

DBIB WEEKLY BULLETIN

WEEK 45

Date: 11.11.2022

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INDICES & MARKET METRICS MOVEMENT

NSE 20 dropped by 0.6% w-o-w to close at 1,666.47 while **NASI** grew by 0.4% w-o-w to close at 128.09.

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	128.09	0.42	(12.79)	(25.30)	(23.05)
NSE-20	1,666.47	(0.55)	(7.39)	(13.20)	(12.41)
DBIB Select	96.97	(0.39)	143.18	(8.48)	(0.80)
MSCI Kenya (USD)	1,143.36	(0.14)	(16.57)	(34.95)	(31.71)
MSCI Frontier (USD)	454.76	0.66	(15.19)	(33.38)	(31.68)

(Source: NSE, Bloomberg, DBIB Research)

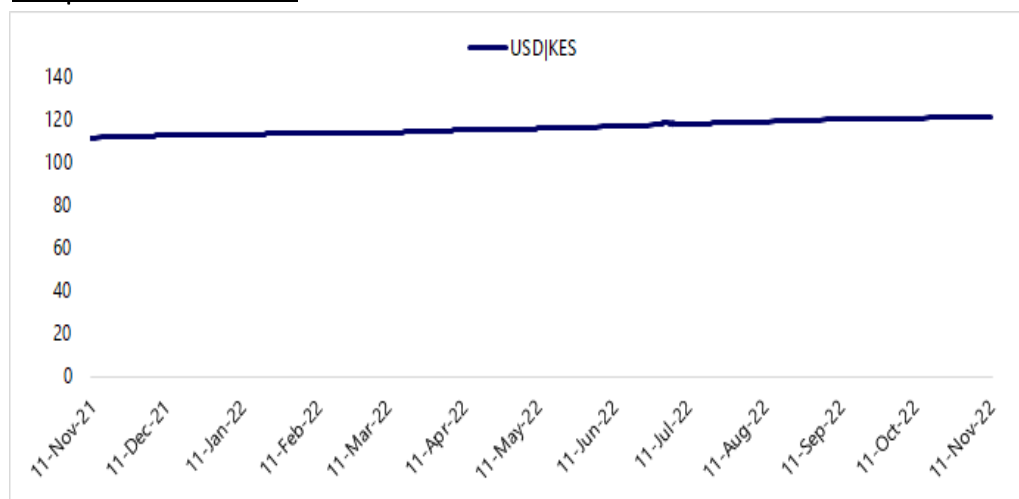
Weekly equity turnover grew by 9.5% w-o-w to USD 10.03 MN (KES 1.22 BN).

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,995.69	0.42	(1.40)	(12.83)	(25.41)
Market Turnover (USD m)	10.03	9.51	2.09	73.26	(67.91)
Market P/E (x)	3.40	36.00	41.67	(31.41)	(79.26)
Market Div. yld (%) *	7.40	-	83.00	384.66	106.42
Market ROE (%) *	35.41	(120.00)	(148.59)	(442.92)	(99.69)

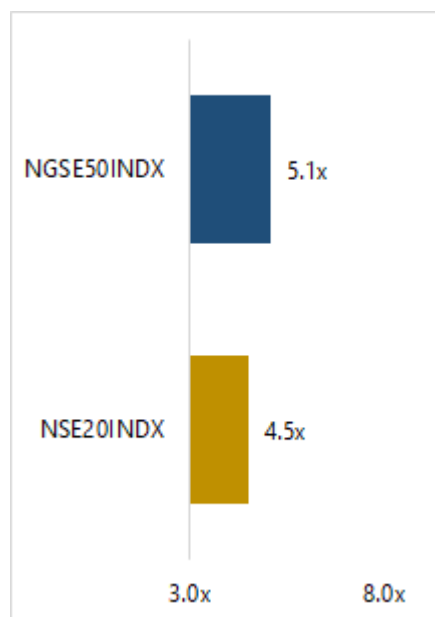
* Changes in % **Changes in bps -Market ROE is market cap weighted -ch: changes
(Source: NSE, DBIB Research)

USD | KES: KES weakened 0.2% w-o-w to close at 121.78 (-7.6% year-to-date).

USD | KES : 52-Week Trend



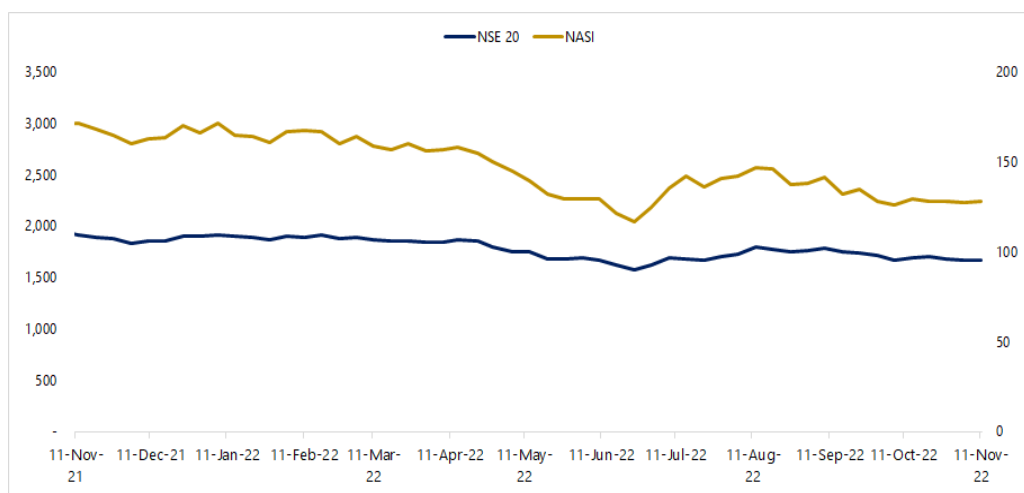
PEER P/E MULTIPLES



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

*LTM Price/EPS

Indices : 52-Week Trend



(Source: NSE, DBIB Research)

WEEKLY BOURSE WRAP UP...

Safaricom emerged as the top traded counter on the bourse recording a weekly turnover of USD 3.99 MN (KES 486.39 MN) representing 39.80% of this week's turnover.

The stock grew by 1.8% w-o-w at KES 25.25 on Friday.

Foreign investors assumed a net selling position on the counter this week by accounting for 83.79% of foreign sales and 67.41% of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Olympia Capital	8.1
Longhorn Publishers	7.5
New Gold ETF	7.2
Home Afrika	5.9
Uchumi	4.0

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
NBV Ltd	(12.0)
Flame Tree	(10.1)
TPS EA	(9.3)
Williamson Tea	(8.3)
Eaagads	(8.3)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	3.99
BAT Kenya	2.12
KCB Group	1.07
E.A Breweries	1.03
Equity Group	0.66

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Olympia Capital	33.0
Limuru Tea	31.3
Crown Paints	30.7
NCBA Group	25.8
Carbacid	25.5

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
NBV Ltd	(43.2)
Centum	(40.3)
Jubilee Holdings	(33.7)
Safaricom	(33.5)
Liberty Kenya	(28.9)

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
BAT Kenya	90.0
Crown Paints	85.5
Equity Group	68.1
NBV Ltd	68.0

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
New Gold ETF	99.9
BK Group	85.4
Stanbic	79.7
Crown Paints	77.0
BAT Kenya	71.7

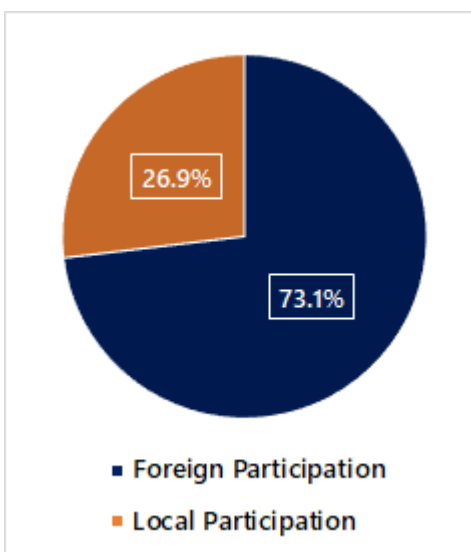
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	100.0
BAT Kenya	97.6
TPS EA	95.7
E.A Breweries	91.9
Equity Group	86.3

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	98.9
KPLC	98.5
BAT Kenya	85.8
Safaricom	83.9
E.A Breweries	77.4

WEEKLY LOCAL VS FOREIGN PARTICIPATION



(Source: NSE, DBIB Research)

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 34.95 MN (KES 4.26 BN) representing a 49.2% w-o-w fall from USD 68.83 MN (KES 8.36 BN) recorded the previous week.

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November Bonds Issue: IFB1/2022/22 Results

The Central Bank of Kenya (CBK) issued an infrastructure bond IFB1/2022/14 with the aim of raising KES 60.0 BN for the funding of infrastructure projects in FY22/23. From the auction, the bond received bids worth KES 91.8 BN, representing a subscription rate of 153.08% of which the CBK accepted KES 75.6 BN. The weighted average rate of accepted bids came in at 13.938% which also serves as the coupon rate.

Top Trades for the week ending 11 November 2022

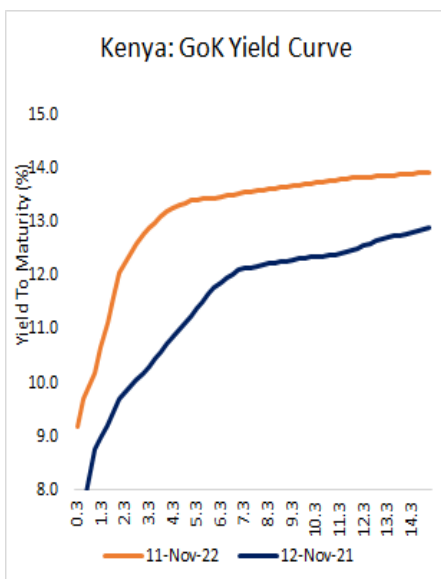
Trading Date	Issue No.	Years	Total			
			Coupon (%)	Yield (%)	Price (KES m)	Value (KES m)
9-Nov	IFB1/2019/16Yr	12.9	11.7500	14.1000	88.08	1,335.3
10-Nov	FXD1/2022/3Yr	2.4	11.7660	12.3500	99.79	1,000.0
8-Nov	IFB1/2019/16Yr	12.9	11.7500	14.2500	87.33	700.0
9-Nov	IFB1/2019/16Yr	12.9	11.7500	13.9500	88.80	600.0
10-Nov	IFB1/2019/16Yr	12.9	11.7500	13.6250	90.43	600.0
9-Nov	IFB1/2021/16Yr	14.2	12.2570	14.1500	93.63	599.5
8-Nov	FXD2/2019/10Yr	6.4	12.3000	13.7586	94.86	510.0
9-Nov	FXD2/2019/10Yr	6.4	12.3000	13.4984	95.95	510.0
11-Nov	FXD1/2022/3Yr	2.4	11.7660	12.2500	100.02	500.0
9-Nov	FXD1/2022/3Yr	2.4	11.7660	12.6000	99.25	466.0
10-Nov	FXD1/2022/3Yr	2.4	11.7660	12.4000	99.69	461.0
8-Nov	FXD1/2017/10Yr	4.7	12.9660	13.5609	101.70	300.0
8-Nov	FXD2/2019/10Yr	6.4	12.3000	13.6500	95.30	300.0
9-Nov	FXD1/2017/10Yr	4.7	12.9660	13.2607	102.75	300.0
9-Nov	FXD2/2019/10Yr	6.4	12.3000	13.4900	95.98	300.0
8-Nov	IFB1/2019/16Yr	12.9	11.7500	13.9000	89.01	250.0
9-Nov	IFB1/2019/16Yr	12.9	11.7500	13.1500	92.81	250.0
7-Nov	FXD1/2022/3Yr	2.4	11.7660	12.3500	99.69	200.0

(Source: NSE, DBIB Research)

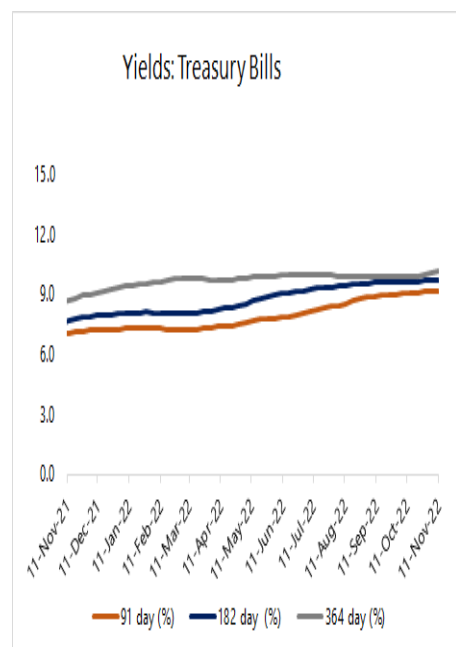
Treasury Bill auction for the week ending 11 November 2022

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	26.51	662.83	18.65	9.173	3.4
182-day	10.00	13.89	138.92	11.01	9.706	1.5
364-day	10.00	8.68	86.83	8.68	10.186	7.7

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

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Safaricom PLC announced its 1H23 results recording an 18.3% y-o-y decline in profit after tax to KES 30.2 BN.

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Safaricom 1H23 Earnings Snapshot

Safaricom PLC announced its 1H23 results recording an 18.3% y-o-y decline in profit after tax to KES 30.2 BN (KES 33.5 BN attributable to equity holders of the company, down 10.0% y-o-y). Performance was largely impacted by inflationary pressure on consumer spending, slowdown in business operations due to elections and Ethiopia start-up costs. EPS in turn stood at KES 0.84, down 10.0% y-o-y. Service revenue was up 4.6% y-o-y to KES 144.8 BN, out of which Safaricom Ethiopia contributed KES 9.1 MN generated in the first month of operations. Safaricom Ethiopia total revenue stood at KES 98.3 MN (including revenue from sim card sales), with 180,300 customers as at September 2022 (740,000 customers as at October 2022). EBIT was down 11.5% y-o-y to KES 51.2 BN. Net finance cost stood at KES 2.9 BN, down 1.7% y-o-y.

Service revenue was up 4.6% y-o-y to KES 144.8 BN on the back of 8.7% y-o-y growth in M-PESA revenue to KES 56.9 BN and 11.3% y-o-y increase in mobile data revenue to KES 26.3 BN. Voice revenue declined by 3.8% y-o-y to KES 39.9 BN while SMS revenue was down 7.7% y-o-y to KES 5.4 BN. Voice revenue contribution to service revenue declined to 27.5% compared to 1H22's 29.9%. M-PESA revenue contribution stood at 39.3% compared to 1H22's 37.8% while mobile data revenue contribution stood at 18.2% compared to 1H22's 17.1%.

Overall ARPU increased by 3.8% y-o-y to KES 738.82 mainly supported by 16.0% y-o-y growth in mobile data ARPU to KES 230.15, with one month active mobile data subscribers increasing by 4.8% y-o-y to 25.2 MN. M-PESA ARPU stood at KES 307.06, up 2.1% y-o-y. The number of chargeable transactions per one month active user stood at 22.45, up 19.3% y-o-y compared to 19.3 transactions in 1H22. Voice ARPU was down 2.5% y-o-y to KES 241.52 while SMS ARPU was down 7.3% y-o-y to KES 41.41.

EBITDA margin deteriorated by 460 bps y-o-y to stand at 48.3% following a 420 bps increase in operating costs as a percentage of total revenue to 20.2% (Operating costs were up 32.2% y-o-y to KES 30.9 BN). EBIT margin worsened by 620 bps y-o-y to 33.4%. The company registered net finance costs of KES 2.9 BN, marginally down by 1.7% y-o-y following a significant jump in 1H22/1H21 performance.

Management's FY23 EBIT guidance including Safaricom Ethiopia stands at KES 87-93 BN, while **CAPEX guidance including Safaricom Ethiopia stands at KES 100-108 BN**. Management maintained its guidance on EBITDA break-even at year 4 of operations, with the company having received its mobile money licence.

Safaricom is currently trading at a P/E multiple of 15.5x and a P/B multiple of 7.1x. Its ROE stands at 45.9% and ROA stands at 17.4%.

Source: Company Filings

UPCOMING EVENTS

Profit Warnings

1. Sameer

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Centum	Final: KES 0.587	26-Jul-22	30-Nov-22
Carbacid	Final: KES 1.70	25-Nov-22	16-Dec-22

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Longhorn Publishers	11:00am	Virtual	24-Nov-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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