

DBIB WEEKLY BULLETIN

WEEK 29

Date: 21.07.2023

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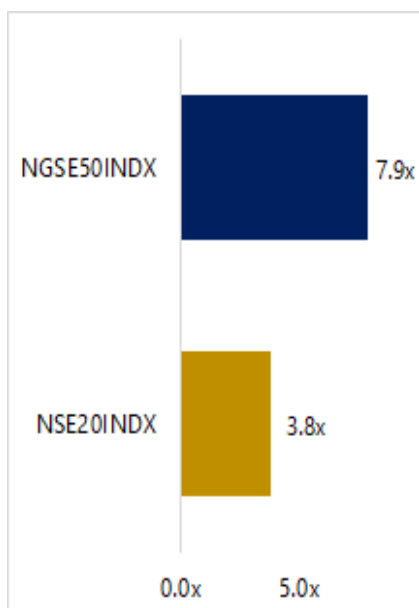
INDICES & MARKET METRICS MOVEMENT

NSE 20 eased by 0.7% w-o-w to close at 1,613.08 while **NASI eased** by 2.9% w-o-w to close at 110.65.

Weekly equity turnover eased by 4.1% w-o-w to close at USD 5.66 MN (KES 806.61 MN).

USD | KES: KES weakened by 0.3% w-o-w to close at 141.77 (-14.9% 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	110.65	(2.88)	2.61	(10.96)	(13.20)
NSE-20	1,613.08	(0.72)	1.19	(4.19)	(3.76)
DBIB Select	106.26	(0.76)	(0.30)	(2.60)	(2.78)
MSCI Kenya (USD)	807.92	(3.09)	(1.72)	(24.13)	(26.84)
MSCI Frontier (USD)	509.18	1.15	5.87	3.14	7.80

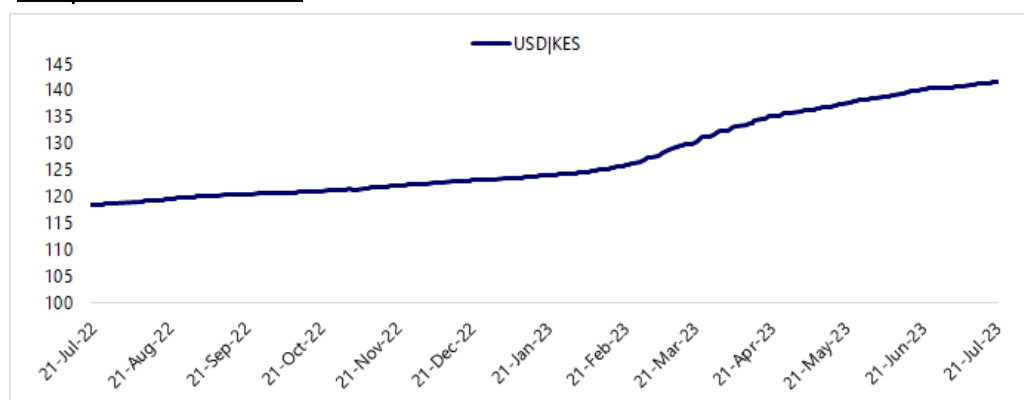
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,723.27	(2.89)	3.19	2.61	(10.99)
Market Turnover (USD m)	5.66	(4.10)	(20.19)	21.10	(84.67)
Market P/E (x)	8.81	(4.72)	2.72	14.41	(13.63)
Market Div. yld (%) *	8.37	(34.48)	(112.74)	47.26	187.26
Market ROE (%) *	29.43	1.76	(557.14)	(736.14)	(688.14)

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

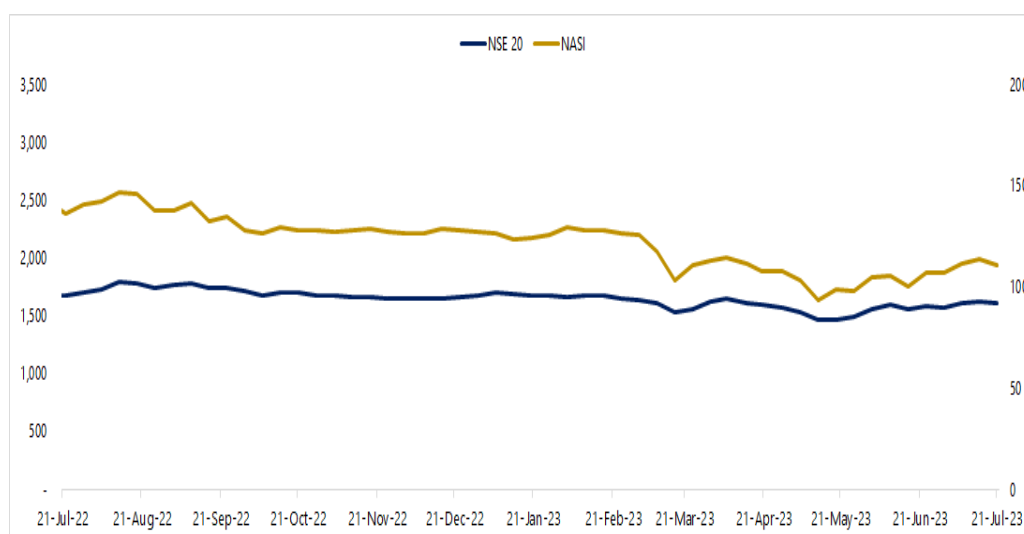
(Source: NSE, DBIB Research)

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 2.74 MN (KES 388.45 MN) representing 48.40% of this week's turnover.

The stock **gained** by 3.3% w-o-w to close at KES 44.45 on Friday.

Foreign investors assumed a **net buying** position on the counter this week by accounting for 18.57% of foreign sales and 74.18% of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
CIC	10.6
Express Kenya	8.4
Eaagads	7.7
Centum	5.8
HF Group	5.5

(Source: NSE, DBIB Research)

<u>Top Losers</u>	<u>%</u>
Trans-Century	(16.9)
Umeme	(14.3)
TPS Eastern Africa	(14.3)
Eveready	(8.5)
Portland Cement	(7.1)

Source: NSE, DBIB Research)

<u>Top traders (Value)</u>	<u>USD MN</u>
Equity	2.74
Safaricom	1.45
KCB	0.47
Absa	0.17
BAT	0.10

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Eveready	118.8
Kapchorua Tea	96.2
Umeme	74.3
Olympia Capital	61.7
HF Group	49.5

Source: NSE, DBIB Research)

<u>Top Losers</u>	<u>%</u>
Unga	(41.6)
Car & General	(36.8)
Safaricom	(36.6)
KenGen	(25.8)
Trans-Century	(25.5)

(Source: NSE, DBIB Research)

Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Jubilee	92.0
Equity	74.2
BAT Kenya	72.3
Safaricom	63.1
Umeme	54.8

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Centum	83.3
Unga Ltd	71.2
Standard Group	70.3
Safaricom	62.0
KCB	43.1

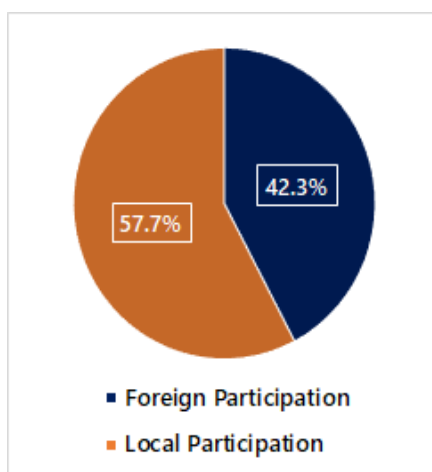
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	91.6
BK Group	88.8
E.A. Breweries	64.0
NBV	61.4
NSE	59.8

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	95.2
BAT Kenya	86.7
Safaricom	77.4
Unga Ltd	73.3
BK Group	71.8

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 103.47 MN (KES 14.67 BN) representing a 14.0% w-o-w increase from USD 90.76 MN (KES 12.83 BN) recorded the previous week.

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July Tap Sale Results: FXD1/2016/10 and FXD1/2023/5

The Central Bank of Kenya (CBK) issued a tap sale on FXD1/2016/10 (3.2 years) and FXD1/2023/5 (5.0 years) with the intention of raising KES 20.0 BN. From the auction, the CBK received bids worth KES 44.43 BN (FXD1/2016/10: KES 32.22 BN, FXD1/2023/5: KES 12.21 BN) translating to a subscription rate of 222.15%. In turn, it accepted bids worth KES 31.23 BN for FXD1/2016/10 and KES 12.21 BN for FXD1/2023/5. The coupon rate for FXD1/2016/10 stands at 15.039% while that of FXD1/2023/5 stands at 16.844%.

Top Trades for the week ending 21 July 2023

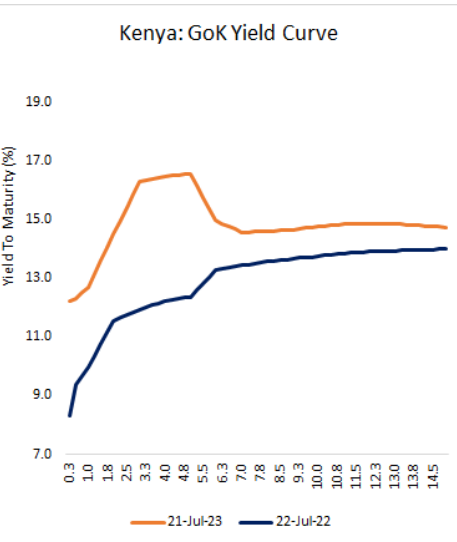
						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
21-Jul	FXD1/2023/3Yr	2.8	14.2280	16.9900	96.57	1,395.4
19-Jul	FXD2/2013/15Yr	4.7	12.0000	16.8000	87.56	1,000.0
20-Jul	FXD1/2013/15Yr	4.6	11.2500	16.7800	87.65	1,000.0
21-Jul	FXD1/2013/15Yr	4.6	11.2500	16.4000	88.75	1,000.0
19-Jul	FXD1/2021/5Yr	3.3	11.2770	16.2500	89.57	600.0
20-Jul	FXD1/2021/5Yr	3.3	11.2770	16.0500	90.07	600.0
17-Jul	IFB1/2023/7Yr	6.9	15.8370	15.3750	102.82	500.0
17-Jul	IFB1/2023/7Yr	6.9	15.8370	15.5000	102.37	421.5
20-Jul	IFB1/2023/7Yr	6.9	15.8370	15.4000	102.85	350.0
17-Jul	IFB1/2023/7Yr	6.9	15.8370	15.4500	102.55	345.3
19-Jul	IFB1/2019/25Yr	20.6	12.2000	13.9850	93.15	345.0
19-Jul	FXD1/2023/3Yr	2.8	14.2280	16.9000	96.67	338.0
21-Jul	FXD1/2023/3Yr	2.8	14.2280	15.8057	99.08	338.0
21-Jul	FXD1/2022/25Yr	24.2	14.1880	15.7000	93.98	330.0
20-Jul	FXD1/2023/3Yr	2.8	14.2280	17.1000	96.29	319.8

(Source: NSE, DBIB Research)

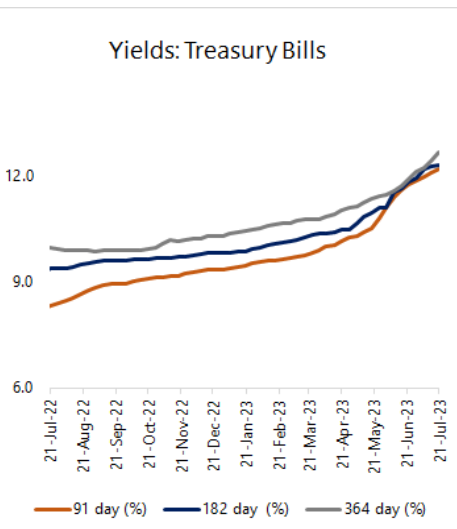
Treasury Bill auction for the week ending 21 July 2023

Instrument	Amount	Bids Received	Subscription	Bids Accepted	Yield	w-o-w
	(KES Bn)	(KES Bn)	Rate (%)	(KES Bn)	(%)	bps ch
91-day	4.00	28.46	711.59	25.65	12.233	12.4
182-day	10.00	8.64	86.38	8.64	12.322	5.1
364-day	10.00	2.38	23.77	2.37	12.708	25.6

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News

BAT Kenya 1H23 Results

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BAT Kenya released its 1H23 results reporting a 3.5% y-o-y decline in after-tax profits to KES 2.8 BN

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BAT Kenya released its 1H23 results reporting a 3.5% y-o-y decline in after-tax profits to KES 2.8 BN on the back of a 6.9% y-o-y net revenue decrease to KES 13.1 BN paired with a 7.0% y-o-y reduction in the cost of operations to KES 9.2 BN, supporting performance.

EPS for the period stands at KES 28.22 (-3.5% y-o-y). The board of directors have proposed an interim dividend of KES 5.00 per share (maintained) to be paid on or about 22nd September 2023 to shareholders on the register at the close of business on 18th August 2023.

Net revenue shrank by 6.9% y-o-y to KES 13.1 BN. This was on account of a 4.0% y-o-y decline in gross revenue to KES 21.0 BN and a 1.3% y-o-y increase in Excise duty and VAT to KES 7.9 BN. Gross revenue decline was attributed to lower domestic sales on account of excise-led price increases impacting affordability and lower cut rag sales exports impacted by geo-political tension in Sudan (company's largest cut rag market) and Somalia.

Cost of operations reduced by 7.0% y-o-y to KES 9.2 BN on account of lower production volumes and the base effect of 1H22's higher input costs due to global supply chain challenges in the period. As a result, operating profit margin improved marginally by 11 bps y-o-y to 29.6%.

Total assets increased by 10.9% h-o-h (compared to FY22) to KES 26.6 BN on the back of a 1.6% h-o-h increase in non-current assets to KES 12.3 BN and a 20.4% h-o-h increase in current assets to KES 14.3 BN. Total liabilities jumped by 66.1% h-o-h to KES 12.6 BN as a result of a 93.7% h-o-h increase in current liabilities to KES 10.6 BN and a 6.4% h-o-h decrease in non-current liabilities to KES 1.9 BN. Total shareholders' funds declined by 14.5% in the half year period to KES 14.0 BN.

On a trailing basis, BATK is trading at a P/E multiple of 6.5x against a sector median of 5.8x and a P/B multiple of 3.2x against a sector median of 1.0x. Its ROE stands at 48.5%, against a sector median of 8.2% whereas ROA stands at 25.6%, against a sector median of 4.4%.

Source: Company

UPCOMING EVENTS

Profit Warnings

1. Kenya Power
2. Longhorn
3. Unga Group
4. Centum

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Bamburi	First & Final: KES 0.75	27-May-23	27-Jul-23
NSE	First & Final: KES 0.20	31-May-23	31-Jul-23
BOC Kenya	Final: KES 4.45	31-May-23	21-Jul-23
Jubilee Holdings	Special & Final: KES 11.00	14-Jun-23	26-Jul-23
TotalEnergies	First & Final: KES 1.31	15-Jun-23	31-Jul-23
Kenya Re	Final: KES 0.20	16-Jun-23	28-Jul-23
Nation Media	Final: KES 1.50	16-Jun-23	31-Jul-23
Crown paints	Final: KES 4.00	28-Jun-23	14-Aug-23
Umeme Ltd	Final: USH 63.90	30-Jun-23	20-Jul-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
Safaricom	Final: KES 0.62	28-July-23	31-Aug-23
BAT Kenya	Interim: KES 5.00	18-Aug-23	22-Sep-23

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Eveready	11:00 a.m.	Virtual	28-Jul-23
Safaricom	11:00 a.m.	Virtual	28-Jul-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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