

DBIB WEEKLY BULLETIN

WEEK 07

Date: 19.02.2021

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INDICES & MARKET METRICS MOVEMENT

NSE 20 edged down 0.1% to close at 1,888.47 while **NASI** rose 0.9% w-o-w to close at 165.55.

Weekly equity turnover rose by 21.6% w-o-w to USD 22.60 MN (KES 2.48 BN).

USD | KES: KES weakened 0.1% w-o-w to close at 109.55 (-0.3% YTD).

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	165.55	0.93	15.19	25.65	8.84
NSE-20	1,888.47	(0.07)	5.74	9.54	1.07
DBIB Select	99.98	(3.06)	13.73	19.11	2.44
FTSE 15	188.14	0.80	10.61	17.32	5.61
FTSE 25	214.59	1.31	14.34	23.42	8.61
FTSE Frontier 50	46,098.64	1.17	10.40	26.18	4.63

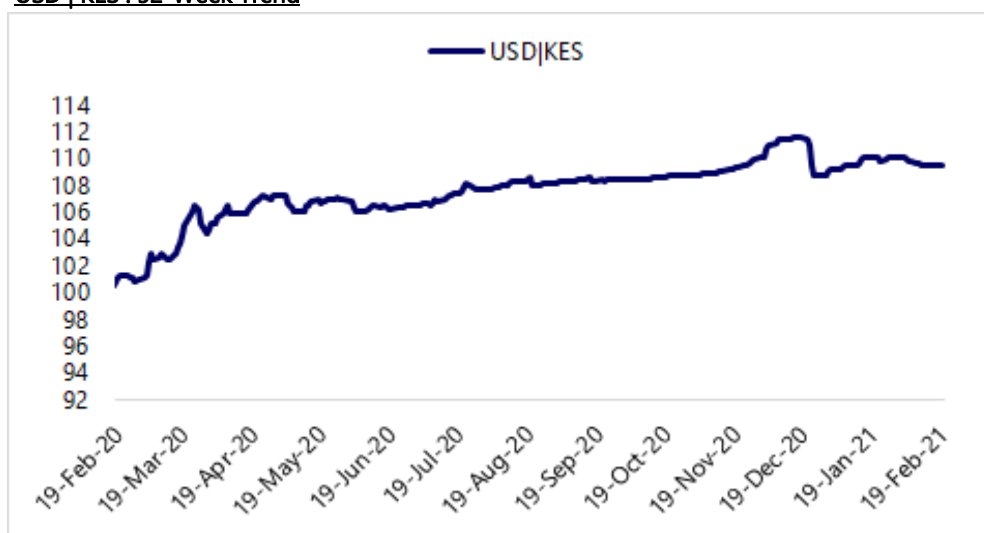
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,543.63	0.93	6.93	15.27	25.77
Market Turnover (USD m)	22.60	21.57	(6.43)	13.04	24.41
Market P/E (x)	13.60	1.73	(10.64)	2.35	22.52
Market Div. yld (%) *	4.70	0.51	3.51	(60.00)	(119.39)
Market ROE (%) *	32.91	(76.81)	(198.25)	243.00	(1,118.52)

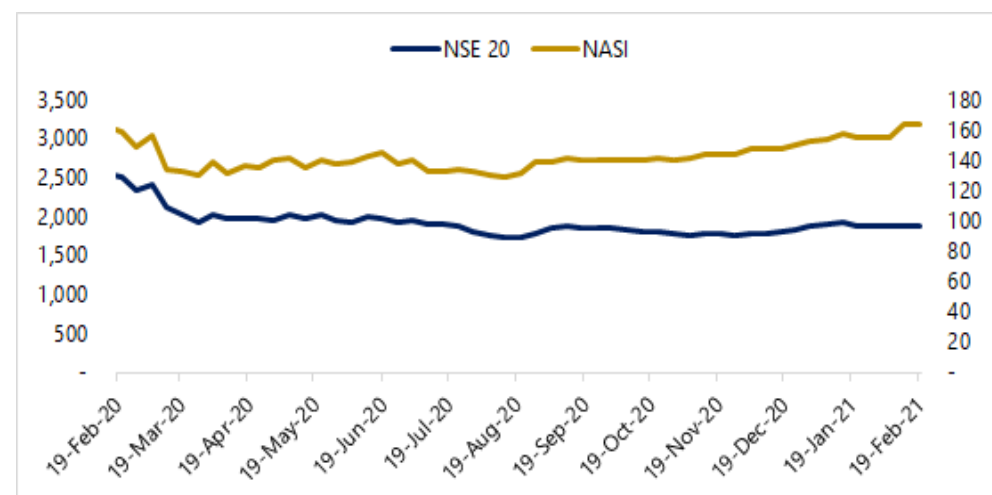
* Changes in bps ** Market ROE is market cap weighted

(Source: NSE, DBIB Research)

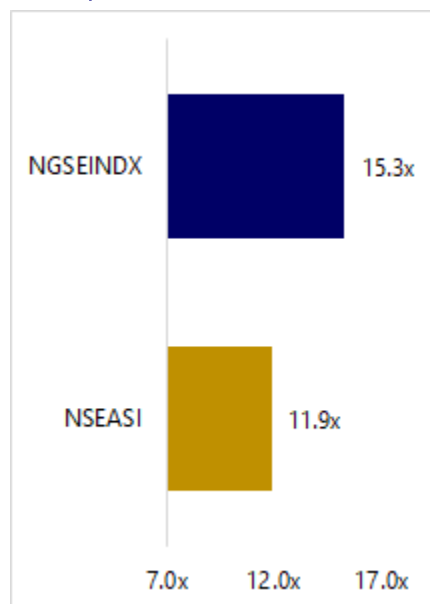
USD | KES : 52-Week Trend



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...

.....
Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 10.13 MN (KES 1.1 BN) representing 44.85% of this week's turnover.

The stock gained 1.0% w-o-w to close at KES 38.75 on Friday.

Foreign investors assumed a net selling position on the counter this week by accounting for 75.36% of foreign sales and 70.37% of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Sameer Africa	20.0
BAT Kenya	14.1
Kapchorua Tea	7.7
Flame Tree Group	6.3
<u>Total Kenya</u>	<u>5.5</u>

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Olympia Capital	(12.3)
NBV Ltd	(10.8)
Sanlam Kenya	(10.6)
Eveready E.A	(9.0)
<u>Unga Group</u>	<u>(7.8)</u>

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	10.13
E.A Breweries	3.64
KCB	2.78
Equity Group	2.48
<u>Stanchart Bank</u>	<u>0.59</u>

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
BAT Kenya	34.3
Safaricom	13.1
E.A Breweries	10.9
Sameer Africa	10.8
<u>STANLIB FAHARI I-REIT</u>	<u>9.9</u>

(Source: NSE, DBIB Research)

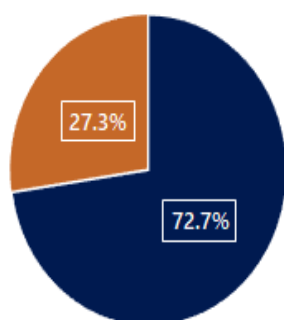


<u>Top Losers</u>	<u>%</u>
Sanlam Kenya	(22.0)
Eveready E.A	(15.8)
Standard Group	(15.6)
Nation Media Group	(15.5)
<u>E.A.P.C.C</u>	<u>(13.6)</u>

(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>
New Gold ETF	100.0
Stanbic Holdings	99.3
ABSA Bank	84.8
Safaricom	70.4
<u>Bank of Kigali</u>	<u>66.6</u>

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
New Gold ETF	100.0
Bank of Kigali	99.5
Stanbic Holdings	98.3
E.A Breweries	97.4
<u>Nation Media Group</u>	<u>94.5</u>

Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
Stanbic Holdings	89.2
Safaricom	81.1
Equity Group	78.3
<u>NSE</u>	<u>64.0</u>

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	100.0
KCB	90.6
Equity Group	80.7
Umeme Ltd	78.5
<u>Stanchart Bank</u>	<u>75.8</u>

FROM THE FIXED INCOME DESK

The **Bond market's turnover** for the week stood at USD 150.82 MN (KES 16.52 BN) representing a 22.5% w-o decrease from USD 194.71 MN (KES 21.31 BN) recorded the previous week.

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Top Trades for the week ending 19 February 2021

						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	Value (KES m)
15-Feb	IFB 1/2021/16Yr	15.9	12.2570	11.6000	104.85	1,055.0
17-Feb	IFB 1/2021/16Yr	15.9	12.2570	11.6000	104.92	1,022.1
19-Feb	FXD1/2018/25Yr	22.3	13.4000	13.3000	102.87	794.0
19-Feb	IFB 1/2021/16Yr	15.9	12.2570	11.7000	104.33	611.1
18-Feb	FXD1/2008/15Yr	2.1	12.5000	9.6000	110.70	581.0
15-Feb	IFB 1/2021/16Yr	15.9	12.2570	11.6100	104.79	500.0
16-Feb	FXD1/2013/15Yr	7.0	11.2500	11.7000	97.92	500.0
16-Feb	IFB 1/2020/6Yr	5.3	10.2000	10.0750	102.53	500.0
18-Feb	IFB 1/2016/15Yr	10.6	12.0000	11.1000	107.83	500.0
19-Feb	IFB 1/2014/12Yr	5.6	11.0000	10.5500	105.06	500.0
19-Feb	IFB 1/2019/16Yr	14.6	11.7500	11.7051	103.99	500.0
19-Feb	IFB 1/2019/16Yr	14.6	11.7500	10.5000	112.08	500.0
19-Feb	IFB 1/2021/16Yr	15.9	12.2570	11.7500	104.01	400.0
17-Feb	IFB 1/2018/15Yr	11.9	12.5000	11.0000	109.53	350.0
17-Feb	FXD2/2013/15Yr	7.1	12.0000	11.8500	104.66	300.0
17-Feb	IFB 1/2018/15Yr	11.9	12.5000	11.2000	108.30	300.0
19-Feb	IFB 1/2016/15Yr	10.6	12.0000	11.0500	108.08	300.0
16-Feb	FXD 1/2013/10Yr	2.3	12.3710	9.8000	107.17	250.0

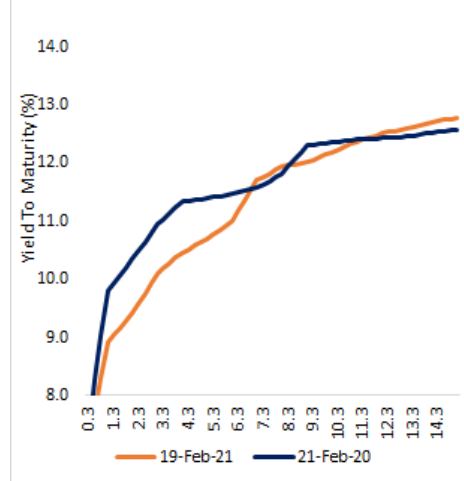
(Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 19 February 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	4.67	116.86	4.66	6.911	0.6
182-day	10.00	11.40	114.03	10.68	7.684	4.0
364-day	10.00	13.90	139.01	13.47	8.931	10.7

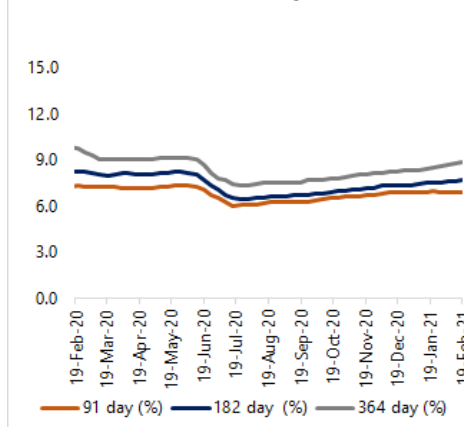
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

Salient News

BAT Kenya FY20 Earnings

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BAT Kenya released its FY20 results reporting a 42.0% y-o-y increase in PAT to KES 5.5 BN.
.....

BAT Kenya released its FY20 results reporting a 42.0% y-o-y increase in PAT to KES 5.5 BN largely on account of reduced operating costs and tax expenses in light of the company's pro-active cost saving initiatives and favorable tax policies i.e. the reduction in VAT from 16.0% to 14.0% and downward revision of corporate tax rate from 30.0% to 25.0% effected in 2020.

EPS for the period stands at KES 55.18 per share. The board of directors have proposed a **final dividend of KES 41.50 per share** to be paid on 12th May 2021 to shareholders on register at the close of 16th April 2021; bringing the total dividend per share for the year to KES 45.00. At current prices, this translates to a dividend yield of 10.2% against a nil sector median.

Net revenue edged up 5.4% y-o-y to KES 25.3 BN. This was on account of a 2.5% y-o-y drop in gross revenue to KES 38.8 BN that was driven by a 24.0% y-o-y decline in domestic sales reflecting the extent of the impact of the COVID-19 pandemic on consumer affordability. The drop in sales was however sufficiently buffered by continued improvement in export sales and a 14.5% y-o-y drop in excise duty and VAT to KES 13.5 BN owing to lower volumes of domestic sales and favorable tax policies effected in 2020.

Cost of operations decreased by 3.1% y-o-y to KES 17.8 BN attributable to lower volumes of production, high productivity savings and the impact of the cost management measures set in place during the year. As a result, operating profit margin rose 613 bps y-o-y to 30.0%.

Total assets dropped 1.0% y-o-y to KES 21.7 BN on the back of a 2.1% y-o-y increase in non-current assets to KES 10.9 BN and a 4.1% y-o-y decrease in current assets to KES 10.8 BN. Total liabilities on the other hand dropped by 19.4% y-o-y to KES 9.9 BN as a result of a 20.0% y-o-y decrease in current liabilities to KES 8.3 BN and a 15.8% decrease in non-current liabilities to 1.6 BN. Total shareholders' equity edged up 22.0% y-o-y to KES 11.9 BN.

On a trailing basis, BATK is trading at a P/E multiple of 8.0x against a sector median of 8.5x and a P/B multiple of 3.7x against a sector median of 0.9x. Its ROE stands at 46.5%, against a sector median of 6.8% whereas ROA stands at 25.4%, against a sector median of 3.2%. We maintain our **BUY** recommendation. (*Source: Company Filings, DBIB Research*)

Salient News Cont'd...

Longhorn Publishers 1H21 Earnings

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Longhorn Publishers released its 1H21 financial results recording a 310.7% y-o-y decline in profits to a loss after tax of KES 145.3 MN
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Longhorn Publishers released its 1H21 financial results recording a 310.7% y-o-y decline in profits to a loss after tax of KES 145.3 MN occasioned by the challenging environment arising from the COVID-19 pandemic and the related suspension of learning in schools leading to a drop in the level of activity during the first half of the year. The trailing loss per share for the period stands at KES 1.87.

Revenues dropped by 60.2% y-o-y to KES 288.5 MN on account of the closure of schools for the entire period while cost of sales edged down 43.5% y-o-y to KES 197.3 MN.

Operating expenses decreased by 40.6% y-o-y to KES 143.4 MN mainly due to savings from cost containment measures whereas finance costs rose by 122.4% y-o-y to KES 93.2 MN.

Total assets fell by 5.8% y-o-y to KES 2.5 BN whereas total liabilities grew by 29.5% y-o-y to KES 1.9 BN. Total equity dropped by 49.5% y-o-y to KES 589.4 MN.

On a trailing basis, P/E and P/B multiples stand at -2.6x and 2.2x respectively against industry median P/E and P/B multiples of -1.0x and 1.7x respectively. Trailing R.O.E and R.O.A stand at -86.4% and -20.7% respectively against industry median R.O.E and R.O.A of -81.5% and -19.3% respectively. (*Source: Company Filings, DBIB Research*)

.....
Limuru Tea announced that it expects to record a y-o-y decline in its net profits attributable to its shareholders for the financial year ended 31st December 2020.
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Limuru Tea announce profit warning

Limuru Tea announced that it expects to record a y-o-y decline in its net profits attributable to its shareholders for the financial year ended 31st December 2020. This is on account of the lower Tea market prices realized in 2020 as compared to 2019 in the midst of rising production and the prevailing global downturn occasioned by COVID-19. (*Source: Company Filings, DBIB Research*)

.....
BOC Kenya commenced the circulation of the Offer Documentation to shareholders on the company's register at the close of business on 5th February 2021.
.....

BOC Kenya dispatch Offer Documentation to shareholders

BOC Kenya commenced the circulation of the Offer Document, Form of Acceptance, Board Circular and the Independent Adviser's Circular to shareholders on the company's register at the close of business on 5th February 2021. The Offer will be open for acceptance until 6th April 2021 and shareholders are advised to consult their professional advisers for guidance once they receive the Offer Documents. (*Source: Company Filings, DBIB Research*)

UPCOMING EVENTS

Profit Warnings

1. Eaagads
2. NSE
3. Eveready
4. Nation Media
5. Kenya Power
6. E.A. Cables
7. I&M
8. StanChart
9. Sameer
10. HF Group
11. Kenya Airways
12. Britam
13. ABSA
14. DTB
15. Co-op Bank
16. CIC Insurance
17. Limuru Tea

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Car & General	First & Final: KES 0.80	22-Feb-21	25-Mar-21
KenGen	First & Final: KES 0.30	29-Apr-21	22-Jul-21
Safaricom	Interim: KES 0.45	5-Mar-21	31-Mar-21
BAT Kenya	Final: 41.50	16-Apr-21	12-May-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 Portland Cement	11.00 am	Virtual	11-March-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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