

DBIB WEEKLY BULLETIN

WEEK 46

Date: 18.11.2022

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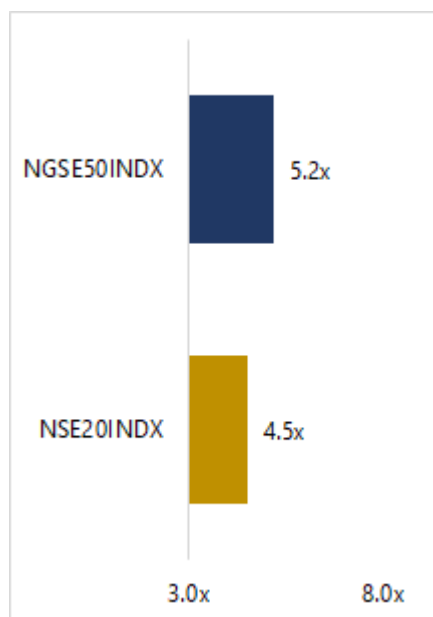
INDICES & MARKET METRICS MOVEMENT

NSE 20 dropped by 0.1% w-o-w to close at 1,664.82 while **NASI** grew by 0.7% w-o-w to close at 129.02.

Weekly equity turnover grew by 59.8% w-o-w to USD 16.04 MN (KES 1.96 BN).

USD | KES: KES weakened 0.2% w-o-w to close at 122.03 (-7.9% year-to-date).

PEER P/E MULTIPLES



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

*LTM Price/EPS

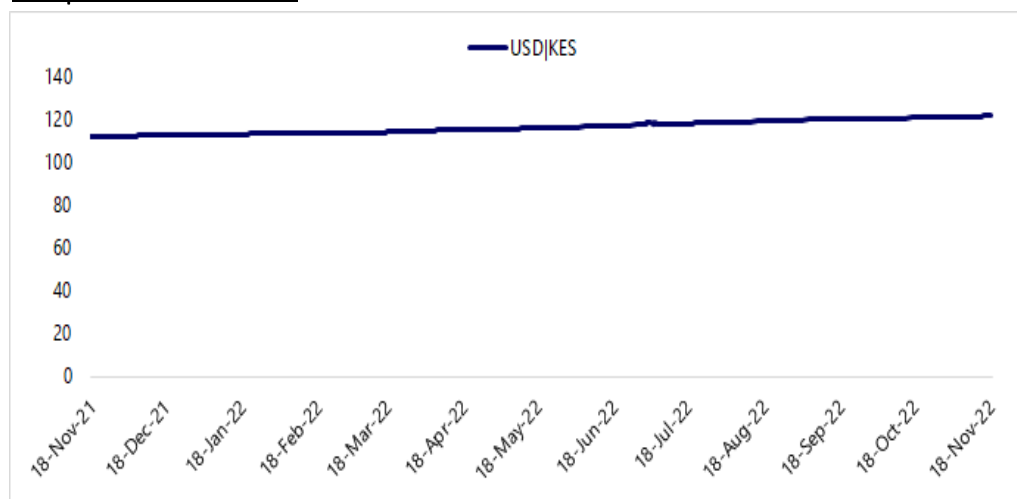
Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	129.02	0.73	(11.82)	(23.40)	(22.49)
NSE-20	1,664.82	(0.10)	(6.43)	(12.08)	(12.50)
DBIB Select	97.68	0.73	145.08	(6.97)	(0.08)
MSCI Kenya (USD)	1,159.71	1.43	(14.12)	(32.42)	(30.74)
MSCI Frontier (USD)	465.72	2.41	(12.99)	(30.40)	(30.03)

(Source: NSE, Bloomberg, DBIB Research)

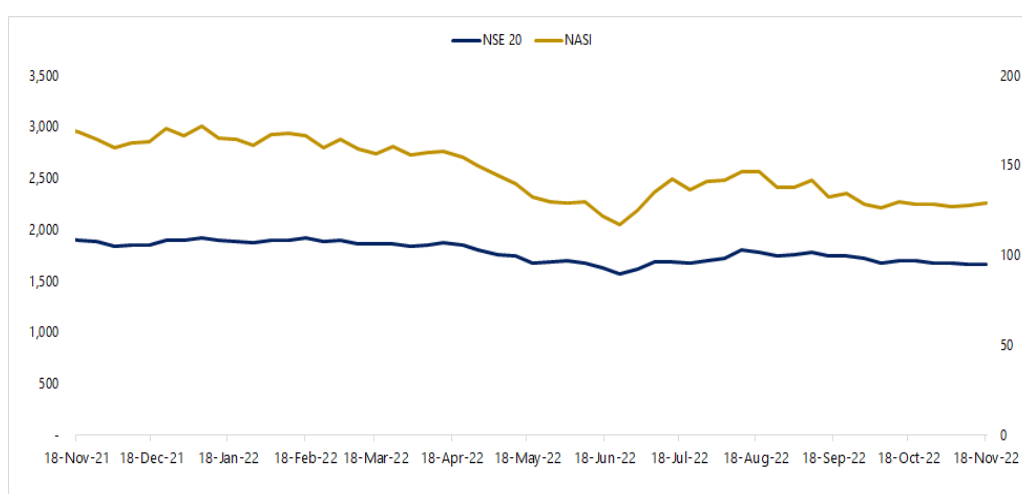
Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	2,010.25	0.73	0.56	(11.86)	(23.51)
Market Turnover (USD m)	16.04	59.85	209.27	78.40	(27.98)
Market P/E (x)	3.40	-	88.89	(34.30)	(78.48)
Market Div. yld (%) *	7.30	(10.00)	81.74	370.00	62.15
Market ROE (%) *	35.42	1.00	(157.44)	(447.00)	(23.70)

* 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...

Safaricom emerged as the top traded counter on the bourse recording a weekly turnover of USD 10.20 MN (KES 1.24 BN) representing 63.60% of this week's turnover.

The stock remained constant w-o-w closing at KES 25.25 on Friday.

Foreign investors assumed a net selling position on the counter this week by accounting for 66.6% of foreign sales and 55.3% of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
NBV Ltd	11.9
Flame Tree	7.5
KCB Group	5.6
E.A Breweries	4.9
Eaagads	4.5

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Jubilee Holdings	(10.6)
Sameer	(10.4)
TransCentury	(10.1)
BOC Kenya	(10.0)
Kapchorua	(8.7)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	10.20
BAT Kenya	1.76
Absa Kenya	1.47
E.A Breweries	1.09
Equity Group	0.49

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Olympia Capital	39.0
Limuru Tea	31.3
Crown Paints	28.4
Carbacid	26.8
NCBA Group	21.4

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Jubilee Holdings	(40.7)
Centum	(39.7)
NBV Ltd	(36.5)
Safaricom	(33.5)
Liberty Kenya	(31.1)

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Crown Paints	95.0
Safaricom	73.6
E.A Breweries	64.3
Standard Group	57.6
Absa Group	55.3

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
BAT Kenya	98.4
Umeme	97.1
DTB Kenya	94.4
E.A Breweries	87.7
Williamson Tea	87.5

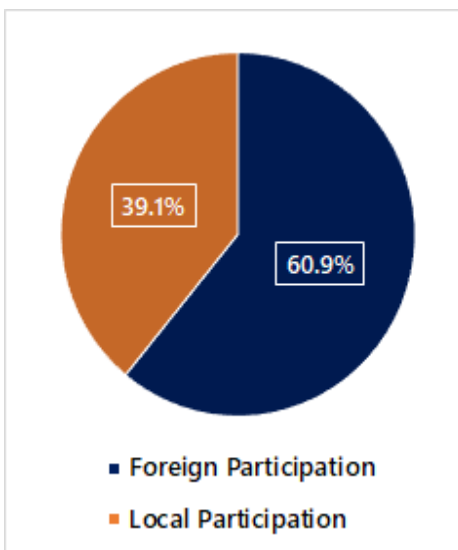
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	99.9
BK Group	85.4
Stanbic	79.6
Crown Paints	77.0
Kapchorua Tea	64.4

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	98.9
KPLC	98.5
BAT Kenya	87.4
Safaricom	83.8
E.A Breweries	77.6

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 118.79 MN (KES 14.50 BN) representing a 239.9% w-o-w growth from USD 34.95 MN (KES 4.26 BN) recorded the previous week.

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November Bonds IFB1/2022/22 Tap Sale

The Central Bank of Kenya (CBK) has issued a tap sale for the infrastructure bond IFB1/2022/14, with the aim of raising KES 5.0 BN. The bids will be allocated on a first-come-first-served basis. The period of sale runs from 16 November 2022 to 22 November 2022 or upon attainment of quantum, whichever comes first. The bids shall be priced at the weighted average rate of accepted bids of 13.938%, which is the coupon rate.

Top Trades for the week ending 18 November 2022

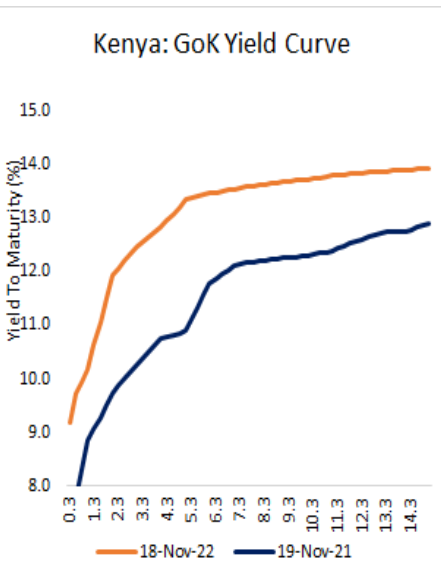
						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
15-Nov	FXD1/2022/10Yr	9.5	13.4900	13.9250	97.78	1,000.0
15-Nov	IFB1/2019/16Yr	12.9	11.7500	13.8500	89.49	604.5
18-Nov	IFB1/2021/21Yr	19.8	12.7370	13.5061	97.71	530.0
17-Nov	FXD1/2012/15Yr	4.8	11.0000	13.5750	93.06	500.0
18-Nov	FXD1/2012/15Yr	4.8	11.0000	13.4000	93.66	500.0
15-Nov	IFB1/2019/16Yr	12.9	11.7500	13.4000	91.72	404.5
15-Nov	IFB1/2018/20Yr	16.0	11.9500	14.0000	89.89	400.0
17-Nov	IFB1/2019/16Yr	12.9	11.7500	13.3564	92.01	400.0
17-Nov	IFB1/2022/14Yr	14.0	13.9380	13.8000	100.86	333.5
14-Nov	FXD1/2021/25Yr	23.4	13.9240	13.9760	99.90	300.0
17-Nov	IFB1/2022/14Yr	14.0	13.9380	13.1700	104.40	201.5
14-Nov	FXD1/2022/25Yr	24.9	14.1880	14.1500	101.05	200.0
18-Nov	FXD1/2019/15Yr	11.2	12.8570	12.5449	105.90	150.0
18-Nov	IFB1/2022/14Yr	14.0	13.9380	13.3337	103.50	139.5
17-Nov	IFB1/2022/14Yr	14.0	13.9380	13.9869	99.85	137.7
18-Nov	IFB1/2022/14Yr	14.0	13.9380	13.1700	104.44	119.5
18-Nov	IFB1/2022/14Yr	14.0	13.9380	13.2000	104.26	114.0

(Source: NSE, DBIB Research)

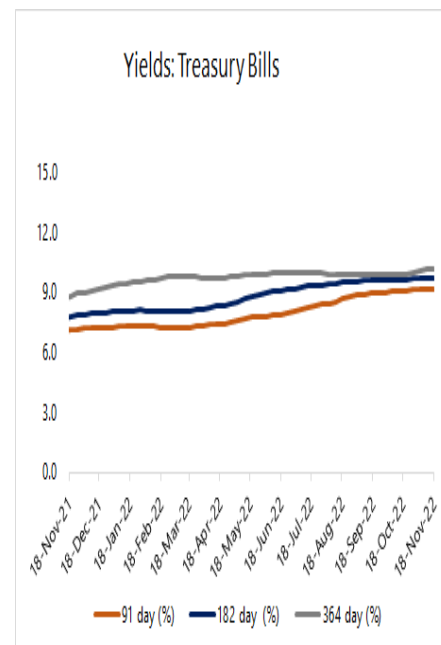
Treasury Bill auction for the week ending 18 November 2022

Instrument	Amount	Bids Received	Subscription	Bids Accepted	Yield	w-o-w
	(KES Bn)	(KES Bn)	Rate (%)	(KES Bn)	(%)	bps ch
91-day	4.00	16.25	406.30	12.18	9.191	1.8
182-day	10.00	15.80	158.03	13.23	9.721	1.5
364-day	10.00	8.95	89.46	4.67	10.181	(0.5)

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

KCB Group released its 3Q22 results reporting a 21.4% y-o-y improvement in after tax profits to KES 30.6 BN.

KCB Group 3Q22 Earnings Snapshot

KCB Group released its 3Q22 results reporting a 21.4% y-o-y improvement in after tax profits to KES 30.6 BN. The improvement in the financial performance was powered by a 30.2% y-o-y rise in non-funded income to KES 30.6 BN, a 9.1% y-o-y upswing in net interest income to KES 61.6 BN and a 22.1% y-o-y decline in loan loss provisions to KES 7.3 BN. EPS for the period went up by 21.1% y-o-y to KES

12.64. **The board has approved an interim dividend per share of KES 1.00 (3Q21: KES 1.00).** If approved, the dividend will be payable on or about 13th January 2023 to shareholders on the share register at the close of business on 8th December, 2022.

Net interest income inched higher by 9.1% y-o-y to KES 61.6 BN, led by a 13.6% y-o-y growth in total interest income to KES 83.5 BN against a 28.4% y-o-y climb in total interest expenses to KES 21.9 BN.

Non-funded income trended higher, rising by 30.2% y-o-y to KES 30.6 BN lifting the contribution of non-funded income to total operating income by 378 bps y-o-y to 33.2% (3Q21: 29.4%). The growth witnessed in non-funded income was largely driven by an 86.4% y-o-y jump in forex trading income to KES 8.4 BN, an 18.7% y-o-y rise in fees and commissions on loans and advances to KES 7.8 BN and a 16.1% y-o-y growth in other fees and commissions to KES 9.1 BN.

The group's operating expenses (minus provisions) climbed by 19.6% y-o-y to KES 41.6 BN mainly on the back of a 27.8% y-o-y increase in other expenses to KES 14.3 BN and a 15.6% y-o-y growth in staff costs to KES 21.3 BN. As a result of the faster rise in operating expenses (minus provisions) in comparison to total operating income (+15.3% y-o-y to KES 92.1 BN), the group's cost-to-income ratio rose by 161 bps y-o-y to 45.1% (3Q21: 43.5%).

Despite a 52.1% y-o-y jump in gross non-performing loans to KES 149.3 BN (-13.9% q-o-q), loan loss provisions eased by 22.1% y-o-y to KES 7.3 BN. Consequently, the group's NPL ratio soared to 16.4% from 13.1% in 3Q21. We however note that the NPL ratio eased by 275 bps on a q-o-q basis; the NPL ratio stood at 19.2% in 1H22 (as per in-house calculations).

Net loans and advances to customers rose by 16.4% y-o-y to KES 758.8 BN (+3.9% q-o-q). Government and investment securities declined by 9.8% y-o-y to KES 277.1 BN (-2.8% q-o-q). **On the funding side, customer deposits increased by 7.4% y-o-y to KES 922.3 BN (+1.5% q-o-q)** while borrowed funds jumped by 77.7% y-o-y to KES 62.7 BN (+55.8% q-o-q).

On a trailing basis, KCB Group is currently trading at a P/E multiple of 3.1x against an industry median of 3.8x and a P/B multiple of 0.6x against an industry median of 0.7x. Its ROE stands at 21.0% while its ROA stands at 3.1%.

Source: Company Filings

Salient News

TransCentury Plc Rights Issuance

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The Capital Markets Authority (CMA) has authorised TransCentury Plc to carry out a rights issue. The rights issue will be on the basis of 5 new ordinary shares for every 1 existing share.

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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
KCB Group	Interim: KES 1.00	08-Dec-22	13-Jan-22

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Cooperative Bank	15:00pm	Virtual	22-Nov-22
Longhorn Publishers	11:00am	Virtual	24-Nov-22
Unga Group	10:00am	Virtual	08-Dec-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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