

DBIB WEEKLY BULLETIN

WEEK 20

Date: 15.05.2020

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INDICES & MARKET METRICS MOVEMENT

NSE 20 and NASI indices

shed 2.9% and 3.9% w-o-w to close at 1,975.30 and 135.33 respectively.

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	135.3	(3.93)	(16.65)	(13.24)	(18.68)
NSE-20	1,975.3	(2.92)	(22.81)	(25.54)	(25.58)
DBIB Select	85.3	(1.97)	(4.79)	(2.18)	(4.66)
FTSE 15	170.6	(5.29)	(21.05)	(17.82)	(22.90)
FTSE 25	179.1	(5.30)	(19.96)	(16.58)	(21.98)
FTSE Frontier 50	32,700.2	(0.08)	(24.77)	(24.70)	(26.63)

(Source: NSE, Bloomberg, DBIB Research)

Weekly equity turnover

edged up 0.8% to USD 46.15 MN (KES 4.93 BN).

Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,068.30	(3.94)	(0.44)	(16.54)	(13.11)
Market Turnover (USD m)	46.15	0.76	105.07	41.38	74.12
Market P/E (x)	11.30	(3.12)	(6.61)	(12.89)	(15.78)
Market Div. yld (%)	6.00	19.41	24.96	1.33	(44.89)
Market ROE (%)	38.44	40.36	(692.98)	(612.05)	141.08

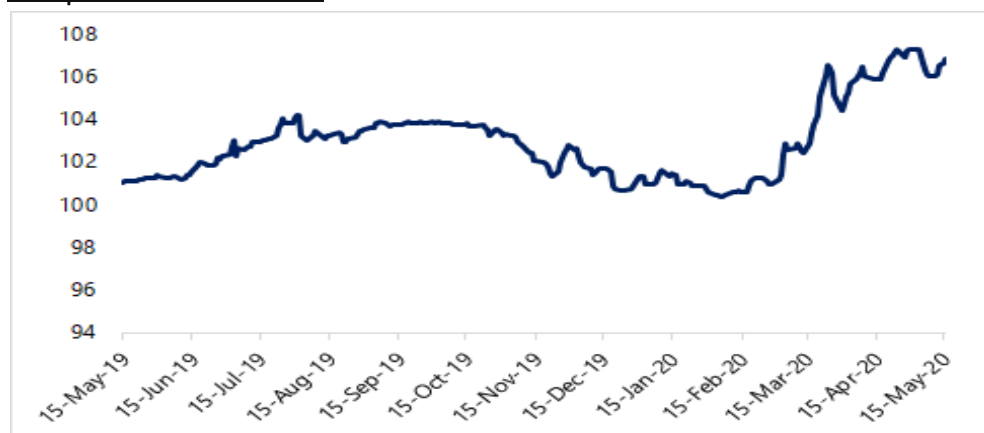
* Changes in bps

(Source: NSE, DBIB Research)

USD | KES: KES weakened

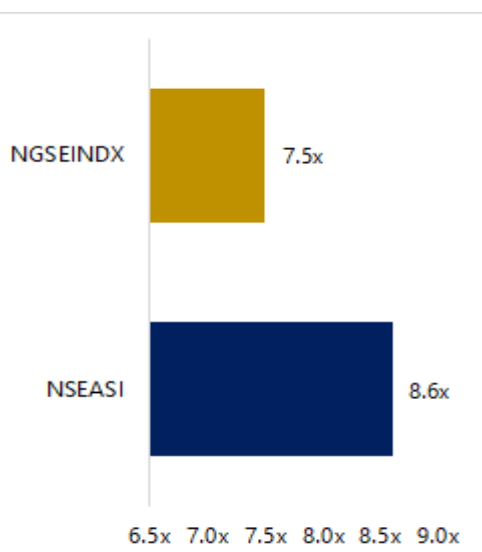
0.76% to close at 106.81 (-5.4% YTD)

USD | KES : 52-Week Trend



(Source: CBK, DBIB Research)

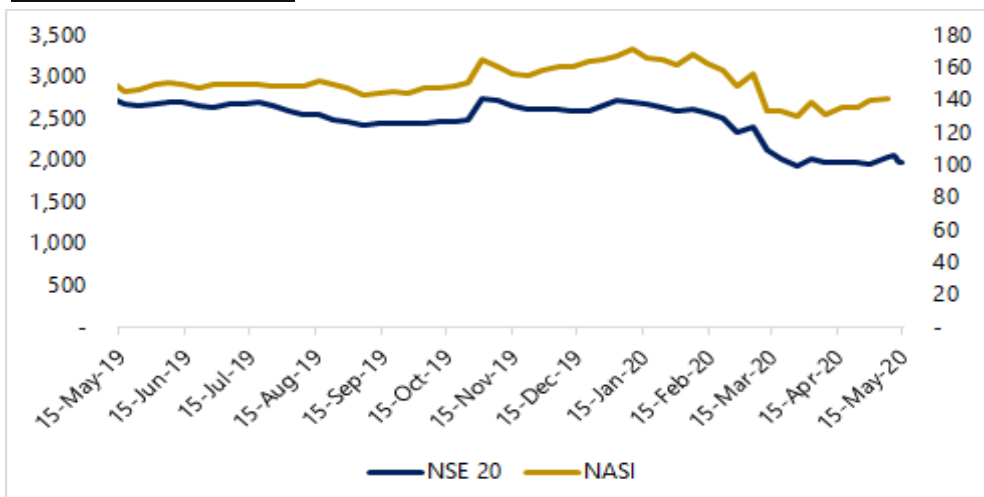
PEER P/E MULTIPLES



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

<u>Top gainers</u>	<u>%</u>
Kenya Airways	58.3
Sameer Africa	20.9
Kapchorua Tea Co.	12.9
Standard Group	10.0
Eveready E.A.	9.9

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
NCBA Bank	(14.2)
Equity Group	(13.9)
Britam Ins.	(12.5)
Sasini	(10.0)
B.O.C Kenya	(9.9)

(Source: NSE, DBIB Research)



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This week the market pulled a bearish rally with key stocks seeing a significant dip.

Equity Group dropped by 13.9% w-o-w to close at KES 33.70 on Friday.

NCBA Bank dropped by 14.2% w-o-w to close at KES 27.20 on Friday.

Britam Insur. dropped by 12.5% w-o-w to close at KES 6.02 on Friday.

<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	15.79
Equity Group	10.62
E.A. Breweries	7.10
B.A.T. Kenya	4.83
K.C.B. Group	4.56

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Kenya Orchards	134.0
ABSA Gold ETF	23.5
Carbacid	14.8
Uchumi	10.3
B.O.C Kenya	10.3

(Source: NSE, DBIB Research)

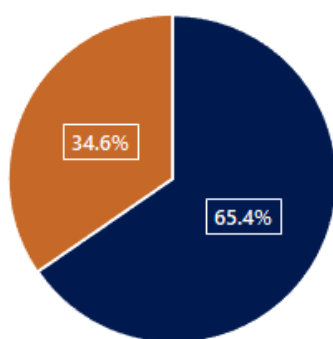


<u>Top Losers</u>	<u>%</u>
Flame Tree	(65.6)
Nation Media	(51.0)
Bamburi Cement	(44.6)
Housing Finance	(38.2)
Trans-Century	(38.0)

(Source: NSE, DBIB Research)



WEEKLY LOCAL VIS-À-VIS FOREIGN PARTICIPATION



(Source: NSE, DBIB Research)

Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
B.A.T. Kenya	96.4
E.A. Breweries	68.2
WPP Scangroup	51.0
Co-op Bank	46.0
Safaricom	40.2

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Stanbic Holdings	98.4
WPP Scangroup	98.1
Equity Group	97.1
E.A. Breweries	96.1
B.A.T. Kenya	95.7

Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
BK Group	99.9
B.A.T. Kenya	85.5
ABSA Gold ETF	80.9
Safaricom	64.0
N.S.E.	62.8

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
BK Group	100.0
ABSA Gold ETF	99.6
Stanbic Holdings	92.2
B.A.T. Kenya	89.8
Safaricom	85.4

The Bond market's turnover for the week stood at USD 100.45 MN (KES 10.73 BN) representing a 9.8% w-o-w decrease from USD 111.41 MN (KES 11.81 BN) recorded the previous week..

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 100.45 MN (KES 10.73 BN) representing a 9.8% w-o-w decrease from USD 111.41 MN (KES 11.81 BN) recorded the previous week. The bonds, issue number IFB1/2019/16Yr emerged as the top traded bond with a turnover of KES 2.02 BN accounting for 18.8% of the week's turnover . The bond traded between 11.54% and 12.92%.

May Issue: FXD1/2020/5 (Re-open) and IFB1/2020/6 (Restricted)

The government has reopened the 5 year bond issue number FXD1/2020/5 aiming to raise KES 30.0 BN for budgetary support. The coupon rate is fixed at 11.667% . The period of sale is between 11/05/2020 and 19/05/2020.

The government has as well issued a 6 year infrastructure bond issue number IFB1/2020/6 seeking to raise KES 25.6 BN for funding infrastructure projects. In a bid to lengthen the average maturity of domestic debt, the eligibility for this bond at primary issuance has been restricted to investors with holdings in T-Bill issue number 2236/364 dated 3/6/2019. Investors who choose to participate are required to reinvest their entire maturity value (par value). Those who opt not to will receive the full proceeds of their investment in the T-Bill at maturity. The coupon rate on this bond has been set at 10.200%. The period of sale runs from 14/05/2020 to 26/05/2020.

Top Trades for the week ending 15 May 2020

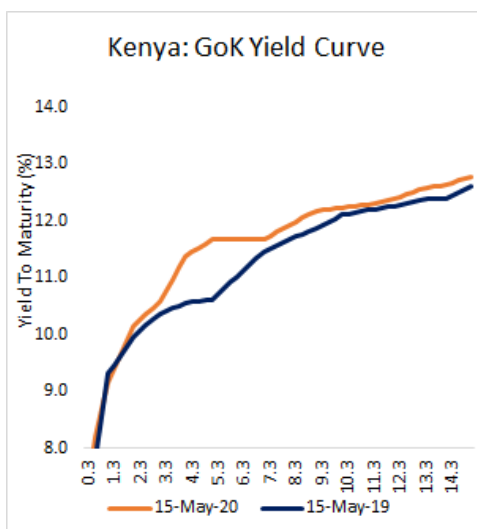
						Total
		Coupon	Yield	Price		
Trading Date	Issue No.	Years	(%)	(%)	(KES)	(KES m)
14-May	IFB 1/2013/12Yr	5.3	11.0000	10.6100	102.6199	700.0
15-May	IFB 1/2013/12Yr	5.3	11.0000	10.5900	102.7048	700.0
15-May	IFB 1/2019/16Yr	15.4	11.7500	12.3500	96.7829	600.0
11-May	FXD 2/2010/10Yr	0.4	9.3070	8.4000	100.9131	503.8
11-May	IFB 1/2014/12Yr	6.4	11.0000	10.6000	102.0394	500.0
13-May	IFB 1/2019/16Yr	15.4	11.7500	12.3500	96.7192	500.0
13-May	IFB 1/2019/25Yr	23.8	12.2000	12.8500	97.1925	467.1
11-May	IFB 1/2018/20Yr	18.4	11.9500	12.6000	101.8719	353.6
15-May	FXD 4/2019/10Yr	9.5	12.2800	12.2000	106.2367	350.0
11-May	IFB 1/2020/9Yr	8.9	10.8500	11.8000	96.5000	318.2
14-May	IFB 1/2020/9Yr	8.9	10.8500	11.7500	96.8117	300.0

(Source: NSE, DBIB Research)

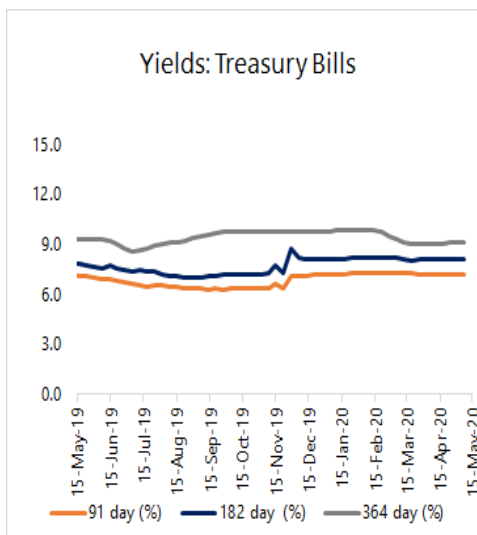
Treasury Bill auction for the week ending 15 May 2020

Instrument	Amount	Bids Received	Subscription	Bids Accepted	Yield	w-o-w
	(KES Bn)	(KES Bn)	Rate (%)	(KES Bn)	(%)	bps ch
91-day	4.00	7.67	191.77	7.65	7.266	1.3
182-day	10.00	4.49	44.85	4.00	8.192	4.1
364-day	10.00	11.93	119.32	11.89	9.173	1.2

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News...

Stanbic Bank: 1Q20 Earnings Snapshot

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Stanbic Bank released its 1Q20 results reporting a 33.5% y-o-y decline in PAT to KES 1.5 BN.

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Profit after tax (PAT) declined by 33.5% y-o-y to KES 1.5 BN. Earnings per share for the period closed at KES 8.97, representing a 33.5% y-o-y drop.

Total income saw a 19.9% y-o-y decline to KES 5.4 BN courtesy of an 11.0% y-o-y decline in net interest income to KES 3.1 BN and a 29.2% y-o-y decline in non-funded income to KES 2.3 BN.

Operating expenses (less loan loss provisions) declined by 10.2% y-o-y to KES 2.6 BN. Pre-provision operating profit saw a 27.4% y-o-y decline to KES 2.7 BN. Loan loss provisions declined by 2.3% y-o-y to KES 617.0 MN.

On the funding side, customer deposits advanced by 6.4% y-o-y to KES 202.7 BN. Deposits due to other banks rose 6.9% y-o-y to KES 38.1 BN whereas borrowed funds rose 46.1% y-o-y to KES 17.0 BN.

In tandem with deposit growth, the loan book advanced by 11.8% y-o-y to KES 161.8 BN. Investment securities (HTM & AFS) declined by 19.9% y-o-y to KES 37.8 BN. Held for dealing securities declined by 1.6% y-o-y to KES 39.7 BN.

Total NPLs saw a 20.7% y-o-y upswing to KES 16.3 BN courtesy of a 25.8% y-o-y increase in gross NPLs to KES 21.1 BN and a 47.2% y-o-y increase in interest in suspense to KES 4.7 BN.

On a trailing basis, the bank is trading at a P/E multiple of 6.4x against a sector median of 5.0x and a P/B multiple of 0.9x against a sector median of 0.8x. ROE stands at 13.8% against a sector median of 16.7% while ROA stands at 1.8% against a sector median of 2.3%. *(Source: Company filings, DBIB Research)*

E.A. Breweries FY20 Profit Warning

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E.A. Breweries' BOD expects that the profit after tax for FY20 will come below KES 8.6 BN.

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E.A.B.L. issued a profit warning dated May 15, 2020 by dint of the tough business environment which is a construct of the COVID-19 global pandemic. The BOD expects that the brewer's profit after tax for FY20 will come below KES 8.6 BN.

The company had started off its financial year with a 9.1% y-o-y increase in PAT to KES 7.2 BN in 1H20. We expect that the last quarter will be the most affected given that the night-life was explicitly shut down on March 22, 2020 in an attempt to control the spread of the virus. *(Source: Company filings, DBIB Research)*

Salient News...

Sameer Africa exits from the Tyre Business

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Going forward, **Sameer Africa** will only trade in the rental business arena as the tyre business has been completely shut down.

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Following the futile measures undertaken to turnaround the tyre manufacturing business since August 2016, the BOD of Sameer Africa approved the exit from the loss making segment on April 20, 2020. Regrettably, 73 members of staff from both management and union cadres will face redundancy. Going forward, the company will only trade in the rental business arena. Management projects that the company will report KES 185.0 MN in profit in FY21, higher than a forecast of KES 69.0 MN in FY20. *(Source: Company filings, DBIB Research)*

UPCOMING EVENTS

Profit Warnings

- Sasini
- Eaagads
- NSE
- Eveready
- Unga Group
- E.A. Breweries

<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
KCB Group	10:00am	Electronic communication	04-Jun-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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