

# DBIB WEEKLY BULLETIN

# WEEK 11

Date: 13.03.2020

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## INDICES & MARKET METRICS MOVEMENT

.....  
**NSE 20 & NASI** indices  
**shed** 11.5% and 14.4% w-  
 o-w to close at 2,124.78  
 and 133.66 respectively.  
 .....

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	133.66	(14.41)	(16.73)	(7.06)	(19.68)
NSE-20	2,124.78	(11.49)	(17.89)	(12.61)	(19.95)
DBIB Select	79.12	(9.61)	(9.43)	(5.46)	(11.56)
FTSE 15	180.55	(13.51)	(15.33)	(0.17)	(18.42)
FTSE 25	184.10	(14.74)	(16.91)	(3.50)	(19.78)
FTSE Frontier 50	34,938.70	(14.52)	(21.11)	(18.22)	(21.61)

(Source: NSE, Bloomberg, DBIB Research)

.....  
**Weekly equity turnover**  
**increased** by 41.6% to  
 USD 53.18 MN (KES 5.45  
 BN).  
 .....

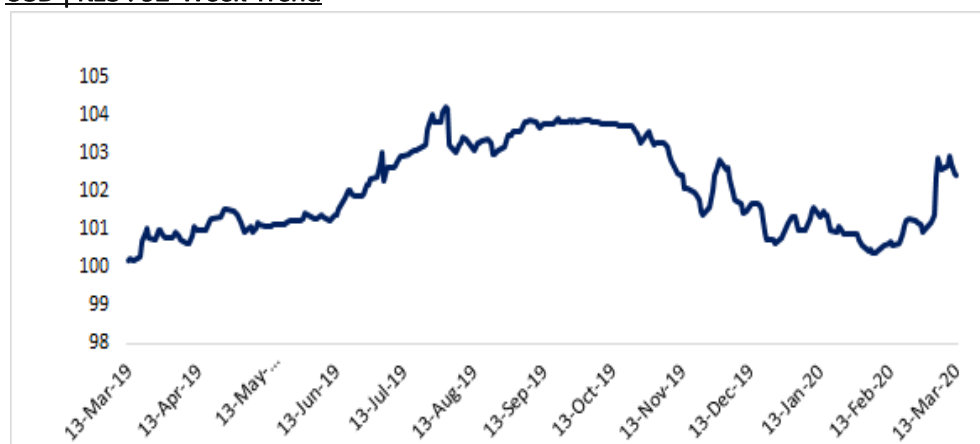
Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,042.65	(14.45)	2.60	(16.62)	(5.66)
Market Turnover (USD m)	53.18	41.64	113.62	61.08	207.70
Market P/E (x)	10.19	(18.08)	(21.01)	(25.30)	(26.39)
Market Div. yld (%)	7.03	102.10	83.04	50.89	241.32
Market ROE (%)	44.04	(84.17)	(67.21)	977.95	836.80

\* Changes in bps

(Source: NSE, DBIB Research)

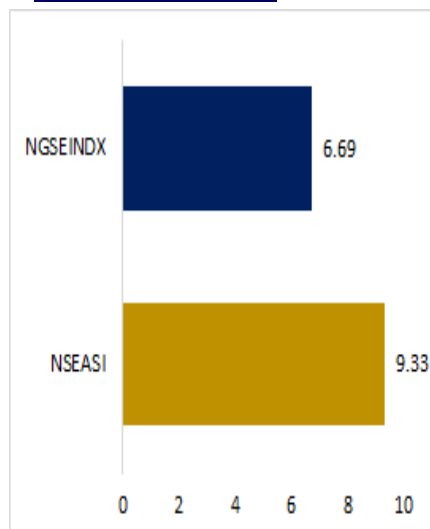
.....  
**USD|KES:KES** strength-  
**ened** 0.1% to close at  
 102.42 (-1.1% YTD)  
 .....

### USD | KES : 52-Week Trend



(Source: CBK, DBIB Research)

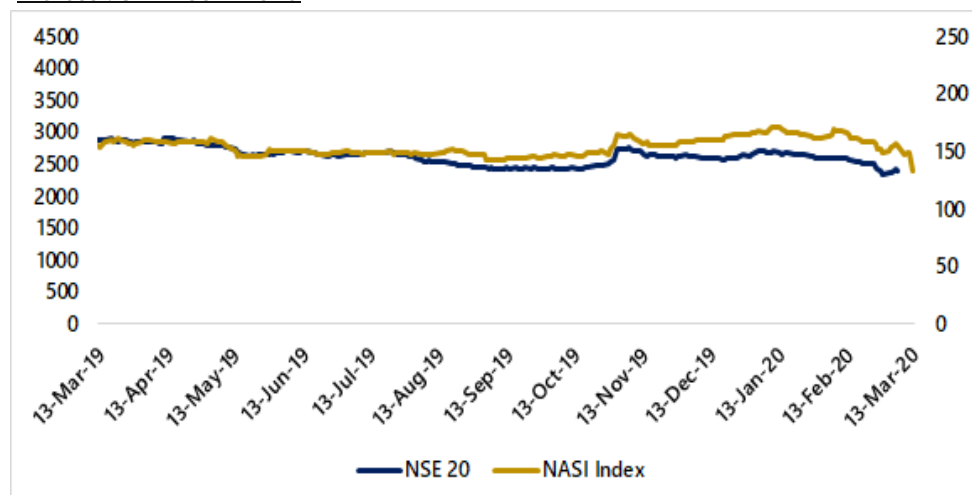
### PEER P/E MULTIPLES



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

.....  
The bourse was halted at 2:38pm on Friday, 13th April, after **NSE 20 plunged by 5.01%**, owing to the coronavirus-driven panic selloff after the first confirmed case in Kenya was announced.

We expect massive sell-off in the upcoming week, especially if the numbers of confirmed victims spiral.

We anticipate that heavily foreign-owned stocks will dip in the coming week owing to major expected sell-off and that indices will be in the red all through the week, with features of market halts, here and there.

.....

<u>Top gainers</u>	<u>%</u>
Stanlib Fahari I-REIT.	12.2
Eaagads Ltd	10.0
Sasini Ltd	4.4
Flame Tree Group	3.8
Car & General	2.6

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Kenya Airways	(18.0)
Sanlam Kenya	(17.9)
Safaricom Ltd	(17.5)
BAT Kenya	(16.5)
KCB Group	(15.1)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	33.41
KCB Group	8.46
Equity Group	5.41
EA Breweries	3.27
Co-operative Bank	0.85

(Source: NSE, DBIB Research)

## Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Olympia Capital	9.5
Eaagads Ltd	8.9
B.O.C Kenya	8.6
ABSA New Gold ETF	8.3
NBK Kenya	0.0

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Flame Tree Group	(44.5)
Bamburi Cement	(37.5)
Home Afrika	(36.7)
Housing Finance	(36.2)
Nation Media	(31.8)

(Source: NSE, DBIB Research)



## Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Scangroup	86.9
ABSA New Gold ETF	76.0
Flame Tree	73.8
Eaagads Ltd	70.1
Equity Group	46.7

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
ABSA New Gold ETF	100.0
Safaricom	85.8
Equity Group	83.1
KCB Group	74.7
EA Breweries	71.9

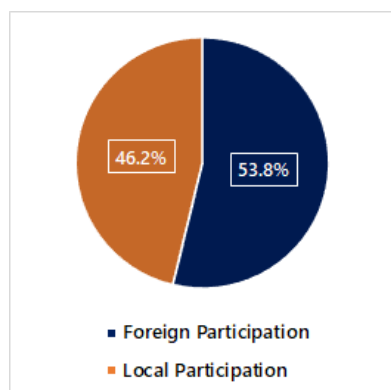
## Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
Bank of Kigali	99.9
B.A.T. Kenya	85.7
EA Breweries	76.5
N.S.E.	73.1
Scangroup	71.6

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
Bank of Kigali	100.0
ABSA New Gold ETF	100.0
B.A.T. Kenya	92.5
Stanbic Bank	88.6
Safaricom	83.6

## WEEKLY LOCAL VIS-À-VIS FOREIGN PARTICIPATION



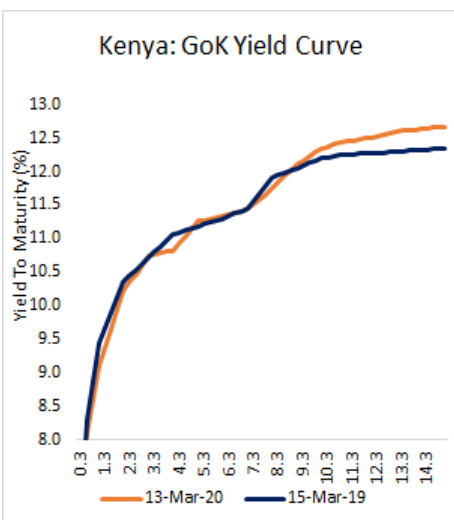
(Source: NSE, DBIB Research)

## FROM THE FIXED INCOME DESK

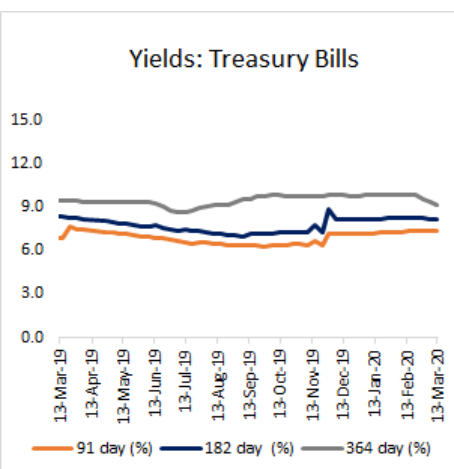
The **Bond market's turnover** for the week stood at USD 151.44 MN (KES 15.51 BN) representing a 18.0% w-o-w drop from USD 184.80 MN (KES 19.00 BN) recorded the previous week.

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### Top Trades for the week ending 13 March 2020



Source: NSE, DBIB Research



Source: NSE, DBIB Research

						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (%)	Value (KES m)
11-Mar	FXD1/2018/15Yr	14.5	12.6500	12.6000	103.9894	900.0
9-Mar	FXD 2/2016/ 5Yr	1.4	14.0690	9.9000	107.0656	755.0
10-Mar	FXD 1/2019/ 5Yr	3.9	11.3040	10.9594	101.5378	500.0
12-Mar	FXD 1/2019/10Yr	8.9	12.4380	12.2000	101.8406	500.0
9-Mar	FXD 1/2016/ 5Yr	1.1	14.3340	9.8000	110.1654	484.2
10-Mar	FXD 1/2016/ 5Yr	1.1	14.3340	9.7000	110.3013	447.6
10-Mar	FXD3/2007/15Yr	2.7	12.5000	10.7200	108.1248	400.0
12-Mar	FXD3/2007/15Yr	2.7	12.5000	10.4500	108.8177	400.0
9-Mar	FXD 3/2016/ 5Yr	3.0	13.1120	10.0000	110.3783	380.0
11-Mar	IFB 1/2018/15Yr	12.8	12.5000	11.0099	110.6456	353.0
9-Mar	FXD 1/2018/ 5Yr	3.0	12.2990	11.0000	108.9445	300.0
9-Mar	IFB 1/2016/9Yr	5.2	12.5000	9.8500	111.8565	300.0
10-Mar	FXD 1/2018/ 5Yr	3.0	12.2990	10.5000	110.2750	300.0
10-Mar	FXD 1/2019/10Yr	8.9	12.4380	12.2000	101.7743	300.0
10-Mar	IFB 1/2016/9Yr	5.2	12.5000	9.8500	111.8860	300.0
11-Mar	IFB 1/2018/15Yr	12.8	12.5000	11.1000	110.0566	300.0
11-Mar	IFB 1/2018/20Yr	18.6	11.9500	12.0000	103.3937	300.0
13-Mar	IFB 1/2018/15Yr	12.8	12.5000	10.8000	112.1007	300.0

### Sell/Buy Back Transactions

13-Mar	FXD 4/2019/10Yr	9.7	12.2800	12.4061	102.9326	200.0
13-Mar	FXD 2/2019/10Yr	9.1	12.3000	12.3815	104.6390	180.0
13-Mar	FXD 3/2019/10Yr	9.4	11.5170	12.3910	95.9869	120.0

(Source: NSE, DBIB Research)

### Treasury Bill auction for the week ending 13 March 2020

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.0	8.07	201.78	2.20	7.313	0.3
182-day	10.0	9.25	92.46	2.52	8.104	(8.2)
364-day	10.0	46.04	460.38	17.82	9.100	(21.2)

(Source: NSE, DBIB Research)

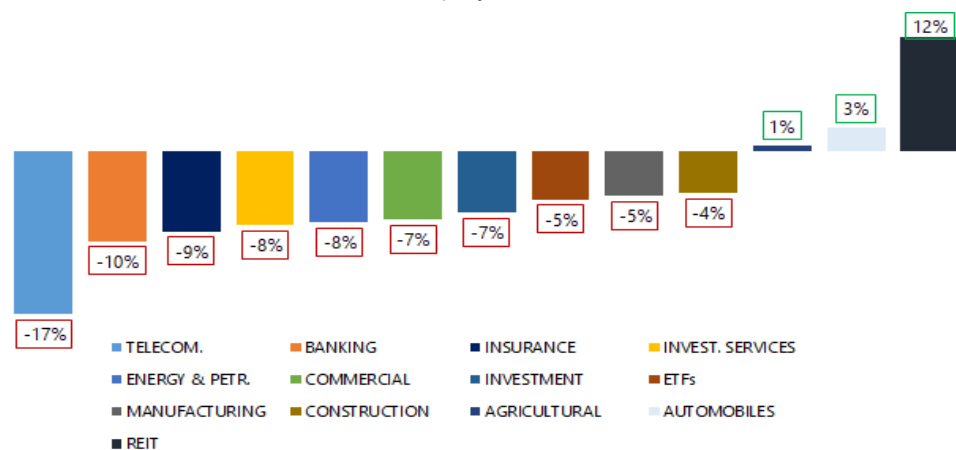
## Salient News...

.....  
The NSE was **halted on Friday at 2:38pm** following a drop higher than 5.0% (from the opening value) of the NSE 20 Share Index during the continuous session.  
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### NSE Market Halt on March 13, 2020

The NSE was halted on Friday at 2:38pm following a drop higher than 5.0% (from the opening value) of the NSE 20 Share Index during the continuous session. This is as per provided in the NSE Equity Trading Rules. Normal market activity will resume on Monday 16, March 2020.

Below is a graphical representation of the sectoral performance of the bourse. The Telecom sector was the most affected courtesy of foreign exposure; Safaricom saw a 17.5% w-o-w decline. The banking sector was also heavily affected with an average 9.7% w-o-w decline; KCB was 15.1% down whereas Equity was 14.6% down w-o-w.



(Source: NSE, DBIB Research)

### KCB Group FY19 Earnings (Consolidated with NBK)

.....  
**KCB Group** posted a 4.9% y-o-y growth in profit after tax (PAT) to KES 25.17 BN.  
.....

KCB Group posted a 4.9% y-o-y growth in profit after tax (PAT) to KES 25.17 BN. Net interest income rose 15.0% y-o-y to KES 56.13 BN courtesy of a 12.2% y-o-y growth in interest income to KES 74.35 BN vis-à-vis a 4.4% y-o-y growth of interest expense to KES 18.22 BN. Non-interest income saw a 22.6% y-o-y upswing to KES 28.17 BN owing to a 39.4% y-o-y growth in fees and commission income to KES 19.85 BN. As a result, total income rose 17.4% y-o-y to KES 84.30 BN. Operating expenses (less loan loss provisions) went up by 10.0% to KES 38.52 BN. On the other hand, loan loss provisions went up 201.9% to KES 8.89 BN. The loan book saw a 17.4% y-o-y growth to KES 535.37 BN. On the funding side, the deposits saw a 27.7% y-o-y growth to KES 686.54 BN. Total NPLs saw a 90.4% y-o-y upswing to KES 54.41 BN. Loan loss provisions rose 99.7% y-o-y to KES 28.72 BN. NPL ratio increased to 10.9% (7.4% excl. NBK). Group's core and total capital ratios dropped by 90 bps and 50 bps y-o-y to 17.2% and 19.0% respectively, well above the respective statutory requirements of 10.5% and 14.5%. Earnings per share for the period edged up 3.6% y-o-y to close at KES 8.11. Dividends per share for the period remained constant at KES 3.50 (Final - KES 2.50). Book closure will be on 27 April 2020.

(Source: Company filings, DBIB Research)

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## Salient News...

### National Bank Kenya FY19 Earnings

.....  
**NBK reported a loss after tax of KES 302.28 MN**  
compared to a profit after tax of KES 7.01 MN in FY18.  
.....

NBK reported a loss after tax of KES 302.28 MN compared to a profit after tax of KES 7.01 MN in FY18. Net interest income rose 4.7% y-o-y to KES 6.31 BN owing to a 1.3% y-o-y growth in interest income to KES 9.03 BN and a 5.8% y-o-y decline in interest expense to KES 2.72 BN. Non-interest income went up 5.4% y-o-y to KES 2.10 courtesy of an 8.5% y-o-y growth in fees and commission income to 1.33 BN. As a result, total income rose 4.9% y-o-y to KES 8.02 BN. Operating expenses (less loan loss provisions) dropped by 2.6% y-o-y to KES 7.18 BN. However, loan loss provisions edged up by 972.2% y-o-y to KES 1.98 BN. As a result, the group reported a loss before tax of KES 895.06 MN. Customer deposits contracted by 12.1% y-o-y to KES 86.93 BN whilst the loan book contracted by 4.0% y-o-y to KES 45.87 BN. Total NPLs declined by 23.5% y-o-y to KES 20.65 BN. Consequently, loan loss provisions declined by 23.5% y-o-y to KES 10.37 BN. *(Source: Company filings, DBIB Research)*

### Co-operative Bank to acquire Jamii Bora Bank

.....  
**Co-operative Bank** has conveyed its interest of acquiring 100% shareholding of **Jamii Bora Bank Ltd (JBB)** subject to regulatory approvals.  
.....

Co-operative Bank has conveyed its interest of acquiring 100% shareholding of Jamii Bora Bank Ltd (JBB) subject to regulatory approvals. As at December 2019, Co-operative Bank ranked 4<sup>th</sup> in terms of market share (9.6%) whereas Jamii Bora ranked 38<sup>th</sup> out of the 39 banks present in the country with a market share of 0.1%. Co-op bank has an asset base of over KES 450.0 BN whereas Jamii Bora has an asset base of circa KES 12.5 BN. Management believes that the acquisition will strengthen both institutions leveraging on the retail business, domestic and regional corporate public sector and the 15.0 MN member cooperative movement.

This was an expected move from Co-op due the increased stakeholder visibility of its peers i.e. KCB (NBK acquisition), Equity (Congo acquisitions), NCBA (CBK-NBK merger) and the Barclays to ABSA transition. In the medium to long term, we expect to see more M&A activity in the banking sector, especially in the Tier 1 space, as the banks pursue inorganic growth. *(Source: Company filings, DBIB Research)*

## UPCOMING EVENTS

### Profit Warnings

- Sasini
- Eaagads
- BOC Gases
- NSE
- Eveready
- Unga Group

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Carbacid	Final Div: KES 0.70	6-Nov-19	STA*
E.A Breweries	Interim Div: KES 3.00	28-Feb-20	17-Apr-20
BAT Kenya	Final Div: KES 30.00	20-Mar-20	29-Apr-20
Stanbic Holdings	Final Div: KES 5.80	18-May-20	STA*
KCB Group	Final Div: KES 2.50	27-Apr-20	STA*

*(Source: NSE, DBIB Research)*

*\*STA—Subject to approval*

## AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Eveready EA	11:00AM	Merica Hotel	26-Mar-20

*(Source: Company filings , DBIB Research)*

## UPCOMING EARNINGS

<u>Company</u>	<u>Period</u>	<u>Release Date</u>
Standard Chartered	FY19	19-Mar-20
Co-operative Bank	FY19	19-Mar-20*
ABSA Bank Kenya	FY19	24-Mar-20*

*(Source: Company filings , DBIB Research)*

*\*Date - Tentative release date*

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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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