

DBIB WEEKLY BULLETIN

WEEK 04

Date: 26.01.2024

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INDICES & MARKET METRICS MOVEMENT

NSE 20 and NASI shed by 1.2% and 3.2% w-o-w to close at 1497.97 and 90.37 respectively.

Weekly equity turnover dropped by 11.3% w-o-w to close at USD 3.4 MN (KES 0.55 BN).

USD | KES: KES weakened by 0.1% w-o-w to close at 160.62 (-2.66% year-to-date).

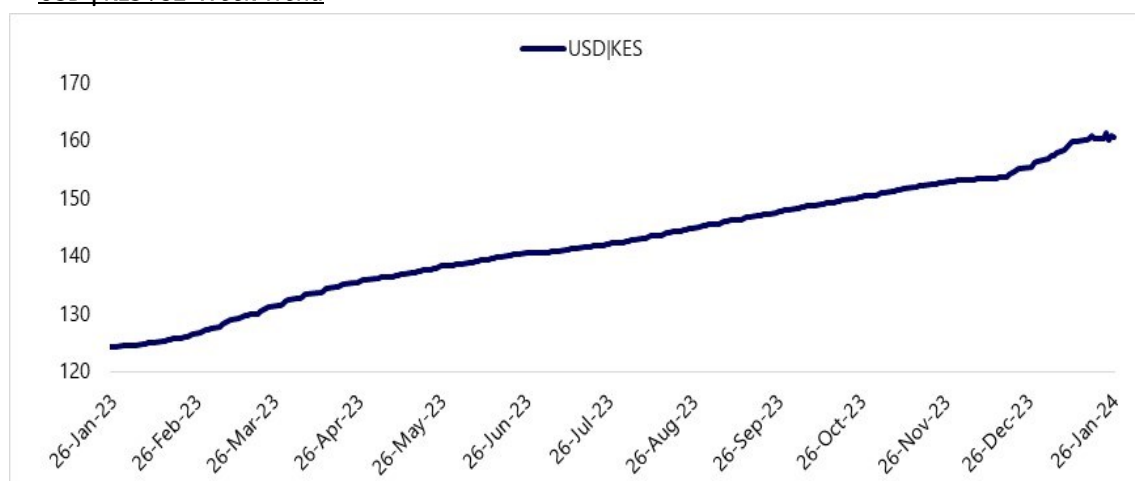
Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	90.37	(3.21)	1.06	(14.17)	(1.89)
NSE-20	1,497.97	(1.24)	2.46	(5.06)	(0.21)
DBIB Select	82.21	(1.47)	(0.45)	(5.96)	0.23
MSCI Kenya (USD)	540.51	(2.41)	(6.68)	(27.36)	(2.27)
MSCI Frontier (USD)	513.17	(0.31)	9.92	0.10	1.22

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
MarkEV Cap. (USD m)	1,411.90	(3.21)	(1.88)	1.06	(13.88)
MarkEV Turnover (USD m)	3.41	(11.33)	32.48	(77.42)	(88.79)
MarkEV P/E (x)	7.55	(3.74)	(1.85)	(8.93)	(23.55)
MarkEV Div. yld (%) *	3.53	(37.44)	(571.34)	(471.34)	(416.73)
MarkEV ROE (%) *	23.92	(149.03)	(327.61)	(254.67)	(1,345.61)

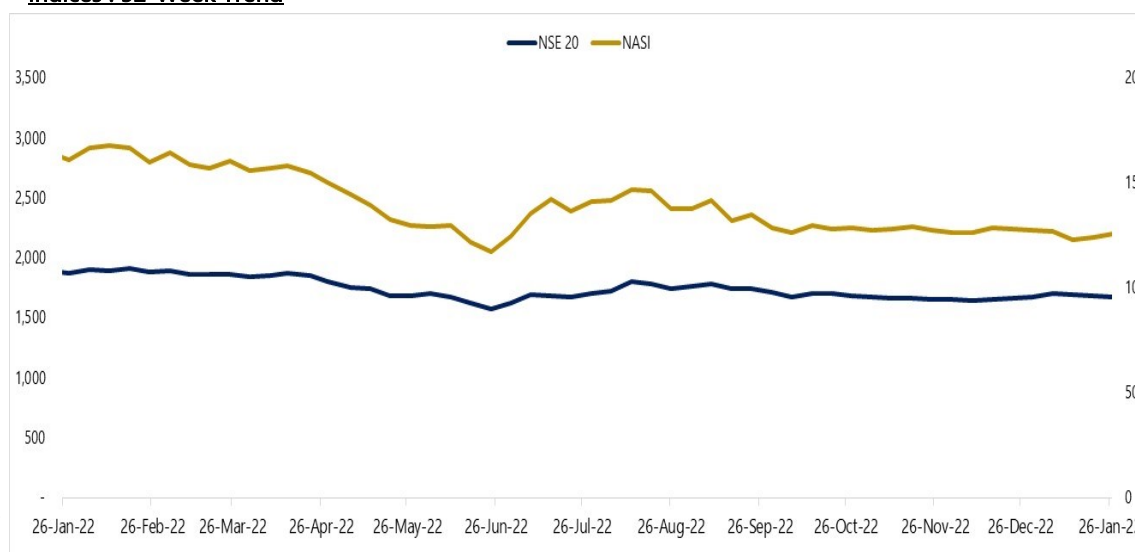
* Changes in % **Changes in bps -Market ROE is market cap weighted -ch: changes
(Source: NSE, DBIB Research)

USD | KES : 52-Week Trend



(Source: CBK, DBIB Research)

Indices : 52-Week Trend



(Source: NSE, DBIB Research)

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.

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Equity Group emerged as the top traded counter on the bourse recording a weekly turnover of USD 1.44 MN (KES 0.23 BN) representing 42.20% of this week's turnover.

The stock **gained** by 1.7% w-o-w to close at KES 37.10 on Friday.

Foreign investors assumed a **net selling position** on the counter this week by accounting for **87.77%** of foreign sales and **84.29%** of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Car & General	8.0
Bamburi Cement	7.8
Co-operative Bank	5.7
Trans-Century	4.4
Sameer Africa	3.9

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
E.A. Breweries	(11.4)
TPS Eastern Africa	(7.9)
Sanlam	(7.6)
Britam	(7.3)
Safaricom	(6.1)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Equity Group	1.44
Safaricom	0.70
KCB Group	0.42
Stanbic Kenya	0.29
Co-operative Bank	0.08

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Liberty Kenya	37.7
Sanlam	17.0
WPP Scangroup	12.5
Williamson Tea	12.4
Bamburi Cement	11.6

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Eaagads	(10.4)
CIC Insurance	(10.3)
E.A. Breweries	(9.6)
NBV	(9.3)
Trans-Century	(8.3)

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
NSE	92.8
Equity	84.3
KCB	82.8
Jubilee	78.8
Safaricom	63.3

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Portland Cement	100.0
Equity	87.8
Jubilee	78.8
Centum	66.1
Safaricom	62.0

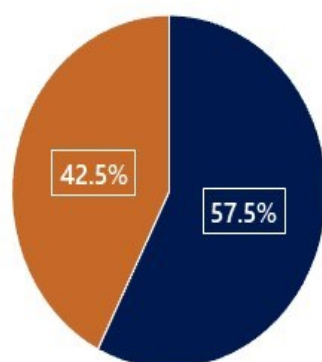
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
Safaricom	77.8
EABL	73.6
NSE	67.7
KCB	66.1
Jubilee	48.7

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
Jubilee	84.8
Equity	75.6
Safaricom	74.7
Bamburi	73.6
EABL	65.7

WEEKLY LOCAL VS FOREIGN PARTICIPATION



- Foreign Participation
- Local Participation

(Source: NSE, DBIB Research)

The **Bond market's turnover** for the week stood at USD 119.77 MN (KES 19.24 BN) representing a 10.7% w-o-w rise from USD 108.24 MN (KES 17.36 BN) recorded the previous week.

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 119.77 MN (KES 19.24 BN) representing a 10.7% w-o-w rise from USD 108.24 MN (KES 17.36 BN) recorded the previous week. The bond issue number IFB1/2023/6.5Yr emerged as the top traded bond with a turnover of KES 4.5 BN accounting for 23.2% of the week's turnover. The bond traded between 16.1600% and 19.0955%.

February Bond Issue: IFB1/2024/8.5

The Central Bank of Kenya (CBK) has newly issued the infrastructure bond IFB1/2024/8.5 with the intention of raising KES 70.0 BN for the funding of infrastructure projects in the financial year 2023/2024 budget estimates. The coupon rate will be market determined. The period of sale runs from 24th January 2024 to 14th February 2024.

Top Trades for the week ending 26 January 2024

						Total
	Coupon	Yield	Price	Value		
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
25-Jan	FXD1/2009/15Yr	0.7	12.5000	17.9500	100.19	1,750.0
24-Jan	FXD1/2023/2Yr	1.6	16.9723	18.3500	105.42	1,000.0
24-Jan	FXD1/2020/5Yr	1.3	11.6670	18.0000	95.49	1,000.0
22-Jan	IFB1/2023/6.5Yr	6.3	17.9327	17.4269	104.89	500.0
25-Jan	IFB1/2023/6.5Yr	6.3	17.9327	17.2000	105.74	500.0
23-Jan	IFB1/2023/6.5Yr	6.3	17.9327	17.3000	105.33	467.0
24-Jan	FXD1/2013/15Yr	4.0	11.2500	18.4000	85.20	445.1
26-Jan	IFB1/2023/6.5Yr	6.3	17.9327	17.5850	104.60	400.0
23-Jan	IFB1/2022/14Yr	12.8	13.9380	16.9000	89.13	380.0
25-Jan	IFB1/2022/14Yr	12.8	13.9380	14.8000	98.48	380.0
22-Jan	IFB1/2023/6.5Yr	6.3	17.9327	17.7000	104.06	379.0
23-Jan	IFB1/2023/6.5Yr	6.3	17.9327	17.3200	105.27	376.0
26-Jan	FXD2/2019/15Yr	10.2	12.7340	15.8000	87.43	325.0
22-Jan	IFB1/2020/9Yr	5.2	10.8500	18.5300	86.57	300.0
22-Jan	IFB1/2023/7Yr	6.4	15.8370	17.0250	97.69	300.0

Sell & Buy Backs

23-Jan	FXD1/2021/25Yr	0.0	13.9240	16.3000	88.78	600.00
23-Jan	FXD1/2021/25Yr	0.0	13.9240	15.5000	93.12	600.00

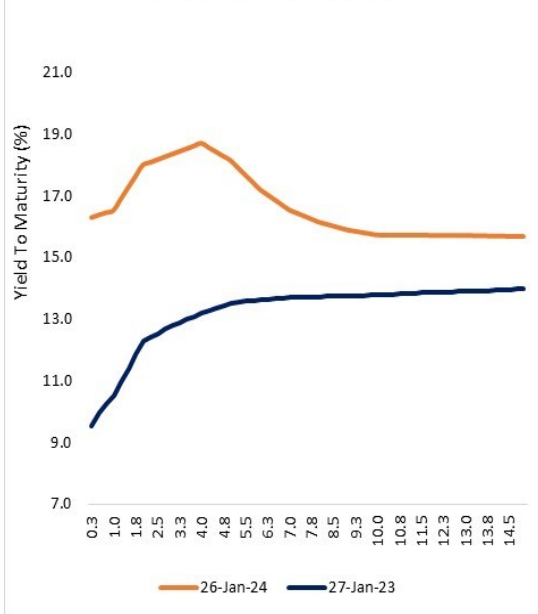
(Source: NSE, DBIB Research)

Treasury Bill auction for the week ending 26 January 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	16.56	413.96	14.03	16.2903	5.6
182-day	10.00	5.24	52.43	5.22	16.3756	7.5
364-day	10.00	2.67	26.72	2.66	16.5225	3.1

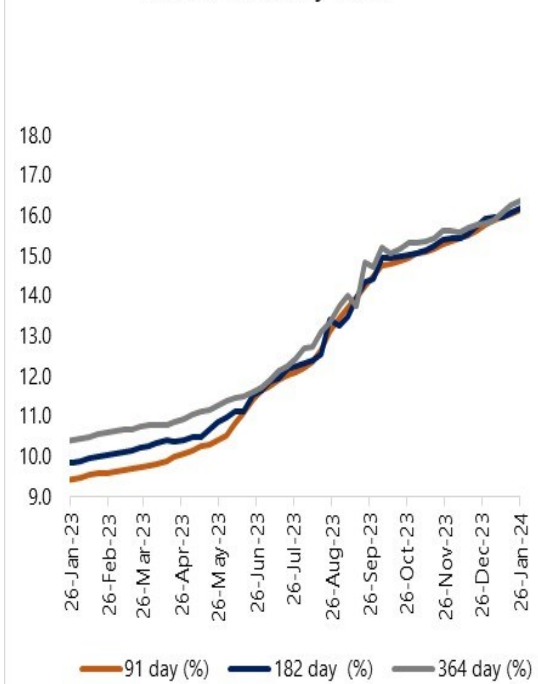
(Source: NSE, DBIB Research)

Kenya: GoK Yield Curve



Source: NSE, DBIB Research

Yields: Treasury Bills



Source: NSE, DBIB Research

Salient News

East African Breweries 1H24 Results.

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East African Breweries (EABL) released its 1H24 results, reporting a 22.1% y-o-y decline in after-tax profits to KES 6.8 BN.
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East African Breweries (EABL) released its 1H24 results, reporting a 22.1% y-o-y decline in after-tax profits to KES 6.8 BN. Net revenue however grew by 16.2% y-o-y to KES 66.5 BN against a 13.8% y-o-y increase in gross sales to KES 119.1 BN and a slower 10.8% y-o-y increase in indirect taxes to KES 52.5 BN. Basic EPS declined by 20.0% y-o-y to KES 13.80. An interim dividend of KES 1.00 per share was recommended, to be paid on or about 26th April 2024 to shareholders on the register as at 16th February 2024.

Net revenue grew by 16.2% y-o-y to KES 66.5 BN on the back of a 2.0% y-o-y increase in volumes. The Company recorded a 10.0% y-o-y increase in net revenue from Kenya (contributing 63.0% of total net sales), 31.0% y-o-y increase in net revenue from Uganda (contributing 22.0% of total net sales) and 9.0% increase in net revenue from Tanzania (contributing 15.0%). Kenya's net sales performance was boosted by the absence of excise adjustment for inflation during the period, implying price stability. Management stated that the depreciation of the KES against the UGX and TZS boosted net sales performance from the two export markets.

Gross profit grew by 11.1% y-o-y to KES 29.5 BN, marking a slow-down compared to net revenue growth on account of faster increase in cost of sales (+20.6% y-o-y to KES 37.0 BN). The cost of sales increase was largely attributed to increase in excise taxes on glass (+10.0%), sugar (+5.0%) and fuel (+39.0%). Ethanol price increase (+15.0%) further impacted the cost of sales. Management pointed out that inflation on barley remained subdued at 3.0% compared to >30.0% increase in 1H23. The gross profit margin in turn deteriorated by 204 bps y-o-y to stand at 44.3% (1H23: 46.4%).

The cost of operations increased by 18.4% y-o-y to KES 13.1 BN while net finance costs went up by 65.7% y-o-y to KES 3.9 BN. Finance cost increase was on the back of currency depreciation and rising interest rates. Foreign exchange losses increased 10-fold to stand at KES 2.3 BN, impacted by depreciating currency and higher ethanol importation. Operating profit margin in turn deteriorated by 240 bps y-o-y to stand at 24.6% (1H23: 27.0%).

Net cash from operating activities grew by 182.1% y-o-y to KES 13.5 BN, net cash used in investing activities increased by 257.6% y-o-y to KES 7.9 BN while net cash used in financing activities declined by 35.9% y-o-y to KES 4.3 BN. Consequently, the company's cash position at the end of the year improved by 154.2% y-o-y to KES 10.7 BN.

(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

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
KenGen	First & Final: KES 0.30	30-Nov-23	15-Feb-24
Umeme	Interim: UGX 24.00	09-Feb-24	29-Feb-24
Sasini	Final: KES 0.50	22-Feb-24	22-Mar-24
<u>East African Breweries</u>	Interim: KES 1.00	16-Feb-24	26-Apr-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

(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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