

# DBIB WEEKLY BULLETIN

# WEEK 39

Date: 01.10.2021

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# INDICES & MARKET METRICS MOVEMENT

**NSE 20 edged down**  
0.08% w-o-w to close at 2,038.08 while **NASI** gained 1.92% w-o-w to close at 181.23.

| Index            | Current   | 1 wk (%) | 3 m (%) | 6 m (%) | YTD (%) |
|------------------|-----------|----------|---------|---------|---------|
| NASI             | 181.23    | 1.92     | 5.85    | 12.79   | 19.14   |
| NSE-20           | 2,038.08  | (0.08)   | 5.69    | 9.31    | 9.08    |
| DBIB Select      | 109.15    | 0.91     | 1.81    | 6.40    | 11.84   |
| FTSE 15          | 216.25    | 0.64     | 5.64    | 16.60   | 21.39   |
| FTSE 25          | 240.50    | 1.43     | 4.74    | 14.81   | 21.72   |
| FTSE Frontier 50 | 50,127.03 | 0.28     | 2.47    | 10.57   | 13.77   |

(Source: NSE, Bloomberg, DBIB Research)

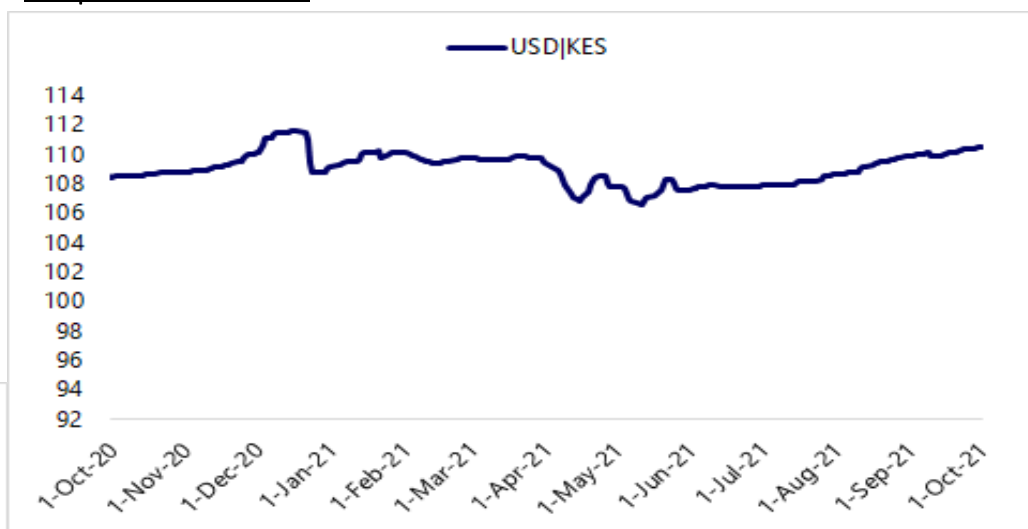
**Weekly equity turnover** dropped 49.6% w-o-w to USD 14.71 MN (KES 1.63 BN).

| Market Metrics          | Current  | 1 wk (ch) | 3 m (ch) | 6 m (ch) | 12 m (ch) |
|-------------------------|----------|-----------|----------|----------|-----------|
| Market Cap. (USD m)     | 2,824.14 | 1.92      | 0.98     | 4.53     | 14.40     |
| Market Turnover (USD m) | 14.71    | (49.55)   | (18.51)  | (37.88)  | (49.40)   |
| Market P/E (x)          | 18.40    | 3.76      | 3.22     | 41.54    | 38.35     |
| Market Div. yld (%) *   | 3.40     | (1.67)    | -        | (110.00) | (140.00)  |
| Market ROE (%) *        | 38.06    | 22.78     | 489.00   | 559.00   | 857.00    |

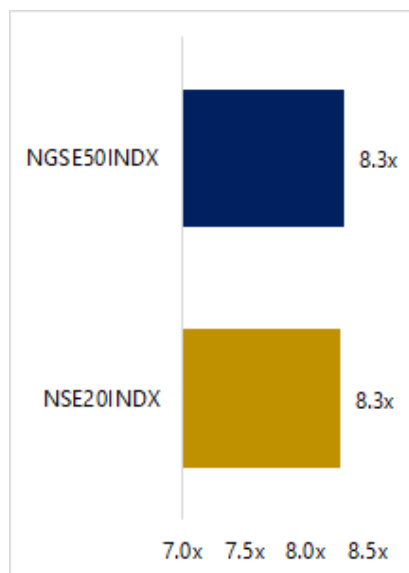
\* Changes in % \*\*Changes in bps -Market ROE is market cap weighted -ch: changes  
(Source: NSE, DBIB Research)

**USD | KES: KES weakened**  
0.1% w-o-w to close at 110.49 (-1.2% YTD).

## USD | KES : 52-Week Trend



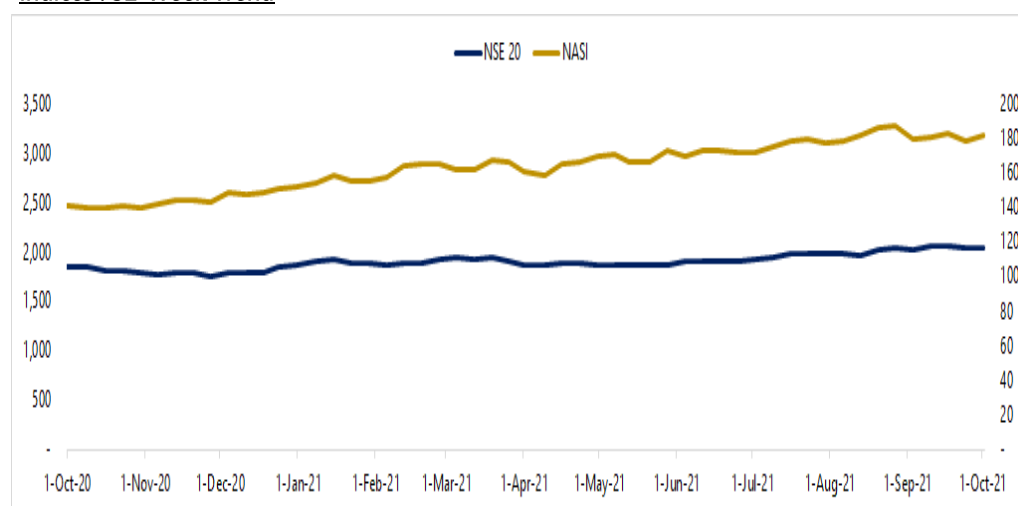
## PEER P/E MULTIPLES



NSE20INDX\* - NSE 20 Index  
NGSE50INDX\* - Nigeria Stock Exchange 50 Index  
\*LTM Price/EPS

(Source: Bloomberg, DBIB Research)

## Indices : 52-Week Trend



(Source: NSE, DBIB Research)

# WEEKLY BOURSE WRAP UP...

## Week-on-Week Performance

| <u>Top gainers</u> | <u>%</u> |
|--------------------|----------|
| NBV Ltd            | 10.8     |
| Standard Group     | 8.7      |
| Jubilee Holdings   | 5.3      |
| Housing Finance    | 4.1      |
| Eveready E.A       | 4.0      |

(Source: NSE, DBIB Research)

| <u>Top Losers</u> | <u>%</u> |
|-------------------|----------|
| Crown Paints      | (16.3)   |
| Unga Group        | (9.0)    |
| E.A. Portland     | (6.8)    |
| Equity Group      | (5.2)    |
| Car & General     | (4.9)    |

(Source: NSE, DBIB Research)

| <u>Top traders (Value)</u> | <u>USD MN</u> |
|----------------------------|---------------|
| Safaricom                  | 8.44          |
| E.A Breweries              | 2.55          |
| Equity Group               | 1.28          |
| Stanbic Holdings           | 0.47          |
| KCB Group                  | 0.40          |

(Source: NSE, DBIB Research)

## Y-T-D Performance

| <u>Top gainers</u> | <u>%</u> |
|--------------------|----------|
| NBV Ltd            | 67.3     |
| Nation Media       | 61.8     |
| Car & General      | 40.9     |
| Equity Group       | 38.2     |
| BK Group           | 36.1     |

(Source: NSE, DBIB Research)

| <u>Top Losers</u> | <u>%</u> |
|-------------------|----------|
| Crown Paints      | (29.5)   |
| E.A. Portland     | (28.2)   |
| Standard Group    | (22.4)   |
| Uchumi            | (21.4)   |
| Longhorn          | (17.0)   |

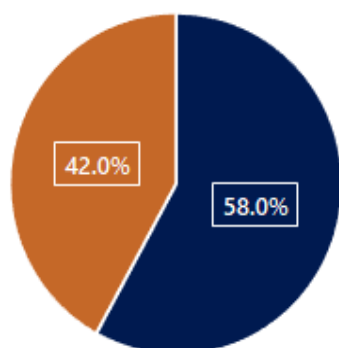
(Source: NSE, DBIB Research)

Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 8.44 MN (KES 932.30 MN) representing 57.35% of this week's turnover.

The stock gained 3.3% w-o-w to close at KES 43.20 on Friday.

Foreign investors assumed a net selling position on the counter this week by accounting for 77.43% of foreign sales and 54.99% of foreign purchases.

## WEEKLY LOCAL VS FOREIGN PARTICIPATION



(Source: NSE, DBIB Research)

## Weekly Foreign Performance

| <u>Top Weekly Buys</u> | <u>% Purchase</u> |
|------------------------|-------------------|
| Stanbic Holdings       | 96.6              |
| BOC Kenya              | 81.9              |
| TPS Serena             | 78.7              |
| Equity Group           | 77.7              |
| Safaricom              | 55.0              |

(Source: NSE, DBIB Research)

| <u>Top Weekly Sales</u> | <u>% Sold</u> |
|-------------------------|---------------|
| Stanbic Holdings        | 96.8          |
| E.A Breweries           | 83.8          |
| Equity Group            | 83.1          |
| Safaricom               | 77.4          |
| Centum                  | 67.6          |

## Y-T-D Foreign Performance

| <u>Top Foreign Buys</u> | <u>% Purchase</u> |
|-------------------------|-------------------|
| New Gold ETF            | 99.8              |
| BOC Kenya               | 89.6              |
| Safaricom               | 72.4              |
| Stanbic Holdings        | 66.8              |
| Equity Group            | 61.8              |

(Source: NSE, DBIB Research)

| <u>Top Foreign Sales</u> | <u>% Sold</u> |
|--------------------------|---------------|
| New Gold ETF             | 99.8          |
| E.A Breweries            | 79.9          |
| BAT Kenya                | 65.7          |
| Safaricom                | 65.3          |
| BK Group                 | 65.0          |



## FROM THE FIXED INCOME DESK

The **Bond market's turnover** for the week stood at USD 208.63 MN (KES 23.05 BN) representing a 42.0% w-o-w drop from USD 359.82 MN (KES 39.72 BN) recorded the previous week.

The Bond market's turnover for the week stood at USD 208.63 MN (KES 23.05 BN) representing a 42.0% w-o-w drop from USD 359.82 MN (KES 39.72 BN) recorded the previous week. The bond issue number IFB1/2021/21Yr emerged as the top traded bond with a turnover of KES 7.73 BN accounting for 33.6% of the week's turnover. The bond traded between 11.0129% and 12.8231%.

### October Issue: FXD1/2013/15, FXD3/2019/15 & FXD1/2021/25

This October, the government has issued the bonds: FXD1/2013/15 (6.4 yrs.), FXD3/2019/15 (12.9 yrs.) and FXD1/2021/25 (24.7 yrs.) with the aim of raising KES 60.0 BN for budgetary support. The coupon rates stand at 11.250%, 12.340% and 13.924% for FXD1/2013/15, FXD3/2019/15 and FXD1/2021/25, respectively. The period of sale runs from 21 September 2021 to 5 October 2021.

### Top Trades for the week ending 01 October 2021

|              |                 |       |            |           |               | Total         |
|--------------|-----------------|-------|------------|-----------|---------------|---------------|
| Trading Date | Issue No.       | Years | Coupon (%) | Yield (%) | Price (KES m) | Value (KES m) |
| 29-Sep       | IFB 1/2020/11Yr | 9.9   | 10.9000    | 11.0700   | 100.27        | 1,241.8       |
| 29-Sep       | IFB 1/2021/21Yr | 20.9  | 12.7370    | 12.4500   | 102.41        | 1,220.0       |
| 29-Sep       | IFB 1/2020/11Yr | 9.9   | 10.9000    | 11.0500   | 100.36        | 1,000.0       |
| 28-Sep       | IFB 1/2021/21Yr | 20.9  | 12.7370    | 12.4500   | 102.38        | 901.0         |
| 1-Oct        | IFB 1/2021/21Yr | 20.9  | 12.7370    | 12.4500   | 102.48        | 807.0         |
| 29-Sep       | FXD 1/2019/10Yr | 7.4   | 12.4380    | 12.1000   | 102.86        | 700.0         |
| 27-Sep       | FXD 3/2019/10Yr | 7.9   | 11.5170    | 12.2500   | 97.66         | 500.0         |
| 27-Sep       | FXD2/2018/20Yr  | 16.8  | 13.2000    | 13.2500   | 101.90        | 500.0         |
| 28-Sep       | FXD 3/2019/10Yr | 7.9   | 11.5170    | 12.1565   | 98.14         | 500.0         |
| 28-Sep       | FXD1/2012/20Yr  | 11.1  | 12.0000    | 12.4500   | 101.71        | 500.0         |
| 28-Sep       | FXD1/2012/20Yr  | 11.1  | 12.0000    | 12.3500   | 102.30        | 500.0         |
| 28-Sep       | FXD2/2018/20Yr  | 16.8  | 13.2000    | 13.1000   | 102.95        | 500.0         |
| 29-Sep       | IFB 1/2020/9Yr  | 7.5   | 10.8500    | 10.7500   | 105.46        | 500.0         |
| 30-Sep       | IFB 1/2021/21Yr | 20.9  | 12.7370    | 12.4750   | 102.28        | 500.0         |
| 30-Sep       | IFB 1/2021/21Yr | 20.9  | 12.7370    | 12.5100   | 102.05        | 440.0         |
| 28-Sep       | FXD 3/2019/10Yr | 7.9   | 11.5170    | 12.2800   | 97.55         | 400.0         |
| 29-Sep       | FXD 3/2019/10Yr | 7.9   | 11.5170    | 12.2500   | 97.72         | 400.0         |
| 1-Oct        | IFB 1/2021/21Yr | 20.9  | 12.7370    | 12.5000   | 102.15        | 320.0         |

### Sell & buy-backs

|        |                |      |         |         |        |       |
|--------|----------------|------|---------|---------|--------|-------|
| 27-Sep | FXD1/2021/20Yr | 19.9 | 13.4440 | 12.7500 | 106.49 | 323.0 |
|--------|----------------|------|---------|---------|--------|-------|

(Source: NSE, DBIB Research)

### Treasury Bill auction for the week ending 01 October 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            | 2.64                   | 66.00                 | 2.63                   | 6.895     | (0.1)        |
| 182-day    | 10.00           | 5.34                   | 53.37                 | 5.34                   | 7.282     | 0.0          |
| 364-day    | 10.00           | 2.16                   | 21.55                 | 1.66                   | 7.949     | 5.9          |

(Source: NSE, DBIB Research)

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## Salient News

### UNGA Group FY21 Earnings

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**Unga Group** released its audited FY21 earnings for the year ended 30th June 2021 reporting a 231.2% y-o-y upswing in profit after tax (PAT) to KES 307.0 MN.

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**Unga Group** released its audited FY21 earnings for the year ended 30th June 2021 reporting a 231.2% y-o-y upswing in profit after tax (PAT) to KES 307.0 MN. This was largely attributable to increase in operating profit and reduction in finance costs.

**Revenue for the period increases 1.4% y-o-y to KES 17.8 BN. Operating profit advanced 105.6 % y-o-y to KES 616.2 MN** while finance income increased 5.7% y-o-y to KES 19.6 MN. Finance costs for the period decreased by 24.8% y-o-y to KES 150.6 MN.

**Total assets decreased 16.6% y-o-y to KES 10.1 BN** after a 10.2% y-o-y decrease in non-current assets to KES 3.7 BN and a 23.6% y-o-y drop in current assets to KES 6.1 BN.

**Total liabilities dropped 38.6% y-o-y to KES 3.7 BN** following a 2.1% y-o-y reduction in non-current liabilities to KES 921.2 MN and a 46.7% y-o-y decline in current liabilities to KES 2.7 BN. Total equity for the period increased 5.9% y-o-y to KES 6.5 BN.

**Net cash from operating activities increased 73.3% y-o-y to KES 1.1 BN.** Net cash used in investing activities shed 72.0% y-o-y to KES 133.5 MN while net cash used in financing activities decreased 80.1% y-o-y to KES 59.1 MN. *(Source: Company filings, DBIB Research).*

### WPP Scangroup 1H21 Earnings

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**WPP Scangroup** released its 1H21 results reporting a profit after tax (PAT) of KES 31.4 MN from a loss of KES 532.0 MN in 1H20 (from continuing operations).

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**WPP Scangroup** released its 1H21 results reporting a profit after tax (PAT) of KES 31.4 MN from a loss of KES 532.0 MN in 1H20 (from continuing operations). This was largely attributable to a 153.9% y-o-y upswing in interest income to KES 99.2 MN. The company also made an exceptional gain of KES 2.2 BN from the disposal of Kantar businesses (from discontinued operations).

**Net sales for the period edged up 1.7% y-o-y to KES 1.1 BN.**

**Operating profit advanced to KES 8.5 MN from an operating loss of KES 267.5 MN** with the company stating that this was mainly because of lower staff costs while other income edged down 1.1% y-o-y to KES 8.6 MN.

**Total assets decreased 31.7% y-o-y to KES 8.8 BN** mainly attributable to a 28.2% y-o-y drop in current assets to KES 7.8 BN and a 51.0% y-o-y drop in cash, bank and deposit balances to KES 3.6 BN. Cash and bank balances reduced due to the special interim dividend of KES 3.4 MN declared in July 2020 and also caused by the decline in company revenues.

**Total liabilities increased 17.0% y-o-y to KES 3.5 BN** following a 36.8% y-o-y reduction in non-current liabilities to KES 138.0 MN and a 21.3% y-o-y increase in current liabilities to KES 3.3 BN. Total equity for the period dropped 46.3% y-o-y to KES 5.3 BN.

**Net cash used in operating activities increased 29.7% y-o-y to KES 278.7 MN.** Net cash generated from investing activities shed 70.4% y-o-y to KES 1.7 BN while net cash used in financing activities increased 6.7% y-o-y to KES 37.6 MN. *(Source: Company filings, DBIB Research).*

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## Salient News

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**Nation Media Group** announced the results of its share buyback intended to acquire a maximum of 20,739,652 ordinary shares representing about 10% of its issued and paid-up share capital.

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### Nation Media Group Buyback Results

**Nation Media Group** announced the results of its share buyback intended to acquire a maximum of 20,739,652 ordinary shares representing about 10% of its issued and paid-up share capital. The buyback offer opened on 28th June 2021 and closed on 24th September 2021. Consequently, the company acquired 17,101,352 ordinary shares of the Company representing 8.25% of the Company's issued share capital.

As a result of the completion of the buyback, the number of the Company's ordinary shares available for trading at the NSE stands at 190,295,163. All the ordinary shares acquired by the Company following the Buyback will be held as treasury shares.

*(Source: Company filings, DBIB Research).*

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## UPCOMING EVENTS

### Profit Warnings

#### 1. WPP Scangroup

| <u>Company</u>    | <u>Announcement</u>      | <u>Book Closure</u> | <u>Payment</u> |
|-------------------|--------------------------|---------------------|----------------|
| Kapchorua Tea     | First & Final: KES 10.00 | 21-Jul-21           | STA*           |
| Williamson Tea    | First & Final: KES 10.00 | 21-Jul-21           | STA*           |
| Centum Investment | Final: KES 0.33          | STA*                | STA*           |
| Jubilee Holdings  | Interim: KES 1.00        | 10-Sep-21           | 11-Oct-21      |
| BOC Kenya         | Interim: KES 1.50        | 24-Sep-21           | 18-Oct-21      |
| NCBA Group        | Interim: KES 0.75        | 28-Sep-21           | 12-Oct-21      |

*(Source: NSE, DBIB Research)*

*STA\*—Subject to approval*

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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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