

# DBIB WEEKLY BULLETIN

# WEEK 30

Date: 29.07.2022

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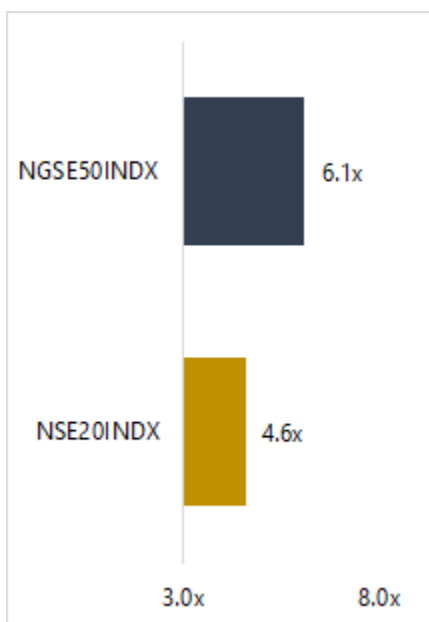
## INDICES & MARKET METRICS MOVEMENT

**NSE 20** and **NASI** shed 1.5% and 3.3% w-o-w to close at 1,701.31 and 141.05 respectively.

**Weekly equity turnover** shrunk by 26.4% w-o-w to USD 11.36 MN (KES 1.35 BN).

**USD | KES:** KES weakened 0.2% w-o-w to close at 118.80 (-5.0% 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	141.05	3.28	(6.07)	(20.54)	(15.26)
NSE-20	1,701.31	1.48	(5.52)	(13.83)	(10.58)
DBIB Select	39.53	(57.25)	(58.45)	(63.51)	(59.56)
FTSE 15	170.14	-	(9.06)	(19.81)	(18.79)
FTSE 25	170.32	-	(14.43)	(27.84)	(24.10)
FTSE Frontier 50	43,365.56	0.07	(10.02)	(10.72)	(15.67)

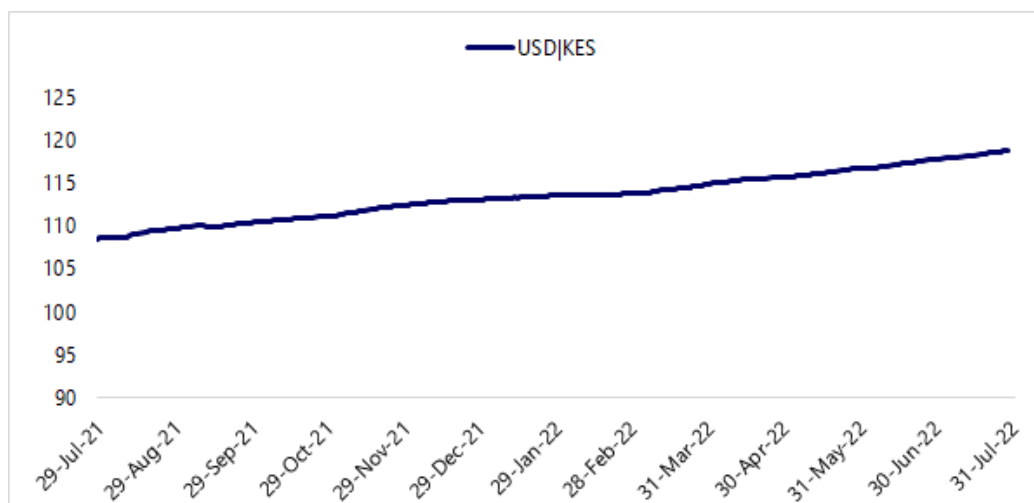
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	2,198.26	3.29	12.93	(6.09)	(20.53)
Market Turnover (USD m)	11.36	(26.40)	(41.51)	35.83	(27.08)
Market P/E (x)	5.37	(61.90)	(56.68)	(65.50)	(69.13)
Market Div. yld (%) *	6.84	34.29	50.86	344.29	264.29
Market ROE (%) *	37.02	71.26	(262.98)	(1.74)	(235.74)

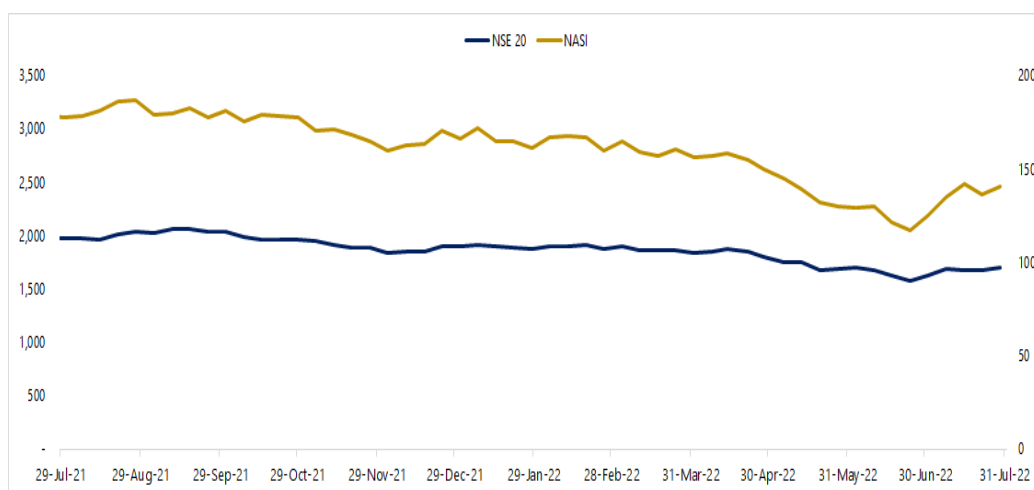
\* Changes in % \*\*Changes in bps -Market ROE is market cap weighted -ch: changes

(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 5.47 MN (KES 649.71 MN) representing 48.16% of this week's turnover.

The stock **advanced** by 3.3% w-o-w to close at KES 29.95 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 81.14% of foreign sales and 15.41% of foreign purchases.

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<u>Top gainers</u>	<u>%</u>
Uchumi	16.7
TPS E.A.	15.6
Limuru Tea	10.0
E.A Breweries	8.2
KCB Group	6.9

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Stanbic	(9.9)
Kakuzi	(8.1)
Sasini	(6.8)
Crown Paints	(6.4)
Trans-Century	(5.9)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Equity Group	5.47
Safaricom	2.68
KCB Group	1.27
E.A Breweries	0.43
Co-operative Bank	0.29

(Source: NSE, DBIB Research)

## Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Limuru Tea	44.4
Sameer Afrika	38.8
Crown Paints	30.5
Car & General	26.8
Williamson Tea	16.9

(Source: NSE, DBIB Research)

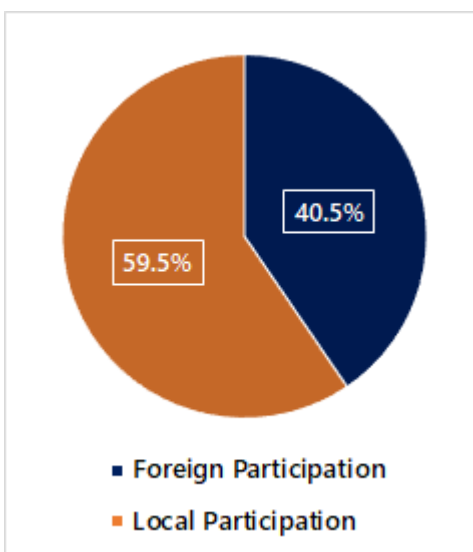


<u>Top Losers</u>	<u>%</u>
NBV Ltd	(41.4)
Centum	(33.9)
Eveready	(23.5)
Jubilee Holdings	(21.5)
Safaricom	(21.1)

(Source: NSE, DBIB Research)



## WEEKLY LOCAL VS FOREIGN PAR-



(Source: NSE, DBIB Research)

## Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
TPS E.A.	93.4
E.A Breweries	56.2
Crown Paints	37.9
Centum	29.5
Britam	26.5

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
BK Group	98.5
Jubilee Holdings	90.2
KCB Group	86.5
Safaricom	81.1
Equity Group	78.3

## Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	99.9
Crown Paints	91.0
BK Group	88.0
Stanbic	82.2
BAT Kenya	73.0

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	97.7
Safaricom	87.0
BAT Kenya	84.9
Deacons	81.7
E.A Breweries	81.0



The Bond market's turnover for the week stood at USD 200.86 MN (KES 23.86 BN) representing a 59.50% w-o-w growth from USD 125.95 MN (KES 14.96 BN) recorded the previous week.

## FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 200.86 MN (KES 23.86 BN) representing a 59.50% w-o-w growth from USD 126.2MN (KES 14.96 BN) recorded the previous week. The bond issue number FXD/2013/10Yr emerged as the top traded bond with a turnover of KES 4.76 BN accounting for 19.94% of the week's turnover. The bond traded between 9.9500% and 12.6000%.

### Top Trades for the week ending 29 July 2022

						Total
						Value
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	(KES m)
28-Jul	FXD 1/2013/10Yr	0.9	12.3710	11.0000	102.40	1,779.0
28-Jul	FXD3/2019/15Yr	12.0	12.3400	12.7400	97.67	1,322.5
29-Jul	FXD3/2019/15Yr	12.0	12.3400	12.7300	97.77	1,322.5
25-Jul	FXD 1/2014/10Yr	1.5	12.1800	10.1000	103.02	1,000.0
26-Jul	FXD 1/2021/2Yr	0.5	9.4860	9.5000	100.38	1,000.0
26-Jul	FXD 1/2014/10Yr	1.5	12.1800	11.0000	101.83	1,000.0
27-Jul	IFB 1/2015/12Yr	4.6	11.0000	11.8000	102.07	1,000.0
29-Jul	FXD 1/2013/10Yr	0.9	12.3710	10.2000	103.11	1,000.0
29-Jul	FXD 2/2017/5Yr	0.2	12.5170	8.4000	104.35	800.0
29-Jul	FXD 1/2013/10Yr	0.9	12.3710	9.9500	103.32	779.0
25-Jul	FXD1/2013/15Yr	5.5	11.2500	13.4000	96.72	500.0
26-Jul	IFB 1/2020/11Yr	9.0	10.9000	13.7500	93.02	500.0
28-Jul	FXD 1/2021/2Yr	0.5	9.4860	9.5000	100.43	500.0
28-Jul	IFB 1/2020/11Yr	9.0	10.9000	13.9000	92.53	500.0
26-Jul	FXD1/2021/20Yr	19.0	13.4440	13.8000	103.58	400.0
29-Jul	FXD1/2022/15Yr	14.7	13.9420	13.7500	104.78	400.0
27-Jul	FXD1/2013/15Yr	5.5	11.2500	13.0000	98.25	350.0
26-Jul	FXD 1/2014/10Yr	1.5	12.1800	12.0000	100.50	300.0
26-Jul	FXD1/2008/20Yr	5.9	13.7500	13.9000	100.99	300.0
27-Jul	FXD1/2008/20Yr	5.9	13.7500	13.4000	103.02	300.0
28-Jul	FXD 1/2013/10Yr	0.9	12.3710	10.0000	103.25	300.0
28-Jul	FXD 1/2014/10Yr	1.5	12.1800	11.2000	101.62	300.0
29-Jul	FXD 1/2013/10Yr	0.9	12.3710	10.5000	102.85	300.0
27-Jul	FXD1/2008/20Yr	5.9	13.7500	13.2000	103.82	269.0
25-Jul	FXD1/2021/20Yr	19.0	13.4440	13.9500	102.57	250.0
27-Jul	FXD 1/2021/2Yr	0.5	9.4860	9.5000	100.40	250.0
29-Jul	FXD 1/2014/10Yr	1.5	12.1800	11.1226	101.76	250.0
26-Jul	FXD2/2018/15Yr	11.2	12.7500	13.7500	97.81	235.0
26-Jul	IFB 1/2022/18Yr	17.8	13.7420	13.6500	102.12	235.0

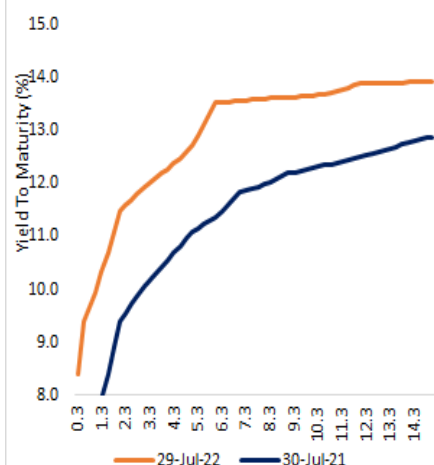
(Source: NSE, DBIB Research)

### Treasury Bill auction for the week ending 29 July 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	14.08	351.94	14.08	8.399	7.7
182-day	10.00	3.25	32.50	1.86	9.392	(0.1)
364-day	10.00	2.38	23.79	2.38	9.946	(2.2)

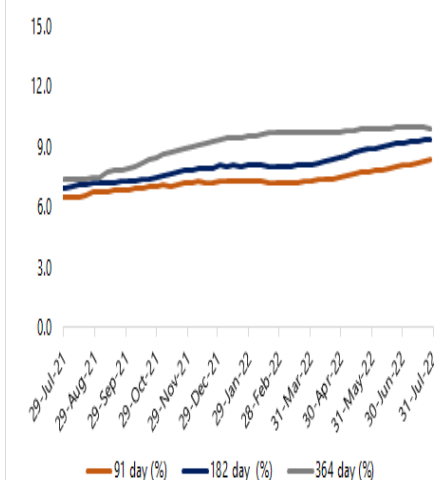
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

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# Salient News

## EABL FY22 Earnings Snapshot

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### East African Breweries

(EABL) released its FY22 results, reporting a 123.7% y-o-y upswing in after-tax profits to KES 15.6 BN.

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East African Breweries (EABL) released its FY22 results, reporting a 123.7% y-o-y upswing in after-tax profits to KES 15.6 BN. Performance was supported by 27.3% y-o-y net revenue growth to KES 109.4 BN against an 8.6% y-o-y increase in total cost of operations to KES 28.8 BN. Basic EPS jumped by 172.2% y-o-y to KES 15.00. A final dividend of KES 7.25 per share was recommended, to be paid on or about 30th October 2022 to shareholders on the register as at 15th September 2022. This implies a total DPS of KES 11.00 vs nil dividend in FY21.

**Net revenues edged up by 27.3% y-o-y to KES 109.4 BN** on account of volume recovery of beer and spirits across Kenya (+30.0% net sales growth), Uganda (+24.0% net sales growth) and Tanzania (+21.0% net sales growth) as COVID-19 related restrictions eased. Performance was further attributed to excise-led price adjustments in Kenya and Uganda.

**Gross profit rose by 41.3% y-o-y to KES 52.8 BN in line with the growth witnessed in net revenues, despite a 16.5% y-o-y increase in cost of sales to KES 56.5 BN.** The gross profit margin in turn improved by 882 bps y-o-y to 22.0% (FY21: 12.6%).

**The total cost of operations went up by 8.6% y-o-y to KES 28.8 BN** mainly on the back of a 32.2% y-o-y increase in selling and distribution expenses to KES 9.7 BN. Administrative expenses inched up by 16.3% y-o-y to KES 10.8 BN while other costs and expenses declined by the same percentage points (-16.3% y-o-y) to KES 8.3 BN (of which KES 4.2 BN was finance costs). Operating profit margin jumped 1,525 bps y-o-y to stand at 45.4%.

**Income tax expense advanced by 116.7% y-o-y to KES 8.4 BN** -- in line with pre-tax profits growth (+121.2% y-o-y to KES 15.6 BN).

**The group's working capital position worsened in FY22**, increasing from a negative position of KES 5.6 BN in FY21 to KES 6.4 BN – reflecting a 14.6% y-o-y increase, as current liabilities (+5.4% y-o-y to KES 41.8 BN) continued to rise faster compared to current assets (+3.9% y-o-y to KES 35.4 BN).

**Net cash from operating activities grew by 77.3% y-o-y to KES 25.9 BN**, attributed to growth in operating profit and working capital management. **Net cash used in investing activities declined by 7.2% y-o-y to KES 13.2 BN** while **net cash used in financing activities stood at KES 9.4 BN**. Consequently, the company's cash position at the end of the year improved by 82.5% y-o-y to KES 8.1 BN.

**EABL is trading at a P/E multiple of 7.3x and a P/B multiple of 4.3x.** The counter's ROE stands at 59.0% while ROA stands at 14.1%.

*Source: Company Filings, DBIB Research*

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## UPCOMING EVENTS

<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>
Safaricom	11:00 a.m.	Virtual	29-Jul-22

*(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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