

# DBIB WEEKLY BULLETIN

# WEEK 07

Date: 17.02.2023

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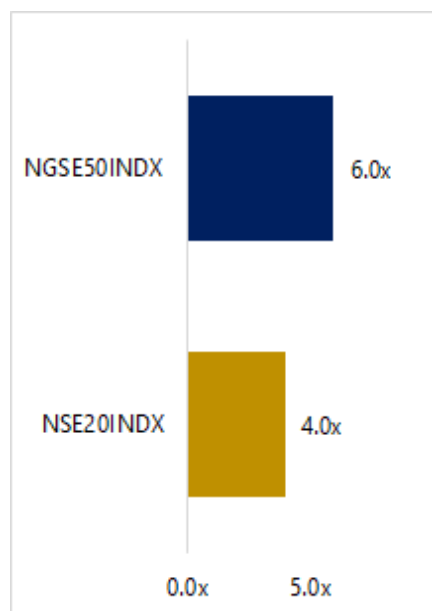
## INDICES & MARKET METRICS MOVEMENT

**NSE 20** rose by 0.5% w-o-w to close at 1,680.50 while **NASI** dropped by 0.2% w-o-w to close at 128.02.

**Weekly equity turnover** edged down by 5.0% w-o-w to close at USD 10.50 MN (KES 1.32 BN).

**USD | KES:** KES strengthened 0.4% w-o-w to close at 125.63 (-1.8% year-to-date).

### PEER P/E MULTIPLES



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

\*LTM Price/EPS

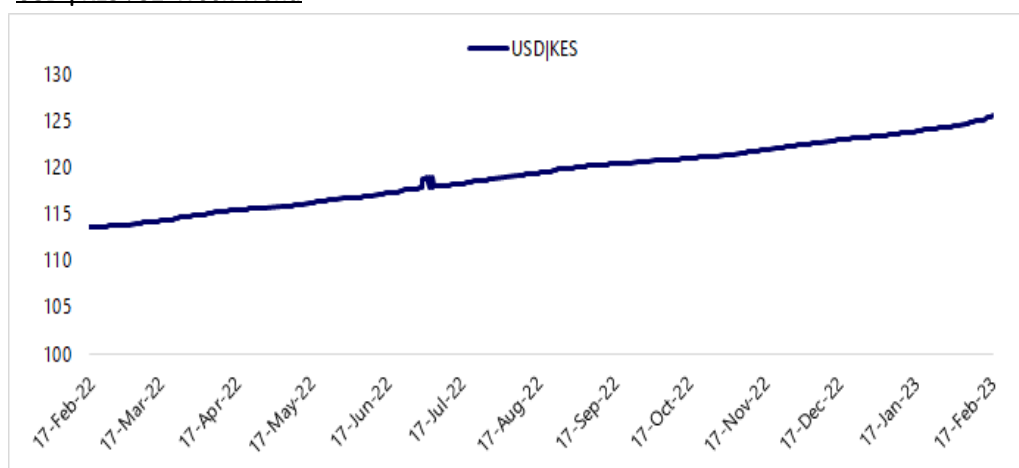
Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	128.02	(0.18)	(0.78)	(12.51)	0.43
NSE-20	1,680.50	0.52	0.94	(5.55)	0.26
DBIB Select	111.48	0.87	14.13	179.72	1.99
MSCI Kenya (USD)	1,093.94	(1.11)	(5.67)	(18.99)	(0.94)
MSCI Frontier (USD)	492.04	(0.43)	5.65	(8.07)	4.18

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,994.64	(0.18)	3.02	(0.78)	(12.54)
Market Turnover (USD m)	10.50	(5.01)	(71.58)	(34.54)	16.78
Market P/E (x)	10.65	(0.67)	4.42	213.25	105.79
Market Div. yld (%) *	7.65	3.64	35.06	116.81	355.06
Market ROE (%) *	37.27	(39.43)	184.65	27.21	(220.35)

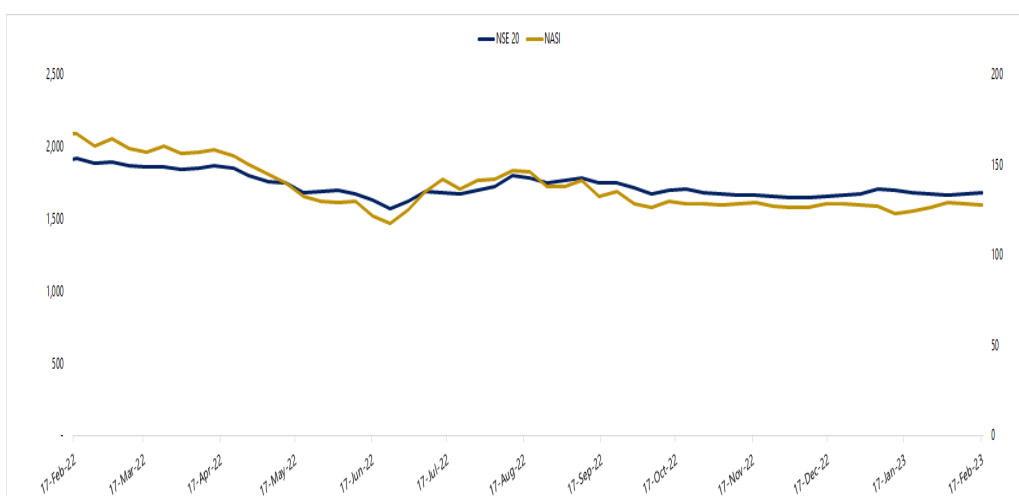
\* Changes in % \*\*Changes in bps -Market ROE is market cap weighted -ch: changes  
(Source: NSE, DBIB Research)

### 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 3.87 MN (KES 486.80 MN) representing 36.91% of this week's turnover.

The stock shed 1.0% w-o-w to close at KES 23.65 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 94.15% of foreign sales and 43.91% of foreign purchases.

### Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Flame Tree Group	19.0
BAT Kenya	7.8
NBV Plc	5.3
Nation Media	4.7
I&M Group	4.3

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Unga Group	(16.0)
KenGen	(6.3)
Home Afrika	(6.3)
Express Kenya	(6.0)
Limuru Tea	(4.8)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	3.87
Equity Group	2.01
BAT Kenya	1.79
Stanbic Holdings	0.82
KCB Group	0.67

(Source: NSE, DBIB Research)

### Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Kenya Orchards	44.2
Umeme Ltd	34.2
Trans-Century	18.3
Housing Finance	15.0
Sameer Africa	14.3

(Source: NSE, DBIB Research)

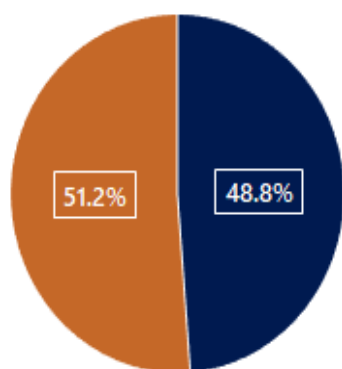


<u>Top Losers</u>	<u>%</u>
Unga Group	(31.7)
Car & General	(24.1)
Uchumi	(17.4)
KenGen	(17.1)
Crown Paints	(15.4)

(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>
Stanbic Holdings	96.6
Flame Tree	75.4
NBV Plc	49.8
E.A Portland	46.5
Safaricom	43.9

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
New Gold ETF	100.0
Limuru Tea	100.0
BAT Kenya	98.1
Safaricom	94.1
Crown Paints	86.1

### Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	98.1
Stanbic Holdings	76.3
E.A Breweries	75.8
NBV Ltd	50.2
Equity Group	48.8

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	98.3
BAT Kenya	93.5
Safaricom	80.5
Unga Ltd	75.3
BK Group	74.1



## FROM THE FIXED INCOME DESK

The **Bond market's** turnover for the week stood at USD 103.08 MN (KES 12.95 BN) representing a 29.0% w-o-w increase from USD 79.92 MN (KES 10.00 BN) recorded the previous week.

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### March Bond Issue: IFB1/2023/17 (New)

The Central Bank of Kenya (CBK) has newly issued the infrastructure bond IFB1/2023/17 with the intention of raising KES 50.0 BN for the funding of infrastructure projects in the financial year 2022/2023 budget estimates. The coupon rate will be market determined. The period of sale runs from 15 February 2023 to 07 March 2023.

### Top Trades for the week ending 17 February 2023

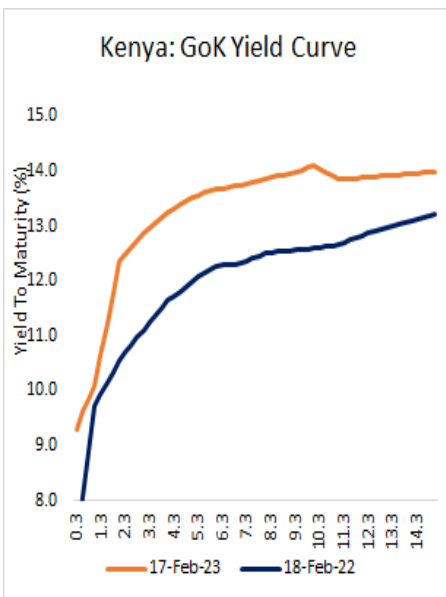
						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
14-Feb	IFB1/2022/6Yr	5.8	13.2150	13.2000	102.57	1,000.0
16-Feb	FXD1/2020/5Yr	2.2	11.6670	12.8000	101.06	800.0
17-Feb	FXD1/2018/20Yr	15.0	13.2000	14.3750	98.28	700.0
14-Feb	IFB1/2022/14Yr	13.7	13.9380	13.6500	105.02	600.1
16-Feb	FXD1/2020/5Yr	2.2	11.6670	12.5000	101.62	600.0
17-Feb	IFB1/2022/14Yr	13.7	13.9380	13.8500	104.05	500.0
14-Feb	IFB1/2022/18Yr	17.3	13.7420	13.7000	102.60	450.0
16-Feb	FXD1/2018/20Yr	15.0	13.2000	14.0000	100.43	410.0
15-Feb	FXD1/2022/25Yr	24.6	14.1880	14.3000	103.63	400.0
16-Feb	FXD1/2022/25Yr	24.6	14.1880	14.1700	104.55	400.0
14-Feb	FXD1/2008/15Yr	0.1	12.5000	9.2000	105.54	279.0
17-Feb	IFB1/2022/14Yr	13.7	13.9380	13.7000	104.87	250.8
14-Feb	FXD1/2018/5Yr	0.1	12.2990	9.2000	105.26	200.0
14-Feb	IFB1/2022/14Yr	13.7	13.9380	12.9800	108.80	200.0
15-Feb	FXD1/2017/10Yr	4.4	12.9660	13.7750	98.17	200.0
15-Feb	FXD1/2017/10Yr	4.4	12.9660	13.6000	98.77	200.0
16-Feb	FXD1/2020/5Yr	2.2	11.6670	12.7500	101.15	200.0
16-Feb	IFB1/2022/14Yr	13.7	13.9380	13.9250	103.61	200.0
17-Feb	IFB1/2022/14Yr	13.7	13.9380	13.7000	104.98	200.0

(Source: NSE, DBIB Research)

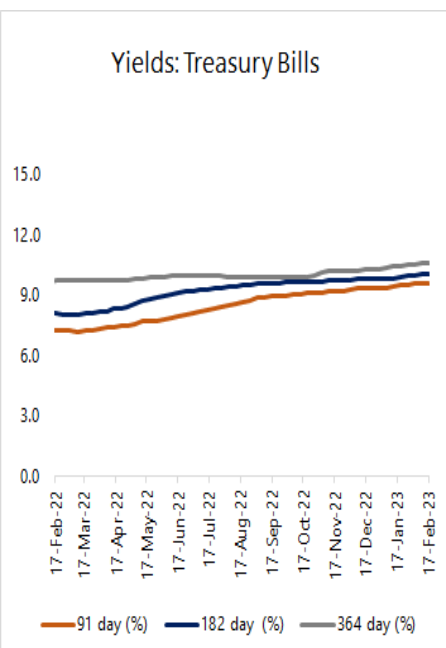
### Treasury Bill auction for the week ending 17 February 2023

Instrument	Amount	Bids Received	Subscription	Bids Accepted	Yield	w-o-w
	(KES Bn)	(KES Bn)	Rate (%)	(KES Bn)	(%)	bps ch
91-day	4.00	22.09	552.22	20.90	9.623	2.2
182-day	10.00	17.53	175.27	17.52	10.079	3.7
364-day	10.00	6.30	62.98	6.30	10.638	3.5

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

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## Salient News

### BAT KN FY22 Results

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**BAT Kenya** released its FY22 results reporting a 6.3% y-o-y increase in PAT to KES 6.9 BN.

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**BAT Kenya released its FY22 results reporting a 6.3% y-o-y increase in PAT to KES 6.9 BN** on the back of a 7.7% y-o-y net revenue growth to KES 27.4 BN and a 9.0% y-o-y increase in the operating costs to 17.5 BN. Profit growth was registered in spite of two successive excise increases in 2H22 (excise was adjusted by 10.0% in July 2022 and by 6.3% in November 2022), with the company reporting 1.7% y-o-y increase in excise duty and VAT to stand at KES 14.9 BN.

**EPS for the period stands at KES 68.92 (+6.3% y-o-y).** The board of directors has proposed a final dividend of KES 52.00 per share (+4.0% y-o-y), implying a total dividend of KES 57.00 per share (+6.5%) to be paid on or about 15th June 2023 to shareholders on the register at the close of business on 26th May 2023. At current prices, this translates to a dividend yield of 12.8%.

**Net revenue grew by 7.7% y-o-y to KES 27.4 BN.** This was on account of a 5.5% y-o-y increase in gross revenue to KES 42.2 BN. The company attributed the performance in gross revenue to growth in export sales volumes and a pricing benefit in the domestic market and export sales. Excise duty and VAT edged up by a marginal 1.7% y-o-y to KES 14.9 BN in spite of increases in excise duty in 2H22.

**Cost of operations increased by 9.0% y-o-y to KES 17.5 BN** driven by higher input costs due to global supply chain challenges. As a result, operating profit margin remained relatively unchanged at 23.4%.

**Total assets declined by 0.7% y-o-y to KES 23.9 BN** on the back of a 1.7% y-o-y decrease in non-current assets to KES 12.1 BN and a 0.3% y-o-y increase in current assets to KES 11.8 BN. Total liabilities declined by 17.3% y-o-y to KES 7.5 BN as a result of a 23.9% y-o-y decline in current liabilities to KES 5.5 BN and a 7.5% y-o-y increase in non-current liabilities to KES 2.1 BN. Total shareholders' funds grew by 9.4% y-o-y to KES 16.4 BN.

**On a trailing basis,** BATK is trading at a P/E multiple of 6.5x against a sector median of 5.5x and a P/B multiple of 2.7x against a sector median of 0.8x. Its ROE stands at 42.1%, against a sector median of 8.8% whereas ROA stands at 28.8%, against a sector median of 5.4%.

*(Source: Company Filings)*

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## UPCOMING EVENTS

### Profit Warnings

1. NSE
2. Bamburi
3. Crown Paints
4. Flame Tree
5. Eveready
6. Kenya Airways

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
TransCentury	Rights issue: 5:1	13-Dec-22	28-Feb-23
KenGen	Final: KES 0.20	26-Jan-23	30-Mar-23
E.A Breweries	Interim: KES 3.75	16-Feb-23	28-Apr-23
Car & General	First & Final: KES 0.80	24-Feb-23	23-Mar-23

*(Source: NSE, DBIB Research)*

*STA\*—Subject to approval*

## AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Sasini	11:00 a.m.	Virtual	03-Mar-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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