

DBIB WEEKLY BULLETIN

WEEK 18

Date: 30.04.2020

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INDICES & MARKET METRICS MOVEMENT

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NSE 20 shed 0.5% w-o-w
 to close at 1,958.07 while
NASI rose by 2.9% w-o-w
 to close at 139.69.

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	139.7	2.88	(13.82)	(15.00)	(16.06)
NSE-20	1,958.1	(0.50)	(24.70)	(28.37)	(26.23)
DBIB Select	86.9	2.34	0.70	(2.86)	(2.88)
FTSE 15	178.0	5.60	(17.66)	(19.19)	(19.57)
FTSE 25	185.9	4.07	(16.83)	(18.01)	(19.02)
FTSE Frontier 50	32,033.0	2.10	(27.84)	(27.95)	(28.13)

(Source: NSE, Bloomberg, DBIB Research)

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Weekly equity turnover
shed 62.8% to USD 14.96
 MN (KES 1.6 BN).

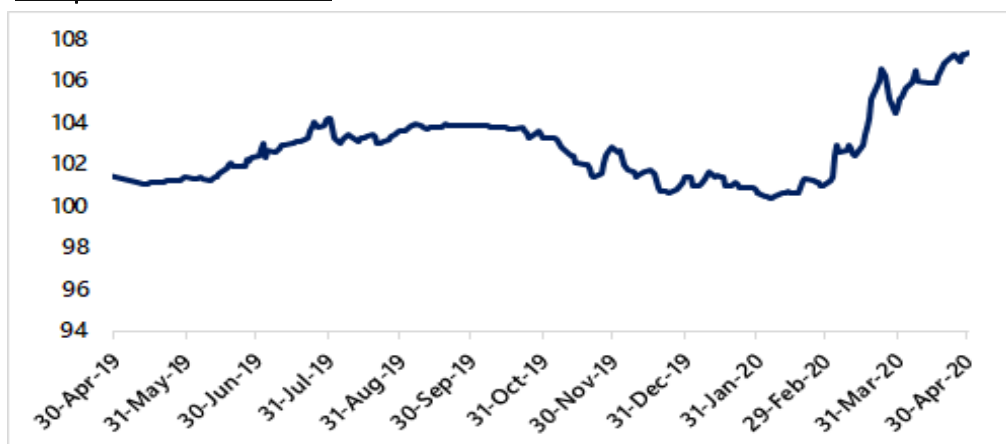
Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,135.01	2.88	0.73	(13.70)	(14.89)
Market Turnover (USD m)	14.96	(62.79)	(42.31)	(39.91)	(79.18)
Market P/E (x)	13.64	14.22	(18.22)	5.75	(4.26)
Market Div. yld (%)	5.87	(115.99)	7.24	17.24	2.33
Market ROE (%)	38.32	(799.32)	(659.53)	(669.16)	56.83

* Changes in bps

(Source: NSE, DBIB Research)

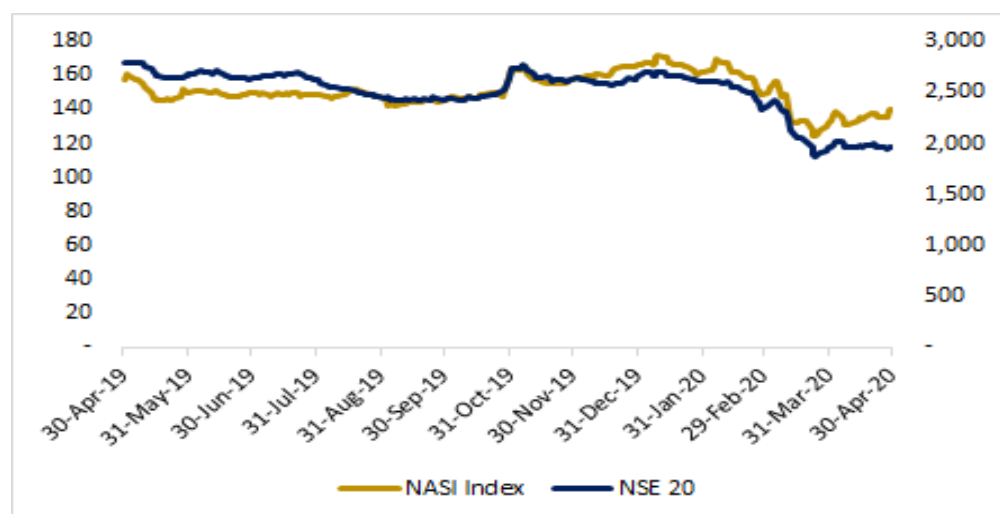
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USD|KES:KES weakened
 0.04% to close at 107.29
 (-5.9% YTD)

USD | KES : 52-Week Trend



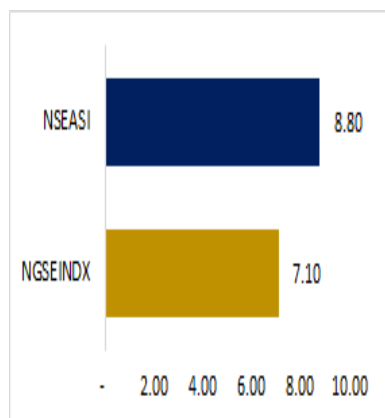
(Source: CBK, DBIB Research)

Indices : 52-Week Trend



(Source: NSE, DBIB Research)

PEER P/E MULTIPLES



NSEASI - Nairobi All Share Index
 NGSEINDX - Nigeria All Share Index

(Source: Bloomberg, DBIB Research)

WEEKLY BOURSE WRAP UP...

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
E.A. Breweries	13.7
Sameer Africa	12.3
Stanlib Fahari I-REIT	11.7
Kakuzi Ltd	10.0
Equity Group	8.8

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Limuru Tea	(10.0)
Uchumi	(10.0)
Nation Media	(9.3)
Eveready E.A.	(8.0)
KenGen Co.	(7.1)

(Source: NSE, DBIB Research)



Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 6.7 MN (KES 713.3 MN) representing 44.4% of this week's turnover.

The stock edged up 3.4% w-o-w to close at KES 28.50 as at close of week.

Foreign investors assumed a net selling position on the counter this week by accounting for 92.9% of foreign sales and 43.5% of foreign purchases.

<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	6.65
Equity Group	3.59
KCB Group	1.84
BK Group	0.81
E.A. Breweries	0.44

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Kenya Orchards	94.0
B.O.C Kenya	22.4
ABSA New Gold ETF	22.1
Carbacid Investments	15.8
Olympia Capital	15.4

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Flame Tree Group	(63.2)
Kenya Airways	(56.6)
Nation Media Group	(46.4)
Bamburi Cement	(43.6)
Housing Finance	(39.8)

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Bank of Kigali	100.0
Eveready	53.7
Safaricom	43.5
Jubilee	36.7
Equity Group	32.4

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Bank of Kigali	100.0
Kakuzi	100.0
Stanbic	99.4
Safaricom	92.9
ABSA Bank	87.5

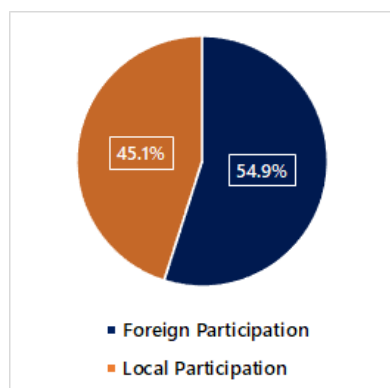
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
Bank of Kigali	99.9
ABSA Gold ETF	80.9
B.A.T. Kenya	80.8
N.S.E.	65.8
WPP Scangroup	65.0

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
Bank of Kigali	100.0
ABSA Gold ETF	99.6
Stanbic	91.5
B.A.T. Kenya	86.7
Safaricom	86.2

WEEKLY LOCAL VIS-À-VIS FOREIGN PARTICIPATION



(Source: NSE, DBIB Research)

The Bond market's turnover for the week stood at USD 62.13 MN (KES 6.67 BN) representing a 21.4% w-o-w decrease from USD 79.05 MN (KES 8.48 BN) recorded the previous week.

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 62.13 MN (KES 6.67 BN) representing a 21.4% w-o-w decrease from USD 79.05 MN (KES 8.48 BN) recorded the previous week. The bonds, issue number FXD1/2018/25Yr emerged as the top traded bond with a turnover of KES 1.51 BN accounting for 22.7% of the week's turnover. The bond traded between 12.99% and 15.50%.

May Issue: FXD1/2020/5

The Government of Kenya has issued a 5 year bond issue number FXD1/2020/5 and seeks to raise 50.0 BN to go towards budgetary support. The coupon rate for the bond is to be market determined. The period of sale runs between 29/04/2020 and 05/05/2020.

Top Trades for the week ending 30 April 2020

						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (%)	Value (KES m)
27-Apr	FXD1/2018/25Yr	23.1	13.4000	13.6250	103.0179	600.0
30-Apr	IFB 1/2018/15Yr	12.7	12.5000	12.4500	103.4677	500.0
30-Apr	IFB 1/2018/15Yr	12.7	12.5000	12.3000	104.3361	500.0
28-Apr	IFB 1/2018/15Yr	12.7	12.5000	12.6000	102.5415	490.8
27-Apr	FXD1/2018/25Yr	23.1	13.4000	13.6500	102.8458	400.0
28-Apr	FXD1/2018/25Yr	23.1	13.4000	13.6000	103.2279	400.0
30-Apr	IFB 1/2019/16Yr	15.4	11.7500	12.5000	95.3932	400.0
28-Apr	IFB 1/2019/16Yr	15.4	11.7500	12.6100	94.6685	230.0
28-Apr	IFB 1/2019/16Yr	15.4	11.7500	12.6000	94.7283	200.0
29-Apr	IFB 1/2016/15Yr	11.4	12.0000	12.0293	100.1567	200.0
29-Apr	IFB 1/2019/16Yr	15.4	11.7500	12.4000	95.9686	200.0
27-Apr	FXD 3/2019/10Yr	9.3	11.5170	12.3000	97.9042	150.0
27-Apr	FXD1/2011/20Yr	11.0	10.0000	12.2916	90.7493	150.0
28-Apr	FXD 3/2019/10Yr	9.3	11.5170	11.9500	99.8139	150.0
30-Apr	FXD1/2007/15Yr	1.8	14.5000	10.5000	108.6274	123.0
30-Apr	IFB 1/2020/9Yr	8.9	10.8500	11.0900	99.3760	119.0

Sell/Buy Back Transactions

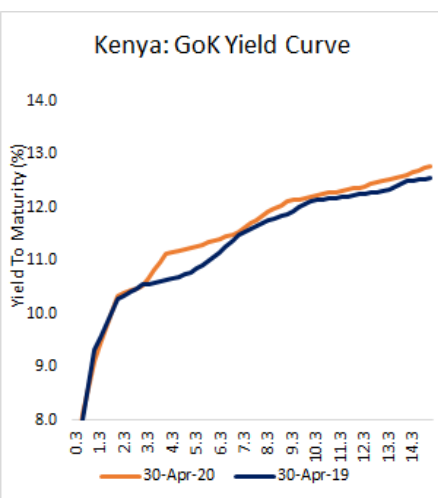
27-Apr	FXD1/2011/20Yr	11.0	10.0000	10.7100	99.9004	27.0
27-Apr	IFB 1/2016/15Yr	11.4	12.0000	12.0150	100.1889	200.0

(Source: NSE, DBIB Research)

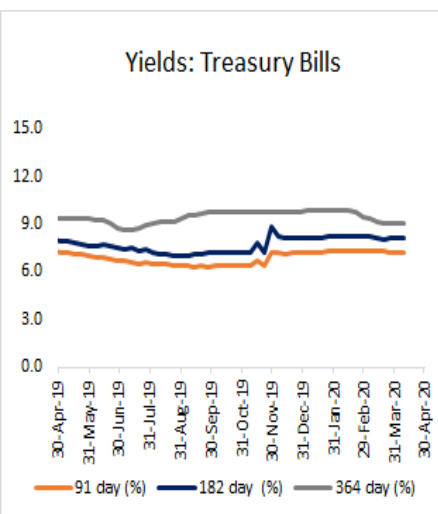
Treasury Bill auction for the week ending 30 April 2020

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	4.47	111.82	2.51	7.242	3.0
182-day	10.00	2.67	26.75	2.54	8.134	1.3
364-day	10.00	10.75	107.51	7.77	9.115	0.5

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News...

Safaricom FY20 Earnings Snapshot

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Safaricom released its FY20 results recording a 19.5% y-o-y rise in PAT to KES 74.7 BN.

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Safaricom released its FY20 results recording a 19.5% y-o-y rise in PAT to KES 74.7 BN. EPS rose 19.5% y-o-y to KES 1.86 whereas DPS rose to KES 1.40 from KES 1.25 in FY19. Headline EPS (excluding a one-off gain from the acquisition of the M-PESA brand) rose to KES 1.78.

Total revenue rose 4.9% y-o-y to KES 262.56 BN mainly on the back of a 4.8% y-o-y rise in service revenue to KES 251.22 BN, a 10.9% y-o-y rise in handsets and other revenue to KES 10.48 BN.

MPESA revenue rose 12.6% y-o-y to KES 84.44 BN, mobile data revenue rose 12.1% y-o-y to KES 40.67 BN, while voice revenue declined 1.4% y-o-y to KES 94.45 BN.

M-PESA accounted for 33.6% of service revenue on the back of a 10.0% y-o-y rise in 30-day active M-PESA customers to 24.9 MN and a 5.3% y-o-y rise in chargeable transactions to 12.9 per customer per month (chargeable transactions excluding betting rose 21.0% y-o-y to 10.7).

Mobile data accounted for 16.2% of service revenue on the back of a 14.2% y-o-y rise in 30-day active data customers to 22.0 MN, a 23.7% y-o-y rise in the number of mobile data customers using more than 100 mbs to circa 9.1 MN and an 84.4% y-o-y rise in active 4G devices to 6.1 MN.

EBITDA rose 8.3% y-o-y to KES 134.63 BN following a 4.0% y-o-y rise in direct costs to KES 74.70 BN and a 4.9% decline in other expenses to KES 53.59 BN. EBIT rose 13.5% y-o-y to KES 101.01 BN on the back of a 4.8% y-o-y decline in depreciation and amortization to KES 33.62 BN.

Management reported a one off share of profit of joint venture (M-PESA Global Services Limited) of KES 3.3 BN following the acquisition of the M-PESA brand which will now position the company to expand the M-PESA footprint across the continent.

The removal of fees on Mpesa transfers below KSH 1,000.00 in response to the COVID-19 pandemic had an impact of KES 0.6 BN over the month of March 2020 (last month of the fiscal year).

Net cash from operating activities rose 6.8% y-o-y to KES 106.62 BN. Free cash flow rose 11.4% y-o-y to KES 70.3 BN up from KES 63.1 BN in FY19. Capex dropped to KES 36.1 BN in FY20 compared to KES 37.2 BN in FY19.

On a trailing basis, Safaricom is trading at a P/E multiple of 15.8x and a P/B multiple of 8.1x. Its ROE stands at 51.5% whereas ROA stands at 34.5%. Dividend yield currently stands at 4.8%. Management declined to issue guidance for FY21 due to the prevailing uncertainty. *(Source: Company filings, DBIB Research)*

Salient News...

Stanlib Fahari I-REIT FY19 Earnings Snapshot

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Stanlib Fahari I-REIT released its FY19 results recording a 9.4% y-o-y drop in net profit to KES 175.2 MN.

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Stanlib Fahari I-REIT released its FY19 results recording a 9.4% y-o-y drop in net profit to KES 175.2 MN. Basic earnings per unit for the period came in at KES 0.97, 9.3% lower y-o-y. Distributions per unit were held constant at KES 0.75 on account of significant capital projects recently undertaken at Greenspan Mall and the likely negative impact of the coronavirus pandemic on cash flows.

Rental and related income grew by 11.2% y-o-y to KES 344.3 MN in line with lease escalations and as a result of income from the new cinema at Greenspan Mall and full year income contribution from the 67 Gitanga Place. Only seven months had been included FY18. Consequently, total revenue rose by 6.5% y-o-y to KES 353.9 MN.

Fund operating expenses dropped by 14.5% y-o-y to KES 111.3 MN owing to the recovery of VAT input which had previously been capitalized to fund expenses. Property expenses on the other hand grew by 5.0% y-o-y to KES 114.3 MN on account of the recognition of expenses from 67 Gitanga Place for the full year whilst only seven months were included FY18; and a 22.2% y-o-y increase in tax leakage from the provision for irrecoverable withholding tax by tenants to KES 16.5 MN. As a result, total operating expenses shed 5.6% y-o-y to 225.6 MN.

Increase in fair value of investment property was reported at KES 21.7 MN, 49.8% lower y-o-y on the back of a depressed real estate sector and continued downward pressure on rentals more so in the retail sector.

Total assets increased by 0.7% y-o-y to KES 3.9 BN attributable to a 3.0% y-o-y upswing in non-current assets to KES 3.5 BN and an 8.0% y-o-y decline in current assets to 406.2 MN. Total equity rose by 1.1% y-o-y to KES 3.8 BN while total liabilities shed 10.6% y-o-y to KES 115.0 MN.

On a trailing basis, the REIT is trading at a P/E multiple of 8.0x and a P/B multiple of 0.4x. Its ROE stands at 5.1% whereas ROA stands at 5.0%. Dividend yield stands at 8.5%. *(Source: Company filings, DBIB Research)*

Salient News...

WPP Scangroup FY19 Earnings

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WPP Scangroup announced their FY19 results posting a 19.7% drop in profit after tax (PAT) to KES 491.4 MN.

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WPP announced their FY19 results posting a 19.7% drop in profit after tax (PAT) to KES 491.4 MN. Profit for the year from continuing operations came in at KES 158.8 MN whilst profit from discontinued operations came in at KES 332.6 MN. Earnings per share (EPS) for the period came in at KES 1.00. Owing to the current economic situation, the Board deferred the dividend declaration for the year 2019.

Revenue declined by 36.2% y-o-y to KES 2.9 BN partly owing to a 32.8% y-o-y decline in billings to KES 9.3 BN. The Kantar TNS operations acquired in July 2018 boosted revenue. Operating and administrative expenses declined by 29.0% y-o-y to KES 2.7 BN. Profit before tax (PBT) saw a 69.7% y-o-y decline to KES 290.7 MN.

Scangroup's sale of the Kantar Africa Business (100% shareholding) and the Research and Marketing Group Investment Limited (RMGIL) (80% shareholding) that was announced on October 31, 2019 is subject to regulatory and shareholder approval and is expected to be completed by 30 June 2020.

Initially, management had alluded that at least 40.0% of the net proceeds of the sale would be returned to shareholders in the form of a special dividend. They had estimated that circa KES 5.00 BN would be realized from the sale having factored in tax and costs. Given the current tough environment and performance of the company, there is a chance that the company might re-allocate more of the estimated windfall to meet their capital needs and business expansion endeavors. *(Source: Company filings, DBIB Research)*

Flame Tree Group FY19 Earnings

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Flame Tree Group released their FY19 results reporting a 33.0% increase in P.A.T to KES 44.9 MN.

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Flame tree group released their FY19 results reporting a 33.0% increase in P.A.T to KES 44.9 MN. EPS for the period stands at KES 0.26, 36.8% higher y-o-y. The board of directors did not recommend the payment of a dividend for the period.

Gross profit recorded an 8.1% y-o-y upswing to KES 822.6 MN primarily owing to a 7.3% y-o-y drop in cost of sales to KES 1.6 BN. This was despite a 2.6% y-o-y decline in revenue to KES 2.4 BN occasioned by the disruption of sales as its Ethiopian subsidiary was relocated to a new self-owned site. Consequently, gross profit margin rose by 334 bps y-o-y to 33.9%.

Overall expenses remained fairly flat (-0.8% y-o-y) at KES 665.2 MN. Finance expenses increased by 15.4% y-o-y to KES 75.2 MN on the back of increased funding taken to support the investment into the new factory in Ethiopia.

Non-current assets grew by 70.2% y-o-y to KES 1.2 BN on account of the significant investment made in industrial machinery, vehicles and the new factory in Ethiopia; as well as the upward revaluation of assets by KES 229.7 MN.

Salient News...

Flame Tree Group FY19 Earnings cont...

Current assets on the other hand declined by 4.7% y-o-y to KES 1.1 BN. As a result, total assets increased by 24.0% y-o-y to KES 2.8 BN. Non-current liabilities rose by 844.8% y-o-y to KES 333.9 MN while current liabilities shed 9.7% y-o-y to KES 894.8 MN. Total equity edged up by 29.5% to KES 1.1 BN.

To ensure business sustainability amid the disruptions occasioned by the COVID-19 pandemic, FTG has had to take moratoriums of several months on a number of its debt obligations. Even so, the group has been fortunate to be one of the few to benefit from the pandemic through increased sales in hand-washing stations and hand sanitizers; and decreased prices of plastic raw materials in the international market following the drastic drop of fuel prices. *(Source: Company filings, DBIB Research)*

UPCOMING EVENTS

Profit Warnings

- Sasini
- Eaagads
- NSE
- Eveready
- Unga Group

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Limuru Tea Plc	First & Final Div: KES 0.70	10-Apr-20	26-Jun-20
Co-op Bank	First & Final Div: KES 1.00	15-Apr-20	23-Apr-20
NCBA	Final Div: KES 1.50	23-Apr-20	STA*
KCB Group	Final Div: KES 2.50	27-Apr-20	STA*
Stanchart	Final Div: KES 15.00	27-Apr-20	28-May-20
Stanlib Fahari	First & Final: KES 0.75	STA*	31-May-20
NMG	Bonus Issue: 1:10	20-Apr-20	STA*
NCBA Group	Bonus Issue: 1:10	22-Apr-20	STA*
Stanbic Holdings	Final Div: KES 5.80	18-May-20	STA*
BK Group	Final Div: Frw 14.40	12-Jun-20	24-Jul-20
Kenya Re	First & Final Div: KES 0.1	12-Jun-20	24-Jul-20
Equity Group	First & Final Div: KES 2.50	12-Jun-20	24-Jul-20
Kakuzi	First & Final Div: KES 14.00	19-Jun-20	15-Jul-20
Umeme	Final Div: USH 41.30	22-Jun-20	27-Jul-20
DTB Kenya	First & Final Div: KES 2.70	25-Jun-20	24-Jul-20
Safaricom	First & Final: KES 1.40	31-Jul-20	01-Nov-20
Britam Holdings	First & Final Div: KES 0.25	STA*	STA*
NSE	First & Final Div: KES 0.08	STA*	STA*
I&M Holdings	First & Final Div: KES 2.55	STA*	STA*
ABSA	Final Div: KES 0.90	STA*	STA*

(Source: NSE, DBIB Research)

**STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
BK Group	10:00am	Video/Audio Conference Call	20-May-20
WPP Scangroup EGM	11:00am	Electronic communication	27-May-20

Please note:

The Capital Markets Authority (CMA) advised in a press statement dated 18 March 2020 that AGMs scheduled for March, April and May 2020 be deferred to a later date. We will therefore advise on the amended dates once announced.

(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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