

DBIB WEEKLY BULLETIN

WEEK 22

Date: 31.05.2024

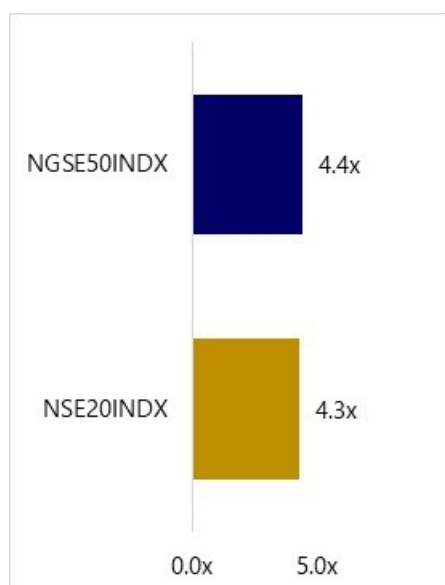
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INDICES & MARKET METRICS MOVEMENT

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	112.98	(0.11)	21.16	22.44	22.66
NSE-20	1,722.49	0.29	11.91	15.26	14.74
DBIB Select	90.46	(1.14)	9.19	10.55	10.30
MSCI Kenya (USD)	867.41	0.27	43.01	46.42	56.84
MSCI Frontier (USD)	526.60	(0.15)	1.53	6.79	3.87

(Source: NSE, Bloomberg, DBIB Research)

Market Metrics	Current	1 wk (ch)	3 m (ch)	6 m (ch)	12 m (ch)
Market Cap. (USD m)	1,765.15	(0.11)	7.97	21.16	22.44
Market Turnover (USD m)	89.45	428.01	1,735.01	739.44	1,078.81
Market P/E (x)	8.00	1.14	11.60	3.52	4.35
Market Div. yld (%) *	7.92	3.99	236.45	397.29	(153.45)
Market ROE (%) *	22.48	2.11	(72.49)	(304.49)	(670.72)

* 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*	130.23	1.13	9.26	0.15	0.06
KES/GBP*	165.68	1.26	8.84	0.15	0.03
KES/EUR*	140.89	1.50	9.48	0.16	0.05
Fx Reserve (USD MN)*	6,975.00	(0.20)	0.19	0.03	0.07
Fx reserve: Import Cover**	3.60	(10.00)	(0.10)	-	(0.02)
Inflation**	5.10	-	(60.00)	(153.00)	(278.00)
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

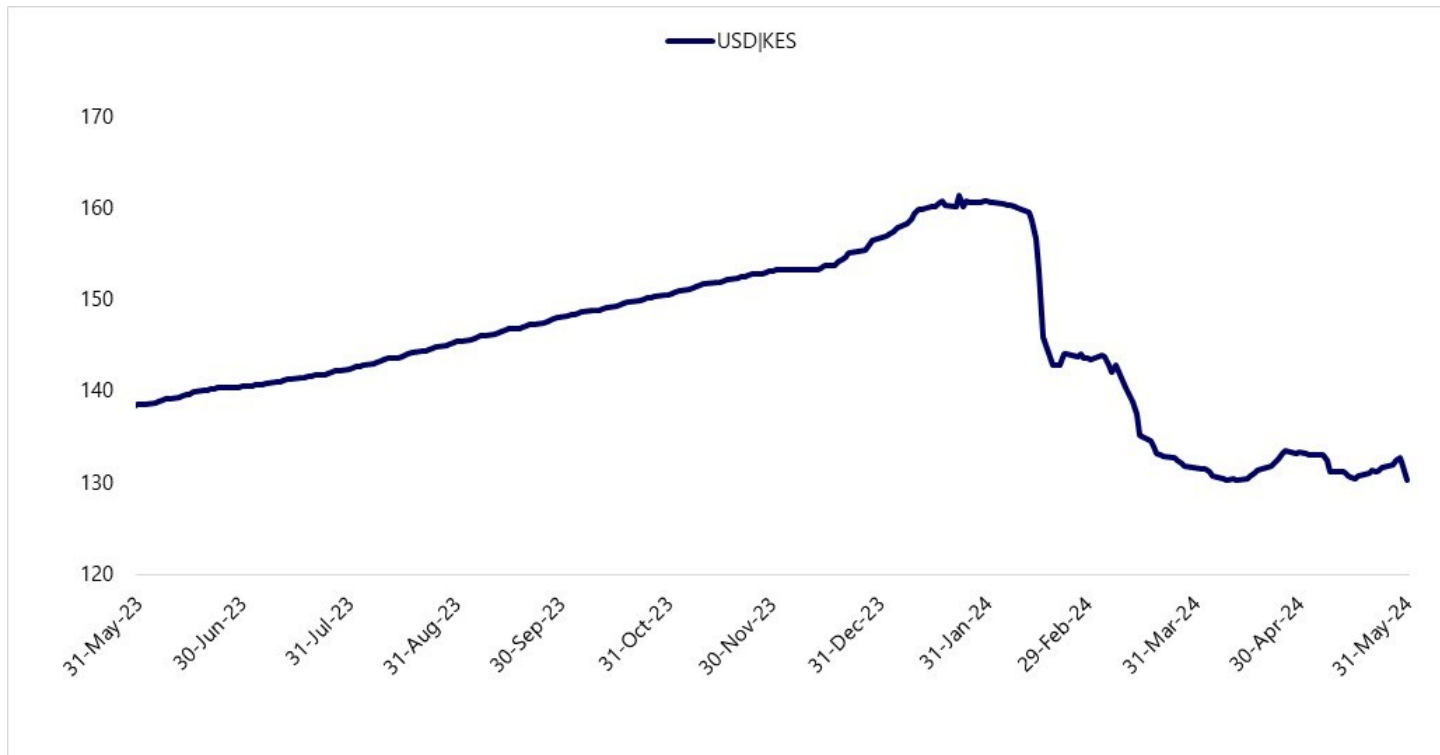
NSE 20 rose by 0.30% to close at 1,722.49 while **NASI** eased by 0.11% to close at 112.98.

Weekly equity turnover advanced by 428.0% w-o-w to close at USD 89.45 MN (KES 11.65 BN).

USD | KES: KES strengthened by 1.13% w-o-w to close at 130.23 (16.8% year-to-date).

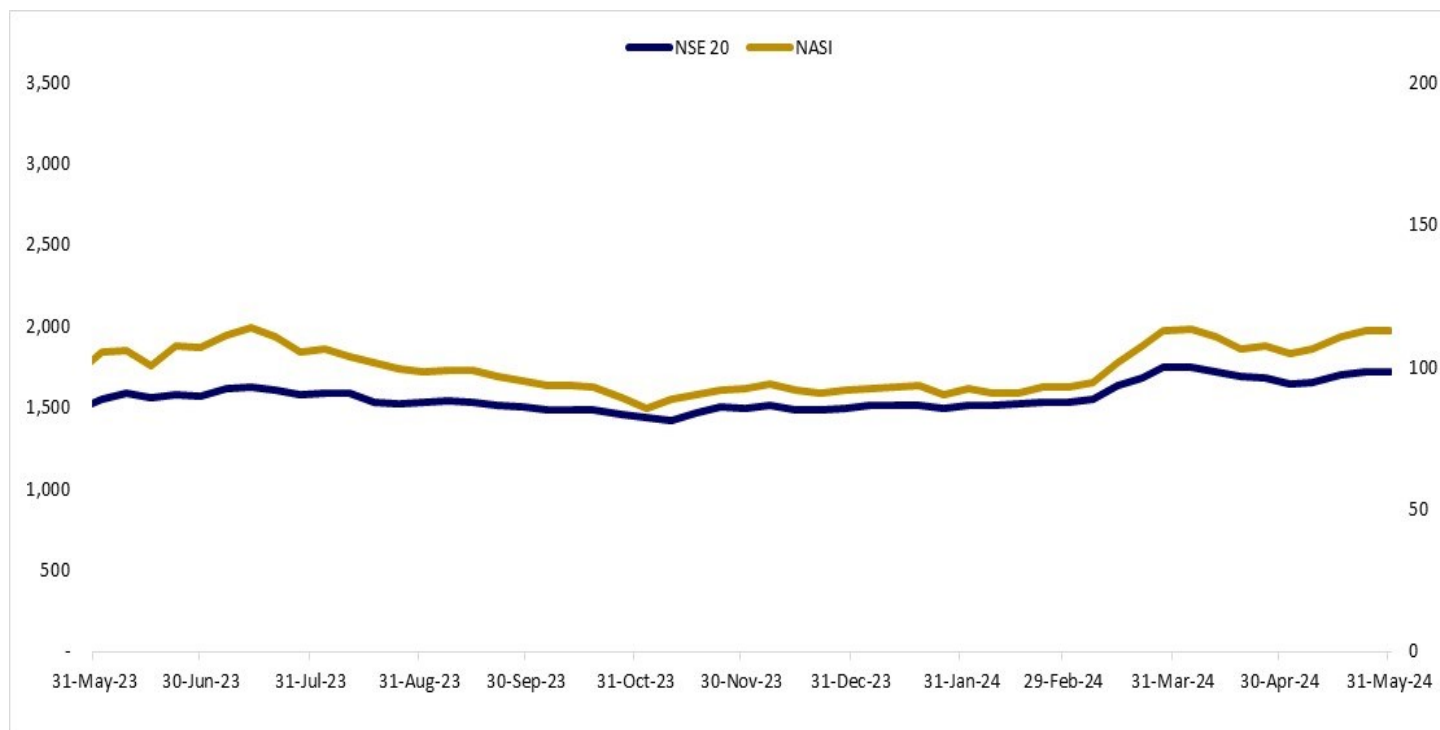
INDICES & MARKET METRICS MOVEMENT

USD | KES : 52-Week Trend



(Source: CBK, DBIB Research)

Indices : 52-Week Trend



(Source: NSE, DBIB Research)

WEEKLY BOURSE WRAP UP...

I&M Group emerged as the top traded counter on the bourse recording a weekly turnover of USD 24.83 BN (KES 3.23 BN) representing 27.75% of this week's turnover.

The stock increased 9.2% w-o-w to close at KES 20.25 on Friday.

Foreign investors assumed a **net selling position** on the counter this week by accounting for **99.90%** of foreign sales and **99.90%** of foreign purchases.

Week-on-Week Performance

<u>Top gainers</u>	<u>%</u>
Kenya Re	19.5
Flame Tree Group	16.5
Uchumi	15.8
Olympia Capital	14.6
TotalEnergies	9.7

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Bamburi Cement	(14.3)
BAT Kenya	(9.7)
Trans-Century	(8.8)
DTB Kenya	(8.2)
BK Group	(6.8)

(Source: NSE, DBIB Research)



<u>Top traders (Value)</u>	<u>USD MN</u>
I&M Group	24.83
Safaricom	10.42
Equity Group	8.67
KCB Group	2.82
BAT Kenya	1.20

(Source: NSE, DBIB Research)

Y-T-D Performance

<u>Top gainers</u>	<u>%</u>
KCB Group	62.3
Liberty Kenya	57.2
Uchumi	38.6
E.A. Breweries	29.4
Equity Group	29.3

(Source: NSE, DBIB Research)



<u>Top Losers</u>	<u>%</u>
Express Kenya	(23.5)
NBV	(18.1)
TPS Eastern Africa	(16.3)
Standard Group	(14.5)
Unga Group	(11.9)

(Source: NSE, DBIB Research)



Weekly Foreign Performance

<u>Top Weekly Buys</u>	<u>% Purchase</u>
I&M Group	99.9
Equity Group	86.7
Safaricom	86.1
KCB Group	64.3
Jubilee Holdings	46.1

(Source: NSE, DBIB Research)

<u>Top Weekly Sales</u>	<u>% Sold</u>
Kakuzi	100.0
I&M Group	99.9
BAT Kenya	94.4
E.A. Breweries	87.5
Crown Paints	80.3

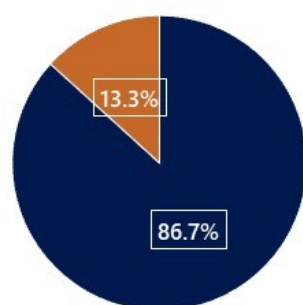
Y-T-D Foreign Performance

<u>Top Foreign Buys</u>	<u>% Purchase</u>
I&M Group	97.5
BK Group	96.4
Equity Group	74.4
Crown Paints	72.7
E.A. Breweries	70.8

(Source: NSE, DBIB Research)

<u>Top Foreign Sales</u>	<u>% Sold</u>
I&M Group	97.6
Umeme	76.0
Equity Group	73.9
KenGen	73.7
Safaricom	72.0

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 216.98 MN (KES 28.26 BN) representing a 27.3% w-o-w increase from USD 170.41 MN (KES 22.45 BN) recorded the previous week.

The Bond market's turnover for the week stood at USD 216.98 MN (KES 28.26 BN) representing a 27.3% w-o-w increase from USD 170.41 MN (KES 22.45 BN) recorded the previous week. The bond issue number IFB1/2024/8.5Yr emerged as the top traded bond with a turnover of KES 11.34 BN accounting for 40.1% of the week's turnover. The bond traded between 15.5000% and 18.2000%.

June Issue: Re-opened FXD1/2023/2, FXD1/2024/3, FXD1/2023/5 and FXD1/2023/10

The Central Bank of Kenya (CBK) re-opened FXD1/2023/02 (1.2 years), FXD1/2024/03 (2.6 years), FXD1/2023/05 (4.1 years) and FXD1/2023/10 (8.7 years) with the intention of raising KES 60.0 BN for budgetary support. The coupon rate for FXD1/2023/02, FXD1/2024/03, FXD1/2023/5 and FXD1/2023/10 stand at 16.9723%, 18.3854%, 16.8440% and 14.1510%, respectively. The period of sale runs from 30th May 2024 to 05nd June 2024 for FXD1/2023/02 and FXD1/2024/03 while the period of sale for FXD1/2023/5 and FXD1/2023/10 runs from 30th May 2024 to 12th June 2024.

Top Trades for the week ending 31 May 2024

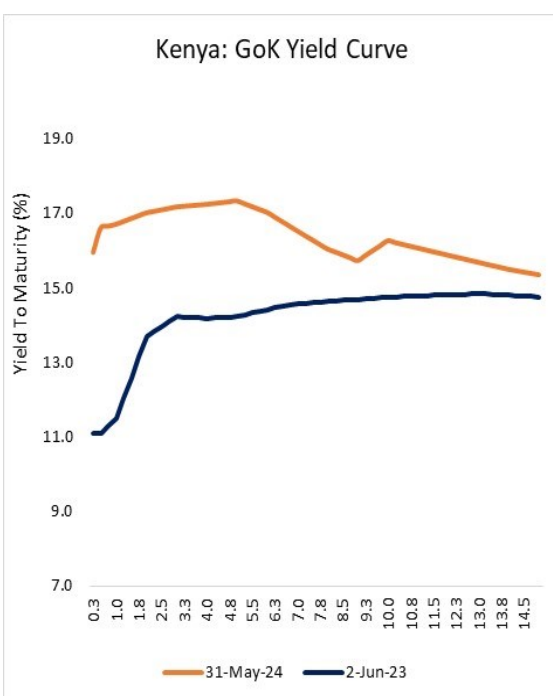
						Total
	Coupon	Yield	Price	Value		
Trading Date	Issue No.	Years	(%)	(%)	(KES m)	(KES m)
31-May	IFB1/2024/8.5Yr	8.2	18.4607	17.0000	110.50	2,976.1
31-May	IFB1/2024/8.5Yr	8.2	18.4607	16.9750	110.60	1,100.0
27-May	FXD1/2022/3Yr	0.9	11.7660	15.7800	98.41	1,020.0
28-May	IFB1/2024/8.5Yr	8.2	18.4607	17.1250	109.87	1,000.0
31-May	FXD1/2013/15Yr	3.7	11.2500	17.0000	87.69	1,000.0
31-May	IFB1/2024/8.5Yr	8.2	18.4607	17.0200	110.42	1,000.0
31-May	IFB1/2024/8.5Yr	8.2	18.4607	17.1000	110.11	914.3
30-May	IFB1/2024/8.5Yr	8.2	18.4607	16.9000	110.84	812.8
31-May	FXD1/2013/15Yr	3.7	11.2500	17.5000	86.45	598.7
27-May	FXD1/2016/10Yr	2.2	15.0390	17.5000	99.58	579.5
27-May	FXD4/2019/10Yr	5.5	12.2800	17.7000	81.69	500.0
27-May	IFB1/2023/6.5Yr	5.9	17.9327	16.8000	103.96	500.0
28-May	FXD1/2023/5Yr	4.1	16.8440	17.2500	104.97	500.0
28-May	FXD4/2019/10Yr	5.5	12.2800	17.4000	82.63	500.0
28-May	FXD1/2018/15Yr	9.0	12.6500	14.8000	89.77	500.0
28-May	IFB1/2023/6.5Yr	5.9	17.9327	16.7900	104.04	500.0

Source: NSE, DBIB Research)

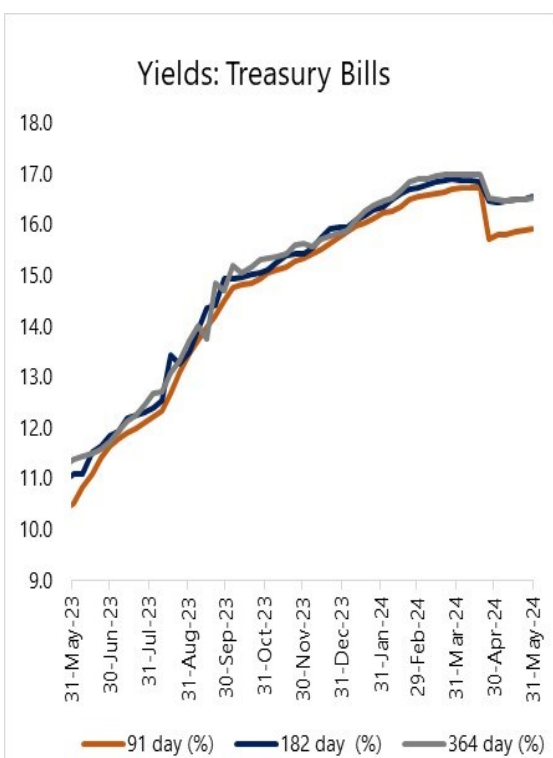
Treasury Bill auction for the week ending 31 May 2024

Instrument	Amount	Bids Received	Subscription	Bids Accepted	Yield	w-o-w
	(KES Bn)	(KES Bn)	Rate (%)	(KES Bn)	(%)	bps ch
91-day	4.00	17.86	446.60	17.44	15.955	0.9
182-day	10.00	9.17	91.72	9.01	16.608	4.4
364-day	10.00	6.47	64.75	6.34	16.706	8.3

(Source: NSE, DBIB Research)



Source: NSE, DBIB Research



Source: NSE, DBIB Research

Salient News

Jubilee Holdings FYT23 Earnings

.....
Jubilee holdings released its audited FY23 earnings reporting a 19.8% y-o-y decrease in PAT to KES 4.4 BN.
.....

Jubilee holdings released its audited FY23 earnings reporting a 19.8% y-o-y decrease in PAT to KES 4.4 BN. This was largely attributed to the insurance service result dropping by 52.2% to KES 676.4 MN. The board recommended a final dividend of KES 10.00 per share coupled with a special dividend of KES 2.30 per share. Both the 2023 final dividend and special dividend will be paid on or about 25th July 2024 to members on the register of members at the close of business on 25th June 2024, subject to approval at the Annual General Meeting (AGM). The special dividend was announced completing the final phase of the Jubilee Allianz transaction.

Insurance revenue for the period increased 8.0% y-o-y to KES 22.8 BN while Insurance service expenses went up by 11.1% to KES 21.8 BN. Net expense from reinsurance contracts surged up 793.8% to KES 275.6 MN. The insurance service resulted in a profit of KES 676.4 MN.

Net financial results eased by 1.9% to KES 6.2 BN while net non-attributable expenses went up by 27.9% to KES 1.6 BN.

Total assets increased by 13.7% y-o-y to KES 191.7 BN.

Total liabilities eased by 25.0% y-o-y to KES 54.3 BN while total equity for the period edged up 27.6% y-o-y to KES 137.4 BN.

(Source: Company filings, DBIB Research).

Salient News

ABSA Group 1Q24 Earnings

.....
ABSA Group released its 1Q24 results reporting a 33.6% y-o-y growth in after tax profits to KES 5.9 BN.
.....

ABSA Group released its 1Q24 results reporting a 33.6% y-o-y growth in after tax profits to KES 5.9 BN. Profitability growth was driven by a 21.7% y-o-y rise in net interest income to KES 11.4 BN and a 12.7% y-o-y growth in non-funded income to KES 5.1 BN. EPS for the period stood at KES 1.09 (1Q23: KES 0.82).

Net interest income advanced by 21.7% y-o-y to KES 11.4 BN, characterized by a 33.8% y-o-y growth in total interest income to KES 16.2 BN against a 74.4% y-o-y rise in total interest expenses to KES 4.9 BN. The annualized yield on interest earning assets rose by 464 bps y-o-y to 15.4% while the annualized cost of funds rose by 225 bps y-o-y to 4.9% resulting in a NIM of 10.5% (1Q23: 8.2%).

Non-funded income improved by 12.7% y-o-y to KES 5.1 BN principally driven by a 132.8% y-o-y surge in other income to KES 931.4 MN and a 23.% y-o-y increase in fees and commissions on loans and advances to KES 408.5 MN. Other fees and commissions rose by 1.2% y-o-y to KES 1.6 BN while foreign exchange trading income went down by 2.5% y-o-y to KES 2.1 BN. Total operating income increased by 18.8% y-o-y to KES 16.5 BN. The contribution of non-funded income to total income declined by 166 bps y-o-y to 30.8% (1Q23: 32.5%).

Operating expenses (excluding provisions) climbed by 10.8% y-o-y to KES 5.6 BN largely buoyed by an 11.5% y-o-y rise in staff costs to KES 3.0 BN and an 9.8% y-o-y advancement in other expenses to KES 2.3 BN. Owing to the faster rise in total operating income vis-à-vis operating expenses (excluding provisions), the group's cost-to-income ratio (excluding provisions) eased by 245 bps y-o-y to 33.9%.

The group's gross non-performing loans increased by 24.7% y-o-y to KES 38.8 BN (+10.1% q-o-q) while interest in suspense soared by 35.5% y-o-y to KES 6.1 BN (+5.1% q-o-q). Consequently, total NPLs (gross NPLs less interest in suspense) advanced by 22.8% y-o-y to KES 32.7 BN (+11.1% q-o-q). The estimated NPL ratio rose by 149 bps y-o-y to 10.6% while NPL coverage declined from 57.7% in 1Q23 to 55.2% in 1Q24.

On a trailing basis, ABSA Group is currently trading at a P/E multiple of 3.9x against an industry median of 3.3x and a P/B multiple of 0.9x against an industry median of 0.7x. Its ROE stands at 23.8% while its ROA stands at 3.6%.

(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>
Stanbic	Final: KES 14.20	17-May-24	06-Jun-24
Co-operative Bank	First & Final: KES 1.50	29-Apr-24	10-Jun-24
Kakuzi	First & Final: KES 24.00	31-May-24	15-Jun-24
BAT Kenya	Final: KES 45.00	24-May-24	26-Jun-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
Limuru Tea	Final: KES 1.00	15-Apr-24	30-Jun-24
Umeme	Final: UGX 54.20	28-Jun-24	19-Jul-24
BOC Kenya	First & Final: KES 6.05	31-May-24	21-Jul-24
Jubilee Holdings	Final & Special: KES 12.30	25-Jun-24	25-Jul-24
Bamburi Cement	Final: KES 5.47	24-May-24	25-Jul-24
NSE	Final: KES 0.16	30-May-24	31-Jul-24
TotalEnergies	First & Final: KES 1.92	27-Jun-24	31-Jul-24
Kenya Re	First & Final: KES 0.30	25-Jun-24	09-Aug-24
Liberty Kenya	Final: KES 0.373	14-Jun-24	24-Aug-24
Safaricom	Final: KES 0.65	31-Jul-24	31-Aug-24
Laptrust Imara I-REIT	First & Final: KES 0.57	STA*	STA*

(Source: NSE, DBIB Research)

STA—Subject to approval*

AGM SCHEDULE

<u>Company</u>	<u>Time</u>	<u>Venue</u>	<u>Date</u>
CIC Insurance	10:00 a.m.	Virtual	07-Jun-24
Bamburi Cement	2:30 p.m.	Virtual	13-Jun-24
DTB Kenya	10:00 a.m.	Virtual	21-Jun-24
BOC Kenya	11:00 a.m.	Virtual	21-Jun-24
Car & General Kenya	10:00 a.m.	Hybrid	25-Jun-24
Jubilee Holdings	11:00 a.m.	Virtual	27-Jun-24
Kenya Re	11:00 a.m.	Virtual	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.*

DISCLAIMER

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