

# DBIB WEEKLY BULLETIN

# WEEK 32

Date: 07.08.2020

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## INDICES & MARKET METRICS MOVEMENT

**NSE 20 and NASI** indices **dropped** by 2.6% and 2.0% w-o-w to close at 1,758.08 and 130.58 respectively.

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	130.6	(1.99)	(7.30)	(22.57)	(21.53)
NSE-20	1,758.1	(2.55)	(13.60)	(32.44)	(33.77)
DBIB Select	83.9	(0.59)	(3.59)	(8.18)	(6.23)
FTSE 15	158.6	(2.56)	(11.96)	(28.33)	(28.33)
FTSE 25	171.7	(2.42)	(9.18)	(25.97)	(25.17)
FTSE Frontier 50	35,934.6	2.07	9.81	(19.11)	(19.37)

(Source: NSE, Bloomberg, DBIB Research)

**Weekly equity turnover** **rose** 91.9% w-o-w to USD 27.22 MN (KES 2.94 BN).

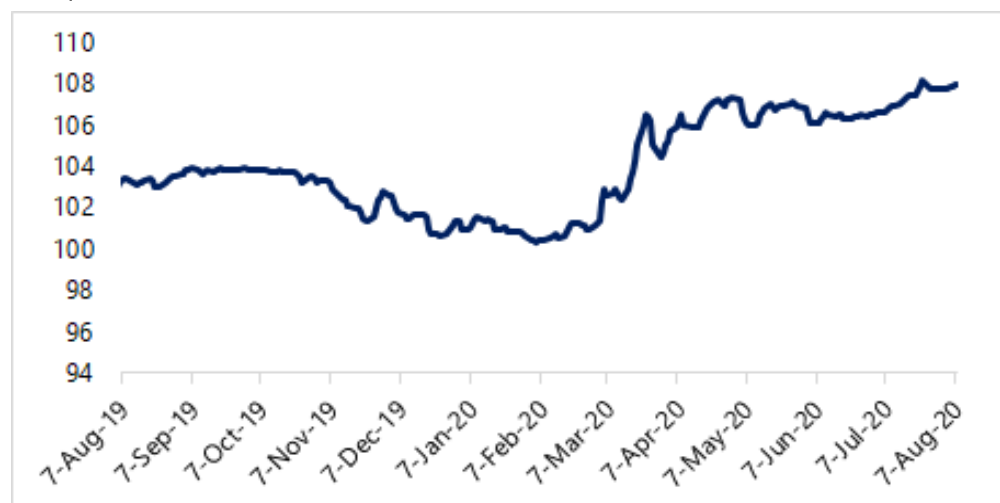
Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,004.50	(1.55)	(0.92)	(6.90)	(22.13)
Market Turnover (USD m)	27.22	91.90	(32.07)	(40.55)	(23.43)
Market P/E (x)	11.44	(1.34)	12.20	(1.88)	(17.13)
Market Div. yld (%) *	5.45	25.32	(35.26)	10.32	(82.56)
Market ROE (%) *	37.33	13.90	(70.74)	(845.10)	102.73

\* Changes in bps

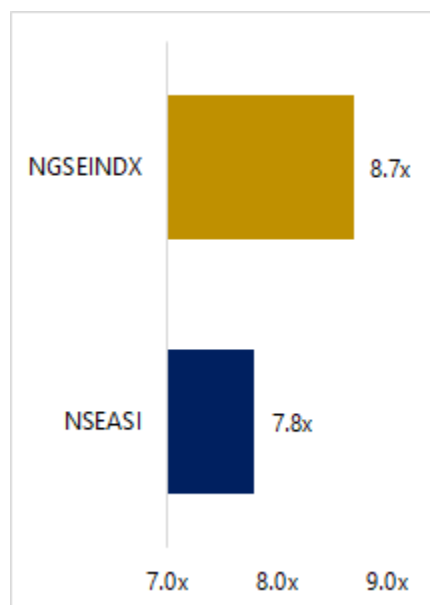
(Source: NSE, DBIB Research)

**USD | KES: KES weakened** 0.3% w-o-w to close at 108.00 (-6.6% YTD).

### USD | KES : 52-Week Trend



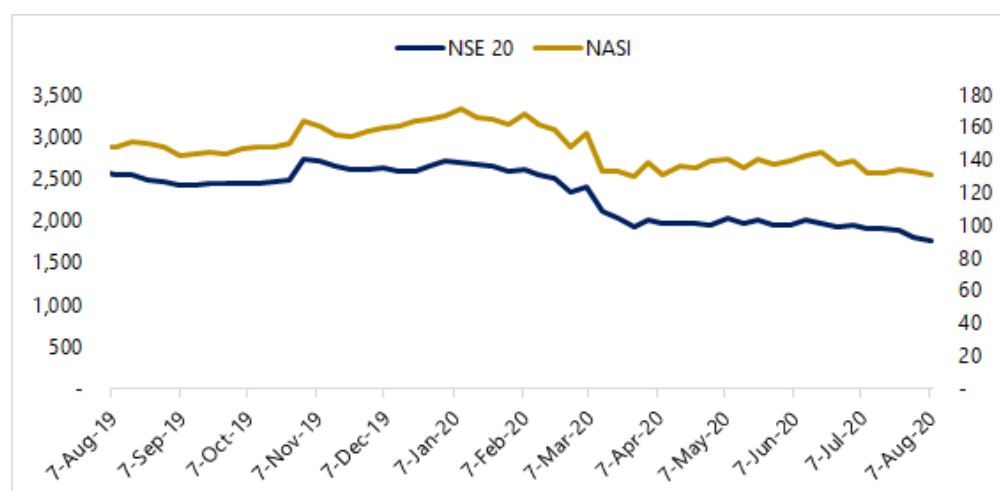
### PEER P/E MULTIPLES



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

(Source: Bloomberg, DBIB Research)

### Indices : 52-Week Trend



(Source: NSE, DBIB Research)



# WEEKLY BOURSE WRAP UP...

## Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Standard Group	8.7
TPS Eastern Africa	6.2
D.T.B. Kenya	4.9
ABSA Gold ETF	4.4
Trans-Century Ltd	3.8

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Nation Media	(14.3)
Scangroup	(12.2)
CIC Insurance	(11.4)
Kapchorua Tea	(11.4)
E.A. Cables	(11.0)

(Source: NSE, DBIB Research)



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**Safaricom** emerged the top traded counter on the bourse recording a weekly turnover of USD 20.12 MN (KES 2.17 BN) representing 74.80% of this week's turnover.

The stock declined 1.6% w-o-w to close at KES 27.70 on Friday.

Foreign investors assumed a net selling position on the counter this week by accounting for 93.4% of foreign sales and 91.1% of foreign purchases.

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<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	20.12
Equity Group	1.93
E.A. Breweries	1.52
K.C.B. Group	1.23
ABSA Bank	0.61

(Source: NSE, DBIB Research)

## Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Kenya Airways	86.8
ABSA Gold ETF	45.3
Olympia Capital	13.9
Uchumi	10.3
Kakuzi	10.3

(Source: NSE, DBIB Research)

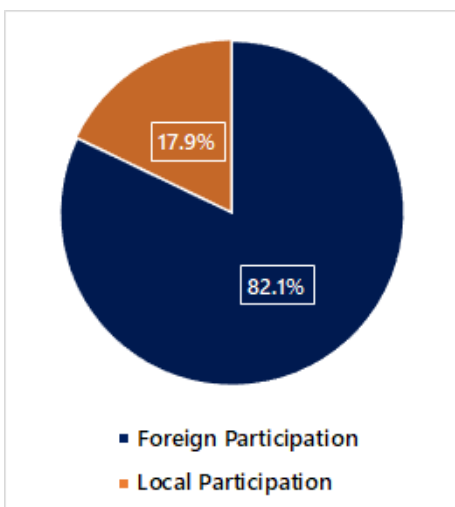


<u>Top Losers</u>	<u>%</u>
Nation Media	(77.3)
Bamburi Cement	(68.9)
N.S.E.	(45.4)
Express Kenya	(44.4)
Housing Finance	(42.4)

(Source: NSE, DBIB Research)



## WEEKLY LOCAL VS FOREIGN PARTICIPATION



(Source: NSE, DBIB Research)

## Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Kakuzi	100.0
E.A. Breweries	93.9
Umeme	93.7
ABSA Gld ETF	92.3
Safaricom	91.1

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
B.K. Group	100.0
Jubilee	98.6
Umeme	95.3
Stanbic Holdings	94.3
E.A. Breweries	93.5

## Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
B.K. Group	99.2
B.A.T. Kenya	84.4
E.A. Breweries	66.7
Safaricom	63.2
ABSA Gold ETF	62.7

(Source: NSE, DBIB Research)

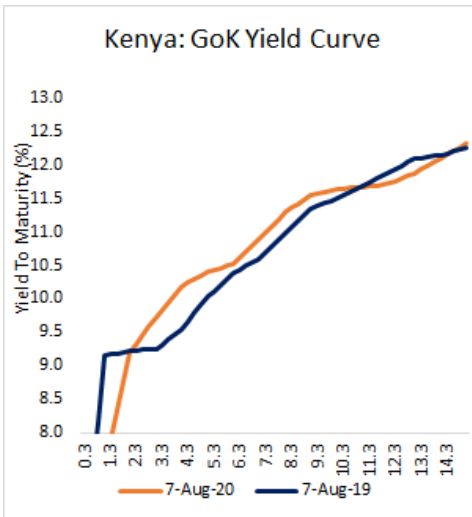
<u>Top Foreign Sales</u>	<u>% Sold</u>
B.K. Group	100.0
Stanbic Holdings	92.6
B.A.T. Kenya	91.2
ABSA Gold ETF	84.7
Safaricom	83.6

## FROM THE FIXED INCOME DESK

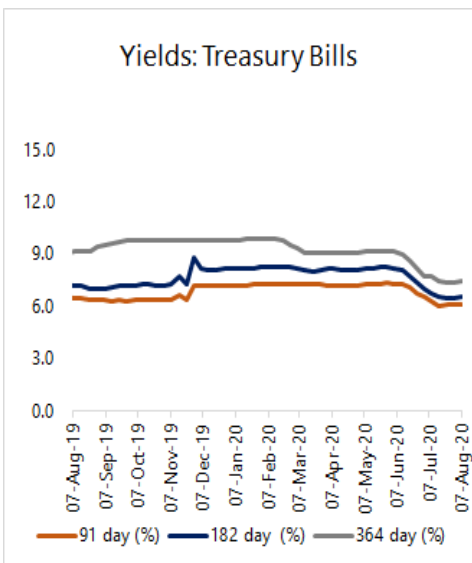
The **Bond market's turnover** for the week stood at USD 135.06 MN (KES 14.59 BN) representing a 32.9% w-o-w increase from USD 201.26 MN (KES 21.68 BN) recorded the previous week.

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### Top Trades for the week ending 07 August 2020



Source: NSE, DBIB Research



Source: NSE, DBIB Research

					Total	
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
7-Aug	FXD 1/2019/ 5Yr	3.5	11.3040	10.2000	108.3300	2,500.0
3-Aug	FXD 1/2019/ 5Yr	3.5	11.3040	10.1800	108.2714	1,500.0
3-Aug	FXD 2/2010/10Yr	0.2	9.3070	6.4500	103.2575	1,000.0
3-Aug	FXD 1/2019/2Yr	0.5	10.7010	6.7000	102.0649	500.0
3-Aug	FXD 1/2019/ 5Yr	3.5	11.3040	10.1500	108.3610	500.0
7-Aug	FXD 4/2019/10Yr	9.3	12.2800	11.5300	106.6656	500.0
3-Aug	FXD1/2018/15Yr	12.8	12.6500	11.8000	107.9344	350.0
6-Aug	IFB 1/2018/20Yr	18.2	11.9500	11.5671	104.9512	300.2
4-Aug	FXD 1/2019/ 5Yr	3.5	11.3040	10.1000	108.5399	300.0
4-Aug	FXD1/2009/15Yr	4.2	12.5000	10.2000	111.5295	300.0
4-Aug	FXD1/2018/25Yr	22.8	13.4000	12.5045	108.2616	300.0
4-Aug	IFB 1/2020/9Yr	8.7	10.8500	10.4000	105.4215	300.0
3-Aug	FXD1/2018/25Yr	22.8	13.4000	12.5182	108.1168	300.0
5-Aug	FXD 1/2019/ 5Yr	3.5	11.3040	9.7905	109.4998	300.0
5-Aug	FXD1/2009/15Yr	4.2	12.5000	10.1000	111.9112	300.0
6-Aug	FXD3/2019/15Yr	13.9	12.3400	12.1000	101.9290	250.0
6-Aug	FXD1/2012/15Yr	7.1	11.0000	10.9400	104.5878	224.6
4-Aug	FXD1/2019/15Yr	13.4	12.8570	12.1000	105.2467	200.0
4-Aug	FXD1/2018/25Yr	22.8	13.4000	12.9100	105.1241	200.0
3-Aug	IFB 1/2020/9Yr	8.7	10.8500	10.4500	105.1572	200.0
5-Aug	FXD 1/2019/ 5Yr	3.5	11.3040	10.1000	108.5693	200.0
5-Aug	FXD1/2010/15Yr	4.6	10.2500	10.3380	103.6600	200.0
6-Aug	FXD 4/2019/10Yr	9.3	12.2800	11.6000	106.2291	200.0
6-Aug	FXD1/2010/15Yr	4.6	10.2500	10.1500	104.3662	200.0
7-Aug	FXD 2/2016/ 5Yr	0.9	14.0690	7.4000	106.6990	200.0
7-Aug	FXD 4/2019/10Yr	9.3	12.2800	11.5000	106.8392	200.0

(Source: NSE, DBIB Research)

### Treasury Bill auction for the week ending 07 August 2020

Instrument	Amount	Bids Received	Subscription	Bids Accepted	Yield	w-o-w
	(KES Bn)	(KES Bn)	Rate (%)	(KES Bn)	(%)	bps ch
91-day	4.00	8.52	213.01	7.54	6.123	0.2
182-day	10.00	9.60	96.01	9.60	6.549	9.4
364-day	10.00	14.27	142.71	13.34	7.455	6.4

(Source: NSE, DBIB Research)

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## Salient News...

### WPP Scangroup 1H20 Earnings

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**WPP Scan Group saw a rise in combined profit after tax to KES 1.6 BN** primarily due to a net gain on disposal of discontinued operations of KES 2.2 BN.

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**Continuing operations saw a 20.6% y-o-y decline in net sales to KES 1.1 BN** due to the impact of cost cutting measures taken by the firm's clients as a result of the COVID-19 crisis. Operating and administration expenses rose marginally at 3.3% y-o-y to KES 1.4 BN as management also worked to managed the firm's cost structure.

**The firm saw a significant rise in provision for bad and doubtful debt to KES 328.8 MN** from KES 53.1 MN in 1H19 due to an overdue amount from a parastatal client.

**As previously announced, the group realized a net gain of KES 2.2 BN** from the sale of its interest in Millward Brown East Africa, Millward Brown Nigeria, Millward Brown West Africa and Research & Marketing group whose results have been included as part of discontinued operations.

**The group's trade and other receivables declined 51.3% y-o-y to KES 2.4 BN** while its trade and other payables also declined 35.9% y-o-y to KES 2.5 BN. Cash and cash equivalents rose 96.7% y-o-y to KES 7.4 BN primarily due to the proceeds from the sale of discontinued operations which came in at KES 5.6 BN.

**On 6th July, 2020, the company announced a special interim dividend of KES 8.00 per share** to shareholders on the register on 28th July 2020 and payable on or before 27th August 2020 . *(Source: Company filings, DBIB Research)*

### Kenya Re-Insurance 1H20 Earnings

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**Kenya Re saw a 45.8% y-o-y rise in profit after tax to KES 1.6 BN.** Profit before tax rose 51.6% y-o-y to KES 2.1 BN.

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**Kenya Re saw a 45.8% y-o-y rise in profit after tax to KES 1.6 BN.** Profit before tax rose 51.6% y-o-y to KES 2.1 BN.

**Gross written premiums rose 2.4% y-o-y to KES 9.1 BN** while net earned premiums rose 16.6% y-o-y to KES 8.7 BN. Short term business accounted for KES 8.1 BN and KES 7.8 BN of gross written and net earned premiums respectively while long term business accounted for KES 909.6 MN and KES 904.3 MN respectively.

**Investment income declined 2.1% y-o-y to KES 1.9 BN** comprising KES 1.4 BN from the short term business and KES 487.1 MN from the long term business. Altogether, total income rose 12.7% y-o-y to KES 10.6 BN.

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## Salient News...

**Net claims and benefits rose 3.1% y-o-y to KES 5.1 BN** comprising KES 4.6 BN from the short term business and KES 555.8 MN from the long term business. Cedant acquisition costs rose 5.8% y-o-y to KES 2.1 BN comprising KES 1.9 BN and KES 285.7 MN from the short term and long term business respectively.

**Net assets rose 3.6% y-o-y to KES 33.1 BN** aided in part by a 25.5% y-o-y rise in cash and cash equivalents to KES 9.2 BN which was despite a 51.1% y-o-y decline in net cash generated from operating activities.

**On a trailing basis, Kenya Re is trading at a P/E of 1.7x and a P/B of 0.2x** against sector median multiples of 5.1x and 0.6x respectively. We maintain a BUY recommendation. *(Source: Company filings, DBIB Research)*

## UPCOMING EVENTS

### Profit Warnings

- Sasini
- Eaagads
- NSE
- Eveready
- Unga Group
- Nation Media
- Longhorn
- Kenya Power

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
N.S.E.	First & Final Div: KES 0.08	09-Jul-20	STA*
Umeme	Final Div: USHS 41.30	28-Jul-20	17-Aug-20
WPP Scangroup	Special Div: KES 8.00	28-Jul-20	27-Aug-20
Kapchorua Tea	Final Div: KES 10.00	30-Jul-20	STA*
Safaricom	First & Final: KES 1.40	31-Jul-20	31-Aug-20
Williamson Tea	Final Div: KES 20.00	18-Aug-20	STA*
BAT Kenya	Interim Div: KES 3.50	21-Aug-20	18-Sep-20
Centum Investment	First & Final: KES 1.20	STA*	STA*

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Crediting Date</u>
Nation Media	Bonus Issue: 1:10	12-Jun-20	STA*

*(Source: NSE, DBIB Research)*

*STA\*—Subject to approval*

## AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
E.A. Breweries	TBC	Virtual	16-Sep-20

*(Source: Company filings , DBIB Research)*

*\*TBC—To be confirmed*

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## 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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