



KENYA EQUITIES: INDICES & MARKET METRICS MOVEMENT done

Index	0 wk	1 wk	1 m	3 m	6 m	12 m	Y-T-D
NASI	144.27	(0.00)	(0.02)	(0.04)	(0.08)	(0.04)	0.03
NSE-20	2,435.92	(0.00)	(0.01)	(0.07)	(0.14)	(0.15)	(0.14)
DBIB Select	83.51	(0.01)	(0.02)	(0.02)	(0.04)	0.00	(0.02)
FTSE 15	183.64	0.00	0.00	(0.00)	(0.06)	(0.00)	0.06
FTSE 25	192.92	-	(0.05)	(0.00)	(0.05)	0.01	0.09
FTSE Frontier 50	42,819.30	(0.02)	(1.00)	(0.10)	(0.05)	(0.09)	(0.01)

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	0 wk	1 wk	1 m	3 m	6 m	12 m
Market Cap. (USD m)	2,171.96	(0.00)	(0.02)	(0.05)	(0.08)	(0.02)
Market Turnover (USD m)	25.27	(0.08)	0.88	(0.06)	(0.18)	(0.38)
Market P/E (x)	13.71	(0.02)	(0.04)	(0.06)	(0.04)	(0.12)
Market Div. yld (%)	6.49	3.05	13.69	122.33	192.77	178.47
Market ROE (%)	34.05	(10.74)	(25.21)	(340.73)	(438.40)	156.22

(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	98.30	(0.00)	(0.00)	0.01	0.02	0.04
Market Turnover (USD m)	132.92	0.75	0.54	(0.36)	(0.22)	0.70
91-day T-Bill (%)	6.31	(6.10)	(7.80)	(43.10)	(119.30)	(130.30)
5 year rate (%)	10.21	(10.57)	34.48	(23.52)	(68.69)	(148.15)
Interbank Lending (%)	7.31	27.00	258.00	508.00	458.00	157.00

(Source: CBK, NSE)

KENYA MACRO METRICS MOVEMENT

	0 wk	1 wk	1m	3m	6m	12m
KES/USD	103.82	0.00	(0.00)	(0.01)	(0.02)	0.00
KES/GBP	128.19	0.01	(0.03)	0.03	0.01	0.00
KES/EUR	113.70	0.01	(0.00)	0.01	(0.03)	0.04
Fx reserve: Import Cover	5.61	(0.11)	(0.17)	(0.20)	0.30	0.03
Inflation	5.00	-	-	(70)	65	(70)
CBR	9.00	-	-	-	-	-

(Source: CBK, NSE)

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IN THIS WEEK'S ISSUE...

Weekly equity turnover declined by 7.5% w-o-w to close at USD 25.27 (KES 2.6 BN).

Both the **NSE 20** and **NASI** indices dropped by 0.3% and 0.5% w-o-w to close at 2,435.92 and 144.27 respectively.

EQUITY MARKET SUM UP

Weekly equity turnover declined by 7.5% w-o-w to close at USD 25.3 (KES 2.6 BN). Both the NSE 20 and NASI indices dropped 0.3% and 0.5% w-o-w to close at 2,435.92 and 144.27 respectively.

Turnover in the banking sector contracted by 41.8% w-o-w to close at KES 0.9 BN. 6 stocks advanced, 2 declined while 4 held constant during the week. Housing Finance was the top gainer rising 30.0% w-o-w in the sector to close at KES 7.28 whereas Co-op bank was top loser shedding 2.5% w-o-w to close at KES 11.8. During the week, Mumias was suspended from the NSE for a period of three months. In addition, NSE announced ARM's extension of suspension from trading for a further 9 calendar months with effect from August 14, 2019.

Week-on-Week Performance

Top gainers	%	Top Losers	%	Top Traders	USD m
Housing Finance	30.0	Standard Group	(11.3)	Safaricom	11.98
Car & General (K)	10.0	Uchumi	(10.0)	Equity Group	3.70
TPS Serena	9.6	Express	(8.5)	KCB Group	3.01
Kakuzi	9.1	Bamburi	(7.3)	B.A.T (k)	2.10
Kapchorua Tea	6.8	Olympia	(4.5)	E.A. Breweries	1.81

(Source: NSE, DBIB Research)

Y-T-D Performance

Top gainers	%	Top Losers	%
Sameer Africa	70.3	Kenya Airways	(71.5)
Longhorn Publishers	49.2	Uchumi	(66.3)
Kakuzi	35.5	Mumias	(53.5)
Housing Finance	31.4	Nation Media Group	(39.8)
Express Kenya	30.0	Kenya Re Insurance	(37.4)

(Source: NSE, DBIB Research)

Weekly Foreign Performance

Top Weekly Buys	% Purchase	Top Weekly Sales	% Sold
B.A.T (K)	99.5	B.A.T (K)	99.4
Safaricom	95.2	Equity	96.6
KCB Group	90.9	Umeme	96.3
E.A Breweries	84.0	Bamburi	82.5
Centum	81.1	Safaricom	78.6

(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)	97.6	Kakuzi	95.3
Umeme	96.6	B.A.T (K)	91.6
Crown Paint	92.9	Jubilee	84.0
E.A. Breweries	84.5	Kenya Reinsurance	75.5

(Source: NSE, DBIB Research)

This week, bond turnover advanced by 74.7% w-o-w to close at USD 132.9 MN (KES 13.8 BN).

FROM THE FIXED INCOME DESK

This week, bond turnover advanced by 74.7% w-o-w to close at USD 132.9 MN (KES 13.8 BN). The most traded bonds were the fixed coupon bonds issue number FXD1/2019/10yr and FXD2/2019/10yr which recorded a turnover of KES 3.2 BN and 2.3 BN respectively. Cumulatively, the two accounted for 40.3% of the weeks turnover. FXD1/2019/10yr traded between 11.7% and 11.5% whereas FXD2/2019/10yr traded between 11.65% and 10.86%

Top Trades for the Week ending 27 September 2019.

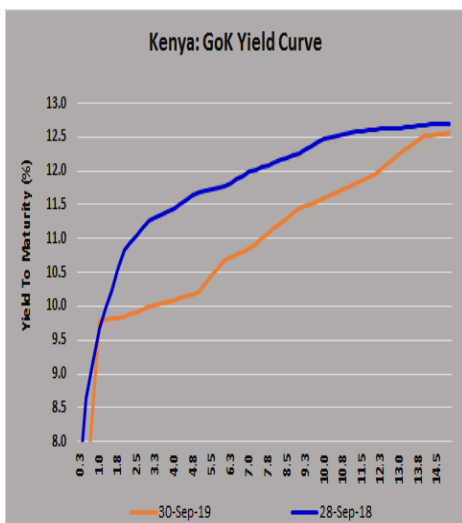
						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(%)	(KES m)
27-Sep	FXD1/2012/15Yr	7.9	11.000	11.156	99.513	1,250.0
27-Sep	FXD 3/2019/10Yr	9.9	11.517	11.517	101.207	900.0
24-Sep	FXD1/2008/20Yr	8.7	13.750	11.405	116.445	630.0
25-Sep	FXD 1/2019/10Yr	9.4	12.438	11.700	105.147	500.0
25-Sep	FXD 1/2019/10Yr	9.4	12.438	11.650	105.437	500.0
26-Sep	FXD 1/2019/10Yr	9.4	12.438	11.687	105.255	500.0
27-Sep	FXD 1/2019/10Yr	9.4	12.438	11.530	106.202	500.0
27-Sep	FXD 2/2019/10Yr	9.5	12.300	11.650	109.247	500.0
24-Sep	FXD 3/2019/10Yr	9.9	11.517	11.510	101.154	400.0
25-Sep	FXD2/2019/15Yr	14.6	12.734	12.700	104.909	309.5
27-Sep	FXD 2/2018/10Yr	9.2	12.502	11.470	109.238	301.0

(Source: NSE, DBIB Research)

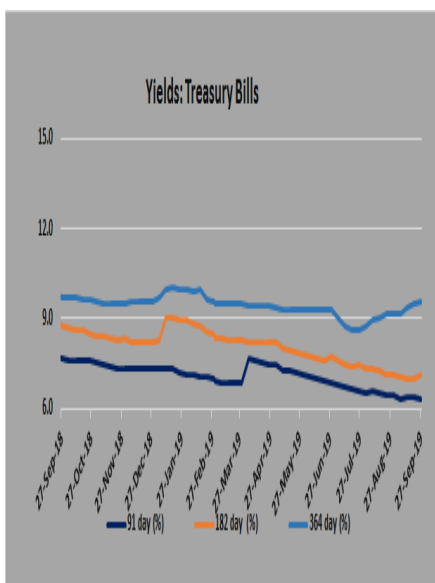
Treasury Bill auction for the week ending 27 September 2019.

Instrument	Amount Bids Received	Subscription	Bids Accepted	Yield	w-o-w
	(KES Bn)	(KES Bn)	Rate (%)	(KES Bn)	bps ch
91-day	4.0	3.295	82.37	3.295	6.307 (6.1)
182-day	10.0	0.436	4.36	0.436	7.175 2.5
364-day	10.0	19.878	198.78	11.582	9.777 7.2

(Source: NSE, DBIB Research)



(Source: CBK, DBIB Research)



(Source: CBK, DBIB Research)

EAC MARKETS SNAPSHOT

Rwanda: The RSE RSI and RASI indices edged up 0.10% and 0.01% w-o-w to close at 125.11 and 135.86 respectively.

Tanzania: The DSE TSI held constant at 3,332.33 whereas DSEI rose 0.14% w-o-w to close at 1,928.83.

Rwanda: The RSE RSI and RASI indices edged up 0.10% and 0.01% w-o-w to close at 125.11 and 135.86 respectively. Weekly turnover stood at RWF 42.0 MN compared to RWF 0.43MN posted the previous week.

Tanzania: The DSE TSI held constant at 3,332.33 whereas DSEI rose 0.14% w-o-w to close at 1,928.83. Total weekly turnover stood at TZS 352.5 MN compared to TZS 506.0 BN 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	270	269	269	30	(0.4)	(2.9)	6.99	0.79
Bralirwa	141	141	141	16	0.0	(6.0)	-	-
Cyrstal Telecom Ltd	65	65	65	7	0.0	25.0	34.96	3.93
I&M Rwanda	90	90	90	10	0.0	(1.1)	-	-
Dar Es Salaam Stock Exchange (DSE)			-					
African Barrick Gold (ACA)	6,850	6,850	6,850	309	0.0	28.8	-	-
CRDB Bank	100	100	100	5	0.0	(31.0)	337.46	15.23
Dar Es Salaam Community Bank (DCB)	340	340	340	15	0.0	0.0	-	-
DSE	1,060	1,060	1,060	48	0.0	(27.4)	2.60	0.12
Maendeleo (MBP)	490	490	490	22	0.0	(2.0)	-	-
National Microfinance Bank (NMB)	2,240	2,240	2,240	101	0.0	13.1	0.01	0.00
Precision Air Services (PAL)	400	400	400	18	0.0	0.0	-	-
Swissport Tanzania (SWIS)	1,600	1,600	1,600	72	0.0	(31.6)	-	-
Tanzania Breweries (TBL)	11,400	10,900	10,900	492	(4.4)	(11.6)	0.68	0.03
Tanga Cement Company (TCCL)	600	600	600	27	0.0	(6.3)	-	-
Tanzania Cigarette Company (TCC)	17,000	17,000	17,000	767	0.0	0.0	-	-
Tanzania Portland Cement (TPCC)	2,000	2,000	2,000	90	0.0	(3.8)	7.28	0.33
Tanzania Tea Packers (TTP)	120	120	120	5	0.0	0.0	-	-
TOL Gases	660	660	660	30	0.0	0.0	-	-
Swala	490	490	490	22	0.0	0.0	-	-
Mucoba Bank	400	400	400	18	0.0	0.0	0.63	0.03
YETU	550	550	550	25	0.0	(8.3)	-	-
MCB	500	500	500	23	0.0	0.0	-	-
MKCB	780	780	780	35	0.0	(2.5)	-	-
Vodacom	850	810	810	37	(4.7)	13.3	0.21	0.01
TICL	385	385	385	17	0.0	0.0	-	-
NICO	175	175	175	8	0.0	(35.2)	3.68	0.17

(Source: RSE, DSE, DBIB Research)

*L.C refers to Local Currency

Kenya Market News

CBA - NIC Merger Births NCBA

All subsidiaries will operate under a non-operating holding company, NCBA Bank Kenya, effective October 1, 2019

CBK announced the CBA and NIC merger effective September 30, 2019. All CBA and NIC subsidiaries are expected to operate under a non-operating holding company, NCBA Bank Kenya, effective October 1, 2019. This follows CBK's approval on August 27, 2019 under Section 13(4) of the Banking Act and that of the Cabinet Secretary, National Treasury approval on September 20, 2019, for the merger under Section 9 of the Banking Act. The merged entity is expected to have a 9.9% combined market share and a customer base of over 40 MN across four East African countries, namely Kenya, Uganda, Tanzania, and Rwanda. *(Source: Company Filings, CBK, DBIB Research).*

Unga Group FY19 Earnings

Unga limited released their FY19 earnings posting a 30.4% y-o-y drop in profit after tax to KES 544.8 MN amid a 10.4% y-o-y drop in revenue to KES 17.9 BN.

Unga limited released their FY19 earnings posting a 30.4% y-o-y drop in profit after tax to KES 544.8 MN amid a 10.4% y-o-y drop in revenue to KES 17.9 BN. Current EPS stands at KES 4.52(2018: KES 6.72). This performance was mainly on account of pressures on volumes and margins across its main business segments primarily brought about by maize supply shortages that saw prices in the market increase resulting in high production costs in the human nutrition segment. This impact was however cushioned by the animal nutrition business that supported volume growth. The bakery business recorded a 16.0% y-o-y drop in revenue attributable to credit risk challenges in the retail sector. Overall, the groups operating profit stood at KES 0.72 BN compared to KES 1.3 BN posted in FY18. Net finance costs stood at KES 103.8 MN compared to net finance income of KES 25.9 MN posted in FY18. As a result, profit before tax declined by 52.4% y-o-y to KES 0.61. Total assets grew by 7.2% y-o-y to KES 10.6 BN driven by 19.0% y-o-y increase in non-current assets to KES 4.0 BN. Total shareholder funds were up 8.4% y-o-y to KES 6.1 BN. Net cash generated from operating activities improved to KES 0.71 BN compared to a negative position of KES 0.24 BN posted in FY18. Cash and cash equivalents at the end of the period declined 22.7% y-o-y to KES 0.8 BN.

Heightened competition, increasing cost of maize and subdued demand are factors expected to continue affecting the group's main human nutrition segment which accounted for 62.8% of total revenue in FY18. Animal nutrition business is expected to be impacted by the availability of cheaper products in the market. However, with the recent commissioning of new wheat mill in Eldoret and new soybean plant in Nairobi production efficiency and costs are expected to improve going forward. The board recommends a first and final dividend of KES 0.50 per share (2018: KES 1.0 per share) payable on 15 January 2020 to shareholders on book by 6 December 2019. *(Source: Company Filings, DBIB Research).*

Mumias Sugar comes under Receivership

Mumias sugar was placed under receivership effective 20 Sep 2019

KCB bank has placed Mumias Sugar under receivership effective 20 September 2019 following the appointment of PVR Rao as the receiver. The company's financial performance has been on a downward trend with the losses after tax further declining to KES 155.1 BN in the period ended June 2018 compared to a loss of KES 6.8 BN posted in a similar previous in June 2017. The company has been at a sub optimal position attributable to tight cash flows and inadequate supply of cane this has resulted to occasional shut down of the company over the past few years. As at FY18 the company's short term liabilities stood at KES 12.1 BN out of which KES 4.4 BN was owed to trade creditors and KES 7.8 BN to banks. Despite several government bailouts the company has remained cash trapped. Following the announcement, the counter was suspended from trading today. *(Source: Company, DBIB research)*

Profit Warnings

- Sasini
- Kenya Power

UPCOMING EVENTS

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Nation Media	Interim Div: KES 1.50	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
E.A. Breweries	Final Dividend: KES 6.00	25-Sep-19	11-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
Unga	First & Final Div: KES 0.50	05-Dec-19	15-Jan-20
BK Group	First & Final Div: RWF 12.2	N/A	N/A
Centum Investments	First & Final Div: KES 1.20	02-Oct-19	N/A

(Source: NSE, DBIB Research)

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Longhorn	N/A	N/A	28-Nov-19
Unga	N/A	N/A	05-Dec-19

(Source: Company filings, DBIB Research)

KCB-NBK Take Over Schedule

<u>Event</u>	<u>Time and Date</u>
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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