.1% y-o-y to KES 11.4 BN. Operating expenses (less loan loss provisions) grew by 8.3% y-o-y to KES 4.5 BN courtesy of an 11.9% y-o-y increase in staff costs to KES 2.3 BN and a 3.2% increase in other expenses to KES 1.4 BN. Profit before income tax noted a 15.2% y-o-y growth to KES 6.2 BN. The loans and advances to customers expanded by 5.7% y-o-y to KES 172.2 BN while the customer deposits also increased by 12.5% y-o-y to KES 237.2 BN. Deposits from banks grew by 3.0% y-o-y to 7.6 BN while loans and advances to banks also grew by 10.5% y-o-y to KES 44.0 BN. Total assets increased by 12% y-o-y to KES 317 MN while total liabilities also comprehended a y-o-y increase of 11.2% to KES 262 MN. The 1H19 earnings also recorded a 15.9% upturn in total shareholders' equity to KES 55.4 MN with a 23.1% y-o-y swell in retained earnings to KES 30.5 MN and a 12% y-o-y rise in non-controlling interest to KES 3 MN. Earnings per share (EPS) for the period closed at KES 10.4 compared to KES 8.78 in 1H18. (Source: Company Filings, DBIB Research).

Standard Group 1H19 Earnings

Standard group released their 1H19 earnings posting an 84.6% y-o-y drop in Profit after tax to KES 19.4 MN on the back of a flat top line at KES 2.4 BN and a 7.6% y-o-y increase in total operating costs to KES 2.4 BN.

Standard group released their 1H19 earnings posting an 84.6% y-o-y drop in profit after tax to KES 19.4 MN on the back of a flat top line at KES 2.4 BN and a 7.6% y-o-y increase in total operating costs to KES 2.4 BN. The increase in operational costs is attributable to the group's investment in new products such as new TV channels. Finance costs declined by 4.6% y-o-y to KES 86.4 MN placing the profit before tax at KES 27.7 MN compared to KES 180.1 MN posted in 1H18. Total assets grew by 6.7% y-o-y to KES 4.6 BN following a 3.6% y-o-y rise in current assets to KES 2.5 BN and a 10.8% y-o-y growth in non-current assets to KES 2.5 BN. Total shareholder funds declined by 2.9% y-o-y to KES 1.9 BN. Net cash generated from operations was at a positive position of KES 151.9 MN compared to a negative position of KES 21.2 MN posted in 1H18 whereas cash used in investing activities rose 3.9% y-o-y to KES 19.5 MN. Overall cash and cash equivalents was a negative position of KES 232.2 MN compared to a negative position of KES 345.6 MN recorded in 1H18.

Typically, the media industry has greatly benefited from government advertising which has vastly dropped over the years. Revenue from private sector continues to be affected by macro-economic factors that have resulted in major players reducing their advertising allocations. Thus we expect to see continued innovation in the media industry as players look to develop products that are more aligned to customer needs. For instance the group has new products such as 2 new radio stations (vybez radio and Spice FM) and 2 monthly magazines. Management believes that the full benefit from this investments will be realised from the year 2020. (Source: Company Filings, DBIB Research)

Nairobi Securities Exchange (NSE) 1H19 Earnings

The NSE posted an 81.9% y-o-y drop in profit after tax to KES 24.3 MN amid an 18.1% y-o-y decline in revenue to KES 288.7 MN .

The NSE posted an 81.9% y-o-y drop in profit after tax to KES 24.3 MN amid an 18.1% y-o-y decline in revenue to KES 288.7 MN .The decline in revenue is attributable to a 28.0% drop in equity turnover to KES 78.1 BN that in turn saw a 28.0% y-o-y reduction in equity trading levies to KES 187.5 MN. Bond turnover grew by 16.0% y-o-y to KES 360.0 BN following an increase in asset allocation towards fixed income by local investors. Interest income dropped 19.8% y-o-y to KES 47.2 MN due to utilization of deposits on acquisition of strategic investments. Other income rose 47.6% y-o-y to KES 28.4 MN pacing the total income at KES 366.3 MN compared to KES 430.5 MN recorded in 1H18. Administrative costs recorded a 22.4% y-o-y jump to KES 339.4 MN on account of a one -off staff restructuring costs amounting to KES 52.0 MN. Total assets were relatively flat at KES 2.3 BN on the back of an 8.7% y-o-y rise in non-current assets to KES 1.2 BN and a 9.1% y-o-y decline in current assets to KES 1.1 BN. Total shareholder funds contracted by 4.2% y-o-y to KES 2.0 BN attributable to a 9.6% y-o-y drop in retained earnings to KES 678.3 MN. Non-current liabilities declined by 52.5% y-o-y to KES 2.7 MN whereas current liabilities grew by 28.5% y-o-y to KES 302.6 MN. Net cash generated from operations was at a negative position of KES 61.5 MN compared to a positive position of KES 157.2 MN due to lower profits as well as utilization of funds on strategic acquisitions.

The NSE is looking to grow its revenue with the recent launch of derivatives market in July 2019 as well as providing informational services on a cost basis. The fed rate cut in July 2019 is also expected to spur activity in the market by foreign investors as they look to take advantage of higher yielding emerging and frontier markets.(Source: *Company Filings, DBIB Research*)

Express Kenya 1H19 Earnings

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Express Kenya released their 1H19 earnings posting a loss after tax of KES 7.2 MN compared to a loss of KES 22.5 MN posted in 1H18 on the back of reduced direct and operational costs. Revenue contracted by 23.1% y-o-y to KES 10.8 MN. Gross profit stood at KES 2.3 MN compared to KES 0.05 MN recorded in 1H18. Other operating income grew by 45.3% y-o-y to KES 12.4 MN whereas total administrative and other operating expenses declined by 30.6% y-o-y to KES 17.4 MN. Shareholder funds were at a deficit of KES 64.0 MN compared to a deficit of KES 89.4 in 1H18. Current assets declined by 33.7% y-o-y to KES 71.0 MN whereas current liabilities declined by 54.2% y-o-y to KES 90.5 MN.As a result net current liabilities stood at KES 19.5 MN.

Express recently completed its debt restructure that saw the company's CEO become the largest shareholder at 87.7%.The company is now focusing on kicking off its real estate division that has been hampered by tough bank requirements on facilities and the companies depreciated turnover and profitability.(Source: *Company Filings, DBIB Research*)

Umeme 1H19 Earnings

Umeme released their 1H19 earnings posting a 0.3% y-o-y increase in profit after tax to UGX 61.23 BN (KES 1.72 BN).

Umeme released their 1H19 earnings posting a 0.3% y-o-y increase in profit after tax to UGX 61.23 BN (KES 1.72 BN). This was on account of a 10.1% y-o-y increase in revenues to UGX 815.7 BN (KES 22.89 BN) that resulted from a 7% increase in electricity consumption over the period. Operating costs declined by 4.0% y-o-y to UGX 101.4 BN (KES 2.85 BN) despite a 7.2% increase in customer numbers and a 7.0% increase in volume of electricity sales. This was majorly due to a 25.6% y-o-y decrease in repair and maintenance costs to UGX 16.13 BN (KES 452.5 MN). Total Non-current assets remained relatively constant declining by only 0.8% h-o-h to UGX 2.11 TN (KES 59.2 BN). Current assets on the other hand grew by 33.3% h-o-h to UGX 450.05 BN (KES 12.63 BN) on the back of an increase in contract assets to UGX 101.16 BN (KES 2.84 BN) from UGX4.5 MN as at December 2018. Total assets grew by 3.9% to UGX 2.56 TN (KES 71.83 BN) over the half year period. Non-Current liabilities dropped 7.1% h-o-h to UGX 916.35 BN (KES 25.72BN) due to a 19.2% h-o-h reduction in outstanding long term borrowings to UGX 277.30 BN (KES 7.78 BN). On the contrary, current liabilities increased by 14.4% h-o-h to UGX 864.47 BN (KES 24.56 BN) on the account of a 35.2 % h-o-h rise in contract liabilities to UGX 106.67 BN (KES 3.0 BN) and a 20.2% h-o-h increase in trade and other payables to UGX 497.85 BN (KES 13.97BN).Net cash flows from operating activities declined by 37.6% y-o-y to UGX 106.27 BN (KES 2.98 BN) due to a UGX 96.62 BN (KES 2.71 BN) y-o-y decrease in contract assets compared to a UGX 8.68 BN (KES 243.6 MN) increase in the same recorded in 1H18. Net cash used in investing activities declined to UGX 29.01 BN (KES 814.1 MN) compared to 113.30 BN (KES 3.18 BN) used in 1H18 as the company purchased fewer intangible assets. Net cash flow from financing activities remained relatively constant to close at a negative of UGX 84.68 BN (KES 2.38 BN). Overall the company closed the period at a negative cash position of UGX 23.75 BN (KES 666.6 MN). (Source: Company Filings, DBIB Research)

BOC Gases 1H19 Earnings

BOC gases released their 1h19 earnings posting a significant 66.8% y-o-y drop in profit after tax to KES 19.0 MN

BOC gases released their 1H19 earnings, posting a significant 66.8% y-o-y drop in profit after tax to KES 19.0 MN on account of suffered outages of key raw materials and unscheduled downtimes at their plant that in turn impacted availability and cost of finished goods. Total revenue grew by 1.7% y-o-y to KES 495.2 MN. EBIT declined by 59.0% y-o-y to KES 17.7 MN. Net finance income contracted by 35.3% y-o-y to KES 21.6 MN whereas Exchange losses stood at KES 5. MN compared to exchange gains of KES 8.0 MN posted in 1H18. Overall, the PAT margin declined by 792 bps y-o-y to 3.8%. Total assets contracted by 5.0% y-o-y to KES 2.2 BN whereas total liabilities declined by 1.4% y-o-y to KES 632.4 MN. The group closed the period with cash at KES 17.2 MN compared to KES 118.3 MN recorded in 1H18.

Whereas there are opportunities stemming from growth in the health sector driven by national expansion in scale and services for both public and private healthcare facilities, the company continues to face challenges such as illegal filling of the company 's cylinders that has affected the top line. Further, long outstanding debts has led to limited supply to some public sector customers. Management declared an interim dividend of KES 2.35 per share (same as 1H18) payable on 15 October 2019 to shareholders on book by 27 September 2019.

UPCOMING EVENTS

Company	Announcement	Book Closure	Payment
BAT Kenya	Interim Div: KES 3.50	19-Aug-19	20-Sep-19
Nation Media	Interim Div: KES 1.5	13-Sep-19	30-Sep-19
Kapchorua Tea	Final Div: KES 10.0	31-Jul-19	04-Oct-19
Williamson Tea	Final Div: KES 20.0	31-Jul-19	04-Oct-19
Jubilee	Interim Div: KES 1.00	13-Sep-19	07-Oct-19
Barclays Bank	Interim Div: KES 0.20	07-Sep-19	11-Oct-19
BOC Kenya	Interim Div: KES 2.35	27-Sep-19	15-Oct-19
StanChart BNK	Interim Div: KES 5.0	23-Sep-19	30-Oct-19
KCB Group PLC	Interim Div: KES 1.00	05-Sep-19	15-Nov-19
Safaricom Plc	Special Div KES: 0.62	02-Sep-19	30-Nov-19
Safaricom Plc	First & Final Div KES: 1.25	02-Sep-19	30-Nov-19
Longhorn	Final Div: KES 0.52	28-Nov-19	26-Feb-20
BK Group	First & Final Div: FRW 12.2	N/A	N/A
Centum Investmnets	First & Final Div: KES 1.20	02-Oct-19	N/A

(Source: NSE, DBIB Research)

AGM SCHEDULE

Company	Time	Venue	Date
Home Afrika	10.00 AM	Kenya Inst of Curriculum Devt.	05-Sep-19
Centum	11.00 AM	Two rivers	13-Sep-19
Longhorn	N/A	N/A	28-Nov-19

(Source: Company filings , DBIB Research)

KCB -NBK Take Over Time Table

Event	Date
Circulation of Offer Document & Circulars to NBK Shareholders	09-Jul-19
Record Date for purposes of the Offer	10-Jul-19
Closing Date of the Offer	30-Aug-19
Suspension of NBK shares from the NSE	02-Sep-19
Announcement of results of the offer	13-Sep-19
Settlement of KCB Shares in CDSC Accounts of Shareholders	27-Sep-19
<u>Listing of additional KCB Shares on the NSE</u>	<u>30-Sep-19</u>

(Source: Company Filings, DBIB Research).

APPENDIX

COMPANY INVESTMENT RATINGS

Buy: Share price may generate more than 15.0% upside over the next 12 months

Overweight: Share price may generate between 10.0% and 15.0% upside over the next 12 months

Hold: Share price may fall within the range of <+5.0%/ -10.0% over the next 12 months

Take Profit: Target price has been attained. Look to accumulate at lower levels. Company fundamentals however remain strong

Underweight: Share price may generate between 10.0% and 15.0% downside over the next 12 months

Sell: Share price may generate more than 15.0% downside over the next 12 months, significant business and/or financial risks present, industry concerns

Not Rated: Counter is not within regular research coverage

SECTOR INVESTMENT RATINGS

Overweight: Industry performance better than that of the whole market

Equal weight: Industry performance about the same as that of the whole market

Underweight: Industry performance worse than that of the whole market

DBIB SELECT INDEX

*The DBIB Select Index is an **in-house, bespoke index** designed by **DBIB Research department** to represent the performance of select Kenyan companies listed on the Nairobi Securities Exchange which fall within DBIB Research's class A and B coverage. The Index is market capitalization-weighted and comprises of counters in the Banking, Insurance, FMCG, Investments, Cement, Telco, Utilities and Media space. We believe this provides investors with a complementary index with which to measure the performance of the major capital and industry segments of the Kenyan Stock Market, hence appealing to broad range of investors and intermediaries seeking to develop structured portfolios based on indices*

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