

DBIB WEEKLY BULLETIN

WEEK 31

Date: 04.08.2023

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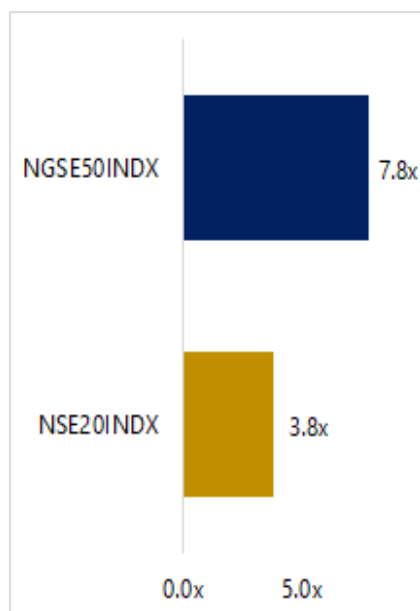
INDICES & MARKET METRICS MOVEMENT

NSE 20 rose by 1.0% w-o-w to close at 1,594.19 while **NASI rose** by 0.8% w-o-w to close at 106.17.

Weekly equity turnover eased by 90.4% w-o-w to close at USD 2.93 MN (KES 418.22 MN).

USD | KES: KES weakened by 0.4% w-o-w to close at 142.89 (-15.8% 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	106.17	0.84	3.03	(17.85)	(16.71)
NSE-20	1,594.19	1.04	3.89	(4.20)	(4.89)
DBIB Select	104.20	0.06	0.08	(5.77)	(4.67)
MSCI Kenya (USD)	739.78	(0.58)	(5.25)	(33.93)	(33.01)
MSCI Frontier (USD)	516.50	0.75	7.99	4.02	9.35

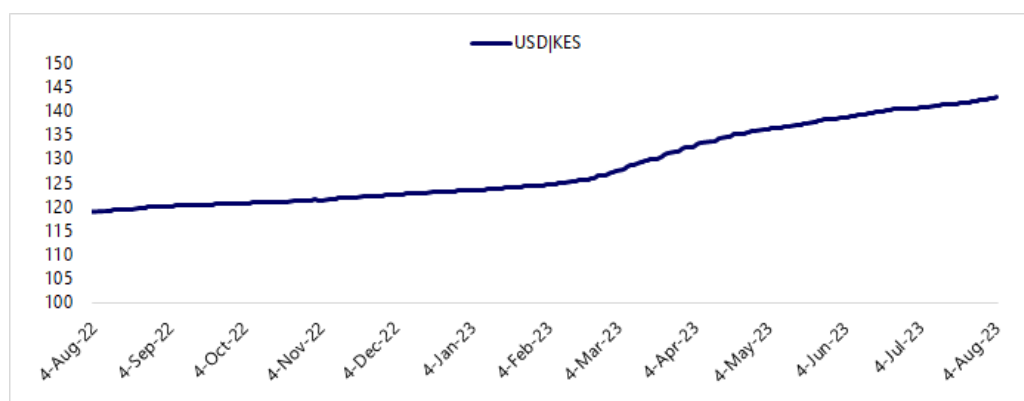
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,653.32	0.84	(4.68)	3.04	(17.90)
Market Turnover (USD m)	2.93	(90.38)	(74.07)	(55.43)	(57.29)
Market P/E (x)	9.60	(2.85)	5.11	24.63	(12.11)
Market Div. yld (%) *	8.18	(6.91)	(182.29)	61.75	138.06
Market ROE (%) *	26.29	(18.52)	(756.46)	(1,148.38)	(5,102.35)

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

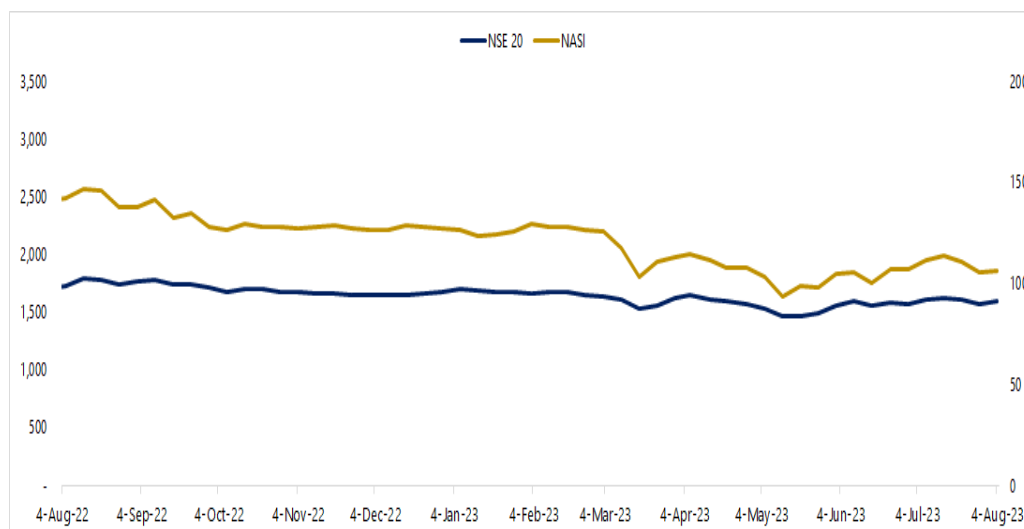
(Source: NSE, DBIB Research)

USD | KES : 52-Week Trend



(Source: CBK, DBIB Research)

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 0.93 MN (KES 133.04 MN) representing 31.81% of this week's turnover.

The stock **gained** by 1.2% w-o-w to close at KES 16.80 on Friday.

Foreign investors assumed a **net buying** position on the counter this week by accounting for 57.86% of foreign sales and 58.71% of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Longhorn	16.1
Portland Cement	12.3
Car & General	10.0
Unga	9.9
Liberty	9.9

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Britam	(12.8)
Trans-Century	(11.7)
BK Group	(11.4)
EABL	(6.8)
Eaagads	(6.4)

Source: NSE, DBIB Research



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	0.93
KCB	0.57
Equity	0.31
Kenya Re	0.26
NCBA	0.20

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Eveready	124.6
Kapchorua Tea	94.0
Olympia Capital	92.7
Umeme	58.8
Williamson Tea	56.3

Source: NSE, DBIB Research



<u>Top Losers</u>	<u>%</u>
Unga	(46.3)
Trans-Century	(43.0)
Liberty	(34.9)
Safaricom	(30.4)
Car & General	(28.6)

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Kenya Re	98.4
Jubilee	91.3
Equity	75.0
Safaricom	58.7
KCB	38.0

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Equity	87.4
Kenya Re	70.7
KenGen	70.5
Portland Cement	69.4
Safaricom	57.9

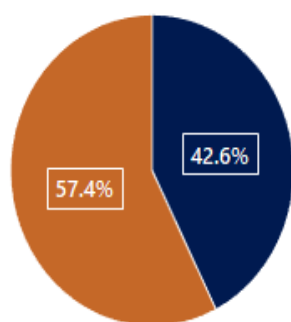
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	91.6
BK Group	88.7
E.A. Breweries	63.6
NBV	61.2
Equity	59.3

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	95.2
BAT Kenya	87.0
Safaricom	80.3
BK Group	71.8
Unga Ltd	71.0

WEEKLY LOCAL VS FOREIGN PARTICIPATION



■ Foreign Participation
■ Local Participation

(Source: NSE, DBIB Research)

FROM THE FIXED INCOME DESK

The **Bond market's** turnover for the week stood at USD 67.74 MN (KES 9.68 BN) representing a 48.6% w-o-w decrease from USD 131.73 MN (KES 18.74 BN) recorded the previous week.

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August Issue: FXD1/2023/2 (new) and FXD1/2023/5 (re-opened)

The Central Bank of Kenya (CBK) has issued FXD1/2023/2 (2.0 years) and reopened FXD1/2023/5 (4.9 years) with the intention of raising KES 40.0 BN for budgetary support. The coupon rate for FXD1/2023/5 stands at 16.844% while that of FXD1/2023/2 will be market determined. The period of sale runs from 31 July 2023 to 16 August 2023.

Top Trades for the week ending 04 August 2023

						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	Value (KES m)
4-Aug	FXD1/2013/15Yr	4.5	11.2500	17.2500	86.97	2,000.0
3-Aug	FXD1/2013/15Yr	4.5	11.2500	17.1500	87.19	900.0
3-Aug	FXD1/2013/15Yr	4.5	11.2500	17.1000	87.33	900.0
4-Aug	FXD1/2013/15Yr	4.5	11.2500	16.6000	88.73	900.0
3-Aug	IFB1/2021/16Yr	13.4	12.2570	15.7669	83.67	490.0
3-Aug	FXD1/2023/3Yr	2.8	14.2280	16.9000	97.32	300.0
3-Aug	FXD1/2023/5Yr	4.9	16.8440	17.9500	97.22	300.0
3-Aug	FXD1/2020/15Yr	11.5	12.7560	15.6500	90.48	300.0
3-Aug	FXD1/2020/15Yr	11.5	12.7560	14.9075	94.04	300.0
4-Aug	FXD1/2021/20Yr	18.0	13.4440	15.7000	92.91	300.0
4-Aug	FXD1/2021/20Yr	18.0	13.4440	15.4500	94.24	300.0
3-Aug	IFB1/2021/16Yr	13.4	12.2570	15.8756	83.23	245.0
3-Aug	IFB1/2021/16Yr	13.4	12.2570	15.8671	83.26	245.0
1-Aug	FXD1/2023/3Yr	2.8	14.2280	15.5000	100.19	200.0
3-Aug	IFB1/2021/16Yr	13.4	12.2570	15.7500	83.74	200.0

(Source: NSE, DBIB Research)

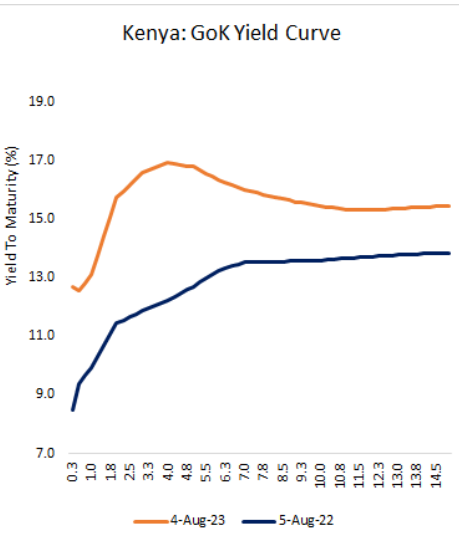
Sell & Buy Backs

31-Jul	IFB1/2023/7Yr	6.9	15.8370	15.4000	103.32	37.6
2-Aug	IFB1/2022/14Yr	13.2	13.9380	15.5000	95.28	30.0

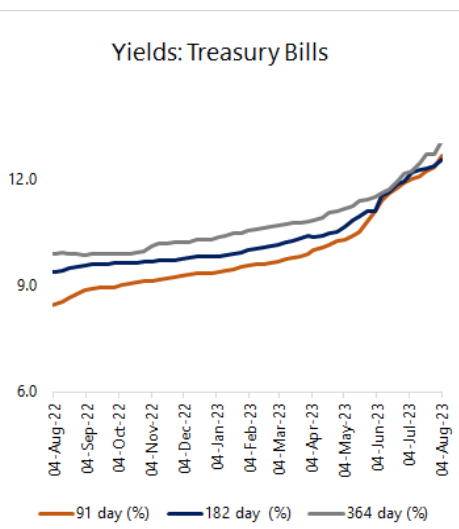
Treasury Bill auction for the week ending 04 August 2023

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	6.69	167.37	5.73	12.686	33.3
182-day	10.00	4.35	43.48	4.35	12.558	16.6
364-day	10.00	0.26	2.56	0.26	13.107	37.9

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News

MTN UGANDA 1H23 Results

MTN Uganda announced its 1H23 results reporting a 17.8% y-o-y growth in after tax profits to UGX 228.0 BN.

MTN Uganda announced its 1H23 results reporting a 17.8% y-o-y growth in after tax profits to UGX 228.0 BN. The performance was underpinned by a 15.0% y-o-y improvement in service revenues to UGX 1.3 TN driven by strong double-digit growth in the data and fintech segments as well as the continued momentum in voice. The group's overall mobile subscriber base increased by 11.2% y-o-y to 18.1 MN. EPS rose by 17.8% y-o-y to UGX 10.19 (1H22: UGX 8.65). The company's directors have proposed the payment of the first interim dividend of UGX 5.6 per share.

Data revenue increased by 22.1% y-o-y to UGX 290.2 BN backed by a 21.4% y-o-y rise in active data subscribers to 6.9 MN. The growth realized in data revenue was also anchored by the group's increased focus on driving smartphone adoption; smartphone users grew by 24.1% y-o-y while smartphone penetration rose to 35.7% (+3.7 bps y-o-y). Home broadband revenues grew by 50.4% y-o-y, supported by the group's aggressive activation campaign which also resulted in a 65.0% y-o-y growth in the home broadband subscriber base. The overall contribution of data revenue to service revenue rose to 23.2% from 21.9% in 1H22.

Fintech revenue advanced by 18.6% y-o-y to UGX 358.3 BN, reflecting the 11.6% y-o-y rise in active fintech subscribers to 10.9 MN. Growth in this segment was buoyed by advanced revenues owing to strong growth in payments and international remittances contributions. With regard to MoMoPay, transaction volumes increased 26.3% y-o-y to 1.6 BN, while transaction value advanced by 44.4% y-o-y to UGX 61.6 TN. This growth was primarily driven by merchant growth (+223.0% y-o-y to 267,000). Agent numbers, however, declined by 5.5% y-o-y to 162,000 as the group continued to implement its agent rationalization strategy. Fintech contribution to service revenue rose to 28.7% from 27.8% in 1H22.

Voice revenues edged up by 9.4% y-o-y to UGX 554.7 BN and the group attributed this to the solid growth witnessed in the customer base. Voice contribution to service revenue, however, declined to 43.6% from 45.8% in 1H22 – dimmed by improving contributions across the data and fintech revenue segments.

Operating expenses increased by 14.7% y-o-y to UGX 626.1 BN principally attributable to the effects of heightened inflationary pressures. The group managed to mitigate some of these effects through expense efficiencies and this resulted in an EBITDA growth of 16.8% y-o-y to UGX 641.0 BN leading to an EBITDA margin of 50.6% (1H22: 50.2%). **Depreciation and amortization costs advanced by 8.0% y-o-y to UGX 211.2 BN** principally due to an increase in commissioned network sites impacting lease costs. The higher lease costs also impacted net finance costs which went up by 34.3% y-o-y to UGX 104.2 BN.

The group's CAPEX eased marginally by 0.02% y-o-y to UGX 201.7 BN and due to the higher revenues realized in 1H23, the CAPEX intensity eased to 15.9% from 18.4% in 1H22.

On a trailing basis, MTN Uganda is trading at a P/E multiple of 8.6x and a P/B multiple of 3.8x. Its annualized ROE stands at 43.7% and its annualized ROA stands at 10.6%.

Source: Company

UPCOMING EVENTS

Profit Warnings

1. Kenya Power
2. Longhorn
3. Unga Group

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Crown paints	Final: KES 4.00	28-Jun-23	14-Aug-23
Safaricom	Final: KES 0.62	28-July-23	31-Aug-23
BAT Kenya	Interim: KES 5.00	18-Aug-23	22-Sep-23
Williamson Tea	Final: KES 30.00	23-Aug-23	4-Sep-23
Kapchorua Tea	First & Final: KES 25.00	23-Aug-23	4-Sep-23
EABL	Final: KES 1.75	15-Sep-23	27-Oct-23
Centum	Final: KES 0.60	STA	STA

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Olympia Capital	11:00 a.m.	Virtual	25-Aug-23

(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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