

DBIB WEEKLY BULLETIN

WEEK 35

Date: 01.09.2023

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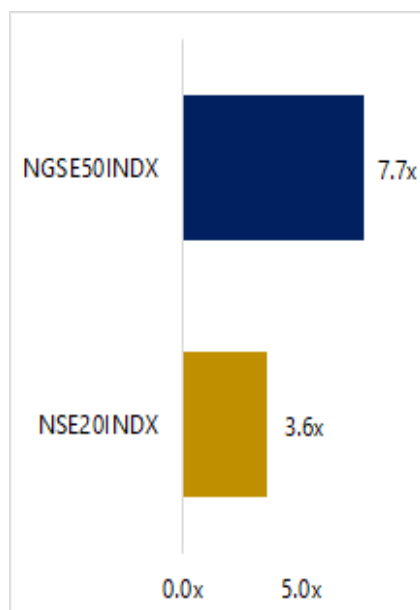
INDICES & MARKET METRICS MOVEMENT

NSE 20 gained by 1.1% w-o-w to close at 1,538.64 while **NASI** eased by 1.29% w-o-w to close at 98.14.

Weekly equity turnover gained by 282.5% w-o-w to close at USD 12.15 MN (KES 1.77 BN).

USD | KES: KES weakened by 0.4% w-o-w to close at 145.51 (-17.9% 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	98.14	(1.25)	(6.62)	(22.22)	(23.01)
NSE-20	1,538.64	1.06	(1.15)	(5.84)	(8.20)
DBIB Select	101.33	(0.10)	(2.06)	(7.87)	(7.29)
MSCI Kenya (USD)	666.72	(2.54)	(12.14)	(37.36)	(39.63)
MSCI Frontier (USD)	508.88	1.44	6.35	5.87	7.74

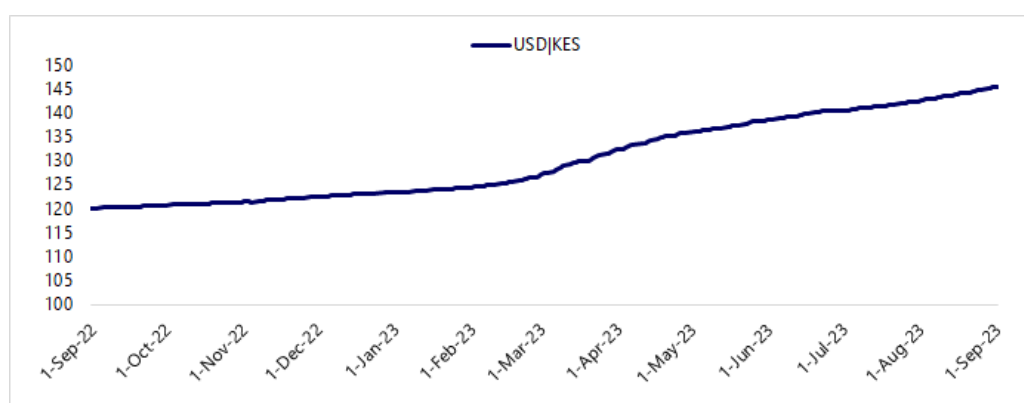
(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,533.29	(0.90)	(7.26)	(6.31)	(22.00)
Market Turnover (USD m)	12.15	282.53	315.04	72.93	54.39
Market P/E (x)	8.70	(5.41)	(9.35)	5.09	(16.92)
Market Div. yld (%) *	8.12	7.79	(133.27)	47.97	142.04
Market ROE (%) *	27.54	8.88	(165.25)	(970.24)	(946.22)

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

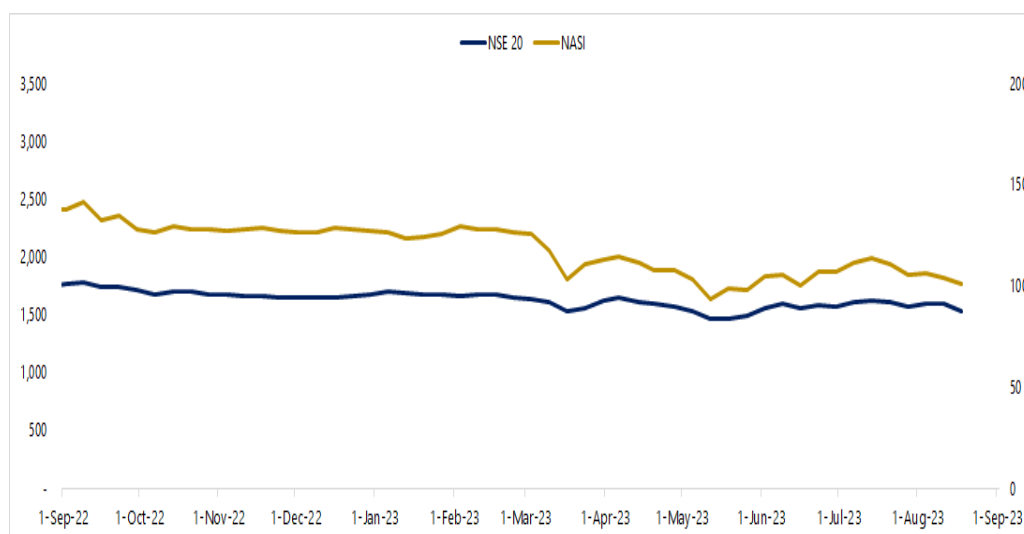
(Source: NSE, DBIB Research)

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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Britam emerged as the top traded counter on the bourse recording a weekly turnover of USD 6.36 MN (KES 925.62 MN) representing 52.37% of this week's turnover.

The stock **gained** by 6.4% w-o-w to close at KES 5.32 on Friday.

Foreign investors assumed a **net buying** position on the counter this week by accounting for 0.000% of foreign sales and 0.002% of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
FAHARI I-REIT	49.5
Sameer	30.4
Eveready	14.2
Olympia Capital	9.5
Britam	6.4

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
HF Group	(9.6)
NBV	(8.6)
E.A. Cables	(7.8)
Limuru Tea	(7.5)
Unga	(6.9)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Britam	6.36
Safaricom	1.60
FAHARI I-REIT	1.47
Equity	0.84
KCB	0.58

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Eveready	110.1
Umeme	79.9
Kenya Orchards	74.2
Kapchorua Tea	58.2
HF Group	41.1

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Unga	(47.0)
Trans-Century	(44.1)
Liberty	(38.5)
Safaricom	(37.5)
KCB	(34.8)

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
BK Group	99.4
Jubilee	80.8
BAT Kenya	52.8
Safaricom	43.4
Equity	39.3

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
BK Group	99.9
Safaricom	86.3
Equity	71.7
KenGen	64.3
E.A. Breweries	60.6

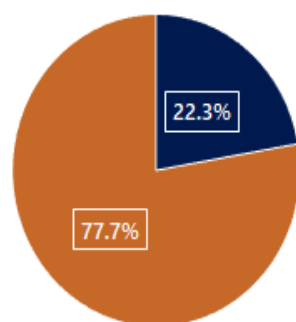
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
New Gold ETF	93.2
BK Group	90.1
E.A. Breweries	67.5
Equity	62.6
NBV	61.0

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
New Gold ETF	96.1
BAT Kenya	86.4
Safaricom	79.2
BK Group	75.8
Unga Ltd	68.3

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 65.46 MN (KES 9.52 BN) representing a 16.0% w-o-w increase from USD 56.44 MN (KES 8.18 BN) recorded the previous week.

The Bond market's turnover for the week stood at USD 65.46 MN (KES 9.52 BN) representing a 16.0% w-o-w increase from USD 56.44 MN (KES 8.18 BN) recorded the previous week. The bond issue number FXD1/2016/10 emerged as the top traded bond with a turnover of KES 2.06 BN accounting for 21.6% of the week's turnover. The bond traded between 14.7000% and 17.7000%.

September Issue: FXD1/2023/002 (re-opened) and FXD1/2016/010 (re-opened)

The Central Bank of Kenya (CBK) has re-opened FXD1/2023/002 (1.9 years) and FXD1/2016/010 (2.9 years) with the intention of raising KES 35.0 BN for budgetary support. The coupon rate for FXD1/2023/002 stands at 16.9723% while that of FXD1/2016/010 stood at 15.0390%. The period of sale runs from 01 September 2023 to 13 September 2023.

Top Trades for the week ending 01 September 2023

						Total
Trading Date	Issue No.	Years	Coupon (%)	Yield (%)	Price (KES m)	Value (KES m)
28-Aug	FXD1/2022/15Yr	13.6	13.9420	15.8500	94.23	850.0
28-Aug	FXD1/2016/10Yr	3.0	15.0390	17.5000	94.74	650.0
29-Aug	FXD1/2016/10Yr	3.0	15.0390	17.5000	94.79	568.5
29-Aug	FXD1/2014/10Yr	0.4	12.1800	14.3500	100.62	500.0
1-Sep	FXD1/2014/10Yr	0.4	12.1800	14.6500	100.63	500.0
1-Sep	FXD1/2023/10Yr	9.4	14.1510	15.8500	92.49	500.0
31-Aug	FXD1/2023/3Yr	2.7	14.2280	17.5225	97.29	308.2
30-Aug	FXD1/2023/5Yr	4.9	16.8440	17.7000	99.25	300.0
31-Aug	FXD1/2023/5Yr	4.9	16.8440	17.6750	99.37	300.0
31-Aug	IFB1/2023/7Yr	6.8	15.8370	15.5000	104.28	250.0
28-Aug	FXD1/2021/25Yr	22.6	13.9240	13.9580	104.00	200.0
30-Aug	IFB1/2018/20Yr	15.2	11.9500	16.0000	85.75	200.0
30-Aug	FXD1/2023/2Yr	2.0	16.9723	16.6000	101.01	171.0
1-Sep	FXD1/2016/10Yr	3.0	15.0390	17.7000	94.49	138.3

(Source: NSE, DBIB Research)

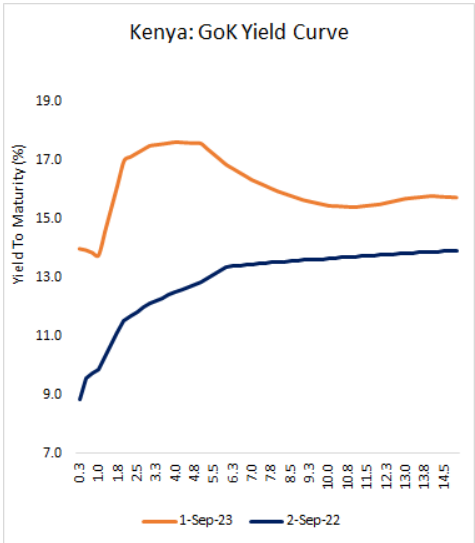
Sell & Buy Backs

31-Aug	IFB1/2021/21Yr	19.0	12.7370	12.7800	105.71	250.0
1-Sep	FXD1/2016/10Yr	3.0	15.0390	14.7218	101.18	227.0
31-Aug	FXD1/2019/20Yr	15.6	12.8730	13.0400	103.92	200.0

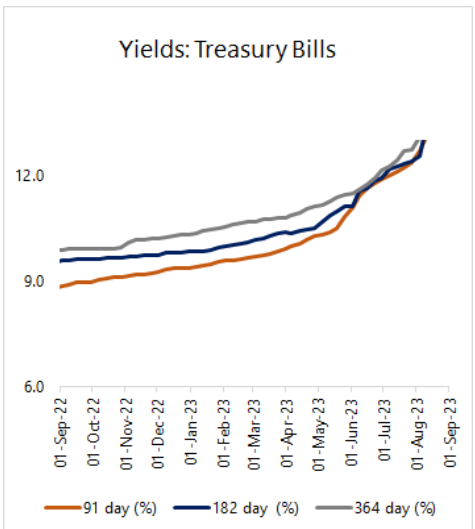
Treasury Bill auction for the week ending 01 September 2023

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	21.59	539.78	21.52	13.985	25
182-day	10.00	0.96	9.61	0.96	13.939	45
364-day	10.00	0.62	6.24	0.62	13.765	(25)

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

BK GROUP: 1H23 EARNINGS SNAPSHOT

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BK Group released its 1H23 results reporting a 30.3% y-o-y growth in net income to FRW 36.9 BN (KES 4.4 BN).

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BK Group released its 1H23 results reporting a 30.3% y-o-y growth in net income to FRW 36.9 BN (KES 4.4 BN). Profitability growth was backed by a 16.7% y-o-y rise in net interest income to FRW 78.5 BN (KES 9.4 BN) and a 41.4% y-o-y increase in non-funded income to FRW 29.2 BN (KES 3.5 BN). EPS for the period stood at FRW 77.9 (KES 9.39).

Net interest income advanced by 16.7% y-o-y to FRW 78.5 BN (KES 9.4 BN), characterized by a 10.4% y-o-y growth in total interest income to FRW 102.4 BN (KES 12.3 BN) and a 6.0% y-o-y decline in total interest expenses to FRW 23.9 BN (KES 2.9 BN). **Consequently, the net interest margin rose by 10 bps y-o-y to 10.0% (1H22: 9.5%).** Total interest income was supported by solid growth in interest income from loans & advances. The decline in total interest expenses was powered by decreasing cost of funds occasioned by the group's efforts to mobilize cheaper deposits.

Non-funded income went up by 41.4% y-o-y to FRW 29.2 BN (KES 3.5 BN) driven by a 73.7% y-o-y growth in net fee & commission income to FRW 19.8 BN (KES 2.4 BN) – supported by increased trade volume and improving economic conditions. **Total operating income increased by 22.5% y-o-y to FRW 107.7 BN (KES 12.9 BN).** The contribution of non-funded income to total income improved by 368 bps y-o-y to 27.1% (1H22: 23.4%).

Operating expenses (excluding provisions) climbed by 19.0% y-o-y to FRW 43.3 BN (KES 5.2 BN), mainly driven by a 13.4% y-o-y rise in administration & general expenses to FRW 18.7 BN (KES 2.2 BN), a 14.2% y-o-y rise in personnel cost to FRW 16.9 BN (KES 2.0 BN), and a 235.0% y-o-y surge in the bonus pool to FRW 2.8 BN (KES 0.3 BN). Owing to the faster rise in operating income in comparison to operating expenses (excluding provisions), **the group's cost-to-income ratio (excluding provisions) eased by 121 bps y-o-y to 40.2% (1H22: 41.4%).**

Loan loss provisions increased by 24.7% y-o-y to FRW 13.8 BN (KES 1.7 BN) placing the group's annualized cost of risk at 2.0%, up 30 bps y-o-y. The group's NPL ratio, however, eased to 2.3% from 5.1% in 1H22.

Salient News

BK GROUP: 1H23 EARNINGS SNAPSHOT

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BK Group released its 1H23 results reporting a 30.3% y-o-y growth in net income to FRW 36.9 BN (KES 4.4 BN).

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Net loans and advances rose by 14.0% y-o-y to FRW 1,155.7 BN (KES 138.5 BN) (+3.3% q-o-q) and total assets improved by 16.1% y-o-y to FRW 1,906.5 BN (KES 228.5 BN) (+9.5% q-o-q). On the funding side, client balances and deposits rose by 14.5% y-o-y to FRW 1,173.9 BN (KES 140.7 BN) (+10.9% q-o-q) while total liabilities went up by 16.6% y-o-y to FRW 1,568.9 BN (KES 188.0 BN) (+1.0% q-o-q).). The group's loan-to-deposit ratio stood at 98.4% in 1H23 in comparison to 98.9% in 1H22.

BK Group remains adequately capitalized with a core capital to risk weighted assets of 23.4% (1H22: 22.7% and a total capital to risk weighted assets of 23.5% (1H22: 22.8%).

On a trailing basis, BK Group is currently trading at a P/E multiple of 3.7x against an industry median of 3.7x and a P/B multiple of 0.7x against an industry median of 0.7x. Its ROE stands at 19.8% while its ROA stands at 3.5%.

We note positively on the improved profitability characterized by the rise in NIM, the contribution of non-funded income to total income and improved efficiency (lower cost-to-income ratio). Asset quality also remains quite favorable at 2.3%.

Source: Company

August inflation rate stands at 6.7%

The annual headline inflation rate decreased to 6.7% in August 2023 from 7.3% in July 2023. The monthly inflation rate for August 2023 came in at (0.1%), compared to the monthly inflation rate of 0.1% in July 2023. The increase in the Consumer Price Index (CPI) on an annual basis was primarily driven by increased prices of commodities under food and non-alcoholic beverages (index inched higher by 7.5% y-o-y); housing, water, electricity, gas and other fuels (index rose by 7.5% y-o-y); transport (index went up by 13.1%); and restaurants and accommodation services (index increased by 4.7% y-o-y).

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>
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
Jubilee Holdings	Interim: KES 2.00	8-Sep-23	11-Oct-23
Stanbic Holdings	Interim: KES 1.15	4-Sep-23	27-Sep-23
EABL	Final: KES 1.75	15-Sep-23	27-Oct-23
NCBA	Interim: KES 1.75	14-Sep-23	28-Sep-23
Absa	Interim: KES 2.20	21-Sep-23	12-Oct-23
Umeme	Interim: UGX: 24.00	09-Feb-24	29-Feb-24
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>
EABL	11:00 a.m.	Hybrid	14-Sep-23
Centum	10:00 a.m.	Electronic	27-Sep-23
Eaagads	11:00 a.m.	Electronic	28-Sep-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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