

Kenya Shilling Performance

KES	Value	Daily Change %	YTD Change %
US Dollar	106.9618	(0.2%)	(5.6%)
STG Pound	134.1871	(0.5%)	(0.9%)
EURO	120.8185	(0.3%)	(6.6%)

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

Market Summary

Index	Value	Daily Change %	YTD Change %
NASI	132.51	(1.4%)	(20.4%)
NSE 20	1,907.82	(0.7%)	(28.1%)
NSE 25	3,094.19	(1.3%)	(24.5%)

	Today	Previous	Daily Change %
Market Capitalization (KES Bn)	2,025.11	2,053.98	(1.4%)
Number of Shares Traded (Q)	47,281,800	29,739,700	59.0%
Equity Turnover (KES)	1,294,213,047	822,841,972	57.3%
Foreign Buys (%)	37.6%	28.5%	
Foreign Sells (%)	78.8%	66.6%	
Foreign Participation (%)	58.2%	47.5%	

Source: NSE

Equities Performance

Top Gainers	Price (KES)	Daily Change %	YTD Change	Volume Traded
1. Eaagads	9.90	10.0%	(2.0%)	500
2. Trans-Century	1.76	9.3%	(29.6%)	83,100
3. I&M Holdings	51.00	3.9%	(5.6%)	500
4. E.A.Cables	1.95	3.2%	(22.0%)	300
5. Uchumi	0.34	3.0%	17.2%	27,800

Top Losers	Price (KES)	Daily Change	YTD Change %	Volume Traded
1. Express Kenya	4.60	(9.8%)	(32.7%)	3,000
2. Jubilee Holdings	229.00	(6.2%)	(34.8%)	1,000
3. Home Afrika	0.44	(4.3%)	(26.7%)	47,100
4. Sanlam Kenya	13.10	(4.0%)	(23.8%)	2,300
5. Equity Group	31.50	(3.8%)	(41.1%)	8,562,200

Movers	Turnover (KES)	Volume (KES)	Price (KES)
1. Safaricom	825,888,250	30,032,300	27.50
2. Equity Group	269,709,300	8,562,200	31.50
3. KCB Group	65,841,000	1,936,500	34.00
4. BK Group	49,637,410	2,972,300	16.70
5. Stanbic Holdings	22,230,600	281,400	79.00

Source: NSE

Market Commentary

The All Share Index and NSE 20 share index extended their downward trend, shedding 1.4% and 0.7% to close the day at 132.51 and 1,907.82 respectively. Safaricom declined for the 4th consecutive day this week (-7.3% week to date to KES 27.50), with activity on the counter accounting for 63.8% of the day's traded value. Activity in the banking sector accounted for 32.7% of the day's traded value with notable declines on Equity (-3.8% to KES 31.50) and Absa (-3.1% to KES 9.4). Trans-century was among the top gainers of the day (+9.3% to KES 1.76) on announcement of plans to de-list from the NSE (read more on this in our news highlights segment). Overall, foreign investors emerged net sellers in today's trading session with 78.8% of the day's sales against 37.6% of purchases.

Recommendations

Counter	Recommendation	Price (KES)	Daily Change %	YTD Change %
KCB Group	Long-term Buy	34.00	(0.6%)	(37.0%)
Equity Group	Long-term Buy	31.50	(3.8%)	(41.1%)
Absa Kenya	Long-term Buy	9.42	(3.1%)	(29.4%)
Stanbic Holdings	Long-term Buy	79.00	(0.6%)	(27.7%)
NCBA	Long-term Buy	26.50	0.0%	(28.1%)
StanChart	Sell	165.75	(0.6%)	(18.1%)
Safaricom	Hold	27.50	(1.8%)	(12.7%)
HF	Sell	4.50	(2.0%)	(30.3%)
Bamburi	Sell	27.15	0.4%	(66.1%)

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

Bonds Performance

	Today	Previous	Daily Change %
Total Deals	88	111	(20.7%)
Bond Turnover	2,682,178,874	4,500,991,250	(40.4%)

Actively Traded Bonds

GOK Bonds	Fixed Rate %	Traded Yield %	Value Traded (Mn)	DTM
FXD1/2019/5	11.3040	10.2000	500.0	1,320
IFB1/2020/6	10.2000	10.0000	400.0	2,146
IFB1/2020/9	10.8500	10.5500	300.0	3,189

Source: NSE; DTM = Days to Maturity

News Highlights

TransCentury Announces Plan to Delist

- TransCentury, in a cautionary statement on 9th July 2020 to shareholders, announced plans to delist from the Nairobi Securities Exchange (NSE). The delisting is subject to shareholder approval at the company's Extraordinary General Meeting to be held on 30th July 2020.
- According to management, delisting is in line with the next phase of the 4-year strategy. The strategy – launched in 2017 - involves delivering a robust and fundable order book, debt re-profiling to match cash flows, fundraising and order book execution.
- The company's performance improved in 1H2019 to KES 297.6 million profit from a loss of KES 684.8 million reported in 1H2018. The performance was characterized by a 10.6% increase in revenue (attributed to enhanced execution of the order book in line with the strategy), KES 1.3 billion net gain from the debt re-structuring strategy and 24.0% reduction in finance costs owing to initiatives to optimize capital structure.
- In recent years the company has struggled with high finance costs which weakened bottom line performance. As a result, and in line with the aforementioned strategy, the company restructured debt related to one of its subsidiaries (East African Cables) in 2018 resulting in debt reduction of over KES 1.5 billion (reflected in 1H2019). Moreover, there has been debt reduction of commercial debt across the group by over 40.0% since March 2016.
- The company's focus on reducing debt was driven by an aim to position the business favorably to attract capital for growth.
- In 2019 the company resorted to selling non-core assets (residential areas, buildings and land) valued at more than KES 700 million in

Kenya and the regional market, to increase liquidity and reduce the debt burden.

Commentary

- The delisting will allow the company to focus on long term objectives (avoid short-termism). This however requires a long-term outlook on the company and involves higher risk taking.
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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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