

DBIB WEEKLY BULLETIN

WEEK 19

Date: 08.05.2020

Contents:

Equity Market Sum Up	2-3
Fixed Income Wrap Up	4
Salient News	5
Corporate Actions	6
Appendix	7



INDICES & MARKET METRICS MOVEMENT

NSE 20 and NASI indices rose 3.9% and 0.8% w-o-w to close at 2,034.71 and 140.87 respectively.

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	140.9	0.84	(16.47)	(12.50)	(15.35)
NSE-20	2,034.7	3.91	(21.81)	(25.14)	(23.35)
DBIB Select	87.0	0.14	(4.76)	(2.46)	(2.74)
FTSE 15	180.2	1.22	(18.60)	(14.04)	(18.59)
FTSE 25	189.1	1.74	(18.49)	(13.45)	(17.61)
FTSE Frontier 50	32,725.1	2.25	(26.33)	(26.09)	(26.58)
FTSE Frontier 50	32,033.0	2.10	(27.84)	(27.95)	(28.13)

(Source: NSE, Bloomberg, DBIB Research)

Weekly equity turnover edged up 203.3% to USD 45.80 MN (KES 4.85 BN).

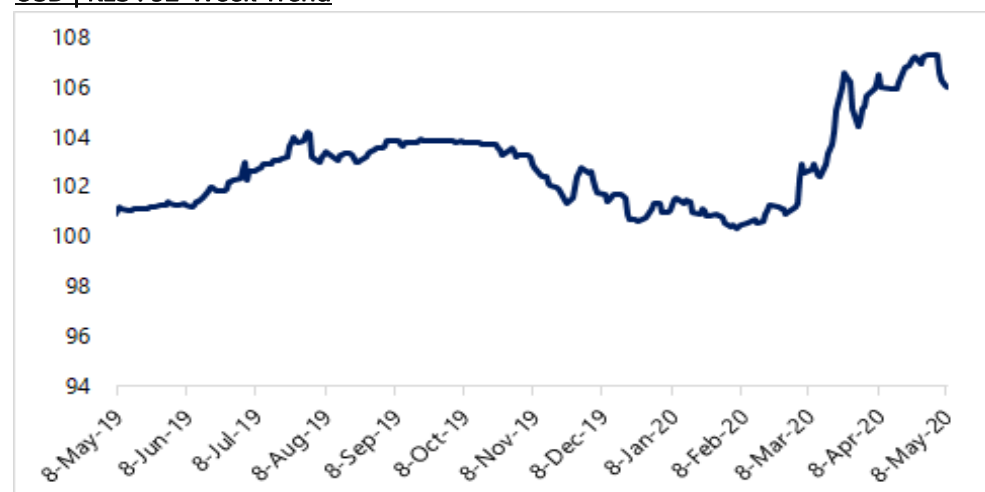
Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,153.15	0.85	7.50	(16.36)	(12.37)
Market Turnover (USD m)	45.80	203.34	75.62	28.80	(21.58)
Market P/E (x)	11.66	(14.50)	(26.60)	(15.54)	(17.16)
Market Div. yld (%)	5.81	(6.65)	45.59	1.00	(30.74)
Market ROE (%)	38.04	(28.83)	(774.36)	(683.46)	92.03

* Changes in bps

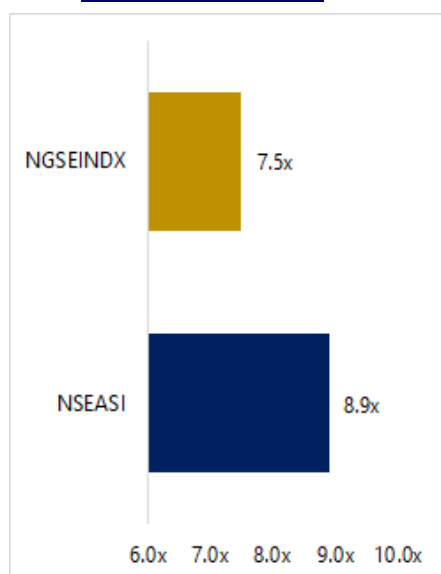
(Source: NSE, DBIB Research)

USD | KES: KES strengthened 0.28% to close at 106.01 (-4.6% YTD)

USD | KES : 52-Week Trend



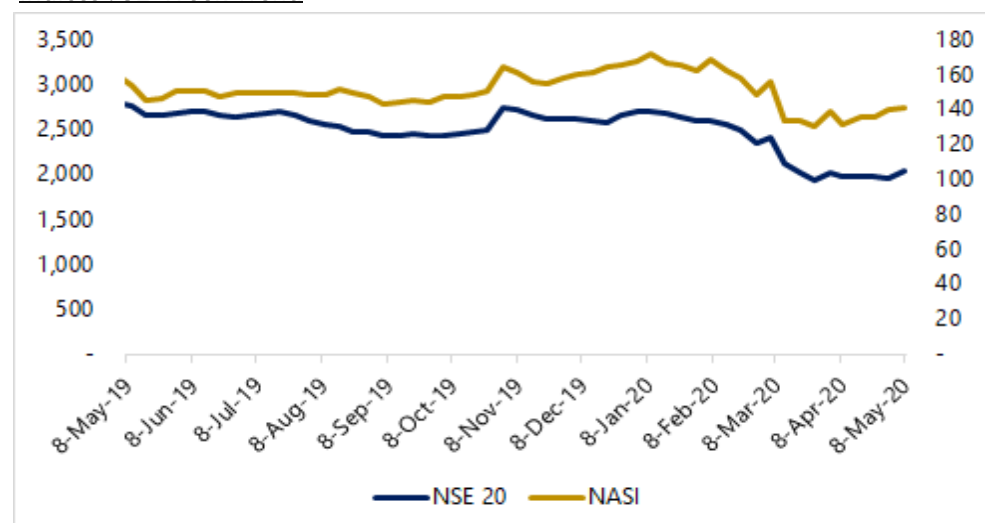
PEER P/E MULTIPLES



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...

Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 14.5 MN (KES 1.6 BN) representing 32.0% of this week's turnover. The stock edged up 1.4% w-o -w to close at KES 28.90 on Friday. Foreign investors assumed a net buying position on the counter this week by accounting for 65.0% of foreign sales and 88.6% of foreign purchases.

Week-on-Week Performance

Top gainers	%
Kenya Airways	42.7
Kenya Orchads	16.5
Uchumi	14.8
NIC Bank	11.2
Scangroup	9.4

(Source: NSE, DBIB Research)



Top Losers	%
Olympia Capital	(13.8)
Flame Tree Group	(12.1)
Sameer Africa	(11.0)
Stanlib Fahari I-Reit	(10.7)
Eaagads	(10.0)

(Source: NSE, DBIB Research)



Top traders (Value)	USD MN
Safaricom	14.64
B.A.T Kenya	13.14
Equity Group	10.18
KCB Group	4.83
Stanbic Holdings	0.70

(Source: NSE, DBIB Research)

Y-T-D Performance

Top gainers	%
Kenya Orchads	126.0
Gold ETF	22.4
B.O.C Kenya	19.7
Olympia Capital	12.5
Carbacid Investments	6.9

(Source: NSE, DBIB Research)



Top Losers	%
Flame Tree Group	(67.6)
Nation Media	(46.9)
Bamburi Cement	(40.4)
Sameer Africa	(38.8)
Kenya Airways	(38.0)

(Source: NSE, DBIB Research)



Weekly Foreign Performance

Top Weekly Buys	% Purchase
Kapchorua Tea	100.0
Safaricom	88.6
B.A.T Kenya	83.7
E.A Portland	49.9
KCB Group	37.1

(Source: NSE, DBIB Research)

Top Weekly Sales	% Sold
Stanbic Holdings	99.7
B.A.T Kenya	89.0
Sasini	82.8
Nation Media	80.5
ABSA	75.9

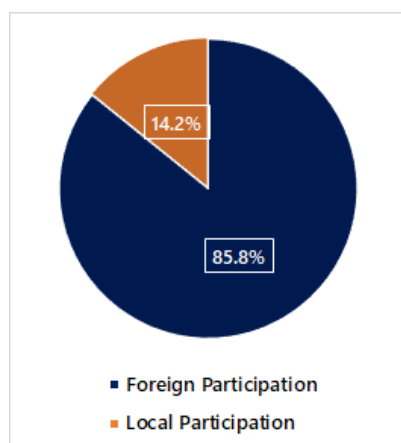
Y-T-D Foreign Performance

Top Foreign Buys	% Purchase
Bank of Kigali	99.9
B.A.T Kenya	82.8
New Gold ETF	80.9
Safaricom	65.5
NSE	64.6

(Source: NSE, DBIB Research)

Top Foreign Sales	% Sold
Bank of Kigali	100.0
New Gold ETF	99.6
Stanbic Holdings	92.1
B.A.T Kenya	88.3
Safaricom	84.9

WEEKLY LOCAL VIS-À-VIS



(Source: NSE, DBIB Research)

The Bond market's turnover for the week stood at USD 114.41 MN (KES 6.67 BN) representing a 11.8% w-o-w decrease from USD 62.13 MN (KES 6.67 BN) recorded the previ-

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 114.41 MN (KES 6.67 BN) representing a 11.8% w-o-w decrease from USD 62.13 MN (KES 6.67 BN) recorded the previous week. The bonds, issue number IFB1/2019/16Yr emerged as the top traded bond with a turnover of KES 4.91 BN accounting for 41.5% of the week's turnover. The bond traded between 11.69% and 12.92%.

May Issue: FXD1/2020/5 Results

The Government received KES 34.53 BN from its issue of the FXD1/2020/5 below KES 50.00 BN, the total amount offered, placing the performance rate at 69.1%. The government accepted KES 20.78 BN. The average rate of the accepted bids came in at 11.667% whilst the market weighted average rate was placed at 11.788%. As a result, the bond's coupon rate was placed at 11.667%.

Top Trades for the week ending 08 May 2020

						Total
		Coupon		Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(%)	(KES m)
5-May	IFB 1/2019/16Yr	15.4	11.7500	12.2500	97.08	704.0
4-May	IFB 1/2019/16Yr	15.4	11.7500	12.3500	96.43	700.0
7-May	IFB 1/2019/16Yr	15.4	11.7500	12.4500	95.92	617.0
4-May	FXD 1/2014/10Yr	3.7	12.1800	11.1000	106.69	500.0
5-May	FXD 1/2014/10Yr	3.7	12.1800	10.7500	107.79	500.0
7-May	FXD 1/2019/ 5Yr	3.8	11.3040	11.1700	102.64	500.0
8-May	FXD 1/2019/ 5Yr	3.8	11.3040	10.8000	103.80	500.0
8-May	IFB 1/2020/9Yr	8.9	10.8500	11.8000	96.41	500.0
5-May	IFB 1/2019/16Yr	15.4	11.7500	12.4800	95.67	400.0
6-May	IFB 1/2019/16Yr	15.4	11.7500	12.4000	96.19	400.0
8-May	IFB 1/2019/16Yr	15.4	11.7500	12.4000	96.25	400.0
5-May	IFB 1/2019/16Yr	15.4	11.7500	12.4300	95.98	370.0
8-May	FXD1/2018/20Yr	17.8	13.2000	12.8000	104.41	300.0
6-May	IFB 1/2020/9Yr	8.9	10.8500	11.8000	96.35	260.2
7-May	IFB 1/2019/16Yr	15.4	11.7500	12.3000	96.84	250.0

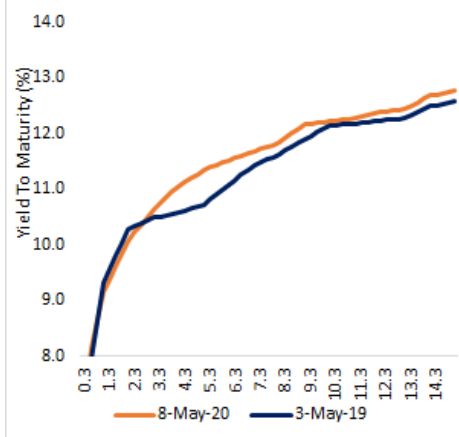
(Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 08 May 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	2.44	61.07	2.44	7.253	1.1
182-day	10.00	3.80	37.95	3.80	8.151	1.7
364-day	10.00	8.78	87.79	8.55	9.161	4.6

(Source: NSE, DBIB Research)

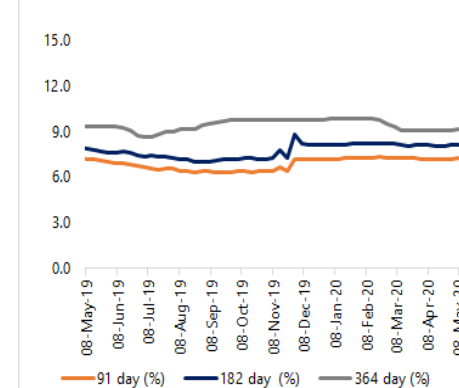
Kenya: GoK Yield Curve



Source: NSE, DBIB Research

ous week.

Yields: Treasury Bills



Source: NSE, DBIB Research

Salient News...

Bamburi Cement FY19 Earnings

.....

Bamburi Cement Limited released its FY19 results reporting a 37.2% y-o-y decline in PAT to KES 359.0 MN despite a 17.4% y-o-y increase in PBT to KES 728.0 MN.

.....

Bamburi Cement Limited released its FY19 results reporting a 37.2% y-o-y decline in PAT to KES 359.0 MN despite a 17.4% y-o-y increase in PBT to KES 728.0 MN. This is attributable to a 668.8% y-o-y increase in tax charge as the investment deductions from capacity expansion projects in Hima, its Uganda based subsidiary ceased to be applicable. EPS for the period stands at KES 1.74, 26.6% lower y-o-y. The board did not recommend the payment of a dividend for the period.

Turnover dropped by 1.3% y-o-y to KES 36.8 BN. Management attributes this to the restricted access to the Rwandan market through its Uganda based subsidiary which led to the loss of volumes previously sold; the shelving of phase 2B of the SGR project in Kenya; and lower selling prices resulting from competitive pressures fuelled by overcapacity in the regional cement market and a deteriorated product mix.

Operating profit rose 44.1% y-o-y to KES 1.1 BN primarily owing to a 1.5% y-o-y decline in operating expenses to KES 35.6 BN. Consequently, operating profit margin rose 96 bps y-o-y to 3.0%.

Finance costs edged up by 238.3% y-o-y to KES 389 MN as a result of the full year impact of interest on debt taken to finance the capacity expansion project commissioned by Hima cement in 2018.

Total assets shed 3.8% y-o-y to KES 46.0 BN on account of a 2.5% y-o-y decline in non-current assets to KES 37.0 BN and an 8.9% y-o-y drop in current assets to KES 9.0 B N.

Non-current liabilities increased by 12.4% y-o-y to KES 6.1 BN while current liabilities dropped 12.6% y-o-y to KES 7.0 BN. This saw total liabilities edge down 2.5% y-o-y to KES 13.1 BN.

Given the direct correlation between GDP growth rate and the growth in the cement market, management expects **the cement market in both Kenya and Uganda to mirror actual GDP growth in 2020.**

On a trailing basis, the counter is trading at a P/E multiple of 48.2x against a sector median of 1.3x and a P/B multiple of 0.6x against a sector median of 0.3x. ROE stands at 1.3% against a sector median of 16.3% while ROA stands at 0.8% against a sector median of 3.9%. *(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	30-Apr-20	31-May-20
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*
<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Crediting Date</u>
NCBA Group	Bonus Issue: 1:10	12-May-20	STA*
NMG	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>
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*

DISCLAIMER

While every care has been taken in preparing this report and it has been prepared from sources believed to be reliable, no representation, warranty, or undertaking (express or implied) is given and no responsibility is accepted by Dyer and Blair Investment Bank Limited, its related companies, subsidiaries, affiliates, its employees and agents, as to the accuracy and completeness of the information contained herein or in respect of any reliance on or use thereof. This report is solely intended for distribution to clients of Dyer and Blair Investment Bank Limited. Any information may be changed after distribution at any time without any notice.

RESEARCH TEAM

Edwin Chui | Mary Mukuria | Cynthia Wangari

Email: research@dyerandblair.com | Contact: +254 709 930 130