EABL unveils plan to slash energy costs

Brewer intensifies Sh22b investment plan in renewable energy to enanle it launch biomass boilers soon

by Herald Aloo
@heraldaloo

East Africa Breweries Limited (EABL) has intensified its Sh22 billion investment plan in renewable energy that will see it launch biomass boilers and cut using expensive Kenya Power electricity in two months' time.

The brewer says that the recent stunning surge in the global crude oil prices, which hit $150 per barrel in February, has driven the urgency to operate sustainably amid unprecedented economic shocks.

"We have to accept that shocks will come. We are about to complete the project in the next two months to stop using Heavy Fuel Oil (HFO) and realise our go-green plan. Now that oil is expensive it was a good decision because we will save on energy cost," EABL Managing director and CEO Jane Karuku (*pictured*) said as the company marks 100 years of existence.

The plan includes steaming its boilers with locally sourced biomass and renewable fuel from farmers that will reduce carbon emission by 95 percent, with a potential of creating almost 1,000 jobs along the supply chain.

The Diageo-owned company has so far spent €17 million (Sh2.09 billion) in its Nairobi Tusker Energy plant which has a steam output of 36 tons per hour €7 million (Sh860.8 million), Kisumu plant has a boiler production of 12T/hr while €7.6million (Sh934.5 million) financed the Uganda Breweries Ltd (UBL) with 16T/her steam output.

Grid energy

"The two sites in Kenya boast being the Diageo global benchmarks for energy due to focused improvements on baseloads in Tusker and substitution of grid energy with solar in Kisumu," the company stated in its 2021 financial report.

HFO, commonly used to heat boilers during manufacturing processes, is highly toxic than refined oil products. EABL Tusker and Kisumu sites currently uses roughly 750,000 litres and 180,000 litres of HFO per month, respectively.

The Nairobi Securities Exchange (NSE) listed firm will also have solar installations at its breweries across the three countries, with a capacity of producing up to 10 percent of each brewery's electricity demand. It says that the Kisumu site is already using 2.4 megawatts solar power to cut spending on electricity from the national power utility firm. It targets to produce 9.3 megawatts at its Tusker site.

Upon completion, the multi-billion investment is expected to rattle Kenya Power as the brewer join the growing list of industrial customers defecting from the national grid, dealing a blow to the utility's heightened turn-around strategies to spur revenue growth.

Power reduction

The power distributor has been banking on tariff reviews and power reduction to atleast discourage heavy power consumers, who are less than 10 per cent of the total customers but contribute about 68 per cent of its sales revenue, from shifting to own-generated solar power. Further 15 percent cut in power tariffs that was expected to begin from March is now gripped with uncertainty after cheap power purchase renegotiation between the government and Independent Power Producers (IPPs) hit a deadlock.

London Distillers Limited, Bamburi Cement, Africa Logistics Properties (ALP), Mombasa International Airport, and Kapa Oil refineries are some of the heavy Kenya Power customers who have joined migration to solar power, citing high costs.

RENEWABLE FUEL

- The brewer says that the recent stunning surge in the global crude oil prices, which hit $150 per barrel in February, has driven the urgency to operate sustainably amid unprecedented economic shocks.
- The plan includes steaming its boilers with locally sourced biomass and renewable fuel from farmers that will reduce carbon emission by 95 per cent, with a potential of creating almost 1,000 jobs along the supply chain.

MARKET WATCH

NAIROBI SECURITIES EXCHANGE

HIGH	LOW	SECTOR	VWAP PRICES	PREVIOUS	TOTAL SHARES
		AGRICULTURAL			
15.00	10.00	Eaagads Ltd Ord 1.25		12.65	
427.00	360.00	Kakuzi Plc Ord.5.00		400.00	
101.00	80.00	Kapchorua Tea Kenya Plc Ord Ord 5.00		98.75	
350.00	260.00	The Limuru Tea Co. Plc Ord 20.00		320.00	
22.60	16.75	Sasini Plc Ord 1.00		21.20	
154.75	125.00	Williamson Tea Kenya Plc Ord 5.00	130.00	130.00	500
		AUTOMOBILES & ACCESSORIES			
76.00	20.00	Car & General (K) Ltd Ord 5.00	3050	30.60	1,300
		BANKING			
12.95	10.60	ABSA Bank Kenya Plc Ord 0.50	10.75	11.75	140,400
30.00	26.50	BK Group Plc Ord 0.80	29.90	29.90	1,000
60.00	5425	Diamond Trust Bank Kenya Ltd Ord 4.00	55.00	55.25	10,200
53.00	48.50	Equity Group Holdings Plc Ord 0.50	47.80	49.45	104,500
3.60	2.80	HF Group Plc Ord 5.00	3.03	2.99	24,400
22.00	18.00	I&M Group Plc Ord 1.00	18.40	18.45	3,300
46.00	38.25	KCB Group Plc Ord 1.00	38.90	39.65	127,000
27.20	23.00	NCBA Group Plc Ord 5.00	26.00	26.35	84,800
106.00	95.00	Stanbic Holdings Plc ord.5.00	105.25	102.50	370,100
148.75	130.75	Standard Chartered Bonk Kenya Ltd Ord 5.00	142.75	144.25	80,100
14.00	12.50	The Co-operative Bank of Kenya Ltd Ord 1.00	12.60	12.65	161,700
		COMMERCIAL AND SERVICES			
5.10	0.45	Deacons (East Africa) Plc Ord 2.50		0.45	
0.98	0.79	Eveready East Africa Ltd Ord.1.00	0.79	0.79	300
4.30	3.80	Express Kenya Plc Ord 5.00,..		3.90	
0.00	0.00	Homeboyz Entertainment Plc 0.50		4.66	
9.50	0.80	Kenya Airways Ltd Ord 1.00		3.83	
3.90	3.26	Longhorn Publishers Plc Ord 1.00ara	3.40	3.40	11.400
5.10	3.60	Nairobi Business Ventures Ltd Ord. 0.50	3.74	3.70	82,500
23.90	18.50	Nation Media Group Plc Ord. 2.50	22.70	22.45	6,600
2.70	2.18	Samar Africa Plc Ord 5.00	2.69	2.50	11,200
16.40	11.90	Standard Group Plc Ord 5.00	13.00	12.00	300
13.20	11.50	TPS Eastern Africa Ltd Ord 1.00	12.00	12.05	900
0.22	0.17	Uchumi Supermarket Plc Ord 5.00	0.19	0.18	2,400
4.37	3.75	WPP Scangroup Plc Ord 1.00	4.22	4.23	38,500
		CONSTRUCTION & ALLIED			
8.35	2.40	ARM Cement Plc Ord 1.00		5.55	
38.00	34.00	Bamburi Cement Ltd Ord 5.00	37.25	37.00	11,200
40.00	34.00	Crown Paints Kenya Plc Ord 5.00		40.00	
121	0.90	E.A.Cables Ltd Ord 0.50	1.01	1.00	4,600
7.10	6.30	EA.Portland Cement Co. Ltd Ord 5.00	6.42	6.32	200
		ENERGY & PETROLEUM			
4.00	3.49	KenGen Co. Plc Ord. 2.50	3.55	3.56	436,200
1.70	1.30	Kenya Power & Lighting Co Plc Ord 2.50	1.40	1.40	743,000
5.50	4.10	Kenya Power & Lighting Plc 4% Pref 20.00		4.11	
6.00	6.00	Kenya Power & Lighting Plc 7% Pref 20.00		6.00	
25.00	22.05	TotalEnergies Marketing Kenya Plc Ord 5.00	23.00	23.15	8,900
8.32	5.50	Umeme Ltd Ord 0.50	8.16	8.08	800
		INSURANCE			
7.10	6.40	Britain Holdings Plc Ord 0.10	6.74	6.78	1,200
2.30	1.98	CIC Insurance Group Ltd Ord.1.00	2.02	2.04	158,100
280.00	248.00	Jubilee Holdings Ltd Ord 5.00	268.00	268.00	14,100
2.30	2.04	Kenya Re Insurance Corporation Ltd Ord 2.50	2.14	2.10	29,900
7.18	524	Liberty Kenya Holdings Ltd Ord. 1.00	5.36	5.38	9,400
13.55	9.90	Sanlam Kenya Plc Ord 5.00		10.15	
		INVESTMENT			
14.40	11.60	Centum Investment Co Plc Ord 0.50	12.00	12.25	332,400
0.39	0.30	Home Afrika Ltd Ord 1.00	0.36	0.36	20,600
1500.00	1,500.00	Kurwitu Ventures Ltd Ord 100.00		1,500.00	
2.25	1.90	Olympia Capital Holdings Ltd Ord 5.00	2.10	2.10	7,000
1.28	1.00	Trans-Century Plc Ord 0.50	1.19	1.20	1,100
		INVESTMENT SERVICES			
8.32	6.90	Nairobi Securities Exchange Plc Ord 4.00	8.08	7.92	8,400
		MANUFACTURING & ALLIED			
98.00	61.25	B.O.C Kenya Plc Ord 500	73.25	73.25	4,900
510.00	420.00	British American Tobacco Kenya Plc Ord 10.00	421.00	426.00	900
13.20	10.00	Carbacid Investments Plc Ord 1.00	11.75	11.65	1,800
194.00	144.00	East African Breweries Plc Ord 2.00	144.25	145.00	12,900
1.45	1.10	Flame Tree Group Holdings Ltd Ord 0.825	1.27	1.27	5,600
14.00	10.40	Kenya Orchards Ltd Ord 5.00.u.		10.40	
0.70	0.25	Mumias Sugar Co. Ltd Ord 2.00		0.27	
36.40	26.10	Unga Group Ltd Ord 5.00		28.15	
		TELECOMMUNICATION			
45.25	33.25	Safaricom Plc Ord 0.05	33.80	33.85	2,155,100
		REAL ESTATE INVESTMENT TRUST			
7.48	5.72	ILAM FAHARI I-REIT Ord.20.00	6.10	6.30	300
		EXCHANGE TRADED FUNDS			
2085.00	1780.00	ABSA New Gold ETF	2092i	2135.00	

NSE ALL SHARE INDEX: DOWN 1.12 points to close at 151.23
NSE 20-SHARE INDEX: DOWN 12.87 points to close at 1815.03
NSE 25-SHARE INDEX: DOWN 46.93 points to close at 3412.65

TREASURY BONDS ISSUE

Central Bank of Kenya

RESULTS OF 91, 182 & 364 DAYS TREASURY BILLS ISSUE 2449/91, 2422/182 & 2372/364 DATED 29/11/2021

The auction outcome is summarised in the table below.

	91 DAYS	182 DAYS	364 DAYS	TOTAL
Due Date	28/02/2022	30/05/2022	28/11/2022	
Amount Offered (Kshs. M)	4,000.00	10,000.00	10,000.00	24,000.00
Bids Received (Kshs. M)	3,936.66	2,520.43	9,034.51	15,491.61
Performance Rate (%)	98.42	25.20	90.35	64.55
Total Amount Accepted (Kshs. M)	3,936.28	2,520.19	6,547.11	13,003.59
Of which: Competitive bids	3,514.24	2,273.29	6,003.13	11,790.66
: Non-competitive bids	422.04	246.90	543.98	1,212.93
Bid-to-Cover Ratio	1.00	1.00	1.38	1.19
Purpose / Application of Funds:				
Rollover / Redemptions	1,779.40	4,586.90	4,285.40	10,651.70
New Borrowing/Net Repayment	2,156.88	2,066.71	2,261.71	
Market Weighted Average Interest Rate	7.182%	7.834%	8.972%	
Weighted Average Interest Rate of accepted bids	7.181%	7.835%	8.944%	
Price per Kshs 100 at average interest rate	98.241	96.240	91.811	

COMPARATIVE AVERAGE INTEREST RATES OF ACCEPTED BIDS

	This Auction (%)	Last Auction (%)	Variance
91 - day	7.181	7.114	0.067
182-day	7.835	7.747	0.088
364 - day	8.944	8.840	0.104

NEXT TREASURY BILLS AUCTIONS: ISSUE NOs. 2450/91, 2423/182 & 2375/364 DATED 06/12/2021

TENOR	91 DAYS	182 DAYS	364 DAYS	TOTAL
Offer amount (Kshs. M)	4,000.00	10,000.00	10,000.00	24,000.00
Auction Dates & Bids Closure	02/12/2021	02/12/2021	02/12/2021	
Results Announcement	03/12/2021	03/12/2021	03/12/2021	
Redemptions				19,391.65
New Borrowing/Net Repayment				4,608.35

CBK KEY RATES

Central Bank Rate	7.00%	29/03/2022
Inter-Bank Rate	4.68%	26/04/2022
CBK Discount Window	13.00%	29/03/2022
91-Day T-Bill	7.448%	25/04/2022
REPO	0.00%	23/03/2022
Inflation Rate	5.56%	March,2022
Lending Rate	12.17%	February,2022
Savings Rate	2.56%	February,2022
Deposit Rate	6.61%	February,2022
KBRR	8.9%	27/07/2016

KEY CBK INDICATIVE EXCHANGE RATES 27/4/2022

CURRENCY	MEAN	BUY	SELL
US DOLLAR	115.7412	115.6412	115.8412
SW KRONER	11.8583	11.8465	11.8701
STG POUND	147.3400	147.1900	147.4900
SINGAPORE DOLLAR	84.1051	84.0171	84.1930
SAUDI RIYAL	30.8569	30.8294	30.8844
SA RAND	7.3378	7.3308	7.3447
S FRANC	120.7335	120.6229	120.8441
NOR KRONER	12.5579	12.5456	12.5703
KES / USHS	30.6374	30.5677	30.7071
KES / TSHS	20.0793	20.0188	20.1399
KES / RWF	8.8578	8.7603	8.9553
KES / BIF	17.7415	17.3233	18.1596
JPY (100)	90.9022	90.8129	90.9914
IND RUPEE	1.5104	1.5086	1.5122
HONGKONG DOLLAR	14.7518	14.7391	14.7645
EURO	123.8074	123.6824	123.9324
DAN KRONER	16.6032	16.5877	16.6188
CHINESE YUAN	17.6510	17.6336	17.6684
CAN $	90.2958	90.2037	90.3879
AUSTRALIAN $	82.8938	82.8106	82.9770
AE DIRHAM	31.5109	31.4798	31.5420

Bamburi Cement profit jumps to Sh1.4b

by Jacktone Lawi
@PeopleDailyKe

Bamburi Cement Plc made a net profit of Sh 1.4 billion in 2021, up from Sh 1.1 billion for the period ended December 31, 2020. Its profit before tax for 2021 grew to Sh 2.2billion, which is 22.2 per cent higher than 2020, primarily driven by the higher growth in operating profit.

The listed cement maker's turnover for the full year 2021 was up 19 per cent to Sh 41.4billion compared to the prior year's Sh34.9 billion.

This was attributed to growth in retail and key account segment in both Kenya and Uganda. Domestic selling price in Kenya improved compared to prior year due to higher proportion of premium products sales and targetted price actions in the retail segment. Seddiq Hassani, Bamburi Cement Group Managing Director said the performance reflects the continued economic recovery from impact of the Covid-19 pandemic, particularly in the construction sector.

> **Performance reflects continued economic recovery from Covid-19.**

Cost optimisation

"We made substantive progress on our strategic cost optimisation actions and sustainability initiatives leading to high levels of operational efficiency and the 17 per cent increase in our operating profit," he said.

Hassani added: "As the cost of input raw materials continues to rise excessively, we will continue implementing these initiatives". The board has recommended a dividend payout of Sh1.38 billion at the rate of Sh3.58 per ordinary share subject to shareholders' approval in the upcoming Annual General Meeting.

The cement maker's operating profit for the year grew by 17 per cent to Sh2.3 billion from Sh2.0 billion.

This was achieved despite 2021 being an inflationary year with prices of coal, power, imported clinker and global fuel increasing and adversely affecting the firm's cost base.