

## KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 148.05	-0.2%	5.4%	USD Mn – 21,889 KES Bn – 2,263
	NSE 20 Share Index - 2,543.59	-1.7%	-10.2%	USD Mn – 18,926 KES Bn – 1,956.495
	NSE 25 Share Index - 3,72.56	-0.3%	0.6%	USD Mn – 20,304 KES Bn – 2,098.857
NIGERIA	ASI- 27,313.98	-1.1%	-13.1%	USD Mn – 43,371 NGN Bn – 13,311
EGYPT	EGX100*- 1,404.23	3.3%	-18.7%	USD Mn – 36.786 EGP Bn – 609.143
SOUTH AFRICA	All share – 55,535.24	-3.0%	5.3%	USD Mn – 910.292 ZAR Bn – 13,710

Source: NSE, JSE, NSE (Nigeria), \*EGX100-as at 8<sup>th</sup> August 2019

## KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –103.70	-0.1%	-1.5%	6.3%(07/2019)	5.6%(1Q2019)
NGN/USD* -306.90	-	-0.1%	11.2%(06/2019)	2.4%(3Q2018)
EGP/USD* –16.56	-	7.6%	8.7%(07/2019)	5.3%(3Q2018)
ZAR/USD – 15.06	-2.4%	-11.0%	4.5%(06/2019)	0.8%(FY2018)

Source: CBK, SARB, KNBS, NBS, SIS, STATS SA, CBN and EGP\*-as at 8<sup>th</sup> August 2019

## Scangroup Records a 27.2% Growth in After Tax Profits for 1H2019

Scangroup registered a 27.2% y/y growth in after tax profits for 1H2019 to KES 249.9 million from KES 196.5 million recorded in 1H2018. The growth in profitability was attributable to a 32.3% y/y rise in net sales to KES 2.4 billion (1H2018: KES 1.8 billion) - supported by a 12.7% y/y rise in billings to KES 7.1 billion. The increase in net sales was also associated with the acquisition of Kantar TNS (a global data and research company) which was only consolidated post June 2018. Operating and administrative expenses rose by 28.8% y/y to KES 2.1 billion from KES 1.6 billion realized in 1H2018. According to the company, the rise in operating expenses was buoyed by expenses arising from the acquisition of the 70.0% stake in Kantar TNS. The company reported a 26.8% y/y drop in net interest income to KES 116.2 million as a result of lower yields. Cash and cash equivalents declined by 2.8% y/y to KES 3.8 billion from KES 3.9 billion in 1H2018. Given that Scangroup's majority shareholder (WPP) intends to sell a 60.0% stake in Kantar (global firm), we expect this to have an impact on Scangroup's performance going forward – as the sale will most likely result in adjustments to Scangroup stake in Kantar (TNS) – Kantar business in Africa.

## Stanbic Holdings Records a 14.4% Growth in After Tax Profits for 1H2019

Stanbic Holding's after tax profits for 1H2019 rose by 14.4% y/y to KES 4.1 billion from KES 3.6 billion recorded in 1H2018. The growth in profitability was primarily prompted by a 19.5% y/y growth in net interest income to KES 6.7 billion. Non-funded income edged up by 10.1% y/y to KES 6.1 billion partly supported by higher fees and commissions from investment banking deals (particularly in 1Q2019). Despite the growth in non-funded income, its contribution to total income reduced to 47.8% y/y (1H2018: 49.8% y/y, owing to the higher growth recorded in net interest income. Loans and advances to banks and customers rose by 15.0% y/y to KES 177.1 billion consequently driving up credit impairment losses (+387.6% y/y to KES 1.2 billion); while its customer deposits from banks and customers edged up by 10.0% y/y to KES 238.0 billion. Total operating expenses climbed by 5.4 %y/y to KES 6.0 billion from KES 5.7 billion in 1H2018; however, owing to the higher growth in total operating income, the cost-to income ratio

eased to 47.0% (1H2018: 51.3%). Given the group's current restructuring initiative, we expect higher operating expenses in the short-term.

### **Stock Market Performance and Outlook**

The overall market eased marginally by 0.6% w/w to close the week at 148.05 (NASI) characterized by a decrease in trading activities; volumes and turnover. We attribute the decline in the overall market index to price declines made on KCB (-0.5% w/w), Equity (-0.5% w/w), Jubilee (-0.8% w/w) and Centum (-0.5% w/w). The demand and supply side on most of the aforementioned counters continued to be dominated by foreign investors. We expect minimal price movements on majority of the counters in the coming week, however, we anticipate renewed activity on Safaricom as it approaches its book closure date.

# 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	39.80	6.3%	-0.5%	2,108,100	48.7%	5.09	8.8%	1.07	21.9%
Equity Bank	40.25	15.5%	-0.5%	2,757,700	52.2%	7.66	5.0%	1.60	21.1%
NIC Bank	29.00	4.3%	-1.2%	176,600	46.3%	4.39	4.3%	0.52	12.1%
Stanbic	99.00	9.1%	0.5%	400	50.2%	6.23	5.9%	0.88	14.3%
National Bank	3.94	-25.9%	1.8%	51,300	92.0%	190.48	0.0%	0.19	0.1%
Barclays Bank	10.65	-2.7%	-0.5%	841,400	54.2%	7.80	10.3%	1.31	17.1%
Housing Finance	3.81	-31.2%	-6.2%	75,700	107.7%	<b>N/M</b>	0.0%	0.13	-5.5%
Co-operative Bank	12.10	-15.4%	1.3%	4,893,400	54.6%	5.58	8.3%	1.02	18.2%
Diamond Trust Bank	113.25	-27.6%	-0.7%	12,400	45.2%	4.47	2.3%	0.59	13.9%
Standard Chartered	196.50	1.0%	-0.3%	17,400	51.8%	8.33	9.7%	1.45	17.5%
I&M	53.00	-37.6%	1.9%	50,600	36.6%	2.58	7.4%	0.46	17.9%
<b>Sector Average</b>					<b>58.1%</b>	<b>24.26</b>	<b>5.6%</b>	<b>0.84</b>	<b>13.5%</b>

## P/B (X) - FY2018

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	2.86	-67.9%	-9.2%	1,016,700	<b>N/M</b>	0.0%	-1.3	<b>N/M</b>
Nation Media Group	44.60	-34.9%	-1.2%	57,400	6.46	22.4%	6.9	13.2%
WPP Scangroup	12.70	-9.3%	-0.4%	67,700	11.34	3.9%	1.12	7.1%
Uchumi Supermarket	0.33	-58.8%	-5.7%	123,500	<b>N/M</b>	0.0%	-4.6	<b>N/M</b>
Longhorn Publishers	7.24	57.0%	-2.7%	57,200	14.78	5.2%	0.49	13.1%
Eveready	1.06	6.0%	-0.9%	37,100	0.83	94.3%	1.27	-35.3%
<b>Sector Average</b>					<b>8.35</b>	<b>6.3%</b>		<b>-0.5%</b>

\*N/M - Not Meaningful

<b>Construction &amp; Allied</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>NPM*</b>	<b>ROE</b>
ARM Cement	5.55	0.0%	0.0%	0	N/M	0.0%	-21.9%	-12.5%
Bamburi Cement	108.75	-17.9%	2.6%	17,900	44.39	4.7%	1.6%	0.5%
E.A. Portland Cement	14.45	-9.7%	-2.4%	300	N/M	0.0%	19.3%	25.0%
<b>Sector Average</b>					<b>44.39</b>	<b>1.6%</b>		<b>4.3%</b>

\*NPM - Net Profit Margin

<b>Energy &amp; Petroleum Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/E(X)</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>	<b>ROE</b>
KenGen	5.88	-16.2%	-2.0%	530,800	4.90	6.8%	1.20	4.2%
Kenya Power	3.70	-9.1%	-5.9%	992,300	3.78	0.0%	0.98	3.0%
Total Kenya	28.50	3.6%	0.0%	96,900	7.77	4.6%	3.67	10.5%
<b>Sector Average</b>					<b>5.48</b>	<b>3.4%</b>		<b>3.6%</b>

<b>Insurance Sector</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>P/B(X)</b>	<b>P/E(X)</b>	<b>Loss Ratio</b>	<b>Expense Ratio</b>
CIC Insurance	3.07	-20.5%	-6.4%	793,200	1.02	17.06	64.9%	49.0%
Britam	7.12	-28.8%	-9.2%	93,900	0.65	29.67	67.6%	134.8%
Jubilee	370.00	-8.6%	-0.8%	22,800	1.02	7.05	92.0%	138.2%
Kenya Re	3.11	-77.7%	-8.8%	889,100	0.08	0.61	62.2%	106.7%
Sanlam Kenya	18.00	-18.2%	2.6%	1,200	1.95	85.71	95.4%	149.7%
Liberty	10.80	-16.3%	0.0%	1,700	0.78	6.84	66.5%	66.5%
<b>Sector Average</b>					<b>0.88</b>	<b>9.57</b>	<b>74.7%</b>	<b>107.5%</b>

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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	32.30	10.4%	-0.5%	81,300	28.84	0.41	79	1.12	1.5%
Home Afrika Ltd	0.54	-22.9%	3.8%	260,600	N/M	N/M	0.85	-0.39	2.6%
Trans-Century	3.30	371.4%	-8.8%	9,600	N/M	0.26	40.96	-1.56	4.7%
<b>Sector Average</b>					<b>N/M</b>	<b>0.33</b>			<b>2.9%</b>

\*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	11.55	-20.6%	4.5%	131,400	15.82	4.2%	0.73	9.3%
<b>Sector Average</b>					<b>15.82</b>	<b>4.2%</b>		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.34	-41.4%	-2.9%	732,900	N/M	0.0%	-4.43	-69.4%
EABL	204.00	16.7%	0.0%	801,600	18.17	4.2%	11.23	82.8%
FTG Holdings	2.86	14.4%	14.4%	50,800	3.36	0.0%	0.85	22.3%
Carbacid	8.16	-18.4%	-10.1%	191,300	5.91	8.6%	1.38	14.6%
BAT	515.00	-29.0%	0.2%	16,600	15.44	5.0%	33.36	48.0%
<b>Sector Average</b>					<b>10.72</b>	<b>3.6%</b>		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	27.65	24.5%	0.2%	24,578,100	17.50	6.8%	1.58	44.1%
<b>Sector Average</b>					<b>17.50</b>	<b>6.8%</b>		

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<b>Real Estate Investment Trust</b>	<b>Price (KES)</b>	<b>YTD Change</b>	<b>% w-o-w Change</b>	<b>Volume Traded</b>	<b>NAVPS*</b>	<b>Dividend Yield</b>	<b>EPS (KES)</b>
STANLIB FAHARI I-REIT	8.90	-18.7%	4.2%	25,400	12.54	8.43%	0.71
<b>Sector Average</b>						<b>NA</b>	

\*NAVPS - Net Asset Value Per Share

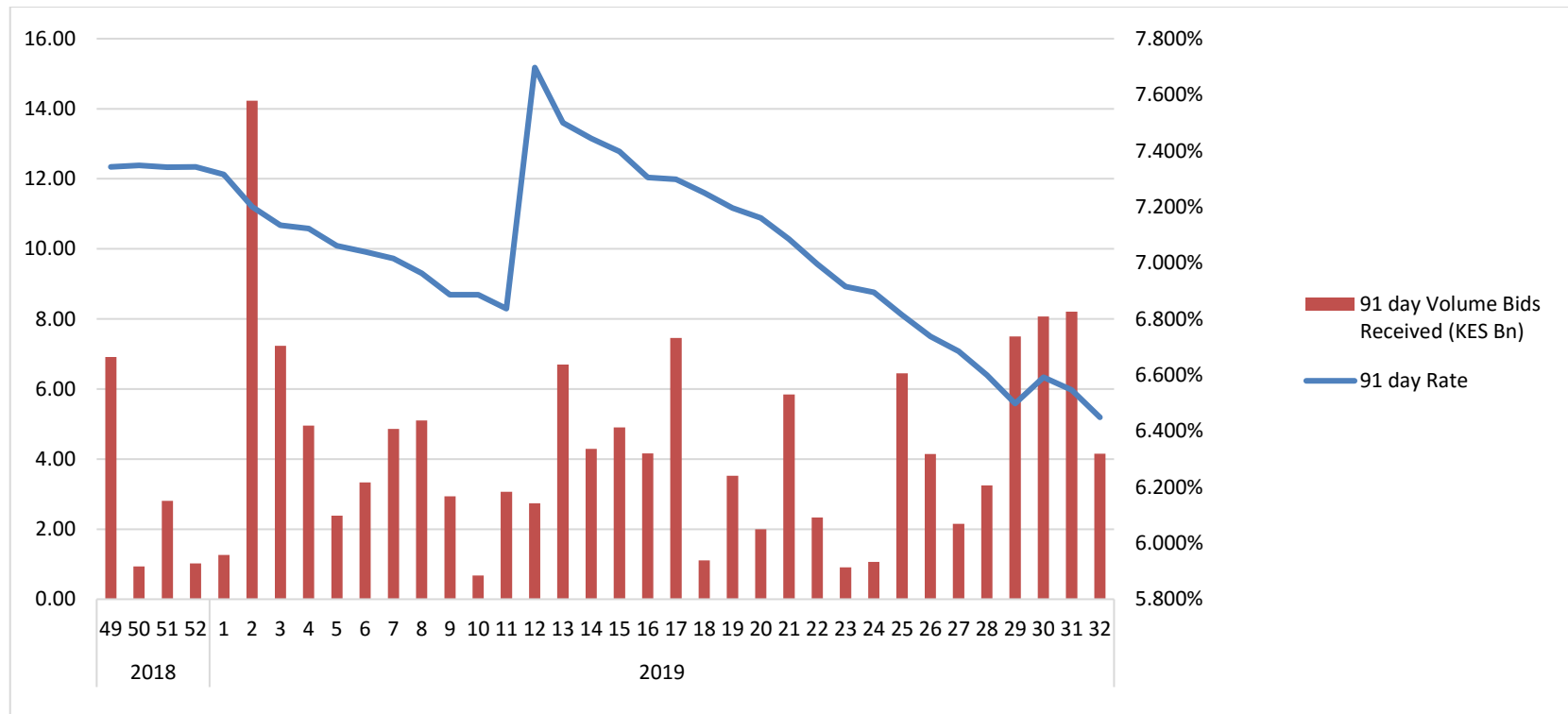
<b>Market Statistics</b>	<b>This Week</b>	<b>Last Week</b>	<b>% Change</b>
Total Volumes	43,053,600	64,240,600	-33.0%
Total Turnover (KES)	1,165,075,388	2,217,711,721	-47.5%

# Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	4.15Bn	103.72%	3.17Bn	6.449%	6.547%	-0.098
182 day T-bill	6.39Bn	63.85%	5.43Bn	7.154%	7.254%	-0.100
364 day T-bill	18.95Bn	189.48%	18.03Bn	9.152%	9.038%	0.114

Graph showing 91 day T-bill rate and volume

Week No. 32



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# Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Stanbic Holdings PLC	Interim dividend	Kes.1.25	08-Aug-19	<b>9-Sep-19</b>	27-Sep-2019
Liberty Kenya Holdings PLC	First & Final dividend	Kes. 0.50	17-May-19	<b>07-Jun-19</b>	(Subject to Approval)
Standard Group Plc	First & Final dividend	Kes.0.60	18-Mar-19	<b>21-Jun-19</b>	23-Aug-19
Crown Paints Kenya PLC	Final Dividend	Kes. 0.60	13-May-19	<b>28-Jun-19</b>	(Subject to Approval)
Kapchorua Tea (K) PLC	Final Dividend	Kes 10.00	28-Jun-19	<b>30-Jul-19</b>	(Subject to Approval)
Williamson Tea (K) PLC	Final Dividend	Kes. 20.00	28-Jun-19	<b>31-Jul-19</b>	(Subject to Approval)
BAT Kenya Ltd	Interim Dividend	Kes. 3.50	19-Jul-19	<b>19-Aug-19</b>	20-Sep-19
Safaricom Plc	Special dividend	Kes.0.62	03-May-19	<b>02-Sep-19</b>	30-Nov-19
Safaricom Plc	First & Final dividend	Kes.1.25	03-May-19	<b>02-Sep-19</b>	30-Nov-19
Centum PLC	First & Final dividend	Kes. 1.20	12-Jun-19	<b>(Subject to Approval)</b>	(Subject to Approval)
Eabl	Final Dividend	Kes. 6.00	26-July-19	<b>(Subject to Approval)</b>	(Subject to Approval)



# Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 9th August 2019
KCB Group	Long-term Buy	52.00	34.00	6.28%	39.80
Equity Group Holdings	Long-term Buy	53.50	32.50	15.49%	40.25
I&M	Hold	115.25	40.50	-37.65%	53.00
Barclays Bank of Kenya	Hold	12.75	9.50	-2.74%	10.65
Diamond Trust Bank	Hold	200.00	104.00	-27.64%	113.25
NBK	Hold	6.50	3.50	-25.94%	3.94
Jubilee Holdings	Long-term Buy	530.00	350.00	-8.59%	370.00
Bamburi Cement	Hold	190.00	105.50	-17.92%	108.75
Safaricom	Hold	30.50	21.00	24.55%	27.65
EABL	Hold	229.00	160.00	16.74%	204.00
KenGen	Trading	7.80	5.10	-16.24%	5.88
Mumias	Sell	0.90	0.27	-41.38%	0.34

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

For Online Share Trading (OST) via browser, please click [here](#):

For the Faida M-Trader Application, please click [here](#):

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E-mail:

[research@fib.co.ke](mailto:research@fib.co.ke)

**HEAD OFFICE:**

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