



Weekly Report

Week 16

Week Ending Friday, April 23, 2021

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Global Markets

Index	Last Price*	Weekly Change	YTD Change
DJI	33,867.42	(1.0%)	11.4%
S&P 500	4,142.67	(1.0%)	10.9%
NASDAQ 100	13,849.15	(1.2%)	7.7%
DAX	15,165.12	(1.9%)	10.5%
FTSE 100	6,899.06	(1.7%)	6.8%
EURO STOXX 50	4,142.67	(1.0%)	16.6%
Shanghai Composite	3,474.17	1.4%	0.0%
NIKKEI 225	29,020.63	(2.2%)	5.8%
Commodities			
Brent Oil (USD/bbl.)	65.43	(2.0%)	28.0%
Gold (USD/Oz)	1,779.46	0.2%	(6.2%)

Source: Bloomberg, NSE; *As at 5:00 PM EAT

Most of the indices eased during the week. The FTSE 100 declined as the stronger pound took a toll on export companies such as Unilever, Diageo and BAT. The S&P 500 also fell owing to profit taking activity on reports of the US government's plan to almost double capital gains tax. Brent Oil dipped by 2.0% w/w to USD 65.43 a barrel as a surge in India's positive COVID-19 cases dimmed the outlook on demand (India is one of the world's largest oil importers).

Equities Market

Equity Market Commentary

The All Share Index (NASI) and the NSE 20 Share Index rose by 0.3% w/w and 0.3% w/w to close the week at 165.61 and 1,888.25 respectively, characterized by an increase in both market turnover (2.9% to KES 2.4 billion) and volume of shares traded (15.5% to 74.9 million shares).

We attribute the gain in the index partly to gains on a number of large cap counters; Equity (+0.6% w/w to KES 39.10) and Safaricom (1.0% w/w to KES 38.80).

Bamburi edged up by 6.0% w/w to close at KES 40.60 following the release of the full year 2020 results this week. The company registered a growth of 214.5% y/y in after tax profits to KES 1.1 billion) and announced a first and final dividend of KES 3.0 (FY2019: nil).

In the coming week, we expect price stability. Please note that KCB's book closure for the KES 1.0 first and final dividend is on Monday 26th April.

Market Indices Performance

Index	Value	Weekly Change %	YTD Change %
NASI	165.61	0.3%	8.9%
NSE 20	1,888.25	0.3%	1.1%
NSE 25	3,635.87	0.0%	6.5%

Source: NSE

Market Statistics

	This Week	Previous Week	Change %
Market Capitalization (KES Bn)	2,544.59	2,536.39	0.3%
Number of Shares Traded	74.87	64.84	15.5%
Equity Turnover (KES)	2,412.54	2,343.95	2.9%

Source: NSE

Equities Performance

Top Gainers	Price (KES)	Weekly Change %	YTD Change
1. Uchumi	0.24	14.3%	(14.3%)
2. Scangroup	6.24	11.8%	4.0%
3. Bamburi	40.60	6.0%	7.3%
4. Carbacid	11.85	5.8%	(2.1%)
5. Sanlam	11.45	5.0%	(11.6%)

Top Losers	Price (KES)	Weekly Change	YTD Change %
1. TPS Serena	15.40	(9.4%)	(3.8%)
2. BAT	433.75	(8.7%)	20.2%
3. Kapchorua Tea	82.00	(7.9%)	5.1%
4. Home Afrika	0.37	(7.5%)	(11.9%)
5. Umeme	6.32	(7.3%)	(13.2%)

Movers	Price (KES)	Turnover (KES Mn)
1. Safaricom	38.80	849.6
2. Equity Group	39.10	517.5
3. KCB Group	41.60	360.8
4. EABL	170.00	132.4
5. NCBA Group	24.85	110.2

Source: NSE and Faida Investment Bank Analysis

News Highlights

Bamburi Posts a 214.5% y/y Rise in After Tax Profit for FY2020

- Bamburi Cement reported a 214.5% y/y surge in after tax profit to KES 1.1 billion for FY2020 from KES 359.0 million posted in FY2019. The increase in profitability was primarily due to lower operating costs.
- Revenue decreased by 5.2% y/y to KES 34.9 billion. According to management, this was driven by:
 - A 13.0% y/y decline in revenue in 1H2020. This was attributed to a challenging business environment owing to the stringent COVID-19 containment measures, particularly at the border crossing points. However, the second half saw top-line growth of 3.0% y/y owing to the easing of restrictions.
 - Lower average selling prices. This was attributed to both a change in the product mix and competitive pressure driven by over-capacity in the cement market. The Group launched HEYa more affordable product - Fundi cement - in 1H2020 which lowered the average selling price across the product portfolio.
- Operating costs declined by 7.0% y/y to KES 33.2 billion. According to management, this was due to significant cost savings in both variable and fixed costs which offset imported cost inflation from the devaluation of the Kenyan shilling.
- Other gains grew by 130.9% y/y to KES 344.0 million.
- Impairment losses eased by 43.0% y/y to KES 118.0 million.
- As a result, the operating profit increased by 77.5% y/y to KES 2.0 billion (FY2019: KES 1.1 billion). According to the Group, the Uganda subsidiary Hima cement contributed to a higher turnaround in profitability compared to FY2019.
- Net finance costs fell by 46.8% y/y to KES 207.0 million. According to management, this was a result of actions taken as part of the "Cash" pillar of the Health, Cost and Cash (HCC) strategy. Actions taken included the release of cash tied up in trade receivables and inventories. The Group lowered inventories and trade receivables by KES 1,554.0 million (FY2019 1,041.0 million) and KES 885.0 million (FY2019: KES 138.0 million) respectively. This cash could have been invested to earn interest which lowered the finance costs.
- The Group recommended a first and final dividend of KES 3.00 per share (FY2019: nil).

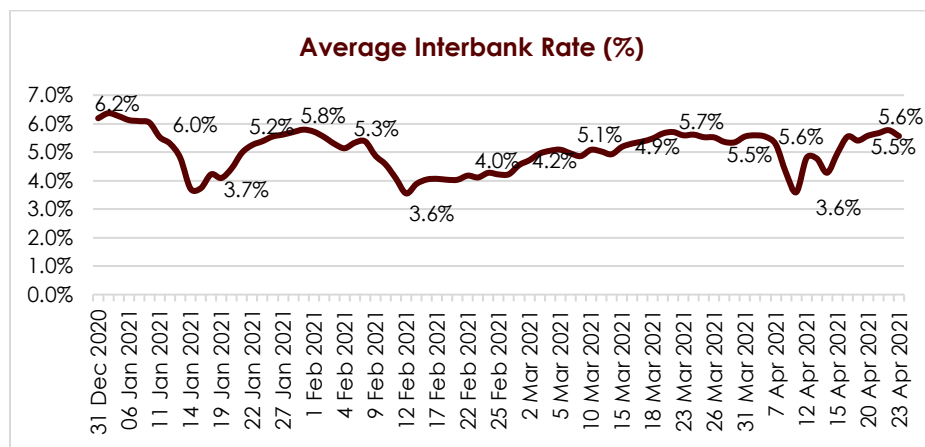
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Commentary

- Bamburi's topline performance is worrying. It seems the competitive pressures especially in Kenya are yet to abate even with the higher cement demand. The construction sector in Kenya had a stellar 2020 (compared to other sectors) even with COVID-19 pandemic (see the section on GDP for more details). Kenya's cement consumption in 2020 grew by 23.7% to 7.3 million tonnes (Mt). In the 1H2020 and 2H2020 cement consumption grew by 11.1%y/y and 35.0% y/y to 3.2Mt and 4.1Mt respectively. The company's best performance came in the second half where revenues only grew by 3.0% y/y.
- However, in our view, launching more competitively priced products is better in the long term. Cement is a standardized product and customers, particularly in the retail segment (accounts for about 70.0% to 90.0% of sales) are unlikely to perceive any differences other than in price of the product.
- When it comes to operational efficiencies, we still hold the view that it's not a sustainable way to deliver growth – at some point you'll run out of costs to cut or areas to make efficiency improvements on.
- The recommendation is under review.

Fixed Income Market

Interbank Rate



Source: CBK

Treasury Bill Auction Results

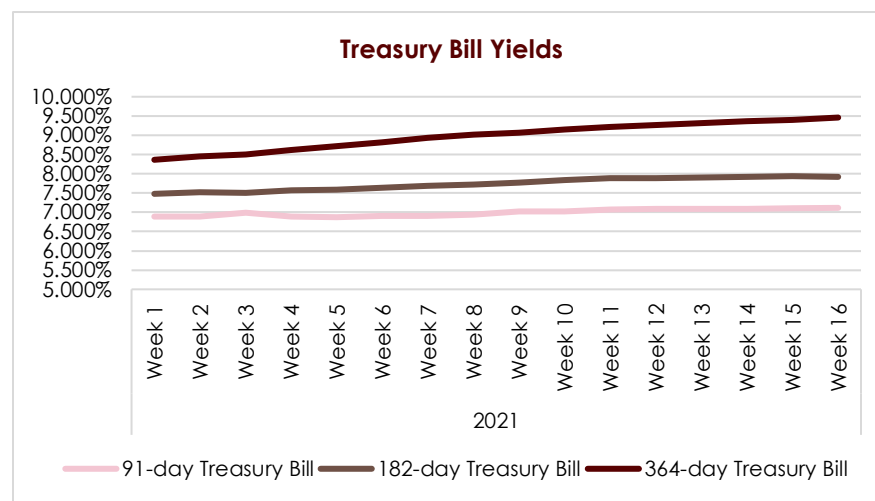
	Amount Offered	Bids Received	Subscription Rate	Bids Accepted	Yield	Change*
91 day	4.0	3.66	91.49%	3.66	7.115%	0.7
182 day	10.0	2.01	20.05%	2.00	7.925%	(1.3)
364 day	10.0	8.69	86.86%	7.77	7.460%	5.7
Total	24.0	14.35	59.79%	13.43		

*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 59.79%, down from last week's 86.91%. The 91 day paper had the highest subscription rate this week, at 91.49%.

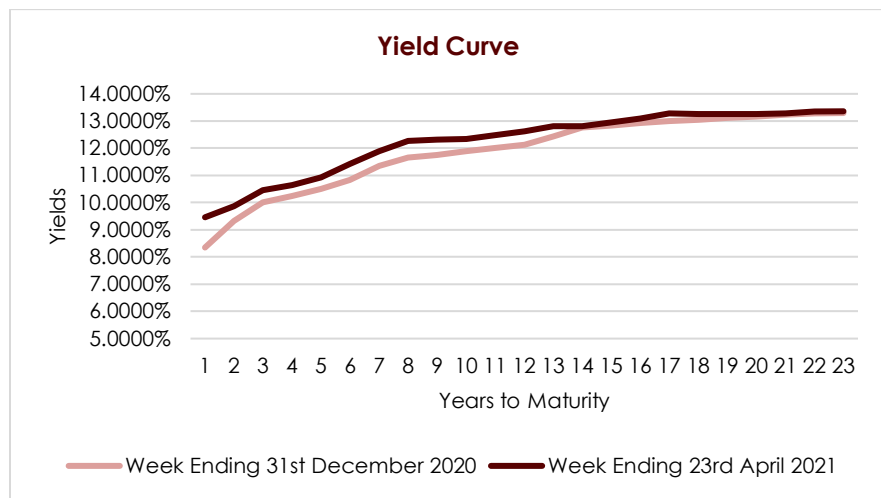
Treasury Bill Yields



Source: CBK

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Government Securities Yield Curve



Source: NSE

Macroeconomic Indicators

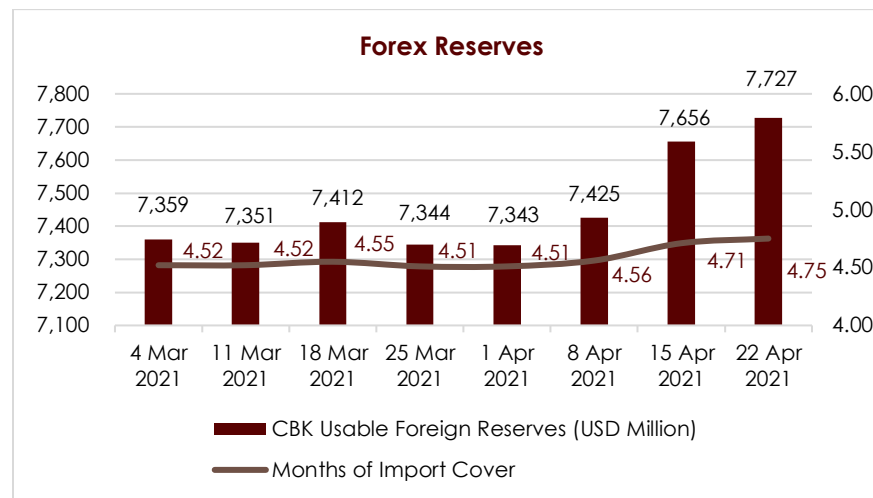
Exchange Rates

	Value	Weekly Change %	YTD Change %
US Dollar	108.5265	(1.4%)	0.6%
STG Pound	150.6824	(2.0%)	(1.6%)
EURO	130.7232	(2.0%)	2.4%

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

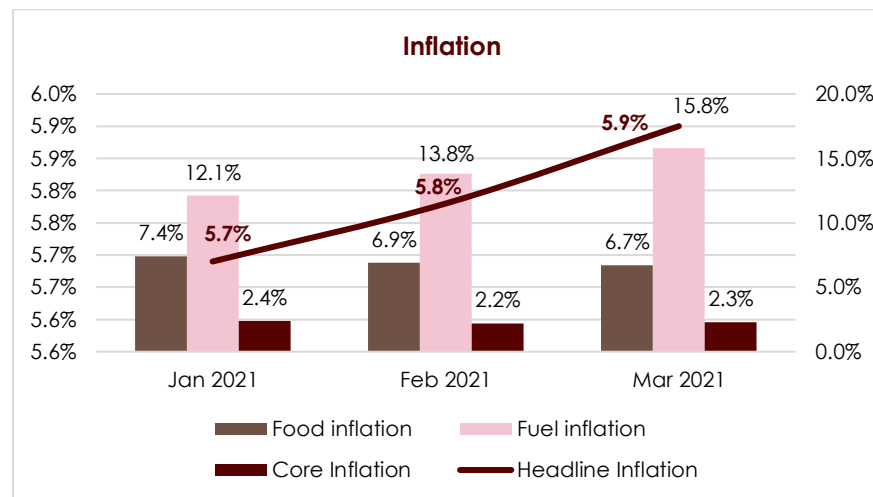
During the week, the Kenya Shilling depreciated against the US Dollar, the Euro, and the Sterling Pound.

Forex Reserves



Source: CBK

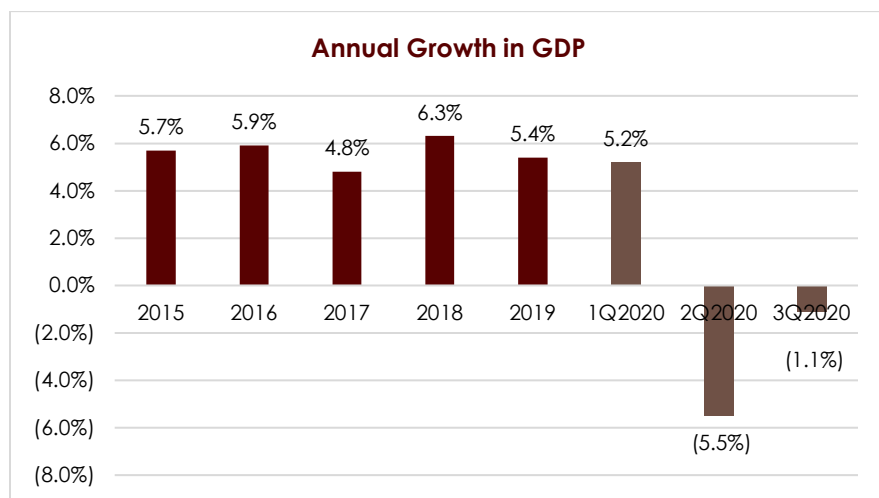
Inflation



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	210	116
Total Value	8,208,835	4,263,070
Total Open Interest	287	246

Source: NSE

Corporate Finance

Okra raises USD 3.5 million in Seed Round

Okra, a Nigerian fintech startup, has secured USD 3.5 million in seed funding. The seed round was led by US based Susa Ventures. Okra was launched in 2020 and is an open finance platform that enables businesses and developers to build personalized digital services and financial products for clients. The funding will be used to expand the firm's data infrastructure across Nigeria. So far the startup has provided services to financial institutions, startups and government agencies.

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	41.60	9.2%	-1.0%	8,569,800	44.8%	6.82	2.4%	0.94	14.4%
Equity Bank	39.10	7.0%	0.6%	13,256,600	51.5%	7.46	0.0%	1.06	15.8%
NCBA	24.85	-7.1%	-7.3%	4,342,800	41.9%	2.86	7.0%	0.55	15.3%
Stanbic	83.00	-2.4%	-0.9%	443,500	52.2%	6.32	4.6%	0.63	10.3%
Absa Bank Kenya Plc	8.72	-9.7%	-0.9%	974,400	48.2%	11.38	0.0%	1.02	8.9%
Housing Finance	3.88	16.9%	-3.0%	97,600	93.8%	N/M	0.0%	0.16	-18.2%
Co-operative Bank	11.90	-4.8%	0.8%	1,201,200	58.1%	6.46	8.4%	0.77	11.9%
Diamond Trust Bank	67.25	-10.3%	3.5%	89,300	48.6%	5.79	4.0%	0.30	5.4%
Standard Chartered	141.00	-2.3%	-1.2%	552,500	58.8%	13.43	7.4%	0.96	11.2%
I&M	45.00	0.0%	-2.2%	1,323,600	39.0%	3.46	5.7%	0.64	20.4%
Sector Average					53.7%	7.11	4.0%	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	17.00	10.0%	0.3%	622,200	3.78	8.8%	4.5	10.9%
WPP Scangroup	6.24	4.0%	11.8%	198,900	5.57	8.0%	1.12	6.0%
Uchumi Supermarket	0.24	-14.3%	14.3%	331,000	N/M	0.0%	-4.6	N/M
Longhorn Publishers	4.27	-12.5%	-0.7%	11,600	6.28	12.2%	0.68	17.3%
Eveready	1.10	-8.3%	-2.7%	31,200	N/M	0.0%	-1.45	-10.8%
Sector Average					5.21	5.8%		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	40.60	7.3%	6.0%	1,030,700	16.57	7.4%	3.2%	3.8%
E.A. Portland Cement	8.00	-27.3%	0.0%	3,000	N/M	0.0%	0.0%	0.0%
Sector Average					16.57	3.7%	1.6%	1.9%

*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	4.35	-7.6%	-3.3%	9,995,100	1.56	6.9%	2.79	9.0%
Kenya Power	1.46	-14.6%	4.3%	2,160,000	-3.04	0.0%	-0.48	-1.7%
Total Kenya	24.00	0.0%	-1.6%	28,300	5.96	5.4%	4.03	10.8%
Sector Average					1.49	3.4%		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	2.30	8.0%	0.4%	348,200	0.30	-20.91	71.4%	34.6%
Britam	7.00	-3.6%	4.2%	238,600	0.24	4.96	65.3%	37.2%
Jubilee	290.00	2.1%	2.7%	1,300	8.87	5.52	101.3%	44.2%
Kenya Re	2.56	10.3%	4.5%	921,800	0.09	1.00	71.2%	13.1%
Sanlam Kenya	11.45	-11.6%	5.0%	3,400.00	7.95	14.49	85.8%	35.5%
Liberty	8.00	3.9%	-1.7%	54,700.00	1.00	6.11	119.6%	48.7%
Sector Average					3.07	1.86	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	15.70	-1.6%	-1.6%	910,500	2.26	0.33	6.95	9.3%
Home Afrika Ltd	1.26	-11.9%	-7.5%	1,238,100	N/M	N/M	N/M	2.6%
Trans-Century	1.26	-13.1%	3.3%	71,700.00	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.33		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	8.36	2.5%	-4.6%	68,100	27.87	3.3%	0.3	3.9%
Sector Average					27.87	3.3%		

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%	0.0%	778,600	32.88	1.8%	5.17	46.6%
FTG Holdings	1.34	8.9%	3.1%	38,400	5.15	0.0%	0.26	4.8%
Carbacid	11.85	-2.1%	5.8%	68,600	9.33	5.9%	1.27	10.0%
BAT	433.75	20.2%	-8.7%	94,400	7.86	10.4%	55.18	51.2%
Sector Average					13.81	3.6%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	38.80	13.3%	1.0%	21,933,500	20.86	3.6%	1.86	51.8%
Sector Average					20.86	3.6%		

Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
ILAM FAHARI I-REIT	5.80	4.3%	-3.0%	680,400	20.86	12.76%	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 39.10	KES 41.07	5.0%	KES 2.21	7.0%
KCB	Neutral	KES 42.50	KES 30.00	KES 41.60	KES 44.59	7.2%	N/A	9.2%
EABL	Long-term Buy	KES 185.00	KES 148.00	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
Bamburi Cement Ltd	First & Final dividend	Kes. 3.00	20-Apr-21	16-May-21	15-Jul-21
B.O.C Kenya	Final dividend	Kes. 4.15	21-Apr-21	25-May-21	19-Jul-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	Ushs. 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