

DBIB WEEKLY BULLETIN

WEEK 48

Date: 27.11.2020

Contents:

Equity Market Sum Up	2
Fixed Income Wrap Up	4
Salient News	5
Corporate Actions	10
Appendix	11

INDICES & MARKET METRICS MOVEMENT

NSE 20 and **NASI** indices edged down 1.6% and 0.3% w-o-w to close at 1,758.05 and 143.30 respectively.

Weekly equity turnover rose by 5.9% w-o-w to USD 21.17 MN (KES 2.33 BN).

USD | KES: KES weakened 0.5% w-o-w to close at 109.98 (-8.5% YTD).

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	143.3	(0.29)	3.29	4.50	(13.89)
NSE-20	1,758.1	(1.56)	(1.99)	(9.75)	(33.77)
DBIB Select	87.8	(0.15)	1.96	2.34	(1.89)
FTSE 15	169.7	(0.22)	(1.29)	(0.84)	(23.31)
FTSE 25	187.3	(0.20)	1.88	3.28	(18.39)
FTSE Frontier 50	41,875.6	0.28	12.17	20.82	(6.05)

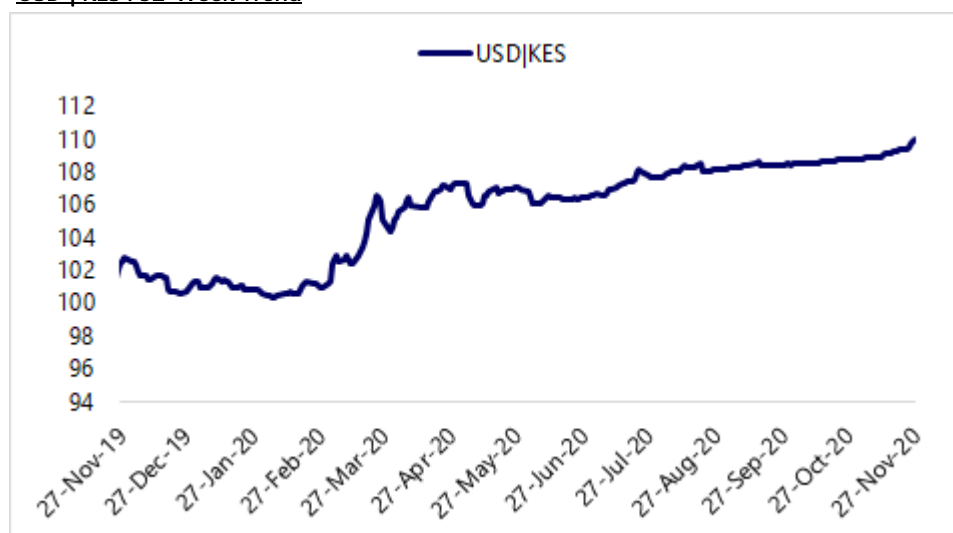
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,200.14	(0.29)	2.33	3.30	4.97
Market Turnover (USD m)	21.17	5.91	36.97	(16.88)	(4.75)
Market P/E (x)	13.30	0.09	8.07	11.05	13.68
Market Div. yld (%) *	4.70	3.51	(13.59)	(80.00)	(121.27)
Market ROE (%) *	35.76	86.75	720.65	(220.00)	(863.42)

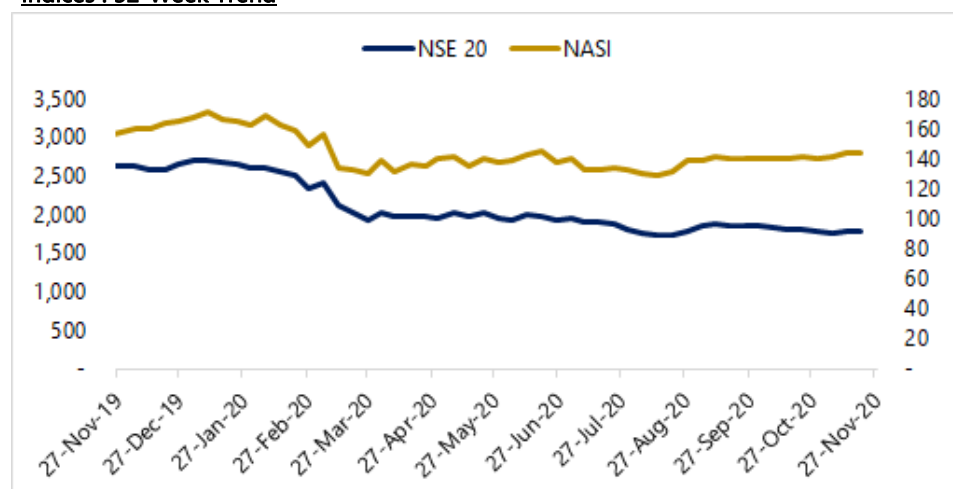
* Changes in bps ** Market cap weighted

(Source: NSE, DBIB Research)

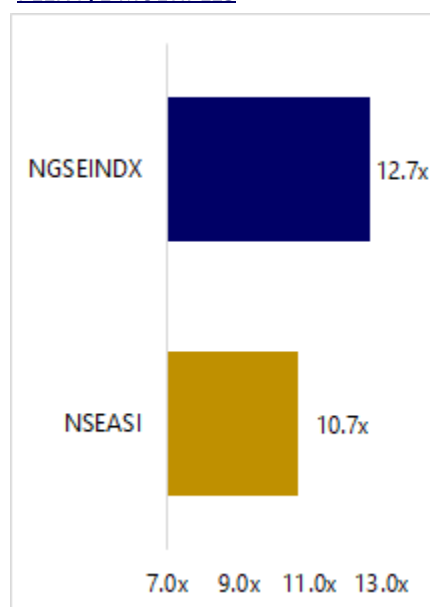
USD | KES : 52-Week Trend



Indices : 52-Week Trend



PEER P/E MULTIPLES



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

(Source: Bloomberg, DBIB Research)

(Source: NSE, DBIB Research)

WEEKLY BOURSE WRAP UP...

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Carbacid Investments	26.8
Eveready E.A.	13.5
Centum Investment	6.3
Jubilee Holdings	5.3
<u>BK Group</u>	<u>3.7</u>

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
K.P.L.C	(15.5)
Olympia Capital	(13.3)
E.A. Portland Cement	(7.7)
Flame Tree Group	(7.1)
<u>Sanlam Kenya</u>	<u>(5.2)</u>

(Source: NSE, DBIB Research)



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Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 5.87 MN (KES 645.43MN) representing 27.72% of this week's turnover.

The stock dropped 0.30% w-o-w to close at KES 31.90 on Friday.

Foreign investors assumed a net buying position on the counter this week by accounting for 58.40% of foreign sales and 85.80% of foreign purchases.

<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	5.87
Equity Group	3.96
E.A Breweries	3.45
Stanbic Holdings	1.49
<u>BAT Kenya</u>	<u>0.97</u>

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Kenya Airways	86.8
Carbacid Investments	35.0
New Gold ETF	33.7
Eaagads Ltd	25.7
<u>B.O.C Kenya</u>	<u>16.8</u>

(Source: NSE, DBIB Research)

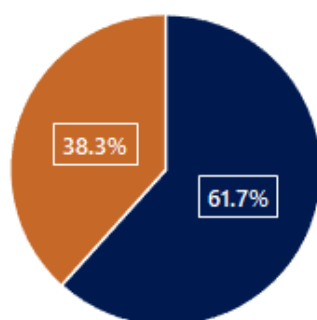


<u>Top Losers</u>	<u>%</u>
Scangroup Ltd	(65.1)
Bamburi Cement	(65.0)
Nation Media Group	(61.2)
Express Kenya	(56.1)
<u>K.P.L.C</u>	<u>(51.6)</u>

(Source: NSE, DBIB Research)



WEEKLY LOCAL VS FOREIGN PARTICIPATION



- Foreign Participation
- Local Participation

(Source: NSE, DBIB Research)

Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
N.S.E.	93.6
Stanbic Holdings	93.4
Safaricom	85.8
Centum Investment	69.2
<u>Total Kenya</u>	<u>68.5</u>

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
New Gold ETF	100.0
B.A.T Kenya	95.3
ABSA Kenya	95.0
Stanbic Holdings	93.3
<u>KenGen</u>	<u>92.6</u>

Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
Bank of Kigali	97.8
Crown Paint Kenya	79.3
B.A.T. Kenya	74.4
Safaricom	71.5
<u>New Gold ETF</u>	<u>70.3</u>

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
Bank of Kigali	99.9
B.A.T Kenya	88.7
New Gold ETF	88.4
Stanbic Holdings	88.3
<u>Safaricom</u>	<u>80.0</u>

FROM THE FIXED INCOME DESK

Bond market turnover for the week stood at USD 136.44 MN (KES 15.00 BN) representing a 18.6% w-o-w increase from USD 115.08 MN (KES 12.59 BN) recorded the previous week.

The Bond market's turnover for the week stood at USD 136.44 MN (KES 15.00 BN) representing a 18.6% w-o-w increase from USD 115.08 MN (KES 12.59 BN) recorded the previous week. The bond issue number FXD1/2018/20Yr emerged as the top traded bond with a turnover of KES 3.36 BN accounting for 22.40% of the week's turnover. The bond traded between 12.400% and 13.320%.

Top Trades for the week ending 27 November 2020

						Total
						Value
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	(KES m)
25-Nov	IFB 1/2019/16Yr	14.9	11.7500	11.1500	104.88	602.1
23-Nov	FXD1/2018/25Yr	22.5	13.4000	13.5500	104.59	500.0
27-Nov	FXD1/2018/20Yr	17.3	13.2000	13.1000	103.06	500.0
27-Nov	IFB 1/2017/7Yr	4.0	12.5000	9.8000	106.89	500.0
25-Nov	IFB 1/2020/11Yr	10.7	10.9000	10.8000	103.27	472.3
26-Nov	FXD1/2020/15Yr	14.2	12.7560	12.6000	104.27	400.0
26-Nov	FXD2/2018/20Yr	17.6	13.2000	12.6400	108.30	400.0
23-Nov	FXD 2/2017/ 5Yr	1.9	12.5170	8.8071	107.56	350.0
25-Nov	FXD2/2007/15Yr	1.5	13.5000	8.9183	112.73	317.0
24-Nov	IFB 1/2020/11Yr	10.7	10.9000	10.6500	104.04	301.0
23-Nov	IFB 1/2018/15Yr	12.1	12.5000	10.9500	113.25	300.0
25-Nov	FXD 1/2017/10Yr	8.4	12.9660	10.8000	114.38	300.0
25-Nov	FXD2/2013/15Yr	7.4	12.0000	11.5000	103.64	300.0
27-Nov	FXD1/2018/20Yr	17.3	13.2000	13.2000	102.38	300.0
26-Nov	FXD1/2018/25Yr	22.5	13.4000	13.4200	105.61	280.0
27-Nov	IFB 1/2020/11Yr	10.7	10.9000	10.7200	103.75	273.8
24-Nov	FXD1/2018/20Yr	17.3	13.2000	13.3200	101.47	250.0
25-Nov	FXD1/2018/20Yr	17.3	13.2000	13.1500	102.65	250.0
26-Nov	FXD1/2018/20Yr	17.3	13.2000	13.1000	103.02	250.0
26-Nov	FXD2/2007/15Yr	1.5	13.5000	8.0500	114.04	244.0
25-Nov	IFB 1/2020/9Yr	8.3	10.8500	10.6000	102.40	220.0

Sale-Buy Backs

25-Nov	FXD1/2018/25Yr	22.5	13.4000	13.4000	108.61	52.0
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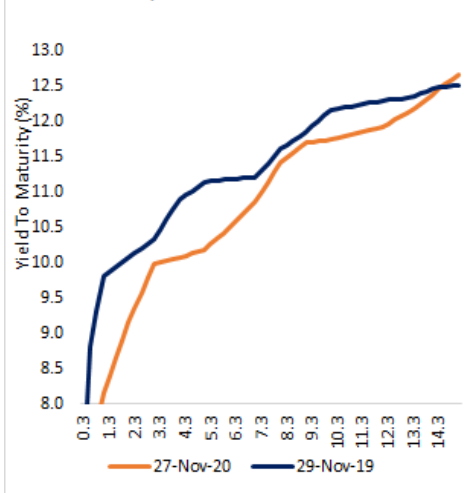
(Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 27 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	4.58	114.46	3.60	6.730	2.4
182-day	10.00	6.37	63.71	5.89	7.193	4.1
364-day	10.00	4.48	44.77	3.97	8.151	5.7

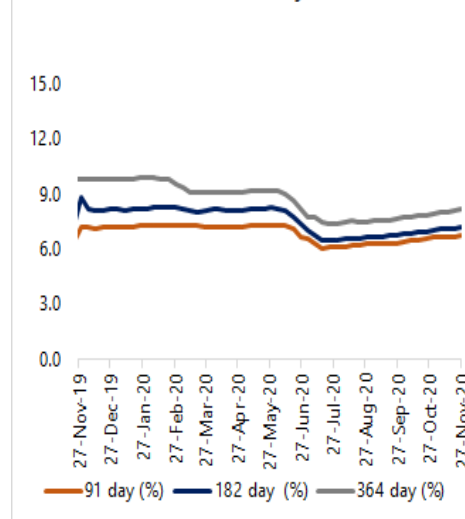
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

Salient News...

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DTB Group released its 3Q20 results recording a 27.8% y-o-y decline in PAT to KES 4.3 BN
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DTB Group: 3Q20 Earnings Update

DTB Group released its 3Q20 results recording a 27.8% y-o-y decline in PAT to KES 4.3 BN following an upsurge in bad debt charge by 232.1% y-o-y to KES 2.9 BN resulting from the prevailing higher credit risk environment in the wake of the COVID-19 pandemic. The EPS for the period stands at KES 14.40.

Net interest income grew by 0.9% y-o-y to KES 13.9 BN backed by a 3.4% y-o-y drop in interest income to KES 23.7 BN and an 8.9% y-o-y decrease in interest expense to KES 9.8 BN.

Non-funded income rose by 15.3% y-o-y to KES 5.0 BN following a 37.2% y-o-y rise in net income from forex dealings to KES 1.9 BN and a 54.2% y-o-y increase in other operating income to KES 671.5 MN.

Operating expenses increased by 10.0% y-o-y to KES 9.5 BN mainly due to a 5.9% y-o-y increase in other operating expenses to KES 3.5 BN and a 5.9% y-o-y increase in staff costs to KES 3.6 BN.

Bad debt charge edged up by 232.1% y-o-y to KES 2.9 BN leading to a subsequent 127 bps y-o-y increase in cost of risk to 1.9%.

Total assets increased by 3.0% y-o-y to KES 394.0 BN mainly on account of a rise in customer loans and advances by 7.1% y-o-y to KES 205.6 BN and a 5.1% y-o-y increase in investment securities to KES 134.1 BN.

On the funding side, customer deposits edged up by 1.8% y-o-y to KES 288.2 BN while borrowed funds increased by 60.8% y-o-y to KES 20.2 BN. Total equity rose by 6.8% y-o-y to KES 69.1 BN.

On a trailing basis, DTB is trading at a P/E multiple of 3.4x against an industry median of 4.6x; a P/B multiple of 0.3x against an industry median of 0.6x. ROE stands at 8.3% against an industry median of 12.0% while ROA stands at 1.3% against an industry median of 1.7%. At current prices, the dividend yield stands at 4.3% against an industry median of 5.7%. We issue a **HOLD** recommendation.

(Source: Company Filings, DBIB Research)

Salient News...

.....
Stanbic Bank released its 3Q20 results recording a 30.1% y-o-y drop in profit after tax (PAT) to KES 3.6 BN.
.....

Stanbic Bank: 3Q20 Earnings Update

Stanbic Bank released its 3Q20 results recording a 30.1% y-o-y drop in profit after tax (PAT) to KES 3.6 BN. This was attributable to a 12.4% y-o-y drop in total income to KES 16.1 BN and a 75.9% y-o-y upsurge in the loan loss provision expense to KES 2.9 BN. EPS for the period stood at KES 20.93.

Net interest income declined 6.9% y-o-y to KES 8.9 BN, on the back of a 5.4% y-o-y decline in interest income to KES 14.6 BN. Interest expense declined 3.1% y-o-y to KES 5.6 BN. As such, the net interest margin declined 106 bps to 5.3%.

Non-funded income declined 18.4% y-o-y to KES 7.2 BN, attributable to a 31.4% y-o-y decline in fees and commission income to KES 2.5 BN and an 83.4% y-o-y drop in other operating income to KES 286.5 MN. Forex income saw a 28.6% y-o-y rise to KES 4.4 BN.

Operating expenses (less loan loss provisions) declined 22.6% y-o-y to KES 7.7 BN mainly on the back of a 6.2% y-o-y drop in staff costs to KES 4.0 BN and a 42.4% y-o-y decline in other expenses to KES 2.8 BN.

Pre-provision operating profit declined 0.2% y-o-y to KES 8.4 BN. Loan loss provision expense saw a 75.9% y-o-y increase to KES 2.9 BN, placing the cost of risk at 2.5%, 109 bps up y-o-y. As a result, profit before tax dropped 8.6% y-o-y to KES 5.4 BN.

Customer loans and advances declined 1.8% y-o-y to KES 158.9 BN (-1.3% q-o-q). On the other hand, investment securities saw a 104.4% y-o-y increase to KES 55.3 BN (+35.5% q-o-q) whereas held for dealing securities rose 96.7% y-o-y to KES 48.2 BN (+18.4 q-o-q).

On the funding side, customer deposits saw an 18.2% y-o-y increase to KES 226.0 BN (-10.4% q-o-q) whilst borrowed funds saw a 32.3% y-o-y decline to KES 8.4 BN (-34.2% q-o-q).

On a trailing basis, Stanbic Holdings is trading at a P/E ratio of 6.7x, above an industry median of 5.9x, and a P/B of 0.7x above an industry median of 0.6x. ROE stands at 9.9%, relative to an industry median of 11.1%, whereas ROA stands at 1.3%, relative to an industry median of 1.5%. We issue a **HOLD** recommendation.

(Source: Company Filings, DBIB Research)

Salient News...

.....
NCBA Group released its 3Q20 results recording a 45.3% y-o-y drop in profit after tax (PAT) to KES 2.5 BN.
.....

NCBA Group: 3Q20 Earnings Update

Disclaimer: The 3Q20 financials are prepared on a prospective basis i.e. 9 months performance of NCBA Bank for 2020 against the prior year comparatives for CBA Bank.

NCBA Group released its 3Q20 results recording a 45.3% y-o-y drop in profit after tax (PAT) to KES 2.5 BN. Pre-provision operating profit rose 95.5% y-o-y to KES 17.8 BN. However, this was eroded by a 571.2% y-o-y rise in loan loss provision expense to KES 13.4 BN. EPS for the period stood at KES 1.65.

Net interest income rose by 119.1% y-o-y to KES 17.0 BN, on the back of a 107.3% y-o-y increase in interest income to KES 31.2 BN and a 94.9% y-o-y increase in interest expense to KES 14.2 BN.

Non-funded income rose by 58.7% y-o-y to KES 16.1 BN on the back of a 47.4% y-o-y increase in fees and commission income to KES 11.4 BN, a 64.5% y-o-y increase in net income from forex dealings to KES 3.1 BN, and a 196.0% y-o-y increase in other operating income to KES 1.7 BN.

Operating expenses (less loan loss provisions) rose by 73.7% y-o-y to KES 15.3 BN mainly on the back of a 97.3% y-o-y increase in other operating expenses to KES 7.2 BN and a 58.7% y-o-y increase in staff costs to KES 5.3 BN.

Pre-provision operating profit rose 95.5% y-o-y to KES 17.8 BN. Loan loss provision expense rose 571.2% y-o-y to KES 13.4 BN. As such, cost of risk rose 507 bps to 7.1%. As at 3Q20, the group has restructured loans amounting to KES 76.0 BN to corporate and retail customers.

Customer loans and advances rose 93.7% y-o-y to KES 249.7 BN (+0.6% q-o-q) while investment securities rose by 104.4% y-o-y to KES 167.3 BN (-1.8% q-o-q). On the funding side, customer deposits saw an 88.0% y-o-y increase to KES 402.6 BN (+3.1% q-o-q) while borrowed funds declined by 5.1% y-o-y to KES 14.4 BN (-29.3% q-o-q).

The group has announced a voluntary exit program (VEP) and a subsequent redundancy program, in a bid to achieve the targeted organization structure upon completion of the group's business integration across all geographies.

On a trailing basis, NCBA is trading at a P/E multiple of 5.9x, against an industry median of 5.5x and a P/B multiple of 0.5x, against an industry median of 0.6x. Its ROE stands at 8.2%, against an industry median of 11.1%, whereas its ROA stands at 1.1%, against an industry median of 1.5%. We issue a **HOLD** recommendation.

(Source: Company Filings, DBIB Research)

Salient News...

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Carbacid Investments released its FY20 results recording a 22.7% y-o-y rise in net profit after tax to KES 324.6 MN
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Carbacid Investments: FY20 Earnings Update

Carbacid Investments released its FY20 results recording a 22.7% y-o-y rise in net profit after tax to KES 324.6 MN following an 8.3% y-o-y increase in turnover to KES 682.9 MN. The EPS for the period stands at KES 1.27.

A final dividend of KES 0.7 per share was declared payable on or about 29th January 2021 to shareholders on register at the close of 9th January 2021. At current prices, dividend yield stands at 7.78%.

Operating expenses rose by 12.4% y-o-y to KES 258.7 MN whereas other income grew by 13.3% y-o-y to KES 230.8 MN.

Total assets rose by 3.6% y-o-y to KES 3.6 BN courtesy of a 10.5% y-o-y rise in current assets to KES 1.1 BN and an increase in financial assets by 4.7% y-o-y to KES 1.4 BN while total liabilities declined by 7.5% y-o-y to KES 192.4 MN.

Total equity edged up by 4.0% y-o-y to close at KES 3.3 BN on the back of a 5.4% y-o-y increase in retained earnings to KES 2.9 BN.

Net cash generated from operating activities dropped by 5.3% y-o-y to KES 389.7.

On a trailing basis, Carbacid is trading at a P/E multiple of 7.1x against an industry median of 1.3x, a P/E multiple of 0.7x against an industry median of 0.1x. Its ROE stands at 10.0% against an industry median of 10.0% while the ROA stands at 8.9% against an industry median of 3.8%. *(Source: Company Filings, DBIB Research)*

Williamson Tea: 1H21 Earnings Update

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Williamson Tea Kenya released its 1H21 results reporting a 151.5% y-o-y improvement in PAT to KES 34.0 MN
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Williamson Tea Kenya released its 1H21 results reporting a 151.5% y-o-y improvement in PAT to KES 34.0 MN arising from a 44.9% y-o-y upsurge in revenue to KES 1.9 BN largely due to favourable weather conditions and strong support from small-holder farmers. Despite record low prices in the market place due to the very high supply and financial uncertainties attributable to the coronavirus pandemic, the group has managed to achieve a modest profit through diligent selling, quality controls and prudent cost savings. EPS for the period stands at KES 1.50.

Operating expenses rose by 58.3% to KES 1.9 BN while finance income edged down 72.5% y-o-y to KES 10.4 BN.

Total assets dropped by 1.4% y-o-y to KES 7.8 BN, attributable to a 10.1% decline in inventories to KES 778.2 MN while total liabilities rose by 12.1% y-o-y to KES 2.0 BN on account of a new borrowing of KES 206.1 MN by the group. Total equity declined by 5.3% y-o-y to close at KES 5.8 BN. *(Source: Company Filings, DBIB Research)*

Salient News...

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Kapchorua Tea posted its 1H21 results recording a loss of KES 12.7 MN, a 15.9% y-o-y improvement due to a significant rise in turnover by 72.5% y-o-y to KES 669.7 MN.
.....

Kapchorua Tea: 1H21 Earnings Update

Kapchorua Tea posted its 1H21 results recording a loss of KES 12.7 MN, a 15.9% y-o-y improvement due to a significant rise in turnover by 72.5% y-o-y to KES 669.7 MN. This was on account of favourable weather conditions and strong support from small holder farmers. The counter faced losses largely due to significant reduction in prices caused by the ready availability of tea in the market and the somewhat erratic and sometimes depressed conditions due to the coronavirus pandemic. Loss per share for the period stands at KES 1.62.

Operating expenses rose by 91.6% to KES 664.1 MN while finance income dropped by 41.6% y-o-y to KES 10.0 MN.

Total assets declined by 5.2% y-o-y to KES 1.8 BN while total liabilities dropped by 1.8% y-o-y to close at KES 505.6 MN. Shareholders' funds decreased by 6.4% yo-y to KES 331.9 MN. *(Source: Company Filings, DBIB Research)*

UPCOMING EVENTS

Profit Warnings

- Sasini
- Eaagads
- NSE
- Eveready
- Nation Media
- Kenya Power
- E.A. Cables

<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*
KenGen	First & Final: KES 0.25	03-Nov-20	17-Dec-20
Carbacid	First & Final: KES 0.70	09-Jan-21	29-Jan-21

<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
Jubilee Holdings	11:00 am	Virtual	15-Dec-20
E.A. Portland Cement	12.00 noon	Virtual	17-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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