

Week ending 14th June 2019

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) – 150.12	-0.2%	6.9%	USD Mn – 22.367 KES Bn – 2,271
	NSE 20 Share Index – 2,706.78	0.2%	-4.5%	USD Mn – 19,274 KES Bn – 1,957
	NSE 25 Share Index – 3,637.98	-0.3%	2.4%	USD Mn – 20,701 KES Bn – 2,102
NIGERIA	ASI– 30,046.70	-1.3%	-4.4%	USD Mn –43.103 NGN Bn – 13,233
*EGYPT	EGX100– 1,546.83	1.7%	-10.4%	USD Mn – 37944 EGP Bn – 635.429
SOUTH AFRICA	All share – 58,697.63	2.8%	11.3%	USD Mn – 944.273 ZAR Bn – 14,020

Source: NSE, JSE, NSE (Nigeria), ASI, EGX100- as at 13/06/2019

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –101.55	-0.2%	0.3%	5.5%(05/2019)	6.3%(FY2018)
NGN/USD-307.00	-0.2%	-0.2%	14.1%(05/2019)	2.4%(3Q2018)
*EGP/USD –16.75	0.1%	6.5%	13.0%(04/2019)	5.3%(3Q2018)
ZAR/USD – 14.85	1.8%	-9.4%	4.4%(04/2019)	0.8%(FY2018)

Source: CBK, ZAR, KNBS, NBS, CBN and EGP- as at 13/06/2019

Equity Group Acquires License to Operate in Ethiopia

Equity Bank has set up a commercial representative office in Addis Ababa Ethiopia, with operations scheduled to commence in July. This comes after the recent reforms to democratize the economy and adopt a loosening stance to state-owned industries. Equity sets to benefit in a major way going by (1) Unbanked population of 65% in a country of up to 100 million people (ii) average GDP growth rate of 8.0%. As at 2017, approximately 26% of the population had saved with financial institutions with only 11.0% having borrowed from the same. Additionally, cash remains the dominant payment method, with minimal usage of digital financial services (for e.g. only 0.1% of the population pays utility bills via mobile phone). According to World Bank (using 2020 as the end year), by opening up the market and legal/regulatory environment, the projected reach stands at 28.1 million adults. This presents a significant playing field for Equity, armed with digital capabilities (that could potentially reach a further 3.2 million adults). Entry into Ethiopia marks the second phase of the bank's expansion strategy, aiming for presence in 10 African countries by the end of the year. We opine that the bank's next growth wave will be centered on unlocking potential through their expansion strategy and further affirmed by their competitive advantage in digitization.

Centum Posts a 47.6% y/y Growth In After Tax Profits for FY2019

Centum recorded a 47.6% y/y growth in after tax profits for FY2019 to KES 4.1 billion (FY2018: KES 2.8 billion). The increase in profitability was primarily driven by higher investment income (realized gains of KES 1.2 billion from exiting Gen Africa, 29% IRR) and land revaluations (KES 3.3 billion gain). The group's total Net Asset Value (NAV) grew 8.0% y/y to KES 52.6 billion. This was driven by the company's real estate and private equity portfolio which contributed KES 35.9 billion (47.4%) and KES 21.2 billion (40.3%) respectively. This saw the group's Net

Asset Value Per Share (NAVPS) rise by 8.0% y/y to KES 79.10. The group is currently in the process of exiting Almasi Beverages Limited and Nairobi Bottlers Limited at a transaction price of KES 19.5 billion, acquired at a historical cost of KES 3.4 billion, with a carrying value of KES 16.8 billion as at FY2019. The proceeds will go towards settling the group's USD debt obligations amounting to KES 7.5 billion (planning to settle all maturing debt) and the balance invested under the private equity and marketable securities portfolio. The debt burden had seen the group's internally generated funds deteriorate from KES 7.6 billion in FY15 to KES 2.9 billion in FY19 and the debt service coverage ratio 9.3x to 1.7x within the same period. Following the repayment of the long-term debt, the company's debt burden will ease from KES 13.9 billion to KES 6.4 billion. Management expects repayment of the long-term debt to result in finance cost savings of KES 700 million which we expect to push more income to the bottom line, if operating efficiencies are maintained. We also expect this to strengthen the balance sheet. Under the group's new strategy to hold steady its development portfolio and focus on cash generative assets by solely prioritizing real estate, private equity and marketable securities for the next 5 years, we expect to see a boost in the group's cash position starting to reflect in FY2020.

Stock Market Performance and Outlook

The overall market remained relatively flat, easing by 0.2% w/w to close the week at 150.12. Overall, price gains were noted at the beginning of the week with stabilization towards the end as supply overcame demand. Activity was higher compared to the previous week owing to increased foreign participation (demand and supply) as local fund managers continued to shy away from the market. This resulted in activity being concentrated in Safaricom, KCB and Equity with volumes growing by 181.4%, 402.5%, 34.0% respectively and minimal price movements -1.8%w/w, +0.3% w/w and 0.1% w/w respectively. Notably, Jubilee traded 1.4 million shares (week to date) compared to 1.9 million (last 12 months) –local buyer, foreign seller. Following Centum's FY2019 results announcements on Wednesday, activity on the stock was mostly concentrated on that day, with price gains of +2.3% w/w to close the week at KES 34.00. In the coming week we expect to see return of local institutional participation, increasing activity in the market.

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	39.65	5.9%	0.3%	11,263,000	48.7%	5.07	8.8%	1.07	21.9%
Equity Bank	40.00	14.8%	0.1%	15,046,000	52.2%	7.61	5.0%	1.59	21.1%
NIC Bank	31.60	13.7%	0.5%	1,165,000	46.3%	4.78	4.0%	0.57	12.1%
Stanbic	100.75	11.0%	2.5%	1,506,400	50.2%	6.34	5.8%	0.89	14.3%
National Bank	4.38	-17.7%	-1.4%	30,100	92.0%	211.75	0.0%	0.21	0.1%
Barclays Bank	10.35	-5.5%	-0.5%	5,113,800	54.2%	7.58	10.6%	1.27	17.1%
Housing Finance	4.40	-20.6%	4.3%	189,000	107.7%	N/M	0.0%	0.15	-5.5%
Co-operative Bank	12.40	-13.3%	0.8%	1,516,800	54.6%	5.71	8.1%	1.04	18.2%
Diamond Trust Bank	112.25	-28.3%	-6.3%	139,300	45.2%	4.43	2.3%	0.58	13.9%
Standard Chartered	194.75	0.1%	0.3%	92,100	51.8%	8.26	9.8%	1.43	17.5%
I&M*	55.00	-35.3%	-4.8%	30,700	36.6%	2.67	7.1%	0.47	17.9%
Sector Average					58.1%	26.42	5.6%	0.84	13.5%

*Bonus issue (1:1) issued causing a drastic change in price

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	3.86	-56.6%	7.2%	76,500	N/M	0.0%	-1.3	N/M
Nation Media Group	51.00	-25.5%	-6.0%	306,800	7.39	19.6%	6.9	13.2%
WPP Scangroup	11.10	-20.7%	-7.9%	40,900	9.91	4.5%	1.12	7.1%
Uchumi Supermarket	0.61	-23.8%	17.3%	178,900	N/M	0.0%	-4.6	N/M
Longhorn Publishers	7.54	63.6%	9.9%	33,800	15.39	5.0%	0.49	13.1%
Eveready	0.95	-5.0%	0.0%	68,100	0.75	105.3%	1.27	-35.3%
Sector Average					8.36	5.8%		-0.5%

*N/M - Not Meaningful

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Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
ARM Cement	5.55	0.0%	0.0%	0	N/M	0.0%	-21.9%	-12.5%
Bamburi Cement	118.00	-10.9%	-3.7%	200	48.16	4.3%	1.6%	0.5%
E.A. Portland Cement	16.15	0.9%	-3.3%	300	N/M	0.0%	19.3%	25.0%
Sector Average					48.16	1.4%		4.3%

*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	6.16	-12.3%	3.0%	2,145,700	5.13	6.5%	1.20	4.2%
Kenya Power	3.90	-4.2%	12.7%	1,039,400	3.98	0.0%	0.98	3.0%
Total Kenya	26.70	-2.9%	-2.7%	99,900	7.28	4.9%	3.67	10.5%
Sector Average					5.46	3.2%		3.6%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	3.66	-5.2%	-1.1%	1,112,700	1.21	20.33	64.9%	49.0%
Britam	8.32	-16.8%	0.0%	250,300	0.75	34.67	67.6%	134.8%
Jubilee	410.00	1.3%	3.8%	1,403,200	1.13	7.81	92.0%	138.2%
Kenya Re	14.75	5.7%	2.8%	660,200	0.36	2.89	62.2%	106.7%
Sanlam Kenya	22.90	4.1%	9.0%	3,900	2.48	109.05	95.4%	149.7%
Liberty	11.00	-14.7%	-2.7%	10,900	0.80	6.96	66.5%	66.5%
Sector Average					0.88	9.57	74.7%	107.5%

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	NAVPS**	EPS (KES)	ROE
Centum Investment	34.00	16.2%	2.3%	1,999,500	8.10	0.44	73.2	4.20	5.6%
Home Afrika Ltd	0.70	0.0%	0.0%	422,000	N/M	N/M	0.85	-0.39	2.6%
Trans-Century	4.14	491.4%	-1.2%	113,200	N/M	0.33	40.96	-1.56	4.7%
Sector Average					N/M	0.39			4.3%

*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	12.50	-14.1%	0.0%	85,400	17.12	3.9%	0.73	9.3%
Sector Average					17.12	3.9%		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.39	-32.8%	5.4%	1,250,400	N/M	0.0%	-4.43	-69.4%
EABL	205.00	17.3%	-0.1%	824,300	28.51	3.7%	7.19	61.4%
FTG Holdings	2.84	13.6%	1.4%	6,100	3.34	0.0%	0.85	22.3%
Carbacid	8.00	-20.0%	-4.3%	168,000	5.80	8.8%	1.38	14.6%
BAT	504.00	-30.5%	1.8%	121,300	15.11	5.2%	33.36	48.0%
Sector Average					13.19	3.5%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	27.20	22.5%	-1.8%	53,561,700	17.22	6.9%	1.58	44.1%
Sector Average					17.22	6.9%		

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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	9.02	-17.6%	0.2%	27,100	12.70	8.31%	0.71
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

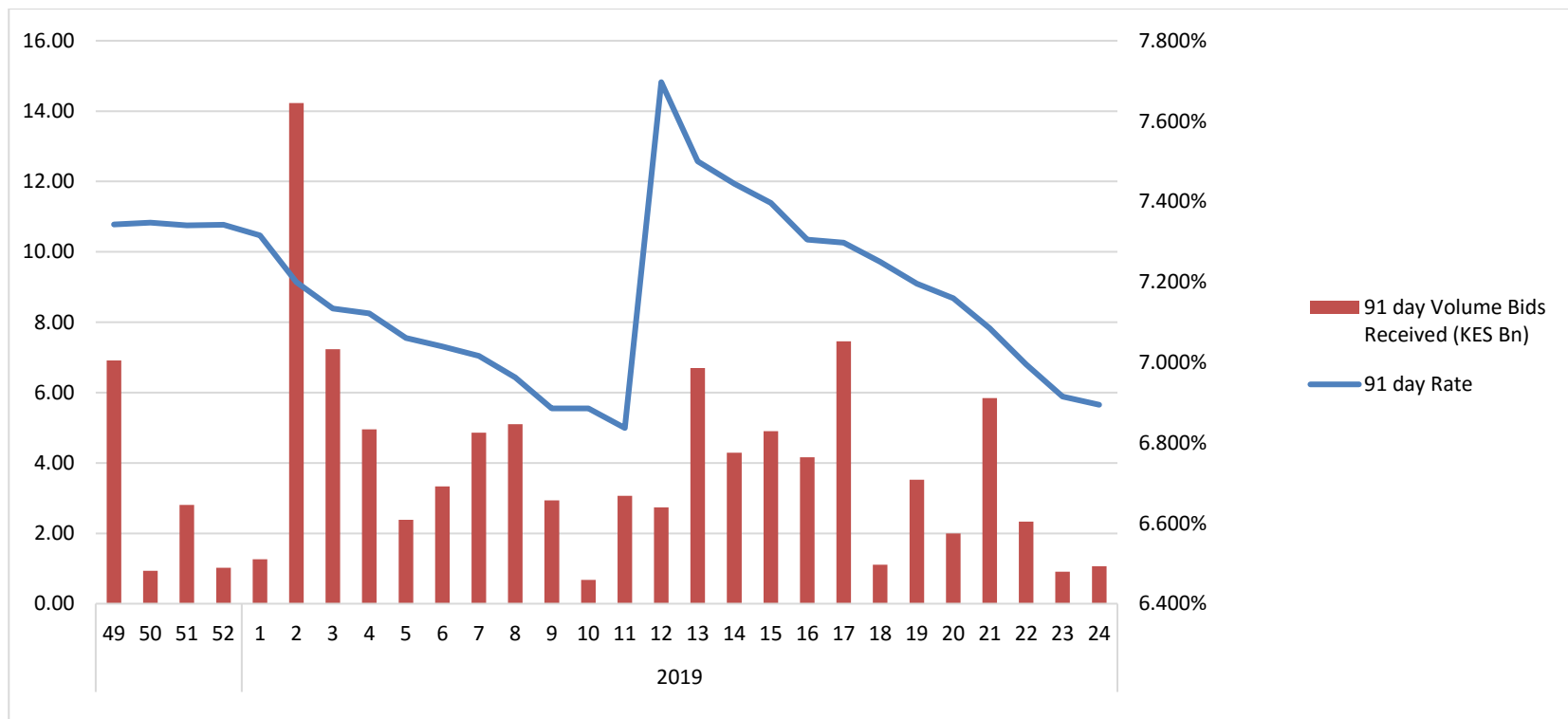
Market Statistics	This Week	Last Week	% Change
Total Volumes	102,491,200	51,877,000	97.6%
Total Turnover (KES)	4,837,444,741	1,306,776,566	270.2%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	1.07Bn	26.68%	1.07Bn	6.895%	6.915%	-0.020
182 day T-bill	2.85Bn	7.72%	2.85Bn	7.723%	7.606%	+0.117
364 day T-bill	27.42Bn	274.19%	7.08Bn	9.263%	9.299%	-0.036

Graph showing 91 day T-bill rate and volume

Week No. 24



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Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Centum	First & Final dividend	Kes 1.20	12-June-19	(Subject to Approval)	(Subject to Approval)
BOC Kenya Plc	Final dividend	Kes.2.85	09-Mar-19	29-Apr-19	26-Jul-19
KCB Group PLC	Final dividend	Kes.2.50	06-Mar-19	29-Apr-19	(Subject to Approval)
Kakuzi Plc	First & Final dividend	Kes.9.00	29-Mar-19	01-May-19	30-Jun-19
Stanbic Holdings PLC	Final dividend	Kes.3.55	01-Mar-19	10-May-19	(Subject to Approval)
Bamburi Cement Ltd	Final dividend	Kes.4.10	15-Apr-19	17-May-19	12-Jul-19
Diamond Trust Bank Ltd	First & Final dividend	Kes.2.60	01-Mar-19	24-May-19	26-Jun-19
Nairobi Securities Exchange	First & Final dividend	Kes.0.49	22-Mar-19	30-May-19	30-Jul-19
Liberty Kenya Holdings PLC	First & Final dividend	Kes. 0.50	17-May-19	07-Jun-19	(Subject to Approval)
Nation Media Group Ltd	Final dividend	Kes.3.50	18-Apr-2019	14-Jun-19	30-Jul-19
Kenya Reinsurance Corporation Ltd	Bonus Issue	Bonus Issue of 3:1	13-May-19	14-Jun-19	(Subject to Approval)
Kenya Reinsurance Corporation Ltd	First & Final dividend	Kes.0.45	29-Mar-19	17-Jun-19	26-Jul-19
Jubilee Holdings Ltd	Final dividend	Kes.8.00	26-Apr-19	25-Jun-19	25-Jul-19
TPS Eastern Africa Ltd	Final dividend	Kes.0.35	26-Apr-2019	25-Jun-19	25-Jul-19
Umeme Ltd	Final dividend	Ushs.28.20	25-Mar-19	25-Jun-19	15-Jul-19
Total Kenya Plc	First & Final dividend	Kes.1.30	28-Mar-19	26-Jun-19	22-Jul-19
Crown Paints Kenya PLC	Final Dividend	Kes. 0.60	13-May-19	28-Jun-19	(Subject to Approval)
Standard Group Plc	First & Final dividend	Kes.0.60	18-Mar-19	(Subject to Approval)	(Subject to Approval)
Safaricom Plc	Special dividend	Kes.0.62	03-May-19	(Subject to Approval)	(Subject to Approval)
Safaricom Plc	First & Final dividend	Kes.1.25	03-May-19	(Subject to Approval)	(Subject to Approval)

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Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 14th June 2019
KCB Group	Long-term Buy	52.00	34.00	5.90%	39.65
Equity Group Holdings	Long-term Buy	53.50	32.50	14.80%	40.00
Cooperative Bank	Long-term Buy	18.70	11.00	-13.30%	12.40
I&M	Hold	115.25	40.50	-35.30%	55.00
Barclays Bank of Kenya	Hold	12.75	9.50	-5.50%	10.35
Diamond Trust Bank	Hold	200.00	109.00	-28.30%	112.25
NBK	Hold	7.00	3.60	-17.70%	4.38
Jubilee Holdings	Long-term Buy	530.00	355.25	1.30%	410.00
Bamburi Cement	Hold	190.00	110.00	-10.90%	118.00
Safaricom	Hold	30.50	21.00	22.50%	27.20
EABL	Hold	240.00	160.00	17.30%	205
KenGen	Trading	7.80	5.10	-12.30%	6.16
Mumias	Sell	0.90	0.27	-32.80%	0.39

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

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