

## KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) – 146.48	0.8%	4.3%	USD Mn – 21,693 KES Bn – 2,193
	NSE 20 Share Index – 2,907.66	2.0%	2.6%	USD Mn – 18,338 KES Bn – 1,854
	NSE 25 Share Index – 3,739.21	1.9%	5.3%	USD Mn – 19,111 KES Bn – 2,013
UGANDA	UGSINDX – 1,700.83	3.4%	3.1%	USD Mn – 6,311 UGS Bn – 23,248
TANZANIA	DSEI – 2054.45	2.2%	0.6%	USD Mn – 8,674 TZS Bn – 19,803
RWANDA	RSEASI – 131.14	-	-	USD Mn – 3,343 RWF Bn – 2,948

Source: NSE, DSE, RSE, UGSE

## KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –101.08	0.6%	0.7%	5.7%(12/2018)	6.0%(3Q2018)
UGS/USD 3,683.89	0.8%	0.8%	2.2%(12/2018)	6.4%(3Q17/18)
TZS/USD –2,283.03	-	-0.1%	3.3%(12/2018)	7.1%(FY2017)
RWF/USD – 881.85	-0.1%	0.3%	1.1%(12/2018)	7.7%(3Q2018)

Source: CBK, BOT, NBR, BOU, KNBS, UBOS, NISR, NBS

## EABL Posts a 33.0% Growth In After Tax Profits for 1H2019

East Africa Breweries Limited (EABL) registered a 33.0% y/y growth in after tax profits for 1H2019 to KES 6.6 billion (1H2018: KES 5.0 billion). The rise in profitability was mainly driven by a 13.0% y/y growth in net sales to KES 41.6 billion (1H2018: KES 36.8 billion), which were supported by a 13.0% y/y growth in volumes (30.0% y/y growth in Senator Keg and 65.0% y/y growth in Serengeti). The rise in net sales was attributable to innovations in brands across their markets (Serengeti Lite, Tusker Cider, Black and White, Captain Morgan Gold, Uganda Waragi Pineapple). According to management, a stable operating environment (characterized by low inflation, a stable political climate and a consistent and predictable tax environment) also contributed to the improved performance. Gross profits climbed by 20.0% y/y to KES 19.2 billion, despite a 7.5% y/y rise in cost of sales to KES 22.4 billion, predominantly due to the faster rise in net sales. Consequently, EABL posted a gross profit margin of 46.1% (1H2018: 43.4%). According to the company, net borrowings declined by 14.0% y/y to KES 23.7 billion following the repayment of KES 11.5 billion Diageo loan. Finance costs eased by 14.0% y/y to KES 1.7 billion owing to a drop in interest rates and the capitalization of interest on the Kisumu brewery loan (one-off accounting benefit). Cash generated from operations rose by 75.3% y/y to KES 12.6 billion, enabling the company to support its CAPEX requirements. We expect EABL to focus on improving margins, cutting costs and expanding their product mix. This should enhance performance in 2H2019. Furthermore, we expect the commissioning of the Kisumu brewery in 2H2019 to drive up volumes.

## Stock Market Performance and Outlook

The overall market edged up by 0.8% w/w to close the week at 146.48 (NASI), characterized by decreased trading volumes and turnover. We attribute the gain in the market to the easing of selling pressures as investors continued to take advantage of the discounted prices on most counters. There was an increase in foreign inflows as investors' risk appetite for emerging markets increased. Some of the counters that posted notable price gains include; Equity (+1.7% w/w), KCB (+2.8% w/w), Kenya Power (+12.7% w/w), Sanlam (+17.3% w/w), Coop (+8.6% w/w) and EABL (+11.0% w/w). However, there were profit taking activities on Centum which led to a loss of -1.7% w/w. We expect market conditions to remain relatively unchanged in the coming week.

# Equity Market Summary

Banking Sector	Price (KES)	YTD change	% w-o-w Change	Volume Traded	C/I Ratio	P/E (X)	Dividend Yield	P/B (X)	P/B (X)*	ROE
KCB	39.90	6.5%	2.8%	14,203,000	50.9%	6.21	7.5%	1.15	1.24	19.5%
Equity Bank	39.95	14.6%	1.7%	10,816,600	53.5%	7.99	5.0%	1.62	1.75	21.6%
NIC Bank	28.90	4.0%	-2.5%	297,500	42.6%	4.46	3.5%	0.53	0.63	12.7%
Stanbic	92.00	1.4%	-3.2%	4,400	57.2%	8.44	5.7%	0.85	0.86	10.4%
National Bank	5.28	-0.8%	2.3%	82,700	83.2%	4.35	0.0%	0.25	0.31	4.5%
Barclays Bank	11.35	3.7%	-2.6%	1,606,000	55.5%	8.90	8.8%	1.45	1.51	16.3%
Housing Finance	6.12	10.5%	5.5%	669,000	78.9%	17.09	5.7%	0.19	0.21	1.1%
Co-operative Bank	15.15	5.9%	8.6%	2,442,000	52.2%	7.79	5.3%	1.26	1.29	17.4%
Diamond Trust Bank	150.00	-4.2%	0.0%	334,600	42.3%	6.50	1.7%	0.78	0.76	13.0%
Standard Chartered	194.25	-0.1%	-0.8%	194,800	45.7%	9.65	8.8%	1.46	1.49	15.3%
I&M	95.00	11.8%	0.8%	6,800	36.8%	5.80	3.7%	0.84	1.06	15.6%
<b>Sector Average</b>					<b>54.4%</b>	<b>7.93</b>	<b>5.1%</b>	<b>0.94</b>	<b>1.01</b>	<b>13.4%</b>

\*P/B (X) - 1H2018 & P/B (X) - FY2017

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	8.28	-7.0%	4.8%	181,800	-10.22	0.0%	-0.81	N/M
Nation Media Group	60.00	-12.4%	-4.4%	667,800	8.70	16.7%	6.9	19.1%
WPP Scangroup	13.95	-0.4%	6.9%	221,400	12.46	3.6%	1.12	5.2%
Uchumi Supermarket	0.78	-2.5%	-3.7%	101,900	-0.17	0.0%	-4.6	N/M
Longhorn Publishers	4.92	6.7%	-0.4%	103,700	10.04	7.7%	0.49	13.1%
Eveready	1.03	3.0%	12.0%	14,700	0.81	97.1%	1.27	-35.3%
<b>Sector Average</b>					<b>3.60</b>	<b>5.6%</b>		<b>0.5%</b>

\*N/M - Not Meaningful

<b>Construction &amp; Allied</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>NPM*</b>	<b>ROE</b>
ARM Cement	5.55	0.0%	0.0%	0	-1.68	0.0%	-21.9%	-12.5%
Bamburi Cement	129.00	-2.6%	0.0%	274,700	28.41	3.1%	15.5%	6.4%
E.A. Portland Cement	17.00	6.3%	6.3%	19,100	-1.04	0.0%	19.3%	25.0%
<b>Sector Average</b>					<b>8.56</b>	<b>1.0%</b>		<b>6.3%</b>

\*NPM - Net Profit Margin

<b>Energy &amp; Petroleum Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
KenGen	6.80	-3.1%	4.9%	536,100	5.67	5.9%	1.20	4.2%
KenolKobil	21.50	12.9%	0.9%	1,105,600	12.87	2.8%	1.67	23.4%
Kenya Power	4.80	17.9%	12.7%	3,157,100	4.90	0.0%	0.98	10.8%
Total Kenya	28.45	3.5%	0.9%	8,300	6.54	4.6%	4.35	13.4%
<b>Sector Average</b>					<b>7.49</b>	<b>2.9%</b>		<b>13.1%</b>

<b>Insurance Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/B(X)</b>	<b>P/E(X)</b>	<b>Loss Ratio</b>	<b>Expense Ratio</b>
CIC Insurance	4.03	4.4%	1.8%	472,600	1.38	22.39	65.0%	59.7%
Britam	9.98	-0.2%	4.8%	835,500	0.95	41.58	61.6%	133.1%
Jubilee	435.00	7.5%	1.2%	2,800	1.25	8.70	102.4%	142.2%
Kenya Re	14.25	2.2%	3.3%	75,800	0.37	2.79	55.5%	99.6%
Sanlam Kenya	25.80	17.3%	17.3%	3,700	0.92	122.86	83.7%	68.6%
Liberty	11.45	-11.2%	-3.8%	30,800	0.83	7.25	75.8%	77.4%
<b>Sector Average</b>					<b>0.95</b>	<b>9.57</b>	<b>74.0%</b>	<b>96.8%</b>

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	NAVPS**	EPS (KES)	ROE
Centum Investment	33.85	15.7%	-1.7%	1,277,400	8.07	0.44	73.2	4.20	5.6%
Home Afrika Ltd	0.66	-5.7%	-5.7%	283,900	-1.69	-6.41	0.85	-0.39	2.6%
Trans-Century	3.40	385.7%	0.0%	7,500	-2.18	0.27	40.96	-1.56	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>-1.90</b>			<b>4.3%</b>

\*NPM - Net Profit Margin, \*\*NAVPS - Net Asset Value Per Share

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	14.00	-3.8%	0.7%	221,900	16.87	2.1%	0.83	11.2%
<b>Sector Average</b>					<b>16.87</b>	<b>2.1%</b>		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.59	1.7%	-1.7%	713,400	-0.13	0.0%	-4.43	-69.4%
EABL	186.50	6.7%	11.0%	285,200	25.94	4.0%	7.19	61.4%
FTG Holdings	2.52	0.8%	-3.1%	21,900	2.96	0.0%	0.85	22.3%
Carbacid	9.90	-1.0%	0.4%	23,100	7.17	7.1%	1.38	14.6%
BAT	648.00	-10.6%	-4.0%	1,312,000	19.42	4.0%	33.36	48.0%
<b>Sector Average</b>					<b>11.07</b>	<b>3.0%</b>		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	23.45	5.6%	-1.1%	45,822,500	16.75	4.7%	1.40	47.8%
<b>Sector Average</b>					<b>16.75</b>	<b>4.7%</b>		

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<b>Real Estate Investment Trust</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>NAVPS*</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>
STANLIB FAHARI I-REIT	10.20	-6.8%	3.9%	91,300	NA	NA	NA
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

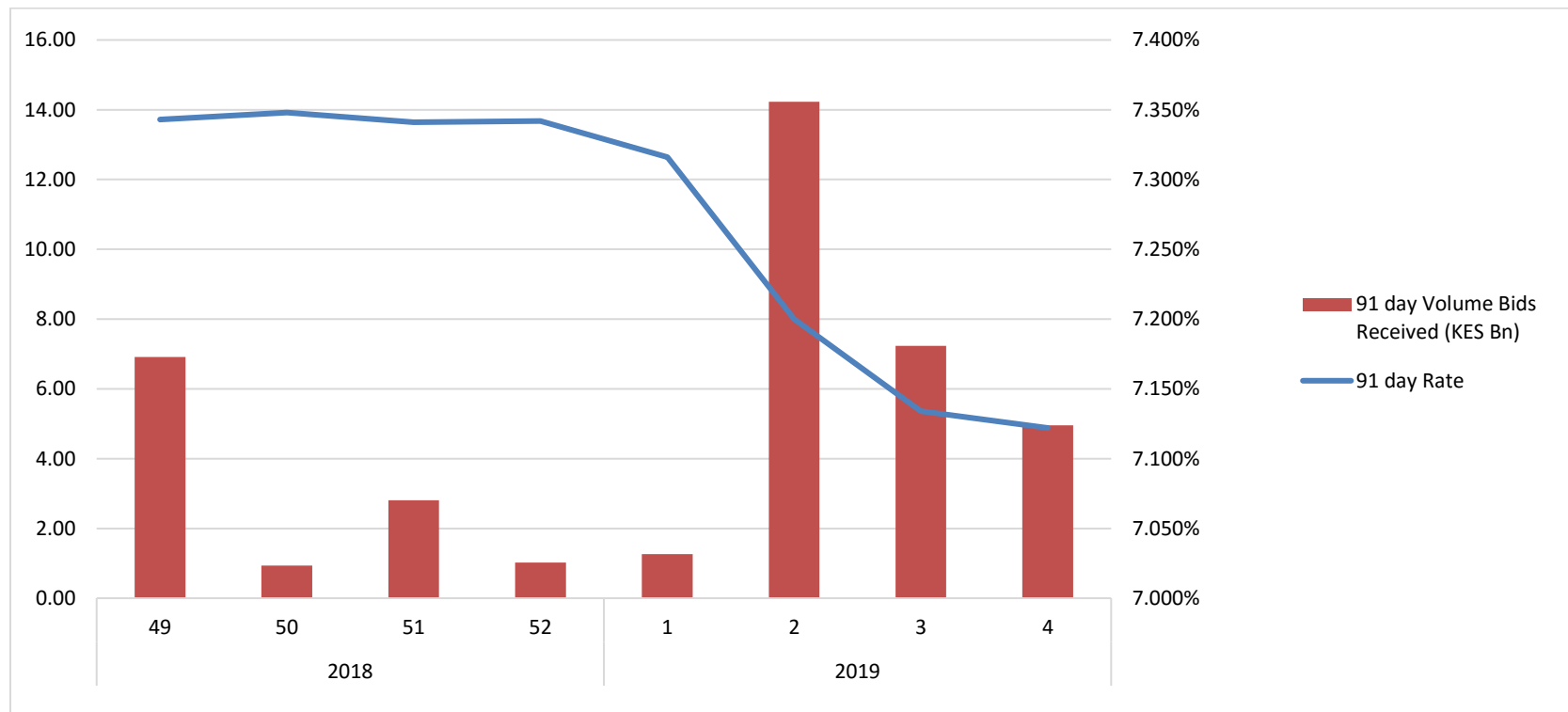
<b>Market Statistics</b>	<b>This Week</b>	<b>Last Week</b>	<b>% Change</b>
Total Volumes	88,828,500	132,861,000	-33.1%
Total Turnover (KES)	3,334,206,122	3,533,993,703	-5.7%

# Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	4.95Bn	123.79%	4.95Bn	7.122%	7.134%	-0.012
182 day T-bill	10.73Bn	107.31%	3.12Bn	8.833%	8.927%	-0.094
364 day T-bill	25.17Bn	251.65%	18.46Bn	9.905%	9.953%	-0.048

Graph showing 91 day T-bill rate and volume

Week No. 4



# Corporate Actions

<b>Counter</b>	<b>Corporate Action</b>	<b>Declared</b>	<b>Date Announced</b>	<b>Books Closure Date</b>	<b>Payment Date</b>
East African Breweries Ltd	Interim dividend	Kes.2.50	25-Jan-19	<b>22-Feb-19</b>	11-Apr-19
I&M Holdings Plc	Interim dividend	Kes.3.90	31-Dec-18	<b>28-Feb-19</b>	23-May-19.
Car & General Ltd	Final dividend	Kes.0.80	27-Dec-18	<b>18-Feb-19</b>	25-Mar-19
Sasini Plc	Final dividend	Kes.0.50	19-Dec-18	<b>07-Jan-19</b>	31-Jan-19
Longhorn Publishers Plc	Interim dividend	Kes.0.42	03-Sep-18	<b>23-Nov-18</b>	23-Feb-19
Unga group	First & Final dividend	Kes.1.00	28-Sep-18	<b>06-Dec-18</b>	31-Jan-19
KenGen Plc	Final dividend	Kes.0.40	26-Oct-18	<b>06-Dec-18</b>	07-Feb-19



# Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 25th January 2019
KCB Group	Long-term Buy	55.00	34.0	6.5%	39.90
Equity Group Holdings	Long-term Buy	57.00	33.40	14.6%	39.95
Bamburi Cement	Hold	190.00	117.00	(2.6%)	129.00
Safaricom	Hold	33.50	21.00	5.6%	23.45
EABL	Hold	270.00	160.00	6.7%	186.00
Jubilee Holdings	Buy	550.00	355.25	7.5%	435.00
Nation Media Group	Sell	116.00	58.00	(12.4%)	60.00
Barclays Bank of Kenya	Hold	13.50	9.50	3.7%	11.35
Diamond Trust Bank	Hold	220.00	130.00	(4.2%)	150.00
Cooperative Bank	Long-term Buy	20.00	12.65	5.9%	15.15
Kenol Kobil	Neutral	22.00	12.80	12.9%	21.50
KenGen	Long-term Buy	9.25	5.50	(3.1%)	6.80
Britam Holdings	Hold	15.85	9.00	(0.2%)	9.98
Centum	Long-term Buy	48.25	22.50	15.7%	33.85
NBK	Sell	9.65	4.05	(0.8%)	5.28
Mumias	Sell	1.15	0.50	1.7%	0.59

For more detailed information on the following recommendations, please click [here](#):

For Online Share Trading (OST) via browser, please click [here](#):

For the Faida M-Trader Application, please click [here](#):

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