

# DBIB WEEKLY BULLETIN

# WEEK 04

Date: 27.01.2023

## Contents:

|                      |   |
|----------------------|---|
| Equity Market Sum Up | 2 |
| Fixed Income Wrap Up | 4 |
| Salient News         | 5 |
| Corporate Actions    | 6 |
| Appendix             | 7 |

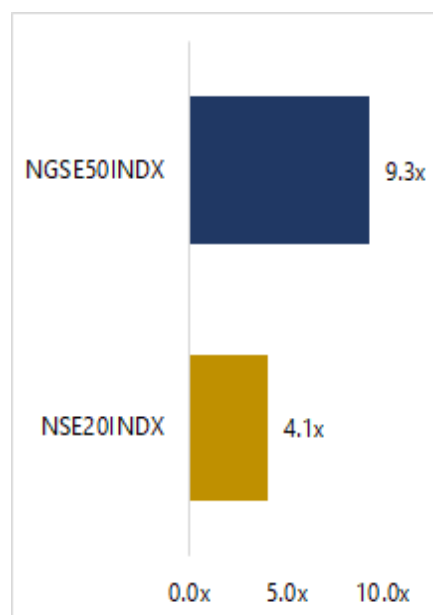
# INDICES & MARKET METRICS MOVEMENT

**NSE 20** dropped by 0.6% w-o-w to close at 1,674.24 while **NASI** rose by 1.5% w-o-w to close at 126.07.

**Weekly equity turnover** declined by 76.9% w-o-w to close at USD 8.53 MN (KES 1.06 BN).

**USD | KES:** KES weakened 0.2% w-o-w to close at 124.35 (-0.8% year-to-date).

## PEER P/E MULTIPLES



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

\*LTM Price/EPS

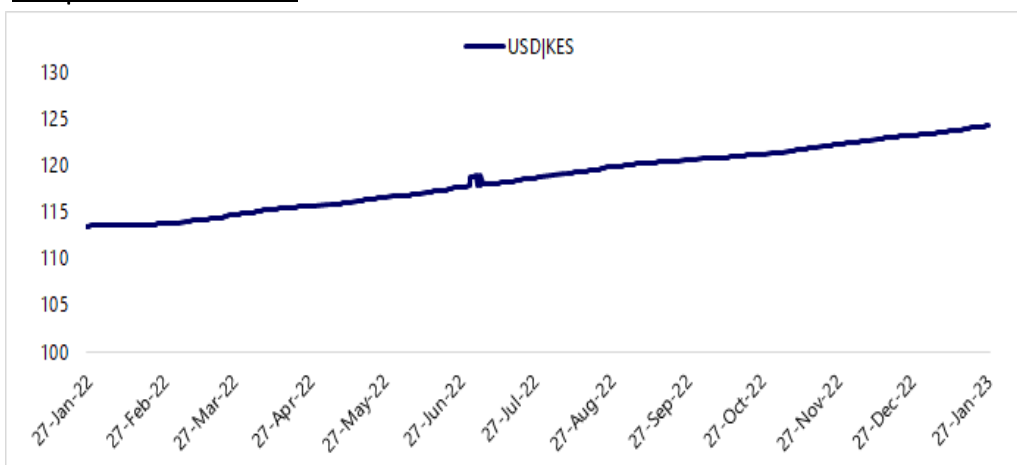
| Index               | Current  | 1 wk (%) | 3 m (%) | 6 m (%) | YTD (%) |
|---------------------|----------|----------|---------|---------|---------|
| NASI                | 126.07   | 1.45     | (1.84)  | (10.62) | (1.10)  |
| NSE-20              | 1,674.24 | (0.55)   | (0.35)  | (1.59)  | (0.11)  |
| DBIB Select         | 109.65   | 0.51     | 11.79   | 177.41  | 0.32    |
| MSCI Kenya (USD)    | 1,079.22 | 3.29     | (6.73)  | (18.48) | (2.28)  |
| MSCI Frontier (USD) | 494.05   | 0.13     | 7.50    | (5.06)  | 4.60    |

(Source: NSE, Bloomberg, DBIB Research)

| Market Metrics          | Current  | 1 wk (ch) | 3 m (ch) | 6 m (ch) | 12 m (ch) |
|-------------------------|----------|-----------|----------|----------|-----------|
| Market Cap. (USD m)     | 1,964.28 | 1.45      | (1.10)   | (1.84)   | (10.64)   |
| Market Turnover (USD m) | 8.53     | (76.91)   | 24.44    | (35.20)  | (24.89)   |
| Market P/E (x)          | 1.80     | (16.56)   | (37.87)  | (46.95)  | (66.42)   |
| Market Div. yld (%) *   | 7.75     | (12.26)   | 34.98    | 90.69    | 354.98    |
| Market ROE (%) *        | 37.39    | 246.01    | 78.18    | 36.92    | (198.82)  |

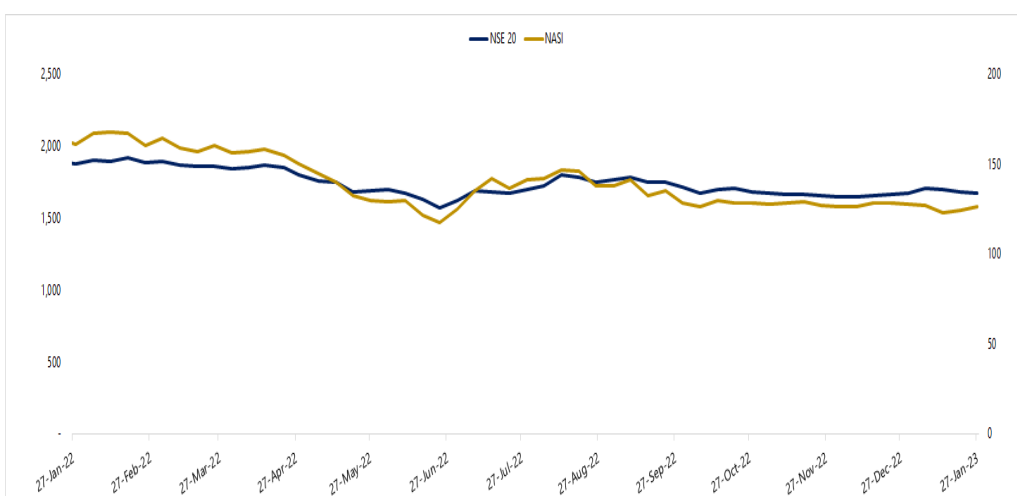
\* Changes in % \*\*Changes in bps -Market ROE is market cap weighted -ch: changes  
(Source: NSE, DBIB Research)

## 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 4.73 MN (KES 587.58 MN) representing 55.40% of this week's turnover.

The stock **gained** 3.1% w-o-w to close at KES 23.25 on Friday.

Foreign investors assumed a **net buying** position on the counter this week by accounting for 19.97% of foreign sales and 34.67% of foreign purchases.

## Week-on-Week Performance

| <u>Top gainers</u> | <u>%</u> |
|--------------------|----------|
| Olympia Capital    | 13.1     |
| Kenya Orchards     | 9.6      |
| B.O.C Kenya        | 6.9      |
| Home Afrika        | 6.7      |
| Longhorn           | 4.8      |

(Source: NSE, DBIB Research)

| <u>Top Losers</u> | <u>%</u> |
|-------------------|----------|
| Car & General     | (17.8)   |
| NBV Ltd           | (12.0)   |
| E.A. Portland     | (8.1)    |
| Express Kenya     | (7.3)    |
| Nation Media      | (6.8)    |

(Source: NSE, DBIB Research)

| <u>Top traders (Value)</u> | <u>USD MN</u> |
|----------------------------|---------------|
| Safaricom                  | 4.73          |
| Equity Group               | 1.76          |
| Co-operative Bank          | 0.33          |
| StanChart Bank             | 0.31          |
| E.A Breweries              | 0.29          |

(Source: NSE, DBIB Research)

## Y-T-D Performance

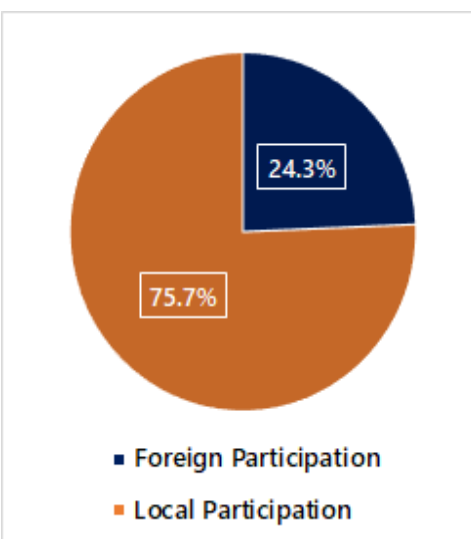
| <u>Top gainers</u> | <u>%</u> |
|--------------------|----------|
| Trans-Century      | 34.4     |
| Kenya Orchards     | 31.7     |
| Umeme Ltd          | 19.7     |
| E.A. Cables        | 19.0     |
| StanChart Bank     | 10.0     |

(Source: NSE, DBIB Research)

| <u>Top Losers</u> | <u>%</u> |
|-------------------|----------|
| Car & General     | (22.0)   |
| Liberty Kenya     | (14.3)   |
| Sanlam Kenya      | (12.9)   |
| TPS E.A           | (10.1)   |
| Crown Paints      | (6.8)    |

(Source: NSE, DBIB Research)

## WEEKLY LOCAL VS FOREIGN PARTICIPATION



(Source: NSE, DBIB Research)

## Weekly Foreign Performance

| <u>Top Weekly Buys</u> | <u>% Purchase</u> |
|------------------------|-------------------|
| New Gold ETF           | 100.0             |
| E.A Breweries          | 65.5              |
| Safaricom              | 34.7              |
| NCBA Group             | 26.2              |
| Flame Tree             | 19.6              |

(Source: NSE, DBIB Research)

| <u>Top Weekly Sales</u> | <u>% Sold</u> |
|-------------------------|---------------|
| NBV Ltd                 | 98.5          |
| New Gold ETF            | 98.2          |
| BAT Kenya               | 92.7          |
| NSE                     | 77.1          |
| Jubilee Holdings        | 76.2          |

## Y-T-D Foreign Performance

| <u>Top Foreign Buys</u> | <u>% Purchase</u> |
|-------------------------|-------------------|
| New Gold ETF            | 100.0             |
| E.A Breweries           | 82.2              |
| Stanbic Holdings        | 65.6              |
| NBV Ltd                 | 53.2              |
| Equity Group            | 49.1              |

(Source: NSE, DBIB Research)

| <u>Top Foreign Sales</u> | <u>% Sold</u> |
|--------------------------|---------------|
| New Gold ETF             | 98.2          |
| BAT Kenya                | 95.0          |
| Safaricom                | 85.8          |
| BK Group                 | 76.2          |
| BOC Kenya                | 74.6          |



## FROM THE FIXED INCOME DESK

The **Bond market's** turnover for the week stood at USD 113.42 MN (KES 14.10 BN) representing a 20.9% w-o-w increase from USD 93.78 MN (KES 11.64 BN) recorded the previous week.

The Bond market's turnover for the week stood at USD 113.42 MN (KES 14.10 BN) representing a 20.9% w-o-w increase from USD 93.78 MN (KES 11.64 BN) recorded the previous week. The bond issue number IFB1/2022/06 emerged as the top traded bond with a turnover of KES 4.42 BN accounting for 31.4% of the week's turnover. The bond traded between 12.0712% and 13.6200%.

### February Issue: FXD1/2017/10 (re-opened) and FXD1/2023/10 (new)

The Central Bank of Kenya (CBK) has re-opened FXD1/2017/10 (4.5 years) and FXD1/2023/10 (10.0 years) with the intention of raising KES 50.0 BN for budgetary support. The coupon rate for FXD1/2017/10 stands at 12.966% while that of FXD1/2023/10 will be market determined. The period of sale runs from 17 January 2023 to 07 February 2023.

### Top Trades for the week ending 27 January 2023

|              |                |       |         |         |         | Total   |
|--------------|----------------|-------|---------|---------|---------|---------|
|              |                |       | Coupon  | Yield   | Price   | Value   |
| Trading Date | Issue No.      | Years | (%)     | (%)     | (KES m) | (KES m) |
| 25-Jan       | IFB1/2022/6Yr  | 5.8   | 13.2150 | 13.2250 | 101.78  | 1,350.0 |
| 25-Jan       | IFB1/2022/6Yr  | 5.8   | 13.2150 | 13.1000 | 102.17  | 590.0   |
| 26-Jan       | FXD1/2020/5Yr  | 2.3   | 11.6670 | 12.8000 | 100.34  | 585.0   |
| 27-Jan       | FXD1/2020/5Yr  | 2.3   | 11.6670 | 12.7000 | 100.56  | 585.0   |
| 24-Jan       | IFB1/2022/14Yr | 13.8  | 13.9380 | 13.7000 | 103.95  | 556.9   |
| 27-Jan       | IFB1/2022/6Yr  | 5.8   | 13.2150 | 13.2364 | 101.81  | 500.0   |
| 27-Jan       | IFB1/2022/14Yr | 13.8  | 13.9380 | 13.6500 | 104.34  | 401.8   |
| 26-Jan       | IFB1/2022/6Yr  | 5.8   | 13.2150 | 13.1800 | 101.96  | 400.0   |
| 24-Jan       | IFB1/2016/15Yr | 8.7   | 12.0000 | 14.0089 | 94.69   | 360.0   |
| 23-Jan       | FXD1/2008/20Yr | 5.4   | 13.7500 | 13.8000 | 101.36  | 300.0   |
| 24-Jan       | FXD1/2008/20Yr | 5.4   | 13.7500 | 13.6500 | 101.96  | 300.0   |
| 24-Jan       | IFB1/2022/6Yr  | 5.8   | 13.2150 | 13.2300 | 101.73  | 300.0   |
| 25-Jan       | IFB1/2022/14Yr | 13.8  | 13.9380 | 13.7500 | 103.76  | 300.0   |
| 24-Jan       | FXD1/2020/5Yr  | 2.3   | 11.6670 | 12.8000 | 100.27  | 250.0   |
| 26-Jan       | IFB1/2022/14Yr | 13.8  | 13.9380 | 13.5000 | 105.13  | 250.0   |

### Sell & buy-backs

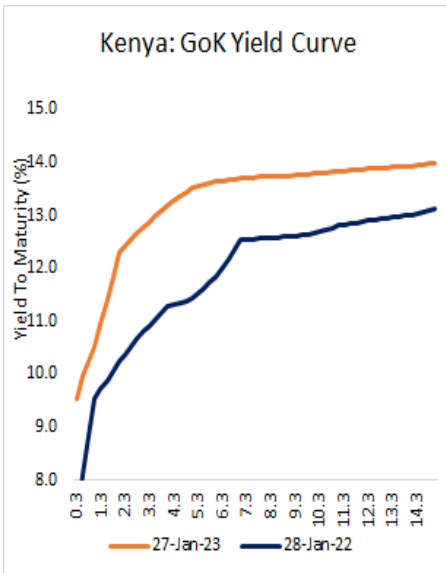
|        |                |      |         |         |        |       |
|--------|----------------|------|---------|---------|--------|-------|
| 23-Jan | FXD1/2021/25Yr | 23.2 | 13.9240 | 14.2000 | 101.02 | 400.0 |
| 25-Jan | IFB1/2020/9Yr  | 6.2  | 10.8500 | 11.5000 | 101.12 | 25.0  |

(Source: NSE, DBIB Research)

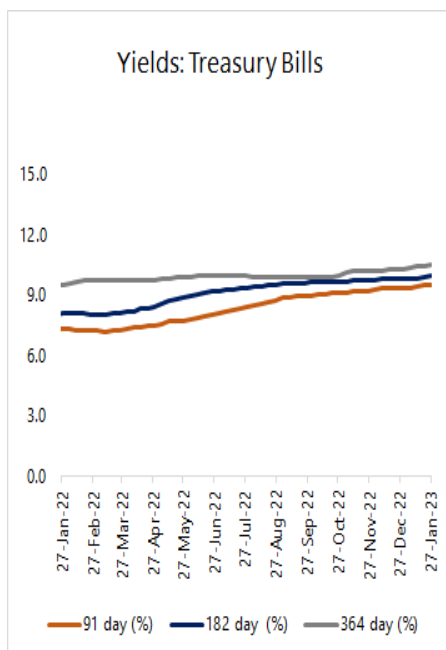
### Treasury Bill auction for the week ending 27 January 2023

| Instrument | Amount<br>(KES Bn) | Bids Received<br>(KES Bn) | Subscription<br>Rate (%) | Bids Accepted<br>(KES Bn) | Yield<br>(%) | w-o-w<br>bps ch |
|------------|--------------------|---------------------------|--------------------------|---------------------------|--------------|-----------------|
| 91-day     | 4.00               | 18.36                     | 458.94                   | 16.15                     | 9.538        | 6.4             |
| 182-day    | 10.00              | 10.26                     | 102.64                   | 10.26                     | 9.954        | 6.3             |
| 364-day    | 10.00              | 5.68                      | 56.76                    | 5.68                      | 10.504       | 3.4             |

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

---

## Salient News

### E.A Breweries tender offer by Diageo

.....

Diageo announced that it had received approvals for its proposed acquisition of up to 118,394,897 ordinary shares in **E.A Breweries** through a partial tender offer at an offer price of KES 192.00 per share.

.....

Diageo announced that it had received approvals for its proposed acquisition of up to 118,394,897 ordinary shares (translating to a maximum of 14.97% of the issued share capital) in E.A Breweries through a partial tender offer at an offer price of KES 192.00 per share. Below is a highlight of the key dates with regard to the transaction:

| Date                          | Event   |
|-------------------------------|---|
| 06 February 2023 at 9:00 a.m. | Tender offer opens                                |
| 24 February 2023 at 5:00 p.m. | First closing                                     |
| 06 March 2023                 | Announcement of the results of the first closing  |
| 17 March 2023 at 5:00 p.m.    | Second closing                                    |
| 05 April 2023                 | Announcement of the results of the second closing |
| 11 April 2023                 | Transfer and settlement of shares commences       |

*(Source: Company Filings)*

### E.A Breweries 1H23 results

.....

**East African Breweries** (EABL) released its 1H23 results, reporting a marginal 0.4% y-o-y decline in after-tax profits to KES 8.7 BN (remained relatively unchanged).

.....

East African Breweries (EABL) released its 1H23 results, reporting a marginal 0.4% y-o-y decline in after-tax profits to KES 8.7 BN (remained relatively unchanged). Performance was on the back of 4.3% y-o-y net revenue growth to KES 57.3 BN against an 8.0% y-o-y increase in cost of sales to KES 30.7 BN. Basic EPS increased by 2.1% y-o-y to KES 17.26. An interim dividend of KES 3.75 per share was recommended, to be paid on or about 28th April 2023 to shareholders on the register as at 16th February 2023 (maintained y-o-y).

**Net revenues edged up by 4.3% y-o-y to KES 57.3 BN** on the back of 19.0% y-o-y net revenue growth in Uganda, 11.0% y-o-y growth in Tanzania and -1.0% net revenue performance in Kenya. Notably, Kenya performance weighed down group net revenue performance on account of excise adjustments in the period (took effect in July 2022, and a further adjustment in October 2022). Kenya's contribution to net revenues in turn stood at 64.0%, Uganda's at 20% and Tanzania's at 16%.

**Gross profit remained relatively unchanged y-o-y at KES 26.5 BN** on account of faster growth in cost of sales compared to net revenues. The gross profit margin in turn worsened by 184 bps y-o-y to 46.4% (1H22: 48.2%) attributed to inflationary pressure on production materials, with neutral spirits and grain recording the highest price increases.

---

## Salient News

### E.A Breweries 1H23 results cont...

**The total cost of operations went up marginally by 0.5% y-o-y to KES 11.3 BN.** Finance costs on the other hand increased by 7.8% y-o-y to stand at KES 2.4 BN on the back of a higher interest rate environment. Operating profit margin in turn improved by 25 bps y-o-y to stand at 48.4%.

**Income tax expense advanced by 0.3% y-o-y to KES 4.1 BN,** in line with flat pre-tax profits performance (+0.2% y-o-y to KES 12.8 BN).

**The group's working capital position worsened in 1H23,** increasing from a negative position of KES 6.4 BN in 1H22 to KES 9.6 BN – reflecting a 50.2% y-o-y increase, as current liabilities (+31.5% y-o-y to KES 55.0 BN) continued to rise faster compared to current assets (+28.1% y-o-y to KES 45.4 BN). Short-term borrowings notably doubled (+100.7% y-o-y) to stand at KES 13.3 BN.

**Net cash from operating activities declined by 61.9% y-o-y to KES 25.9 BN,** largely attributed to tax differences (+165.3% y-o-y increase in tax paid). Net cash used in investing activities increased by 6.1% y-o-y to KES 6.7 BN while net cash used in financing activities stood at KES 2.2 BN (-39.5% y-o-y). Consequently, the company's cash position at the end of the year deteriorated by 41.7% y-o-y to KES 4.2 BN.

**EABL is trading at a P/E multiple of 8.4x** and a P/B multiple of 7.2x. The counter's ROE stands at 86.1% while ROA stands at 12.6%.

### Car & General FY22 results

**Car & General released its FY22 results reporting a 23.4% y-o-y decrease in after-tax profits to KES 679.5 MN** significantly impacted by forex losses in Kenya of KES 301.0 MN and demurrage costs of KES 139.0 MN in the trading businesses owing to global logistical issues and the localization of production. The EPS for the period stood at KES 8.55 compared to KES 11.21 in FY21. **The board recommended a first and final dividend of KES 0.80 per share** (FY22: KES 1.60) to be paid on or about 23 March 2023 to shareholders on the company register at the close of business on 24 February 2023.

**The company's revenue rose by 13.2% y-o-y to KES 19.4 BN.** Other income went up by 75.1% y-o-y to KES 208.2 MN while the gains in fair value of investment properties advanced 9-times y-o-y to KES 111.5 MN.

**Operating expenses grew by 13.8% y-o-y to KES 2.2 BN** while finance costs shot up by 84.9% y-o-y to KES 930.9 MN.

.....  
**Car & General** released its FY22 results reporting a 23.4% y-o-y decrease in after-tax profits to KES 679.5 MN  
.....

---

## Salient News

### Car & General FY22 results cont...

**Total assets increased by 31.0% y-o-y to KES 18.9 BN** following a 48.9% rise in current assets to KES 10.2 BN and a 14.7% y-o-y growth in non-current assets to KES 8.7 BN.

**Total equity stood at KES 5.6 BN, a 15.5% y-o-y advancement** while total liabilities increased by 38.8% y-o-y to KES 13.3 BN.

**Net cash used in operating activities expanded by 174.1% y-o-y to KES 1.6 BN** while the net cash used in investing activities dropped by 25.8% y-o-y to KES 233.3 MN. Net cash generated from financing activities rose by 49.6% y-o-y to KES 1.5 BN. As a result, the net decrease in cash and cash equivalents stood at KES 324.1 MN as compared to an increase of KES 117.3 MN in FY21. The company's cash flow was negatively impacted by lower sales in Kenya and supply chain issues in Kenya and Tanzania, resulting in higher levels of paid-up stock to the tune of KES 1.9 BN.

**The counter is currently trading at a P/E multiple of 5.3x** and a P/B multiple of 0.6x. Its ROE stands at 12.1% while its ROA stands at 3.6%. *(Source: Company Filings)*

### TransCentury extends rights issue offer

.....  
**TransCentury** announced that it had extended its rights issue offer to 03 February 2023 from 23 January 2023.  
.....

**TransCentury announced that it had extended its rights issue offer to 03 February 2023 from 23 January 2023.** This comes after some of its shareholders had requested for an extension. The extension was approved by the Capital Markets Authority (CMA). *(Source: Company Filings)*

---

## UPCOMING EVENTS

### Profit Warnings

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

| <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      |
| 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> |
|----------------|-------------|--------------|-------------|
| Centum         | 9:00 a.m.   | Virtual      | 03-Feb-23   |
| Sasini         | 11:00 a.m.  | Virtual      | 03-Mar-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.*

### DISCLAIMER

*While every care has been taken in preparing this report and it has been prepared from sources believed to be reliable, no representation, warranty, or undertaking (express or implied) is given and no responsibility is accepted by Dyer and Blair Investment Bank Limited, its related companies, subsidiaries, affiliates, its employees and agents, as to the accuracy and completeness of the information contained herein or in respect of any reliance on or use thereof. This report is solely intended for distribution to clients of Dyer and Blair Investment Bank Limited. Any information may be changed after distribution at any time without any notice.*

### RESEARCH TEAM

Email: [research@dyerandblair.com](mailto:research@dyerandblair.com) | Contact: +254 709 930 128