

# DBIB WEEKLY BULLETIN

# WEEK 31

Date: 05.08.2022

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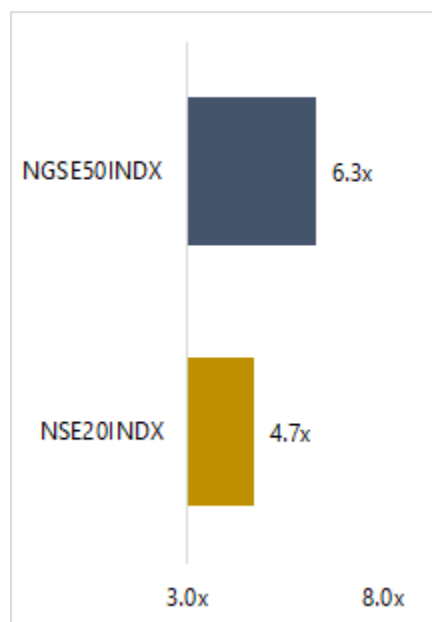
## INDICES & MARKET METRICS MOVEMENT

**NSE 20** and **NASI** shed 1.5% and 0.7% w-o-w to close at 1,726.62 and 142.01 respectively.

**Weekly equity turnover** grew by 19.7% w-o-w to USD 13.59 MN (KES 1.62 BN).

**USD | KES:** KES weakened 0.2% w-o-w to close at 119.09 (-5.3% YTD).

### PEER P/E MULTIPLES



NSE20INDX\* - NSE 20 Index  
NGSE50INDX\* - Nigeria Stock Exchange 50 Index

\*LTM Price/EPS

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	142.01	0.68	(1.88)	(20.44)	(14.69)
NSE-20	1,726.62	1.49	(1.65)	(12.55)	(9.25)
DBIB Select	39.88	0.88	(57.23)	(63.20)	(59.20)
FTSE 15	170.14	-	(6.47)	(20.39)	(18.79)
FTSE 25	170.32	-	(11.31)	(28.27)	(24.10)
FTSE Frontier 50	44,166.16	1.85	(7.72)	(9.47)	(14.12)

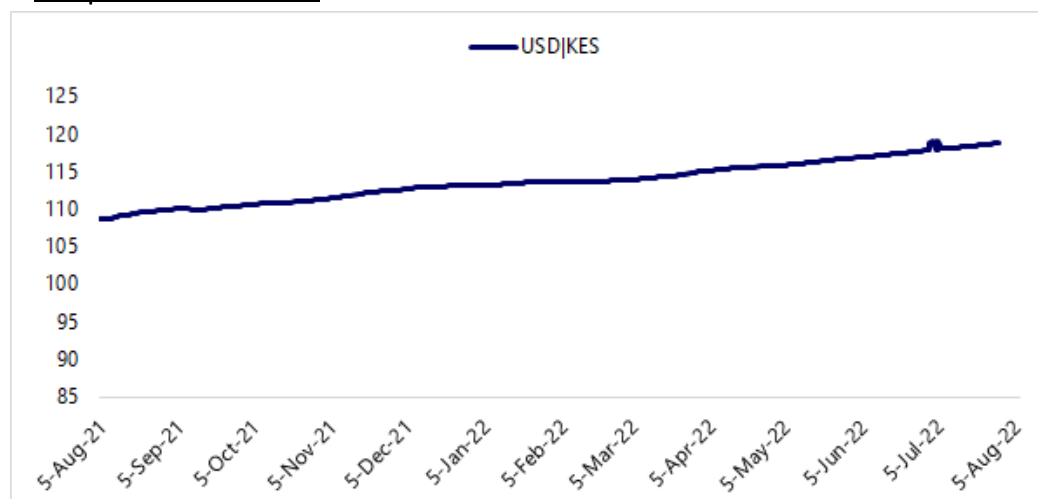
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	2,213.26	0.68	5.95	(1.88)	(20.43)
Market Turnover (USD m)	13.59	19.70	(40.74)	13.32	(0.94)
Market P/E (x)	5.19	(3.41)	(62.13)	(65.27)	(70.85)
Market Div. yld (%) *	6.80	(4.65)	22.27	339.64	276.96
Market ROE (%) *	77.31	4,028.62	3,798.05	4,019.89	3,768.00

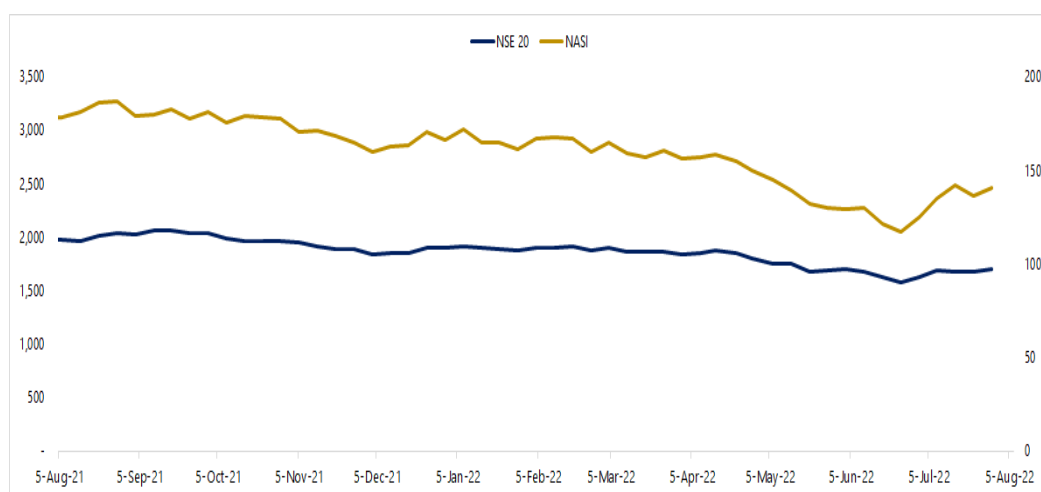
\* Changes in % \*\*Changes in bps -Market ROE is market cap weighted -ch: changes

(Source: NSE, DBIB Research)

### USD | KES : 52-Week Trend



### Indices : 52-Week Trend



(Source: NSE, DBIB Research)

# WEEKLY BOURSE WRAP UP...

## Week-on-Week Performance

.....  
Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 5.97 MN (KES 710.65 MN) representing 43.90% of this week's turnover.

The stock **advanced** by 0.5% w-o-w to close at KES 30.10 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 86.61% of foreign sales and 49.28% of foreign purchases.

.....

<u>Top gainers</u>	<u>%</u>
Uchumi	14.3
Bamburi	12.7
Express Kenya	8.0
Crown Paints	7.4
Trans-Century	7.1

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Sameer	(10.6)
TPS E.A	(10.0)
BOC Kenya	(8.4)
Kapchorua	(7.2)
NBV Ltd	(4.8)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	5.97
Equity Group	2.62
E.A Breweries	1.72
KCB Group	1.28
Williamson Tea	0.36

(Source: NSE, DBIB Research)

## Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Limuru Tea	44.4
Crown Paints	40.2
Car & General	26.1
Sameer	24.1
Olympia Capital	18.5

(Source: NSE, DBIB Research)

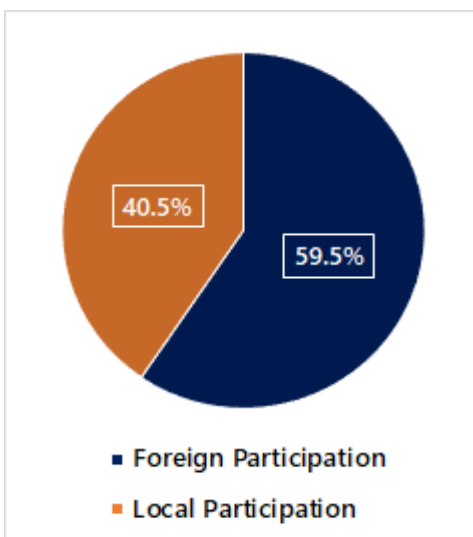


<u>Top Losers</u>	<u>%</u>
NBV Ltd	(44.2)
Centum	(33.0)
Jubilee Holdings	(22.5)
Safaricom	(20.7)
Britam	(20.0)

(Source: NSE, DBIB Research)



## WEEKLY LOCAL VS FOREIGN PARTICIPATION



(Source: NSE, DBIB Research)

## Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Kakuzi	100.0
Jubilee Holdings	95.3
Kapchorua Tea	93.3
E.A Breweries	85.3
BOC Kenya	84.0

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Kakuzi	100.0
BAT Kenya	97.0
Kapchorua Tea	93.3
BK Group	90.9
Equity Group	86.7

## Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	99.9
Crown Paints	90.6
BK Group	86.7
Stanbic	82.1
BAT Kenya	73.1

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	97.7
Safaricom	87.0
BAT Kenya	85.0
Deacons LTD	81.7
E.A Breweries	80.2



## FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 159.74 MN (KES 19.02 BN) representing a 20.5% w-o-w fall from USD 200.86 MN (KES 23.86 BN) recorded the previous week.

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### August Issue: FXD1/2022/03, FXD2/2019/10 & FXD1/2021/20 (Re-opens)

The Central Bank Kenya has re-opened the fixed coupon bonds: FXD1/2022/03 (2.7 years), FXD2/2019/10 (6.7 years) and FXD1/2021/20 (19.1 years) with the intention of raising KES 50.0 BN for budgetary support. The coupon rate for FXD1/2022/03 stands at 11.766%, that of FXD2/2019/10 stands at 12.300% while that of FXD1/2021/20 stands at 13.444%. The period of sale runs from 29 July 2022 to 16 August 2022.

### Top Trades for the week ending 05 August 2022

						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	Value (KES m)
2-Aug	IFB 1/2020/11Yr	9.0	10.9000	13.0000	96.11	1,000.0
3-Aug	IFB 1/2015/12Yr	4.6	11.0000	11.8363	102.22	1,000.0
5-Aug	IFB 1/2017/7Yr	2.3	12.5000	11.7500	103.34	650.0
2-Aug	FXD1/2022/15Yr	14.7	13.9420	13.9000	103.99	500.0
3-Aug	FXD1/2022/15Yr	14.7	13.9420	13.7521	104.96	500.0
3-Aug	FXD1/2021/20Yr	19.0	13.4440	13.9500	102.92	500.0
3-Aug	IFB 1/2017/7Yr	2.3	12.5000	11.9000	103.11	500.0
4-Aug	FXD1/2021/20Yr	19.0	13.4440	13.9500	102.95	500.0
4-Aug	FXD1/2021/20Yr	19.0	13.4440	13.7500	104.25	500.0
4-Aug	IFB 1/2017/7Yr	2.3	12.5000	11.7500	103.31	500.0
5-Aug	FXD1/2021/20Yr	19.0	13.4440	13.7500	104.29	500.0
5-Aug	IFB 1/2020/11Yr	9.0	10.9000	13.9373	92.67	429.0
2-Aug	FXD1/2019/20Yr	16.6	12.8730	13.9500	97.04	400.0
3-Aug	FXD1/2019/20Yr	16.6	12.8730	13.7500	98.30	400.0
5-Aug	FXD1/2012/15Yr	5.1	11.0000	13.0000	97.03	400.0
3-Aug	FXD1/2022/15Yr	14.7	13.9420	13.9000	104.03	338.0
1-Aug	IFB 1/2022/18Yr	17.8	13.7420	13.6500	102.34	315.1

### Sell & buy-backs

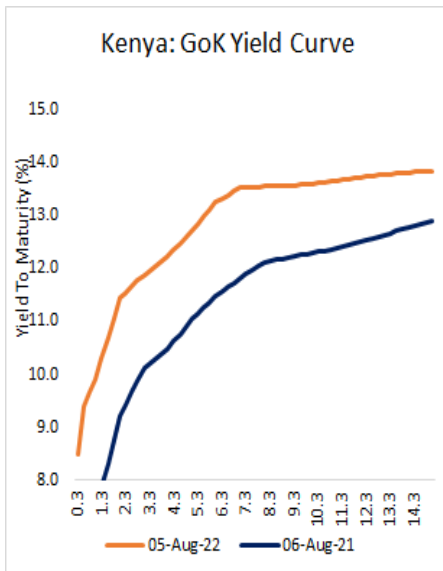
2-Aug	IFB 1/2020/11Yr	9.0	10.9000	13.4089	94.54	950.0
5-Aug	FXD 1/2022/10Yr	9.8	13.4900	13.6500	102.10	300.0
5-Aug	FXD1/2020/15Yr	12.5	12.7560	12.5650	106.96	200.0

(Source: NSE, DBIB Research)

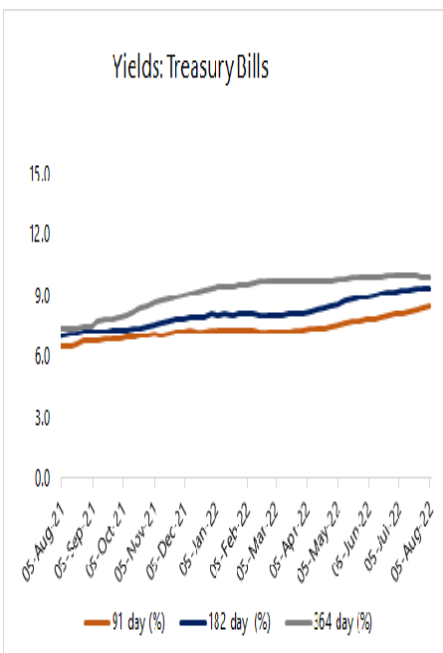
### Treasury Bill auction for the week ending 05 August 2022

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	7.47	186.87	7.47	8.473	7.4
182-day	10.00	2.06	20.65	2.02	9.400	0.8
364-day	10.00	2.05	20.46	1.93	9.920	(2.6)

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

### MTN UGANDA: 1H22 EARNINGS SNAPSHOT

MTN Uganda announced its 1H22 results reporting a 48.1% y-o-y growth in after tax profits to UGX 193.6 BN.

MTN Uganda announced its 1H22 results reporting a 48.1% y-o-y growth in after tax profits to UGX 193.6 BN. The performance was underpinned by a 10.0% y-o-y improvement in service revenues to UGX 1.1 TN supported by strong growth realized in the data and fintech segments. The group's overall mobile subscriber base increased by 8.9% y-o-y to 16.3 MN. EPS rose by 48.1% y-o-y to UGX 8.65 (1H21: UGX 5.84). The company's directors have approved the payment of an interim dividend of UGX 5.0 per share.

**Data revenue increased by 36.8% y-o-y to UGX 237.6 BN** backed by a 21.8% y-o-y rise in active data subscribers to 5.7 MN. Data revenues were also supported by home broadband revenues which doubled on a y-o-y basis. The contribution of data revenue to service revenue rose to 21.9% from 17.6% in 1H21.

**Fintech revenue advanced by 20.5% y-o-y to UGX 302.1 BN**, reflecting the 14.1% y-o-y rise in active fintech subscribers to 9.8 MN. Fintech revenues were also buoyed by total transaction values (excluding zero rated transactions) which went up by 33.9% y-o-y to UGX 34.6 TN and agent numbers which increased by 17.8% y-o-y to 171,000. According to the group, basic revenues (associated with basic transactions) improved mainly supported by transaction growth spearheaded by ongoing customer rewards campaigns. On the other hand, advanced revenues (revenues from other fintech services) also recorded improved performance due to strong growth in corporate payment services and remittance portfolios. The fintech contribution to service revenue rose to 27.8% from 25.4% in 1H21.

**Voice revenues declined by 4.9% y-o-y** and the group attributed this to reduced spend by subscribers, especially the rural clients due to ongoing macroeconomic pressures (characterized by inflationary and currency pressures). Consequently, the voice contribution to service revenue declined to 45.8% from 52.9% in 1H21. We continue to believe that the decline in voice revenues could point to a reversal in the aforementioned trend (rising voice revenues in previous years), paving the way for a decline in annual voice revenues similar to what has been witnessed in other telcos.

**Operating expenses increased by 13.2% y-o-y to UGX 546.0 BN** principally attributed to network related leases (higher fuel prices accounted for UGX 7.4 BN) and held up by additional costs related to the structural separation of the mobile money subsidiary as well as other one-off costs which amounted to UGX 7.7 BN. EBITDA rose by 7.2% y-o-y to UGX 548.7 BN resulting in an EBITDA margin of 50.2%. Depreciation and amortization costs declined by 14.7% y-o-y to UGX 195.5 BN (the previous year included a one-off amortization relating to the transitional license which was not present in 1H22).

**The group's CAPEX grew by 30.7% y-o-y to UGX 201.7 BN** owing to accelerated CAPEX in response to expected forex and global supply chain challenges. The CAPEX intensity stood at 18.4% in 1H22 and the group expects it to be lower by the end of FY22 (closer to mid-teens) due to front loading in 1H21.

*Source: Company Filings, DBIB Research*

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## UPCOMING EVENTS

### Profit Warnings

1. Sameer

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Crown Paints	First & Final: KES 4.00	28-Jun-22	15-Aug-22
Safaricom	Final: KES 0.75	31-Mar-22	31-Aug-22
BAT Kenya	Interim: KES 5.00	12-Aug-22	16-Sep-22
E.A Breweries	Final: KES 7.25	15-Sep-22	30-Oct-22
Centum	Final: KES 0.587	26-Jul-22	STA*
Kapchorua Tea	First & Final: KES 4.00	29-Jun-22	STA*
Williamson Tea	Final: KES 20.00	29-Jul-22	STA*

*(Source: NSE, DBIB Research)*

*STA\*—Subject to approval*

## AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
-	-	-	-

*(Source: Company filings , DBIB Research)*

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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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