

DBIB WEEKLY BULLETIN

WEEK 46

Date: 13.11.2020

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INDICES & MARKET METRICS MOVEMENT

NSE 20 and **NASI** indices edged up 1.1% and 1.8% w-o-w to close at 1,789.52 and 143.93 respectively.

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	143.93	1.85	11.18	6.35	(13.51)
NSE-20	1,789.52	1.13	2.63	(9.41)	(32.58)
DBIB Select	88.09	1.70	5.35	3.28	(1.54)
FTSE 15	173.19	3.16	12.55	1.50	(21.74)
FTSE 25	189.39	2.64	12.62	5.77	(17.47)
FTSE Frontier 50	41,160.76	2.33	12.64	25.94	(7.65)

(Source: NSE, Bloomberg, DBIB Research)

Weekly equity turnover declined by 34.0% w-o-w to USD 19.03 MN (KES 2.08 BN).

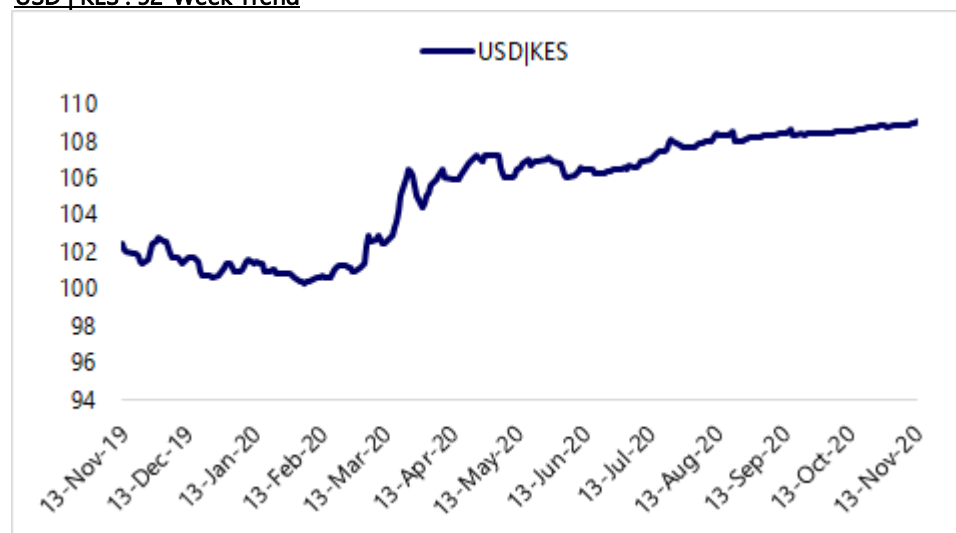
Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,209.91	1.85	3.07	11.21	6.85
Market Turnover (USD m)	19.03	(33.96)	57.41	(37.80)	(58.76)
Market P/E (x) **	13.22	5.21	8.47	20.38	16.98
Market Div. yld (%) *	4.80	6.39	(53.37)	(119.68)	(118.35)
Market ROE (%) *	34.86	382.43	(252.22)	(357.74)	(969.79)

* Changes in bps ** Market cap weighted

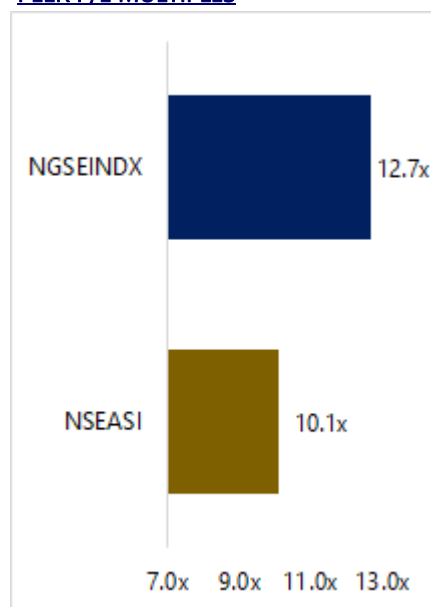
(Source: NSE, DBIB Research)

USD | KES: KES weakened 0.2% w-o-w to close at 109.11 (-7.7% YTD).

USD | KES : 52-Week Trend

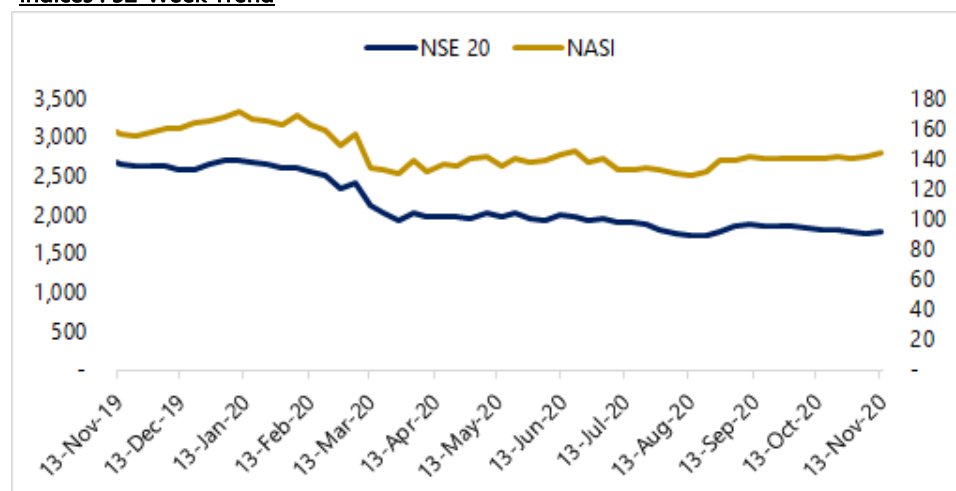


PEER P/E MULTIPLES



NSEASI* - Nairobi All Share Index
NGSEINDX* - Nigeria All Share Index
*LTM Price/EPS

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>
Sameer Africa	10.0
Crown Paints	7.9
Kenya Re	7.4
B.O.C Kenya	6.2
E.A Breweries	5.5

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Carbacid	(10.7)
EAPCC	(10.0)
Total Kenya	(8.9)
Kenya Power	(7.9)
Housing Finance	(6.5)

(Source: NSE, DBIB Research)



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Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 11.99 MN (KES 978.59 MN) representing 47.13% of this week's turnover.

The stock rose by 1.6% w-o-w to close at KES 31.80 on Friday.

Foreign investors assumed a net buying position on the counter this week by accounting for 52.04% of foreign sales and 89.30% of foreign purchases.

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<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	8.97
Equity Group	2.50
KCB Group	1.90
BAT Kenya	1.43
E.A Breweries	1.23

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Gold ETF	36.8
Eaagads	25.7
Olympia Capital	9.5
Kakuzi	7.4
Sasini	4.4

(Source: NSE, DBIB Research)

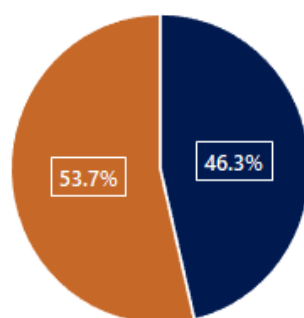


<u>Top Losers</u>	<u>%</u>
Bamburi	(68.9)
Scangroup	(63.0)
Nation Media	(60.7)
BK Group	(55.0)
E.A.Cables	(47.6)

(Source: NSE, DBIB Research)



WEEKLY LOCAL VS FOREIGN PARTICIPATION



(Source: NSE, DBIB Research)

Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Bank of Kigali	99.8
Safaricom	89.3
Bamburi	89.2
KenGen	53.5
Equity Group	48.8

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Bank of Kigali	99.9
Stanbic Holdings	93.1
KenGen	87.1
BAT Kenya	81.6
DTB Group	73.4

Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
Bank of Kigali	97.8
Crown Paints	79.6
BAT Kenya	76.5
Safaricom	71.0
Gold ETF	70.2

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
Bank of Kigali	99.9
BAT Kenya	88.4
Gold ETF	88.2
Stanbic Holdings	87.1
Safaricom	80.2

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 87.67 MN (KES 9.57 BN) representing a 27.13% w-o-w increase from USD 68.96 MN (KES 7.51 BN) recorded the previous week.

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November Tap Sale Results: FXD1/2018/25

The Government received KES 7.96 BN from its tap sale of FXD1/2018/25, below the total advertised amount of KES 20.00 BN. The government accepted KES 7.90 BN, representing 99.3% of the offered amount. The allocated average rate for accepted bids stood at 13.494% whereas the adjusted average price stood at KES 104.72. The coupon rate remained fixed at 13.400%.

Top Trades for the week ending 13 November 2020

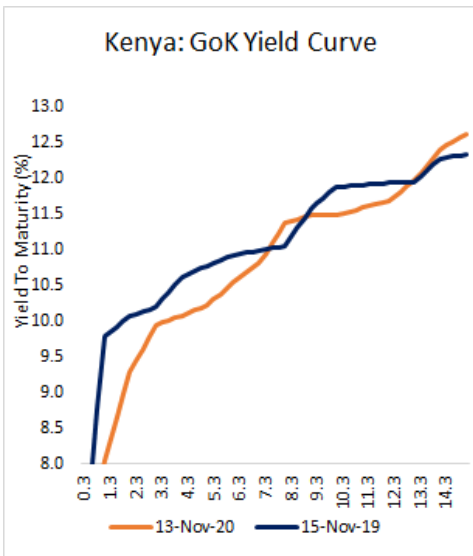
						Total
						Value
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	(KES m)
13-Nov	FXD 1/2019/ 5Yr	3.3	11.3040	9.9500	106.19	500.0
13-Nov	FXD 1/2014/10Yr	3.2	12.1800	10.0000	109.66	500.0
10-Nov	FXD 1/2019/ 5Yr	3.3	11.3040	10.0000	105.97	500.0
9-Nov	IFB 1/2018/20Yr	18.0	11.9500	11.0500	111.37	500.0
13-Nov	IFB 1/2019/16Yr	14.9	11.7500	11.0800	104.98	400.0
12-Nov	IFB 1/2019/16Yr	14.9	11.7500	11.1000	104.81	400.0
10-Nov	FXD 1/2019/ 5Yr	3.3	11.3040	10.0500	105.83	400.0
10-Nov	IFB 1/2020/11Yr	10.7	10.9000	10.7500	103.09	300.0
12-Nov	IFB 1/2018/15Yr	12.2	12.5000	11.0000	112.57	297.5
10-Nov	IFB 1/2020/11Yr	10.7	10.9000	10.1500	106.34	204.0
13-Nov	FXD3/2007/15Yr	2.0	12.5000	9.0000	106.38	200.0
13-Nov	FXD1/2018/25Yr	22.5	13.4000	13.3700	105.48	200.0
13-Nov	IFB 1/2020/6Yr	5.5	10.2000	9.7500	106.06	200.0
11-Nov	IFB 1/2020/9Yr	8.4	10.8500	10.5250	102.33	200.0
10-Nov	FXD1/2018/25Yr	22.5	13.4000	13.4500	104.80	200.0
10-Nov	IFB 1/2020/9Yr	8.4	10.8500	10.4500	102.64	200.0
9-Nov	FXD 3/2019/ 5Yr	4.1	11.4920	9.9913	109.56	200.0
9-Nov	FXD1/2010/15Yr	4.3	10.2500	10.0421	102.27	200.0
9-Nov	IFB 1/2020/11Yr	10.7	10.9000	10.7500	103.06	200.0
9-Nov	FXD1/2019/15Yr	13.2	12.8570	12.0000	109.27	180.0
11-Nov	FXD1/2018/25Yr	22.5	13.4000	12.9000	108.84	166.0
12-Nov	FXD1/2010/15Yr	4.3	10.2500	10.1000	102.15	152.4
13-Nov	FXD 1/2014/10Yr	3.2	12.1800	10.0300	109.58	150.0

(Source: NSE, DBIB Research)

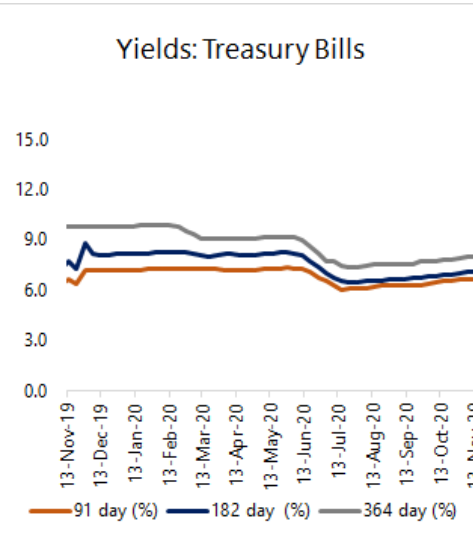
Treasury Bill auction for the week ending 13 November 2020

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	8.81	220.30	8.57	6.674	0.8
182-day	10.00	8.03	80.25	8.03	7.114	4.2
364-day	10.00	13.53	135.35	13.07	8.042	4.8

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News...

.....
Safaricom PLC announced its 1H21 results recording a 6.0% y-o-y decline in profit after tax to KES 33.1 BN
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Safaricom PLC 1H21 Earnings

Safaricom PLC announced its 1H21 results recording a 6.0% y-o-y decline in profit after tax to KES 33.1 BN mainly on the back of a 4.1% y-o-y decline in total revenue to KES 124.5 BN following the impact of COVID-19 and its associated economic restrictions especially in 1Q21. That said, management's efforts saw material operational efficiencies leading to a decline of 10.6% y-o-y in operating expenses to KES 21.2 BN. EBITDA declined 7.3% y-o-y to KES 63.4 BN while EBIT declined 10.5% y-o-y to KES 44.9 BN.

Service revenue declined 4.8% y-o-y to KES 118.4 BN mainly on the back of a 14.5% y-o-y decline in Mpesa revenue and a 6.5% y-o-y decline in voice revenue. These declines were however mitigated by a 14.1% y-o-y rise in mobile data revenue. Management pointed to a rise in service revenue in 2Q21 to KES 61.6 BN from KES 56.8 BN in 1Q21 as a sign of the strong recovery that the company has seen post removal of economic restrictions that were put in 1Q21.

Mpesa revenue declined 14.5% y-o-y to KES 35.9 BN with notable declines of 32.1% y-o-y and 23.2% y-o-y in the transfer and payments segments due to the impact of free fees on p2p transfers below KES 1,000 and transactions to and from banking wallets. That said, nascent segments such as IMT (international money transfers) and lending saw a 74.8% and 33.4% y-o-y growth respectively with the latter primarily driven by Fuliza whose repayment rate improved to about 99.4%. We also observe that the withdrawals segment saw a decline of 3.3% y-o-y as customers pivoted to cashless transactions to prevent spread of coronavirus suggesting a key change in consumer behavior that may bode well for Mpesa over time.

Underlying performance indicators remained robust and pointed at a strong recovery with 30 day active customers rising to 30.3 MN in 2Q21 vs 28.6 MN in 4Q20, 30 day active Mpesa customers rising to 26.8 MN in 2Q21 vs 24.9 MN in 4Q20 and outgoing minutes of use rising to 148.2 in 2Q21 compared to 126.1 in 4Q20. Management continued to invest for growth with a Capex growth of 25.5% y-o-y to KES 22.8 BN

Management expects the FY21 EBIT to be in the range of KES 91.0-94.0 BN, a decline of 7.5-10.5% with a capex spend of KES 35.0-38.0 BN. *(Source: Company Filings, DBIB Research)*

Salient News...

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Equity Group released its 3Q20 results recording a 13.9% y-o-y drop in profit after tax (PAT) to KES 15.0 BN.
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Equity Group 3Q20 Earnings

Equity Group released its 3Q20 results recording a 13.9% y-o-y drop in profit after tax (PAT) to KES 15.0 BN. Pre-provisions operating earnings rose 26.0% y-o-y to KES 33.6 BN but bad debt provisions surged 686.1% y-o-y to KES 14.8 BN to see the annualized cost of risk at 4.3%.

Net interest income rose 21.8% y-o-y to KES 39.3 BN on the back of a 21.7% y-o-y rise in interest income to KES 52.1 BN and a 21.6% y-o-y increase in interest expense to KES 12.8 BN.

Non-funded income rose 10.1% y-o-y to KES 24.8 BN on the back of a 1.3% y-o-y drop in fees and commissions to KES 15.5 BN, a 41.0% y-o-y rise in forex income to KES 4.0 BN and a 32.6% y-o-y rise in other operating income to KES 5.3 BN.

Operating expenses (less loan loss provisions) rose 8.4% y-o-y to KES 30.5 BN mainly on the back of a 16.2% y-o-y rise in staff costs to KES 10.8 BN and an 8.8% y-o-y rise in other operating expenses to KES 14.5 BN.

Customer loans and advances grew 30.1% y-o-y to KES 453.9 BN whereas investment securities rose 34.4% y-o-y to KES 222.8 BN. On the funding side, customer deposits rose 44.5% y-o-y to KES 691.0 BN.

Management identified 45.0% of the loan book as performing but impacted by COVID-19 and hence in need of accommodation, 45.0% as performing and 10.0% as non-performing. Gross NPL rose 69.4% y-o-y to KES 51.8 BN (+13.6% q-o-q). Interest in suspense rose 45.4% y-o-y to KES 5.8 BN. As a result total NPLs rose 73.1% y-o-y to KES 45.9 BN placing the NPL ratio at 10.2%. Loan loss provision rose 110.9% y-o-y to KES 21.1 BN placing NPL coverage ratio at 45.9%, up 823 bps y-o-y. *(Source: Company Filings, DBIB Research)*

Salient News...

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KCB GROUP released its 3Q20 results recording a 43.2% y-o-y drop in profit after tax (PAT) to KES 10.9 BN.
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KCB Group 3Q20 Earnings

KCB GROUP released its 3Q20 results recording a 43.2% y-o-y drop in profit after tax (PAT) to KES 10.9 BN. Pre-provisions operating earnings rose 12.5% y-o-y to KES 37.2 BN but bad debt provisions surged 242.5% y-o-y to KES 20.0 BN to see the annualized cost of risk at 4.6%.

Net interest income rose 23.7% y-o-y to KES 47.9 BN on the back of a 23.0% y-o-y rise in interest income to KES 63.2 BN and a 20.8% y-o-y increase in interest expense to KES 15.4 BN.

Non-funded income rose 1.5% y-o-y to KES 21.3 BN following a 1.2% y-o-y rise in total fees and commissions to KES 14.3 BN and an 8.4% y-o-y rise in other operating income to KES 3.6 BN

Operating expenses (less loan loss provisions) rose 20.1% y-o-y to KES 32.0 BN mainly on the back of a 12.8% y-o-y rise in staff costs to KES 15.2 BN and a 26.6% y-o-y rise in other operating expenses to KES 12.3 BN.

Customer loans and advances grew 18.7% y-o-y to KES 577.5 BN (+3.1% q-o-q) whereas investment securities rose 83.9% y-o-y to KES 236.2 BN. On the funding side, customer deposits rose 31.7% y-o-y to KES 772.7 BN.

8,478 loan accounts with a total value of KES 105.0 BN were restructured as at 3Q20. Gross non-performing loans rose 127.8% y-o-y to KES 96.9 BN (+15.6% q-o-q). Interest in suspense rose 168.0% y-o-y to KES 12.9 BN (+10.9% q-o-q). As a result, total NPLs (Gross NPLs less interest in suspense) rose 122.6% y-o-y to KES 84.1 BN. NPL ratio rose 633 bps y-o-y to 14.4%. *(Source: Company Filings, DBIB Research)*

UPCOMING EVENTS

Profit Warnings

- Sasini
- Eaagads
- NSE
- Eveready
- Nation Media
- 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*
Kapchorua Tea	Final Div: KES 10.00	30-Jul-20	STA*
Williamson Tea	Final Div: KES 20.00	18-Aug-20	STA*
Kenya Re	First & Final: KES 0.10	09-Oct-20	20-Nov-20
KenGen	First & Final: KES 0.25	03-Nov-20	17-Dec-20

<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>
Limuru Tea	11:00 am	Virtual	08-Dec-20
BOC	11:00 am	Virtual	08-Dec-20

(Source: Company filings , DBIB Research)

**TBC—To be confirmed*

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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