

## Kenya Shilling Performance

KES	Value	Daily Change %	YTD Change %
US Dollar	106.5400	0.01%	(5.1%)
STG Pound	132.0062	(0.6%)	0.7%
EURO	119.6832	(0.03%)	(5.6%)

Source: CBK; Negative () = Depreciation, Positive = Appreciation

## Market Summary

Index	Value	Daily Change %	YTD Change %
NASI	137.77	0.03%	(17.2%)
NSE 20	1,945.64	(0.1%)	(26.7%)
NSE 25	3,196.17	(0.6%)	(22.1%)

	Today	Previous	Daily Change %
Market Capitalization (KES Bn)	2,105.65	2,105.03	0.0%
Number of Shares Traded (Q)	13,218,600	19,566,200	(32.4%)
Equity Turnover (KES)	289,706,732	480,461,506	(39.7%)
Foreign Buys (%)	35.3%	36.0%	
Foreign Sells (%)	71.1%	61.5%	
Foreign Participation (%)	53.2%	48.7%	

Source: NSE

## Equities Performance

Top Gainers	Price (KES)	Daily Change %	YTD Change	Volume Traded
1. Sameer Africa	3.41	7.9%	(1.2%)	27,600
2. Kenya Airways	3.83	6.4%	86.8%	1,835,400
3. Total Kenya	24.65	4.7%	(10.4%)	5,200
4. Scangroup	17.25	4.5%	0.3%	188,800
5. NBV	0.62	3.3%	(11.4%)	400

Top Losers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. Eaagads	9.00	(9.1%)	(10.9%)	41,200
2. Liberty Kenya	8.04	(8.4%)	(22.3%)	9,200
3. TPS Eastern Africa	13.00	(8.1%)	(25.9%)	80,000
4. Eveready	1.00	(5.7%)	(9.1%)	200
5. Stanbic	80.25	(4.7%)	(26.5%)	24,200

Movers	Turnover (KES)	Volume (KES)	Price (KES)
1. Safaricom	95,215,700	3,283,300	29.00
2. Equity Group	79,493,700	2,408,900	33.00
3. KCB Group	51,541,000	1,472,600	35.00
4. DTB	21,455,000	306,500	70.00
5. Co-op	7,814,400	651,200	12.00

Source: NSE

## Market Commentary

The All Share Index gained by 0.03% to close the day at 137.77. We partly attribute this to gains on Safaricom (+1.0% to KES 29.00). However, the NSE 20 Index retreated by 0.1% to close the day at 1,945.64. Market turnover declined by 39.7% to KES 289.7 million as the number of shares traded declined by 32.4% to 13.2 million. The banking sector accounted for 59.4% of the day's traded value with notable price declines on Stanbic (-4.7% to KES 80.25), Equity (-3.9% to KES 33.0) and KCB (-2.6% to KES 35.00). WPP Scangroup gained 4.5% to KES 17.25 following the recent completion of the sale of some of its assets(subsidiaries). This comes as positive news to investors as the company is expected to payout at least 40.0% of net proceeds from the sale in form of a special dividend. Overall, foreign investors maintained a net-selling position accounting for 71.1% of the day's sales against 35.3% of the day's purchases.

## Recommendations

Counter	Recommendation	Price (KES)	Daily Change %	YTD Change %
KCB Group	Long-term Buy	35.00	(2.6%)	(35.2%)
Equity Group	Long-term Buy	33.00	(3.9%)	(38.3%)
Absa Kenya	Long-term Buy	10.00	0.0%	(25.1%)
Stanbic Holdings	Long-term Buy	80.25	(4.7%)	(26.5%)
NCBA	Long-term Buy	26.50	(0.2%)	(28.1%)
StanChart	Sell	169.25	0.1%	(16.4%)
Safaricom	Hold	29.00	1.0%	(7.9%)
HF	Sell	4.43	(1.8%)	(31.4%)
Bamburi	Sell	27.90	2.8%	(65.1%)

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

## Bonds Performance

	Today	Previous	Daily Change %
Total Deals	127	119	6.7%
Bond Turnover	2,040,727,607	2,346,306,601	(13.0%)

## Actively Traded Bonds

GOK Bonds	Fixed Rate %	Traded Yield %	Value Traded (Mn)	DTM
IFB1/2020/9	10.8500	11.0000	205.0	3,196
FXD1/2020/5	11.6670	10.8000	200.0	1,768
FXD4/2019/10	12.2800	11.9000	200.0	3,420

Source: NSE; DTM = Days to Maturity

## News Highlights

### Safaricom Market Share Declines Marginally to 64.5% in 1Q2020

- According to the Communication Authority of Kenya (CA) 1Q2020 industry statistics, Safaricom's market share in customer subscriptions dipped to 64.5% in 1Q2020 (4Q2019: 64.8%). However, this was a 3.4% year-on-year improvement compared to the 1Q2019 (62.4%).
- The company's mobile customers increased by 11.8% y/y to 35.6 million. Airtel Kenya's mobile subscribers on the other hand edged up by 10.3% y/y to 14.6 million. Consequently, Airtel's market share grew to 26.6% (4Q2019: 25.9%). Telkom registered a 21.3% y/y decline in subscribers to 3.2 million.
- Safaricom's was the only company to record growth in market share in the SMS segment to 94.9% (4Q2019: 94.1%). The company's SMS usage grew by 9.2% y/y to 16.0 billion text messages.
- Voice market share however fell to 65.7% (1Q2019: 67.1%) as total minutes grew marginally by 0.1% q/q to 10.1 billion. On a year-on-year basis, total minutes grew by 2.3%.
- Safaricom's market share of mobile money subscriptions stood at 98.8% while the value of mobile money transactions market share stood at 99.5%. The number of MPESA agents fell by 1.5% q/q to 173,259 while active registered mobile money subscriptions increased by 0.8% q/q to 28.8 million.
- Safaricom registered the highest market share in mobile data market subscriptions, edging up marginally to 68.8% (4Q2019: 68.7%). We opine that this may have been driven by the "no expiry" promotion in October. Airtel, Telkom and Equitel recorded 25.8% (4Q2019: 25.5%) 5.0% (4Q2019: 5.4%) and 0.4% (4Q2019: 0.5%) respectively. Overall mobile data subscriptions declined by 0.8% q/q to 38.8 million. According to the CA, the decline was attributed to a decline on

Telkom Kenya as it scaled down on investments in anticipation of the proposed Airtel-Telkom merger.

- Fixed data registered subscriptions remained at 165,810 users; maintaining its market share at 33.1%.

### **Commentary**

- We expect some of the COVID-19 measures to have some impact on the company's performance. In particular we note that the free mobile money transactions (for P2P transactions below KES 1,000) may significantly impact MPESA revenues.
  - According to the CBK, these low value transactions are stated to make up 80.0% of mobile money transactions. Safaricom initially estimated it could lose up to KES 5.5 billion in the first three months.
  - With the extension up to 31<sup>st</sup> December 2020 and without additional measures to plug leakages (from customers splitting higher value transactions) this could reach KES 16.5 billion.
  - The CBK also noted that despite mobile money customers rising by 1.6 million since the measures were implemented in March, business transactions have declined slightly. However, transactions of higher amounts have increased due to the higher transaction limits.
  - We don't expect this to make up for the lost revenue in the lower transaction bands.
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### Recommendations Guide

**LONG-TERM BUY:** The Company has strong fundamentals. However, there are certain investments or strategies that would require an investor to have a long-term view of the company to allow for capital appreciation. Also, the company may be facing headwinds which we view as short term

**BUY:** Strong fundamentals. Minimal risks to the catalysts/growth drivers

**NEUTRAL:** This is where the positives and negatives in a company almost balance out. You can accumulate for the long term.

**SELL:** Deteriorating fundamentals. Risks outweigh the catalyst/growth driver

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