



Nairobi bourse best, worst 2020 stocks revealed

- The Nairobi Business Ventures (NBV) share is the biggest gainer this year at the NSE following the KES.83Mn takeover of the firm by Dubai-based Delta International FZE.
- The NSE All share Index shed 10% and investor wealth fell by KES.238.5Bn.
- NBV opened the year with a share price of KES.0.70 and barely traded before it was suspended in mid-October after the announcement of the Delta takeover.
- The price has now shot up 537% to KES.4.44 a share following the lifting of the suspension on completion of the deal last month.
- The other top gainers in the market this year are Kenya Airways and Carbacid, with gains of 86.8% and 50.6% respectively to KES.3.83 and KES.12.05.
- WPP Scan Group on the other hand leads the market in share price erosion, going down by 65% to KES.6 a share.
- Other small cap stocks including Express Kenya (-56%) and Bamburi (-53%) were also leading losers.
- Only 10 companies have recorded a share price gain in 2020 reflecting the deteriorating financial performance that has filtered through to their share price performance.
- A total of 14 firms have issued profit warnings this year, up from nine in 2019.
- For banks, all 11 listed lenders have all shed value this year, with the three largest listed lenders, Equity, KCB and Cooperative Bank shedding 35.3%, 31.7% and 27.5% respectively this year.
- Safaricom that accounts for 59% of the whole market capitalization has however bucked the negative trend of top stocks with a gain of 7.9% this year.

Our View

- **Despite the volatile trading year that 2020 has been, we expect improved financial performance in 2021 by most companies which will lead to better share price performance.**
- The Covid-19 pandemic resulted in a tough operating environment for different sectors such as service industry, media, manufacturing as well as banking that incurred huge losses as a result of surged non-performing loans. This largely led to a decline in their overall share prices.
- The small cap stocks dominated the top gainers market scene as a result of speculative activity such as corporate actions this year that drove up their prices.
- The gains were also supported by local investor trading that protected the top gainers from the negative effects of foreign selling that caused a drop in prices for large cap counters.
- Safaricom is likely to remain exceptional with high net-worth investors as the company fundamentals remain attractive and its recovery may come sooner than most companies despite the slight decline in profitability in HY20.