

DBIB WEEKLY BULLETIN

WEEK 22

Date: 04.06.2021

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INDICES & MARKET METRICS MOVEMENT

NSE 20 gained 2.5% w-o-w to close at 1,908.82 while NASI shed 1.6% w-o-w to close at 169.87.

Weekly equity turnover dropped 53.7% w-o-w to USD 21.5 MN (KES 2.32 BN).

USD | KES: KES weakened 0.2% w-o-w to close at 107.80 (+1.3% YTD).

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	169.87	(1.63)	5.07	14.68	11.68
NSE-20	1,908.82	2.51	(1.68)	6.85	2.16
DBIB Select	107.29	(0.63)	3.82	19.77	9.94
FTSE 15	199.70	0.15	7.33	15.97	12.10
FTSE 25	225.02	(1.16)	7.25	16.97	13.89
FTSE Frontier 50	48,644.61	1.48	7.29	12.93	10.40

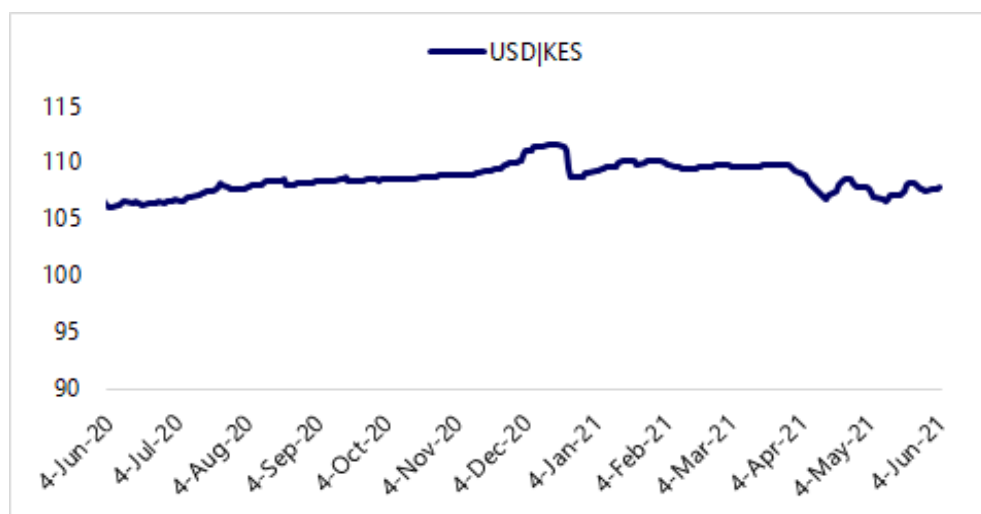
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,645.16	(1.63)	0.61	6.49	16.28
Market Turnover (USD m)	21.48	(53.71)	(14.03)	9.81	(55.18)
Market P/E (x)	14.33	(4.49)	(3.20)	10.20	2.33
Market Div. yld (%)*	3.51	10.51	(119.49)	(99.49)	(178.92)
Market ROE (%)**	33.23	(46.52)	27.48	(310.52)	(508.58)

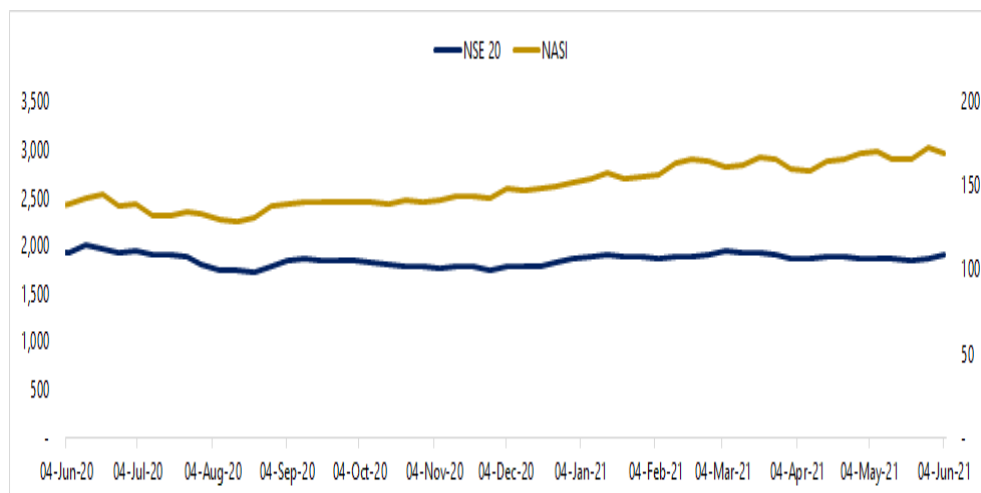
* Changes in bps ** Market ROE is market cap weighted

(Source: NSE, DBIB Research)

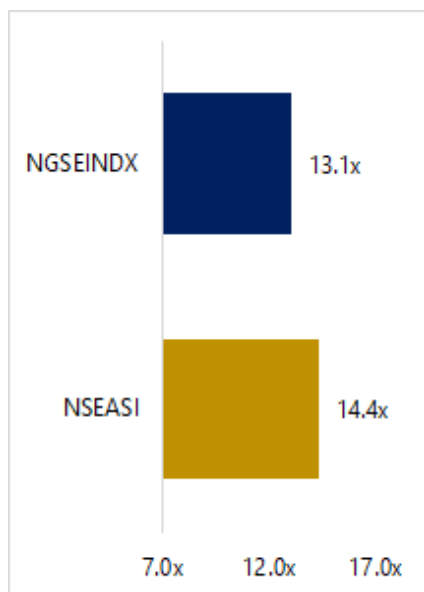
USD | KES : 52-Week Trend



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>
Nation Media Group	31.0
Home Afrika	10.5
Bamburi Cement	9.5
Olympia Capital	9.3
Umeme Ltd	8.6

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
B.O.C Kenya	(9.6)
Uchumi Supermarket	(7.7)
Sameer Africa	(6.6)
Scangroup Ltd	(6.6)
Housing Finance	(5.2)

(Source: NSE, DBIB Research)



Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 5.08 MN (KES 547.24 BN) representing 23.63% of this week's turnover.

The stock fell by 3.2% w-o-w to close at KES 40.50 on Friday.

Foreign investors assumed a net selling position on the counter this week by accounting for 84.83% of foreign sales and 73.99% of foreign purchases.

<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	5.08
Equity Group	5.07
E.A Breweries	4.45
NCBA Group	2.50
KCB Group	1.34

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Nation Media	46.3
BAT Kenya	28.9
NBV Ltd	27.6
BK Group	26.8
Express Kenya	24.7

(Source: NSE, DBIB Research)

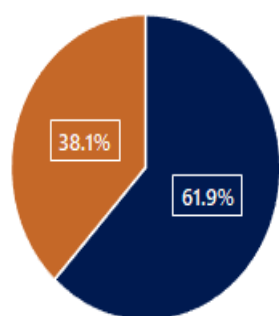


<u>Top Losers</u>	<u>%</u>
E.A.P.C.C	(28.2)
Standard Group	(27.8)
KPLC	(21.1)
DTB Group	(20.0)
Eveready E.A	(20.0)

(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
E.A Breweries	96.3
Equity Group	83.5
Fahari I-REIT	79.2
Safaricom	74.0

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
E.A Breweries	93.4
Safaricom	84.8
KCB Group	81.5
Carbacid	76.9
Equity Group	72.3

Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
BOC Kenya	87.0
Stanbic Holdings	75.6
Safaricom	73.4
E.A Breweries	64.2

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	99.7
E.A Breweries	74.3
Stanbic Holdings	72.9
KenGen	71.1
Safaricom	66.2

FROM THE FIXED INCOME DESK

The **Bond market's turnover** for the week stood at USD 123.56 MN (KES 13.32 BN) representing a 62.0% w-o drop from USD 325.23 MN (KES 34.97 BN) recorded the previous week.

The Bond market's turnover for the week stood at USD 123.56 MN (KES 13.32 BN) representing a 62.0% w-o-w drop from USD 325.23 MN (KES 34.97 BN) recorded the previous week. The bond issue number IFB1/2021/18Yr emerged as the top traded bond with a turnover of KES 2.33 BN accounting for 17.5% of the week's turnover. The bond traded between 10.0000% and 12.7709%.

June Issue: FXD1/2019/20 and FXD1/2012/20 (Re-opened)

This June, the government issued the bond number FXD1/2019/20 (17.9 yrs.) and FXD1/2012/20 (11.4 yrs.) with the aim of raising KES 30.0 BN for budgetary support. The coupon rate of FXD1/2019/20 stands at 12.873% while that of FXD1/2012/20 stands at 12.000%. The period of sale runs from 02 June 2021 to 15 June 2021.

Top Trades for the week ending 04 June 2021

					Total
			Coupon	Yield	Price
Trading Date	Issue No.	Years	(%)	(%)	(KES m)
31-May	FXD1/2021/25Yr	24.9	13.9240	13.6500	102.71
3-Jun	IFB 1/2021/16Yr	15.6	12.2570	11.9000	106.51
4-Jun	IFB 1/2021/18Yr	17.8	12.6670	12.2000	104.73
31-May	FXD 1/2019/ 5Yr	2.7	11.3040	10.1500	105.70
31-May	FXD1/2018/25Yr	22.0	13.4000	13.5500	104.86
31-May	IFB 1/2020/11Yr	10.2	10.9000	10.9500	102.65
31-May	IFB 1/2021/16Yr	15.6	12.2570	11.9500	106.09
2-Jun	FXD 2/2019/ 5Yr	2.9	10.8720	10.3726	101.91
3-Jun	FXD1/2018/25Yr	22.0	13.4000	13.4254	105.84
2-Jun	IFB 1/2019/16Yr	14.4	11.7500	11.8000	100.86
3-Jun	IFB 1/2019/16Yr	14.4	11.7500	11.7000	101.51
31-May	FXD1/2019/15Yr	12.6	12.8570	12.9500	103.84
3-Jun	FXD1/2021/25Yr	24.9	13.9240	13.5500	103.55
31-May	FXD1/2013/15Yr	6.7	11.2500	11.7210	101.06
31-May	IFB 1/2021/18Yr	17.8	12.6670	12.3000	103.96
2-Jun	IFB 1/2021/18Yr	17.8	12.6670	12.2106	104.60
2-Jun	IFB 1/2021/18Yr	17.8	12.6670	12.1300	105.11
31-May	FXD 1/2018/ 5Yr	1.8	12.2990	9.8000	106.38
31-May	FXD1/2018/20Yr	16.8	13.2000	13.3250	101.66
31-May	FXD1/2018/20Yr	16.8	13.2000	13.1500	102.82
31-May	FXD1/2021/25Yr	24.9	13.9240	13.7500	102.00

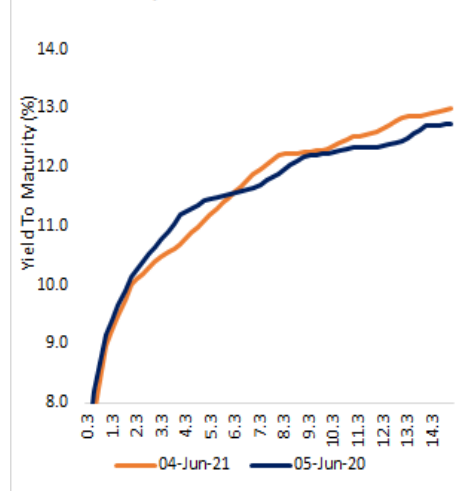
(Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 04 June 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	1.37	34.34	1.34	7.137	(0.2)
182-day	10.00	9.99	99.94	9.87	7.818	(4.7)
364-day	10.00	27.63	276.26	11.66	8.973	(18.3)

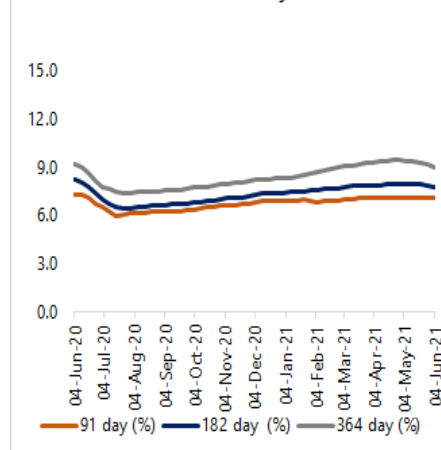
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

Salient News

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Kenya Re announced its FY20 earnings reporting a 25.8% y-o-y decrease in profit after tax to KES 2.94 BN.

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Kenya Re FY20 Earnings

Kenya Re announced its FY20 earnings reporting a 25.8% y-o-y decrease in profit after tax to KES 2.94 BN. Earnings per share (EPS) stands at KES 1.05 while Dividend per share (DPS) stands at KES 0.20 implying a Dividend yield of 8.7% at the current price of KES 2.30 per share.

Gross written premiums rose 5.8% y-o-y to KES 18.5 BN while retrocession premiums dropped 37.8% y-o-y to KES 0.7 BN. Consequently, net written premiums rose 8.6% y-o-y to KES 17.9 BN.

Total income grew 14.8% y-o-y to KES 24.7 BN on the back of a 34.3% y-o-y rise in net earned premium to KES 20.9 BN and a 2.1% y-o-y rise in investment income to KES 3.8 BN.

Total expenses rose 17.2% y-o-y to KES 21.0 BN following a 22.2% y-o-y rise in net claims and benefits to KES 13.5 BN, and a 29.8% y-o-y rise in cedant acquisition costs to KES 5.3 BN. Claims ratio stood at 64.8%, 640 bps down y-o-y while net acquisitions ratio stood at 25.2%, 77 bps down y-o-y. Operating and other expenses edged down 3.8% y-o-y to KES 2.0 BN placing the expense ratio at 10.5%, 743 bps down y-o-y. As such, the combined ratio shed 1460 bps y-o-y to 100.6%.

Total assets rose 5.7% y-o-y to KES 53.2 BN mainly due to a 0.8% y-o-y rise in investment in government securities to KES 17.3 BN, a 0.8% y-o-y rise in investment property to KES 12.2 BN, and a 22.4% y-o-y rise in deposits with financial institutions to KES 8.3 BN.

Total liabilities rose 2.3% y-o-y to KES 18.8 BN owing to an 35.7% y-o-y rise in insurance contract liabilities to KES 12.1 BN, and a 23.8% y-o-y rise in other liabilities to KES 2.3 BN. Net assets rose 7.7% y-o-y to KES 34.4 BN.

Management reported a capital adequacy ratio of 875%, constant y-o-y and a solvency ratio of 753%, down from 809% in FY19.

On a trailing basis, Kenya Re is trading at a P/E multiple of 2.2x and a P/B multiple of 0.2x against sector median multiples of 0.1x and 0.6x respectively. It's ROE stands at 8.6% against a sector median of 2.1% while its ROA stands at 5.5% against a sector median of 0.7%. We maintain a BUY recommendation. *(Source: Company filings, DBIB Research)*

Salient News cont'd...

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BK Group released its 1Q21 earnings reporting 79.2% y-o-y growth in Profit after Tax (PAT) to RWF 11.2 BN.

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BK Group 1Q21 Earnings

BK Group released its 1Q21 earnings reporting 79.2% y-o-y growth in Profit after Tax (PAT) to RWF 11.2 BN. EPS for the period stood at RWF 49.30.

Net interest income rose 15.8% y-o-y to RWF 31.9 BN while net fees and commission edged up 4.5% y-o-y to RWF 3.7 BN. Operating expenses dropped 5.7% y-o-y to RWF 11.4 BN.

Total assets increased 6.4% y-o-y to RWF 1.4 TN with customer loans and advances rising by 5.5% y-o-y to RWF 897.7 BN.

Total liabilities rose 7.5% y-o-y to RWF 1.1 TN with customer deposits growing by 6.7% y-o-y to RWF 843.4 BN. Total equity increased 2.1% y-o-y to RWF 262.8 BN.

On a trailing basis, BK Group is trading at a P/E multiple of 4.9x against a sector median of 6.8x and a P/B multiple of 0.8x against a sector median of 0.7x. ROE stands at 16.9% against a sector median of 10.3% and a ROA stands at 3.2% against a sector median of 1.5%. *(Source: Company filings, DBIB Research)*

Inflation stood at 5.87% in May 2021

Consumer Price Indices (CPI) rose by 0.20% to 114.98 in May 2021 from 114.75 reported in the previous month. **Overall y-o-y inflation stood at 5.87% in May 2021, representing an 11 bps rise from the previous month.** The y-o-y food inflation rose by 7.02% between May 2020 and May 2021. The Food and Drinks' Index rose by 0.32% month-on-month owing to an increase in the prices of some foodstuffs which outweighed the decrease in prices of other foodstuffs. The transport index rose by 0.69% month-on-month mainly due to increased pump prices of petrol by 2.87% month-on-month. In contrast, the housing, water, electricity, gas and other fuels' index dropped by 0.15% month-on-month, on account of decreased charcoal and electricity prices. *(Source: KNBS, DBIB Research)*

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UPCOMING EVENTS

Profit Warnings

1. Eaagads
2. E.A. Cables
3. Centum

Company	Announcement	Book Closure	Payment
NCBA	Final: KES 1.50	20-Apr-21	STA*
KenGen	First & Final: KES 0.30	22-Apr-21	22-Jul-21
KCB Group	First & Final: KES 1.00	26-Apr-21	26-Jun-21
Bamburi Cement	First & Final: KES 3:00	16-May-21	15-Jul-21
Stanbic Holdings	Final: KES 3.80	21-May-21	04-Jun-21
BOC Kenya	Final: KES 4.15	25-May-21	19-Jul-21
Jubilee Holdings	Final: KES 8.00	26-May-21	26-Jul-21
Kakuzi	First & Final: KES 18.00	31-May-21	30-Jun-21
Sasini	Interim: KES 0.50	02-Jun-21	15-Jul-2021
NSE	First& Final: KES 0.53	04-Jun-21	30-Aug-21
Umeme Ltd	Final: USH: 12.20	25-Jun-21	19-Jul-21
Total Kenya	First & Final: KES 1.57	25-Jun-21	30-Jul-21
Kenya Re	First & Final: KES 0.20	30-Jun-21	13-Aug-21
Safaricom	Final : KES 0.92	30-Jul-21	31-Aug-21

Rights Issue

Crown Paints	Rights issue: 1:1	31-May-21	15-Jul-21
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(Source: NSE, DBIB Research)

STA*—Subject to approval

AGM SCHEDULE

Company	Time	Venue	Date
Sameer Africa	10:00 a.m.	Virtual	10-Jun-21
TransCentury	11:00 a.m.	Virtual	10-Jun-21
Bamburi Cement	2:30 p.m.	Virtual	10-Jun-21
BK Group	9:00 a.m.	Virtual	16-Jun-21
Liberty Kenya	11:00 a.m.	Virtual	17-Jun-21
Standard Group	11:00 a.m.	Virtual	22-Jun-21
Equity Group	10:00 a.m.	Virtual	24-Jun-21
BOC Kenya	11:00 a.m.	Virtual	24-Jun-21
DTB Kenya	11:00 a.m.	Virtual	24-Jun-21
Total Kenya	9:00 a.m.	Virtual	25-Jun-21
Kenya Airways	9:00 a.m.	Virtual	25-Jun-21
Nation Media	3:00 p.m.	Virtual	25-Jun-21
TPS E.A	11:00 a.m.	Virtual	28-Jun-21
CIC Insurance	10:00 a.m.	Virtual	29-Jun-21
Jubilee Holdings	11:00 a.m.	Virtual	29-Jun-21
Kenya Re	11:00 a.m.	Virtual	30-Jun-21
Flame Tree Group	11:00 a.m.	Virtual	30-Jun-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