

DBIB WEEKLY BULLETIN

WEEK 30

Date: 28.07.2023

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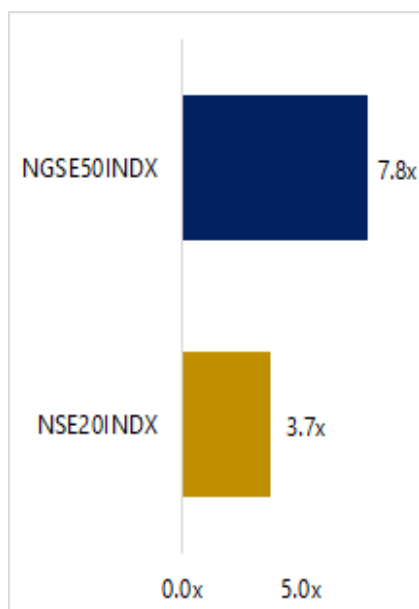
INDICES & MARKET METRICS MOVEMENT

NSE 20 eased by 2.2% w-o-w to close at 1,577.75 while **NASI eased** by 4.8% w-o-w to close at 105.29.

Weekly equity turnover rose by 437.6% w-o-w to close at USD 30.44 MN (KES 4.33 BN).

USD | KES: KES weakened by 0.4% w-o-w to close at 142.30 (-15.3% 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	105.29	(4.84)	(2.17)	(17.40)	(17.40)
NSE-20	1,577.75	(2.19)	(0.07)	(5.87)	(5.87)
DBIB Select	104.13	(2.01)	(1.70)	(4.73)	(4.73)
MSCI Kenya (USD)	744.12	(7.90)	(9.11)	(32.62)	(32.62)
MSCI Frontier (USD)	512.67	0.69	6.44	8.54	8.54

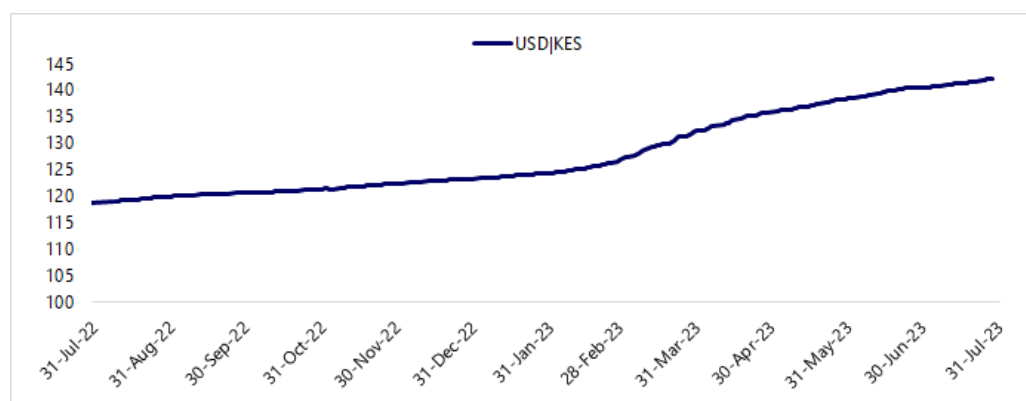
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,639.53	(4.86)	(1.61)	(2.18)	(17.45)
Market Turnover (USD m)	30.44	437.62	630.50	301.33	344.07
Market P/E (x)	9.88	12.13	15.13	23.16	(7.94)
Market Div. yld (%) *	8.25	(12.65)	(129.18)	52.61	140.32
Market ROE (%) *	26.47	(295.80)	(752.86)	(883.43)	(1,055.20)

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

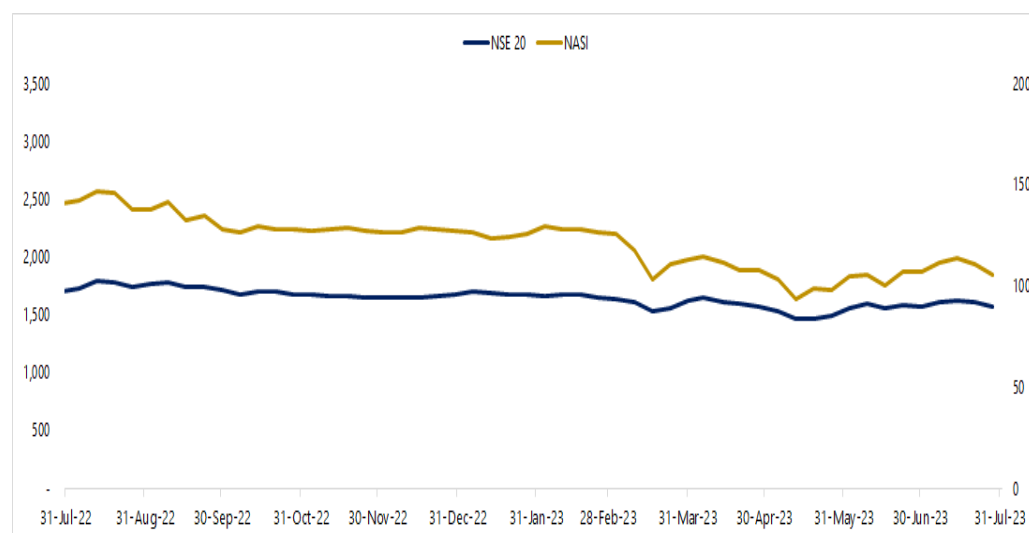
(Source: NSE, DBIB Research)

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 26.25 MN (KES 3.75 BN) representing 86.25% of this week's turnover.

The stock eased by 7.8% w-o-w to close at KES 16.60 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 97.13% of foreign sales and 7.99% of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Umeme	10.8
E.A. Cables	7.7
Carbacid	7.6
Scangroup	4.2
Trans-Century	1.7

(Source: NSE, DBIB Research)

<u>Top Losers</u>	<u>%</u>
Longhorn	(18.8)
Unga	(16.3)
Liberty	(15.0)
Standard Group	(11.9)
Sanlam	(9.5)

Source: NSE, DBIB Research

<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	26.25
Equity	1.02
Stanbic	0.64
KCB	0.63
BAT	0.52

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Eveready	121.7
Kapchorua Tea	85.4
Olympia Capital	79.2
Umeme	68.9
Williamson Tea	48.6

Source: NSE, DBIB Research

<u>Top Losers</u>	<u>%</u>
Unga	(51.1)
Car & General	(40.8)
Safaricom	(35.5)
Liberty	(35.0)
Trans-Century	(31.3)

(Source: NSE, DBIB Research)

Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Equity	83.8
Jubilee	59.4
Stanbic	42.0
Kenya Re	38.3
Fahari I-REIT	28.3

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
BAT Kenya	97.6
Safaricom	97.1
KCB	66.4
KenGen	42.9
Williamson Tea	28.7

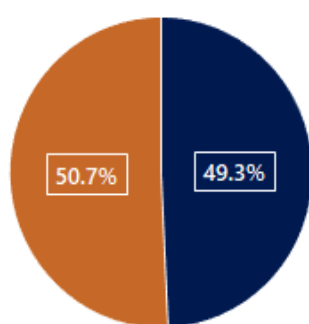
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	91.6
BK Group	88.7
E.A. Breweries	63.9
NBV	61.3
NSE	59.4

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	95.2
BAT Kenya	87.2
Safaricom	80.5
BK Group	71.8
Unga Ltd	71.1

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 131.73 MN (KES 18.74 BN) representing a 27.3% w-o-w increase from USD 103.47 MN (KES 14.67 BN) recorded the previous week.

The Bond market's turnover for the week stood at USD 131.73 MN (KES 18.74 BN) representing a 27.3% w-o-w increase from USD 103.47 MN (KES 14.67 BN) recorded the previous week. The bond issue number IFB1/2023/7 emerged as the top traded bond with a turnover of KES 4.78 BN accounting for 25.5% of the week's turnover. The bond traded between 14.2500% and 15.6000%.

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 28 July 2023

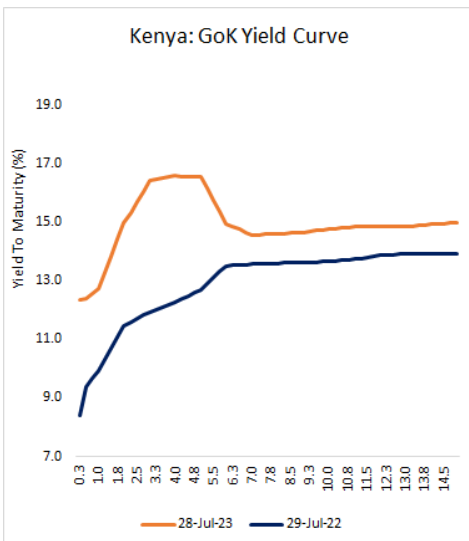
Trading Date	Issue No.	Years	Coupon	Yield	Price	Total Value
			(%)	(%)	(KES m)	(KES m)
25-Jul	IFB1/2021/21Yr	19.1	12.7370	15.7500	88.83	1,275.0
28-Jul	IFB1/2021/21Yr	19.1	12.7370	15.2077	91.47	1,275.0
26-Jul	IFB1/2021/21Yr	19.1	12.7370	15.4579	90.21	1,075.0
26-Jul	IFB1/2023/7Yr	6.9	15.8370	15.2500	103.64	1,005.0
26-Jul	IFB1/2023/7Yr	6.9	15.8370	15.3500	103.28	1,000.0
25-Jul	FXD1/2023/3Yr	2.8	14.2280	16.5000	97.77	900.0
27-Jul	FXD1/2023/3Yr	2.8	14.2280	16.6500	97.54	600.0
25-Jul	IFB1/2023/7Yr	6.9	15.8370	15.3000	103.42	517.0
24-Jul	FXD1/2016/10Yr	3.1	15.0390	16.4000	103.13	500.0
25-Jul	FXD2/2018/20Yr	15.0	13.2000	15.0000	89.41	500.0
28-Jul	IFB1/2023/7Yr	6.9	15.8370	15.3500	103.37	500.0
28-Jul	FXD1/2016/10Yr	3.1	15.0390	17.3000	101.28	456.5
24-Jul	IFB1/2023/17Yr	16.6	14.3990	15.6500	98.48	400.0
26-Jul	FXD1/2023/3Yr	2.8	14.2280	16.7000	97.39	400.0
27-Jul	FXD1/2023/3Yr	2.8	14.2280	15.5000	100.03	400.0

(Source: NSE, DBIB Research)

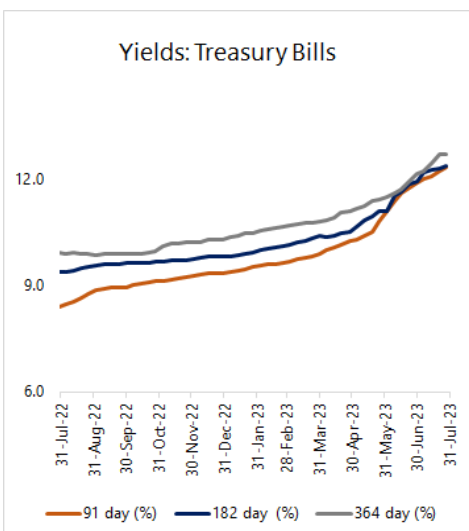
Treasury Bill auction for the week ending 28 July 2023

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	7.07	176.84	6.82	12.352	11.9
182-day	10.00	1.36	13.63	1.36	12.392	7.0
364-day	10.00	0.71	7.08	0.70	12.728	2.0

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News

EABL FY23 Results

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EABL released its FY23 results, reporting a 20.9% y-o-y decline in after-tax profits to KES 12.3 BN.
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East African Breweries (EABL) released its FY23 results, reporting a 20.9% y-o-y decline in after-tax profits to KES 12.3 BN. Net revenue remained flat y-o-y at KES 109.6 BN against a 10.1% y-o-y increase in cost of sales to KES 62.2 BN, in turn weighing down performance. Basic EPS declined by 16.9% y-o-y to KES 12.47. **A final dividend of KES 1.75 per share was recommended, to be paid on or about 27th October 2023 to shareholders on the register as at 15th September 2023.** This implies a total DPS of KES 5.50 vs KES 11.00 paid in FY22.

Net revenue remained relatively flat y-o-y at KES 109.6 BN on account of a 7.0% y-o-y decline in volumes. The Company recorded a 4.0% decline in net revenue from Kenya, 17.0% increase in net revenue from Uganda and 1.0% increase in net revenue from Tanzania. Management stated that pricing and improved product mix benefits were offset by the decline in volumes.

Gross profit declined by 10.3% y-o-y to KES 47.4 BN in line with the 10.1% increase in cost of sales. The gross profit margin in turn deteriorated by 508 bps y-o-y to stand at 43.2% (FY22: 48.3%).

The cost of operations declined by 5.7% y-o-y to KES 23.2 BN while finance costs went up by 29.5% y-o-y to KES 5.5 BN. Finance cost increase was on the back of currency depreciation and rising interest rates. **Operating profit margin in turn deteriorated by 489 bps y-o-y to stand at 17.1% (FY22: 22.0%).**

Income tax expense reduced by 24.4% y-o-y to KES 6.4 BN -- in line with pre-tax profits reduction (-22.1% y-o-y to KES 18.7 BN).

The group's working capital position improved in FY23, increasing from a negative position of KES 6.4 BN in FY22 to a positive position of KES 1.5 BN, as current liabilities (+0.1% y-o-y to KES 41.9 BN) slowed its increase compared to current assets (+22.7% y-o-y to KES 43.4 BN).

Net cash from operating activities reduced by 26.0% y-o-y to KES 26.1 BN, attributed to the decline in operating profit. **Net cash used in investing activities declined by 1.1% y-o-y to KES 13.0 BN** while **net cash used in financing activities stood at KES 2.7 BN.** Consequently, the company's cash position at the end of the year improved by 12.1% y-o-y to KES 9.0 BN.

EABL is trading at a P/E multiple of 10.3x and a P/B multiple of 4.0x. The counter's ROE stands at 38.8% while ROA stands at 9.3%.

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>
NSE	First & Final: KES 0.20	31-May-23	31-Jul-23
TotalEnergies	First & Final: KES 1.31	15-Jun-23	31-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
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>
-	-	-	-

(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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