

DBIB WEEKLY BULLETIN

WEEK 31

Date: 06.08.2021

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INDICES & MARKET METRICS MOVEMENT

NSE 20 held constant w-o -w to close at 1,974.46 while **NASI** edged up 0.6% to close at 178.50.

Weekly equity turnover dropped 11.9% w-o-w to USD 13.72 MN (KES 1.49 BN).

USD | KES: KES weakened 0.1% w-o-w to close at 108.72 (+0.4% YTD).

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	178.50	0.55	4.33	13.61	17.35
NSE-20	1,974.46	0.01	6.01	5.82	5.68
DBIB Select	108.35	0.01	2.06	7.54	11.02
FTSE 15	213.71	0.72	10.85	18.39	19.96
FTSE 25	237.46	0.61	7.09	16.69	20.18
FTSE Frontier 50	48,784.50	0.44	4.64	6.04	10.72

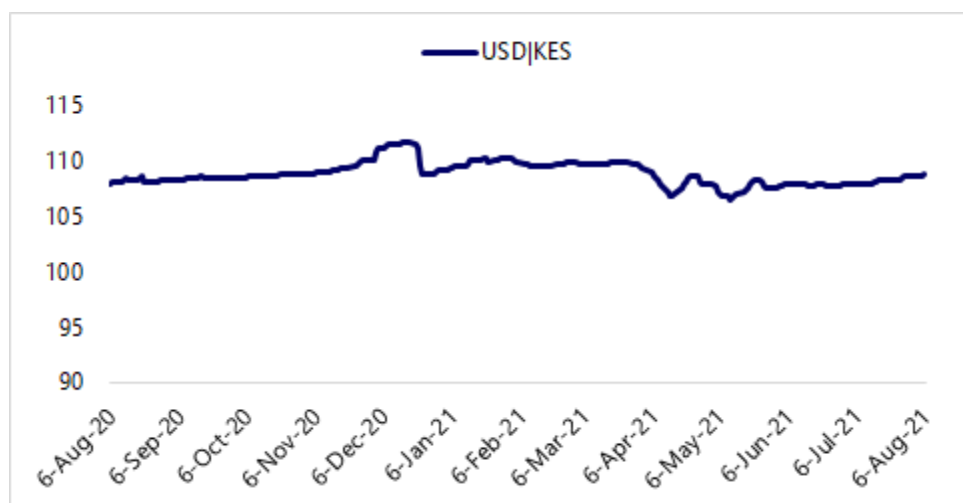
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,781.64	0.56	1.94	5.81	15.24
Market Turnover (USD m)	13.72	(11.89)	(45.32)	(45.09)	(51.86)
Market P/E (x)	17.80	2.30	40.98	20.27	41.40
Market Div. yld (%) *	3.40	-	(80.00)	(73.54)	(205.32)
Market ROE (%) *	37.11	7.00	(275.00)	407.38	(21.90)

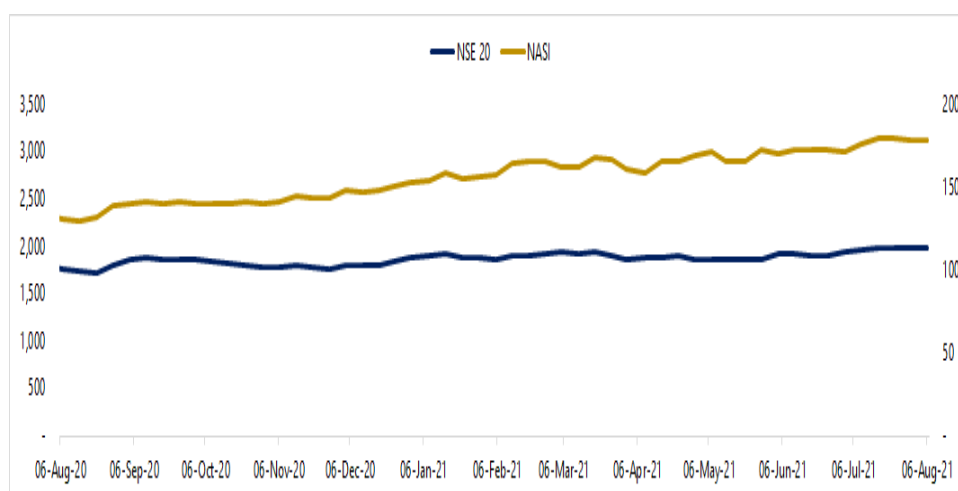
* Changes in bps ** Market ROE is market cap weighted

(Source: NSE, DBIB Research)

USD | KES : 52-Week Trend

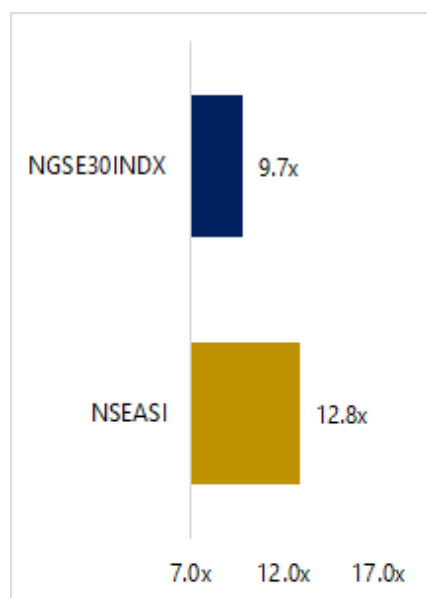


Indices : 52-Week Trend



(Source: NSE, DBIB Research)

PEER P/E MULTIPLES



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

(Source: Bloomberg, DBIB Research)

WEEKLY BOURSE WRAP UP...

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Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 6.91 MN (KES 751.82 MN) representing 50.40% of this week's turnover.

The stock edged up 0.4% w-o-w to close at KES 42.10 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 70.95% of foreign sales and 57.00% of foreign purchases.

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Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Uchumi Supermarket	17.4
BK Group	11.7
E.A.Portland	9.8
Stanbic Holdings	8.8
<u>Express Kenya</u>	<u>8.7</u>

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
NBV Ltd	(15.9)
Sameer Africa	(9.7)
TPS E.A	(6.4)
KenGen	(4.5)
<u>Trans-Century Ltd</u>	<u>(4.4)</u>

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	6.91
E.A Breweries	1.22
KCB Group	1.20
StanChart Bank	0.89
<u>Bamburi Cement</u>	<u>0.84</u>

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
NBV Ltd	62.6
Nation Media	60.2
Car & General	59.1
BK Group	58.0
<u>CIC Insurance</u>	<u>45.5</u>

(Source: NSE, DBIB Research)

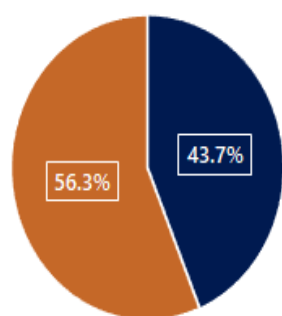


<u>Top Losers</u>	<u>%</u>
Crown Paints	(31.7)
WPP Scangroup	(25.7)
Eveready E.A	(18.3)
E.A.Portland	(18.2)
<u>Kenya Power</u>	<u>(18.1)</u>

(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>
Equity Group	70.1
I&M Holdings	67.4
Safaricom	57.0
Kenya Re	56.3
<u>Crown Paints</u>	<u>51.1</u>

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
BOC Kenya	95.8
BAT Kenya	95.6
E.A Breweries	93.4
Safaricom	70.9
<u>WPP Scangroup</u>	<u>58.4</u>

Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
BOC Kenya	91.3
Stanbic Holdings	72.9
Safaricom	72.5
<u>Equity Group</u>	<u>64.9</u>

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	99.7
E.A Breweries	77.8
Stanbic Holdings	70.3
Safaricom	68.7
<u>BAT Kenya</u>	<u>67.1</u>

FROM THE FIXED INCOME DESK

The **Bond market's turnover** for the week stood at USD 195.63 MN (KES 21.27 BN) representing a 4.9% w-o-w decrease from USD 205.66 MN (KES 22.34 BN) recorded the previous week.

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August Issue: FXD3/2019/10 (Re-opened), FXD1/2018/20 (Re-opened) & FXD1/2021/20 (New issue)

This August, the government has issued the bonds: FXD3/2019/10 (8.1 yrs.), FXD1/2018/20 (16.7 yrs.) and FXD1/2021/20 (20.0 yrs.) with the aim of raising KES 60.0 BN for budgetary support. The coupon rates stand at 11.517% and 13.200% for FXD1/2019/10 and FXD1/2018/20, respectively while that of FXD1/2021/20 will be market determined. The period of sale runs from 26 July 2021 to 10 August 2021.

Top Trades for the week ending 06 August 2021

						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
4-Aug	FXD 1/2014/10Yr	2.4	12.1800	10.1000	104.95	1,053.2
5-Aug	FXD 1/2013/10Yr	1.9	12.3710	9.0000	107.21	1,000.0
4-Aug	FXD 2/2019/10Yr	7.7	12.3000	12.0500	105.04	900.0
5-Aug	FXD 2/2017/ 5Yr	1.2	12.5170	8.7500	107.90	800.0
6-Aug	FXD 2/2017/ 5Yr	1.2	12.5170	8.4000	108.33	800.0
4-Aug	FXD 1/2012/10Yr	0.9	12.7050	9.0000	107.18	600.0
6-Aug	FXD 1/2017/ 5Yr	1.0	12.4650	8.1500	109.89	600.0
6-Aug	FXD 1/2014/10Yr	2.4	12.1800	9.9000	105.45	567.0
5-Aug	FXD 1/2017/ 5Yr	1.0	12.4650	8.1500	109.86	500.0
5-Aug	FXD 2/2017/ 5Yr	1.2	12.5170	8.6216	108.05	500.0
5-Aug	FXD 1/2014/10Yr	2.4	12.1800	9.8700	105.48	500.0
6-Aug	FXD 1/2021/2Yr	1.4	9.4860	8.4000	102.08	500.0
6-Aug	IFB 1/2021/18Yr	17.6	12.6670	12.0250	108.03	500.0
4-Aug	IFB 1/2016/15Yr	10.2	12.0000	11.0000	107.53	400.0
5-Aug	FXD 2/2017/ 5Yr	1.2	12.5170	8.6000	108.07	400.0
5-Aug	FXD1/2008/15Yr	1.6	12.5000	9.2000	109.71	400.0

Sell & Buy Back

5-Aug	FXD2/2013/15Yr	6.7	12.0000	11.6500	107.90	140.0
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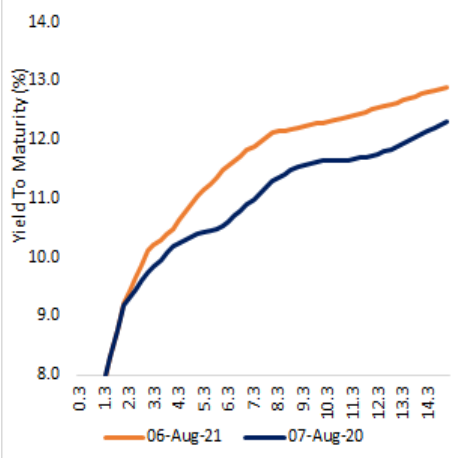
(Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 06 August 2021

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	6.09	152.34	6.08	6.513	2.7
182-day	10.00	15.02	150.20	14.04	7.046	8.0
364-day	10.00	2.83	28.30	2.82	7.418	(0.8)

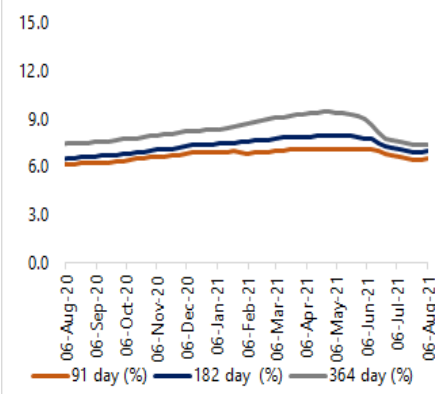
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

Salient News

KENYA-RE: 1H21 EARNINGS SNAPSHOT

Kenya Re released its 1H21 earnings reporting a 66.0% y-o-y decline in profit after tax to KES 533.7 MN. Profit before tax saw a 63.5% y-o-y drop to KES 762.4 MN on account of a 17.0% y-o-y rise in total expenses to KES 10.0 BN, mainly driven by a 22.0% y-o-y increase in net insurance benefits and claims to KES 6.3 BN.

Gross written premiums rose 5.7% y-o-y to KES 9.6 BN while outward reinsurance premium dipped 200.7% y-o-y to KES 769.9 MN placing net earned premiums at KES 8.7 BN, relatively flat y-o-y (+0.3%). Short term business accounted for KES 8.7 BN and KES 7.7 BN of gross written and net earned premiums respectively, while long term business accounted for KES 933.7 MN and KES 933.4 MN respectively.

Investment income remained fairly flat at KES 2.0 BN (-0.4%) with KES 1.4 BN from short term business and KES 502.2 MN from the long term business. Altogether, total income edged up 1.1% y-o-y to KES 10.7 BN.

Net claims and benefits rose 22.0% y-o-y to KES 6.3 BN placing claims ratio at 72.3%. Cedant acquisition costs rose 3.2% y-o-y to KES 2.2 BN placing net acquisitions ratio at 24.2% while operating and other expenses increased by 10.8% y-o-y to KES 1.1 BN placing expense ratio at 16.9%.

Net assets rose 5.9% y-o-y to KES 35.1 BN owing to a 1.7% y-o-y growth in total assets to KES 54.2 BN and a 5.3% drop in total liabilities to KES 19.2 BN.

On a trailing basis, Kenya Re is trading at a P/E of 3.9x and a P/B of 0.2x while its ROE and ROA stand at 5.4% and 3.5%, respectively. We maintain a BUY recommendation. (Source: Company filings, DBIB Research)

NBV Ltd & WPP Scangroup announced a delay in the publication of their earnings

The Nairobi Business Ventures Ltd announced that there will be a delay in the publication of its FY21 earnings. This is on account of its proposition to acquire: 100% of the issued share capital in Delta Automobile Limited, a heavy commercial vehicle maintenance firm; Management Solutions Limited (AMSL), that holds aviation assets, as well as Air Direct Connect Limited that carries out aircraft maintenance work. NBV Ltd also plan on acquiring a parcel of land in Mavoko, Machakos County, to set up a cement manufacturing facility that will cost KES 15 BN.

Due to the aforementioned transactions, the counter is in the process of devising its circular for the necessary stakeholders. The publication of its statements has therefore been postponed to 31st August 2021 from 31st July 2021.

WPP Scangroup announced that it expects to publish its FY20 earnings on 31st August 2021. This is occasioned by an extended scope of audit by the external auditors as a result of the ongoing investigations following the senior management changes early this year. (Source: Company filings, DBIB Research)

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Salient News cont'd

Home Afrika FY20 Earnings

Home Afrika released its FY20 earnings reporting a loss after tax of KES 340.3 MN, a 61.7% y-o-y improvement from a loss after tax of KES 888.8 MN in FY19. Actual sales, not adjusted for percentage of completion grew by 4% y-o-y to KES 672 MN in FY20 despite the significant negative effects of the Covid-19 pandemic on the industry. The group mentioned that it expects its long-term project, Migaa Golf Estate to realize its profitability at the end of the project which is in 3 - 4 years' time.

Revenue for the period dropped 25.9% y-o-y to KES 269.1 MN while cost of sales dropped 39.7% y-o-y to KES 216.7 MN. This placed the gross profit at KES 52.4 MN, a 14-fold y-o-y growth.

Operating income advanced 271.0 % y-o-y to KES 67.0 MN while operating expenses eased 63.5% y-o-y to KES 238.5 MN. Finance costs for the period decreased by 13.9% y-o-y to KES 219.2 MN.

Total assets edged up 2.2% y-o-y to KES 4.44 BN following a 13.2% y-o-y rise in non-current assets to KES 444.4 MN and a 1.1% y-o-y rise in current assets to KES 4.0 BN. The group's sellable land and inventory grew 1.5% y-o-y to KES 3.6 BN. The group mentioned that it will continue to invest in infrastructure of the various projects, especially its main project, Migaa Golf Estate, which will help improve the market value of its land bank. Total liabilities saw a 6.9% y-o-y upturn to KES 6.7 BN.

Net cash from operating activities fell 4.6% y-o-y to KES 57.3 MN. Net cash used in investing activities increased 391.9% y-o-y to KES 59.9 MN while net cash used in financing activities shed 78.7% y-o-y to KES 9.8 MN. (*Source: Company filings, DBIB Research*)

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Salient News cont'd

Sameer Africa 1H21 Earnings

Sameer Africa released its 1H21 results recording a Profit after Tax (PAT) of KES 154.5 MN, an upswing from a loss after tax of KES 58.6 MN in 1H20. EPS for the period stood at KES 0.58 compared to a loss after tax of KES 0.23 in 1H20.

Revenue dropped 26.7% y-o-y to KES 323.2 MN reflecting the gradual re-entry into the tyre business while cost of sales fell 86.6% y-o-y to KES 42.1 MN placing gross profit at KES 281.1 MN, a 122.4% y-o-y advancement.

Operating expenses shed 54.5% y-o-y to KES 58.4 MN as the group maintained the lean operating model adopted in FY20 while other operating income deteriorated by 46.9% y-o-y to KES 3.8 MN.

Total assets grew 15.3% y-o-y to KES 1.2 BN backed by a 4.7% y-o-y rise in non-current assets to KES 757.5 MN and a 39.3% y-o-y rise in current assets to KES 448.6 MN.

Total liabilities remained fairly flat y-o-y at KES 932.1 MN (+0.1%) while total equity increased 138.8% y-o-y to KES 273.9 MN.

Net cash generated from operating activities decreased 50.9% y-o-y to KES 158.5 MN. Net cash used in investing activities dropped 18.6% y-o-y to KES 26.5 MN while net cash used in financing activities stood at KES 16.2 MN. (*Source: Company filings, DBIB Research*)

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Sameer Africa released its 1H21 results recording a Profit after Tax (PAT) of KES 154.5 MN, an upswing from a loss after tax of KES 58.6 MN in 1H20

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UPCOMING EVENTS

Profit Warnings

1. E.A. Cables

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
NSE	First& Final: KES 0.53	04-Jun-21	30-Aug-21
Kenya Re	First & Final: KES 0.20	30-Jun-21	13-Aug-21
Kapchorua Tea	First & Final: KES 10.00	21-Jul-21	STA*
Williamson Tea	First & Final: KES 10.00	21-Jul-21	STA*
Centum Investment	Final: KES 0.33	STA*	STA*
Safaricom	Final: KES 0.92	30-Jul-21	31-Aug-21
BAT Kenya	Interim: KES 3.50	12-Aug-21	16-Sep-21

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Co-operative Bank	11:00 a.m.	Virtual	20-Aug-21

(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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RESEARCH TEAM

Email: research@dyerandblair.com | Contact: +254 709 930 128