



Weekly Report

Week 15

Week Ending Friday, April 16, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	34,161.61	1.8%	12.4%
S&P 500	4,181.59	2.0%	12.0%
NASDAQ 100	14,020.18	2.1%	9.1%
DAX	15,449.35	1.5%	12.6%
FTSE 100	7,015.76	1.5%	8.6%
EURO STOXX 50	4,031.73	1.4%	13.5%
Shanghai Composite	3,426.62	(0.7%)	(1.3%)
NIKKEI 225	29,683.37	(0.3%)	8.2%
Commodities			
Brent Oil (USD/bbl.)	66.71	6.0%	30.5%
Gold (USD/Oz)	1,779.71	2.0%	(6.2%)

Source: Bloomberg, NSE; *As at 6:05 PM EAT

Most of the equity indices rose during the week. The S&P 500 hit a new 52-week high of 4,187.16 today, driven by positive bank earnings reports and technology stocks. Brent Oil rose by 6.0% w/w to USD 66.71 a barrel buoyed by improved economic outlooks for the US and China.

Equities Market

Equity Market Commentary

The All Share Index and the NSE 20 Share Index rose by 4.1% w/w and 0.8% w/w to close the week at 165.08 and 1,882.96 respectively. Market turnover edged up by 13.8% w/w to KES 2.3 billion while volume of shares traded grew by 3.8% w/w to 64.6 million shares.

There were notable gains on some banking counters; NCBA (+7.2% w/w to KES 26.80), KCB (+5.0% w/w to KES 42.00. Safaricom rose by 5.8% w/w to close at KES 38.40. We expect price stability across most counters in the coming week. BAT is a notable exception. The books closed today for the company's final dividend of KES 41.50 and we expect the market to adjust the price accordingly.

Market Indices Performance

Index	Value	Weekly Change %	YTD Change %
NASI	165.08	4.1%	8.5%
NSE 20	1,882.96	0.8%	0.8%
NSE 25	3,635.74	3.3%	6.5%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,536.39	2,436.49	4.1%
Number of Shares Traded	64.62	62.24	3.8%
Equity Turnover (KES)	2,342.68	2,058025	13.8%

Source: NSE

Equities Performance

Top Gainers	Price (KES)	Weekly Change %	YTD Change
1. Trans-Century	1.22	18.4%	(15.9%)
2. B.O.C Kenya	67.00	11.7%	6.3%
3. Kapchorua Tea	89.00	9.9%	14.1%
4. Eveready	1.13	9.7%	(5.8%)
5. E.A.Cables	1.35	8.0%	(2.2%)

Top Losers	Price (KES)	Weekly Change	YTD Change %
1. Car & General	21.60	(10.0%)	(1.8%)
2. Uchumi	0.21	(8.7%)	(25.0%)
3. Sanlam Kenya	10.90	(5.2%)	(15.8%)
4. Crown Paints	38.00	(5.0%)	0.0%
5. Standard Group	20.00	(4.5%)	(11.1%)

Movers	Price (KES)	Turnover (KES Mn)
1. Safaricom	38.40	1,200.9
2. EABL	170.00	443.5
3. KCB Group	42.00	186.0
4. Equity Group	38.85	137.3
5. BK Group	24.55	87.6

Source: NSE and Faida Investment Bank Analysis

News Highlights

Jubilee Holdings Posts a 1.7% y/y Increase in After Tax Profit for FY2020

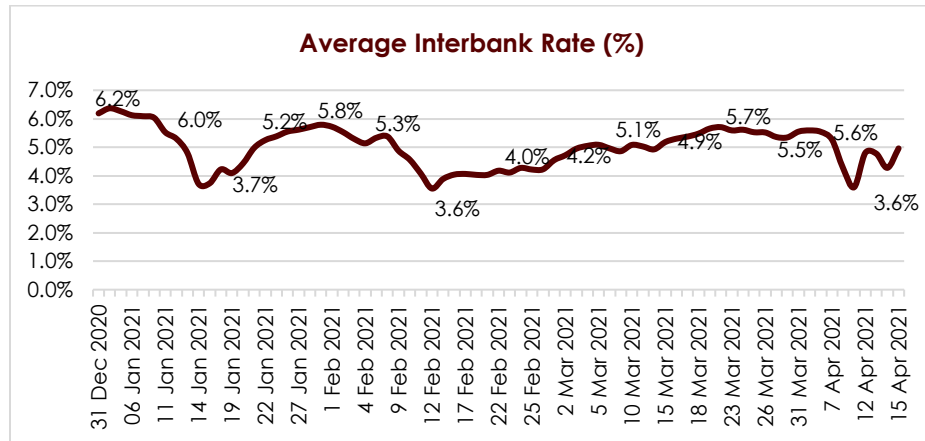
- Jubilee Holdings posted a 1.7% y/y growth in after tax profits for FY2020 to KES 4.1 billion. The increase was mainly on account of a rise in investment income, cost containment and increase in profits from the associate businesses (where the group holds less than 51.0% interest but can still influence business operations).
- Gross earned premiums edged up by 2.4% y/y to KES 29.8 billion. Insurance revenue ceded to reinsurers grew marginally by 0.5% y/y to KES 9.7 billion. As a result, the net insurance premium revenue increased by 3.3% y/y to KES 20.1 billion.
- Total income grew by 0.9% y/y to KES 33.1 billion primarily due to a 12.7% y/y rise in investment income to KES 11.3 billion. The increase in investment income offset the 49.4% y/y (to KES 1.7 billion) decrease in other income (FY2019: KES 3.3 billion).
- Results of operating activities dipped by 4.1% y/y to KES 3.9 billion. This was owing to a 3.4% y/y growth in net insurance benefits and returns on investment to KES 20.4 billion. This offset the 2.5% y/y decline in total expenses and commission to KES 8.9 billion. The expense ratio (total expenses/net premiums) fell to 44.0% from 46.6% in FY2019.
- The loss ratio (net claims/ net earned premiums) remained more or less flat, growing slightly by 10 bps to 101.3%. This means the business registered an underwriting loss even before management expenses. The expense ratio (total expenses/net earned premiums) fell to 44.0% from 46.6% in FY2019 which resulted to the combined ratio (loss ratio + expense ratio) declining to 145.3% from 147.8%.
- Finance costs increased from nil in 2019 to KES 107.9 million in FY2020.
- Share of profits of associates edged up by 34.5% y/y to KES 1.3 billion.
- According to management the performance was achieved through diversification of the product portfolio and the ability to rapidly deploy business continuity plans to allow the majority of staff to quickly adapt to the new working needs during the onset of the pandemic and ensuing lock-down.
- The Group recommended a final dividend of KES 8.00 per share making a total dividend of KES 9.00 per share for the financial year.

Commentary

- The performance was "decent" given the economic challenges in the previous year.
- We opine that group benefited from having fewer quoted securities (2019: 4.1% of assets) and investment properties (2019: 5.0% of assets), two asset classes that have underperformed in recent years. Most of the group's investments are in government securities (51.5% of assets) and unquoted securities (including associates; 2019: 12.8% of assets).
- It's interesting that the associate businesses posted growth given that most businesses faced similar challenges.
- The underperformance of the core insurance business is a cause for concern. Underwriting profitability might improve as the group gives more focus to its medical and life business (the group will reduce its exposure to the short term business – property and casualty - through a sale to Allianz. The P&C business tends to have higher combined ratios and hence lower profitability).

Fixed Income Market

Interbank Rate



Source: CBK

Treasury Bill Auction Results

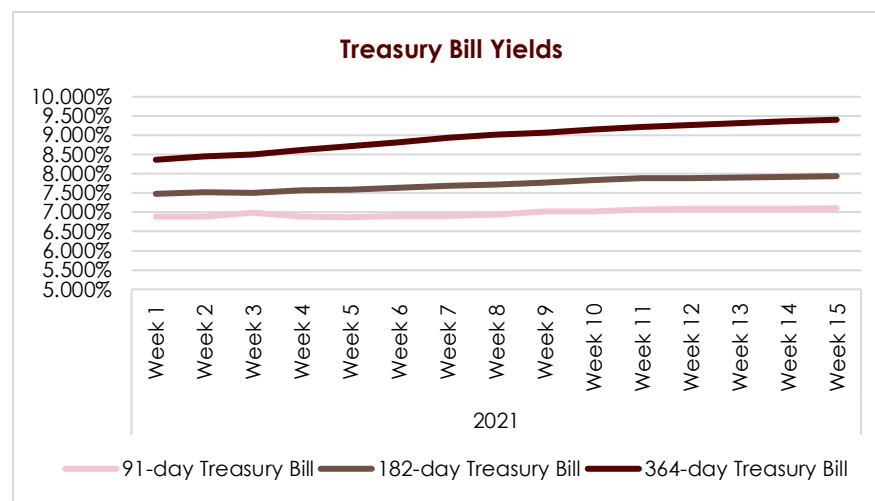
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	4.10	102.40%	4.10	7.108%	1.2
182 day	10.0	3.67	36.65%	3.67	7.938%	2.4
364 day	10.0	13.10	130.98%	10.42	9.403%	3.7
Total	24.0	20.86	86.91%	18.19		

*Change = Current Rate – Previous Rate; 1.0% = 100 bps
Amount Offered, Bids Received and Bids Accepted are in KES Billions

Source: CBK

Treasury bills were undersubscribed during the week's auction; the total subscription rate was 86.91%, up from last week's 84.78%. The 364 day paper had the highest subscription rate this week, at 130.98%.

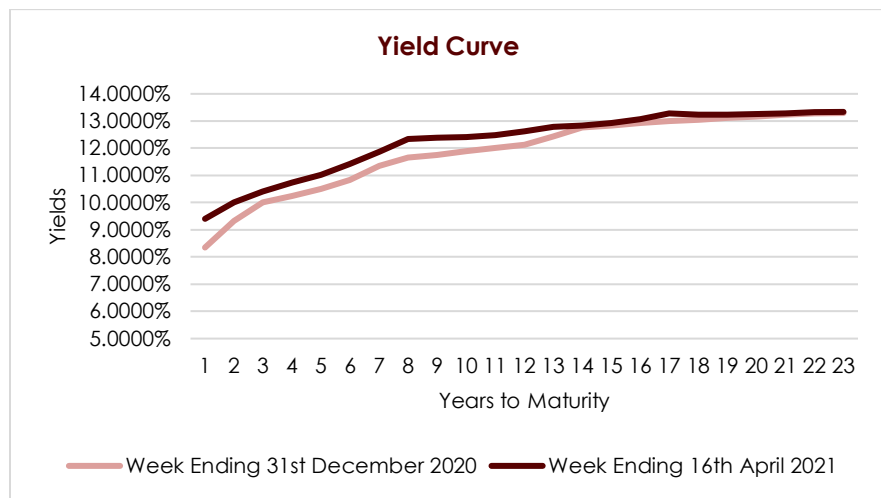
Treasury Bill Yields



Source: CBK

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Government Securities Yield Curve



Source: NSE

Macroeconomic Indicators

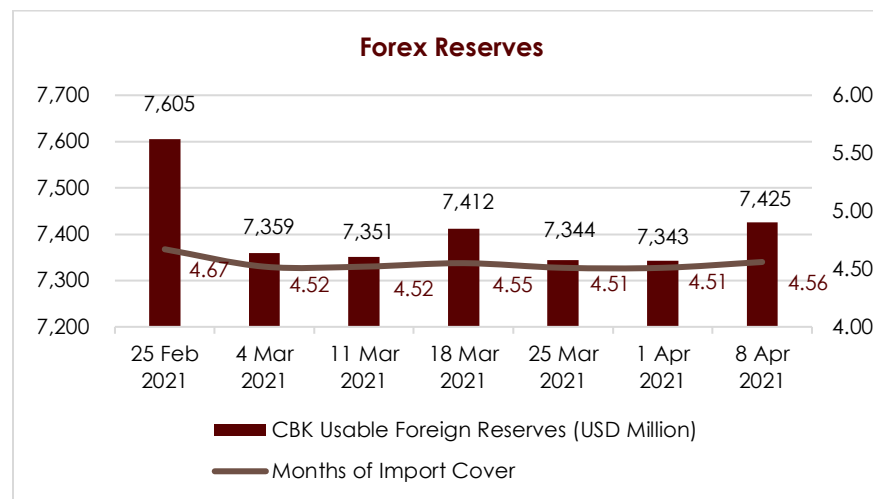
Exchange Rates

	Value	Weekly Change %	YTD Change %
US Dollar	107.0600	0.8%	1.9%
STG Pound	147.6818	0.5%	0.5%
EURO	128.1450	0.2%	4.3%

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

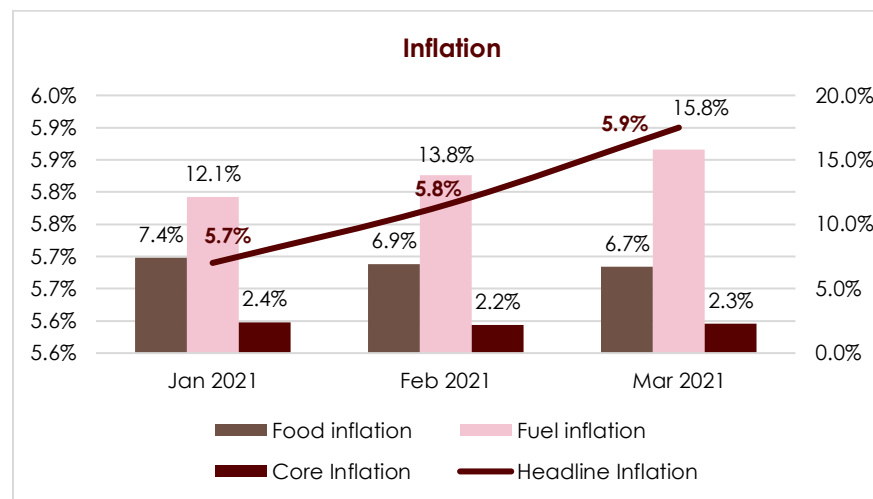
During the week, the Kenya Shilling appreciated against the US Dollar, the Euro, and the Sterling Pound.

Forex Reserves



Source: CBK

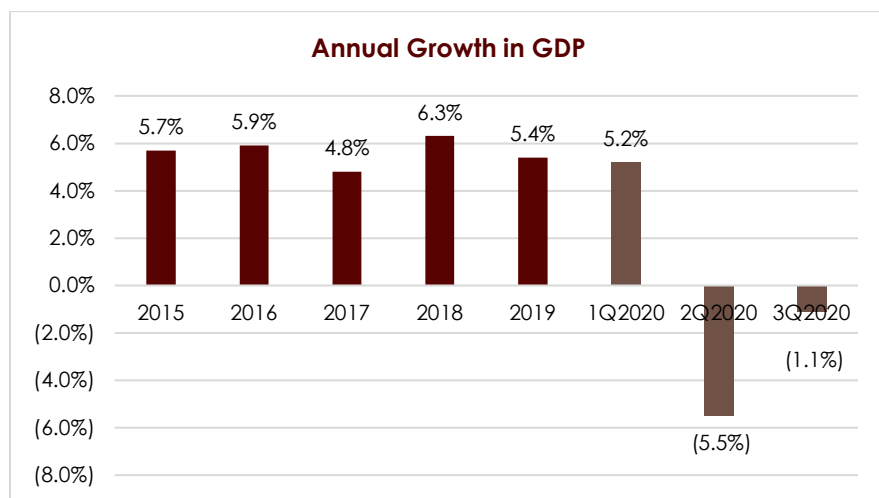
Inflation



Source: KNBS

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Gross Domestic Product (GDP)



Source: KNBS

Kenya's economy slid into a recession in the 3Q2020 as GDP contracted for the second consecutive quarter. Kenya's Real GDP is estimated to have contracted by 1.1% in the 3Q2020, showing some improvement from the contraction of 5.5% witnessed in 2Q2020, but markedly different from the growth of 5.8% realized in 3Q2019. The improvement from the previous quarter was supported by the partial easing of COVID-19 restrictions that enhanced economic activities.

The economic performance was largely weighed down by the accommodation and food services (contracted by 57.9% compared to a growth of 9.9% in 3Q2019) and the education (contracted 41.9% compared to a growth of 6.0% in 3Q2019) sectors. These were the hardest hit sectors due to the closure of learning institutions and the implementation of travel restrictions in order to contain the spread of the virus.

Growth was however largely supported by the agricultural, construction and real estate sectors which grew by 6.3%, 16.2% and 5.3% respectively. Growth in the agricultural sector was supported by increases in tea production, fruit exports and sugarcane production. In the construction sector, cement consumption rose by 23.5% y/y to 1,952.2 thousand metrics reflecting increased construction activity which also buoyed growth in the real estate sector.

Real GDP Growth by Sector	3Q2019	3Q2020
Agriculture	5.0%	6.3%
Mining & Quarrying	3.4%	18.2%
Manufacturing	3.9%	(3.2%)
Electricity and Water Supply	6.4%	4.7%
Construction	6.6%	16.2%
Wholesale & Retail Trade	6.1%	(2.5%)
Accommodation & Food Services	9.9%	(57.9%)
Transport & Storage	7.6%	2.9%
Information & Communication	8.0%	7.3%
Financial & Insurance	8.1%	5.3%
Public Administration	8.4%	9.6%
Professional, Admin & Support Services	4.8%	(12.3%)
Real Estate	5.5%	5.3%
Education	6.0%	(41.9%)
Health	5.5%	5.6%
Other Services	5.3%	(4.5%)

Source: KNBS

Labour Statistics

Indicator	3Q2019	1Q2020	2Q2020	3Q2020
Unemployment Rate	5.3%	5.2%	10.4%	7.2%
Labour Force Participation Rate	69.8%	69.7%	64.4%	68.8%

Source: KNBS

Derivatives Market

Weekly Statistics

	This Week	Previous Week
Total Volumes	116	76
Total Value	4,263,070	3,510,300
Total Open Interest	246	224

Source: NSE

Corporate Finance

Numida Raises USD 2.3 Million in Seed Round

Numida, a Ugandan fintech startup, has secured USD 2.3 million in seed funding. The seed round was led by pan-African payments leader MFS Africa, with participation from DRK Foundation, Equilibria Capital, and Segal Family Foundation alongside angel investors. The business lends to micro and small businesses through a mobile app.

Business owners can access unsecured loans of up to USD 3,500 to cover working capital needs. The firm has so far issued more than USD 2.0 million in unsecured loans to 3,000 micro and small business in Uganda. The funding will be used to launch new products.

Profit Warnings Issued

	Company	Sector
1.	Britam Holdings	Insurance
2.	East African Cables	Construction and Allied
3.	Kenya Orchards	Manufacturing and Allied
4.	Longhorn Publishers	Commercial and Services
5.	Nairobi Business Ventures	Commercial and Services
6.	Nation Media Group	Commercial and Services
7.	Unga Group	Manufacturing and Allied
8.	TPS Eastern Africa	Commercial and Services
9.	Homeboyz Entertainment	Commercial and Services
10.	Centum Investment Company	Investment

Source: NSE

Counter Statistics

Banking Sector	Price (KES)	YTD change	% w-o-w Change	Volume Traded	C/I Ratio	P/E (X)	Dividend Yield	P/B (X)	ROE
KCB	42.00	10.2%	2.2%	4,494,700	44.8%	6.88	2.4%	0.95	14.4%
Equity Bank	38.85	6.3%	-0.5%	3,605,800	51.5%	7.41	0.0%	1.06	15.8%
NCBA	26.80	0.2%	5.7%	1,761,400	41.9%	3.08	6.5%	0.60	15.3%
Stanbic	83.75	-1.5%	0.6%	404,700	52.2%	6.38	4.5%	0.64	10.3%
Absa Bank Kenya Plc	8.80	-8.9%	0.0%	445,700	48.2%	11.48	0.0%	1.03	8.9%
Housing Finance	4.00	20.5%	5.8%	264,300	93.8%	N/M	0.0%	0.16	-18.2%
Co-operative Bank	11.80	-5.6%	-1.3%	1,543,700	58.1%	6.40	8.5%	0.76	11.9%
Diamond Trust Bank	65.00	-13.3%	-4.4%	49,600	48.6%	5.60	4.2%	0.29	5.4%
Standard Chartered	142.75	-1.0%	0.5%	109,100	58.8%	13.60	7.4%	0.98	11.2%
I&M	46.00	2.2%	-6.1%	540,200	39.0%	3.53	5.5%	0.66	20.4%
Sector Average					53.7%	7.15	3.9%	0.71	9.5%

P/B (X) - FY2020

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	3.83	0.0%	0.0%	-	N/M	0.0%	-6.22	N/M
Nation Media Group	16.95	9.7%	-1.5%	232,500	3.77	8.8%	4.5	10.9%
WPP Scangroup	5.58	-7.0%	3.7%	261,800	4.98	9.0%	1.12	6.0%
Uchumi Supermarket	0.21	-25.0%	-8.7%	2,516,100	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.30	-11.9%	-3.6%	17,300	6.32	12.1%	0.68	17.3%
Eveready	1.13	-5.8%	13.0%	622,900	N/M	0.0%	-1.45	-10.8%
Sector Average					5.02	6.0%		5.8%

*N/M - Not Meaningful

Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
Bamburi Cement	38.30	1.2%	0.9%	90,000	15.63	0.0%	1.6%	2.1%
E.A. Portland Cement	8.00	-27.3%	-11.1%	29,600	N/M	0.0%	0.0%	0.0%
Sector Average					15.63	0.0%	0.8%	1.0%

*NPM - Net Profit Margin

Energy & Petroleum Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
KenGen	4.50	-4.5%	-1.3%	1,982,200	1.61	6.7%	2.79	9.0%
Kenya Power	1.40	-18.1%	2.9%	1,930,500	-2.92	0.0%	-0.48	-1.7%
Total Kenya	24.40	1.7%	6.6%	262,200	6.05	5.3%	4.03	10.8%
Sector Average					1.58	3.3%		3.7%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.29	7.5%	4.1%	335,900	0.30	-20.82	71.4%	34.6%
Britam	6.72	-7.4%	-4.0%	351,000	0.23	4.77	65.3%	37.2%
Jubilee	282.25	-0.6%	1.3%	86,800	8.63	5.38	101.3%	44.2%
Kenya Re	2.45	5.6%	-3.2%	935,500	0.09	0.96	71.2%	13.1%
Sanlam Kenya	10.90	-15.8%	-0.9%	500	7.57	13.80	85.8%	35.5%
Liberty	8.14	5.7%	-0.7%	1,500	1.01	6.21	119.6%	48.7%
Sector Average					2.97	1.72	85.8%	35.5%

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	EPS (KES)	ROE
Centum Investment	15.95	1.6%	1.6%	458,900	2.29	0.34	6.95	9.3%
Home Afrika Ltd	1.22	-4.8%	5.3%	182,700	N/M	N/M	N/M	2.6%
Trans-Century	1.22	-15.9%	1.7%	116,400	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.34		5.5%

*P/B based on company Net Aset Value

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	8.76	7.4%	11.2%	140,700	29.20	3.2%	0.3	3.9%
Sector Average					29.20	3.2%		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.27	0.0%	0.0%	-	N/M	0.0%	-4.43	-69.4%
EABL	170.00	10.2%	7.6%	2,621,700	32.88	1.8%	5.17	46.6%
FTG Holdings	1.30	5.7%	0.0%	94,000	5.00	0.0%	0.26	4.8%
Carbacid	11.20	-7.4%	-2.6%	899,100	8.82	6.3%	1.27	10.0%
BAT	475.00	31.6%	0.0%	94,300	8.61	9.5%	55.18	51.2%
Sector Average					13.83	3.5%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	38.40	12.1%	3.6%	32,122,400	20.65	3.6%	1.86	51.8%
Sector Average					20.65	3.6%		

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Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	5.98	7.6%	-11.3%	211,900	20.86	12.37%	0.82
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

Source: NSE and Faida Investment Bank Analysis

Recommendations

Counter	Recommendation	52-Week High	52-Week Low	Price	Target Price	Upside/(Downside)	Expected DPS	YTD Change
Equity Group	Hold	KES 43.00	KES 28.00	KES 38.85	KES 41.07	5.7%	KES 2.21	6.3%%
KCB	Neutral	KES 42.50	KES 30.00	KES 42.00	KES 44.59	6.2%	N/A	10.2%
EABL	Long-term Buy	KES 185.00	KES 143.25	KES 170.00	N/A	N/A	N/A	10.2%

Source: NSE and Faida Investment Bank Analysis

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

Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
I&M Holdings Plc	Final dividend	KES 2.25	1-Apr-21	15-Apr-21	20-May-21
BAT Kenya Plc	Final dividend	KES 41.50	19-Feb-21	16-Apr-21	12-May-21
NCBA Group	Final dividend	KES 1.50	29-Mar-21	20-Apr-21	Subject to approval
KCB Group	First & Final dividend	KES 1.00	18-Mar-21	26-Apr-21	Subject to approval
Standard Chartered Bank	First & Final dividend	KES 10.50	25-Mar-21	27-Apr-21	27-May-21
KenGen Co. Plc	First & Final dividend	KES 0.30	28-Jan-21	29-Apr-21	22-Jul-21
I&M Holdings Plc	Bonus Issue	1.1	31-Mar-21	10-May-21	21-May-21
Stanbic Holdings Plc	Final dividend	KES 3.80	5-Mar-21	21-May-21	Subject to approval
Jubilee Holdings	Final dividend	KES 8.00	16-Apr-21	26-May-21	26-Jul-21
Kakuzi Plc	First & Final dividend	KES 18.00	19-Mar-21	31-May-21	30-Jun-21
NSE Plc	First & Final dividend	KES 0.53	26-Mar-21	4-Jun-21	30-Aug-21
Umeme Ltd	Final dividend	UGX 12.20	23-Mar-21	25-Jun-21	19-Jul-21
Total Kenya	First & Final dividend	KES 1.57	6-Apr-21	26-Jun-21	30-Jul-21
ILAM Fahari I-REIT	First & Final dividend	KES 0.60	19-Mar-21	Subject to approval	30-Apr-21

Source: NSE

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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 drivers