

DBIB WEEKLY BULLETIN

WEEK 10

Date: 10.03.2023

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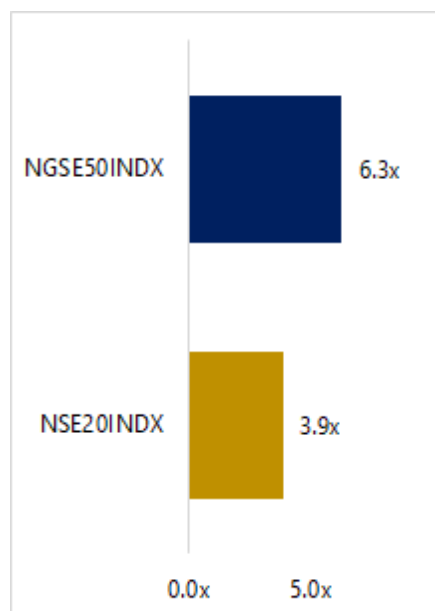
INDICES & MARKET METRICS MOVEMENT

NSE 20 & NASI shed 1.6% and 6.6% w-o-w to close at 1,608.44 and 117.89 respectively.

Weekly equity turnover rose by 49.4% w-o-w to close at USD 11.75 MN (KES 1.5 BN).

USD | KES: KES weakened 1.1% w-o-w to close at 128.89 (-4.5% 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	117.89	(6.56)	(6.78)	(16.77)	(7.52)
NSE-20	1,608.44	(1.57)	(2.31)	(10.02)	(4.04)
DBIB Select	108.08	(1.74)	(0.34)	170.94	(1.12)
MSCI Kenya (USD)	970.11	(8.86)	(13.13)	(24.83)	(12.16)
MSCI Frontier (USD)	481.28	0.13	(1.17)	(8.26)	1.90

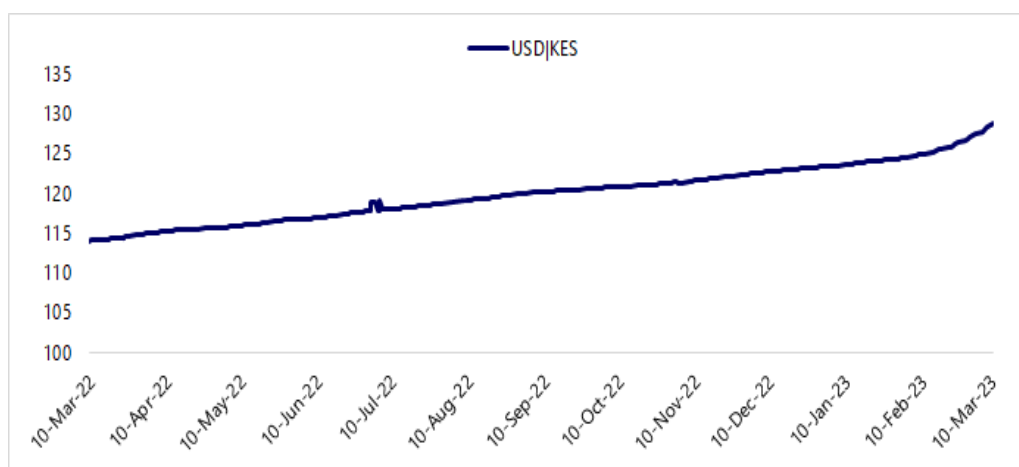
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,836.34	(6.58)	(8.11)	(6.80)	(16.81)
Market Turnover (USD m)	11.75	49.35	6.32	5.87	(12.61)
Market P/E (x)	9.40	(10.22)	(12.33)	184.85	113.64
Market Div. yld (%) *	8.30	65.93	60.00	170.00	361.06
Market ROE (%) *	36.58	(66.02)	101.00	(63.00)	(254.24)

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

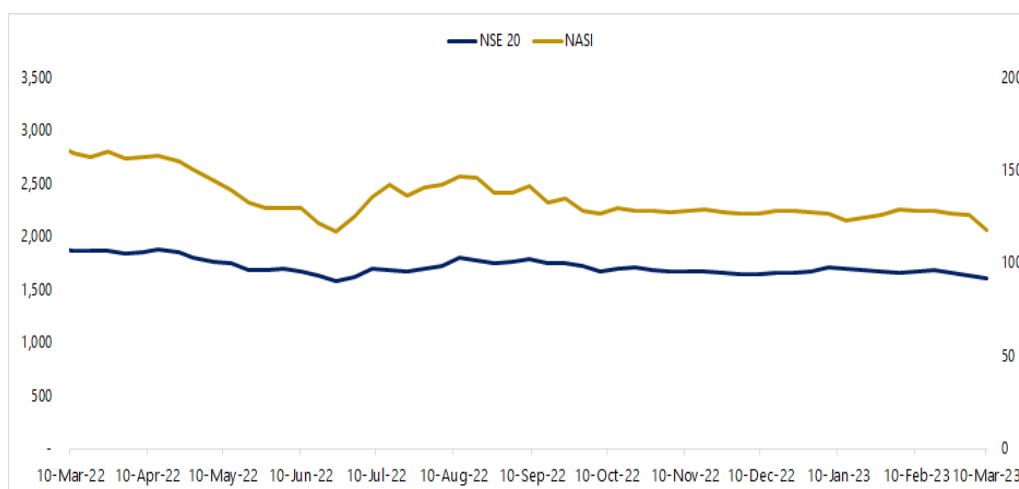
(Source: NSE, DBIB Research)

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 8.63 MN (KES 1.11 BN) representing 73.40% of this week's turnover.

The stock shed 12.2% w-o-w to close at KES 20.60 on Friday.

Foreign investors assumed a **net selling** position on the counter this week by accounting for 64.31% of foreign sales and 33.62% of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Flame Tree	13.8
Sasini	13.6
Express Kenya	13.2
Stanbic Holdings	8.7
Housing Finance	6.4

(Source: NSE, DBIB Research)

<u>Top Losers</u>	<u>%</u>
Total Kenya	(13.5)
Safaricom	(12.2)
Standard Group	(10.9)
E.A. Portland	(10.0)
Liberty Kenya	(9.8)

(Source: NSE, DBIB Research)

<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom Ltd	8.63
Co-operative Bank	0.70
KCB Group	0.68
Equity Group	0.56
StanChart Bank	0.36

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Kenya Orchards	44.2
Umeme Ltd	34.8
StanChart Bank	17.0
Kapchorua Tea	16.6
Flame Tree	14.8

(Source: NSE, DBIB Research)

<u>Top Losers</u>	<u>%</u>
Unga Group	(37.0)
Car & General	(30.6)
KenGen Co.	(28.0)
Total Kenya	(19.7)
Liberty Kenya	(19.5)

(Source: NSE, DBIB Research)

Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Flame Tree	91.1
Williamson Tea	65.6
Equity Group	47.9
E.A Breweries	41.8
Safaricom	33.6

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
BAT Kenya	93.4
Unga Ltd	73.3
Kapchorua Tea	66.7
Safaricom	64.3
Equity group	59.2

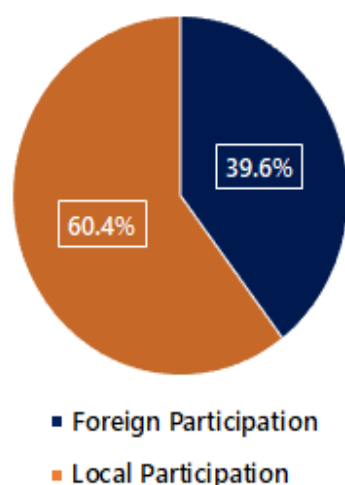
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	98.1
Stanbic Holdings	74.4
E.A Breweries	73.3
ABSA Bank	57.3
NBV Ltd	50.2

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	98.3
BAT Kenya	91.3
Unga Ltd	87.6
Safaricom	75.2
Bamburi Cement	73.3

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 65.16 MN (KES 8.40 BN) representing a 12.1% w-o-w decrease from USD 74.16 MN (KES 9.46 BN) recorded the previ-

The Bond market's turnover for the week stood at USD 65.16 MN (KES 8.40 BN) representing a 12.1% w-o-w decrease from USD 74.16 MN (KES 9.46 BN) recorded the previous week. The bond issue number FXD3/2019/05 emerged as the top traded bond with a turnover of KES 2.25 BN accounting for 26.8% of the week's turnover. The bond traded between 12.150% and 12.300%.

March Bond Results: IFB1/2023/17 (New)

The Central Bank of Kenya (CBK) 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. From the auction, the bond received bids worth KES 59.8 BN translating to a subscription rate of 119.54%. In turn, the CBK accepted KES 50.9 BN placing the weighted rate of accepted bids (which is the coupon rate) at 14.399%.

Top Trades for the week ending 10 March 2023

						Total
			Coupon	Yield	Price	Value
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
7-Mar	FXD3/2019/5Yr	1.8	11.4920	12.3000	101.39	1,125.5
8-Mar	FXD3/2019/5Yr	1.8	11.4920	12.1500	101.66	1,110.3
9-Mar	IFB1/2022/6Yr	5.7	13.2150	13.1500	103.56	700.0
6-Mar	FXD1/2009/15Yr	1.6	12.5000	12.2000	105.44	442.3
6-Mar	IFB1/2014/12Yr	3.6	11.0000	12.8980	98.85	355.2
8-Mar	FXD1/2013/15Yr	4.9	11.2500	12.1000	97.60	342.9
7-Mar	FXD1/2017/10Yr	4.4	12.9660	13.7500	98.98	310.0
8-Mar	FXD1/2017/10Yr	4.4	12.9660	13.6000	99.49	310.0
8-Mar	IFB1/2022/19Yr	17.9	12.9650	14.9500	89.60	286.5
7-Mar	FXD1/2021/5Yr	3.7	11.2770	13.2300	97.90	270.0
8-Mar	FXD1/2021/5Yr	3.7	11.2770	13.0500	98.43	270.0
7-Mar	IFB1/2014/12Yr	3.6	11.0000	12.5436	99.86	250.0
6-Mar	FXD1/2017/10Yr	4.4	12.9660	13.7500	98.94	220.0
9-Mar	FXD1/2017/10Yr	4.4	12.9660	13.7500	99.05	200.0
10-Mar	FXD1/2017/10Yr	4.4	12.9660	13.7300	99.15	200.0
10-Mar	IFB1/2022/6Yr	5.7	13.2150	13.1500	103.60	150.0
10-Mar	FXD1/2022/15Yr	14.1	13.9420	14.2000	103.65	116.7
7-Mar	FXD1/2017/10Yr	4.4	12.9660	13.5000	99.77	100.0
9-Mar	FXD2/2013/15Yr	5.1	12.0000	13.9500	97.72	100.0

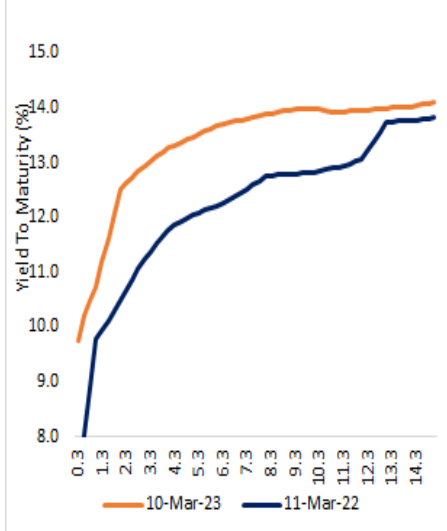
(Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 10 March 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	20.04	501.03	16.63	9.742	4.4
182-day	10.00	7.91	79.11	7.88	10.216	5.1
364-day	10.00	7.68	76.81	7.68	10.747	5.7

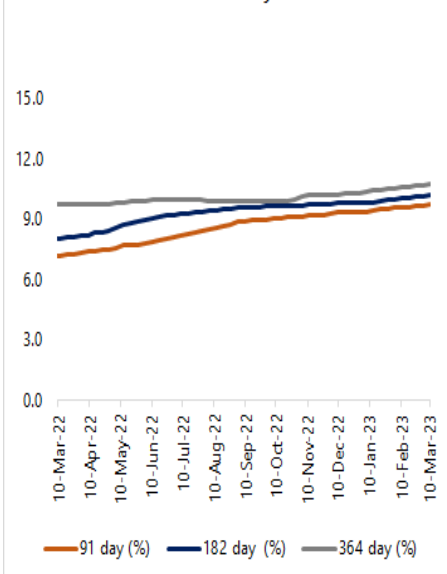
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

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Salient News

Stanbic Bank FY22 Earnings

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Stanbic Bank released
its FY22 results recording a
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Stanbic Bank released its FY22 results recording a 28.6% y-o-y growth in after-tax profits to KES 9.1 BN. This was occasioned by a 32.8% y-o-y rise in net interest income to KES 18.4 BN and a 22.6% y-o-y advancement in non-funded income to KES 12.7 BN. The group's EPS for the period stood at KES 22.92 (FY21: KES 18.23). The board announced a first and final dividend of KES 12.60 per share (FY21: KES 9.00). If approved, the dividend will be payable to shareholders on the company's register at the close of business on 19th May 2023.

Net interest income rose by 32.8% y-o-y to KES 18.4 BN backed by a 27.3% y-o-y increase in interest income to KES 25.6 BN which offset a 15.2% y-o-y rise in interest expense to KES 7.2 BN. Yield on interest earning assets went up by 52 bps y-o-y to 7.6% while cost of funds remained fairly unchanged at 2.4%. This placed the net interest margin at 5.3%, a 52 bps y-o-y improvement.

Non-funded income was up 22.6% y-o-y to KES 12.7 BN owing to a 36.8% y-o-y increase in net income from forex dealings to KES 8.6 BN coupled with a 14.3% y-o-y growth in other operating income to KES 500.0 MN. Fees and commissions on loans dropped by 47.0% y-o-y to KES 123.8 MN while other fees and commissions income edged up by 2.6% y-o-y to KES 3.5 BN. The contribution of non-funded income to total income eased by 193 bps y-o-y to 40.9%.

Operating expenses (less loan loss provisions) increased by 15.3% y-o-y to KES 14.5 BN mainly due to an 11.3% y-o-y increase in staff costs to KES 6.9 BN and a 24.8% y-o-y increase in other expenses to KES 6.5 BN. The cost-to-income ratio stood at 46.6%, 531 bps lower y-o-y.

Loan loss provision expense climbed by 113.0% y-o-y to KES 4.5 BN, placing the cost of risk at 1.9%, 76 bps higher y-o-y. Gross non-performing loans rose by 26.4% y-o-y to KES 28.5 BN (+26.4% q-o-q) as the NPL ratio edged down by 7 bps y-o-y to 10.8%.

Customer loans and advances advanced by 27.4% y-o-y to KES 236.0 BN (-0.4% q-o-q) while investment securities jumped by 42.5% y-o-y to KES 58.4 BN (-8.0% q-o-q). On the funding side, customer deposits increased by 17.6% y-o-y to KES 282.1 BN (+5.6% q-o-q) while borrowed funds rose by 47.9% y-o-y to KES 15.7 BN (+15.6% q-o-q).

Stanbic Holdings is currently trading at a P/E multiple of 4.6x against an industry median of 3.6x and a P/B multiple of 0.7x at par with the industry median. Its ROE stands at 14.6% while its ROA stands at 2.3%.

Salient News

MTN Uganda FY22 earnings

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MTN Uganda announced its FY22 results reporting a 19.3% y-o-y growth in after tax profits to UGX 406.1 BN.

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MTN Uganda announced its FY22 results reporting a 19.3% y-o-y growth in after tax profits to UGX 406.1 BN. The performance was supported by an 11.1% y-o-y growth in service revenues to UGX 2.3 TN fueled by continued strong growth in the data and fintech segments. The group's overall mobile subscriber base increased by 9.3% y-o-y to 17.2 MN. EPS rose by 19.3% y-o-y to UGX 18.14 (FY21: UGX 15.20). The group's directors have approved the payment of a final dividend of UGX 5.50 per share, which brings the total DPS to UGX 15.90 (FY21: UGX 14.99)

Book closure date: Thursday, 1st June 2023

Dividend payment date: Thursday, 22nd June 2023

Ex-dividend date: Monday, 19th June 2023

Data revenue rose by 24.0% y-o-y to UGX 511.3 BN underpinned by a 26.6% y-o-y rise in active data subscribers to 6.7 MN and an 11.8% y-o-y growth in data usage. The growth in active data subscribers was spurred by a revamped device financing program which resulted in the addition of 1.2 MN smartphones, further increasing the group's smartphone penetration to 35.0% (FY21: 30.8%). The group's 4G population coverage rose to 79.9% from 62.7% in FY21. The contribution of data revenue to service revenue rose to 22.6% from 20.2% in FY21.

Fintech revenue advanced by 24.9% y-o-y to UGX 656.1 BN, supported by a 10.6% y-o-y rise in active fintech subscribers to 11.0 MN. According to the group, the growth in fintech revenue was also attributable to the doubling of the advanced revenue portfolio with key growths being realized across the payments, bank interface and remittance lines. Fintech revenues were also buoyed by an improvement in total transaction values (+39.8% y-o-y to UGX 92.3 TN) and transaction volumes (+27.8% y-o-y to 2.6 BN). The fintech contribution to service revenue rose to 29.0% from 25.7% in FY21.

Voice revenues declined marginally by 0.5% y-o-y to UGX 1.0 TN owing to persistent macroeconomic pressures which continued to affect customers' spending power. However, voice revenues were up by 4.3% y-o-y in 2H22 helping to offset the 4.9% y-o-y decline witnessed in 1H22. The improvement in voice revenues in 2H22 was attributable to improved network quality, a 9.3% y-o-y increase in overall subscribers and price optimization strategies. The contribution of voice revenue to service revenue continued to decline further, easing to 44.2% from 49.3% in FY21.

Salient News

MTN Uganda FY22 earnings cont...

Total expenses increased by 10.5% y-o-y to UGX 1.1 TN, but owing to the stronger growth registered in total revenues (+11.0% y-o-y to KES 2.3 TN) the group's EBITDA rose by 11.5% y-o-y to UGX 1.2 TN resulting in an EBITDA margin of 51.6% (FY21: 51.3%). **Depreciation and amortization costs declined by 3.4% y-o-y to UGX 407.1 BN** (the previous year included a one-off amortization relating to the transitional license which was not present in FY22). Net finance costs increased by 24.7% y-o-y to KES 181.2 BN due to higher finance leases, depreciation of the Ugandan Shilling and the effect of higher interest rates on debt obligations.

Owing to the accelerated site roll-out program (in response to forex and global supply chain risks), the group's CAPEX grew by 22.5% y-o-y to UGX 331.0 BN. The CAPEX intensity stood at 14.5% (FY21: 13.2%).

Outlook: The group plans to continue investing in the network in order to support the demand in data services while also improving its partnerships with several mobile device companies to ramp up smartphone usage. In the fintech segment, the group plans to launch new products specifically targeted at improving growth in advanced services revenue. MTN Uganda is also engaging the Uganda Communications Commission in order to secure more spectrum allocation in the 700/800 MHz and 2,600 MHz bands. CAPEX intensity is expected to remain within the mid-teens.

MTN Uganda currently trading at a P/E multiple of 9.6x and a P/B multiple of 4.3x. Its ROE stands at 44.9% while its ROA stands at 10.2%.

Source: Company Filings, DBIB Research

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>
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>
TransCentury	11:00 a.m.	Virtual	16-Mar-23
Car & General	10:00 a.m.	Virtual	23-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.*

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RESEARCH TEAM

Email: research@dyerandblair.com | Contact: +254 709 930 128