

DBIB WEEKLY BULLETIN

WEEK 08

Date: 26.02.2021

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INDICES & MARKET METRICS MOVEMENT

NSE 20 rose 1.4% w-o-w to close at 1,915.68 while **NASI dropped** 0.1% w-o-w to close at 165.39.

Weekly equity turnover edged up by 28.1% w-o-w to USD 28.96 MN (KES 3.18 BN).

USD | KES: KES weakened 0.2% w-o-w to close at 109.80 (-0.6% YTD).

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	165.39	(0.10)	15.42	19.21	8.73
NSE-20	1,915.68	1.44	8.97	6.80	2.53
DBIB Select	104.37	(0.24)	18.90	21.23	6.94
FTSE 15	186.74	(0.74)	10.03	8.61	4.82
FTSE 25	213.53	(0.49)	14.01	16.16	8.07
FTSE Frontier 50	45,715.23	(0.83)	9.17	22.45	3.76

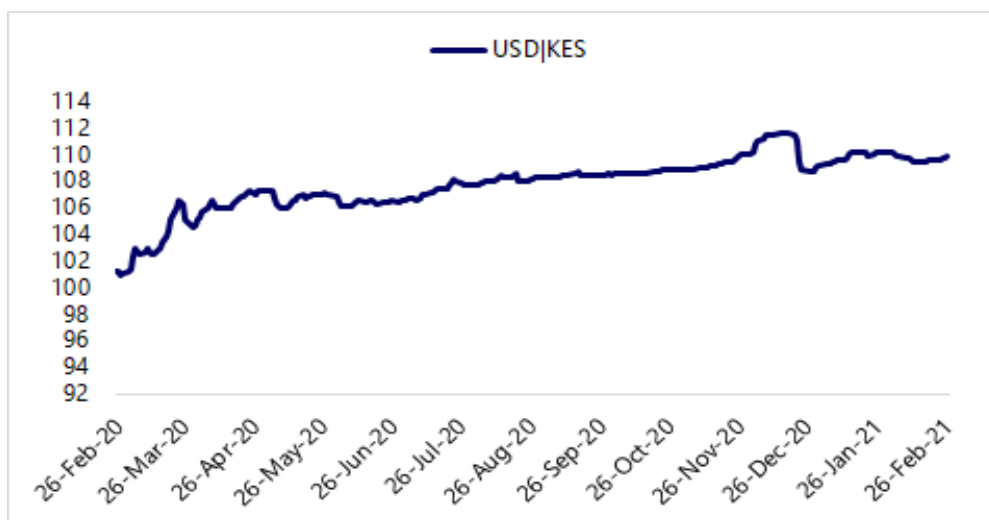
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,541.16	(0.10)	6.31	15.50	19.31
Market Turnover (USD m)	28.96	28.13	26.59	36.76	13.68
Market P/E (x)	13.70	0.74	7.03	3.01	14.39
Market Div. yld (%) *	4.70	-	-	(13.59)	(160.00)
Market ROE (%) *	33.17	25.00	(172.00)	460.65	(1,151.87)

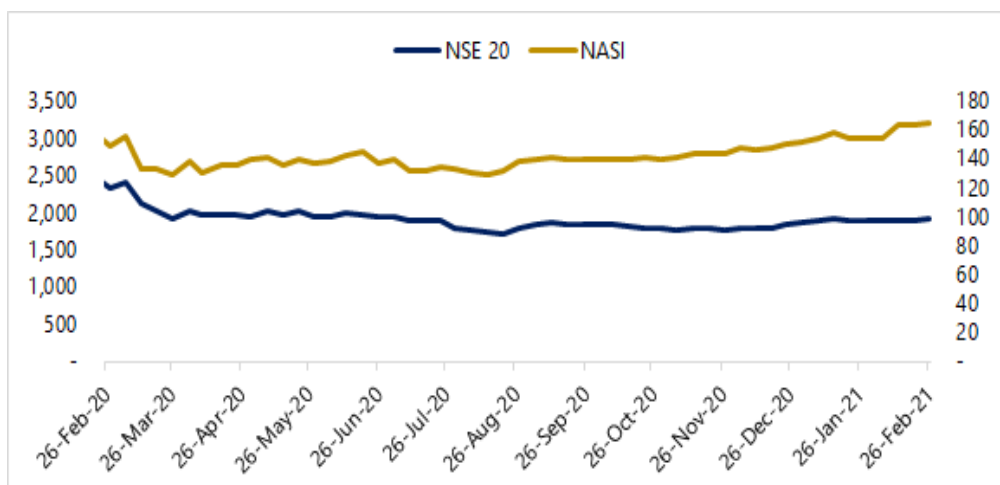
* Changes in bps ** Market ROE is market cap weighted

(Source: NSE, DBIB Research)

USD | KES : 52-Week Trend

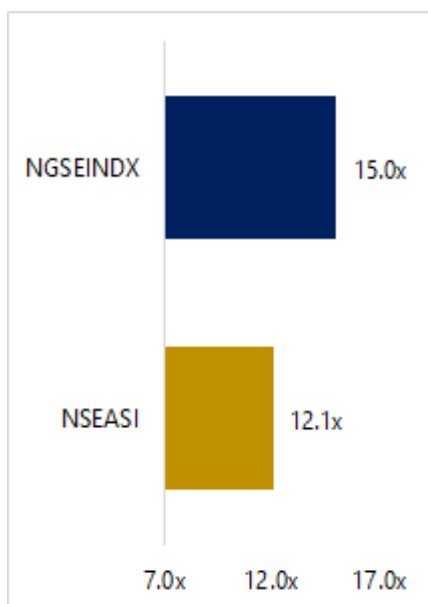


Indices : 52-Week Trend



(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...

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Nation Media Group	23.4
CIC Insurance Group	8.5
Unga Group	8.5
Home Afrika Ltd	8.1
<u>Liberty Kenya</u>	<u>7.8</u>

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Trans-Century Ltd	(16.2)
NBV Ltd	(8.2)
Standard Group	(5.3)
Sanlam Kenya	(5.1)
<u>E.A.Cables Ltd</u>	<u>(4.3)</u>

(Source: NSE, DBIB Research)



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Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 19.26 MN (KES 2.1 BN) representing 66.53% of this week's turnover.

The stock held constant w-o-w to close at KES 38.75 on Friday.

Foreign investors assumed a net buying position on the counter this week by accounting for 58.74% of foreign sales and 84.27% of foreign purchases.

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<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	19.26
E.A Breweries	2.95
KCB	2.05
Equity Group	1.99
<u>BAT Kenya</u>	<u>1.15</u>

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
BAT Kenya	35.6
STANLIB FAHARI I-REIT	17.0
Safaricom	13.1
Bamburi Cement	10.8
<u>Car & General (K)</u>	<u>9.1</u>

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Sanlam Kenya	(26.0)
Trans-Century Ltd	(21.4)
Standard Group	(20.0)
E.A.Portland Cement Co.	(15.3)
<u>KPLC</u>	<u>(13.5)</u>

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Safaricom	84.3
NSE	75.9
Equity Group	23.2
KCB	19.9
<u>NBV Ltd</u>	<u>19.1</u>

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
E.A Breweries	87.2
Jubilee Holdings	84.0
Stanbic Holdings	72.8
Equity Group	63.7
<u>KenGen</u>	<u>63.1</u>

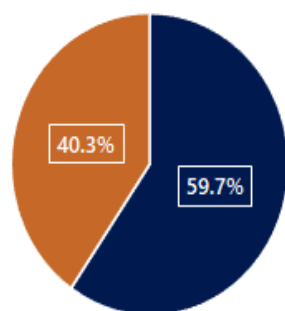
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
Stanbic Holdings	87.4
Safaricom	84.5
NSE	75.3
<u>Equity Holdings</u>	<u>74.3</u>

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	100.0
KCB	87.8
Equity Group	79.5
E.A Breweries	78.1
<u>Umeme Ltd</u>	<u>73.3</u>

WEEKLY LOCAL VS FOREIGN PARTICIPATION



■ Foreign Participation
 ■ Local Participation

(Source: NSE, DBIB Research)

FROM THE FIXED INCOME DESK

The **Bond market's turnover** for the week stood at USD 135.48 MN (KES 14.88 BN) representing a 10.2% w-o-w decrease from USD 150.82 MN (KES 16.52 BN) recorded the previous week.

The Bond market's turnover for the week stood at USD 135.48 MN (KES 14.88 BN) representing a 10.2% w-o-w decrease from USD 150.82 MN (KES 16.52 BN) recorded the previous week. The bond issue number IFB1/2021/16Yr emerged as the top traded bond with a turnover of KES 1.87 BN accounting for 12.6% of the week's turnover. The bond traded between 11.0000% and 12.0000%.

February Tap Sale Results: FXD1/2013/15 & FXD1/2012/20

The Government received KES 7.16 BN and KES 4.07 BN from its tap sale of FXD1/2013/15 & FXD1/2012/20 respectively, 62.39% below the total advertised amount of KES 18.00 BN. The Government accepted KES 6.99 BN for FXD1/2013/15 and KES 3.92 BN for FXD1/2012/20 representing 60.61% of the total offered amount. The allocated average rate for accepted bids stood at 11.784% and 12.587% whereas the adjusted average price stood at KES 99.716 and KES 99.636 for FXD1/2013/15 & FXD1/2012/20 respectively. The coupon rate stood at 11.250% for FXD1/2013/15 and 12.000% for FXD1/2012/20.

Top Trades for the week ending 26 February 2021

						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	Value (KES m)
22-Feb	IFB 1/2018/20Yr	17.7	11.9500	11.7813	104.18	1,000.0
23-Feb	IFB 1/2020/6Yr	5.2	10.2000	10.1000	102.65	650.0
25-Feb	IFB 1/2021/16Yr	15.9	12.2570	11.7125	104.45	600.0
26-Feb	IFB 1/2014/12Yr	5.6	11.0000	10.4000	105.73	600.0
26-Feb	IFB 1/2021/16Yr	15.9	12.2570	11.7000	104.56	600.0
23-Feb	FXD 1/2018/10Yr	7.5	12.6860	11.8750	103.99	500.0
23-Feb	IFB 1/2020/6Yr	5.2	10.2000	10.0000	102.95	500.0
25-Feb	IFB 1/2019/16Yr	14.6	11.7500	11.0000	108.80	500.0
26-Feb	FXD1/2018/20Yr	17.0	13.2000	12.9000	107.87	500.0
23-Feb	IFB 1/2016/15Yr	10.6	12.0000	11.0500	108.21	450.0
26-Feb	IFB 1/2017/7Yr	3.7	12.5000	10.1000	108.76	450.0
23-Feb	IFB 1/2018/15Yr	11.9	12.5000	11.0000	109.73	350.0

Sell-Buy Backs

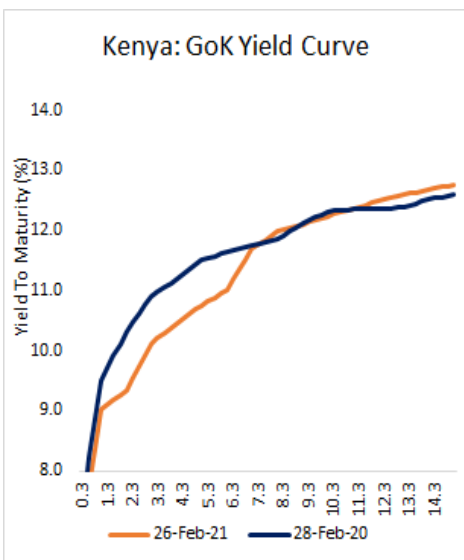
23-Feb	IFB 1/2019/16Yr	14.6	11.7500	10.5000	105.73	500.0
22-Feb	FXD 4/2019/10Yr	8.7	12.2800	11.6000	104.56	400.0
22-Feb	FXD1/2010/25Yr	14.3	11.2500	11.6500	103.99	100.0

(Source: NSE, DBIB Research)

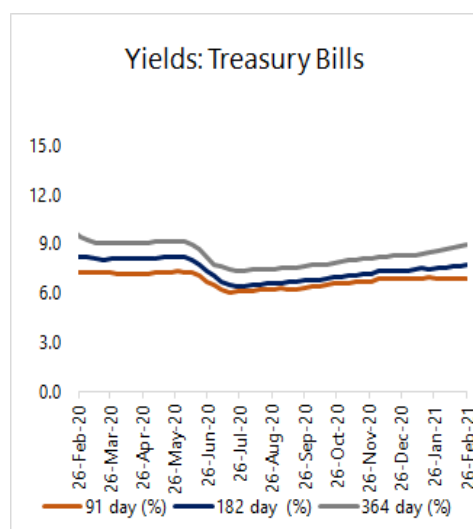
Treasury Bill auction for the week ending 26 February 2021

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	6.28	157.04	4.81	6.931	2.0
182-day	10.00	10.23	102.28	7.34	7.722	3.8
364-day	10.00	15.16	151.64	14.52	9.014	8.3

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News

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KenGen Plc released its 1H21 results recording a 38.1% y-o-y decrease in PAT to KES 5.1 BN despite a 9.5% y-o-y increase in PBT to KES 6.9 BN.
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KenGen 1H21 Earnings

KenGen Plc released its 1H21 results recording a 38.1% y-o-y decrease in PAT to KES 5.1 BN despite a 9.5% y-o-y increase in PBT to KES 6.9 BN. This was on account of a KES 1.8 BN tax expense reported for the half year in contrast to a KES 1.9 BN tax credit recorded in 1H20 in which period, Olkaria V was commissioned. EPS for the period stood at KES 0.77, 37.8% lower y-o-y.

Gross revenue dropped 2.5% y-o-y to KES 21.8 BN on account of reduced fuel revenue following the displacement of thermal generation. This displacement as well saw reimbursable expenses drop by 64.2% y-o-y to KES 1.2 BN resulting in an 8.7% y-o-y increase in net revenue (Revenue less reimbursable expenses) to KES 20.6 BN.

Other income dropped 62.4% y-o-y to KES 180.0 MN. The company recorded KES 382.0 MN in other net losses in contrast to KES 246.0 MN in other net gains in 1H20 owing to the weakening of the KES against major currencies. Total expenses remained fairly constant at KES 13.1 BN (+1.2% y-o-y). These saw operating profits rise 8.6% y-o-y to KES 7.3 BN. Operating profit margin for the period stood at 33.4%, 341 bps higher y-o-y.

Finance income rose 14.7% y-o-y to KES 829.0 MN while finance costs rose by 7.6% y-o-y to KES 1.2 BN.

Total assets rose by 6.6% y-o-y to KES 427.1 BN while total liabilities declined by 6.7% y-o-y to KES 210.7 BN. Total equity rose by 6.5% y-o-y to KES 216.4 BN.

Cash generated from operations rose 56.5% y-o-y to KES 13.8 BN while cash used in investing activities dropped 20.0% y-o-y to KES 6.9 BN. Cash used in financing activities dropped 65.3% y-o-y to KES 1.5 BN.

On a trailing basis, KenGen is trading at a P/E multiple of 2.0x against a sector median of 3.8x and a P/B multiple of 0.1x at par with the sector median. Its ROA and ROE stand at 3.6% and 7.1% against sector medians of 3.8% and 10.4% respectively.

(Source: Company Filings, DBIB Research)

Salient News Cont'd...

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Kenya Power released its 1H21 results recording an 80.1% y-o-y drop in PAT to KES 138.0 MN.

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Kenya Power 1H21 Earnings

Kenya Power released its 1H21 results recording an 80.1% y-o-y drop in PAT to KES 138.0 MN. Revenue for the period declined 0.9% y-o-y to KES 69.0 BN despite a 0.7% y-o-y growth in electricity sales to 4,196 GWh in 1H21. Growth in revenues was curtailed by the slow recovery of electricity demand following a sharp decline in energy consumption occasioned by the COVID-19 pandemic. EPS for the period stands at KES 0.07, an 80.0% y-o-y decline.

Cost of sales edged up 0.1% y-o-y to KES 45.6 BN on the back of a 2.5% y-o-y increase in non-fuel power purchase costs to KES 38.1 BN due to additional costs resulting from the depreciation of the shilling against major foreign currencies while fuel cost decreased by 35.4% y-o-y to KES 4.6 BN attributable to less thermal generation.

Transmission and distribution costs fell by 18.7% y-o-y to KES 18.7 BN following ongoing cost management initiatives by the company.

Finance costs rose by 110.1% y-o-y to KES 8.1 BN resulting from the depreciation of the Kenya Shilling against major trading currencies leading to an unrealized foreign exchange loss.

Total assets declined by 1.8% y-o-y to KES 320.1 BN while total liabilities decreased by 1.5% y-o-y to KES 264.9 BN. Total equities dropped by 3.0% y-o-y to KES 55.2 BN.

Cash generated from operating activities dropped 9.6% y-o-y to KES 8.0 BN. Net cash used in investing activities fell 42.1% y-o-y to KES 4.2 BN. Net cash generated from financing activities rose by 171.0% to KES 6.0 BN.

On a trailing basis, KPLC is trading at a P/E multiple of 2.1x against an industry median of 2.9x and a P/B multiple of 0.1x against an industry median of 0.3x. Its ROE and ROA stand at 2.5% and 0.4% against industry medians of 8.7% and 3.7% respectively.

(Source: Company Filings, DBIB Research)

Salient News Cont'd...

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Carbacid released its 1H21 results reporting a 17.8% y-o-y increase in PAT to KES 210.4 MN.

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Carbacid 1H21 Earnings

Carbacid released its 1H21 results reporting a 17.8% y-o-y increase in PAT to KES 210.4 MN. This was supported by a 32.7% y-o-y increase in gross profit to KES 238.7 MN on the back of 27.4% y-o-y increase in turnover to KES 449.6 MN against a 21.9% y-o-y increase in cost of sales to KES 210.9 MN. This led to a 210 bps improvement in the gross profit margin to 53.1% compared to the previous period's 51.0%. Finance income of KES 97.1 MN contributed 35.1% of pre-tax profits. The offer by Carbacid and Aksaya Investments to purchase up to 100% of the Ordinary Shares of BOC Kenya closes on 6th April 2021.

EPS for the period stands at KES 0.83. This marks an 18.6% y-o-y increase compared to 1H20's KES 0.70. At current prices, this translates to a dividend yield of 5.9% against a nil sector median.

Operating profit margin improved by a marginal 30bps to stand at 39.6%. This was on account of a 31.7% y-o-y increase in administrative expenses to KES 81.3 MN, partly wiping the impact of the 210bps increase in gross profit margin.

Sales volumes increased by 21.0% y-o-y to 9.0 MN Kgs compared to 7.4 MN Kgs sold in 1H20, supporting the 27.4% y-o-y increase in turnover to KES 449.6 MN.

Total assets grew by 5.2% y-o-y to KES 3.8 BN on the back of a 3.7% y-o-y increase in non-current assets to KES 2.8 BN and a 9.6% y-o-y increase in current assets to KES 1.0 BN. Total liabilities increased by 9.7% y-o-y to KES 392.8 MN as a result of a 33.5% y-o-y increase in current liabilities to KES 200.3 MN.

On a trailing basis, Carbacid is trading at a P/E multiple of 8.5x against a sector median of 8.8x and a P/B multiple of 0.9x against a sector median of 0.8x. Its ROE stands at 10.3%, against a sector median of 6.9% whereas ROA stands at 9.2%, against a sector median of 3.2%. *(Source: Company Filings, DBIB Research)*

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Nation Media proposed a buyback of up to 10.0% of its issued and paid-up share capital.

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Nation Media Group Proposed Buyback

Nation Media proposed a buyback of up to 10.0% of its issued and paid-up share capital. Shareholders and investors are advised to exercise caution when dealing with the company's securities. The Buyback Program is subject to regulatory and shareholder approvals. *(Source: Company Filings, DBIB Research)*

Salient News Cont'd...

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Unga Group released its 1H21 financial results recording a 44.8% y-o-y decline in PAT to KES 83.5 MN
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Unga Group 1H21 results

Unga Group released its 1H21 financial results recording a 44.8% y-o-y decline in PAT to KES 83.5 MN partly attributable to a 2.9% y-o-y decline in revenue to KES 9.7bn. Management stated that profitability was impacted by depressed margins, restructuring and finance costs. Finance costs increased by 15.6% y-o-y to KES 103.5 MN.

EPS for the period stood at KES 0.63, down 49.6% y-o-y.

Operating profit decreased by 28.2% y-o-y to KES 217.9 MN pointing to the worsening of margins. Operating profit margin stood at 2.2% compared to 3.0% recorded in 1H20. Management stated that key raw material prices were relatively high in the period, but local maize harvest led to some improvement in the second quarter.

Total assets fell by 5.6% y-o-y to KES 9.7 BN while total liabilities declined by 13.1% y-o-y to KES 3.6 BN.

On a trailing basis, P/E and P/B multiples stand at 71.0x and 0.4x respectively against industry median P/E and P/B multiples of 9.2x and 0.9x respectively. Trailing R.O.E and R.O.A stand at 0.6% and 0.3% respectively against industry median R.O.E and R.O.A of 6.8% and 3.2% respectively. *(Source: Company Filings, DBIB Research)*

EAPCC 1H21 results

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EAPCC released its 1H21 financial results recording a 34.3% y-o-y improvement in loss after tax of KES 1.0 BN
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EAPCC released its 1H21 financial results recording a 34.3% y-o-y improvement in loss after tax of KES 1.0 BN despite a 6.3% y-o-y decline in revenues to KES 1.4 BN.

Other operating income increased more than six-fold to KES 38.2 MN while **administrative and selling expenses declined by 49.7% y-o-y to KES 540.5 MN**. These worked to cushion the bottom line from the revenue decline, leading to the 34.3% y-o-y improvement in loss after tax.

Loss per share stood at KES 11.36, marking a 35.3% y-o-y improvement against 1H20's loss per share of KES 17.55.

Total assets fell by 1.7% y-o-y to KES 34.6 BN whereas total liabilities grew by 2.5% y-o-y to KES 16.8 BN.

On a trailing basis, P/E and P/B multiples stand at (0.3)x and 0.04x respectively against industry median P/E and P/B multiples of (0.2)x and 0.3x respectively. Trailing R.O.E and R.O.A stand at (14.8)% and (7.9)% respectively against industry median R.O.E and R.O.A of (14.8)% and (7.9)% respectively. *(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
Safaricom	Interim : KES 0.45	5-Mar-21	31-Mar-21
BAT Kenya	Final: 41.50	16-Apr-21	12-May-21
KenGen	First & Final: KES 0.30	29-Apr-21	22-Jul-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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