



# ABIS LIMITED

Apposite Business & Investment Services

## Markets Newsletter October 2015

### Nairobi Securities Exchange

ABIS Limited is an  
Agent of Sterling  
Capital Limited

#### Month's Biggest Price GAINS

NSE Ltd	1 <sup>st</sup> Oct– Kshs.21.00xd 30 <sup>th</sup> Oct –Kshs.23.00 <b>+10%</b>
Kenya Re Ltd	1 <sup>st</sup> Oct– Kshs.18.95 30 <sup>th</sup> Oct - Kshs.19.65 <b>+4%</b>
Kengen Ltd	1 <sup>st</sup> Oct– Kshs.8.40 30 <sup>th</sup> Oct – Kshs.8.70 <b>+3.6%</b>
Express Kenya Ltd (AIMS)	1 <sup>st</sup> Oct– Kshs.4.20 30 <sup>th</sup> Oct - Kshs.4.30 <b>+2.4%</b>
Williamson Tea Ltd (AIMS)	1 <sup>st</sup> Oct– Kshs.349.00cbxd 30 <sup>th</sup> Oct Kshs.357.00cbxd <b>+2.3%</b>

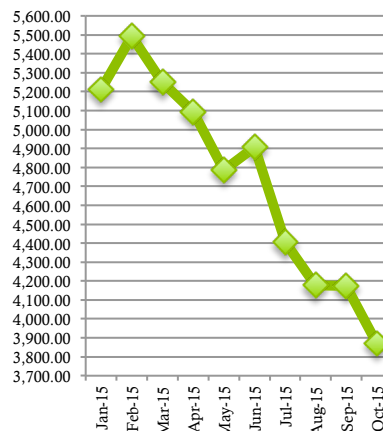
No. of Deals 27,918 ↓ 9%

Total share volumes (MN) 547.32 ↑26%

#### NSE INDEX



#### NSE 20 Share Index EOM Movements 2015



#### Month's Biggest Price DROPS

Atlas Dev & Support Services(GEMS)	1 <sup>st</sup> Oct– Kshs.3.50 30 <sup>th</sup> Oct – Kshs.2.20 <b>-37%</b>
Longhorn Publishers(AIMS)	1 <sup>st</sup> Oct– Kshs.6.20cd 30 <sup>th</sup> Oct –Kshs.4.80cd <b>-23%</b>
WPP Scangroup Ltd	1 <sup>st</sup> Oct– Kshs.30.00 30 <sup>th</sup> Oct –Kshs.23.75 <b>-21%</b>
Unga Group Ltd	1 <sup>st</sup> Oct– Kshs.43.75cd 30 <sup>th</sup> Oct –Kshs35.50cd <b>-19%</b>
Centum Inv. Ltd	1 <sup>st</sup> Oct– Kshs.51.50 30 <sup>th</sup> Oct – Ksh.42.25 <b>-18%</b>

Equity turnover. (Kshs. MN) 18,078 ↑ 29%

Mkt Cap. (Kshs. BN) 1930.81 ↓5.6%

Bonds Turnover (Kshs.MN) 29,515 ↑98%

*The Index slips below the 4,000 mark once again*

# Corporate Announcements & News

## Equity Group Limited

### UN-AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Sep-15	Sep-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	316,092,928	243,017,087	30%
Loans and Advances to Customers	263,401,978	206,699,141	27%
Total Comprehensive Income	9,696,873	11,346,017	-15%
EPS (Basic & Dilute)	3.39	3.03	12%

Equity attributed its impressive results to continued investment in 'innovative new channels of agency and mobile banking..'. Continued diversification and regional expansion also yielded positive results. The Group's acquisition of Pro-Credit of DR Congo was completed during the period. Its strategy of focusing on less volatile income areas as fees, commissions and transaction income as apposed to interest income, also seems to have paid off, growing by 29%. Whilst foreign exchange trading income rose by 64% and merchant banking commission, by 59%. The bank's mobile platform Equitel, also reflected significant appreciation rising by 162% over the last 10-months. Customers subscribing to the service stood at 1.3Mn following its launch in August. A total of 1.2Mn loans worth Kes5.4Bn have so far been processed through the platform in the 10months to October 2015.

## Housing Finance Limited

### UN-AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Sep-15	Sep-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	37,567,877	33,146,542	13%
Loans and Advances to Customers	51,706,716	43,273,307	19%
Total Comprehensive Income	777,465	719,892	8%
EPS (Dilute)	2.98	4.15	-28%

Housing Finance reported a 10% increase in its after tax profit to Kes777Mn. With banking operations (Housing Finance Bank) however reporting a Kes.988Mn after tax profit, it is evident that the group's real estate division (Housing Finance Development & Investment - HFDI) negatively impacted on overall performance. The Group CEO is nevertheless confident that property sales expected in the final quarter will be reflected positively in the full year's performance. The mortgage lender raised Kes3.5Bn through a rights issue in January this year to boost its lending capacity.

## Kenya Commercial Bank Limited

### UN-AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Sep-15	Sep-14	INC/DEC
	Kshs.000'	Kshs.000'	
Customer Deposits	471,054,955	350,104,094	35%
Loans and Advances to Customers	347,649,654	264,296,019	32%
Total Comprehensive Income	12,245,889	12,745,276	-4%
EPS (Basic & Dilute)	6.05	5.50	10%

KCB Group recorded a 10% growth in its profit after tax, a performance it attributed to a 16% growth in its interest income to Kes39.7Bn. The Group's CEO, further attributed the results to its deliberate focus on 'prudent cost management and efficiency in operation..', a course they expect to continue to year end. The bank's management disclosed as part of its wider strategy to expand into 4 new countries by 2020, and has received regulatory approval to set up a representative office in Ethiopia.

## Safaricom Limited

### UN-AUDITED FINANCIALS FOR THE PERIOD ENDED

GROUP ACCOUNTS	Sep-15	Sep-14	INC/DEC
	Kshs.000'	Kshs.000'	
Total Revenue	97,220,000	79,340,000	23%
EBITDA	38,840,000	33,530,000	16%
Net Income	18,080,000	14,710,000	23%
EPS	0.45	0.37	22%

Safaricom's third quarter results reflected a 23% growth in total revenue. Its customer base also rose by 15% to 25.2 million customers. This represents a 67% market share by Safaricom, of the overall 83.9% mobile penetration in Kenya. Going forward, the management plans to increase its 3G population coverage from the current 73% to 80% and complete the 4G deployment in 16 counties among others.

## Private equity firm Catalyst raises its stake in Jamii Bora

Private Equity firm, Catalyst Principal Partners has increased its stake in Jamii Bora Bank to 11% from 4.4%. The bank's major shareholders comprise Asterisk Holdings Ltd with 24.5%, Jamii Bora Scandinavia AB of Sweden with 24.2% and Nordic Microcap Investment which holds a 12.2% stake. In its drive to raise further capital, Jamii Bora also plans to raise Kes1.5Bn through a corporate bond and Kes.500Mn from a rights issue. It has since 2011 issued a 5-year convertible bond and underwent two rights issues. Having reported losses from 2005 – 2011, the bank has seen a turnaround in profitability with the new investors on board. It has opened new branches across the country, now at 24, and continues to look for ways of boosting its capital with the target of Kes.5.0Bn.

Catalyst Partners invests in companies for between 4-6 years before exiting. Some of its investments include Tanzanian personal healthcare manufacturer ChemiCotex, Ethiopian water bottling company Yes Brands, Tanzanian logistics and heavy equipment renting company EFFCO and Chai Bora, a tea packer, in Kenya and Tanzania.

## Corporate Announcements & News Cont'd

### Kenya plans to re-introduce VAT on oil products

Fuel prices in Kenya are expected to increase sharply next year as the government plans to increase taxes on fuel to raise an additional Kes16Bn. The government will impose 16% VAT on all oil products with the goal of boosting its domestic revenues. The tax is set to be enforced by September, 2016.

Government taxes and levies per litre of diesel and kerosene will stand at around 34% and 17% respectively. Other taxes per litre of petrol include excise duty (Kes19.89), Road Maintenance Levy (Kes12), Petroleum Development Levy (Kes0.4) and the Petroleum Regulatory Levy (Kes0.12). The National Treasury stated that the three-year tax holiday currently enjoyed by oil products expires on 2<sup>nd</sup> September, 2016 under the new VAT Act (2013). Among these products are motor spirits, aviation spirit, jet fuel, kerosene, and gas oil. The move comes in the wake of agreements with the IMF, where the 'offering' was part of the agreement to unlock a US\$700Mn precautionary facility meant to cushion its balance of payments position against external shocks.

### STANLIB opens first REITS offer on NSE

STANLIB launched the first listed Real Estate Investment Trust (REIT) in mid-October seeking to raise Kes12.5Bn. The funds will be invested in real estate property to generate income. Investors will need a minimum of Kes20,000 (retail investors) to invest in the REIT which is set to be listed on the NSE's-Main Investment Market Segment (MIMS) - on 24<sup>th</sup> November, 2015.

The International Finance Corporation (IFC), announced intentions to invest Kes1.5Bn in the REIT dubbed, 'Fahari I-REIT'. STANLIB plans to buy the Greenspan Mall in Donholm, Nairobi for Kes2Bn after the REIT sale. It is expected to generate rent of up to Kes167Mn per year. Stanlib additionally plans to buy Highway House, an office block in Nairobi's industrial area and Bay Holdings Industrial Area Branch- a warehouse- for a combined Kes318Mn.

This collective investment vehicle, will allow small investors to enter into the properties / real estate market through the purchase of units, with professional property & fund managers overseeing the investments. Others such as Centum Investments and Housing Finance may be the next to follow suit.

STANLIB being fully owned by Liberty Holdings Limited, is part of the Standard Bank Group, SA.



### Key Offer Details

Opening date	Thursday 22 October 2015
Closing date	Thursday 12 November 2015
Allotment date	Monday 16 November 2015
Results announcement date	Friday 20 November 2015
Refunds processing date	23 November 2015
CDS crediting date	23 November 2015
Listing date	24 November 2015

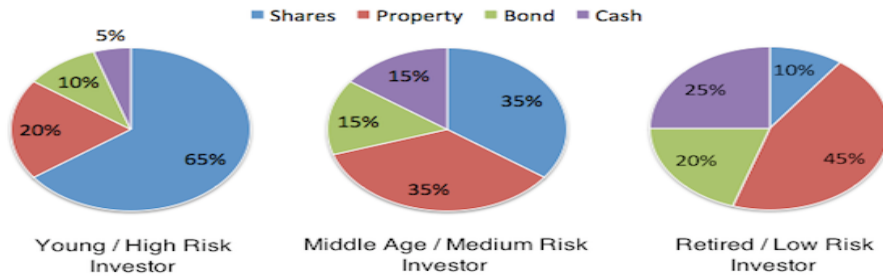
Offer price per unit	Kes.20.00
Minimum Subscription amount	Kes.20,000
Number of units on offer	625Mn
Market capitalization at offer price	Kes.12.5Bn
Est. maximum offer gross proceeds	Kes.12.5Bn
Est. initial expenses in relation to offer	Kes.365.5Mn
Est. net proceeds of offer	Kes.12.134Bn

#### STANLIB Fahari I-REIT

#### Selected key historical proforma financial information

For the period ended	31-Dec-12	31-Dec-13	31-Dec-14	30-Jun-15
	KES m	KES m	KES m	KES m
Total Income (rental, parking & other)	142	171	178	121
Net gain from fair value adjustments	106	291	45	166
Direct property & REIT expenses	(266)	(99)	(105)	(77)
REIT operating profit	(17)	363	117	210
Total Comprehensive Income attributable to Unitholders	(16)	369	125	219
Proposed Distribution to Unitholders	0	(62)	(64)	(42)
Total Assets	1,866	2,224	2,262	2,426
Total Liabilities	(57)	(77)	(53)	(52)
Net assets	1,809	2,147	2,209	2,374
Investment property value at start of period	1,451	1,679	1,989	2,056
Capital expenditure	122	19	22	2
Fair value gain	106	291	45	166
Investment property value at end of period	1,679	1,989	2,056	2,224

## Investment Portfolios



## Mutual Funds Performance

### Cash Management Solution

Minimum investment Kshs.1.0Mn

Term	Rate Per Annum %
1 month	14.50
3 months	15.75
6 months	15.00
1 yr	13.00

US Dollar Minimum investment US\$100,000

Term	Rate Per Annum %
1 month	3.00
3 months	3.00
6 months	3.00
1 yr	3.00



ABIS Limited  
is an Agent of BAAM



### ILLUSTRATION OF INTEREST ON KES 1 MILLION

	1 MONTHS	3 MONTHS	6 MONTHS	12 MONTHS
Principal	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00
Rate	0.145	0.1575	0.15	0.13
Tenor	30 Days	90 Days	180 Days	365 Days
Gross Interest	11,885.25	38,729.51	73,770.49	129,644.81
WHT Tax Factor	1,782.79	5,809.43	11,065.57	19,446.72
Interest After WHT	10,102.46	32,920.08	62,704.92	110,198.09



### FREQUENTLY ASKED QUESTIONS

**Q1. When you talk of guarantees, what is the rate, is it the one shown on the schedule?**

**A.** If a client chooses to invest for 3 months, they will enjoy the quoted 3 months return for the entire duration of 3 months, if they choose 1 month, then the return is for the entire month.

**Q2. The weekly changes on the interest rate, can they go lower or higher?**

**A.** The weekly rates can either go up or down, that is the reason they will be communicated every week.

**Q3. On the weekly changes, .e.g. does a person who invested last week enjoy the new rates?**

**A.** Once the client invests, the return is locked for the entire period they have chosen regardless of the rates going up or down in future.

**Q4. As shown, can it be beyond 12 months?**

**A.** Since the current high interest rate environment is expected to be short, we have limited it to 12 months. Clients can however roll it over after the 12 months at the ruling rate then.

Source: BRITAM – BRITAM Disclaimer: Unit Trusts are generally medium to long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to the future. In certain specified circumstances, the right to redeem the units may be suspended. Unit trust values are calculated on a net asset value basis, which is the total of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. Unit Trusts are traded at ruling prices.

# ABIS Limited

*Other Services offered by ABIS Limited*

## Administrative Services – Accounting Services

*Outsourcing time consuming accounting tasks such as invoice processing & other accounts payable activities can result in better supplier relationships in addition to reducing operational costs.*

- Quality customer service, accurate management reporting
- Managed supplier disputes with organised documentation

*Whilst the outsourcing of your accounts receivables provides you with efficient collections & enhanced productivity*

- Consistent communication with customers
- Effective credit control & clear accurate information on outstandings

*The combined effect of outsourcing your accounts payable & accounts receivables is better cash flow management and credit control.*

Other accounting services offered by ABIS are

- General Book Keeping
- Credit Control
- Payroll

*Come and talk to us today and we will tailor our services to suit your needs*

*To succeed in business in the formative years:  
Personal involvement  
Continuous monitoring*

## Your Will

**A will allows you to clearly set out and communicate to your family and friends, who you may wish to look after minor children, and who you wish to oversee your affairs.**

*Make the decision today to look after your affairs and loved ones. Talk to ABIS Limited*



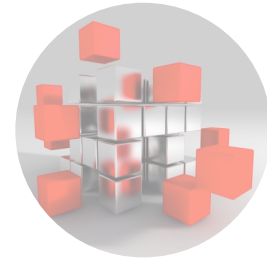
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**Apposite Business & Investment Services (ABIS)**  
*focusing on providing the missing services for businesses and individuals in East Africa*

