

# DBIB WEEKLY BULLETIN

# WEEK 29

Date: 17.07.2020

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## INDICES & MARKET METRICS MOVEMENT

**NSE 20** edged up by 0.4% w-o-w to close at 1,909.36 whereas **NASI** shed 0.1% w-o-w to close at 132.25.

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	132.3	(0.10)	(2.71)	(20.44)	(20.53)
NSE-20	1,909.4	0.42	(3.27)	(28.47)	(28.07)
DBIB Select	83.9	0.03	(1.42)	(6.53)	(6.20)
FTSE 15	166.4	0.98	0.50	(23.65)	(24.80)
FTSE 25	175.7	0.09	(0.47)	(22.23)	(23.43)
FTSE Frontier 50	35,108.3	0.94	10.85	(23.38)	(21.23)

(Source: NSE, Bloomberg, DBIB Research)

**Weekly equity turnover** declined 20.3% w-o-w to USD 31.92 MN (KES 3.43 BN).

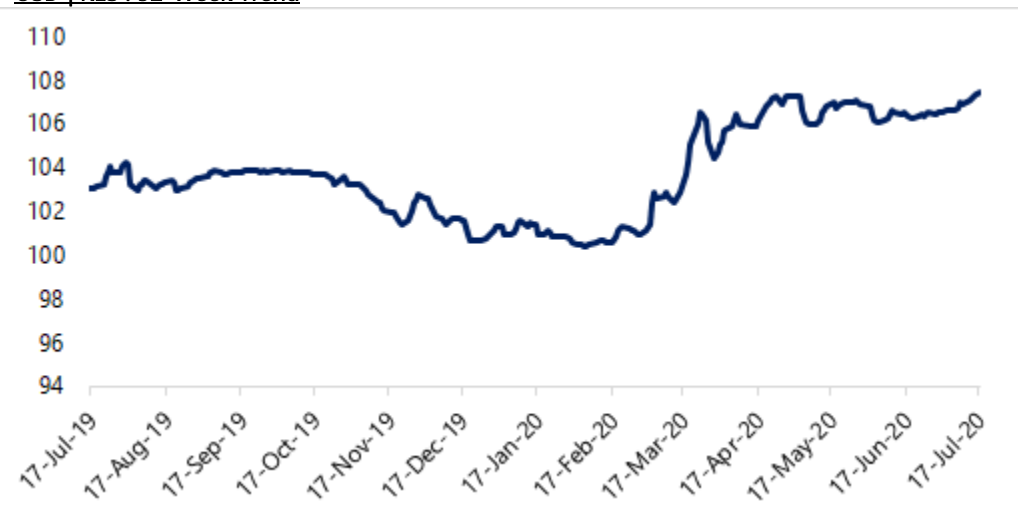
Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,021.08	(0.10)	(8.55)	(2.71)	(20.34)
Market Turnover (USD m)	31.92	(20.34)	5.12	41.87	(20.87)
Market P/E (x)	10.84	6.25	(13.02)	(10.43)	(18.93)
Market Div. yld (%) *	5.45	4.67	(155.33)	(17.60)	(76.72)
Market ROE (%) *	37.66	(24.61)	(870.61)	(787.45)	(50.63)

\* Changes in bps

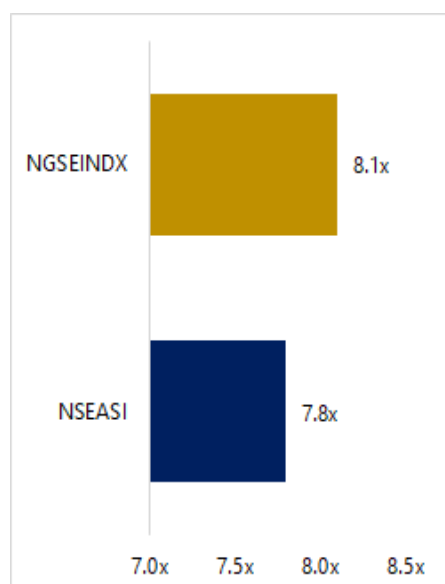
(Source: NSE, DBIB Research)

**USD | KES: KES** weakened 0.5% w-o-w to close at 107.46 (-6.0% YTD).

**USD | KES : 52-Week Trend**

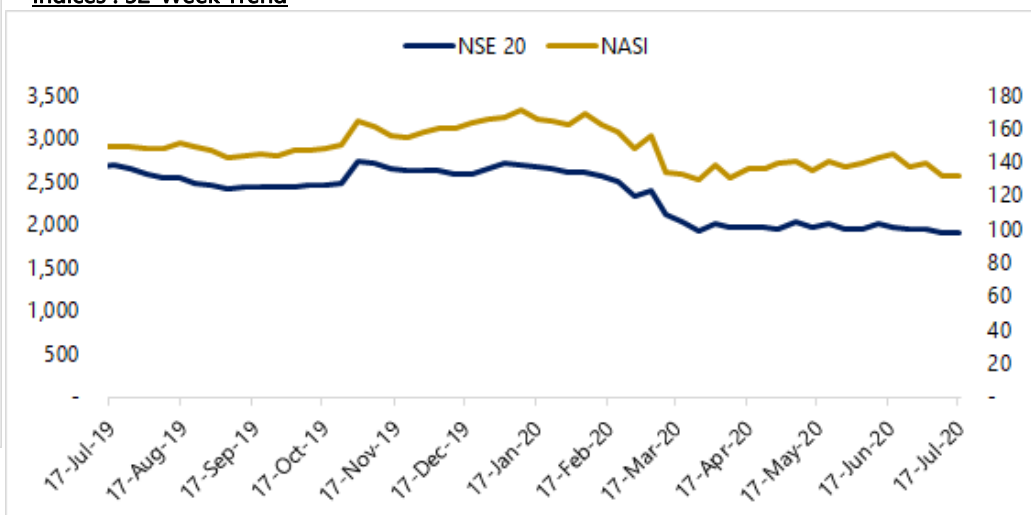


### PEER P/E MULTIPLES



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

**Indices : 52-Week Trend**



(Source: NSE, DBIB Research)

(Source: Bloomberg, DBIB Research)



# WEEKLY BOURSE WRAP UP...

## Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Trans-Century	21.8
Kenya Re	20.0
E.A.Cables	16.2
Sameer Africa	14.2
Standard Group	13.4

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Housing Finance	(11.1)
N.S.E	(7.3)
Nation Media	(6.6)
Centum Investment	(5.3)
NCBA Group	(4.5)

(Source: NSE, DBIB Research)



Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 19.1 MN (KES 2.1 BN) representing 59.8% of this week's turnover.

The stock shed 1.8% w-o -w to close at KES 27.00 on Friday.

Foreign investors assumed a net selling position on the counter this week by accounting for 93.6% of foreign sales and 26.0% of foreign purchases.

<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	19.08
Equity Group	6.08
Kenya Commercial Bank	2.89
B.A.T Kenya	1.31
ABSA Bank	0.63

(Source: NSE, DBIB Research)

## Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Kenya Airways	86.8
New Gold ETF	28.2
Olympia Capital	24.4
Uchumi	24.1
Sameer Africa	23.5

(Source: NSE, DBIB Research)

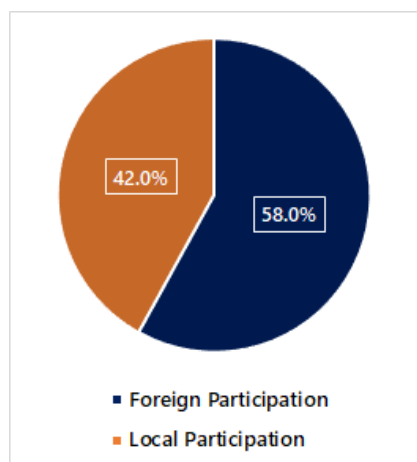


<u>Top Losers</u>	<u>%</u>
Nation Media	(68.2)
Bamburi Cement	(67.3)
N.S.E	(44.3)
Flame Tree Group	(42.1)
BK Group	(40.4)

(Source: NSE, DBIB Research)



## WEEKLY LOCAL VS FOREIGN PARTICIPATION



(Source: NSE, DBIB Research)

## Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
E.A Breweries	95.8
B.A.T Kenya	82.0
KenGen	69.6
Equity Group	56.9
Stanbic Bank	30.9

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
B.A.T Kenya	99.3
E.A Breweries	97.4
Safaricom	93.6
Scangroup	85.0
Equity Group	78.1

## Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
Bank of Kigali	99.5
B.A.T Kenya	82.8
E.A Breweries	64.7
Safaricom	62.4
New Gold ETF	57.4

(Source: NSE, DBIB Research)

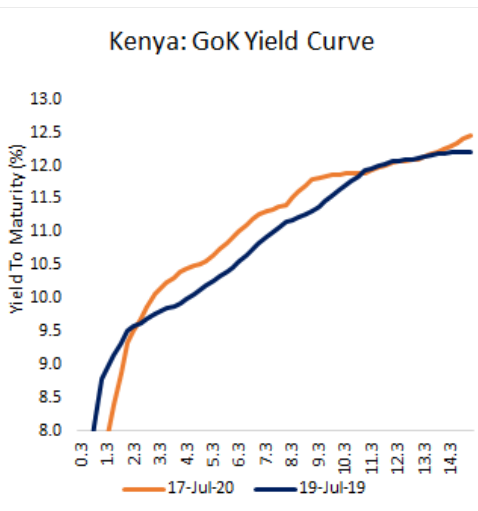
<u>Top Foreign Sales</u>	<u>% Sold</u>
Bank of Kigali	100.0
New Gold ETF	99.7
Stanbic Bank	92.6
B.A.T Kenya	90.5
Safaricom	82.9

## FROM THE FIXED INCOME DESK

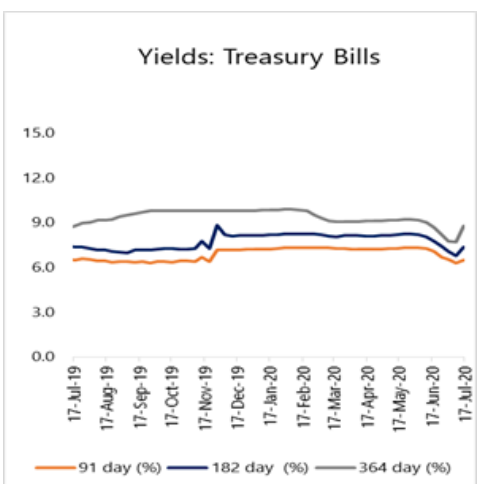
The Bond market's turnover for the week stood at USD 107.73 MN (KES 11.58 BN) representing a 18.3% w-o decline from USD 131.89 MN (KES 14.10 BN) recorded the previous week.

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### Top Trades for the week ending 17 July 2020



Source: NSE, DBIB Research



Source: NSE, DBIB Research

					Total
					Value
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)
16-Jul	FXD 4/2019/10Yr	9.3	12.2800	11.7500	104.6796
16-Jul	IFB 1/2020/9Yr	8.7	10.8500	10.1400	106.1055
17-Jul	FXD 1/2019/10Yr	8.6	12.4380	11.7000	108.8276
15-Jul	FXD 1/2019/10Yr	8.6	12.4380	11.7500	108.4861
13-Jul	IFB 1/2018/15Yr	12.5	12.5000	10.8000	116.1232
14-Jul	IFB 1/2018/15Yr	12.5	12.5000	10.7000	116.8149
14-Jul	IFB 1/2018/15Yr	12.5	12.5000	10.8000	116.1568
14-Jul	IFB 1/2020/6Yr	5.9	10.2000	9.7500	102.7263
15-Jul	IFB 1/2018/15Yr	12.5	12.5000	10.6000	117.5121
16-Jul	FXD1/2018/25Yr	22.9	13.4000	12.6000	106.8243
14-Jul	FXD1/2018/25Yr	22.9	13.4000	12.9500	104.0673
13-Jul	FXD 4/2019/10Yr	9.3	12.2800	11.7500	104.5811
13-Jul	FXD1/2008/15Yr	2.6	12.5000	9.7500	110.3897
14-Jul	FXD 4/2019/10Yr	9.3	12.2800	11.9250	103.6220
14-Jul	FXD1/2008/15Yr	2.6	12.5000	9.2500	111.6264
14-Jul	IFB 1/2020/9Yr	8.7	10.8500	10.4000	104.8067
14-Jul	IFB 1/2020/6Yr	5.9	10.2000	9.8000	102.5531
15-Jul	FXD 1/2019/10Yr	8.6	12.4380	11.7000	108.7597
16-Jul	IFB 1/2016/15Yr	11.2	12.0000	10.5500	109.5913
16-Jul	IFB 1/2018/15Yr	12.5	12.5000	10.8000	116.2239
16-Jul	IFB 1/2020/9Yr	8.7	10.8500	10.3500	105.1020
17-Jul	FXD1/2012/15Yr	7.1	11.0000	11.3250	102.1177
17-Jul	IFB 1/2016/15Yr	11.2	12.0000	10.5500	109.6223
17-Jul	IFB 1/2019/16Yr	15.2	11.7500	10.9000	108.2940
17-Jul	IFB 1/2020/9Yr	8.7	10.8500	10.3500	105.1311

(Source: NSE, DBIB Research)

### Treasury Bill auction for the week ending 17 July 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	29.88	746.94	29.88	6.011	(26.3)
182-day	10.00	10.78	107.81	9.78	6.524	(23.5)
364-day	10.00	24.51	245.11	5.86	7.464	(23.6)

(Source: NSE, DBIB Research)

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## Salient News...

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**BAT Kenya (BATAK)** released its 1H20 results reporting a 6.0% y-o-y increase in PAT to KES 2.7 BN

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### BAT KN: 1H20 Earnings

**BAT Kenya (BATAK)** released its 1H20 results reporting a 6.0% y-o-y increase in PAT to KES 2.7 BN despite lower revenue primarily on account of reduced costs, higher cut rag sales and favorable tax policies i.e. the reduction in VAT from 16.0% to 14.0% and downward revision of corporate tax rate from 30.0% to 25.0%.

**EPS for the period stands at KES 26.79 per share.** The board of directors have approved an interim dividend of KES 3.50 per share to be paid on 18th September 2020 to shareholders on register at the close of 21st August 2020.

**Net revenue edged down 6.7% y-o-y to KES 10.5 BN.** Gross revenue dropped 13.6% y-o-y to KES 16.6 BN on the back of lower domestic and export sales resulting from consumer affordability challenges brought on by the impact of the COVID-19 crisis and excise led price increases applied at the beginning of the year; as well as an overall depressed trading environment. The drop in gross revenue was partially offset by a 23.4% y-o-y drop in excise duty and VAT to KES 6.1 BN occasioned by lower domestic sales volumes and the downward revision of VAT rates in Kenya from 16.0% to 14.0%.

**Cost of operations decreased by 10.1% y-o-y to KES 6.8 BN** owing to lower volumes of production, high productivity savings and the impact of the cost management measures set in place. As a result, operating profit margin rose 245 bps y-o-y to 35.6%.

**Total assets rose 17.3% y-o-y to KES 21.2 BN** on the back of a 10.5% y-o-y increase in non-current assets to KES 10.9 BN and a 25.4% increase in current assets to KES 10.4 BN. Total liabilities on the other hand rose by 26.6% y-o-y to KES 11.9 BN as a result of a 69.7% y-o-y rise in current liabilities to KES 10.0 BN and a 46.5% decrease in non-current liabilities to 1.9 BN. Total shareholders' equity edged up 7.2% y-o-y to KES 9.3 BN.

**On a trailing basis,** BATAK is trading at a P/E multiple of 8.3x against a sector median of 7.5x and a P/B multiple of 3.3x against a sector median of 0.7x. Its ROE stands at 40.1%, against a sector median of 25.1% whereas ROA stands at 17.6%, against a sector median of 7.7%. We maintain our BUY recommendation. *(Source: Company filings, DBIB Research).*

## UPCOMING EVENTS

### Profit Warnings

	<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
• Sasini	Standard Chartered	Final Div: KES 7.50	27-Apr-20	24-Jul-20
• Eaagads	Kenya Re	First & Final Div: KES 0.10	12-Jun-20	24-Jul-20
• NSE	DTB Kenya	First & Final Div: KES 2.70	25-Jun-20	24-Jul-20
• Eveready	Jubilee Holdings	Final Div: KES 8.00	30-Jun-20	24-Jul-20
• Unga Group	Umeme	Final Div: USH 41.30	22-Jun-20	27-Jul-20
• E.A. Breweries	Total Kenya	First & Final Div: KES 1.30	26-Jun-20	31-Jul-20
• Nation Media	N.S.E.	First & Final Div: KES 0.08	09-Jul-20	STA*
• Longhorn	WPP Scangroup	Special Div: KES 8.00	28-Jul-20	27-Aug-20
• Kenya Power	Kapchorua Tea	Final Div: KES 10.00	30-Jul-20	STA*
	Safaricom	First & Final: KES 1.40	31-Jul-20	1-Nov-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>
	Standard Chartered	Bonus Issue: 1:10	27-Apr-20	STA*
	NCBA Group	Bonus Issue: 1:10	12-May-20	STA*
	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>
NCBA Group	10:00 am	Virtual	24-Jul-20
Standard Chartered	11:00 am	Virtual	24-Jul-20
Flame Tree Group	11:00 am	Virtual	27-Jul-20
Transcentury	10:00am	Virtual	30-Jul-20
Home Afrika	10:00 am	Virtual	30-Jul-20
Safaricom	11:00 am	Virtual	31-Jul-20
Umeme	10.00 am	Virtual	6-Aug-20

*(Source: Company filings , DBIB Research)*

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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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