



Enhancing the Effectiveness of Kenya's Housing Fund, & Cytonn Weekly #32/2024

Equities

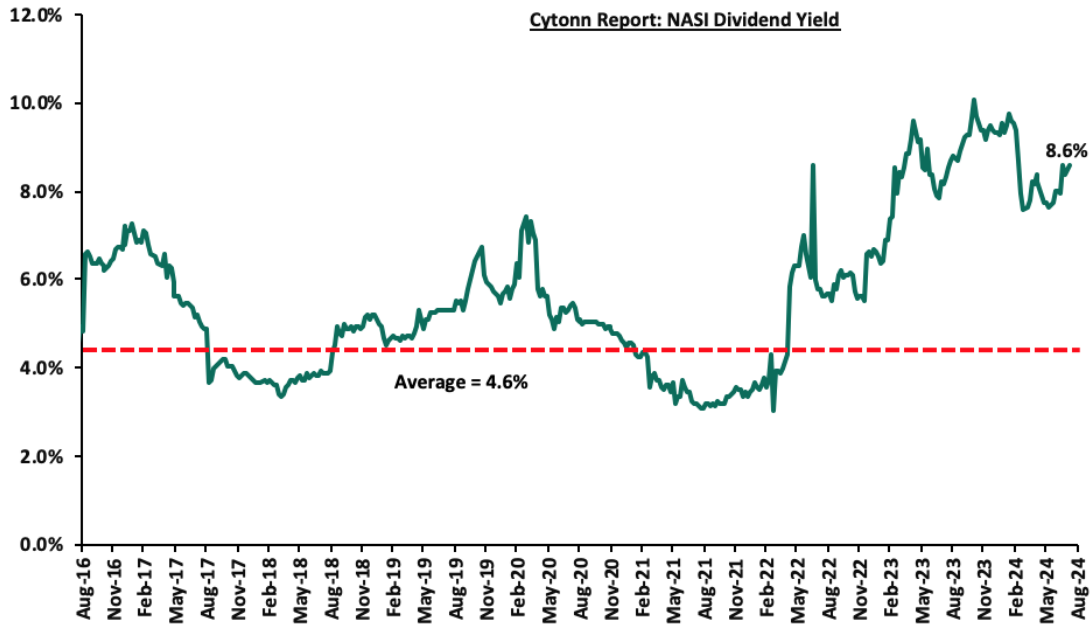
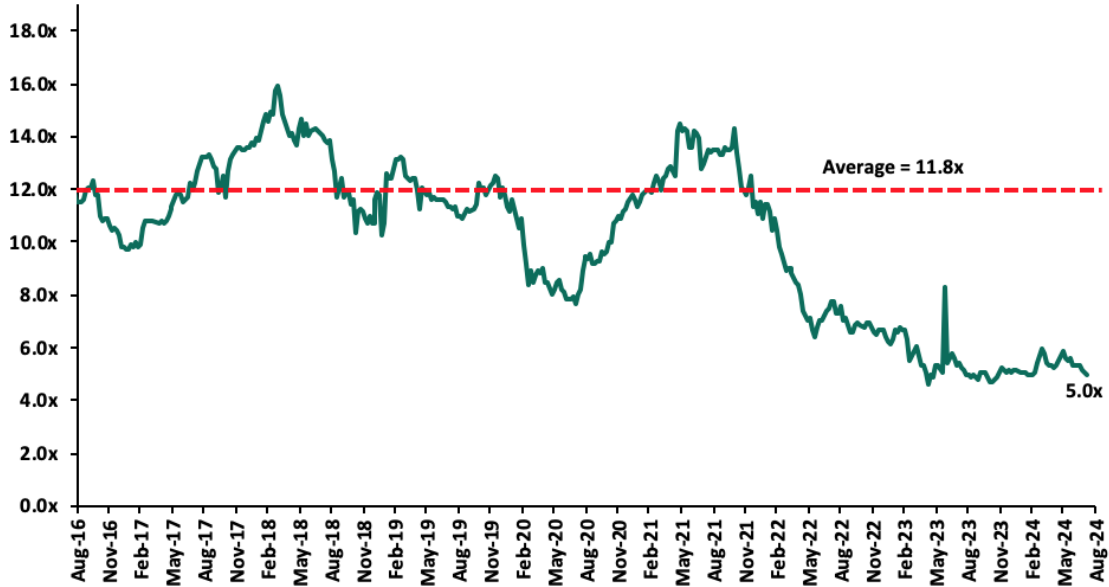
Market Performance:

During the week, the equities market was on a downward trajectory, with NSE 20 being the biggest decliner by 1.5%, while NSE 10, NSE 25, and NASI declined by 1.4%, 1.3%, and 1.2% each, taking the YTD performance to gains of 16.6%, 14.5%, 11.0% and 8.3% for NSE 10, NSE 25, NASI, and NSE 20 respectively. The equities market performance was driven by losses recorded by large-cap stocks such as KCB Group, BAT, and DTB-K of 2.6%, 2.2%, and 2.2% respectively. The performance was, however, supported by gains recorded by large-cap stocks such as NCBA and Stanbic of 1.0% and 0.4% respectively.

During the week, equities turnover increased by 58.6% to USD 14.8 mn from USD 9.3 mn recorded the previous week, taking the YTD total turnover to USD 410.5 mn. Foreign investors became net buyers for the first time in four weeks with a net buying position of USD 3.1 mn, from a net selling position of USD 2.5 mn recorded the previous week, taking the YTD foreign net buying position to USD 4.1 mn.

The market is currently trading at a price-to-earnings ratio (P/E) of 5.0x, 58.1% below the historical average of 11.8x. The dividend yield stands at 8.6%, 4.0% points above the historical average of 4.6%. Key to note, NASI's PEG ratio currently stands at 0.6x, an indication that the market is undervalued relative to its future growth. A PEG ratio greater than 1.0x indicates the market is overvalued while a PEG ratio less than 1.0x indicates that the market is undervalued. The charts below indicate the historical P/E and dividend yields of the market;

Cytonn Report: NASI P/E



Universe of Coverage:

Cytonn Report: Equities Universe of Coverage

Company	Price as at 02/08/2024	Price as at 09/08/2025	w/w change	YTD Change	Year Open 2024	Target Price*	Dividend Yield	Upside/Downside**	P/TBv Multiple	Recommendation
Jubilee Holdings	160.0	152.5	(4.7%)	(17.6%)	185.0	260.7	9.4%	80.3%	0.2x	Buy
Equity Group***	40.5	40.0	(1.2%)	16.8%	34.2	60.2	10.0%	60.7%	0.8x	Buy
Diamond Trust Bank***	46.0	45.0	(2.2%)	0.6%	44.8	65.2	11.1%	56.0%	0.2x	Buy
KCB Group***	30.8	30.0	(2.6%)	36.7%	22.0	46.7	0.0%	55.5%	0.5x	Buy
NCBA***	39.1	39.5	1.0%	1.5%	38.9	55.2	12.0%	52.0%	0.7x	Buy
Co-op Bank***	12.9	12.7	(1.6%)	11.5%	11.4	17.2	11.9%	47.8%	0.6x	Buy
CIC Group	2.1	2.0	(6.1%)	(12.2%)	2.3	2.8	6.5%	45.8%	0.6x	Buy
I&M Group***	20.7	20.4	(1.5%)	16.6%	17.5	25.5	12.5%	37.8%	0.4x	Buy
Stanbic Holdings	116.5	117.0	0.4%	10.4%	106.0	145.3	13.1%	37.3%	0.8x	Buy
Britam	5.7	5.5	(3.2%)	7.0%	5.1	7.5	0.0%	36.4%	0.8x	Buy
ABSA Bank***	14.0	14.0	0.0%	21.2%	11.6	17.3	11.1%	34.6%	1.1x	Buy

Cytonn Report: Equities Universe of Coverage

Company	Price as at 02/08/2024	Price as at 09/08/2025	w/w change	YTD Change	Year Open 2024	Target Price*	Dividend Yield	Upside/Downside**	P/TBv Multiple	Recommendation
Target Price as per Cytonn Analyst estimates										
**Upside/ (Downside) is adjusted for Dividend Yield										
***For Disclosure, these are stocks in which Cytonn and/or its affiliates are invested in										

Weekly Highlights

I. Stanbic Holdings PLC H1'2024 Financial Performance

During the week, Stanbic Holdings PLC released their H1'2024 Financial Results for the period ending 30th June 2024, recording a 2.3% increase in Profit After Tax (PAT) to Kshs 7.2 bn, from Kshs 7.1 bn recorded in H1'2023. The performance was mainly driven by a 4.2% increase in Net-Interest Income to Kshs 12.6 bn in H1'2024, from Kshs 12.1 bn recorded in H1'2023, but was weighed down by a 15.1% decrease in Non-Interest Income to Kshs 7.6 bn from Kshs 8.9 bn recorded in H1'2023.

Below is a summary of their H1'2024 results;

Cytonn Report: Stanbic Holdings Income Statement

Item (All figures in Bns)	H1'2023	H1'2024	y/y change
Net Interest Income	12.1	12.6	4.2%
Non-Interest Income	8.9	7.6	15.1%
Operating Income	20.9	20.1	4.0%
Loan Loss Provisions	(2.5)	(2.0)	(21.7%)
Staff Costs	(3.8)	(4.3)	11.4%
Other OPEX	(4.9)	(3.9)	(21.0%)
Total OPEX	(11.2)	(10.1)	(10.1%)
Profit Before Tax	9.7	10.0	3.0%
Profit After Tax	7.1	7.2	2.3%
Dividend Per Share	1.2	1.8	60.0%

Source: Stanbic Holdings PLC H1'2024 financial statements

Cytonn Report: Stanbic Holdings Balance Sheet

Item (All figures in Bns)	H1'2023	H1'2024	y/y change
Customer Net Loans	244.1	238.2	(2.4%)
Gov't Securities	54.0	42.7	(21.0%)
Total Assets	384.3	497.9	29.6%
Customer Deposits	273.0	355.6	30.3%
Borrowings	12.3	10.5	(15.0%)
Total liabilities	320.3	428.6	33.8%
Shareholder funds	64.0	69.4	8.5%
Minority interest	0.0	0.0	0.0%
Total equity	64.0	69.4	8.5%

Source: Stanbic Holdings PLC H1'2024 financial statements

For a more detailed analysis, see our **Stanbic Holdings PLC H1'2024 Earnings Note**

We are “Neutral” on the Equities markets in the short term due to the current tough operating environment and huge foreign investor outflows, and, “Bullish” in the long term due to current cheap valuations and expected global and local economic recovery. With the market currently being undervalued for its future growth (PEG Ratio at 0.8x), we believe that investors should reposition towards value stocks with strong earnings growth and that are trading at discounts to their intrinsic value. We expect the current high foreign investors’ sell-offs to continue weighing down the equities outlook in the short term.

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