

# DBIB WEEKLY BULLETIN

# WEEK 18

Date: 07.05.2021

## Contents:

Equity Market Sum Up	2
Fixed Income Wrap Up	4
Salient News	5
Corporate Actions	6
Appendix	7



## INDICES & MARKET METRICS MOVEMENT

**NSE 20** shed 0.2% w-o-w to close at 1,862.50 while **NASI** gained 1.2% w-o-w to close at 171.09 respectively.

**Weekly equity turnover** rose 10.0% w-o-w to USD 25.0 MN (KES 2.67 BN).

**USD | KES:** KES strengthened 0.9% w-o-w to close at 106.86 (+2.1% YTD).

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	171.09	1.15	8.90	21.07	12.48
NSE-20	1,862.50	(0.22)	(0.18)	5.25	(0.32)
DBIB Select	106.16	0.89	5.37	22.56	8.78
FTSE 15	192.80	1.78	6.80	14.84	8.22
FTSE 25	221.74	1.56	8.96	20.17	12.23
FTSE Frontier 50	46,621.43	(0.19)	1.34	15.90	5.81

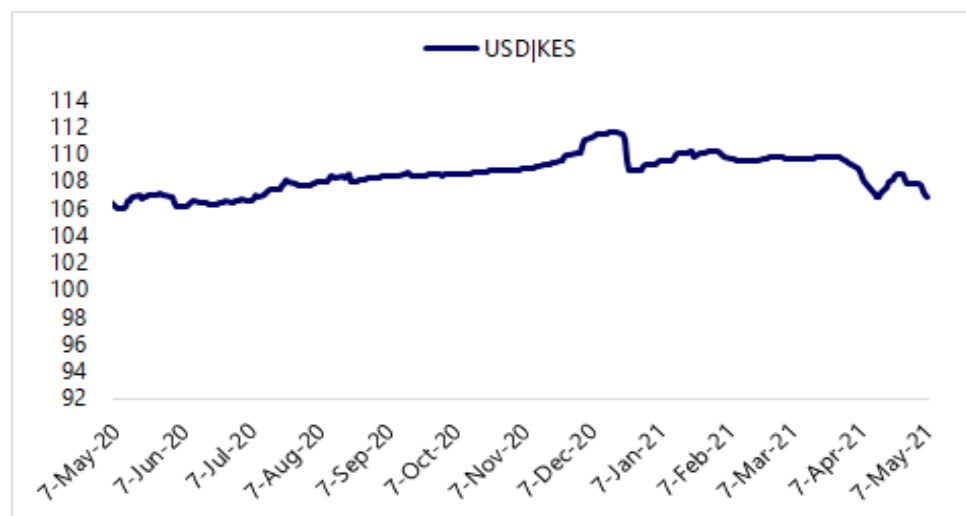
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,629.01	1.15	7.90	8.92	21.16
Market Turnover (USD m)	24.99	10.04	31.10	(12.32)	(13.27)
Market P/E (x)	14.80	2.07	15.42	17.57	17.79
Market Div. yld (%) *	4.20	(10.00)	6.46	(53.94)	(160.59)
Market ROE (%) *	39.86	38.00	682.38	882.17	182.36

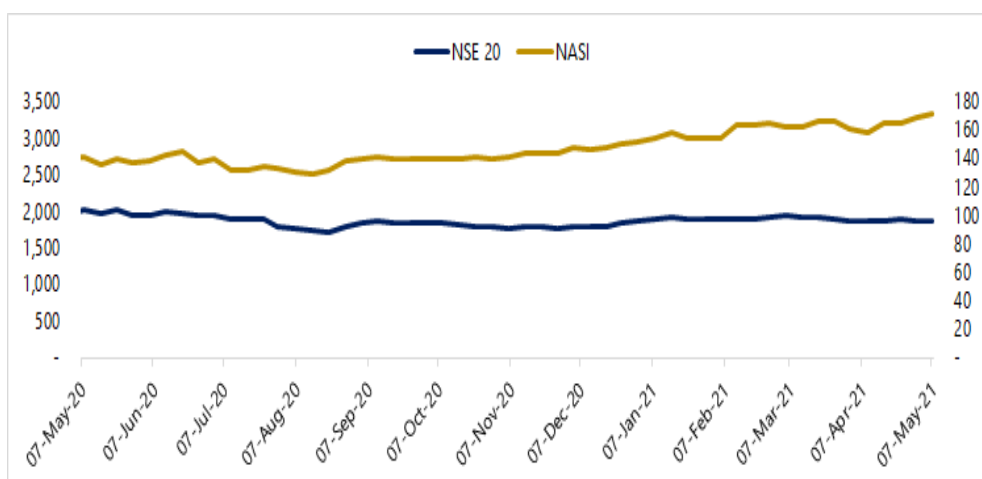
\* Changes in bps \*\* Market ROE is market cap weighted

(Source: NSE, DBIB Research)

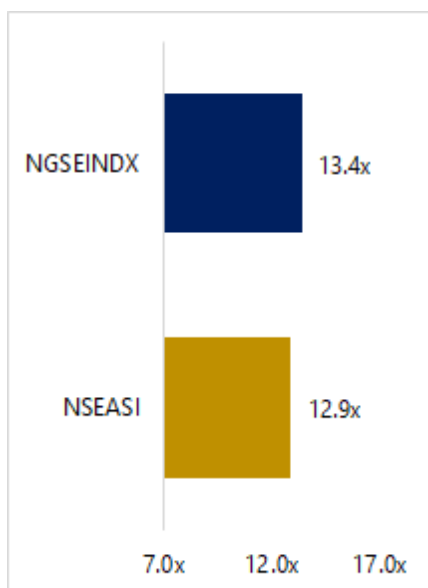
### USD | KES : 52-Week Trend



### 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>
B.O.C Kenya	12.7
Olympia Capital	9.1
Umeme Ltd	8.7
Unga Group Ltd	7.8
KCB Group	4.2

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Standard Group	(10.0)
TPS E.A	(9.2)
Eveready E.A	(7.4)
Housing Finance	(7.3)
Trans-Century Ltd	(6.7)

(Source: NSE, DBIB Research)



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**Safaricom** emerged the top traded counter on the bourse recording a weekly turnover of USD 16.36 MN (KES 1.75 BN) representing 65.46% of this week's turnover.

The stock rose by 1.1% w-o-w to close at KES 40.80 on Friday.

Foreign investors assumed a net buying position on the counter this week by accounting for 54.66% of foreign sales and 87.11% of foreign purchases.

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<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	16.36
KCB Group	2.71
Equity Group	2.48
I&M Holdings	0.90
E.A Breweries	0.76

(Source: NSE, DBIB Research)

## Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
BAT Kenya	29.5
Bank of Kigali	26.8
Express Kenya	21.1
Safaricom	19.1
Williamson Tea	14.4

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
E.A.P.C.C	(27.3)
Standard Group	(24.0)
Trans-Century Ltd	(23.4)
Kenya Power	(19.3)
Eveready E.A	(16.7)

(Source: NSE, DBIB Research)



## Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Bank of Kigali	98.7
KCB Group	88.1
Safaricom	87.1
NSE	83.2
Equity Group	82.2

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Bank of Kigali	95.4
BAT Kenya	74.6
KCB Group	69.0
Bamburi Cement	62.2
TPS E.A	61.0

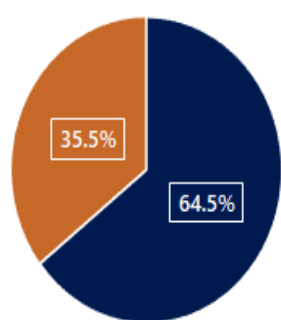
## Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
BOC Kenya	88.3
Stanbic Holdings	82.7
Safaricom	77.4
Equity Group	66.4

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	100.0
Stanbic Holdings	79.7
KenGen	73.3
E.A Breweries	70.6
KCB Group	68.5

## 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 182.46 MN (KES 19.50 BN) representing a 17.3% w-o-w upturn from USD 155.49 MN (KES 16.77 BN) recorded the previous week.

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### May Issue Results: FXD2/2019/15 (Re-opened) and FXD1/2021/25 (New issue)

The Government received a total of KES 42.59 BN; KES 11.59 from the reopening of FXD2/2019/15 and KES 31.00 BN for the newly issued FXD1/2021/25, placing the performance rate at 141.95% with regards to the total amount offered of KES 30.0 BN. The government accepted a total of KES 20.29 BN; KES 6.04 BN for the FXD2/2019/15 and KES 14.25 BN for the FXD1/2021/25. The average rate of the accepted bids came in at 12.975% and 13.924% for FXD2/2019/15 and FXD1/2021/25 respectively against market weighted average rates of 13.192% and 14.061%. The coupon rate for FXD2/2019/15 was fixed at 12.734% whereas the coupon rate for FXD1/2021/25 stood at 13.924%.

### Top Trades for the week ending 07 May 2021

						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	Value (KES m)
4-May	FXD1/2018/15Yr	12.0	12.6500	12.7775	104.84	1,620.0
7-May	IFB 1/2021/18Yr	139.3	12.6670	12.3200	103.02	1,075.0
3-May	FXD 1/2016/10Yr	5.3	15.0390	11.0000	118.76	1,000.0
5-May	FXD 2/2018/10Yr	7.6	12.5020	12.2500	106.07	900.0
5-May	FXD 1/2014/10Yr	2.7	12.1800	10.2000	108.13	700.0
3-May	IFB 1/2021/18Yr	139.3	12.6670	12.4000	102.37	606.0
7-May	IFB 1/2020/6Yr	126.5	10.2000	9.8600	105.39	510.0
4-May	IFB 1/2020/9Yr	129.3	10.8500	10.9300	100.31	500.0
6-May	IFB 1/2021/16Yr	137.1	12.2570	11.6300	107.29	500.0
6-May	FXD1/2012/15Yr	6.3	11.0000	11.7000	98.46	450.0
4-May	IFB 1/2015/12Yr	5.9	11.0000	10.3500	103.31	400.0
4-May	IFB 1/2017/12Yr	7.8	12.5000	10.9500	107.47	400.0

#### Sell & Buy Backs

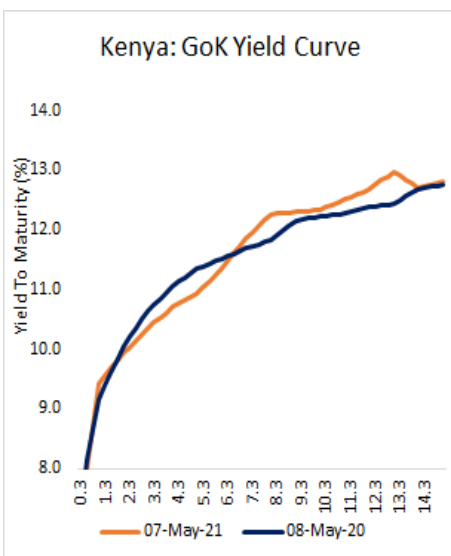
3-May	FXD1/2008/15Yr	1.9	12.5000	12.8247	106.07	1,620.0
4-May	FXD1/2019/20Yr	17.9	12.8730	12.6625	108.13	500.0
4-May	IFB 1/2021/16Yr	137.1	12.2570	11.6500	102.37	500.0

(Source: NSE, DBIB Research)

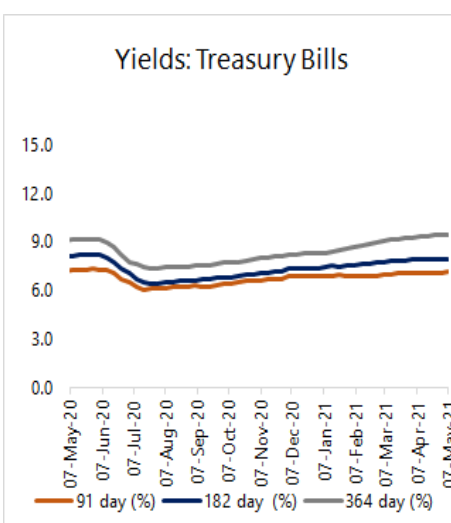
### Treasury Bill auction for the week ending 07 May 2021

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	1.86	46.45	1.86	7.152	1.3
182-day	10.00	4.26	42.64	3.77	7.990	0.1
364-day	10.00	25.32	253.19	15.19	9.424	(5.0)

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

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## Salient News

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**I&M Holdings** announced that it had completed the acquisition transaction of Orient Bank Ltd on the 30th April 2021.

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### **I&M Holdings completes the acquisition of 90% of the issued share capital of Orient Bank LTD, Uganda**

I&M Holdings announced that it had completed the acquisition transaction (90% of the issued share capital) of Orient Bank Ltd on 30th April 2021. The group received all the regulatory and corporate approvals as well as fulfilled each of the conditions precedent to the completion of the transaction. Orient Bank Ltd (OBL), is a licensed and well-established commercial bank incorporated in the Republic of Uganda.

*(Source: Company Filings, DBIB Research)*

### **Inflation closed off at 5.76% in April 2021**

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**Overall inflation** stood at 5.76% in March 2021, representing a 14 bps decline from the previous month.

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Consumer Price Indices (CPI) rose by 0.82% to 114.75 in April 2021 from 113.81 which was reported in the previous month. **Overall y-o-y inflation stood at 5.76% in March 2021, representing a 14 bps decline from the previous month.** The Food and Drinks' Index rose by 1.73% courtesy of an increase in the prices of some foodstuffs which outweighed the decrease in prices of other foodstuffs. The y-o-y food inflation grew by 6.42% between April 2020 and April 2021. The housing, water, electricity, gas and other fuels' index rose by 0.38% month-on-month, following an increase in the prices of charcoal and house rent for a one-bedroom unit by 1.83% and 0.05%, respectively. The transport index benefitted from the cancellation of the revised fuel prices in mid-April, thus significantly impacting the April inflation numbers. *(Source: KNBS, DBIB Research)*

### **MTN Rwanda lists by introduction on the RSE**

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Following approval by the Capital Markets Authority (CMA) and the Rwanda stock Exchange (RSE), **MTN Rwanda** listed by introduction on 4th May 2021.

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Following approval by the Capital Markets Authority (CMA) and the Rwanda stock Exchange (RSE), **MTN Rwanda listed by introduction on 4th May 2021.** This comes after Crystal Telekom's (CTL) shareholders distributed 20% of MTN Rwanda's shareholding held by CTL to CTL shareholders effective from the listing date. The listing will see CTL shareholders become direct shareholders of MTN Rwanda, thus be able to trade their MTN shares on the RSE. Hence, 1,350,886,600 ordinary shares with a nominal value of RWF 1.00 each will be registered at the RSE at an initial listing price of RWF 269.00 per ordinary share. *(Source: Company Filings, DBIB Research)*

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## Salient News cont'd ...

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**Allianz** completed the purchase of 66% stake (representing 1,522,622 ordinary shares) in **Jubilee General Insurance** at a cost of KES 10.8 BN.

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### Allianz completes acquisition of majority stake in Jubilee

Allianz and Jubilee Holdings announced the completion of the purchase of 66% stake (representing 1,522,622 ordinary shares) in Jubilee General Insurance by Allianz at a cost of KES 10.8 BN, thus leaving Jubilee holdings, the parent company, with 34% shareholding in the business. This follows the execution of an agreement signed on 29th September 2020 whereby Allianz agreed to acquire majority shareholding in the short-term general (property and casualty) insurance business operations of Jubilee Holdings in Kenya, Uganda, Tanzania, Burundi and Mauritius. As a result of the acquisition, Jubilee Holdings is now a company of the Allianz Group and once corporate filings are completed, it will operate as 'Jubilee Allianz General Insurance Limited'. (*Source: Company Filings, DBiB Research*)

### Commercial Banks' Credit Officer Survey for 1Q21

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Central Bank released the commercial banks' credit officer survey for 1Q21 reporting a 94.5% q-o-q growth in Profit before Tax (PBT) to KES 45.9 BN.

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Central Bank released the commercial banks' credit officer survey for 1Q21 reporting a 94.5% q-o-q growth in Profit before Tax (PBT) to KES 45.9 BN. This was largely attributable to a 22.8% q-o-q decrease in expenses.

**Aggregate balance sheet increased by 2.0% q-o-q to KES 5.5 TN.**

**Gross loans saw a 1.4% q-o-q to KES 3.0 TN** on the back of increased advances in the Financial Services, and Energy and Water sectors while total deposits rose by 2.8% q-o-q to KES 4.1 TN.

**NPL ratio deteriorated by 50 bps q-o-q to 14.6%** owing to the slowdown in business activities due to the effects of the COVID-19 pandemic on the Personal and Household, Real Estate, Transport and Communication, Tourism, and Trade sectors.

**Total capital adequacy ratio contracted marginally by 30 bps q-o-q to 18.9%** following a lower rise in total capital (+1.0%) as opposed to the increase in total risk weighted assets (+2.7%). Nonetheless, this ratio remains well above the minimum statutory ratio of 14.5%.

**Return on assets rose by 110 bps q-o-q to 2.7%** while return on equity rose by 820 bps q-o-q to 22.0% due to increased PBT.

**Liquidity ratio grew by 170 bps q-o-q to 56.3%** above the minimum statutory limit of 20.0%. (*Source: Credit Officer Survey, DBiB Research*)

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## Salient News cont'd ...

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**Acorn Project Limited Liability Partnership** announced the early redemption of KES 777.0 MN under its KES 5.0 BN Medium Term Note Programme.

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### Early redemption of KES 777.0 MN under Acorn's KES 5.0 BN Medium Term Note Programme

Acorn Project Limited Liability Partnership announced the early redemption of KES 777.0 MN under its KES 5.0 BN Medium Term Note Programme. The Notes will be redeemed at an amount equal to the nominal value of the Notes, together with accrued but unpaid interest from the preceding Interest Payment Date up to and including the early redemption date. The redemption will take effect on 10th May 2021. The early redemption amount will be disbursed to registered holders of the Notes as at 24th April 2021. (*Source: Company Filings, DBIB Research*)

### CMA approves Crown Paints Kenya rights issue

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The CMA approved the **Crown Paints Kenya** rights issue to raise KES 711,810,000 by issuing and listing 71,181,000 new ordinary shares on the NSE.

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The CMA approved the Crown Paints Kenya rights issue to raise KES 711,810,000 by issuing and listing 71,181,000 new ordinary shares on the NSE. The rights will be issued on the basis of one new ordinary share for every one existing share. The purpose of the rights issue is to give the company financial flexibility to mitigate the challenges caused by the COVID-19 pandemic and to boost the growth strategy of the company. The management intends to use the rights issue funds to facilitate the development of new products, funding regional expansion as well as retiring current facilities. (*Source: Capital Markets Authority, DBIB Research*)

## UPCOMING EVENTS

### Profit Warnings

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

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
I&M Holdings	Final: KES 2.25	15-Apr-21	20-May-21
BAT Kenya	Final: 41.50	16-Apr-21	12-May-21
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	STA*
Stanchart Bank	First & Final: KES 10.50	27-Apr-21	27-May-21
Bamburi Cement	First & Final: KES 3:00	16-May-21	15-Jul-21
Stanbic Holdings	Final: KES 3.80	21-May-21	STA*
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
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

### Bonus Issue

I&M Holdings	Bonus Issue: 1:1	10-May-21	21-May-21
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*(Source: NSE, DBIB Research)*

*STA\*—Subject to approval*

## AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
BAT Kenya	9:00 a.m.	Virtual	12-May-21
Kakuzi	12:00 noon	Virtual	18-May-21
Stanbic Holdings	11:00 a.m.	Virtual	20-May-21
KCB	10:00 a.m.	Virtual	27-May-21
ABSA Bank	10:00 a.m.	Virtual	27-May-21
Stanchart Bank	11:00 a.m.	Virtual	27-May-21
Britam Holdings	10:00 a.m.	Virtual	28-May-21
Limuru Tea	11:00 a.m.	Virtual	28-May-21
HF Group	12:00 noon	Virtual	28-May-21
Sanlam Kenya	12:00 noon	Virtual	03-Jun-21
BOC Kenya	11:00 a.m.	Virtual	24-Jun-21
Flame Tree Group	11:00 a.m.	Virtual	30-Jun-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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