

# DBIB WEEKLY BULLETIN

# WEEK 34

Date: 27.08.2021

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## INDICES & MARKET METRICS MOVEMENT

**NSE 20** and **NASI** gained 0.9% and 0.5% w-o-w to close at 2,034.30 and 187.20, respectively.

**Weekly equity turnover** dropped 48.6% w-o-w to USD 21.43 MN (KES 2.35 BN).

**USD | KES:** KES weakened 0.2% w-o-w to close at 109.78 (-0.6% YTD).

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	187.20	0.47	8.40	13.19	23.07
NSE-20	2,034.30	0.92	9.24	6.19	8.88
DBIB Select	111.06	0.35	2.85	6.40	13.79
FTSE 15	224.71	1.75	12.69	20.33	26.14
FTSE 25	248.89	0.79	9.33	16.56	25.97
FTSE Frontier 50	49,100.23	0.82	2.43	7.40	11.44

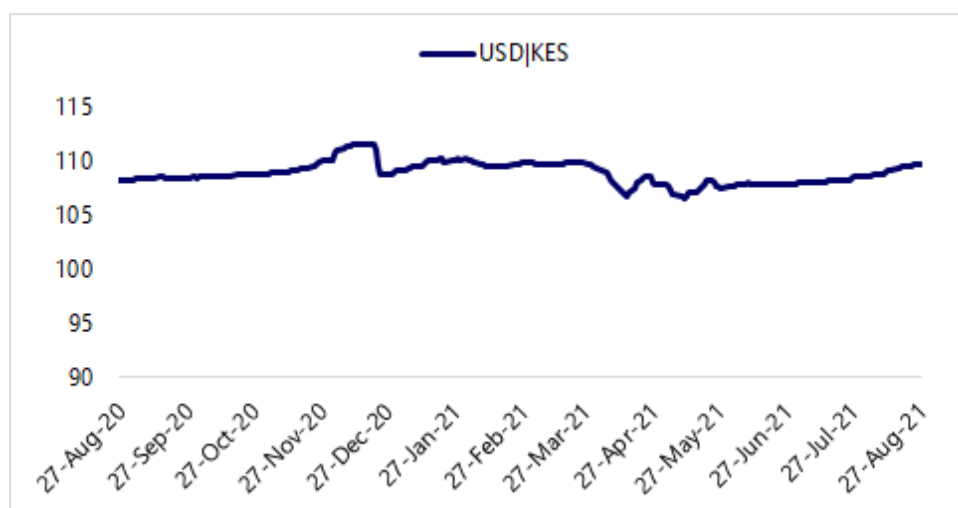
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,917.37	0.47	5.46	8.49	14.80
Market Turnover (USD m)	21.43	(48.58)	37.64	(53.82)	(25.98)
Market P/E (x)	18.40	(2.13)	5.75	22.67	34.31
Market Div. yld (%) *	3.20	-	(20.00)	(150.00)	(163.59)
Market ROE (%) *	37.79	2.00	409.00	462.00	923.65

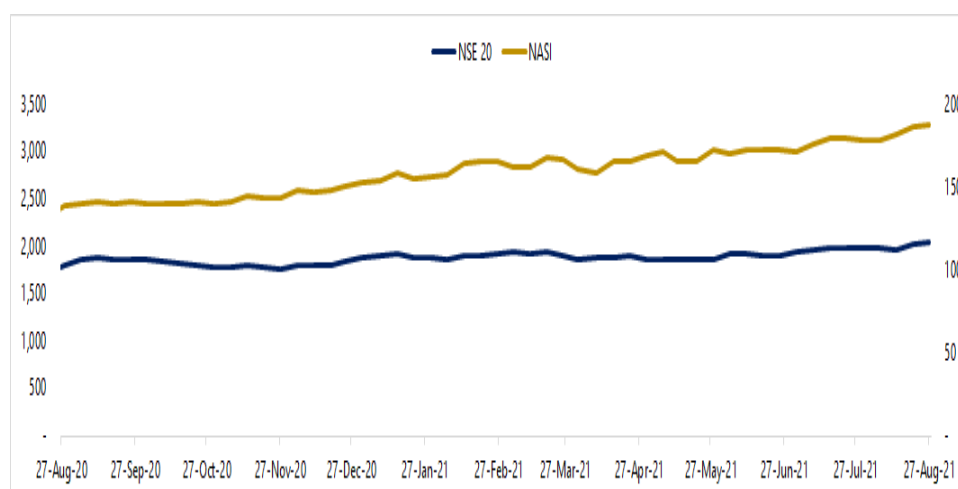
\* Changes in bps \*\* Market ROE is market cap weighted

(Source: NSE, DBIB Research)

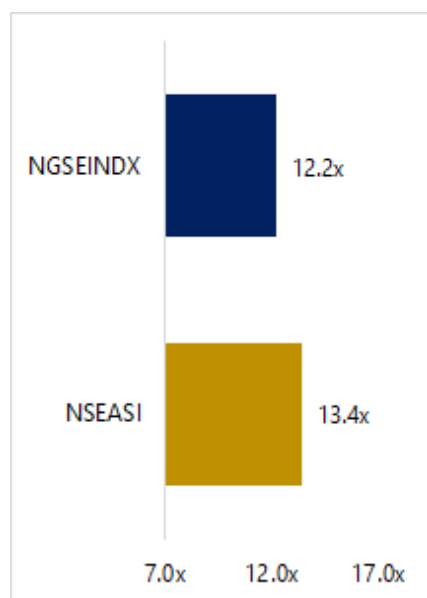
### USD | KES : 52-Week Trend



### 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>
Sameer Africa	11.2
KenGen	9.6
Kakuzi Ltd	8.6
ABSA Bank	8.4
Centum Investment	8.3

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
WPP Scangroup	(11.4)
Eaagads Ltd	(9.7)
Standard Group	(8.2)
Sasini	(6.7)
E.A.Portland	(5.3)

(Source: NSE, DBIB Research)



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**Safaricom** emerged the top traded counter on the bourse recording a weekly turnover of USD 10.93 MN (KES 1.20 BN) representing 50.99% of this week's turnover.

The stock shed 0.2% w-o -w to close at KES 44.35 on Friday.

Foreign investors assumed a **net buying** position on the counter this week by accounting for 50.17% of foreign sales and 96.21% of foreign purchases.

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<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	10.93
Equity Group	5.15
KCB Group	1.31
ABSA Bank	1.00
E.A Breweries	0.83

(Source: NSE, DBIB Research)

## Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
BK Group	88.0
Nation Media	62.8
Car & General	59.1
Equity Group	48.4
Safaricom	29.5

(Source: NSE, DBIB Research)

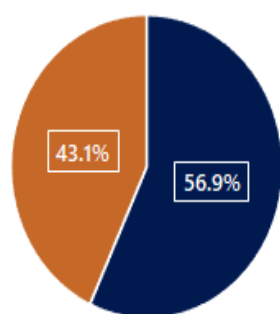


<u>Top Losers</u>	<u>%</u>
WPP Scangroup	(40.5)
Crown Paints Kenya	(30.8)
E.A.Portland	(25.5)
Standard Group	(20.2)
Kenya Power	(18.7)

(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>
Safaricom	96.2
Umeme Ltd	84.8
Equity Group	68.4
ABSA Bank	30.0
E.A Breweries	22.7

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
WPP Scangroup	86.4
Umeme Ltd	84.1
E.A Breweries	83.0
KCB Group	59.7
Bamburi Cement	56.1

## Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
BOC Kenya	90.6
Safaricom	74.3
Stanbic Holdings	72.0
Equity Group	62.9

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	99.7
E.A Breweries	79.9
Stanbic Holdings	69.4
BAT Kenya	67.9
Bank of Kigali	65.0



## FROM THE FIXED INCOME DESK

The **Bond market's turnover** for the week stood at USD 116.53 MN (KES 12.79 BN) representing a 38.7% w-o-w decrease from USD 190.13 MN (KES 20.83 BN) recorded the previous week.

The Bond market's turnover for the week stood at USD 116.53 MN (KES 12.79 BN) representing a 38.7% w-o-w decrease from USD 190.13 MN (KES 20.83 BN) recorded the previous week. The bond issue number FXD1/2021/20Yr emerged as the top traded bond with a turnover of KES 4.01 BN accounting for 31.3% of the week's turnover. The bond traded between 12.8400% and 13.4250%.

### September Issue: IFB1/2021/21 ((New issue)

This September, the government has issued an IFB1/2021/21 with the aim of raising KES 75.0 BN for the funding of the infrastructure projects in the full year 2021/2022 budget estimates. The coupon rate will be market determined whereas the period of sale runs from 20 August 2021 to 07 September 2021.

### Top Trades for the week ending 27 August 2021

						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
24-Aug	FXD1/2021/20Yr	19.9	13.4440	13.3500	100.94	1,380.0
24-Aug	FXD 4/2019/10Yr	8.2	12.2800	12.2000	103.47	1,000.0
27-Aug	FXD 2/2019/ 5Yr	2.7	10.8720	10.0000	105.24	900.0
23-Aug	FXD 4/2019/10Yr	8.2	12.2800	12.2500	103.18	300.0
24-Aug	FXD 1/2013/10Yr	1.8	12.3710	8.9500	107.79	300.0
24-Aug	FXD 4/2019/10Yr	8.2	12.2800	11.9000	105.02	300.0
24-Aug	FXD2/2018/20Yr	16.9	13.2000	13.1250	101.53	300.0
24-Aug	FXD1/2021/20Yr	19.9	13.4440	13.3250	101.11	300.0
25-Aug	FXD1/2009/15Yr	3.1	12.5000	10.0000	111.18	300.0
25-Aug	FXD2/2010/15Yr	4.3	9.0000	10.6000	96.34	300.0
25-Aug	FXD1/2021/25Yr	24.6	13.9240	13.0000	110.83	300.0
26-Aug	FXD2/2010/15Yr	4.3	9.0000	10.4500	96.86	300.0
24-Aug	IFB 1/2020/11Yr	10.0	10.9000	10.2100	103.48	283.5
25-Aug	FXD1/2021/20Yr	19.9	13.4440	13.2851	101.43	260.0
23-Aug	FXD1/2011/20Yr	9.7	10.0000	11.2000	95.65	200.0
23-Aug	FXD1/2021/20Yr	19.9	13.4440	13.4000	100.55	200.0
23-Aug	FXD1/2021/25Yr	24.6	13.9240	13.5158	106.86	200.0
24-Aug	FXD1/2018/20Yr	16.5	13.2000	13.1000	106.26	200.0
24-Aug	FXD1/2021/20Yr	19.9	13.4440	13.4000	100.59	200.0
25-Aug	IFB 1/2020/9Yr	7.6	10.8500	10.9500	103.60	200.0
27-Aug	FXD1/2020/15Yr	13.5	12.7560	12.7500	100.17	200.0

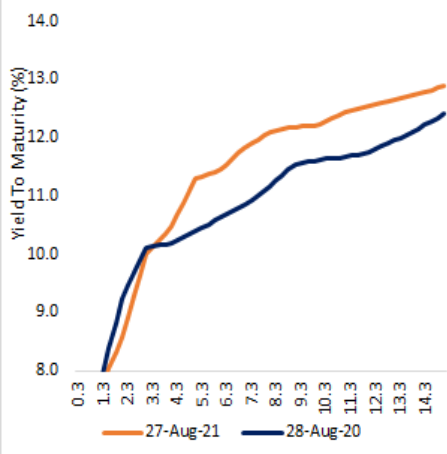
(Source: NSE, DBIB Research)

### Treasury Bill auction for the week ending 27 August 2021

Instrument	Amount	Bids Received	Subscription	Bids Accepted	Yield	w-o-w
	(KES Bn)	(KES Bn)	Rate (%)	(KES Bn)	(%)	bps ch
91-day	4.00	1.77	44.16	1.76	6.741	14.2
182-day	10.00	2.02	20.23	2.02	7.195	9.1
364-day	10.00	4.96	49.64	4.04	7.492	7.2

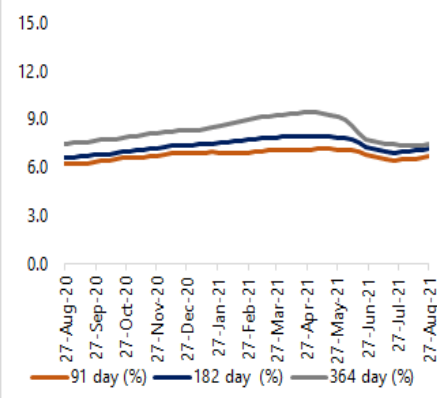
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

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## Salient News

### ABSA Bank1H21 Earnings

ABSA Bank released its 1H21 results recording a nine-fold jump (+846.0% y-o-y increase) in profit after tax (PAT) to KES 5.6 BN. This was attributable to a 63.9% y-o-y decline in the loan loss provision expense to KES 1.9 BN, a 6.1% y-o-y growth in total income to KES 17.8 BN and the base effect of the 1H20 exceptional item of KES 1.7 BN. EPS for the period stood at KES 1.03.

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**ABSA Bank** released its 1H21 results recording a nine-fold jump (+846.0% y-o-y increase) in profit after tax (PAT) to KES 5.6 BN.  
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**Net interest income grew by 6.1% y-o-y to KES 12.0 BN**, on the back of a 0.8% y-o-y decrease in interest income to KES 15.2 BN. Interest expense declined 20.4% y-o-y to KES 3.2 BN, supporting net interest income growth. As such, the net interest margin increased 14 bps y-o-y to 7.7%.

**Non-funded income also grew by 6.1% y-o-y to KES 5.8 BN**, attributable to 10.7% y-o-y increase in fees and commission income to KES 3.1 BN and a 0.5% y-o-y increase in net income from forex dealings to KES 2.1 BN. Other operating income grew by 3.8% y-o-y to KES 655.9 MN. The funded income reliance remained unchanged at y-o-y at 67.2%.

**Operating expenses (less loan loss provisions) declined by 2.6% y-o-y to KES 7.9 BN** mainly on the back of a 12.0% y-o-y decline in staff costs to KES 4.4 BN. Other operating expenses on the other hand increased 27.8% y-o-y to KES 2.9 BN.

**Pre-provision operating profit increased 14.4% y-o-y to KES 9.9 BN**. Loan loss provision expense saw a 63.9% y-o-y decline to KES 1.9 BN, placing the cost of risk at 1.8%, 356 bps lower y-o-y. Profit before tax was up 398.9% y-o-y to KES 7.9 BN, further supported by the base effect of the 1H20 exceptional item of KES 1.7 BN.

**Customer loans and advances grew by 8.4% y-o-y to KES 218.9 BN** (+0.3% q-o-q). Government securities saw a 16.2% y-o-y decrease to KES 77.1 BN (-6.7% q-o-q) whereas held for dealing securities increased by 5.6% y-o-y to KES 44.2 BN (+0.1% q-o-q).

**On the funding side**, customer deposits saw a 6.1% y-o-y increase to KES 263.9 BN (+2.7% q-o-q). The loan-to-deposits ratio stood at 82.9%, up 174 bps y-o-y.

**Gross NPL increased 7.8% y-o-y to stand at KES 18.3 BN (+6.3% q-o-q)**, with the NPL ratio declining by a marginal 4 bps y-o-y to 7.7% (+40 bps q-o-q). The NPL coverage ratio increased 896 bps y-o-y to 66.5% (-256 bps q-o-q)

**On a trailing basis**, ABSA is trading at a P/E ratio of 6.3x relative to an industry median of 6.2x, and a P/B ratio of 1.1x relative to an industry median of 0.8x. ROE stands at 17.6%, relative to an industry median of 12.3%, whereas ROA stands at 2.3%, relative to an industry median of 2.0%. (*Source: Company filings, DBIB Research*)

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## Salient News cont'd

### DTB Group 1H21 Earnings

DTB Group released its 1H21 results reporting a 20.1% advancement in Profit after tax (PAT) to KES 3.2 BN. This was primarily on account of a 5.6% y-o-y increase in total income to KES 13.1 BN and a 2.5% y-o-y drop in operating expenses to KES 6.0 BN. Earnings per share (EPS) for the period closed at KES 10.48, 22.0% higher y-o-y, while trailing EPS stands at KES 13.51.

DTB Group released its 1H21 results reporting a 20.1% advancement in Profit after tax (PAT) to KES 3.2 BN.

**Net interest income rose 5.7% y-o-y to KES 9.8 BN** backed by a 5.7% y-o-y increase in interest income to KES 16.7 BN but curtailed by a 5.7% y-o-y increase in interest expense to KES 6.9 BN. Annualized yield on interest earning assets dropped 34 bps y-o-y to 8.8% whereas annualized cost of funds dropped 22 bps y-o-y to 3.9%. As such, the group's annualized net interest margin (NIM) dropped 12 bps to 4.9%.

**Non-funded income (NFI) rose 5.5% y-o-y to KES 3.3 BN**, attributable to a 0.9% y-o-y increase in fees and commission income to KES 1.6 BN but held back by a 4.8% y-o-y decline in fees from foreign exchange dealings to KES 1.2 BN. Fees and commissions on loans saw a 13.2% y-o-y decrease to KES 643.8 MN whereas other fees and commissions grew 13.1% y-o-y to KES 965.7 MN. Funded income reliance remained fairly flat y-o-y to 74.7% (+3bps).

**Operating expenses (less loan loss provisions) dropped 2.5% y-o-y to KES 6.0 BN** owing to a 32.8% y-o-y decrease in depreciation and amortization charges to KES 782.0 MN. Staff costs rose 2.1% y-o-y to KES 2.4 BN while other operating expenses rose 7.6% y-o-y to KES 2.5 BN. As a result, cost to income ratio shed 377 bps y-o-y to 45.3%.

**The bank's loan loss provision expense saw a 23.9% y-o-y upswing to KES 2.3 BN** placing the annualized cost of risk at 2.3%, 41 bps up y-o-y. On the same note, gross non-performing loans (NPLs) rose 26.6% y-o-y to KES 22.2 BN (-3.2% q-o-q) whereas interest in suspense dropped 79.9% y-o-y to KES 565.0 MN (+1.1% q-o-q) placing total NPLs at KES 21.7 BN, 46.9% up y-o-y. Consequently, the NPL ratio rose 180 bps y-o-y to 9.8%. Cumulative loan loss provisions rose 41.0% y-o-y to KES 8.7 BN (-13.9% q-o-q), thus pivoting the NPL coverage ratio to 40.2%, 168 bps down y-o-y.

**Customer loans and advances saw a 1.4% y-o-y increase to KES 204.3 BN (-0.7% q-o-q).** The group's investments in government securities rose 19.0% y-o-y to KES 117.7 BN (+3.4% q-o-q).

**On the funding side**, customer deposits grew by 11.9% y-o-y to KES 313.8 BN (+4.0% q-o-q) thus placing loans to deposits ratio at 65.1%, 674 bps down y-o-y.

**On a trailing basis**, DTB is trading at a P/E ratio of 4.8x, against an industry median of 6.5x, and a P/B of 0.3x against an industry median of 0.8x. ROE stands at 5.8% against an industry median of 11.7% whereas ROA stands at 0.9% against an industry median of 1.9%. (*Source: Company filings, DBIB Research*)

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## Salient News cont'd

### StanChart Group 1H21 Earnings

Standard Chartered Group released its 1H21 results recording a 50.9% y-o-y increase in profit after tax (PAT) to KES 4.9 BN. This was on the back of a 2.3% y-o-y increase in total income to KES 14.1 BN and a 60.7% y-o-y decline in the loan loss provision expense to KES 638.5 MN. EPS for the period stood at KES 12.69.

**Net interest income declined by 3.0% y-o-y to KES 9.1 BN**, on the back of a 7.5% y-o-y decrease in interest income to KES 11.0 BN. Interest expense declined 24.5% y-o-y to KES 1.9 BN, cushioning net interest income. As such, the net interest margin decreased 197 bps y-o-y to 5.9%.

**Non-funded income was up 13.5% y-o-y to KES 5.0 BN**, attributable to a 19.8% y-o-y increase in fee and commission income to KES 2.7 BN and a 14.8% y-o-y increase in net income from forex dealings to KES 1.7 BN. Other operating income declined by 10.5% y-o-y to KES 598.8 MN. As such, funded income reliance declined 350 bps y-o-y to stand at 64.6%.

**Operating expenses (less loan loss provisions) declined 5.5% y-o-y to KES 6.7 BN** on the back of a 3.8% y-o-y decline in staff costs to KES 3.2 BN and an 11.9% y-o-y decline in other operating expenses to KES 2.5 BN.

**Pre-provision operating profit was up 10.5% y-o-y to KES 7.4 BN**. Loan loss provision expense saw a 60.7% y-o-y decline to KES 638.5 MN, placing the cost of risk at 1.0%, 144 bps lower y-o-y. As a result, profit before tax was up 33.1% y-o-y to KES 6.8 BN.

**Customer loans and advances shrunk 3.0% y-o-y to KES 130.3 BN** (+10.5% q-o-q). Investment securities saw a 2.5% y-o-y decrease to KES 98.7 BN (+0.5% q-o-q) whereas held for dealing securities declined 24.1% y-o-y to KES 2.7 BN (-36.6% q-o-q).

**On the funding side**, customer deposits saw an 8.5% y-o-y growth to KES 278.2 BN (+4.9% q-o-q). The loan-to-deposits ratio stood at 46.7%, down 517 bps y-o-y.

Gross NPL increased 9.4% y-o-y to stand at KES 22.9 BN (+2.6% q-o-q), with the NPL ratio increasing 146 bps y-o-y to 14.9% (-97 bps q-o-q). The NPL coverage ratio was up 398 bps y-o-y to 67.9% (+30 bps q-o-q).

**On a trailing basis**, StanChart is trading at a P/E ratio of 7.2x relative to an industry median of 6.5x, and a P/B of 1.0x relative to an industry median of 0.8x. ROE stands at 13.7%, relative to an industry median of 11.7%, whereas ROA stands at 2.1%, relative to an industry median of 1.9%. (*Source: Company filings, DBIB Research*)

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StanChart Group released its 1H21 results recording a 50.9% y-o-y increase in PAT to KES 4.9 BN.  
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## Salient News cont'd

### FLAME TREE GROUP 1H21 EARNINGS

Flame Tree Group released its 1H21 results reporting a 21.0% y-o-y rise in profit before tax to KES 67.0 MN. The financial performance was characterized by a 30.0% y-o-y growth in total operating income to KES 2.9 MN against a 18.8% y-o-y increase in total expenses to KES 296.6 MN.

Revenue increased by 38.7% y-o-y to KES 1.6 BN largely contributed by increase in sales along all business line and gaining of new clients.

Total assets edged up by 5.7% y-o-y to KES 2.6 BN following a 14.9% y-o-y rise in non-current assets to KES 1.4 BN but a 3.3% y-o-y reduction in current assets to KES 1.2 BN.

Total liabilities increased by 5.6% y-o-y to KES 1.5 BN while total equity grew by 13.8% y-o-y to KES 1.2 BN.

Net cash from operating activities stood at KES 151.7 MN while net cash used in financing activities stood at KES 16.2 MN. Net cash used in investing activities rose 4-fold y-o-y to KES 155.9 MN.

### KENYA AIRWAYS 1H21 EARNINGS

Kenya Airways released its 1H21 results reporting a loss of KES 11.5 BN, a reduction from a loss of KES 14.3 BN in 1H20 placing the loss per share at KES 1.97. The company stated that the losses arise from the continued impact of COVID-19 on its operations with the airline only being able to operate at 30% of its 2019 capacity due to lower demand.

Total income dropped 9.5% y-o-y to KES 27.4 BN while total operating costs dropped 10.4% y-o-y to KES 34.6 BN.

Total assets declined by 10.6% y-o-y to KES 153.3 BN contributed by a 28.1% y-o-y drop in current assets to KES 19.5 BN and a 7.3% drop in non-current assets to KES 133.8 BN.

Total liabilities reduced by 3.6% y-o-y to KES 227.2 BN.

Net cash generated from operating activities stood at KES 61.0 MN while net cash used in investing activities stood at KES 1.3 BN. Net cash used in financing activities dropped 26.6% y-o-y to KES 4.5 BN.

*(Source: Company filings, DBIB Research)*

Flame Tree Group released its 1H21 results reporting a 21.0% y-o-y rise in profit before tax to KES 67.0 MN.

Kenya Airways released its 1H21 results reporting a loss of KES 11.5 BN.



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## Salient News cont'd

### Umeme 1H21 Earnings

Umeme released its 1H21 results reporting a 121.6% y-o-y rise in PAT to USH 48.2 BN (USD 13.7 MN). The improvement in profitability was largely attributable to a 9.3% y-o-y growth in revenues to USH 927.9 BN. EPS for the period stands at USH 29.70 (USD 0.008). The board did not recommend an interim dividend for the period.

**Revenue from contracts with customers rose 9.3% y-o-y to USH 927.9 BN (USD 262.6 MN)** owing to increased electricity demand across all consumer categories following reduced restrictions after the 1st wave of Covid-19. Electricity unit sales increased by 11.8% y-o-y to 1,720 GWh.

**Cost of sales rose by 2.0% y-o-y to USH 629.3 BN (USD 178.1 MN)** and due to the slower growth in comparison to that realized in the top-line, the gross profit rose by 28.7% y-o-y to USH 298.6 BN (USD 84.5 MN). This saw the gross profit margin rise 490 bps y-o-y to 32.2%.

**Operating expenses edged up 12.2% y-o-y to USH 123.1 BN (USD 34.8 MN)** and the company attributed the rise to the overall increase in business activities, repairs and maintenance of the network and impairment of receivables. Energy losses for the period rose by 40 bps y-o-y to 17.9%.

**Finance costs reduced by 15.4% y-o-y to USH 22.6 BN (USD 6.4 MN)** as a result of lower interest rates on long-term facilities; down by 166 bps y-o-y to 5.26%.

**Net cash flows from operating activities surged by 536.5% y-o-y to USH 153.5 BN (USD 43.4 MN)**, on the back of the higher profitability, recovery of outstanding ECP revenues, working capital efficiencies and lower financing costs. Capital expenditure declined by 36.1% y-o-y to USH 49.6 BN (USD 14.0 MN).

**Total assets decreased by 5.7% y-o-y to USH 2.5 TN (USD 710.9 MN)** on the back of a 3.4% y-o-y decline in non-current assets to USH 2.1 TN (USD 583.5 BN) and a 15.2% y-o-y dip in current assets to USH 450.3 BN (USD 127.4 MN). Total liabilities eased by 8.3% y-o-y to USH 1.7 TN (USD 482.9 MN) while total equity rose marginally by 0.3% y-o-y to USH 805.8 BN (USD 228.0 MN).

**On a trailing basis**, Umeme is trading at a P/E multiple of 4.9x against sector median of 2.0x and a P/B multiple of 0.4x against a sector median of 0.2x. Its ROE stands at 8.6% against a sector median of 7.8% while its ROA stands at 2.8% in line with the sector median of 3.2%. *(Source: Company filings, DBIB Research)*

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Umeme released its 1H21 results reporting a 121.6% y-o-y rise in PAT to USH 48.2 BN (USD 13.7 MN).  
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## Salient News cont'd

### HF Group 1H21 Earnings

HF Group released its 1H21 earnings recording a KES 346.1 MN loss after tax, 17.1% higher than the loss recorded in 1H20. The loss per share stood at KES 0.89, a deterioration from a loss per share of KES 0.76 in 1H20.

**Net interest income dropped 6.8% y-o-y to KES 919.9 MN** on the back of a 15.8% y-o-y decline in interest income to KES 2.0 BN and a 22.3% y-o-y decrease in interest expense to KES 1.1 BN. Yield on interest earning assets declined 109 bps y-o-y to 9.5% while cost of funds dropped by 120 bps y-o-y to 4.9%. This saw net interest margin rise 10 bps y-o-y to 4.6%.

**Non-interest income rose 13.8% y-o-y to KES 325.1 MN** primarily on the back of a 34.6% y-o-y increase in fees and commissions to KES 133.6 MN. Funded income reliance ratio thus declined 368 bps y-o-y to 73.9%.

**Operating expenses (less loan provision) gained 15.9% y-o-y to KES 1.5 BN** while bad debt charges shed 78.2% y-o-y to KES 58.3 MN. Cost to income ratio saw a 1,885 bps y-o-y upturn to 120.9%.

**Customer loans and advances declined by 7.5% y-o-y to KES 35.3 BN** while customer deposits dropped 3.5% y-o-y to KES 37.8 BN. Loan to deposits ratio thus dropped by 414 bps y-o-y to 93.3%.

**Total NPL's dropped by 22.9% y-o-y to KES 6.5 BN** attributable to a 21.3% y-o-y decline in gross NPLs to KES 9.4 BN and a 17.7% y-o-y decrease in interest in suspense to KES 2.9 BN. (*Source: Company filings, DBIB Research*)

### NSE 1H21 EARNINGS

NSE released its 1H21 results reporting a 30.0% y-o-y decline in PAT to KES 77.4 MN. The decline in profitability was attributable to a 5.4% y-o-y decrease in revenue to KES 276.5 MN. EPS for the period declined by 32.6% y-o-y to stand at KES 0.29.

**Revenue decreased by 5.4% y-o-y to KES 276.5 MN**, largely attributed to mainly driven by a 16% drop in equity turnover to KES 70.0 BN.

**Total assets increased by 5.7% y-o-y to KES 2.4 BN** following a 20.4% y-o-y rise in current assets to KES 1.3 BN and a 7.6% y-o-y drop in non-current assets to KES 1.1 BN.

**Total liabilities increased by 84.0% y-o-y to KES 285.6 MN** while total equity grew marginally by 0.1% y-o-y to KES 2.2 BN.

**Net cash from operating activities dropped 64.5% y-o-y to KES 25.0 MN** while net cash used in investing activities stood at KES 33.7 MN. (*Source: Company filings, DBIB Research*)

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**HF Group** released its 1H21 earnings recording a KES 346.1 MN loss after tax, 17.1% higher than the loss recorded in 1H20.  
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**NSE** released its 1H21 results reporting a 30.0% y-o-y decline in profit after tax to KES 77.4 MN.  
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## Salient News cont'd

### Bamburi Cement 1H21 Earnings

Bamburi Cement Limited released its 1H21 results reporting a 7.6% y-o-y growth in PAT to KES 776.0 MN driven by a 396.1% y-o-y upswing in operating profit to KES 1.1 BN due to improved volume and price performance as well as carry-over cost savings. EPS for the period stands at KES 1.86, 1.1% higher y-o-y. The board did not recommend the payment of a dividend for the period.

Turnover rose by 21.0% y-o-y to KES 19.6 BN driven by volume recovery in both the domestic and export cement markets as well as improved average selling prices due to a higher proportion of sales of premium products.

Operating expenses rose by 15.6% y-o-y to KES 18.5 BN retrenching operating profits which rose by 396.1% y-o-y to 1.1 BN placing operating profit margin at 5.8%, 436 bps higher y-o-y.

Finance costs fell 47.4% y-o-y to KES 70.0 MN whereas other gains shed 58.6% y-o-y to KES 48.0 MN.

Total assets increased by 4.2% y-o-y to KES 51.5 BN on the back of a 19.3% y-o-y increase in current assets to KES 15.2 BN and a 1.0% y-o-y drop in non-current assets to KES 36.4 BN.

Total liabilities grew by 14.3% y-o-y to KES 17.6 BN owing to a 30.3% y-o-y rise in current liabilities to KES 9.1 BN and a 1.0% y-o-y increase in non-current liabilities to KES 8.5 BN.

The company recorded a 92.5% y-o-y decline in net increase in cash and cash equivalents to KES 149.0 MN, primarily attributable to a 71.0% y-o-y drop in cash generated from operations to KES 804.0 MN reflecting the additional investment made in working capital.

On a trailing basis, the counter is trading at a P/E multiple of 11.9x and a P/B ratio of 0.4x. Its ROE stands at 3.5% while ROA stands at 2.3%. (*Source: Company filings, DBIB Research*)

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Bamburi Cement released  
its 1H21 results reporting a  
7.6% y-o-y growth in PAT  
to KES 776.0 MN  
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## Salient News cont'd

### Liberty Holdings 1H21 Earnings

Liberty Holdings released their 1H21 results reporting a 30.9% y-o-y decline in earnings to KES 265.1 MN. EPS for the period stood at KES 0.47 compared to KES 0.67 in 1H20.

**Net insurance premiums dropped 5.7% y-o-y to KES 3.2 BN** following a 9.5% y-o-y decline in insurance premiums to KES 5.4 BN. Reinsurance premiums dropped 14.4% y-o-y to close at KES 2.2 BN.

**Total income grew 23.2% y-o-y to KES 5.6 BN** mainly due to a 734.3% y-o-y rise in fair value adjustments to assets held at fair value through profit and loss to KES 1.3 BN. Revenue from contracts with customers edged down 0.8% y-o-y to KES 638.8 MN.

**Claims and benefits rose 8.9% y-o-y to KES 4.1 BN** while acquisition costs rose 3.2% y-o-y to KES 768.1 MN. General marketing and administration expenses eased 9.3% y-o-y to KES 1.4 BN.

**Total assets gained 7.5% y-o-y to KES 41.9 BN** owing to a 4.6% y-o-y rise in finance investments to KES 23.3 BN. Short-term insurance rose 18.5% y-o-y to KES 4.0 BN while short term insurance saw a 22-fold upswing to KES 133.9 MN.

**Total liabilities increased by 7.9% y-o-y to KES 33.0 BN** on the back of a 1.6% y-o-y increase in long-term policyholder liabilities to KES 20.0 BN. Total equity grew by 6.1% y-o-y to KES 9.0 BN. (*Source: Company filings, DBIB Research*)

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**Liberty Holdings** released their 1H21 results reporting a 30.9% y-o-y decline in earnings to KES 265.1 MN.  
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## Salient News cont'd

### BOC KENYA 1H21 EARNINGS

BOC Kenya released its 1H21 results reporting a 162.6% y-o-y rise in after tax profits to KES 38.3 MN. The rise in profitability was greatly attributable to a 57.3% y-o-y growth in revenue to KES 696.2 MN. EPS for the period rose by 161.3% y-o-y to stand at KES 1.96. The board declared an interim dividend of KES 1.50 per share, to be paid on or about 18th October 2021 to shareholders on register at close of business on 24th September 2021.

**Revenue increased by 57.3% y-o-y to KES 696.2 MN**, largely due to an increase in COVID-19 Medical oxygen volumes and medical gases infrastructure projects as well as increased demand of industrial gases.

**Total assets edged up by 12.9% y-o-y to KES 2.2 BN** following a 19.0% y-o-y rise in current assets to KES 1.3 BN and a 5.4% y-o-y rise in non-current assets to KES 901.2 MN.

**Total liabilities increased by 10.2% y-o-y to KES 508.9 MN** while total equity grew by 13.8% y-o-y to KES 1.6 BN.

**Net cash from operating activities stood at KES 78.9 MN** while net cash used in investing activities rose by 14.1% y-o-y to KES 208.6 MN. *(Source: Company filings, DBIB Research)*

### TPS Eastern Africa 1H21 EARNINGS

TPS Eastern Africa released its 1H21 results reporting a loss of KES 557.3 MN a reduction from a loss of KES 641.0 MN in 1H20 placing the loss per share at KES 2.96.

The company stated that its losses are still attributed to the travel restrictions and the impact of COVID-19 on global tourism.

**Total assets declined by 3.8% y-o-y to KES 16.7 BN** contributed by a 5.7% y-o-y decline in current assets to KES 1.2 BN and a 3.6% y-o-y decrease in non-current assets to KES 15.5 BN.

**Total liabilities rose by 5.1% y-o-y to KES 9.1 BN** while total equity eased 12.6% y-o-y to KES 7.6 BN.

**Cash flow used in operating activities stood at KES 309.4 MN** while that generated from investing activities stood at KES 18.7 MN. Cash flow from financing activities fell 98.2% y-o-y to KES 19.6 MN. *(Source: Company filings, DBIB Research)*

BOC Kenya released its 1H21 results reporting a 162.6% y-o-y rise in after tax profits to KES 38.3 MN.

TPS Eastern Africa released its 1H21 results reporting a loss of KES 557.3 MN

## 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
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
Stanbic Holdings	Interim: KES 1.70	06-Sep-21	27-Sep-21

*(Source: NSE, DBIB Research)*

*STA\*—Subject to approval*

## AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
E.A Breweries	11:00 a.m.	Virtual	14-Sep-21

*(Source: Company filings , DBIB Research)*

*\*TBC—To be confirmed*

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## 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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