

DBIB WEEKLY BULLETIN

WEEK 07

Date: 16.02.2024

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 rose by 0.3% while **NASI** shed 0.1% w-o-w to close at 1521.44 and 91.08 respectively.

Weekly equity turnover

rose by 10.7% w-o-w to close at USD 6.94 MN (KES 1.01 BN).

USD | KES: KES strengthened

by 8.9% w-o-w to close at 145.86 (6.78% year-to-date).

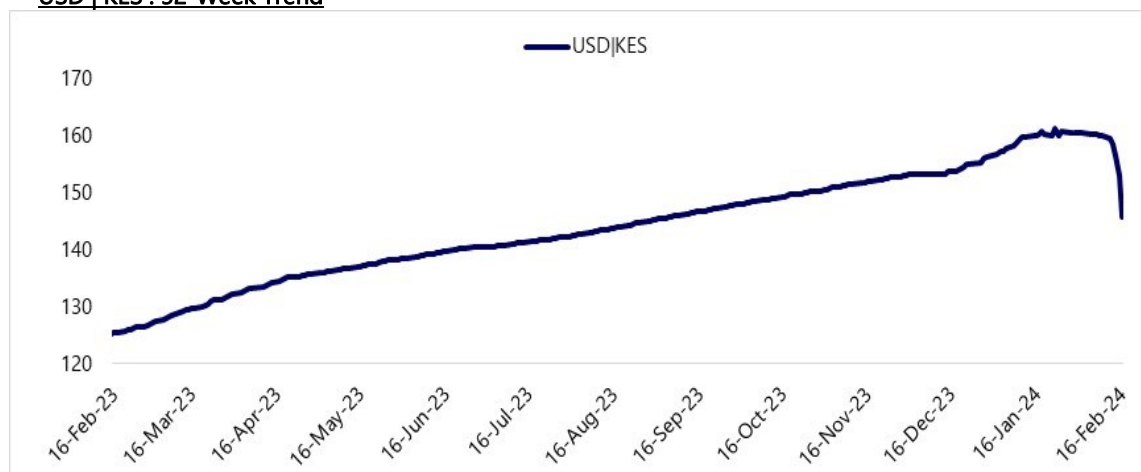
Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	91.08	(0.11)	0.64	(10.13)	(1.12)
NSE-20	1,521.44	0.33	3.35	(0.72)	1.35
DBIB Select	82.60	(0.52)	1.47	(1.99)	0.71
MSCI Kenya (USD)	598.57	9.60	2.79	(14.29)	8.23
MSCI Frontier (USD)	512.16	0.29	5.37	1.59	1.02

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
MarkEV Cap. (USD m)	1,422.94	(0.12)	(2.46)	0.64	(9.82)
MarkEV Turnover (USD m)	6.94	10.72	80.40	139.53	(40.70)
MarkEV P/E (x)	7.74	1.21	(1.38)	6.21	(13.40)
MarkEV Div. yld (%) *	4.14	63.66	(138.98)	(414.32)	(351.28)
MarkEV ROE (%) *	23.48	(43.03)	(178.13)	(260.87)	(1,378.61)

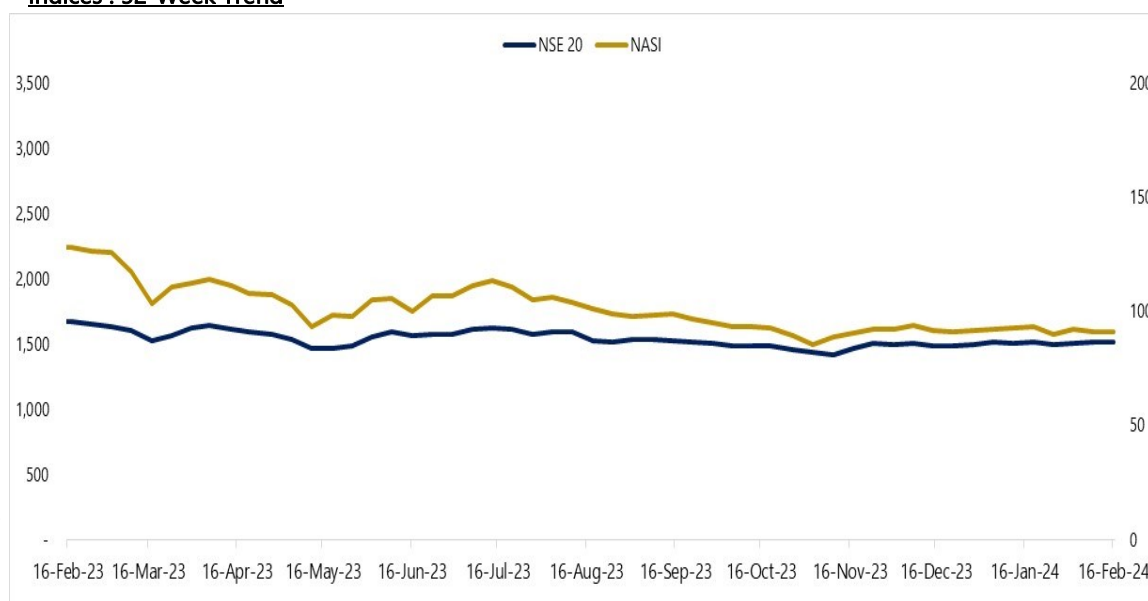
* Changes in % **Changes in bps -Market ROE is market cap weighted -ch: changes
(Source: NSE, DBIB Research)

USD | KES : 52-Week Trend

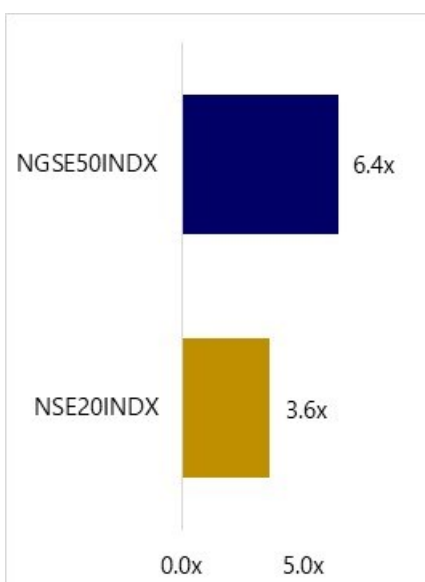


(Source: CBK, DBIB Research)

Indices : 52-Week Trend



PEER P/E MULTIPLES



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

*LTM Price/EPS

(Source: Bloomberg, DBIB Research)

WEEKLY BOURSE WRAP UP...

Safaricom emerged as the top traded counter on the bourse recording a weekly turnover of USD 4.48 MN (KES 0.65 BN) representing 64.51% of this week's turnover.

The stock edged up by 0.4% w-o-w to close at KES 13.10 on Friday.

Foreign investors assumed a **net selling position** on the counter this week by accounting for **86.91%** of foreign sales and **61.77%** of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Crown Paints	11.1
E.A. Portland Cement	9.5
TPS Eastern Africa	6.7
Britam	6.2
Kenya Power	6.0

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
WPP Scangroup	(13.5)
Express Kenya	(9.9)
Total Kenya	(7.0)
New Gold ETF	(7.0)
DTB Kenya	(6.7)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Safaricom	4.48
Equity Group	1.07
E.A. Breweries	0.36
KenGen	0.22
KCB Group	0.17

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Liberty Kenya	49.1
Uchumi	17.6
Sanlam	14.8
Eveready East Africa	13.0
Equity Group	12.8

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Express Kenya	(13.5)
Home Afrika	(13.5)
Umeme	(13.0)
CIC Insurance Group	(10.7)
Nairobi Business Ventures	(9.7)

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Crown Paints	99.2
Safaricom	61.8
E.A. Breweries	58.7
NSE	43.2
Kenya Re	21.0

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Kapchorua Tea	92.9
Safaricom	86.9
KenGen	83.4
Equity Group	81.8
New Gold ETF	74.2

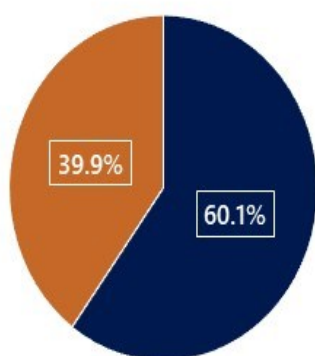
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
Crown Paints	90.5
Equity Group	78.2
Safaricom	70.5
E.A. Breweries	68.0
NSE	64.4

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
Equity Group	82.5
Safaricom	81.7
Bamburi	71.0
KenGen	69.3
Kapchorua Tea	59.6

WEEKLY LOCAL VS FOREIGN PARTICIPATION



■ Foreign Participation
■ Local Participation

(Source: NSE, DBIB Research)

The **Bond market's turnover** for the week stood at USD 164.75 MN (KES 24.03 BN) representing a 12.7% w-o-w increase from USD 146.20 MN (KES 23.41 BN) recorded the previous week.

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 164.75 MN (KES 24.03 BN) representing a 12.7% w-o-w increase from USD 146.20 MN (KES 23.41 BN) recorded the previous week. The bond issue number FXD1/2020/5Yr emerged as the top traded bond with a turnover of KES 9.78 BN accounting for 40.7% of the week's turnover. The bond traded between 14.6100% and 19.5000%.

Top Trades for the week ending 16 February 2024

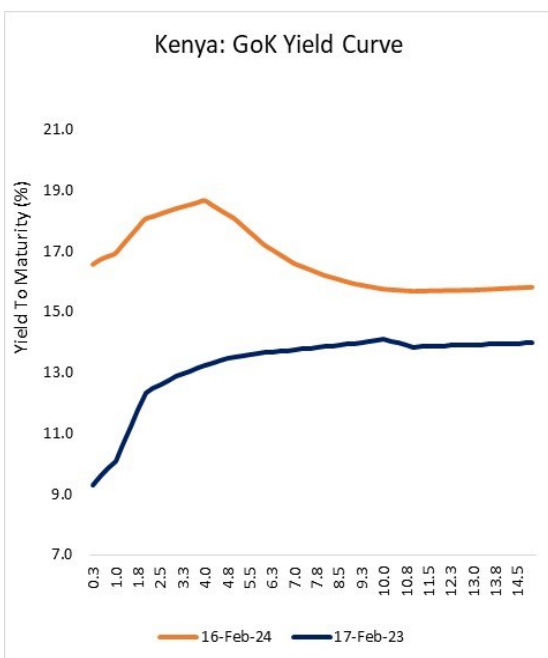
						Total
	Coupon	Yield	Price	Value		
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
12-Feb	FXD1/2020/5Yr	1.2	11.6670	18.0000	96.35	5,000.0
15-Feb	FXD1/2020/5Yr	1.2	11.6670	17.7600	96.73	2,000.0
15-Feb	FXD1/2020/5Yr	1.2	11.6670	17.7500	96.74	2,000.0
15-Feb	IFB1/2023/6.5Yr	6.2	17.9327	17.5000	105.83	2,000.0
13-Feb	FXD1/2009/15Yr	0.6	12.5000	18.1500	100.97	761.5
16-Feb	IFB1/2023/6.5Yr	6.2	17.9327	17.2724	106.58	750.0
14-Feb	FXD1/2020/5Yr	1.2	11.6670	18.2000	96.24	697.8
12-Feb	FXD1/2022/3Yr	1.2	11.7660	18.0000	97.77	512.4
12-Feb	IFB1/2021/18Yr	15.1	12.6670	15.8000	89.38	500.0
13-Feb	IFB1/2021/18Yr	15.1	12.6670	15.1000	92.44	500.0
14-Feb	IFB1/2023/6.5Yr	6.2	17.9327	17.5000	105.79	500.0
16-Feb	IFB1/2023/6.5Yr	6.2	17.9327	17.5000	105.88	500.0
16-Feb	IFB1/2023/6.5Yr	6.2	17.9327	17.3500	106.34	500.0
16-Feb	IFB1/2023/6.5Yr	6.2	17.9327	17.2630	106.60	455.0
16-Feb	FXD1/2022/3Yr	1.1	11.7660	18.2000	97.77	430.0
12-Feb	IFB1/2019/16Yr	11.7	11.7500	17.5000	78.36	375.0
13-Feb	FXD1/2023/5Yr	4.4	16.8440	17.5300	99.24	339.5
12-Feb	FXD1/2023/5Yr	4.4	16.8440	18.7000	95.82	285.0
13-Feb	FXD1/2023/5Yr	4.4	16.8440	18.3000	97.01	245.0
12-Feb	IFB1/2019/16Yr	11.7	11.7500	17.0000	80.15	215.0
14-Feb	IFB1/2023/17Yr	16.0	14.3990	15.5500	100.02	199.4
12-Feb	FXD1/2022/3Yr	1.2	11.7660	18.2800	97.50	162.4
12-Feb	IFB1/2019/16Yr	11.7	11.7500	17.0100	80.11	160.0
12-Feb	IFB1/2023/6.5Yr	6.2	17.9327	17.2000	106.60	159.0
13-Feb	IFB1/2019/16Yr	11.7	11.7500	14.6000	89.76	157.4
12-Feb	FXD1/2023/5Yr	4.4	16.8440	18.3000	96.96	150.0
13-Feb	IFB1/2023/6.5Yr	6.2	17.9327	17.2000	106.65	137.0

Source: NSE, DBIB Research)

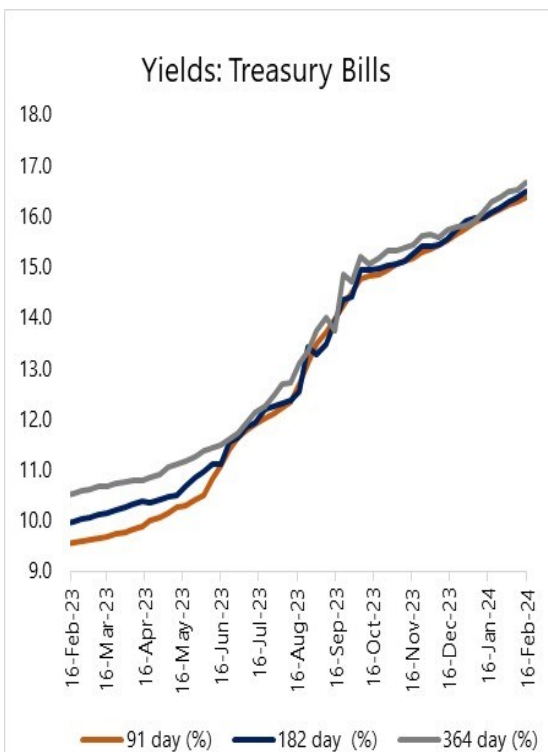
Treasury Bill auction for the week ending 16 February 2024

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	26.16	654.07	24.94	16.5539	5.0
182-day	10.00	11.23	112.29	9.83	16.7155	8.2
364-day	10.00	5.28	52.78	4.88	16.9188	6.1

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News

BAT KENYAN FY23 RESULTS.

.....
BAT Kenya released its FY23 results reporting a 19.2% y-o-y decline in after-tax profits to KES 5.6 BN on the back of a 6.7% y-o-y net revenue decline to KES 25.5 BN paired with a 5.5% y-o-y increase in excise duty and VAT to KES 15.7 BN.
.....

BAT Kenya released its FY23 results reporting a 19.2% y-o-y decline in after-tax profits to KES 5.6 BN on the back of a 6.7% y-o-y net revenue decline to KES 25.5 BN paired with a 5.5% y-o-y increase in excise duty and VAT to KES 15.7 BN. A final dividend of KES 45.00 per share was declared to be paid on or about 26th June 2024 to shareholders on the register as at 24th May 2024. This implies a total dividend of KES 50.00 per share (interim dividend was KES 5.00). EPS for the period stands at KES 55.68 (-19.2% y-o-y).

Net revenue shrank by 6.7% y-o-y to KES 25.5 BN. This was on account of a 2.4% y-o-y decline in gross revenue to KES 41.2 BN and a 5.5% y-o-y increase in Excise duty and VAT to KES 15.7 BN. Gross revenue decline was attributed to lower domestic sales volumes on account of reduction in disposable income, phased passing-on of the FY22 excise tax increase and customer downtrading. Notably, there was no review of excise for inflation in FY23, partly supporting stability in pricing.

Cost of operations increased by 0.8% y-o-y to KES 17.6 BN on the back of lower production volumes and higher input costs (especially on imported raw materials on account of currency depreciation) and further due to global inflation increase impacting input prices in the period. As a result, operating profit margin deteriorated by 508 bps y-o-y to 31.0% (FY22: 36.1%). BATK's factory utilization was indicated at 65.0%.

Total assets increased by a marginal 0.4% y-o-y (-9.5% h-o-h) to KES 24.0 BN on the back of a 2.4% y-o-y decrease in non-current assets to KES 11.8 BN and a 3.3% y-o-y increase in current assets to KES 12.2 BN. Total liabilities increased by 3.1% y-o-y to KES 7.8 BN as a result of a 5.8% y-o-y increase in current liabilities to KES 5.8 BN and a 4.0% y-o-y decrease in non-current liabilities to KES 2.0 BN. Current ratio in turn stood at 2.1x. Total shareholders' funds declined by 0.8% y-o-y to KES 16.2 BN.

On a trailing basis, BATK is trading at a P/E multiple of 7.6x against a sector median of 6.2x and a P/B multiple of 2.6x against a sector median of 0.4x. Its ROE stands at 34.3%, against a sector median of 5.6% whereas ROA stands at 23.2%, against a sector median of 4.3%

(Source: Company filings, DBIB Research)

UPCOMING EVENTS

Profit Warnings

1. Nation Media
2. Car & General
3. Crown Paints
4. WPP Scangroup
5. Sameer Africa
6. Kakuzi
7. Express Kenya
8. Limuru Tea
9. Umeme
10. NIC Holdings.

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
Umeme	Interim: UGX 24.00	09-Feb-24	29-Feb-24
Sasini	Final: KES 0.50	22-Feb-24	22-Mar-24
BAT Kenya	Final: KES 45.00	24-May-24	26-Jun-24

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
Sasini	11:00 a.m.	Virtual	07-Mar-24
BAT Kenya	10:00 a.m.	Virtual	26-Jun-24

(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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