

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 139.69	2.9%	-16.1%	USD Mn – 19,899 KES Bn – 2,135
	NSE 20 Share Index - 1,958.07	-0.5%	-30.9%	USD Mn – 17,193 KES Bn – 1,844.639
	NSE 25 Share Index - 3,292.64	3.7%	-19.7%	USD Mn – 18,428 KES Bn – 1,977.181
NIGERIA	ASI- 23,021.01	1.9%	-14.2%	USD Mn – 33,279 NGN Bn – 11,997
EGYPT	EGX100- 1,134.08	3.6%	- 18.9%	USD Mn – 26.22 EGP Bn – 412.99
SOUTH AFRICA	All share – 50,336.72	1.6%	- 11.8%	USD Bn – 7.32.547 ZAR Bn – 13.229

Source: NSE

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –107.29	0.5%	-4.9%	5.6% (04/2020)	5.4% (2019)
NGN/USD -360.50	-	-17.6%	12.3% (03/2020)	2.3% (2019)
EGP/USD –15.75	-	1.8%	5.1% (03/2020)	4.8%(4Q2019)
ZAR/USD – 18.06	2.0%	-28.6%	4.1% (03/2020)	-0.5%(4Q2019)

Source: CBK, SARB, KNBS, NBS, SIS, STATS SA, CBN and CBE

Safaricom PLC Posts a 16.2% y/y increase in After Tax Profits for FY2020

Safaricom's after tax profits grew by 16.2% y/y in FY2020 to KES 73.7 billion from KES 63.4 billion registered in FY2019. Some of the performance highlights include:

- 4.5% y/y growth in service revenues to KES 251.2 billion (FY2019: KES 240.3 billion) primarily driven by MPESA and data
- 12.5% y/y growth in MPESA revenues to KES 84.4 billion. The growth in revenues was underpinned by 12.1% y/y growth in 30-day active MPESA customers to 24.9 million while chargeable transactions (including betting) grew to approximately 13.0 from 12.0 transactions in FY2019.
- Chargeable transactions (excluding betting) grew to approximately 11.0 from 9.0 transactions. In terms of MPESA business lines, growth was supported by 43.3% y/y growth in new business (predominantly driven by savings and lending) and a 14.6% y/y rise in transfers. The growth in MPESA revenues was however impacted by losses in revenue worth KES 1.9 billion from betting and KES 0.6 billion from COVID response (cash transfers of less than KES 1000.0 have no charge). According to the company, a 7.0% (KES 5.5 billion) is expected within 3 months of the COVID response. The company also noted that customers were abusing this initiative by splitting higher value transactions (more than KES 1,000) leading to revenue leakages. According to management, attempts by the company to limit the number of transactions to curb this behavior have been opposed by government (As a result management was not enthusiastic about extending the initiative after the 3 months).
- Mobile data revenues rose by 12.1% y/y to KES 40.7 billion (FY2018: KES 36.3 billion). The growth was underpinned by growth in 30-day active customers (+14.0% y/y to 22.0 million) and consumer usage (+65.3% to 1,204.0 megabytes (MBs)). While the rate per MB fell by 37.5% y/y to 15.0 cents (FY2019: 24.0 cents), the mobile data Average Revenue Per User (ARPU) edged up by 2.3% y/y to KES 181.0. Fixed service revenues rose by 11.1% y/y to KES 9.0 billion with the number of homes connected growing to 142,100 from 107,800 in FY2019.

- Voice revenue and Messaging revenue declined by 1.4% y/y and 12.3% y/y to KES 94.5 billion and KES 17.2 billion respectively. This reflects the continuing impact of commoditization which negates growth in customers.
- Direct costs grew by 4.0% y/y to KES 74.7 billion. Direct cost intensity (direct costs/total revenues) fell from 28.6% to 28.4% due to a faster growth in revenues (+4.8% y/y to KES 262.6 billion) compared to direct costs. OPEX intensity (operating expenses/total revenues) also declined from 21.3% to 18.1% due to the faster growth in revenues (+4.8% y/y to KES 262.6 billion) compared to operating expenses (-10.9% y/y to KES 47.6 billion). The company attributed the improvement in operational efficiency to increased digitization and savings of KES 3.4 billion from implementation of IFRS16 which affected operating lease rentals (this savings was partly offset by an increase in depreciation).

We expect MPESA and data to be key growth drivers. However, in light of the bleak economic outlook as result of the COVID 19 pandemic, we see a risk of some weakness in these revenue lines. MPESA now accounts for 33.6% of the revenues. With its growing entrenchment in the economy, we do not expect it to be immune to the economic downturn. Although the restriction of movement has forced more people to work from home thereby increasing data consumption, the economic downturn is likely to see a number of job losses or workers taking pay cuts. The impact of these is that most will likely cut down on expenses (which may include internet costs) and focus on meeting the basic necessities.

The CBK's MPC lowers CBR by 25 bps to 7.00%

- The Monetary Policy Committee (MPC) continued implementing its accommodative monetary policy stance effectively lowering the Central Bank Rate (CBR) by 25 bps to 7.00%.
 - According to the MPC, the decision to reduce the CBR was influenced by a weak economic growth outlook (the CBK projects Kenya's GDP growth in 2020 to fall sharply to 2.3%, while the IMF expects it to drop to 1.0%) informed by the ongoing negative effects of the COVID-19 shock.
- The decision follows a previous 100 bps rate cut in both the CBR and the Cash Reserve Ratio (CRR) to 7.25% and 4.25% respectively implemented in the wake of the global COVID-19 pandemic.

- According to the MPC, the reduction in CRR has resulted in the flow of funds to the economy, with 43.5% of these funds having been already channelled towards the tourism, real estate, trade and agricultural sectors.
- Furthermore, owing to the accommodative policy stance, private sector credit growth improved to 8.9% in the 12 months to March 2020 from 7.7% in the 12 months to February 2020.
- With the exception of GDP growth, the MPC expects other economic metrics to hold steady in 2020.
 - A lower import bill in 2020 (principally underpinned by subdued international oil prices) is projected to relatively offset lower receipts from horticulture exports, remittances and tourism, to yield a stable current account deficit, estimated to stay at 5.8% of GDP.
 - Inflation is projected to remain range bound within its target range (5% +/-2.5%) in 2020 supported by muted demand pressures, favourable weather conditions, lower international oil prices and lower Value Added Tax (VAT) – which was reduced to 14.0% from 16.0% as part of the measures to mitigate against the impact of COVID-19 shock.
- The effect of the global COVID-19 pandemic and the resultant global recession continues to be the greatest risk to economic growth in Kenya mostly through its impact on export demand, tourism inflows, remittances and disruption in domestic activity (consumption, trade, real estate, building and construction).
- Given the muted demand pressures and expected range – bound inflation, the MPC has more leeway to continue to implement its accommodative policy in an attempt to stimulate economic activity.
- The main risk with this policy stance is that it may not translate to economic growth. We opine that the resultant credit created may not be channelled towards enhancing productivity (given the muted demand) but in restructuring current loans which are still plagued by high default risk given the current economic conditions.

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)	ROE
KCB	37.00	-31.5%	1.1%	5,388,800	45.9%	4.51	9.5%	0.89	20.7%
Equity Bank	37.65	-29.6%	8.8%	10,713,800	51.5%	6.30	6.6%	1.27	21.8%
NCBA	28.50	-22.7%	-0.9%	391,500	41.9%	3.28	-	0.63	15.3%
Stanbic	92.50	-15.3%	-2.6%	48,500	56.2%	5.73	7.6%	0.75	13.6%
Absa Bank Kenya Plc	10.60	-20.6%	0.0%	3,819,400	51.2%	7.72	10.4%	1.27	16.7%
Housing Finance	3.89	-39.8%	-4.0%	73,800	93.8%	N/M	0.0%	0.13	-1.1%
Co-operative Bank	12.60	-22.9%	2.0%	2,111,500	52.1%	5.17	7.9%	0.93	19.2%
Diamond Trust Bank	83.00	-23.9%	-2.9%	48,600	48.6%	3.42	3.3%	0.39	12.1%
Standard Chartered	187.50	-7.4%	-3.0%	37,500	55.6%	7.82	10.7%	1.35	17.5%
I&M	51.25	-5.1%	0.0%	235,500	39.0%	1.97	5.0%	0.37	20.4%
Sector Average					53.6%	5.10	6.7%	0.80	15.6%

P/B (X) - FY2019, NCBA paid a stock dividend, NCBA metrics are Pre-Bonus

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	0.89	-56.6%	-4.3%	3,911,300	N/M	0.0%	-1.3	N/M
Nation Media Group	21.35	-46.4%	-9.3%	301,200	4.74	7.0%	4.5	10.9%
WPP Scangroup	16.00	-7.0%	-0.3%	36,300	14.29	0.0%	1.12	6.0%
Uchumi Supermarket	0.27	-6.9%	-10.0%	116,400	N/M	0.0%	-4.6	N/M
Longhorn Publishers	5.02	-25.7%	2.4%	19,000	7.38	10.4%	0.68	17.3%
Eveready	0.80	-27.3%	-8.0%	21,700	N/M	0.0%	-1.45	-10.8%
Sector Average					8.80	4.1%		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	45.10	-43.6%	-6.0%	26,800	18.41	11.3%	1.6%	2.1%
E.A. Portland Cement	14.25	-1.7%	0.0%	0	N/M	0.0%	0.0%	0.0%
Sector Average					18.41	5.7%	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	4.55	-20.5%	-7.1%	2,616,500	3.79	8.8%	1.20	4.2%
Kenya Power	2.01	-28.5%	-6.1%	5,910,300	15.46	0.0%	0.13	0.4%
Total Kenya	24.10	-12.4%	1.0%	51,100	5.98	5.4%	4.03	10.8%
Sector Average					8.41	4.4%		2.3%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	2.26	-15.7%	4.1%	150,700	0.29	18.83	69.8%	34.4%
Britam	6.84	-24.0%	2.1%	234,900	0.23	4.85	65.3%	37.2%
Jubilee	263.00	-25.1%	-3.0%	14,400	9.37	5.01	91.9%	46.2%
Kenya Re	2.52	-16.8%	-3.1%	489,200	0.09	0.99	71.2%	13.1%
Sanlam Kenya	15.00	-12.8%	0.0%	100	10.42	18.99	85.8%	35.5%
Liberty	8.34	-19.4%	1.7%	8,900	1.04	6.37	119.6%	48.7%
Sector Average					0.88	9.57	83.9%	35.8%

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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	25.15	-14.7%	7.5%	302,700	3.76	0.49	6.68	8.0%
Home Afrika Ltd	0.38	-36.7%	-2.6%	228,600	N/M	N/M	N/M	2.6%
Trans-Century	1.70	-32.0%	1.2%	17,900	N/M	N/M	N/M	4.7%
Sector Average					N/M	0.49		5.1%

*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	9.26	-25.0%	3.1%	74,300	30.87	3.0%	0.3	3.9%
Sector Average					30.87	3.0%		

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%	0	N/M	0.0%	-4.43	-69.4%
EABL	172.75	-13.0%	13.7%	296,800	15.38	4.9%	11.23	83.0%
FTG Holdings	0.91	-63.2%	-6.2%	1,600,900	3.50	0.0%	0.26	4.8%
Carbacid	9.26	15.8%	4.0%	5,500	8.90	7.6%	1.04	8.6%
BAT	320.00	-36.0%	-5.5%	23,300	8.24	10.5%	38.85	40.8%
Sector Average					9.01	4.6%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	28.50	-9.5%	3.4%	25,370,300	15.32	4.9%	1.86	51.8%
Sector Average					15.32	4.9%		

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Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
STANLIB FAHARI I-REIT	8.96	-4.9%	11.7%	139,300	20.80	8.37%	0.83
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

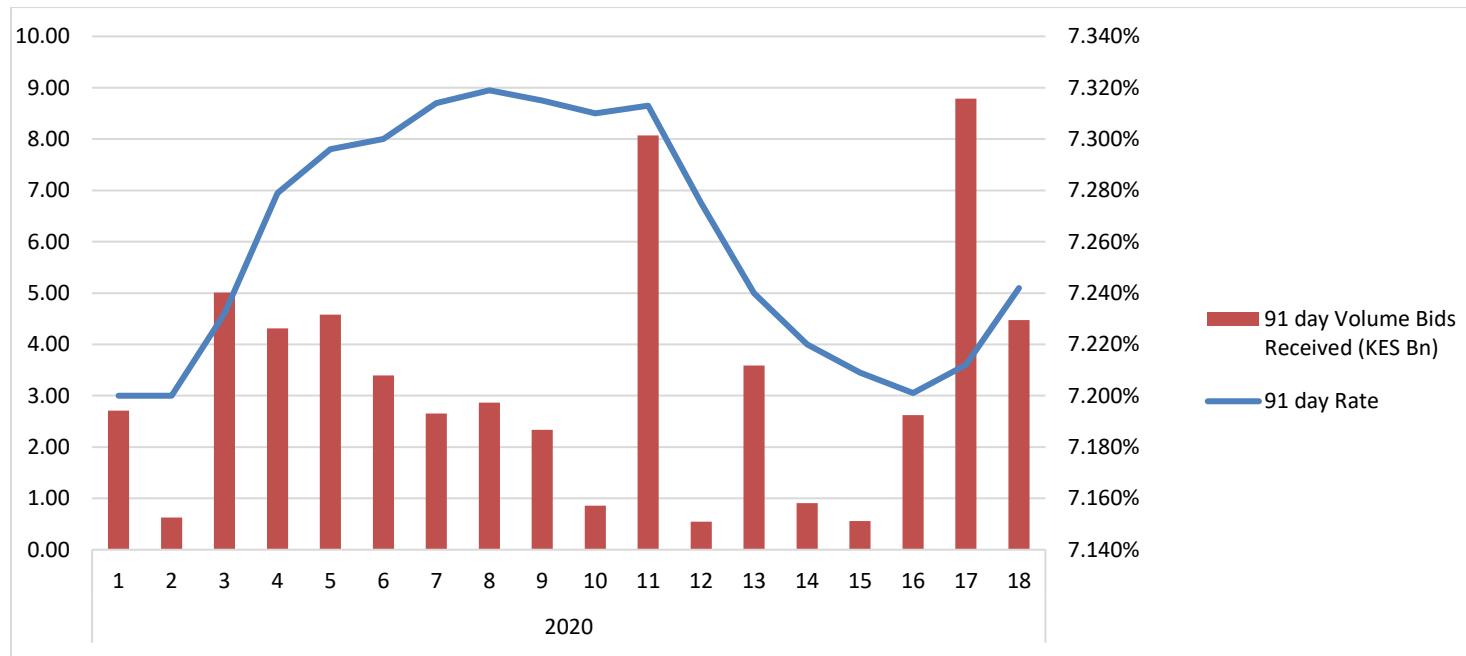
Market Statistics	This Week	Last Week	% Change
Total Volumes	68,848,900	134,164,500	-48.7%
Total Turnover (KES)	1,603,767,351	4,266,500,987	-62.4%

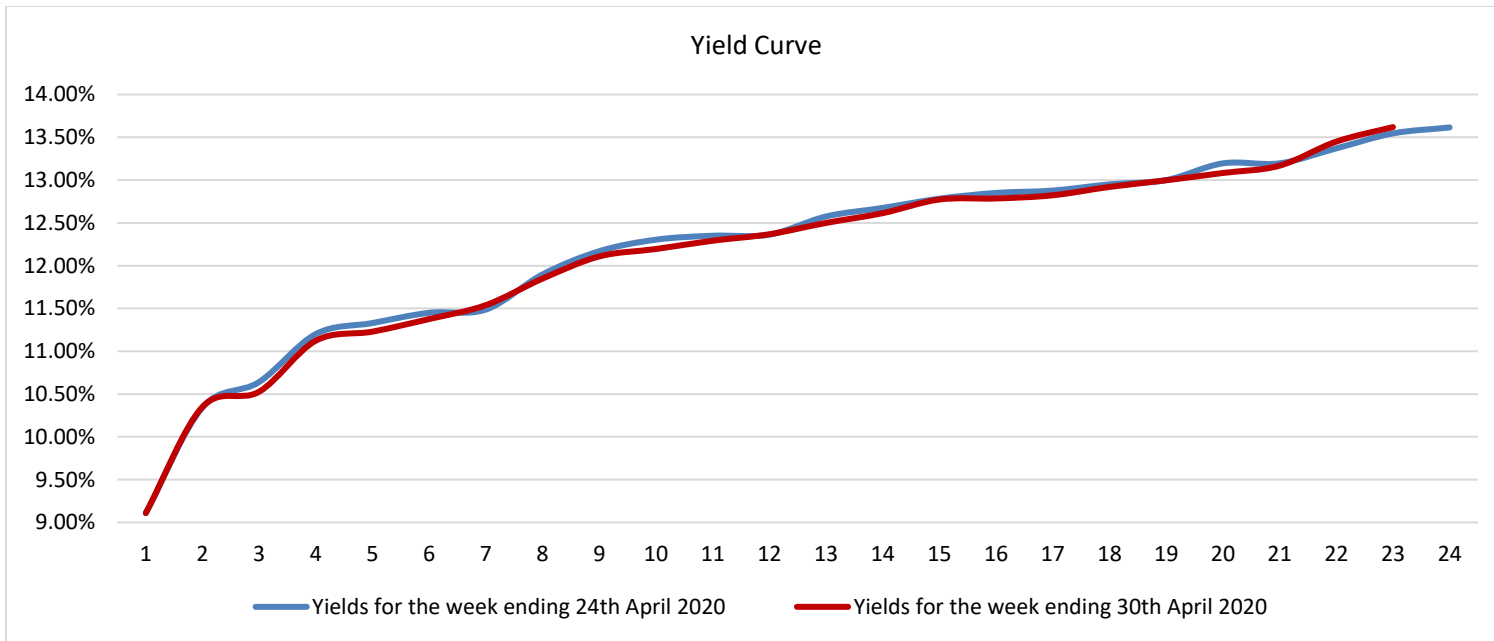
Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	4.47Bn	111.82%	2.51Bn	7.242%	7.212%	0.030
182 day T-bill	2.67Bn	26.75%	2.54Bn	8.134%	8.121%	0.013
364 day T-bill	10.75Bn	107.51%	10.61Bn	9.115%	9.110%	0.005

Graph showing 91 day T-bill rate and volume

Week No. 18





Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Limuru Tea Company Plc	First & Final dividend	Kes.0.70	23-Mar-20	10-Apr-20	26-Jun-20
Standard Chartered Bank Kenya	Final dividend	Kes.15.00	19-Mar-2020	27-Apr-20	28-May-20
KCB Group PLC	Final dividend	Kes.2.50	12-Mar-20	27-Apr-20	Subject to Approval
Kakuzi Plc	First & Final dividend	Kes.14.00	20-Mar-20	30-Apr-20	18-May-20
NCBA Group PLC	Bonus Issue	1:10	22-Apr-20	12-May-20	Subject to Approval
Stanbic Holdings PLC	Final dividend	Kes.5.8	02-Mar-20	18-May-20	Subject to Approval
BK Group PLC	Final dividend	Frw.14.40	27-Mar-20	12-Jun-20	01-Jul-20
Equity Group Holdings Plc	First & Final dividend	Kes.2.50	20-Mar-20	12-Jun-20	24-Jul-20
Nation Media Group Ltd	Bonus Issue	1:10	20-Apr-20	12-Jun-20	Subject to Approval
Kenya Reinsurance Ltd	First & Final dividend	Kes.0.10	27-Mar-20	12-Jun-20	24-Jul-20
Umeme Ltd	Final dividend	Ushs.41.30	23-Mar-20	22-Jun-20	17-Jul-20
Diamond Trust Bank Ltd	First & Final dividend	Kes.2.70	20-Mar-20	25-Jun-20	24-Jul-20
Safaricom Plc	First & Final dividend	Kes.1.40	29-Apr-20	31-Jul-20	01-Nov-20
ABSA Bank Kenya PLC	Final dividend	Kes.0.90	24-Mar-20	Subject to Approval	Subject to Approval
Britam Holdings PLC	First & Final dividend	Kes.0.25	03-Apr-20	Subject to Approval	Subject to Approval
I&M Holdings Plc	First & Final dividend	Kes.2.55	26-Mar-20	Subject to Approval	Subject to Approval
Stanlib Fahari I-Reit	First & Final dividend	Kes.0.75	29-Apr-20	Subject to Approval	31-May-20
Nairobi Securities Exchange	First & Final dividend	Kes.0.08	27-Mar-20	Subject to Approval	Subject to Approval

Market Recommendations

Counter	Recommendation	YTD Change	Price as at 30th April 2020
KCB Group	Long-term Buy	-31.48%	37.00
Equity Group Holdings	Long-term Buy	-29.63%	37.65
ABSA Bank Kenya Plc	Long-term Buy	-20.60%	10.60
Stanbic	Long-term Buy	-15.33%	92.50

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E-mail:

research@fib.co.ke

HEAD OFFICE:

Crawford Business Park,
Ground Floor,
State House Road
Tel: 0207606026-37
P.O Box 45236-00100
Nairobi