

DBIB WEEKLY BULLETIN

WEEK 20

Date: 17.05.2024

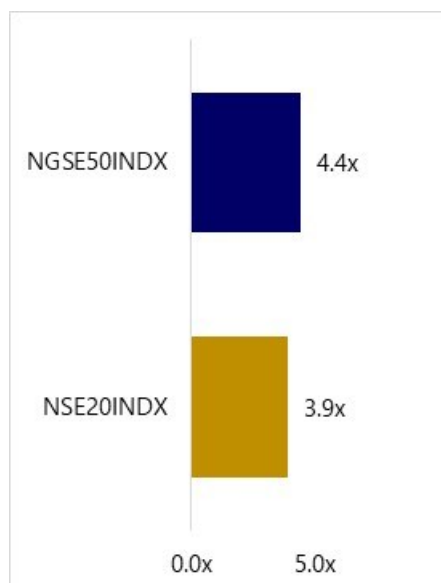
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INDICES & MARKET METRICS MOVEMENT

PEER P/E MULTIPLES



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

*LTM Price/EPS

(Source: Bloomberg, DBIB Research)

Index	Current	1 wk (%)	3 m (%)	6 m (%)	YTD (%)
NASI	110.51	3.78	21.33	22.11	19.98
NSE-20	1,704.97	2.70	12.06	15.82	13.58
DBIB Select	90.76	1.13	9.88	11.50	10.66
MSCI Kenya (USD)	853.14	4.40	42.53	46.50	54.26
MSCI Frontier (USD)	527.85	1.62	3.06	8.60	4.12

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,726.50	3.78	3.66	21.33	22.11
Market Turnover (USD m)	6.74	(22.21)	(44.68)	(2.86)	132.68
Market P/E (x)	7.73	2.73	(3.89)	(0.10)	6.11
Market Div. yld (%) *	8.06	(17.06)	392.60	253.62	(202.33)
Market ROE (%) *	22.28	17.80	(119.95)	(298.09)	(668.40)

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

(Source: NSE, DBIB Research)

Exchange Rate Statistics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
KES/USD*	130.73	0.40	10.37	0.14	0.05
KES/GBP*	165.46	(1.03)	9.85	0.12	0.03
KES/EUR*	141.93	(0.58)	9.57	0.14	0.04
Fx Reserve (USD MN)*	7,130.00	(0.70)	1.41	0.05	0.13
Fx reserve: Import Cover**	3.80	-	-	0.20	0.30
Inflation**	5.00	-	(131.00)	(180.00)	(303.00)
CBR**	13.00	-	-	250.00	350.00

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

(Source: NSE, DBIB Research)

Weekly Market Summary

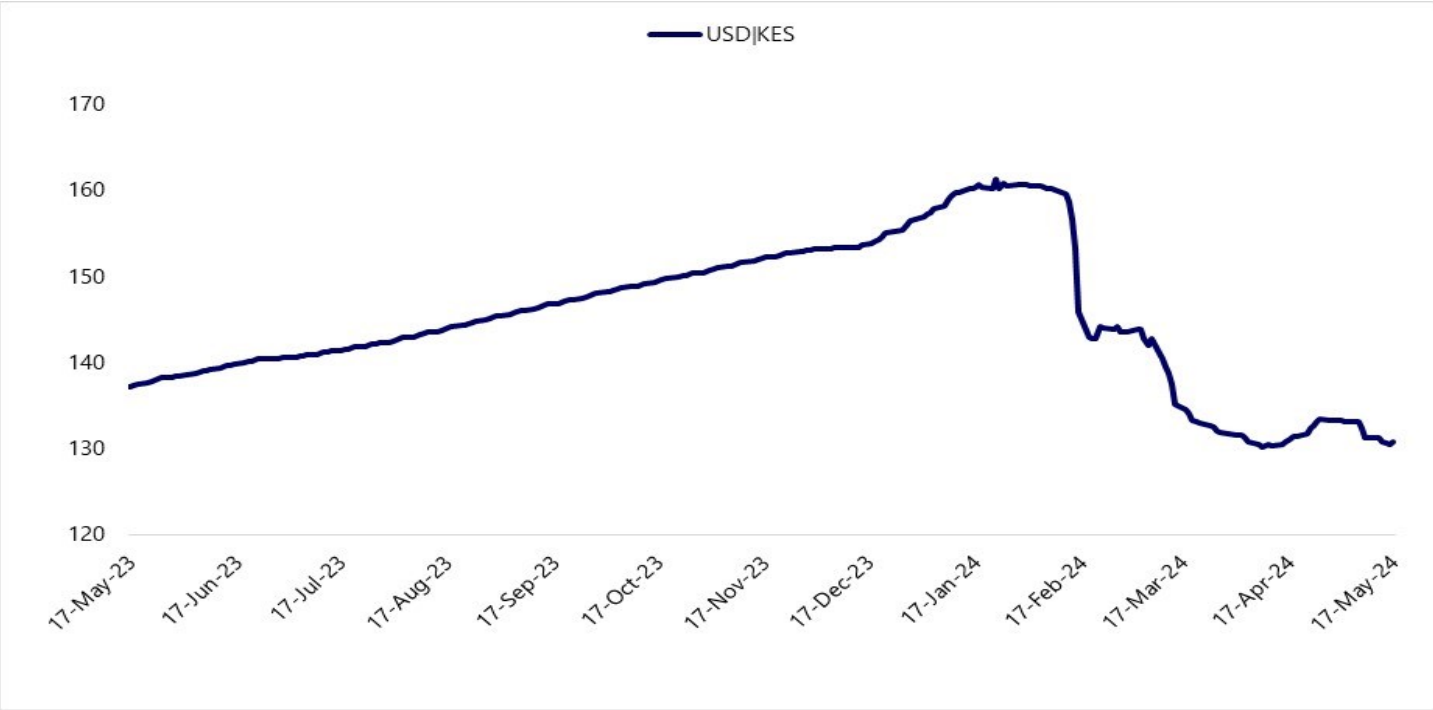
NSE 20 and **NASI** rose 2.7% and 3.8% w-o-w to close at 1704.97 and 110.51 respectively.

Weekly equity turnover declined by 22.2% w-o-w to close at USD 6.74 MN (KES 0.88 BN).

USD | KES: KES strengthened by 0.40% w-o-w to close at 130.73 (16.4% year-to-date).

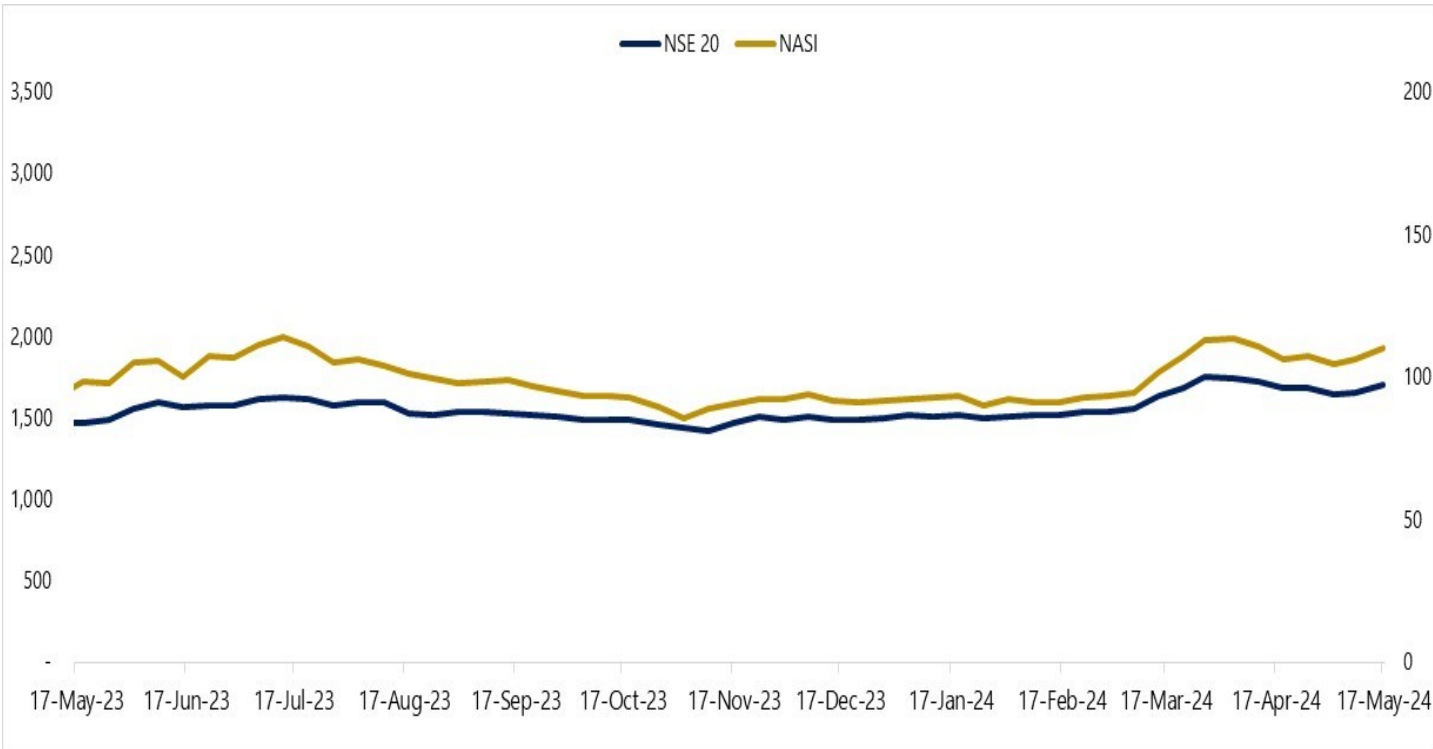
INDICES & MARKET METRICS MOVEMENT

USD | KES : 52-Week Trend



(Source: CBK, DBIB Research)

Indices : 52-Week Trend



(Source: NSE, DBIB Research)

WEEKLY BOURSE WRAP UP...

.....
Equity Group emerged as the top traded counter on the bourse recording a weekly turnover of USD 1.82 MN (KES 0.24 BN) representing 26.94% of this week's turnover.

The stock **increased** 7.0% w-o-w to close at KES 44.85 on Friday.

Foreign investors assumed a **net selling position** on the counter this week by accounting for **73.91%** of foreign sales and **63.05%** of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Standard Group	9.8
Eaagads	9.8
Nation Media Group	9.7
Kapchorua Tea	7.4
<u>Equity Group</u>	<u>7.0</u>

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
TPS Eastern Africa	(8.3)
Express Kenya	(7.2)
Williamson Tea Kenya	(3.8)
NBV	(3.4)
<u>TotalEnergies</u>	<u>(3.1)</u>

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
Equity Group	1.82
Safaricom	1.41
KCB Group	1.00
Co-operative Bank	0.53
<u>BAT Kenya</u>	<u>0.47</u>

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
Liberty Kenya	49.1
KCB Group	45.4
Bamburi Cement	35.5
E.A. Breweries	33.9
<u>Equity Group</u>	<u>33.3</u>

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Express Kenya	(23.2)
E.A.Portland Cement	(21.0)
NBV	(19.1)
TPS Eastern Africa	(16.4)
<u>Standard Group</u>	<u>(14.8)</u>

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
Safaricom	81.4
KCB Group	66.0
Equity Group	63.1
Absa Bank	34.7
<u>Stanchart Bank</u>	<u>12.8</u>

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
E.A. Breweries	92.1
Crown Paints	75.3
Equity Group	73.9
Kapchorua Tea	68.0
<u>Safaricom</u>	<u>64.3</u>

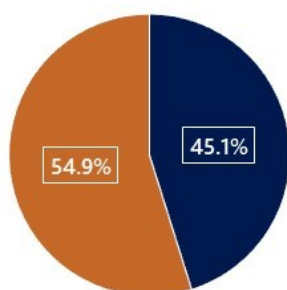
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
BK Group	96.6
E.A. Breweries	77.2
Crown Paints	73.2
Equity Group	71.2
<u>Umeme</u>	<u>70.7</u>

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
Umeme	80.7
Safaricom	79.6
Equity Group	78.9
KenGen	75.1
<u>Centum</u>	<u>73.6</u>

WEEKLY LOCAL VS FOREIGN PARTICIPATION



■ Foreign Participation
 ■ Local Participation

(Source: NSE, DBIB Research)

The **Bond market's turnover** for the week stood at USD 1220.95 MN (KES 28.88 BN) representing a 18.3% w-o-w increase from USD 186.80 MN (KES 24.52 BN) recorded the previous week.

FROM THE FIXED INCOME DESK

The Bond market's turnover for the week stood at USD 1220.95 MN (KES 28.88 BN) representing a 18.3% w-o-w increase from USD 186.80 MN (KES 24.52 BN) recorded the previous week. The bond issue number IFB1/2024/8.5Yr emerged as the top traded bond with a turnover of KES 13.56 BN accounting for 47.0% of the week's turnover. The bond traded between 15.0350% and 19.7059%.

May Tap Sale: FXD1/2024/010

The Central Bank of Kenya (CBK) opened a tap sale on FXD1/2024/10 (9.9 years) with the intention of raising KES 15.0 BN for budgetary support. From the auction, the CBK received bids worth KES 7.1 BN translating to a subscription rate of 47.38%. In turn, it accepted bids worth KES 7.0 BN. The coupon rate for FXD1/2024/10 was fixed at 16.0000%.

Top Trades for the week ending 17 May 2024

						Total
	Coupon	Yield	Price	Value		
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
16-May	IFB1/2024/8.5Yr	8.2	18.4607	17.0000	109.76	3,031.0
16-May	IFB1/2024/8.5Yr	8.2	18.4607	16.9500	109.95	1,950.0
15-May	IFB1/2024/8.5Yr	8.2	18.4607	16.9500	109.91	1,700.0
14-May	IFB1/2023/6.5Yr	6.0	17.9327	16.8500	103.21	1,500.0
17-May	IFB1/2024/8.5Yr	8.2	18.4607	16.9500	110.00	1,153.8
15-May	IFB1/2023/6.5Yr	6.0	17.9327	16.5000	104.31	1,150.0
15-May	IFB1/2024/8.5Yr	8.2	18.4607	17.0000	109.71	1,000.0
14-May	IFB1/2023/6.5Yr	6.0	17.9327	16.8150	103.32	650.0
15-May	IFB1/2023/6.5Yr	6.0	17.9327	16.8000	103.41	650.0
15-May	IFB1/2024/8.5Yr	8.2	18.4607	16.8125	110.44	620.0
15-May	FXD1/2023/2Yr	1.3	16.9723	16.6000	104.34	600.0
16-May	IFB1/2023/6.5Yr	6.0	17.9327	16.5000	104.36	515.0
13-May	FXD1/2023/2Yr	1.3	16.9723	16.6500	104.19	500.0

Sell & buy-backs

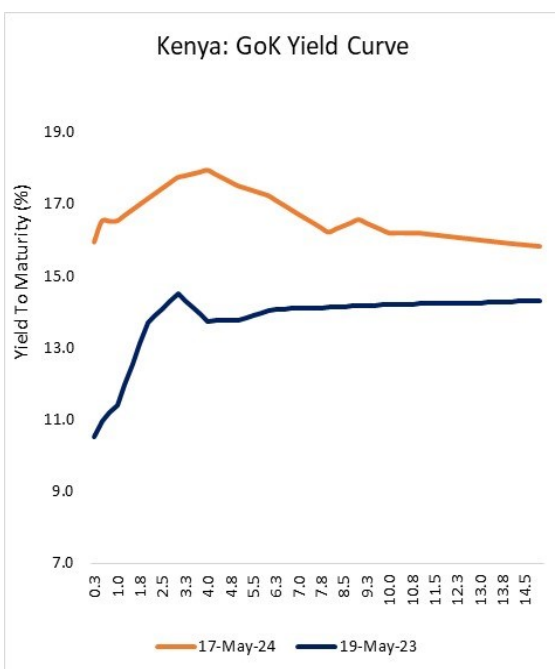
16-May	IFB1/2023/6.5Yr	6.0	17.9327	17.9327	100.14	200.0
16-May	IFB1/2024/8.5Yr	8.2	18.4607	18.4607	104.31	200.0
13-May	IFB1/2016/15Yr	7.4	12.0000	15.5000	88.53	176.3
16-May	IFB1/2023/7Yr	6.1	15.8370	15.8370	106.48	100.0

Source: NSE, DBIB Research)

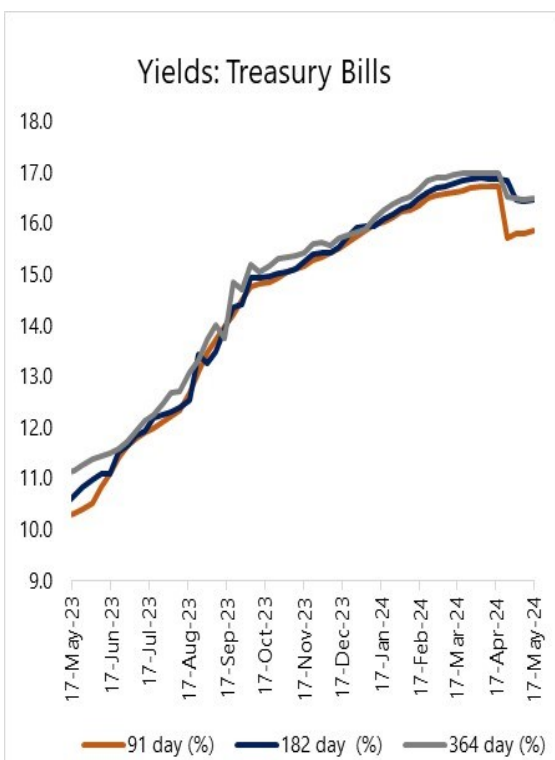
Treasury Bill auction for the week ending 17 May 2024

Instrument	Amount (KES Bn)	Bids Received (KES Bn)	Subscription Rate (%)	Bids Accepted (KES Bn)	Yield (%)	w-o-w bps ch
91-day	4.00	13.01	325.35	12.76	15.937	3.3
182-day	10.00	18.04	180.44	17.81	16.518	1.6
364-day	10.00	15.68	156.83	15.51	16.530	2.3

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News

Co-operative Group 1Q4 Earnings

.....
CO-OP Group released its 1Q24 results reporting a 7.7% y-o-y growth in after tax profits to KES 6.6 BN.
.....

CO-OP Group released its 1Q24 results reporting a 7.7% y-o-y growth in after tax profits to KES 6.6 BN. The rise in profitability was mainly underpinned by a 8.6% y-o-y rise in net interest income to KES 11.7 BN and a 30.8% y-o-y surge in net income from forex dealings to KES 1.4 BN. EPS for the period went up by 7.7% y-o-y to KES 1.12 (1Q23: KES 1.04).

Net interest income rose by 8.6% y-o-y to KES 11.7 BN, lifted by an 24.7% y-o-y growth in total interest income to KES 19.4 BN against a 60.8% y-o-y rise in total interest expenses to KES 7.7 BN.

Non-funded income edged down by 0.3% y-o-y to KES 7.1 BN largely driven by a 14.7% y-o-y drop-in fees and commissions on loans and advances to KES 2.9 BN and a 30.8% y-o-y jump in forex trading income to KES 1.4 BN. Other fees and commissions edged up by 2.7% y-o-y to KES 2.6 BN while other income increased by 61.6% y-o-y to KES 174.5 MN. Total operating income rose by 5.1% y-o-y to KES 18.8 BN. The contribution of non-funded income to total operating income declined by 204 bps y-o-y to 37.7% (1Q23: 39.7%).

The group's operating expenses (minus provisions) eased marginally by 0.1% y-o-y to KES 8.3 BN mainly on the back of a 12.6% y-o-y rise in staff costs to KES 4.5 BN and an 18.8% y-o-y decrease in other expenses to KES 2.6 BN. The group's cost-to-income ratio decreased by 230 bps y-o-y to 44.1%.

Loan loss provisions increased by 3.9% y-o-y to KES 1.6 BN as gross non-performing loans for the group advanced by 19.4% y-o-y to KES 66.5 BN (-0.7% q-o-q). Consequently, the group's estimated NPL ratio eased by 173 bps y-o-y to 15.0%.

Net loans and advances to customers rose by 5.0% y-o-y to KES 378.1 BN (-3.8% q-o-q). Government and investment securities went up by 11.5% y-o-y to KES 201.9 BN (-5.1% q-o-q). On the funding side, customer deposits increased by 14.8% y-o-y to KES 481.8 BN (-7.1% q-o-q) while borrowed funds inclined by 24.1% y-o-y to KES 60.1 BN (-28.1% q-o-q).

On a trailing basis, Co-op Group is currently trading at a P/E multiple of 3.1x against an industry median of 3.4x and a P/B multiple of 0.6x commensurate with the industry median of 0.7x. Its ROE stands at 18.6% while its ROA stands at 3.3%.

(Source: Company filings, DBIB Research).

Salient News

Equity Group 1Q24 Earnings

.....
Equity Group released its 1Q24 results reporting a 25.2% y-o-y growth in after tax profits to KES 16.0 BN.
.....

Equity Group released its 1Q24 results reporting a 25.2% y-o-y growth in after tax profits to KES 16.0 BN. Profitability growth was backed by a 21.0% y-o-y jump in non-funded income to KES 22.2 BN and a 28.4% y-o-y growth in net interest income to KES 27.8 BN. EPS for the period stood at KES 4.08 (1Q23: KES 3.26).

Net interest income advanced by 28.4% y-o-y to KES 27.8 BN, characterized by a 32.7% y-o-y growth in total interest income to KES 43.0 BN against a 41.4% y-o-y rise in total interest expenses to KES 15.2 BN.

Non-funded income went up by 21.0% y-o-y to KES 22.2 BN principally driven by a 127.5% y-o-y surge in other operating income to KES 4.8 BN and a 19.2% y-o-y increase in other fees and commissions to KES 10.9 BN. Fees and commissions on loans and advances rose by 37.6% y-o-y to KES 2.8 BN while net income from forex dealings declined by 25.6% y-o-y to KES 3.8 BN. The contribution of non-funded income to total income decreased by 147 bps y-o-y to 44.4% (1Q23: 45.9%).

Operating expenses (excluding provisions) climbed by 19.7% y-o-y to KES 23.6 BN largely buoyed by a 20.0% y-o-y rise in other expenses to KES 13.5 BN and a 18.4% y-o-y advancement in staff costs to KES 7.9 BN. The group's cost-to-income ratio (excluding provisions) declined by 137 bps y-o-y to 47.1% (1Q23: 49.2%).

Loan loss provisions jumped by 74.5% y-o-y to KES 6.1 BN as gross non-performing loans for the group advanced by 50.0% y-o-y to KES 120.4 BN (+5.1% q-o-q). The NPL ratio increased by 379 bps y-o-y to 13.4%.

Net loans and advances rose by 3.0% y-o-y to KES 779.3 BN (-12.2% q-o-q) in comparison to a 20.6% y-o-y rise in government and investment securities to KES 473.2 BN (-5.5% q-o-q). On the funding side, customer deposits improved by 11.3% y-o-y to KES 1.2 TN (-9.0% q-o-q) while borrowed funds decreased by 3.9% y-o-y to KES 109.6 BN (+13.6% q-o-q).

On a trailing basis, Equity Group is currently trading at a P/E multiple of 3.5x against an industry median of 3.4x and a P/B multiple of 0.7x against an industry median of 0.7x. Its ROE stands at 21.4% while its ROA stands at 2.7%.

(Source: Company filings, DBIB Research).

UPCOMING EVENTS

Profit Warnings

1. Car & General
2. Eaagads

<u>Company</u>	<u>Announcement</u>	<u>Book Closure</u>	<u>Payment</u>
BAT Kenya	Final: KES 45.00	24-May-24	26-Jun-24
Stanbic	Final: KES 14.20	17-May-24	06-Jun-24
Standard Chartered	Final: KES 23.00	19-Apr-24	30-May-24
Absa Bank	Final: KES 1.350	30-Apr-24	23-May-24
Kakuzi	First & Final: KES 24.00	31-May-24	15-Jun-24
Co-operative Bank	First & Final: KES 1.50	29-Apr-24	10-Jun-24
I&M Group	First & Final: KES 2.55	18-Apr-24	24-May-24
Limuru Tea	Final: KES 1.00	15-Apr-24	30-Jun-24
Umeme	Final: UGX 54.20	28-Jun-24	19-Jul-24
DTB Kenya	First & Final: KES 6.00	24-May-24	28-Jun-24
Equity Group	First & Final: KES 4.00	24-May-24	28-Jun-24
NCBA Group	Final: KES 3.00	30-Apr-24	29-May-24
NSE	Final: KES 0.16	30-May-24	31-Jul-24
Bamburi	Final: KES 5.47	24-May-24	25-Jul-24
Liberty Kenya	Final: KES 0.373	STA*	STA*
TotalEnergies	First & Final: KES 1.92	27-Jun-24	31-Jul-24
BOC Kenya	First & Final: KES 6.05	31-May-24	21-Jul-24

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
BK Group	10:00 a.m.	Hybrid	22-May-24
KCB Group	10:00 a.m.	Virtual	23-May-24
Liberty Kenya	10:00 a.m.	Virtual	24-May-24
I&M Group	10:30 a.m.	Virtual	24-May-24
HF Group	11:00 a.m.	Virtual	28-May-24
NSE	11:00 a.m.	Virtual	29-May-24
NCBA	10:00 a.m.	Virtual	29-May-24
CIC Insurande	10:00 a.m.	Virtual	07-Jun-24
BOC Kenya	11:00 a.m.	Virtual	21-Jun-24
DTB Kenya	10:00 a.m.	Virtual	21-Jun-24
Car & General Kenya	10:00 a.m.	Hybrid	25-Jun-24
BAT Kenya	10:00 a.m.	Virtual	26-Jun-24
Equity Group	10:00 a.m.	Virtual	26-Jun-24
Sanlam	10:00 a.m.	Virtual	26-Jun-24
TotalEnergies	10:00 a.m.	Virtual	27-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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