

DBIB WEEKLY BULLETIN

WEEK 09

Date: 04.03.2022

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WEEKLY BOURSE WRAP UP...

Week-on-Week Performance

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Safaricom emerged the top traded counter on the bourse recording a weekly turnover of USD 11.81 MN (KES 1.35 BN) representing 55.79% of this week's turnover.

The stock **gained** 5.2% w-o-w to close at KES 37.50 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 85.34% of foreign sales and 63.13% of foreign purchases.

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<u>Top gainers</u>	<u>%</u>
Sameer Africa	9.8
Eaagads Ltd	9.3
Trans-Century	6.9
Unga Group	6.2
Stanbic Holdings	5.8

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Sanlam Kenya	(20.7)
Car & General (K)	(18.4)
Sasini Ltd	(10.0)
B.O.C Kenya	(8.8)
Liberty Kenya	(8.8)

((Source: NSE, DBIB Research))



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	11.81
KCB Group	2.36
Equity Group	2.23
StanChart Bank	1.47
E.A Breweries	1.41

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Car & General	53.9
B.O.C Kenya	21.4
Crown Paints	17.0
Stanbic Holdings	14.3
BAT Kenya	11.1

(Source: NSE, DBIB Research)

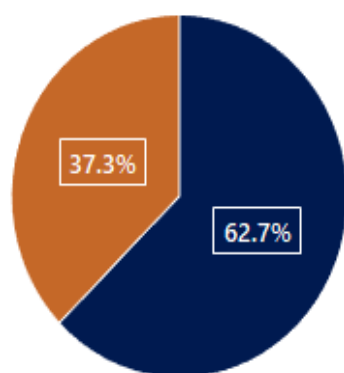


<u>Top Losers</u>	<u>%</u>
NBV Ltd	(20.5)
Uchumi	(16.7)
TPS E.A	(15.7)
Housing Finance	(13.3)
Jubilee Holdings	(13.2)

(Source: NSE, DBIB Research)



WEEKLY LOCAL VS FOREIGN PARTICIPATION



■ Foreign Participation
■ Local Participation

(Source: NSE, DBIB Research)

Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
Crown Paints	98.6
BAT Kenya	86.0
Centum	80.0
Equity Group	66.0

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
New Gold ETF	100.0
TPS E.A	88.4
BAT Kenya	86.9
Safaricom	85.3
Equity Group	79.4

Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
BK Group	98.4
Crown Paints	96.7
NSE	68.5
Safaricom	65.2

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	98.4
BK Group	95.1
Safaricom	83.0
E.A Breweries	80.6
TPS E.A	62.7

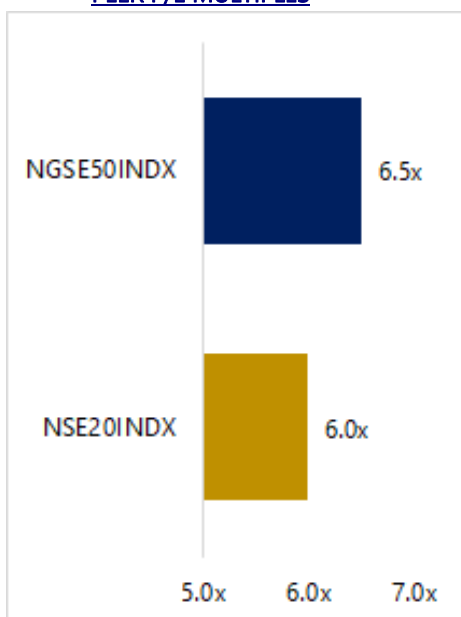
INDICES & MARKET METRICS MOVEMENT

NSE 20 & NASI gained
0.8% and 2.9% w-o-w to
close at 1,897.90 and
164.64, respectively.

Weekly equity turnover
rose 3.2% w-o-w to USD
21.17 MN (KES 2.41 BN).

USD | KES: KES weakened
0.1% w-o-w to close at
113.91 (-0.7% YTD).

PEER P/E MULTIPLES



NSE20INDEX* - NSE 20 Index
NGSE50INDEX* - Nigeria Stock Ex-
change 50 Index
*LTM Price/EPS

(Source: Bloomberg, DBIB Research)

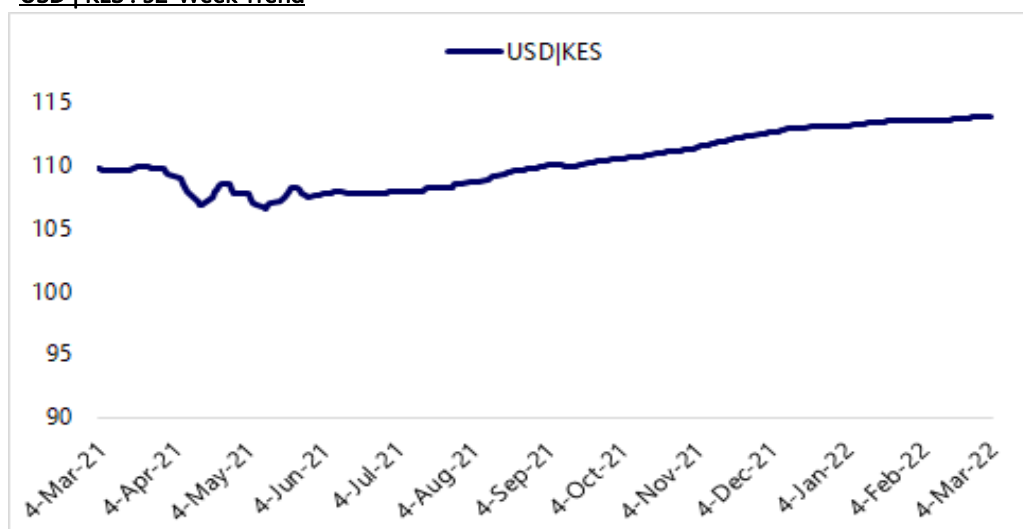
Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	164.64	2.88	2.88	(8.26)	(1.09)
NSE-20	1,897.90	0.77	3.18	(6.29)	(0.25)
DBIB Select	100.21	1.03	(2.03)	(7.87)	2.52
FTSE 15	207.76	0.89	6.82	(3.38)	(0.83)
FTSE 25	221.54	2.28	4.34	(6.90)	(1.27)
FTSE Frontier 50	48,511.71	(1.77)	(3.75)	(2.18)	(5.67)

(Source: NSE, Bloomberg, DBIB Research)

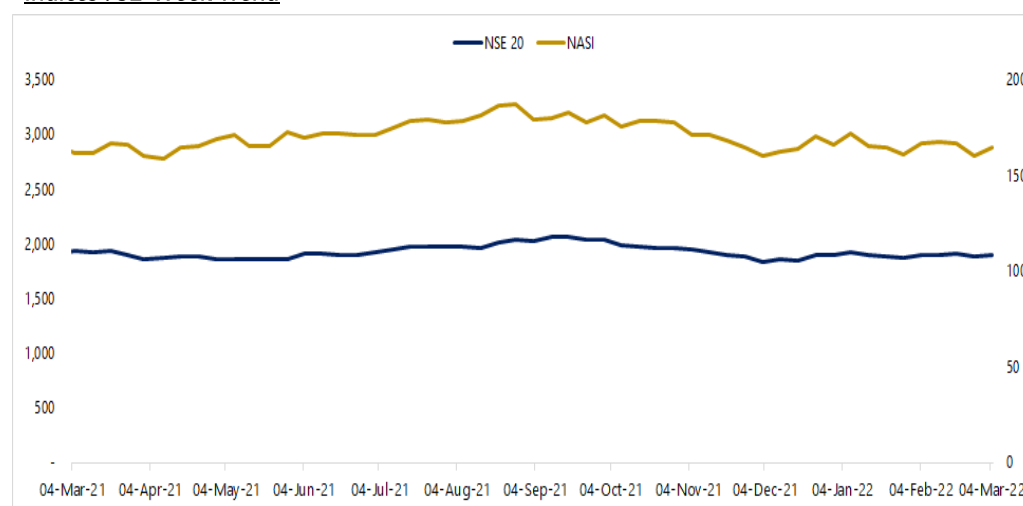
Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	2,564.49	2.89	(1.43)	2.89	(8.30)
Market Turnover (USD m)	21.17	3.20	(10.46)	(33.14)	17.29
Market P/E (x)	15.48	4.32	(2.38)	2.92	(13.16)
Market Div. yld (%) *	4.53	(4.85)	76.29	113.88	(17.06)
Market ROE (%) *	39.54	43.79	(32.92)	173.94	657.67

* 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 136.80 MN (KES 15.58 BN) representing a 30.9% w-o-w decline from USD 197.91 MN (KES 22.53 BN) recorded the previous week.

The Bond market's turnover for the week stood at USD 136.80 MN (KES 15.58 BN) representing a 30.9% w-o-w decline from USD 197.91 MN (KES 22.53 BN) recorded the previous week. The bond issue number IFB1/2022/19Yr emerged as the top traded bond with a turnover of KES 7.52 BN accounting for 48.2% of the week's turnover. The bond traded between 12.1000% and 13.0056%.

March Issue : FXD1/2021/05, FXD1/2020/15 & FXD1/2021/25 (Re-opens)

This March, the government has issued the bonds: FXD1/2021/05 (4.7 yrs.), FXD1/2020/15 (12.9 yrs.) & FXD1/2021/25 (24.2 yrs.) with the aim of raising KES 50.0 BN for budgetary support. The coupons on FXD1/2021/05, FXD1/2020/15 & FXD1/2021/25 are set at 11.277%, 12.756% and 13.924% respectively. The period of sale runs from 24 February 2022 to 08 March 2022.

Top Trades for the week ending 04 March 2022

						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	Value (KES m)
3-Mar	IFB 1/2022/19Yr	18.9	12.9650	12.9750	100.28	800.0
2-Mar	IFB 1/2020/6Yr	4.2	10.2000	10.7500	101.34	679.5
28-Feb	IFB 1/2022/19Yr	18.9	12.9650	12.9000	100.65	645.0
2-Mar	FXD 2/2017/5Yr	0.6	12.5170	9.2500	106.57	500.0
2-Mar	IFB 1/2020/11Yr	9.9	10.9000	11.0600	95.94	500.0
3-Mar	IFB 1/2020/11Yr	9.9	10.9000	11.2000	98.91	500.0
4-Mar	IFB 1/2022/19Yr	18.9	12.9650	12.9250	100.63	500.0
4-Mar	IFB 1/2020/11Yr	9.9	10.9000	12.1500	94.75	467.5
28-Feb	IFB 1/2017/7Yr	2.7	12.5000	10.6586	106.09	425.0
1-Mar	IFB 1/2017/7Yr	2.7	12.5000	10.2500	106.75	425.0
1-Mar	FXD1/2012/15Yr	6.0	11.0000	12.3000	99.99	400.0
1-Mar	IFB 1/2022/19Yr	18.9	12.9650	12.9000	100.72	400.0
2-Mar	FXD1/2012/15Yr	6.0	11.0000	12.1500	100.59	400.0
3-Mar	FXD1/2012/15Yr	6.0	11.0000	12.1000	100.81	400.0
2-Mar	FXD1/2012/15Yr	6.0	11.0000	12.3086	99.99	367.2
4-Mar	IFB 1/2022/19Yr	18.9	12.9650	13.0000	100.16	300.0
4-Mar	IFB 1/2022/19Yr	18.9	12.9650	12.9550	100.44	300.0
4-Mar	IFB 1/2022/19Yr	18.9	12.9650	12.9000	100.79	300.0
1-Mar	IFB 1/2022/19Yr	18.9	12.9650	12.9500	100.37	295.8

Sell & Buy backs

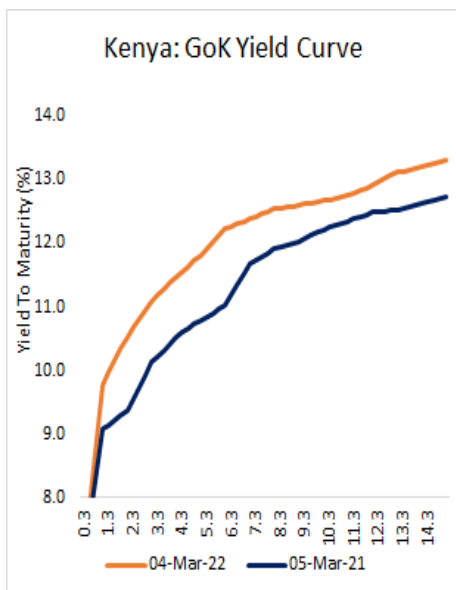
1-Mar	FXD1/2021/20Yr	19.9	13.4440	12.8549	104.72	500.0
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(Source: NSE, DBIB Research)

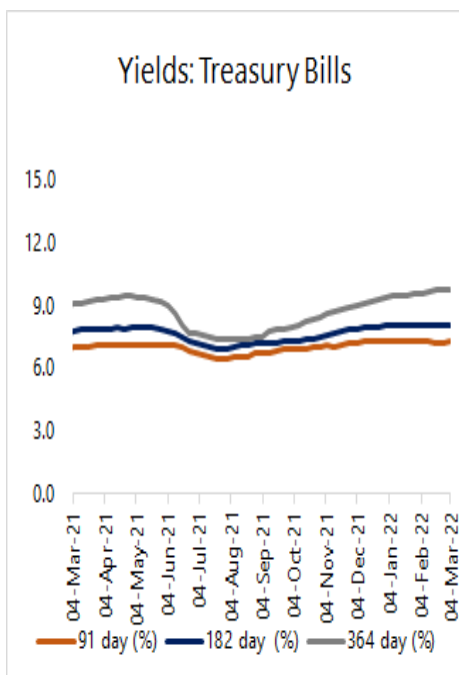
Treasury Bill auction for the week ending 04 March 2022

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	9.84	246.04	9.84	7.265	1.1
182-day	10.00	12.60	126.01	12.31	8.063	0.1
364-day	10.00	6.87	68.66	4.39	9.774	1.0

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News

KPLC 1H22 Earnings

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KPLC released its 1H22 results recording a profit after tax of KES 3.8 BN, 27.6 times higher than KES 138.0 MN realized in 1H21.

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KPLC released its 1H22 results recording a profit after tax of KES 3.8 BN, 27.6 times higher than KES 138.0 MN realized in 1H21. The significant jump in profitability was primarily attributable to an increase in electricity revenue (buoyed by growth in electricity sales) and lower operating costs. Earnings Per Share for the period stands at KES 1.96 compared to KES 0.07 in 1H21.

Revenue for the period grew by 21.1% y-o-y to KES 83.6 BN on the back of a 12.9% y-o-y growth in electricity revenue (excluding forex surcharge and fuel recovery) to KES 69.4 BN. The rise in electricity revenue was supported by an 8.7% y-o-y rise in unit sales to 4,562 GWh prompted by an increase in customer connectivity and improved supply quality and reliability. System efficiency improved by 2.3% y-o-y to 77.1%.

Cost of sales grew by 21.3% y-o-y to KES 55.3 BN occasioned by a 135.4% y-o-y jump in fuel power purchase costs to KES 10.9 BN due to a 314 GWh increase in units purchased from thermal plants to 709 GWh -- owing to poor hydrology coupled with the effect of a rise in fuel prices. On the other hand, non-fuel power purchase costs rose by 6.2% y-o-y to KES 40.5 BN given the rise in electricity sales.

Owing to the faster rise in total revenues vis-à-vis cost of sales (in absolute terms i.e. KES 14.6 BN vs. KES 9.7 BN), the gross profit increased by 20.6% y-o-y to KES 28.3 BN; the gross profit margin came in at 33.8% (1H21: 34.0%).

Operating costs eased by 5.4% y-o-y to KES 19.0 BN as the company's cost management and resource optimization initiatives continued to take effect. Consequently, operating profits rose by 77.7% y-o-y to KES 12.2 BN resulting in an operating profit margin of 14.6% (1H21: 10.0%).

Finance costs went up by 2.7% y-o-y to KES 6.8 BN largely due to an increase in unrealized foreign exchange loss given the depreciation of the Kenya Shilling against major currencies.

Total assets increased by 2.6% y-o-y to KES 328.4 BN while total liabilities increased by 0.9% y-o-y to KES 267.4 BN. Total equities rose by 10.8% y-o-y to KES 61.0 BN.

Cash and cash equivalents at the end of the year surged by 384.4% y-o-y to KES 8.3 BN predominantly due to 90.0% y-o-y rise in net cash generated from operating activities to KES 15.0 BN. According to the company, the growth in net cash generated from operating activities was supported by a KES 900.0 MN reduction in overdue customer debt due to enhanced field presence, government intervention with State agencies and increased customer engagements. Net cash used in investing activities grew by 6.0% y-o-y to KES 4.4 BN while net cash used in financing activities advanced by 40.1% y-o-y to KES 8.3 BN.

The company is currently undertaking various reforms focused on improving the sustainability of the business such as growing sales, improving revenue collection, enhancing system efficiency, managing costs and improving customer experience.

Salient News cont'd...

KPLC 1H22 Earnings cont'd...

On a trailing basis, KPLC is trading at a P/E multiple of 0.6x against an industry median of 2.8x and a P/B multiple of 0.05x against an industry median of 0.1x. Its ROE and ROA stand at 8.5% and 1.6% against industry medians of 6.3% and 2.2% respectively.

(Source: Company filings, DBIB Research).

KenGen 1H22 Earnings

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KenGen released its 1H22 results reporting a 1.3% y-o-y rise in PAT to KES 5.1 BN.
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KenGen released its 1H22 results reporting a 1.3% y-o-y rise in PAT to KES 5.1 BN. The financial performance was characterized by marginal growth in net revenue, positive total other income, higher operating expenses, lower finance costs and higher income tax expense. EPS for the period stood at KES 0.78 (1H21: KES 0.77).

Gross revenue climbed by 13.7% y-o-y to KES 24.8 BN and this was attributable to higher revenue receipts from drilling consultancy and operations outside Kenya. Owing to a higher rise in total reimbursable expenses (+236.6% y-o-y to KES 4.2 BN) in comparison to the growth realized in gross revenues, net revenues grew marginally by 0.4% y-o-y to KES 20.6 BN.

Total other income came in at KES 898.0 MN (from a loss of KES 202.0 MN in 1H21) supported by a 63.9% y-o-y rise in other income to KES 295.0 MN and positive net gains of KES 603.0 MN (from net losses of KES 382.0 MN in 1H21). Given the improvement in total other income, operating income rose by 5.8% y-o-y to KES 21.5 BN.

Total operating expenses went up by 8.0% y-o-y to KES 14.1 BN mainly driven by higher operating expenses (+13.2% y-o-y to KES 6.6 BN), depreciation & amortization costs (+2.5% y-o-y to KES 5.9 BN) and steam costs (+8.3% y-o-y to KES 1.7 BN following increased dispatch from Olkaria I AU and V geothermal plants). The company attributed the higher operating expenses to increased business activities in Ethiopia as well as repairs and maintenance.

The company's operating profit settled at KES 7.4 BN, 1.8% higher y-o-y. Owing to the higher rise in gross revenue vis-à-vis operating profits, the operating profit margin for the period eased to 29.9% from 33.4% realized in 1H21.

Finance income increased by 21.7% y-o-y to KES 1.0 BN attributable to interest earned on increased cash balances (related to ongoing projects and rescheduled loan repayments). Finance costs eased by 27.2% y-o-y to KES 897.0 MN as a result of a reduction in loan balances.

Income tax expense advanced by 32.0% y-o-y to KES 2.4 BN owing to the reversal of the corporate tax rate to 30.0% (from 25.0%) and Olkaria V capital allowances.

Total assets rose by 1.4% y-o-y to KES 431.5 BN while total liabilities increased by 1.3% y-o-y to KES 218.0 BN. Total equity went up by 1.5% y-o-y to KES 213.5 BN.

Salient News cont'd...

KenGen 1H22 Earnings cont'd...

Cash and cash equivalents at the end of the year increased by 46.8% y-o-y to KES 15.8 BN. Net cash generated from operations declined by 18.6% y-o-y to KES 11.3 BN, net cash used in investing activities eased by 28.4% y-o-y to KES 4.9 BN while net cash used in financing activities surged by 186.6% y-o-y to KES 4.3 BN.

The company is gearing to commission Olkaria I Additional Unit 6 (83.4 MW) geothermal power plant this year.

On a trailing basis, KenGen is trading at a P/E multiple of 20.5x against a sector median of 2.8x and a P/B multiple of 0.1x against the sector median of 0.1x. Its ROA and ROE stand at 0.3% and 0.6% against sector medians of 2.2% and 6.2% respectively.

(Source: Company filings, DBIB Research).

Stanbic Bank FY21 Earnings

Stanbic Bank released its FY21 results recording a 35.3% y-o-y increase in profit after tax (PAT) to KES 7.1 BN. This was attributable to a 10.4% y-o-y growth in total income to KES 24.3 BN coupled with a 51.1% y-o-y decline in the loan loss provision expense to KES 2.1 BN. EPS for the period stood at KES 41.43 (+35.3% y-o-y). The board announced a final dividend of KES 7.30 per ordinary share to be paid to members on the share register as at close of business on 20th May 2022.

Net interest income grew by 14.0% y-o-y to KES 13.9 BN, on the back of a 2.1% y-o-y increase in interest income to KES 20.1 BN. Interest expense declined 17.2% y-o-y to KES 6.2 BN, supporting net interest income growth. As such, the net interest margin improved 62 bps y-o-y to 4.7%.

Non-funded income was up 6.0% y-o-y to KES 10.4 BN, attributable to a 13.0% y-o-y increase in net income from forex dealings to KES 6.3 BN coupled with a 1.1% y-o-y growth in fees and commission income to KES 3.7 BN. Funded income reliance in turn increased 181 bps y-o-y to stand at 57.2%.

Operating expenses (less loan loss provisions) increased by 10.2% y-o-y to KES 12.6 BN mainly on the back of an 8.8% y-o-y increase in staff costs to KES 6.2 BN and a 17.2% y-o-y increase in other expenses to KES 5.2 BN. The cost-to-income ratio stood at 51.9%, down 12 bps y-o-y.

Pre-provision operating profit increased 10.7% y-o-y to KES 11.7 BN. Loan loss provision expense saw a 51.1% y-o-y decline to KES 2.1 BN, placing the cost of risk at 1.1%, 159 bps lower y-o-y. As a result, profit before tax was up 53.4% y-o-y to KES 9.6 BN.

Customer loans and advances grew by 17.2% y-o-y to KES 185.3 BN (+4.9% q-o-q). Investment securities saw a 23.9% y-o-y decline to KES 41.0 BN (-10.2% q-o-q) while held for dealing securities declined 45.0% y-o-y to KES 18.5 BN (-9.5% q-o-q).

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Stanbic Bank released its FY21 results recording a 35.3% y-o-y increase in profit after tax (PAT) to KES 7.1 BN.

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Salient News cont'd...

Stanbic Bank FY21 Earnings cont'd...

On the funding side, customer deposits saw a 10.6% y-o-y increase to KES 239.9 BN (+12.7% q-o-q) whilst borrowed funds saw a 27.2% y-o-y increase to KES 10.6 BN (-2.6% q-o-q). The loan-to-deposits ratio stood at 77.3%, up 430 bps y-o-y.

Gross NPL declined 10.1% y-o-y to stand at KES 22.5 BN (+3.7% q-o-q), with the NPL ratio declining 284 bps y-o-y to 10.8% (-12 bps q-o-q). The NPL coverage ratio declined 13 bps y-o-y to stand at 39.2% (-632 bps q-o-q).

The counter is trading at a P/E multiple of 5.2x in line its industry median P/E multiple and a P/B multiple of 0.7x against an industry median multiple 0.8x. Its ROE stands at 12.8% against an industry median of 13.4% while its ROA stands at 2.2% against an industry median of 2.3%.

(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
Safaricom	Interim: KES 0.64	17-Mar-22	31-Mar-22
Car & General (K)	Bonus Issue: 1:1	24-Mar-22	08-Apr-22
Stanbic Bank	Final: KES 7.30	20-May-22	STA
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>
Car & General (K)	10:00 a.m.	Virtual	24-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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