

DBIB WEEKLY BULLETIN

WEEK 20

Date: 21.05.2021

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INDICES & MARKET METRICS MOVEMENT

NSE 20 shed 0.2 w-o-w to close at 1,858.87 while **NASI** held constant w-o-w to close at 165.76.

Weekly equity turnover rose 3.1% w-o-w to USD 29.4 MN (KES 3.18 BN).

USD | KES: KES weakened 1.1% w-o-w to close at 108.23 (+0.9% YTD).

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	165.76	-	0.13	15.34	8.97
NSE-20	1,858.87	(0.24)	(1.57)	4.09	(0.51)
DBIB Select	105.40	0.12	0.74	19.89	7.99
FTSE 15	191.90	0.03	2.00	12.82	7.72
FTSE 25	218.26	(0.04)	1.71	16.30	10.47
FTSE Frontier 50	48,276.81	2.39	4.73	15.61	9.57

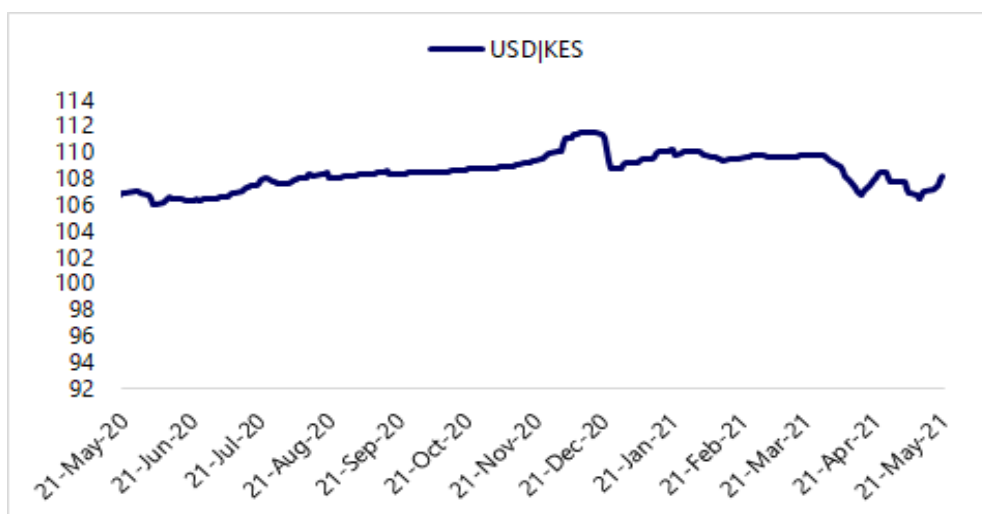
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk	3 m	6 m	12m
Market Cap. (USD m)	2,581.04	0.00	1.43	1.47	16.97
Market Turnover (USD m)	29.37	3.05	32.13	29.97	46.91
Market P/E (x)	14.20	(0.42)	2.95	4.41	6.87
Market Div. yld (%) *	3.60	1.58	(110.00)	(106.49)	(222.64)
Market ROE (%) *	33.26	6.06	35.00	(163.25)	(558.53)

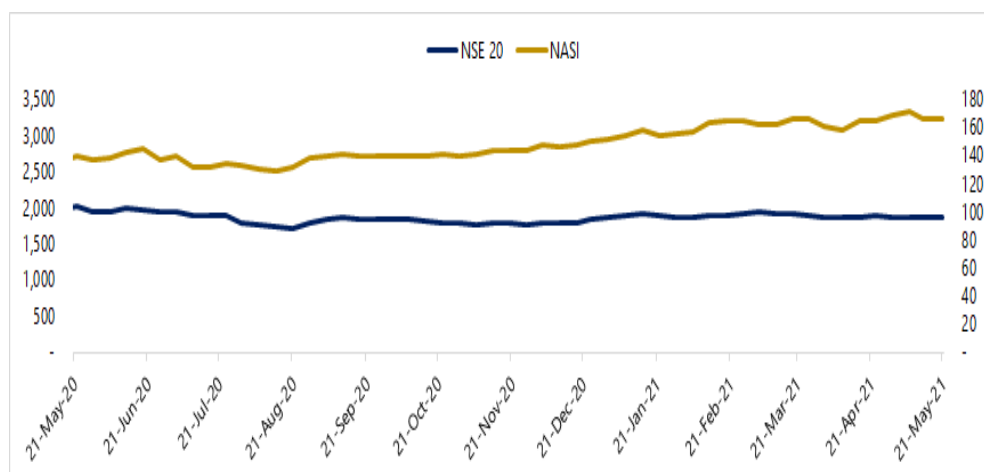
* Changes in bps ** Market ROE is market cap weighted

(Source: NSE, DBIB Research)

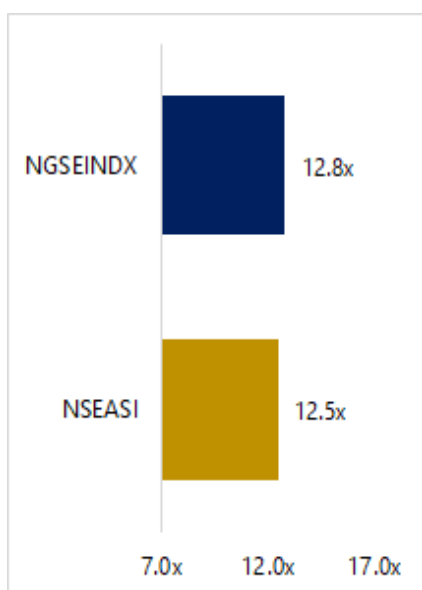
USD | KES : 52-Week Trend



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>
Uchumi Supermarket	13.0
Nation Media Group	10.6
NBV Ltd	9.0
Car & General (K) Ltd	7.3
B.O.C Kenya	5.8

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Unga Group	(11.9)
Housing Finance	(9.5)
Liberty Kenya	(7.3)
Bamburi Cement	(6.5)
Home Afrika Ltd	(4.8)

(Source: NSE, DBIB Research)



Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 23.93 MN (KES 2.59 BN) representing 81.47% of this week's turnover.

The stock rose by 0.3% w-o-w to close at KES 39.50 on Friday.

Foreign investors assumed a net selling position on the counter this week by accounting for 93.49% of foreign sales and 31.06% of foreign purchases.

<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	23.93
Equity Group	1.75
KCB Group	1.29
E.A Breweries	1.22
Co-operative Bank	0.31

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
BAT Kenya	30.2
BK Group	26.8
NBV Ltd	24.8
Eaagads Ltd	20.0
Safaricom	15.3

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
I&M Holdings	(48.1)
E.A.P.C.C	(27.3)
Standard Group	(19.6)
KPLC	(18.7)
Umeme Ltd	(17.6)

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
E.A Breweries	78.0
Jubilee Holdings	63.4
NSE	60.6
Kenya Re	55.4

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
New Gold ETF	100.0
Safaricom	93.5
BAT Kenya	80.0
Eaagads	62.6
WPP Scangroup	61.3

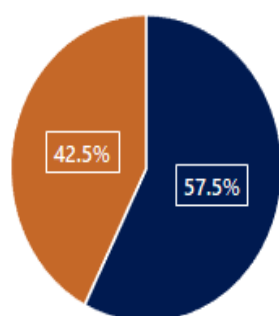
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
BOC Kenya	88.0
Stanbic Holdings	79.4
Safaricom	73.3
NSE	61.7

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	100.0
Stanbic Holdings	76.5
KenGen	71.7
E.A Breweries	70.3
Safaricom	68.2

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 199.85 MN (KES 21.63 BN) representing a 4.4% w-o-w increase from USD 191.48 MN (KES 20.49 BN) recorded the previous week.

The Bond market's turnover for the week stood at USD 199.85 MN (KES 21.63 BN) representing a 4.4% w-o-w increase from USD 191.48 MN (KES 20.49 BN) recorded the previous week. The bond issue number IFB1/2021/18Yr emerged as the top traded bond with a turnover of KES 4.9 BN accounting for 22.8% of the week's turnover. The bond traded between 11.0000% and 12.7500%.

Top Trades for the week ending 21 May 2021

						Total
						Value
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	(KES m)
21-May	FXD 1/2019/10Yr	7.7	12.4380	12.1000	104.63	1,000.0
17-May	IFB 1/2021/18Yr	17.9	12.6670	12.2000	104.12	705.0
17-May	IFB 1/2020/9Yr	7.9	10.8500	10.8000	101.23	700.0
17-May	FXD 1/2012/10Yr	1.1	12.7050	9.5250	108.54	616.0
21-May	FXD 1/2019/10Yr	7.7	12.4380	12.1250	104.51	600.0
18-May	IFB 1/2020/9Yr	7.9	10.8500	10.8000	101.26	531.5
17-May	IFB 1/2021/16Yr	15.6	12.2570	11.8600	106.19	517.1
18-May	FXD 1/2019/10Yr	7.7	12.4380	12.1000	104.53	500.0
18-May	IFB 1/2021/18Yr	17.9	12.6670	12.7500	100.71	500.0
17-May	FXD 1/2014/10Yr	2.7	12.1800	10.6000	107.54	450.0
17-May	FXD 2/2019/ 5Yr	3.0	10.8720	10.3950	101.40	425.0
17-May	FXD1/2018/25Yr	22.0	13.4000	13.8000	102.67	400.0
18-May	IFB 1/2020/11Yr	10.2	10.9000	11.0500	101.76	400.0
20-May	FXD1/2018/25Yr	22.0	13.4000	13.4750	104.96	400.0
21-May	FXD2/2010/15Yr	4.6	9.0000	10.9500	97.03	398.2
21-May	FXD2/2010/15Yr	4.6	9.0000	10.7500	97.90	398.2
17-May	IFB 1/2021/18Yr	17.9	12.6670	12.2750	103.64	300.0
18-May	FXD 2/2019/ 5Yr	3.0	10.8720	10.3500	101.63	300.0
18-May	FXD 2/2019/ 5Yr	3.0	10.8720	10.3000	101.67	300.0
18-May	FXD 4/2019/10Yr	8.5	12.2800	12.1500	106.61	300.0
20-May	FXD2/2018/20Yr	17.1	13.2000	13.2500	103.79	300.0
21-May	IFB 1/2021/18Yr	17.8	12.6670	12.2000	104.26	299.0
20-May	FXD2/2010/15Yr	4.6	9.0000	10.9500	97.00	251.8
21-May	FXD2/2010/15Yr	4.6	9.0000	10.7500	97.79	251.8

Sell & Buy Backs

17-May	FXD3/2019/15Yr	13.2	12.3400	12.2700	108.54	470.0
17-May	FXD1/2012/15Yr	6.3	11.0000	11.8000	104.51	200.0

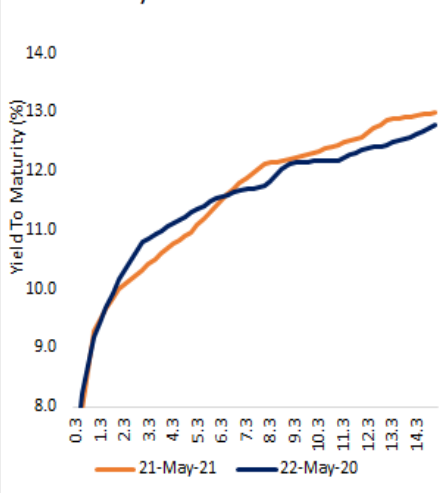
(Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 21 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	4.64	116.06	4.64	7.155	(0.1)
182-day	10.00	10.11	101.07	6.93	7.953	(4.2)
364-day	10.00	24.13	241.30	10.80	9.284	(8.1)

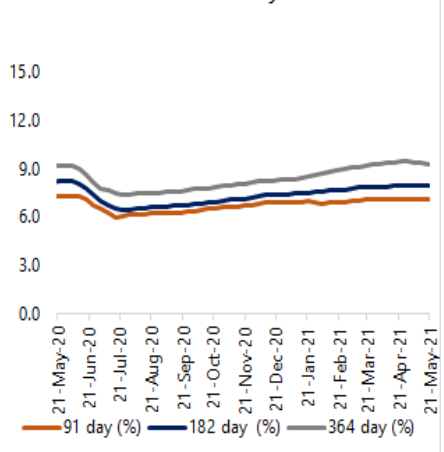
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

Salient News

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ABSA Group released its 1Q21 earnings reporting a 23.7% y-o-y growth in profit after tax to KES 2.4 BN.

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ABSA GROUP: 1Q21 EARNINGS SNAPSHOT

ABSA Group announced its 1Q21 results reporting a 23.7% y-o-y growth in profit after tax (PAT) to KES 2.4 BN. Profit growth came on the back of a 5.6% y-o-y growth in pre-provision operating profit to KES 4.8 BN and a 24.9% y-o-y increase in provisions to KES 1.4 BN. Earnings per share (EPS) for the period stood at KES 0.45 compared to KES 0.36 recorded in 1Q20.

Net interest income increased 5.9% y-o-y to KES 6.0 BN courtesy of a 17.7% y-o-y decline in interest expense to KES 1.6 BN. Interest income declined marginally by 0.3% y-o-y to KES 7.6 BN. Yield on interest earning assets in turn declined 24 bps y-o-y to 8.6% while cost of funds declined 44 bps y-o-y to 2.1% in line with decline in interest expense. As a result, the group's net interest margin (NIM) edged up 20 bps y-o-y to 6.6%.

Total non-interest income declined 3.9% y-o-y to KES 2.8 BN, partly attributable to an 18.4% y-o-y decline in net income from forex dealings to KES 0.9 BN. Fees and commission income grew 7.4% y-o-y to KES 1.6 BN in line with the group's loan book growth (+7.5% y-o-y). Funded income reliance in turn increased 217 bps y-o-y to 67.7%.

Operating expenses (less loan loss provisions) declined 1.0% y-o-y to KES 4.0 BN. As a result, pre-provision operating profit saw a 5.6% y-o-y increase to KES 4.8 BN. The bank's loan loss provisions expense increased by 24.9% y-o-y to KES 1.4 BN, taking the annualized cost of risk to 2.6%, up 36 bps y-o-y.

Loan book grew by 7.5% y-o-y (+4.5% q-o-q) to KES 218.3 BN. On the funding side, customer deposits increased by 7.7% y-o-y (+1.4% q-o-q) to KES 257.1 BN, supporting loan book growth. Available-for-sale securities grew by 0.4% y-o-y to KES 82.5 BN whilst held for dealing securities increased by 2.5% y-o-y to KES 44.2 BN.

Total NPLs saw a 0.7% y-o-y decline to KES 14.8 BN on the back of a 0.4% y-o-y decrease in gross NPLs to KES 17.3 BN. As a result, the NPL ratio declined 54 bps y-o-y to 7.3% (-24 bps q-o-q). The NPL coverage ratio increased 1022 bps y-o-y to 69.0%.

ABSA Bank's core capital ratio (Core capital/TRWA) edged up 60 bps y-o-y to 14.4%, above the statutory minimum of 10.5%. Total capital ratio (Total capital/ TRWA) edged up 50 bps y-o-y to 17.0%, above the statutory minimum of 14.5%. Liquidity ratio increased 40 bps y-o-y to 38.3%, above the statutory minimum of 20.0%.

On a trailing basis, ABSA is trading at a P/E multiple of 10.6x above the sector median of 6.2x and a P/B multiple of 1.0x above the sector median of 0.7x. Its ROE stands at 9.5%, against the sector median of 10.9% whereas ROA stands at 1.2%, below the sector median of 1.7%. *(Source: Company filings, DBIB Research)*

Salient News cont'd...

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Co-op Group released its 1Q21 earnings reporting a 3.7% y-o-y decline in profit after tax to KES 3.5 BN.
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CO-OPERATIVE GROUP: 1Q21 Earnings

Co-op Group released its 1Q21 earnings reporting a 3.7% y-o-y decline in profit after tax to KES 3.5 BN. On the other hand, pre-provisions operating profit rose 20.2% y-o-y to KES 7.4 BN but was retrenched by a 153.5% y-o-y increase in loan loss provisions to KES 2.3 BN. EPS for the period stands at KES 0.59, 3.5% lower y-o-y while trailing EPS stands at KES 1.82.

Net interest income grew by 30.7% y-o-y to KES 9.8 BN backed by a 27.6% y-o-y rise in interest income to KES 13.4 BN but curtailed by a 19.8% y-o-y rise in interest expense to KES 3.6 BN. Annualized yield on interest earning assets increased by 74 bps y-o-y to 11.1% whereas annualized cost of funds edged down 3 bps y-o-y to 3.2% leading to a subsequent upturn in net interest margin by 77 bps y-o-y to 7.9%.

Non-interest income dropped by 9.2% y-o-y to KES 4.5 BN on the back of a 15.7% y-o-y drop in fees and commissions to KES 3.7 BN. Fees and commissions on loans rose by 115.6% y-o-y to KES 1.3 BN whereas other fees and commissions fell by 37.2% y-o-y to KES 2.4 BN. Forex income rose by 41.5% y-o-y to KES 713.2 MN while other operating income increased by 20.9% y-o-y to KES 113.1 MN. Funded income reliance ratio grew by 835 bps y-o-y to 68.5%.

Operating expenses (less loan loss provisions) rose 9.6% y-o-y to KES 7.0 BN owing to a 42.2% y-o-y rise in other operating expenses to KES 2.6 BN. Staff costs dropped by 7.8% y-o-y to KES 3.2 BN. Cost to income ratio shed 233 bps y-o-y to 48.6%. Loan loss provision expense for the period rose 153.5% y-o-y to KES 2.3 BN placing annualized cost of risk on average loans at 3.1%, up 176 bps y-o-y

Customer loans and advances rose 8.0% y-o-y to KES 298.2 BN whereas customer deposits rose 16.0% y-o-y to KES 393.8 BN. Investment securities rose 42.8% y-o-y to KES 167.3 BN.

Gross NPLs rose 63.3% y-o-y to KES 52.0 BN whereas interest in suspense rose 23.2% y-o-y to KES 6.8 BN. As a result, total NPLs (Gross NPLs less interest in suspense) rose 71.7% y-o-y to KES 45.2 BN. The NPL ratio deteriorated by 451 bps y-o-y to 14.8%. The NPL coverage (Loan loss provision/ Total NPL) ratio rose 684 bps y-o-y to 52.2%.

On a trailing basis, Co-op is trading at a P/E multiple of 6.8x against a sector median of 6.4x and a P/B multiple of 0.8x at par with the sector median. Its ROE stands at 11.4%, whereas its ROA stands at 1.9%. *(Source: Company filings, DBIB Research)*

Salient News cont'd...

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Stanbic Bank released its 1Q21 results, recording 23.1% y-o-y increase in profit after tax (PAT) to KES 1.9 BN.

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Stanbic Bank: 1Q21 Earnings

Stanbic Bank released its 1Q21 results, recording 23.1% y-o-y increase in profit after tax (PAT) to KES 1.9 BN in line with expectations of improved operating environment. This was attributable to a 11.2% y-o-y growth in total income to KES 6.0 BN coupled with a slower increase in operating expenses which saw a 6.2% y-o-y increase to KES 2.8 BN. Loan loss provision expense declined 1.2% y-o-y to KES 0.6 BN. EPS for the period stood at KES 11.04.

Net interest income increased 5.0% y-o-y to KES 3.2 BN, on the back of a 0.5% y-o-y increase in interest income to KES 4.8 BN (in spite of 2.4% y-o-y shrinkage in loan book). Interest expense declined 7.3% y-o-y to KES 1.6 BN. The yield on interest-earning assets stood at 7.4%, down 92 bps y-o-y while cost of funds stood at 2.4%, down 26 bps y-o-y, partially cushioning the net interest margin from the impact of the decline of the yield on interest earning assets. NIM therefore declined 66 bps y-o-y to 4.9%.

Operating expenses (less loan loss provisions) grew 6.2% y-o-y to KES 2.8 BN on the back of 10.5% y-o-y increase in staff costs to KES 1.3 BN. Cost to income ratio improved 221 bps y-o-y to 46.7% compared to 1Q20's 48.9%. **Pre-provision operating profit increased 16.0% y-o-y to KES 3.2 BN.**

Loan loss provision expense declined 1.2% y-o-y to KES 0.6 BN, placing the cost of risk at 1.5%, relatively unchanged on a y-o-y basis. As a result, profit before tax increased 21.0% y-o-y to KES 2.6 BN.

Loan book shrank by 2.4% y-o-y to KES 157.9 BN (-0.1% q-o-q) while deposits expanded 11.8% y-o-y to KES 226.6 BN (+4.5% q-o-q). Loan to deposits ratio in turn declined 1,011 bps to stand at 69.7%.

Gross NPLs increased 25.5% y-o-y to KES 26.4 BN (+0.1% q-o-q), whereas interest in suspense rose 25.8% y-o-y to KES 5.9 BN (+0.1% q-o-q). As such, total NPLs rose 25.5% y-o-y to KES 20.5 BN (unchanged q-o-q). The NPL ratio deteriorated to 14.3%, up 282 bps y-o-y. NPL coverage ratio was up 459 bps y-o-y to 41.4%. During the 1Q21 results call, management pointed out that 88% of the restructured KES 40 BN loans moved back to performing, while 6% moved to NPLs.

On a trailing basis, Stanbic Holdings is trading at a P/E ratio of 5.9x, below an industry median of 6.3x, and a P/B of 0.8x in line with an industry median of 0.8x. ROE stands at 12.8%, relative to an industry median of 11.2%, whereas ROA stands at 1.8%, relative to an industry median of 1.7%. *(Source: Company filings, DBIB Research)*

Salient News cont'd...

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Car & General released its 1H21 earnings recording a 179.6% y-o-y improvement in PAT to KES 460.6 MN.
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Car & General (K) 1H21 Earnings

Car & General released its 1H21 earnings recording a 179.6% y-o-y improvement in PAT to KES 460.6 MN. This was primarily attributable to higher sales in the two wheeler and three wheeler consumer business in Kenya and Tanzania. Furthermore, volumes in equipment business i.e. generators, construction equipment, tractors and forklifts increased as well, particularly in Doosan equipment. As a result, revenue grew by 29.5% y-o-y to KES 8.2 BN.

Other income declined by 46.6% y-o-y to KES 14.9 MN while operating and administrative expenses rose by 15.4% y-o-y to KES 744.0 MN. Finance costs dropped by 16.9 y-o-y to KES 192.7 MN.

Total assets grew by 3.0% y-o-y to KES 12.2 BN following an 8.1% y-o-y rise in non-current assets to KES 7.1 BN. Total liabilities fell by 2.4% y-o-y to KES 7.8 BN while total equity increased by 14.6% y-o-y to KES 4.3 BN.

Net cash flows generated from operating activities decreased by 29.8% y-o-y to KES 298.9 MN while net cash flows used in investing activities dipped by 84.6% y-o-y to KES 94.3 MN. Net cash flows used in financing activities stood at KES 136.1 MN.

On a trailing basis, Car & General is trading at a P/E multiple of 1.5x and a P/B multiple of 0.2x. Its ROA stands at 4.7% while its ROE stands at 13.2%. *(Source: Company filings, 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>
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
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
Safaricom	Final : KES 0.92	STA	STA

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
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
NSE	11:00 a.m.	Virtual	03-Jun-21
Sanlam Kenya	12:00 noon	Virtual	03-Jun-21
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
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*

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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