



DYER & BLAIR
INVESTMENT BANK

DBIB WEEKLY BULLETIN

WEEK 07

Date: 18.02.2022

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WEEKLY BOURSE WRAP UP...

Week-on-Week Performance

Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 9.66 MN (KES 1.10 BN) representing 56.90% of this week's turnover.

The stock **dropped** 1.4% w-o-w to close at KES 37.95 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 85.64% of foreign sales and 65.06% of foreign purchases.

<u>Top gainers</u>	<u>%</u>
Sanlam Kenya	36.4
BAT Kenya	10.3
Olympia Capital	9.4
Car & General	8.2
<u>B.O.C Kenya</u>	<u>7.9</u>

(Source: NSE, DBIB Research)

<u>Top Losers</u>	<u>%</u>
TPS E.A	(9.6)
Trans-Century	(9.4)
Unga Group	(9.4)
Home Afrika	(5.1)
<u>Sameer Africa</u>	<u>(5.0)</u>

((Source: NSE, DBIB Research))

<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	9.66
Equity Group	2.75
E.A Breweries	1.49
KCB Group	1.37
<u>Co-operative Bank</u>	<u>0.56</u>

(Source: NSE, DBIB Research)

Y-T-D Performance

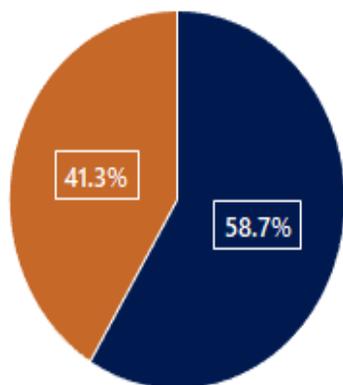
<u>Top gainers</u>	<u>%</u>
Car & General	94.4
Sanlam Kenya	29.9
Crown Paints	18.0
B.O.C Kenya	17.1
<u>Sasini Ltd</u>	<u>14.4</u>

(Source: NSE, DBIB Research)

<u>Top Losers</u>	<u>%</u>
TPS E.A	(20.0)
NBV Ltd	(16.5)
Housing Finance	(10.0)
Kenya Power	(9.3)
<u>Uchumi</u>	<u>(8.3)</u>

(Source: NSE, DBIB Research)

WEEKLY LOCAL VS FOREIGN PAR-



- Foreign Participation
- Local Participation

(Source: NSE, DBIB Research)

Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
BOC Kenya	100.0
Equity Group	96.6
Safaricom	65.1
Kapchorua Tea	62.7
<u>Centum</u>	<u>47.1</u>

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
E.A Breweries	88.8
Safaricom	85.6
TPS E.A	82.3
NSE	41.0
<u>Equity Group</u>	<u>21.0</u>

Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
BK Group	98.5
Crown Paints	95.4
NSE	76.6
<u>Safaricom</u>	<u>69.8</u>

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
BK Group	95.2
E.A Breweries	83.9
Safaricom	83.4
TPS E.A	69.6
<u>BAT Kenya</u>	<u>41.8</u>

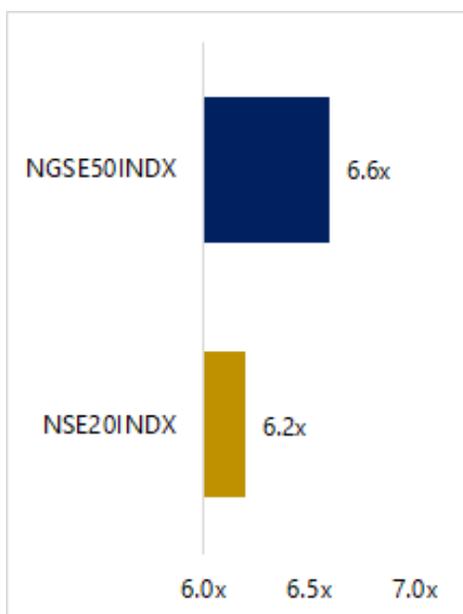
INDICES & MARKET METRICS MOVEMENT

NSE 20 gained 1.0% w-o-w to close at 1,916.42 while NASI shed 0.6% w-o-w to close at 166.97.

Weekly equity turnover dropped 26.4% w-o-w to USD 16.97 MN (KES 1.93 BN).

USD | KES: KES held constant w-o-w to close at 113.67 (-0.5% YTD).

PEER P/E MULTIPLES



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

*LTM Price/EPS

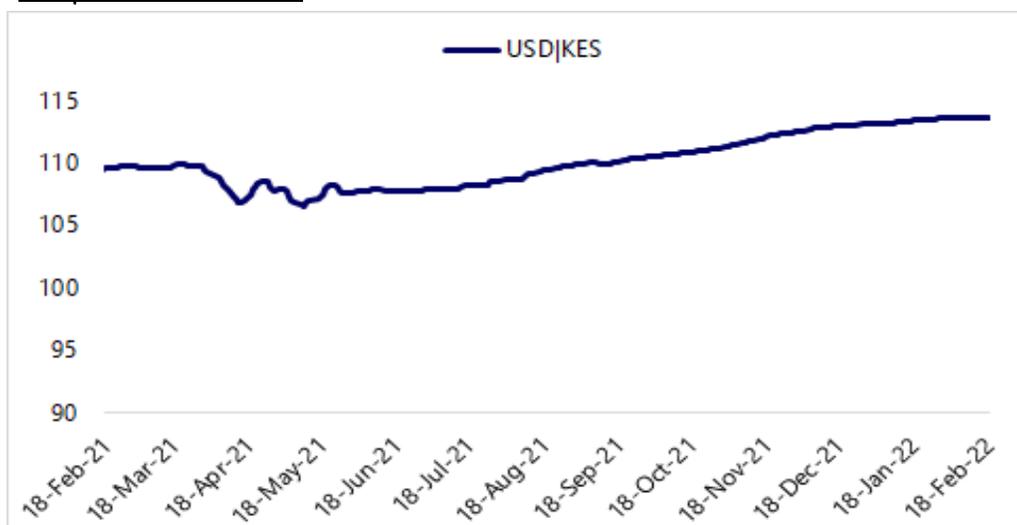
Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	166.97	(0.58)	(0.87)	(10.39)	0.31
NSE-20	1,916.42	1.01	1.20	(4.93)	0.73
DBIB Select	101.05	0.58	(3.75)	(8.68)	3.38
FTSE 15	211.00	0.52	1.59	(4.46)	0.72
FTSE 25	224.88	(0.26)	(0.59)	(8.93)	0.21
FTSE Frontier 50	51,233.78	(0.15)	0.24	5.20	(0.37)

(Source: NSE, Bloomberg, DBIB Research)

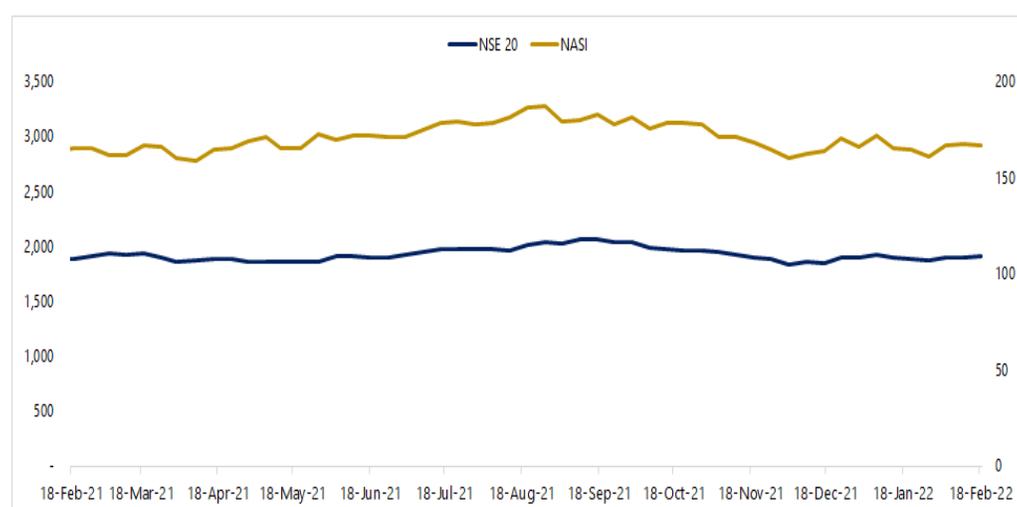
Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	2,600.75	(0.58)	1.41	(1.04)	(10.44)
Market Turnover (USD m)	16.97	(26.41)	24.17	(23.80)	(59.29)
Market P/E (x)	15.80	(1.86)	(3.55)	-	(15.96)
Market Div. yld (%) *	4.10	10.00	50.00	90.00	(60.00)
Market ROE (%) *	39.47	(28.00)	(42.00)	170.00	656.00

* 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)

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 62.35 MN (KES 7.09 BN) representing a 48.7% w-o-w decrease from USD 121.66 MN (KES 13.82 BN) recorded the previous week.

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February Auction Results: IFB1/2022/19

Following the IFB1/2022/19 bond issue, the government offered KES 75.0 BN and in turn received KES 132.3 BN. This placed the subscription rate at 176.34%. Subsequently, the government accepted KES 98.64 BN which placed the coupon rate at 12.965%.

Top Trades for the week ending 18 February 2022

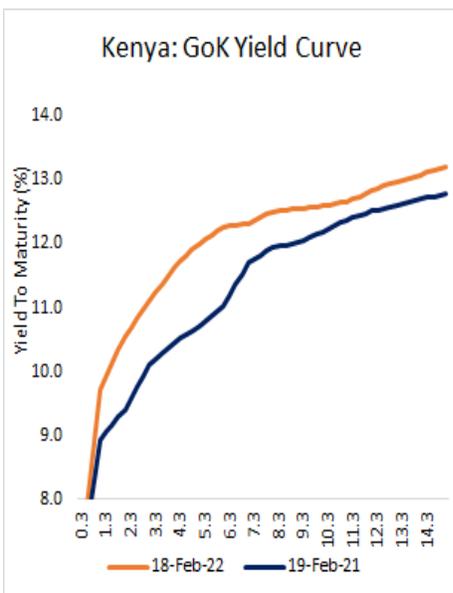
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	Total Value (KES m)
16-Feb	FXD1/2021/20Yr	19.9	13.4440	13.8000	97.68	550.0
14-Feb	IFB 1/2020/9Yr	7.1	10.8500	11.5000	101.33	400.0
16-Feb	FXD 1/2019/5Yr	2.0	11.3040	10.5500	106.83	400.0
17-Feb	FXD1/2021/20Yr	19.9	13.4440	13.6946	98.42	400.0
14-Feb	FXD 2/2017/5Yr	0.7	12.5170	9.2000	106.18	393.1
15-Feb	FXD1/2021/20Yr	19.9	13.4440	13.8000	97.65	350.0
15-Feb	FXD1/2021/20Yr	19.9	13.4440	13.7500	97.98	322.0
16-Feb	FXD1/2021/20Yr	19.9	13.4440	13.6000	99.01	322.0
18-Feb	FXD1/2021/20Yr	19.9	13.4440	13.7000	98.42	310.0
14-Feb	FXD 1/2017/5Yr	0.5	12.4650	8.9000	107.76	274.7
14-Feb	FXD3/2007/15Yr	0.7	12.5000	9.3000	105.54	253.3
15-Feb	FXD2/2010/15Yr	3.8	9.0000	11.4500	94.13	169.0
15-Feb	FXD2/2010/15Yr	3.8	9.0000	11.4300	94.19	169.0
16-Feb	FXD2/2010/15Yr	3.8	9.0000	11.2700	94.68	169.0
15-Feb	IFB 1/2020/9Yr	7.1	10.8500	11.1501	102.64	150.0
15-Feb	IFB 1/2020/9Yr	7.1	10.8500	11.1499	102.64	150.0
16-Feb	FXD1/2021/20Yr	19.9	13.4440	13.5700	99.25	130.0
17-Feb	FXD1/2021/20Yr	19.9	13.4440	13.8000	97.72	130.0
15-Feb	FXD2/2010/15Yr	3.8	9.0000	11.2700	94.66	124.9
14-Feb	FXD2/2010/15Yr	3.8	9.0000	11.4750	94.03	120.0
15-Feb	FXD1/2008/15Yr	1.1	12.5000	10.0000	107.79	100.0

(Source: NSE, DBIB Research)

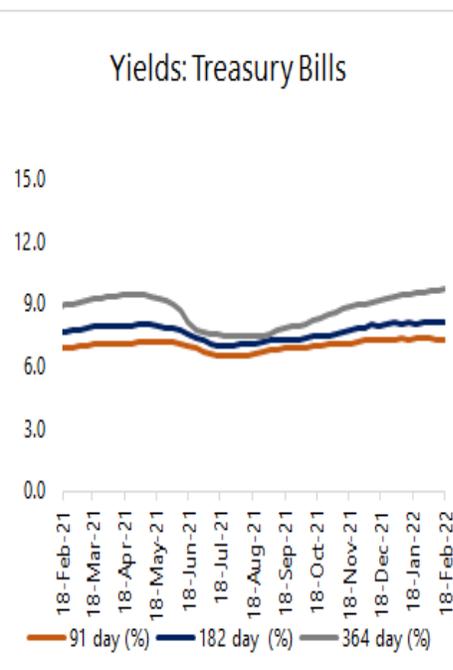
Treasury Bill auction for the week ending 18 February 2022

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	1.49	37.23	1.42	7.250	(3.5)
182-day	10.00	10.15	101.49	9.96	8.075	(3.3)
364-day	10.00	15.13	151.31	14.66	9.724	5.6

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News

BAT Kenya FY21 Earnings

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BAT Kenya released its FY21 results reporting a 17.5% y-o-y increase in PAT to KES 6.5 BN.
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BAT Kenya released its FY21 results reporting a 17.5% y-o-y increase in PAT to KES 6.5 BN largely on account of lower operating costs which declined by 9.5% y-o-y to KES 16.1 BN. The company attributed this performance to its cost management initiatives supporting bottom line numbers in spite of reversion of VAT and income tax rates during the financial year.

EPS for the period stands at KES 64.83 per share. The board of directors proposed a **final dividend of KES 50.00 per share** to be paid on 24th May 2022 to shareholders on register at the close of 22nd April 2022; bringing the total dividend per share for the year to KES 53.50. At current prices, this translates to a dividend yield of 11.4%.

Net revenue edged up a marginal 0.4% y-o-y to KES 25.4 BN. This was against a 3.1% y-o-y rise in gross revenue to KES 40.0 BN that was supported by a 1.0% y-o-y increase in domestic sales (vis a vis a 24.0% y-o-y decline in domestic sales in FY20) reflecting the rebounding of economic activity in FY21. Management further attributed revenue growth to price action benefit in the domestic market. Excise duty and VAT increased 8.3% y-o-y as the fiscal year saw reversion back to 16.0% VAT from 14.0% and 30.0% income tax rate from 25.0%. Excise and VAT as a percentage of gross revenue in turn increased 174 bps y-o-y to stand at 36.5%.

Cost of operations declined by 9.5% y-o-y to KES 16.1 BN attributable to the impact of the company's cost management initiatives as highlighted by management during the results release. As a result, operating profit margin improved by 690 bps y-o-y to 36.9%.

Total assets grew 11.1% y-o-y (+24.7% h-o-h) to KES 24.1 BN on the back of a 12.7% y-o-y increase in non-current assets to KES 12.3 BN and a 9.5% y-o-y increase in current assets to KES 11.8 BN. Total liabilities on the other hand dropped by 7.2% y-o-y to KES 9.1 BN (+3.7% h-o-h) as a result of a 12.9% y-o-y decrease in current liabilities to KES 7.2 BN. Non current liabilities increased by 23.0% y-o-y to KES 1.9 BN. Total shareholders' equity edged up 26.3% y-o-y to KES 15.0 BN.

On a trailing basis, BATK is trading at a P/E multiple of 7.2x against a sector median of 6.7x and a P/B multiple of 3.1x against a sector median of 0.8x. Its ROE stands at 43.3%, against a sector median of 7.8% whereas ROA stands at 26.9%, against a sector median of 4.5%.

(Source: Company filings, DBIB Research).

UPCOMING EVENTS

Profit Warnings

1. WPP Scangroup
2. Kakuzi
3. Sanlam
4. Fahari I-REIT

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Sasini	Final: KES 0.50	22-Feb-22	15-Mar-22
Car & General (K)	First & Final: KES 3.20	25-Feb-22	24-Mar-22
E.A Breweries	Interim: KES 3.75	28-Feb-22	27-Apr-22
Car & General (K)	Bonus Issue: 1:1	24-Mar-22	08-Apr-22
BAT Kenya	Final: KES 50.0	24-May-22	22-Apr-22

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Sasini	11:00AM	Virtual	04-Mar-22

(Source: Company filings , DBIB Research)

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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