

# DBIB WEEKLY BULLETIN

# WEEK 09

Date: 05.03.2021

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## INDICES & MARKET METRICS MOVEMENT

**NSE 20 rose** 1.3% w-o-w to close at 1,941.39 while **NASI dropped** 2.3% w-o-w to close at 161.67.

**Weekly equity turnover edged down** by 32.4% w-o-w to USD 19.6 MN (KES 2.15 BN).

**USD | KES: KES strengthened** 0.1% w-o-w to close at 109.80 (-0.4% YTD).

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	161.67	(2.25)	9.15	16.08	6.28
NSE-20	1,941.39	1.34	8.67	4.65	3.91
DBIB Select	103.34	(0.99)	15.36	18.96	5.89
FTSE 15	186.06	(0.36)	8.05	7.39	4.44
FTSE 25	209.80	(1.75)	9.05	13.33	6.18
FTSE Frontier 50	45,341.02	(0.82)	5.26	18.68	2.91

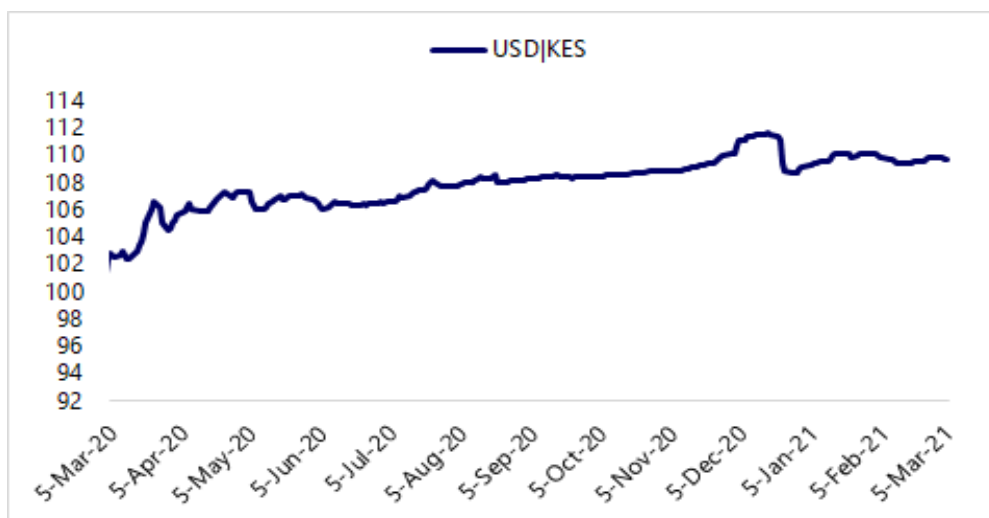
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,483.94	(2.25)	2.91	9.19	16.17
Market Turnover (USD m)	19.57	(32.43)	(31.36)	(59.18)	(28.53)
Market P/E (x)	13.00	(5.11)	3.27	(7.14)	8.51
Market Div. yld (%) *	4.70	-	20.00	(11.70)	(130.95)
Market ROE (%) *	32.96	(21.00)	(338.00)	361.14	(1,192.00)

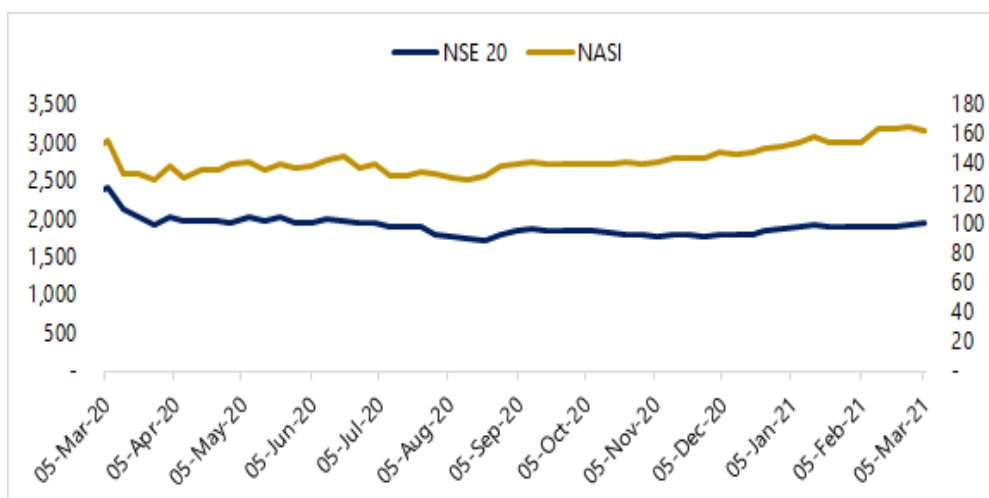
\* Changes in bps \*\* Market ROE is market cap weighted

(Source: NSE, DBIB Research)

### USD | KES : 52-Week Trend

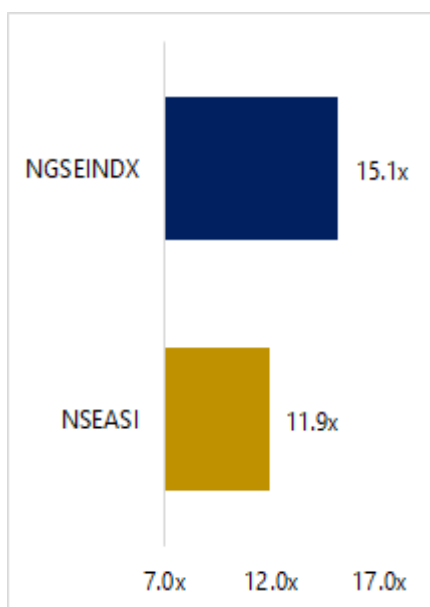


### Indices : 52-Week Trend



(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	57.5
Sanlam Kenya	16.4
Car & General (K)	8.3
Express Kenya	8.1
Trans-Century Ltd	6.1

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
E.A.Portland Cement	(10.1)
Longhorn Publishers	(7.6)
Sameer Africa	(7.4)
Uchumi Supermarket	(7.1)
Scangroup Ltd	(7.1)

(Source: NSE, DBIB Research)



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**Safaricom** emerged the top traded counter on the bourse recording a weekly turnover of USD 11.21 MN (KES 1.2 BN) representing 57.31% of this week's turnover.

The stock declined 3.7% w-o-w to close at KES 37.30 on Friday.

Foreign investors assumed a net selling position on the counter this week by accounting for 78.27% of foreign sales and 77.08% of foreign purchases.

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<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	11.20
E.A Breweries	1.92
Co-operative Bank	1.53
Equity Group	1.46
BAT Kenya	0.94

(Source: NSE, DBIB Research)

## Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Nation Media Group	64.1
BAT Kenya	33.1
STANLIB FAHARI I-REIT.	18.8
Car & General (K) Ltd	18.2
Kenya Re	12.9

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
E.A.Portland Cement	(23.8)
Kenya Power	(19.3)
Trans-Century Ltd	(16.6)
Standard Group	(15.6)
Sanlam Kenya	(13.9)

(Source: NSE, DBIB Research)



## Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Safaricom	77.1
E.A Breweries	49.7
Equity	44.3
Liberty Holdings	22.8
Williamson Tea Kenya	15.9

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Bank of Kigali	100.0
Stanbic Holdings	96.1
KCB	84.6
Standard Group	79.4
Safaricom	78.3

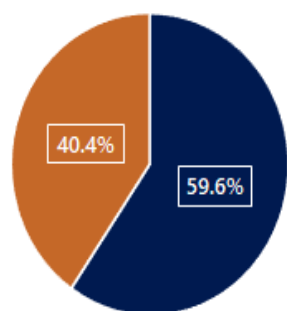
## Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
Safaricom	83.7
Stanbic Holdings	77.0
Equity Group	72.8
NSE	72.4

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	100.0
KCB	87.7
Equity Group	78.5
E.A Breweries	76.2
Stanbic Holdings	72.6

## 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 167.56 MN (KES 18.37 BN) representing a 23.7% w-o-w increase from USD 135.48 MN (KES 14.88 BN) recorded the previous week.

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### March Issue : FXD1/2019/10 & FXD2/2018/20 (Reopens)

This March, the government has reopened the bonds issue number FXD1/2019/10 (8.0 yrs.) and FXD2/2018/20 (17.4 yrs.) with the aim of raising KES 50.0 BN for budgetary support. The coupons on FXD1/2019/10 and FXD2/2018/20 are set at 12.438% and 13.200% respectively. The period of sale runs from 1st March 2021 to 09 March 2021.

### Top Trades for the week ending 05 March 2021

						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	Value (KES m)
3-Mar	FXD1/2018/25Yr	22.2	13.4000	13.3500	102.95	1,400.0
5-Mar	IFB 1/2019/16Yr	14.6	11.7500	11.7000	104.48	853.0
1-Mar	IFB 1/2021/16Yr	15.9	12.2570	11.7000	104.66	833.7
4-Mar	FXD1/2018/25Yr	22.2	13.4000	13.2551	103.67	750.0
5-Mar	FXD1/2020/ 5Yr	4.2	11.6670	10.6500	107.04	703.0
3-Mar	IFB 1/2018/20Yr	17.7	11.9500	11.7500	104.66	700.0
4-Mar	IFB 1/2016/15Yr	10.6	12.0000	10.9071	109.13	600.0
1-Mar	IFB 1/2018/20Yr	17.7	11.9500	11.7000	104.90	500.0
4-Mar	IFB 1/2019/16Yr	14.6	11.7500	11.0020	109.01	500.0
5-Mar	IFB 1/2016/9Yr	4.2	12.5000	10.1500	109.14	500.0
4-Mar	IFB 1/2017/7Yr	3.7	12.5000	10.1000	108.93	450.0
5-Mar	FXD 3/2016/ 5Yr	0.5	13.1120	8.2000	108.51	450.0

#### Sell-Buy Backs

5-Mar	IFB 1/2019/16Yr	14.6	11.7500	11.0000	103.67	500.0
5-Mar	FXD1/2018/15Yr	12.2	12.6500	11.0000	107.04	300.0
5-Mar	IFB 1/2019/16Yr	14.6	11.7500	11.7250	104.66	300.0

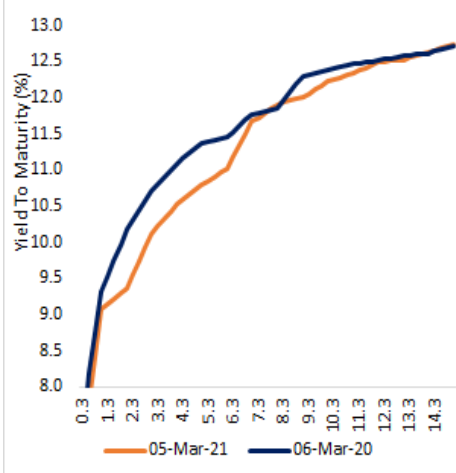
(Source: NSE, DBIB Research)

### Treasury Bill auction for the week ending 05 March 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	7.05	176.13	6.06	7.024	9.3
182-day	10.00	7.77	77.74	6.81	7.765	4.3
364-day	10.00	19.02	190.16	17.29	9.071	5.7

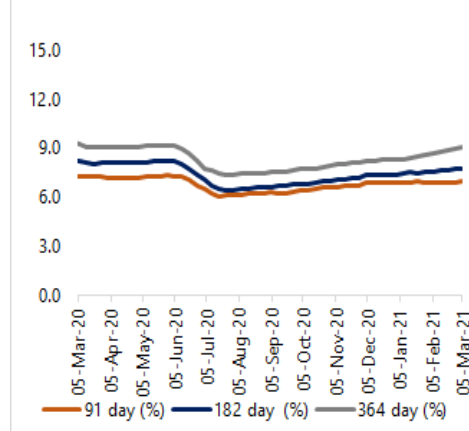
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

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## Salient News

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**Stanbic Bank** released its FY20 results recording a 16.0% y-o-y decline in profit after tax (PAT) to KES 5.2 BN.

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### Stanbic Bank FY20 Earnings

**Stanbic Bank released its FY20 results recording a 16.0% y-o-y decline in profit after tax (PAT) to KES 5.2 BN.** This was on the back of a 6.7% y-o-y decrease in total income to KES 22.0 BN and a 64.7% y-o-y upsurge in the loan loss provision expense to KES 4.3 BN. EPS for the period stood at KES 30.63.

**Net interest income declined 4.5% y-o-y to KES 12.2 BN,** on account of a 3.4% y-o-y decline in interest income to KES 19.7 BN. Interest expense declined 1.6% y-o-y to KES 7.5 BN. Net interest margin therefore declined 76 bps y-o-y to 4.1%.

**Non-funded income declined 9.3% y-o-y to KES 9.8 BN,** attributable to a 18.7% y-o-y reduction in fees and commission income to KES 3.6 BN and an 58.1% y-o-y drop in other operating income to KES 611.4 MN. Forex income saw a 14.1% y-o-y rise to KES 5.5 BN.

**Operating expenses (less loan loss provisions) declined 10.0% y-o-y to KES 11.4 BN** mainly on account of a 25.5% y-o-y decline in other expenses line item to KES 4.4 BN.

**Pre-provision operating profit declined 2.9% y-o-y to KES 10.5 BN.** Loan loss provision expense saw a 64.7% y-o-y upsurge to KES 4.3 BN, placing the cost of risk at 2.7%, up 101 bps on a y-o-y basis. As a result, profit before tax dropped 16.5% y-o-y to KES 6.2 BN.

**Customer loan book grew 3.5% y-o-y to KES 158.2 BN (-0.4% q-o-q).** On the funding side, customer deposits saw a 12.0% y-o-y increase to KES 216.8 BN (-4.1% q-o-q) .

**Gross NPLs increased 29.4% y-o-y to KES 25.0 BN,** the increase coming in line with general expectation, indicating impact of the FY20 trading environment.

**On a trailing basis,** Stanbic Holdings is trading at a P/E ratio of 6.4x, above an industry median of 6.1x, and a P/B of 0.6x above an industry median of 0.7x. ROE stands at 10.0%, relative to an industry median of 11.2%, whereas ROA stands at 1.6%, relative to an industry median of 1.7%. *(Source: Company Filings, DBIB Research)*

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## Salient News

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**Sanlam Kenya** announced that it expects a y-o-y decline in PAT in FY20.

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### Sanlam Kenya announces profit warning

**Sanlam Kenya** announced that it expects a y-o-y decline in PAT in FY20. This is attributable to the effects of the COVID-19 pandemic on the local economy and the foreign exchange rates which adversely affected the Group's net assets. *(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
18. Sanlam Kenya

<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
Stanbic Holdings	Final: KES 3.80	21-May-21	STA*

*(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
Car & General (K)	10:00 am	Virtual	25-March-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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