

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	13.50	127.5%	BUY
Equity bank	43.67	40.00	9.2%	HOLD
KCB bank	47.26	21.20	122.9%	BUY
Co-op bank	20.46	13.05	56.8%	BUY
ABSA bank	12.89	12.95	-0.5%	HOLD
StanChart bank	138.26	162.25	-14.8%	HOLD
NCBA bank	40.68	39.10	4.0%	HOLD
I&M bank	33.32	18.90	76.3%	BUY
Stanbic bank	108.85	115.00	-5.4%	HOLD
DTB bank	116.13	48.95	137.2%	BUY
EABL	151.28	105.75	43.1%	BUY
Bamburi Cement	27.61	41.00	-32.7%	SELL
BAT Kenya	460.00	415.00	10.8%	HOLD

Kenya Market Summary

Equity market commentary and outlook

- During the week, ABSA bank rallied to a 12-month driven by local demand. Similarly, on the back of local demand, Co-op bank hit a 10-month high. EABL touched a 24-weeks buoyed by foreign investors' sell-off.

Debt market commentary and outlook

- Overall subscription rates further decreased to 99.5%, down from 154.1% the prior week. Investors remained skewed on the 91-Day T-Bill and activity declined from the previous week on the 182-Day T-Bill and the 364-Day T-Bill. The yield on the 91-Day T-Bill edged up for 61 weeks now, the yield on the 182-Day T-Bill trended up for the ninth straight week and the yield on the 364-Day T-Bill was up week-on-week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,539.2	0.2%	1.8%	1.9%	0.0%	-5.8%	2.5%
Kenya NASI Return	93.3	0.5%	1.0%	1.1%	-5.0%	-26.1%	1.2%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.1%	10.9%	9.7%	-4.6%	-35.5%	8.2%
Johannesburg Index	-1.0%	-3.0%	-4.2%	-4.0%	-11.6%	-9.5%
Nigeria Stock Exchange	-2.2%	-41.4%	-29.4%	-30.2%	-48.4%	-24.2%
Ghana Stock Exchange	1.6%	0.3%	-1.3%	-3.7%	36.0%	-1.6%
Egyptian Stock Exchange	-1.1%	1.9%	13.5%	53.5%	71.2%	17.4%
MSCI EFM ex SA Index	-10.0%	-9.0%	-7.9%	-2.7%	-5.6%	-6.8%

Other market statistics

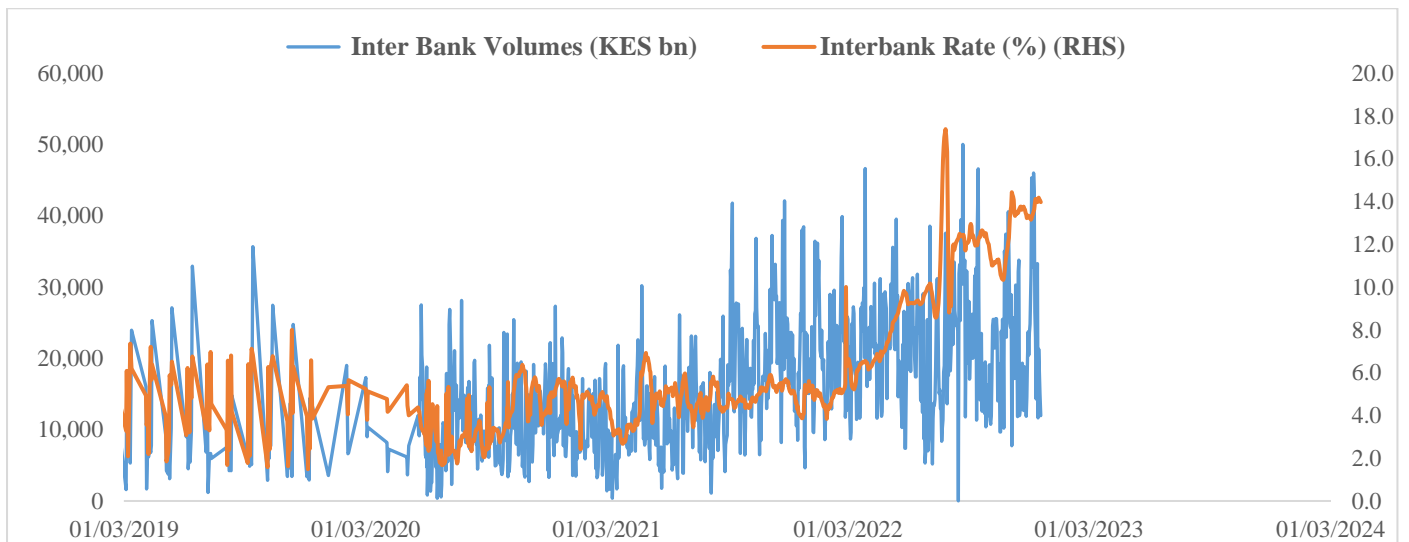
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	146.17	-0.5%	10.2%	9.1%	-0.3%	-12.7%	7.3%
USD/ZAR	19.11	1.0%	-1.1%	-2.4%	-1.4%	-5.1%	-3.9%
USD/EGP	30.88	0.1%	0.0%	0.0%	0.1%	-0.4%	0.1%
USD/NGN	1,579.50	-0.9%	-10.5%	-50.0%	-52.0%	-70.8%	-42.3%
USD/GHS	12.70	-1.2%	-2.8%	-5.5%	-10.2%	-0.8%	-5.9%

NSE most active counters

Counter	Value Traded (KES m)	Foreign Investor Net Buying/(Selling) (KES m)	Foreign Investor Activity as % of total	Weekly Price Change (%)	YTD (%)	% Below 12-month high	% Above 12-month low
Safaricom	505.9	-231.7	70.6%	0.8%	-2.9%	-42.6%	15.9%
Equity Bank	477.9	-138.9	58.4%	-2.4%	18.9%	-13.7%	18.9%
KCB Bank	223.9	-115.2	30.3%	3.4%	-3.2%	-44.7%	34.6%
Bamburi Cement	130.6	0.0	0.0%	2.4%	14.4%	-2.4%	82.2%
Co-op Bank	60.5	-0.1	0.1%	1.1%	14.5%	-2.3%	27.9%

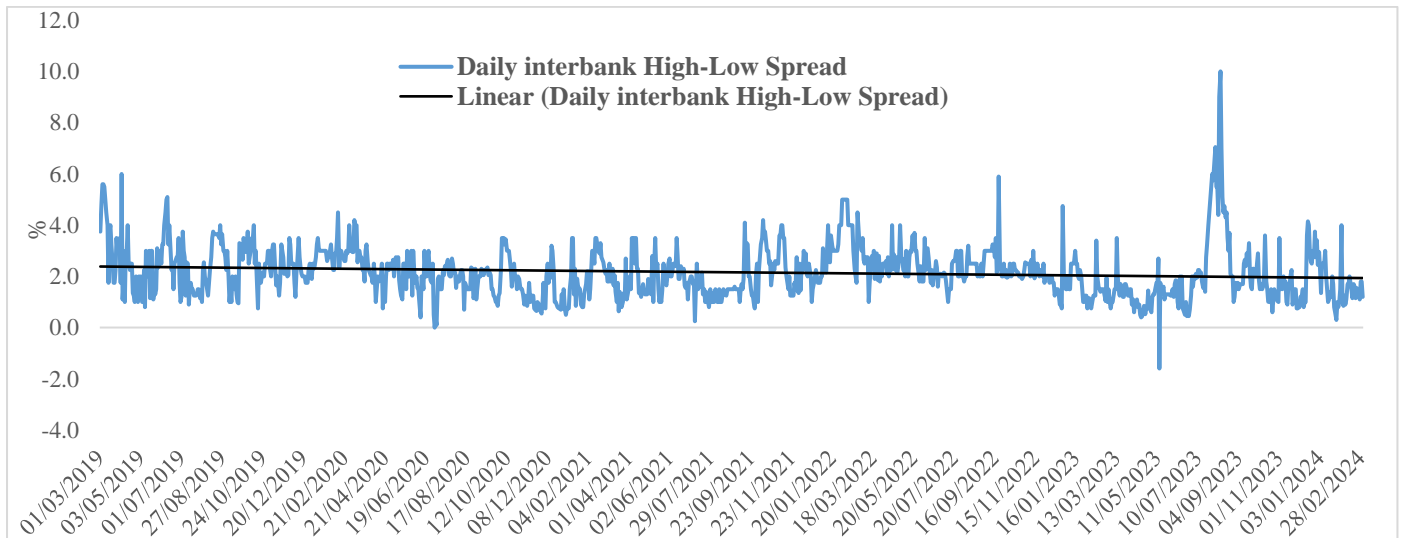
Key Rates and Spreads

Inter-bank Rates notch upwards for the third successive week



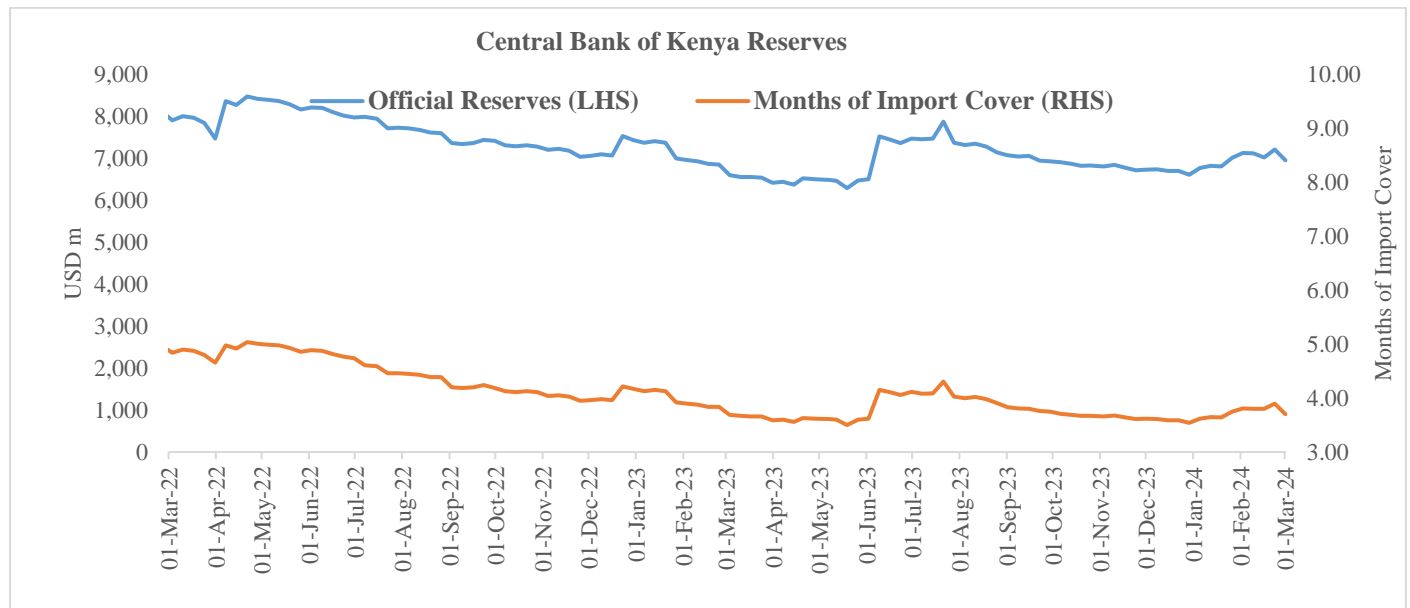
Source: CBK

Inter-bank Spreads decrease week-on-week



Source: CBK

Months of import cover & CBK FX reserves decrease week-on-week



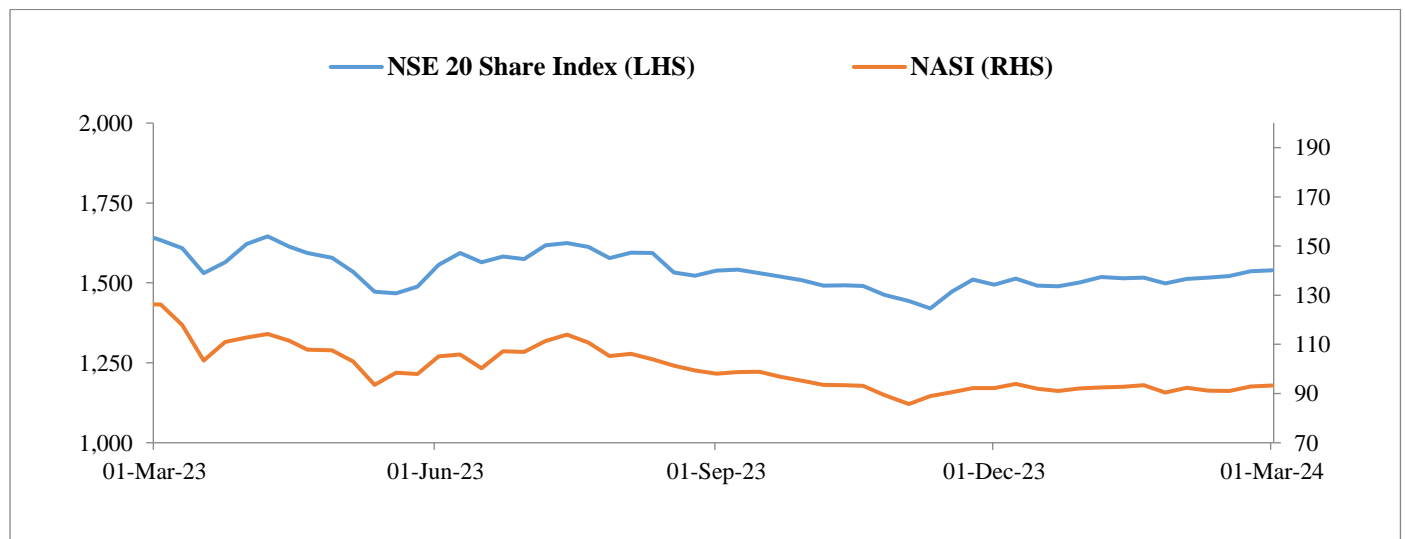
Source: CBK

Equity market trading commentary

Market turnover grew 16.1 % to stand at USD 8.0m (KES 1.1bn). For the second week straight, the NASI added 0.5% to conclude at 93.25 while the NSE 20, for the fifth successive week notched up 0.2% w/w to end at 1,539.22. Foreign investors led trading at 63.0% of total turnover, up from 37.0% the previous week. Sustaining a 5-weeks net selling streak, foreign net outflows stood at USD 3.4m (KES 493.0m). Safaricom (USD 1.6m, KES 231.7m) and Equity bank (USD 1.0m, KES 138.9m) saw the highest net foreign outflows while EABL experienced the highest net foreign inflows.

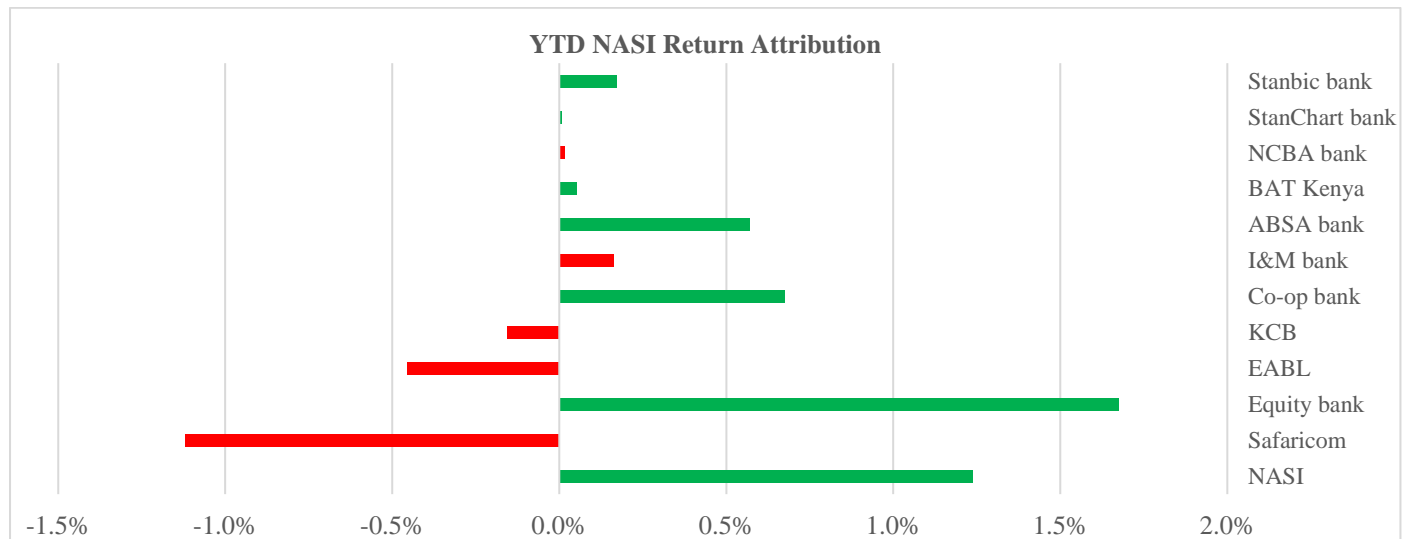
During the week, ABSA bank rallied to a 12-month driven by local demand. Similarly, on the back of local demand, Co-op bank hit a 10-month high. EABL touched a 24-weeks buoyed by foreign investors' sell-off.

Market performance over the past 12 months



Source: NSE

NASI performance: Year-to-date (YTD) Return Attribution



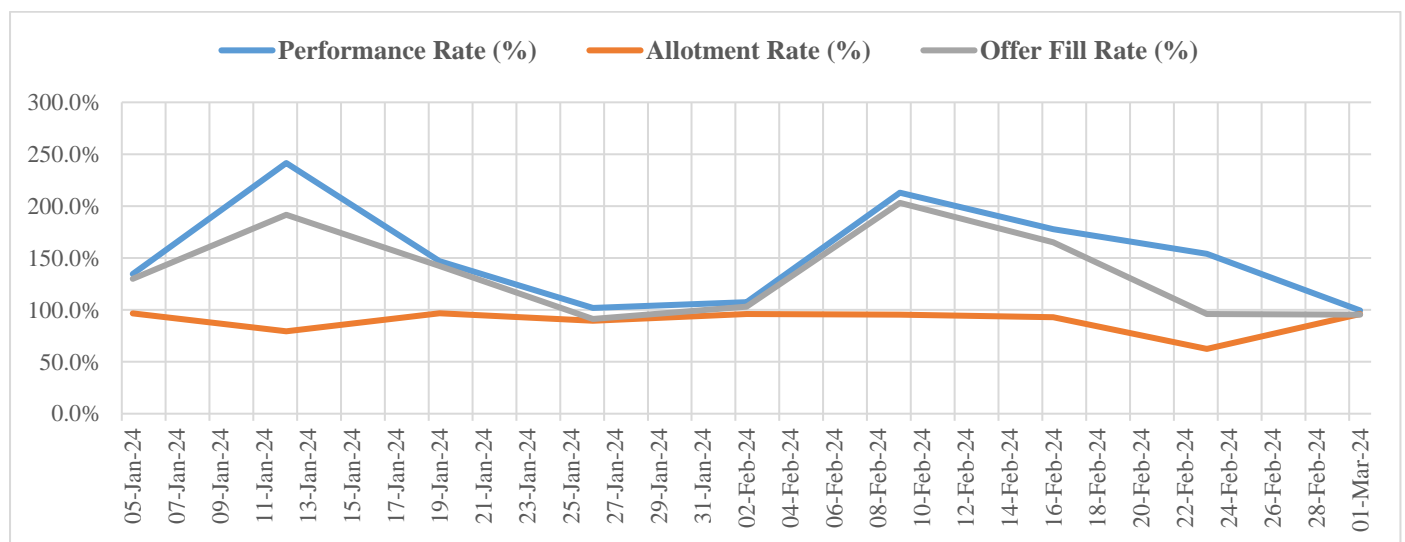
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates further decreased to 99.5%, down from 154.1% the prior week. Investors remained skewed on the 91-Day T-Bill and activity declined from the previous week on the 182-Day T-Bill and the 364-Day T-Bill. The yield on the 91-Day T-Bill edged up for 61 weeks now, the yield on the 182-Day T-Bill trended up for the ninth straight week and the yield on the 364-Day T-Bill was up week-on-week.

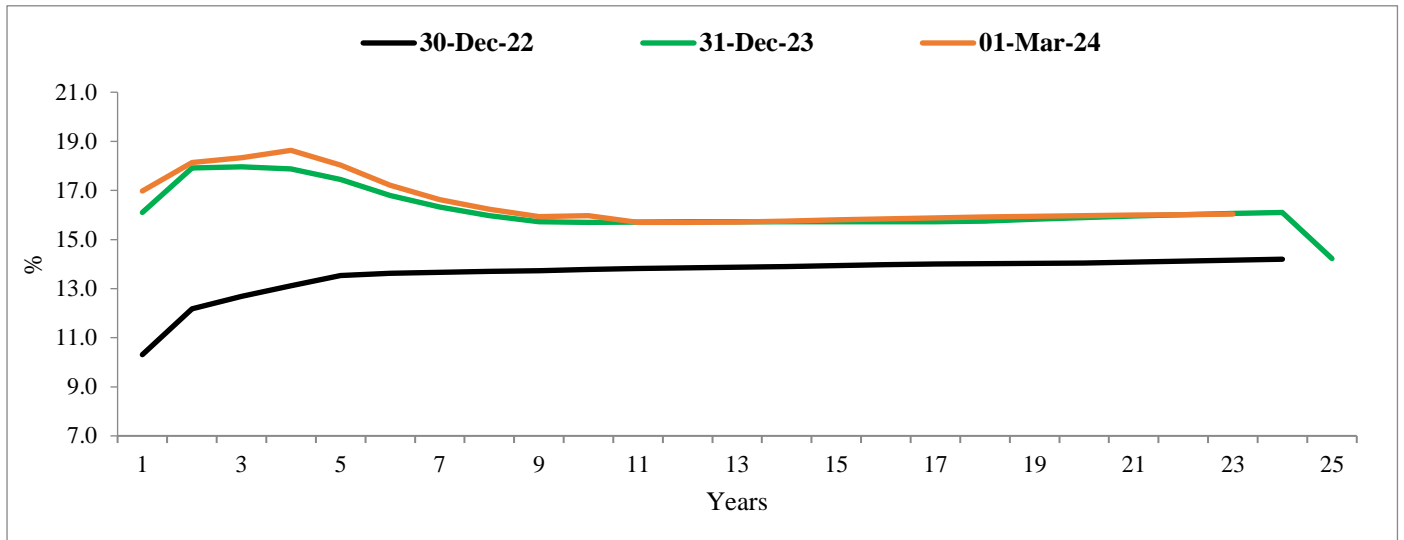
The CBK also offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 12.3bn for the 91-Day T-Bill, implying a subscription rate of 306.5%. It accepted bids worth KES 5.6bn at an average yield of 16.622% (+3.2 bps w/w). The 182-Day T-Bill received bids worth KES 2.0bn, implying a performance rate of 20.4%. It accepted bids worth KES 1.9bn at an average yield of 16.785% (+5.1 bps w/w). The 364-Day T-Bill received bids worth KES 9.6bn, implying a performance rate of 95.8%. It accepted bids worth KES 8.7bn at an average yield of 16.972% (+ 5.3 bps w/w).

T-Bills Performance rates decline week-on-week



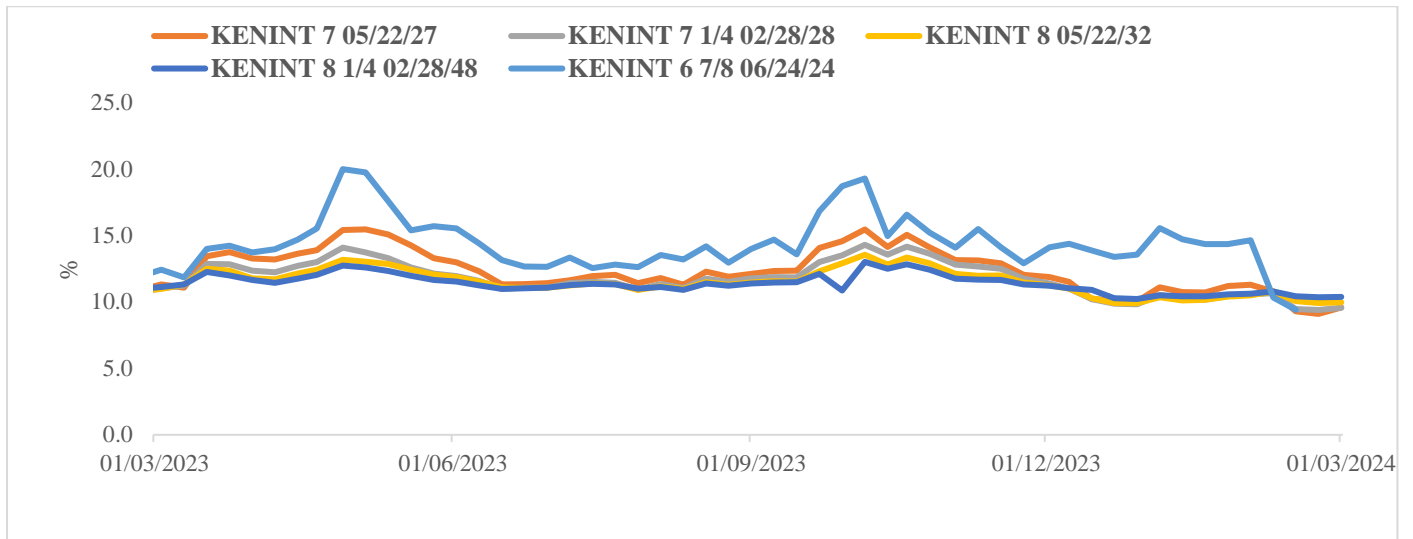
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields rise week-on-week after two weeks of successive decline



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year end	12 M High	12 M Low	Price	YTD %	Market ¹ cap (USD m)	Weighting	EPS	DPS	NAV	P/E ratio x	Div yld %	P/B ratio x	ROE %	Daily Trading ¹ vol (USD)
Safaricom	Telecom	Mar	23.50	11.65	13.50	-2.9	3,769	36.9%	1.55	1.20	4.7	8.7	8.9	2.9	33.2	579,824
Equity Bank	Banking	Dec	46.35	33.65	40.00	18.9	1,052	10.3%	12.22	3.00	48.7	3.3	7.5	0.8	25.1	326,096
EA Breweries	Breweries	Jun	187.00	100.00	105.75	-7.2	583	5.7%	12.47	5.50	27.1	8.5	5.2	3.9	46.1	39,296
Co-op Bank	Banking	Dec	13.35	10.20	13.05	14.5	533	5.2%	3.98	1.50	18.4	3.3	11.5	0.7	21.6	25,031
NCBA Bank	Banking	Dec	41.70	30.70	39.10	0.4	449	4.4%	9.48	4.00	53.7	4.1	10.2	0.7	17.6	6,549
Absa Bank	Banking	Dec	12.95	10.10	12.95	13.1	490	4.8%	2.98	1.35	12.0	4.3	10.4	1.1	24.8	14,587
KCB Bank	Banking	Dec	38.35	15.75	21.20	-3.2	475	4.7%	12.47	2.00	68.1	1.7	9.4	0.3	18.3	98,668
StanChart Bank	Banking	Dec	171.00	135.25	162.25	0.2	427	4.2%	34.62	22.00	158.0	4.7	13.6	1.0	21.9	9,965
Stanbic Bank	Banking	Dec	129.75	97.25	115.00	5.7	317	3.1%	28.71	13.75	140.8	4.0	12.0	0.8	20.4	25,560
BAT Kenya	Tobacco	Dec	477.25	401.25	415.00	1.8	289	2.8%	55.68	50.00	163.8	7.5	12.0	2.5	34.0	4,694
BK Group	Banking	Dec	37.00	28.45	32.00	-10.6	200	2.0%	7.55	3.28	46.8	4.2	10.3	0.7	16.1	688
I&M Holdings	Banking	Dec	21.00	15.85	18.90	8.0	218	2.1%	7.35	2.25	47.8	2.6	11.9	0.4	15.4	7,359
Umeme Ltd.	Power	Dec	17.75	9.12	13.40	-16.3	152	1.5%	3.03	2.12	20.7	4.4	15.8	0.6	14.7	2,768
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	152	1.5%	(2.79)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	42.00	22.50	41.00	14.4	104	1.0%	2.15	3.58	82.1	19.1	8.7	0.5	2.6	38,863
KenGen	Power	Jun	2.45	1.96	2.00	-0.5	92	0.9%	0.76	0.30	41.6	2.6	15.0	0.0	1.8	10,596
Jubilee Insurance	Insurance	Dec	200.00	148.25	185.00	0.0	93	0.9%	68.38	14.00	613.8	2.7	7.6	0.3	11.1	3,269
DTB Bank	Banking	Dec	54.75	44.00	48.95	8.7	95	0.9%	22.56	5.00	256.8	2.2	10.2	0.2	8.8	4,876
Britam	Insurance	Dec	5.68	4.05	4.54	-5.2	80	0.8%	0.53	-	9.2	8.6	-	0.5	5.7	2,383
Total Oil	Oil	Dec	22.40	15.80	18.00	0.0	79	0.8%	3.88	1.31	48.0	4.6	7.3	0.4	8.1	415
Kakuzi	Agric	Dec	430.00	240.00	367.50	-4.5	50	0.5%	43.15	24.00	303.5	8.5	6.5	1.2	14.2	298
CIC Insurance	Insurance	Dec	2.52	1.68	2.01	-10.3	37	0.4%	0.42	0.13	3.3	4.8	6.5	0.6	12.8	9,492
Centum Investment	Finance	Mar	9.50	8.00	8.56	1.9	40	0.4%	(8.95)	0.60	55.8	-	7.0	0.2	(16.1)	3,185
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	37	0.4%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	44.80	34.20	36.50	2.4	36	0.4%	5.13	4.00	24.1	7.1	11.0	1.5	21.3	1,174
Kenya Re	Insurance	Dec	2.02	1.54	1.97	4.8	38	0.4%	1.17	0.10	13.4	1.7	5.1	0.1	8.7	819
Sasini Tea & Coffee	Agric	Sept	31.40	18.20	19.95	-0.2	32	0.3%	3.82	1.00	61.7	5.2	5.0	0.3	6.2	4,606
Carbacid	Gases	July	17.55	12.00	15.85	5.7	28	0.3%	2.98	0.70	13.6	5.3	4.4	1.2	21.9	1,319
Nation Media	Media	Dec	21.10	14.15	20.00	-0.2	27	0.3%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	3,369
Kenya Power	Power	Jun	1.72	1.35	1.62	14.1	22	0.2%	(1.64)	-	29.1	-	-	0.1	(5.6)	8,137
TPSEA Serena	Tourism	Dec	16.45	11.00	14.90	-9.4	19	0.2%	(3.47)	-	33.3	-	-	0.4	(10.4)	1,526
Liberty K. Holdings	Insurance	Dec	5.54	3.45	5.00	35.5	19	0.2%	0.15	-	15.9	32.7	-	0.3	1.0	320
BOC Kenya	Gases	Dec	90.25	70.00	80.00	-2.4	11	0.1%	7.58	5.95	85.1	10.6	7.4	0.9	8.9	6,117
NSE	Finance	Dec	6.66	5.52	6.00	-0.3	11	0.1%	0.05	0.20	7.1	113.5	3.3	0.8	0.7	671
Housing Finance	Banking	Dec	5.10	3.25	4.00	14.9	11	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	738
Unga Ltd	Food	Jun	23.00	14.00	15.45	-8.3	8	0.1%	2.48	-	58.3	6.2	-	0.3	4.2	17
Sanlam Kenya	Insurance	Dec	9.14	5.60	6.12	2.0	6	0.1%	(3.77)	-	3.9	-	-	1.6	(97.1)	320
Car & Gen	Motors	Sept	41.50	21.30	26.15	4.6	7	0.1%	26.33	3.20	135.8	1.0	12.2	0.2	19.4	55
Limuru Tea	Agric	Dec	430.00	380.00	380.00	0.0	6	0.1%	4.73	2.50	80.9	80.4	0.7	4.7	5.8	9
WPP Scangroup	Media	Dec	3.18	1.99	2.35	7.8	7	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	524
EA Portland	Cement	Jun	9.40	5.32	9.00	12.5	6	0.1%	6.02	-	239.8	1.5	-	0.0	2.5	18
Standard Newspapers	Media	Dec	10.10	5.54	5.84	-24.5	3	0.0%	(10.05)	-	0.4	-	-	13.3	(2,284)	9
Longhorn	Publishing	Jun	3	2.01	2.20	-8.7	4	0.0%	0.62	-	2.8	3.6	-	0.8	22.2	56
TransCentury	Finance	Dec	1.10	0.40	0.40	-23.1	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	82
Average												9.1	9.0	1.7	24.5	1,269,498

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