

# DBIB WEEKLY BULLETIN

# WEEK 32

Date: 11.08.2023

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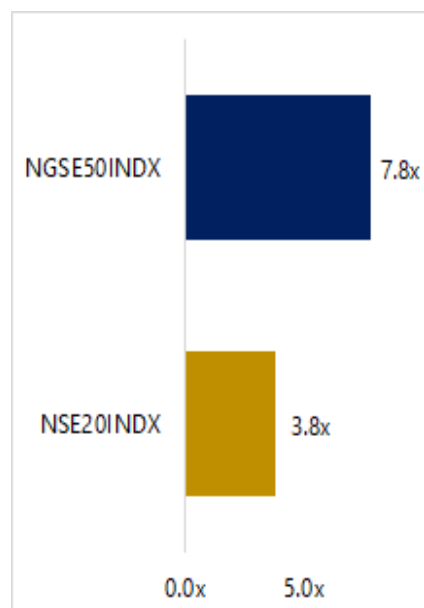
## INDICES & MARKET METRICS MOVEMENT

**NSE 20 eased** by 0.01% w-o-w to close at 1,594.02 while **NASI eased** by 2.04% w-o-w to close at 104.00.

**Weekly equity turnover surged** by 196.3% w-o-w to close at USD 8.67 MN (KES 1.25 BN).

**USD | KES: KES weakened** by 0.5% w-o-w to close at 143.58 (-16.4% 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	104.00	(2.04)	11.13	(18.91)	(18.41)
NSE-20	1,594.02	(0.01)	8.27	(4.66)	(4.90)
DBIB Select	103.47	(0.70)	2.53	(6.38)	(5.34)
MSCI Kenya (USD)	715.07	(3.34)	(1.78)	(35.36)	(35.25)
MSCI Frontier (USD)	518.95	0.47	8.48	5.01	9.87

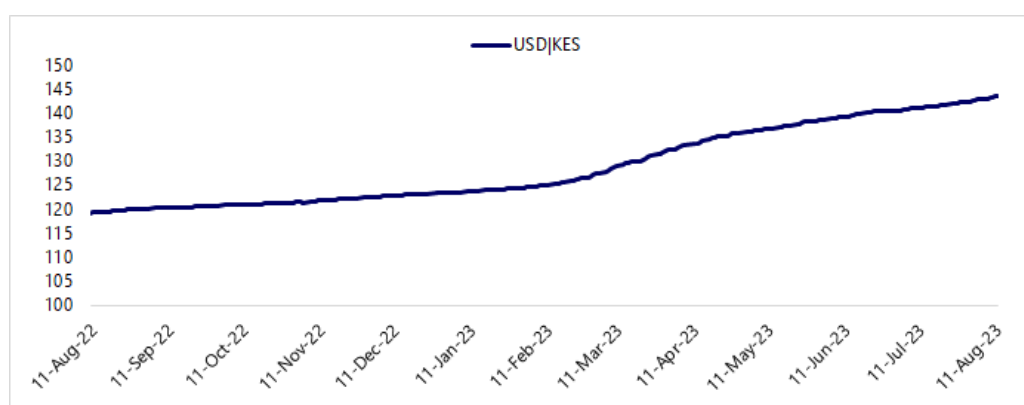
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,619.44	(2.05)	(8.74)	11.18	(18.96)
Market Turnover (USD m)	8.67	196.28	46.91	(15.90)	(21.54)
Market P/E (x)	9.15	(4.66)	(1.04)	28.82	(14.67)
Market Div. yld (%) *	8.07	(10.83)	(255.26)	45.45	149.87
Market ROE (%) *	26.02	(26.45)	(254.82)	(1,163.99)	(1,087.50)

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

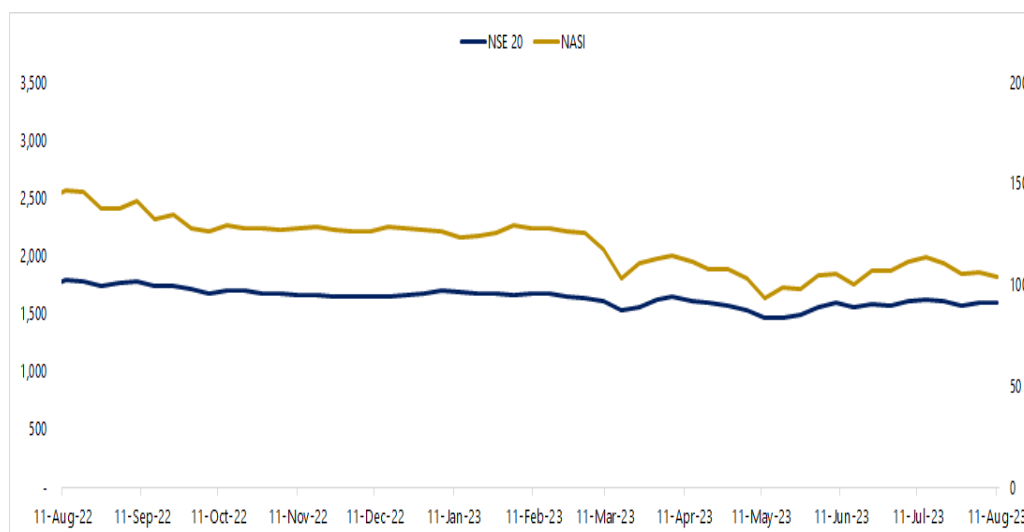
(Source: NSE, DBIB Research)

### USD | KES : 52-Week Trend



(Source: CBK, DBIB Research)

### Indices : 52-Week Trend



(Source: NSE, DBIB Research)

# WEEKLY BOURSE WRAP UP...

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**Equity** emerged as the top traded counter on the bourse recording a weekly turnover of USD 4.84 MN (KES 694.35 MN) representing 55.77% of this week's turnover.  
 .....

The stock **remained flat** w-o-w to close at KES 41.00 on Friday.

Foreign investors assumed a **net buying** position on the counter this week by accounting for 16.46% of foreign sales and 98.78% of foreign purchases.  
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## Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Britam	18.2
BK Group	16.1
Eaagads	9.9
Car & General	9.7
Sanlam	9.5

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Portland Cement	(11.2)
Olympia Capital	(9.8)
Uchumi	(8.7)
Sameer	(7.6)
Kakuzi	(7.2)

Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Equity	4.84
Safaricom	1.33
Absa	1.00
KCB	0.23
Bamburi	0.19

(Source: NSE, DBIB Research)

## Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Eveready	110.1
Kapchorua Tea	109.3
Williamson Tea	92.7
Umeme	69.2
HF Group	55.8

Source: NSE, DBIB Research)

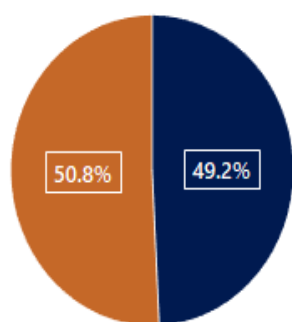


<u>Top Losers</u>	<u>%</u>
Unga	(46.9)
Trans-Century	(39.8)
Car & General	(33.5)
Liberty	(28.8)
Safaricom	(28.6)

(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
Equity	98.8
Absa	94.9
Jubilee	90.0
Kenya Re	71.5

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
New Gold ETF	100.0
KenGen	72.4
Safaricom	67.4
Trans-Century	59.5
E.A. Breweries	58.2

## Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	93.2
BK Group	88.5
E.A. Breweries	63.3
Equity	63.2
NBV	61.2

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	96.1
BAT Kenya	86.8
Safaricom	80.2
BK Group	71.7
Unga Ltd	70.5

## FROM THE FIXED INCOME DESK

The **Bond market's** turnover for the week stood at USD 101.90 MN (KES 14.63 BN) representing a 50.4% w-o-w increase from USD 67.74 MN (KES 9.68 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 11 August 2023

						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
7-Aug	IFB1/2021/16Yr	13.4	12.2570	15.4411	85.17	661.0
7-Aug	IFB1/2021/16Yr	13.4	12.2570	15.3407	85.60	661.0
10-Aug	FXD1/2016/10Yr	3.0	15.0390	17.2500	101.99	600.0
11-Aug	FXD1/2016/10Yr	3.0	15.0390	17.0000	102.59	517.0
8-Aug	IFB1/2023/7Yr	6.8	15.8370	15.6500	102.77	500.0
10-Aug	IFB1/2023/7Yr	6.8	15.8370	15.4250	103.65	500.0
9-Aug	FXD1/2016/10Yr	3.0	15.0390	17.5426	101.30	482.4
10-Aug	FXD1/2016/10Yr	3.0	15.0390	17.3289	101.82	458.0
7-Aug	IFB1/2021/16Yr	13.4	12.2570	15.4247	85.24	308.0
7-Aug	FXD1/2021/20Yr	18.0	13.4440	15.0750	96.42	300.0
8-Aug	FXD1/2021/20Yr	18.0	13.4440	15.0819	96.42	300.0
10-Aug	FXD1/2016/10Yr	3.0	15.0390	17.4750	101.50	250.0
10-Aug	FXD1/2016/10Yr	3.0	15.0390	17.3000	101.88	250.0

(Source: NSE, DBIB Research)

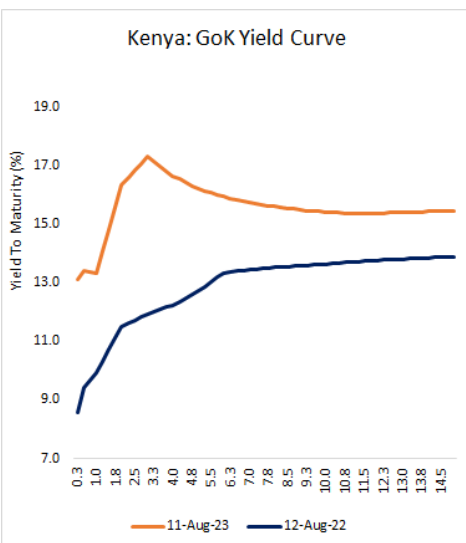
### Sell & Buy Backs

7-Aug	IFB1/2022/19Yr	17.5	12.9650	12.9000	106.36	300.0
7-Aug	IFB1/2022/14Yr	13.2	13.9380	13.9000	103.36	250.0
7-Aug	IFB1/2021/21Yr	19.0	12.7370	12.9000	104.14	250.0
7-Aug	FXD1/2019/20Yr	15.6	12.8730	13.1600	102.28	200.0

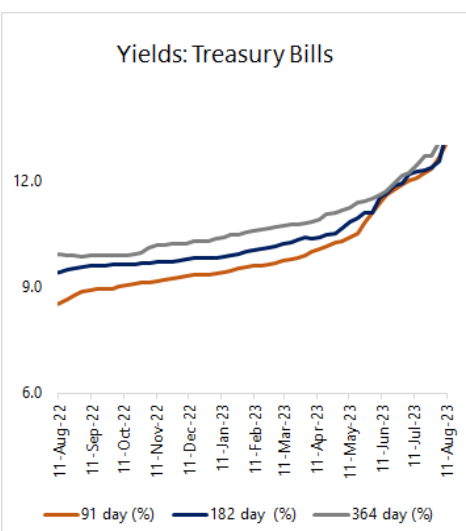
### Treasury Bill auction for the week ending 11 August 2023

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	41.78	1044.62	41.68	13.110	42.5
182-day	10.00	5.25	52.55	5.25	13.438	88.0
364-day	10.00	0.90	8.95	0.88	13.340	23.3

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

### STANBIC BANK: 1H23 EARNINGS SNAPSHOT

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Stanbic Bank released its 1H23 results reporting a 41.8% y-o-y advancement in after-tax profits to KES 6.8 BN.

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Stanbic Bank released its 1H23 results reporting a 41.8% y-o-y advancement in after-tax profits to KES 6.8 BN. This increase was attributable to a 44.3% y-o-y growth in net interest income to KES 11.6 BN and a 32.4% y-o-y rise in non-funded income to KES 8.7 BN. EPS for the period stood at KES 39.70 (1H22: KES 27.99).

Net interest income grew by 44.3% y-o-y to KES 11.6 BN backed by a 46.3% y-o-y rise in interest income to KES 16.4 BN against a 51.5% y-o-y increase in interest expense to KES 4.8 BN. The annualized yield on interest-earning assets rose by 188 bps y-o-y to 9.8% while the annualized cost of funds inched higher by 75 bps y-o-y to 3.1%. Net interest margin in turn rose to 6.7% from 5.6% in 1H22.

Non-funded income increased by 32.4% y-o-y to KES 8.7 BN occasioned by a 44.4% y-o-y growth in net income from forex dealings to KES 6.0 BN and a 22.5% y-o-y increase in fees and commissions on loans to KES 2.6 BN. Other operating income on the other hand dropped by 58.8% y-o-y to KES 133.6 MN. Non-funded income contribution declined by 212 bps y-o-y to 42.9%.

Operating expenses (less loan loss provisions) increased by 23.3% y-o-y to KES 8.7 BN mainly due to a 46.7% y-o-y rise in other expenses to KES 4.4 BN and a 10.6% y-o-y increase in staff costs to KES 3.8 BN. The cost-to-income ratio fell to 42.9% (1H22: 48.3%).

Loan loss provision expense increased by 108.1% y-o-y to KES 2.1 BN, placing the annualized cost of risk at 1.7%, 78 bps higher y-o-y. Gross non-performing loans reduced by 1.2% y-o-y to KES 23.8 BN (-18.8% q-o-q), pivoting the NPL ratio to 8.9%, 110 bps lower y-o-y. Cumulative loan loss provisions remained relatively unchanged y-o-y at KES 8.8 BN, placing the NPL coverage ratio at 46.6%, 105 bps higher y-o-y.

Customer loans and advances grew by 12.4% y-o-y to KES 244.0 BN (+6.0% q-o-q). Investment securities edged up by 10.0% y-o-y to KES 54.4 BN (-18.6% q-o-q).

On the funding side, customer deposits went up by 12.8% y-o-y to KES 273.0 BN (-6.2% q-o-q) while borrowed funds rose by 27.8% y-o-y to KES 13.4 BN (-9.0% q-o-q).

On a trailing basis, Stanbic Holdings is trading at a P/E multiple of 4.2x against an industry median of 3.9x and a P/B multiple of 0.7x against an industry median of 0.7x. Its ROE stands at 17.7% while its ROA stands at 2.9%.

*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
Stanbic Holdings	Interim: KES 1.15	4-Sep-23	27-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)*

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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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