

Stock Recommendation

| Company | Fair Value (KES) | Closing Price (KES) | Upside/downside (%) | Current Rating |
|----------------|------------------|---------------------|---------------------|----------------|
| Safaricom | 31.11 | 23.45 | 32.7% | BUY |
| Equity bank | 58.81 | 45.15 | 30.3% | BUY |
| KCB bank | 62.39 | 38.35 | 62.7% | BUY |
| Co-op bank | 18.13 | 12.75 | 42.2% | BUY |
| ABSA bank | 12.32 | 12.40 | -0.6% | HOLD |
| StanChart bank | 108.61 | 162.75 | -33.3% | SELL |
| NCBA bank | 38.68 | 37.05 | 4.4% | HOLD |
| I&M bank | 30.56 | 18.00 | 69.8% | BUY |
| Stanbic bank | 89.16 | 109.00 | -10.8% | HOLD |
| DTB bank | 122.70 | 49.95 | 145.7% | BUY |
| EABL | 164.58 | 175.25 | -6.1% | HOLD |
| Bamburi Cement | 51.96 | 27.55 | 88.6% | BUY |
| BAT Kenya | 544.27 | 453.75 | 19.9% | BUY |

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, on account of local selling, Kenya Power touched a 49-day low after announcing a loss per share of KES 0.59 against an EPS of KES 1.96 earned the prior year. KenGen traded down to a record low on account of foreign selling. On corporate news, we expect Stanbic bank to announce FY22 results this Thursday, 9th March. We forecast FY22 EPS to increase 3.0% y/y.

Debt market commentary and outlook

- Overall subscription rates increased to 136.2%, up from 81.0% recorded the previous week, driven by a rebound in activity on the 91-Day T-Bill. Yields across all tenors trended upwards for the ninth successive week. Eurobond yields sustained a 6-week's rising streak.

Key Market Indicators

| Index Returns | Level | 1w (%) | 1m (%) | 3m (%) | 6m (%) | 12m (%) | ytd (%) |
|---------------------------|---------|--------|--------|--------|--------|---------|---------|
| Kenya NSE 20 Index Return | 1,634.1 | -1.3% | -1.8% | -1.1% | -7.1% | -13.9% | -2.5% |
| Kenya NASI Return | 126.2 | -0.2% | -2.4% | -0.9% | -8.2% | -23.4% | -1.0% |
| FTSE NSE Kenya 15 Return | 170.1 | 0.0% | 0.0% | 0.0% | 0.0% | -18.1% | 0.0% |
| FTSE NSE Kenya 25 Return | 170.3 | 0.0% | 0.0% | 0.0% | 0.0% | -23.1% | 0.0% |

Source: NSE, Kestrel Research

NSE versus other markets

| Index Returns (USD) | 1w (%) | 1m (%) | 3m (%) | 6m (%) | 12m (%) | ytd (%) |
|-------------------------|--------|--------|--------|--------|---------|---------|
| Nairobi All Share Index | -1.0% | -4.6% | -4.1% | -13.9% | -31.5% | -4.3% |
| Johannesburg Index | 3.2% | -6.2% | 1.6% | 10.7% | -11.0% | 0.6% |
| Nigeria Stock Exchange | 1.1% | 2.4% | 11.2% | 3.3% | 5.9% | 8.3% |
| Ghana Stock Exchange | -0.4% | -1.3% | 7.7% | -24.7% | -51.1% | -21.5% |
| Egyptian Stock Exchange | -1.4% | 2.0% | -1.4% | 6.0% | -23.8% | -7.2% |
| MSCI EFM ex SA Index | -0.9% | 0.4% | 0.4% | -2.2% | -21.0% | 0.9% |

Other market statistics

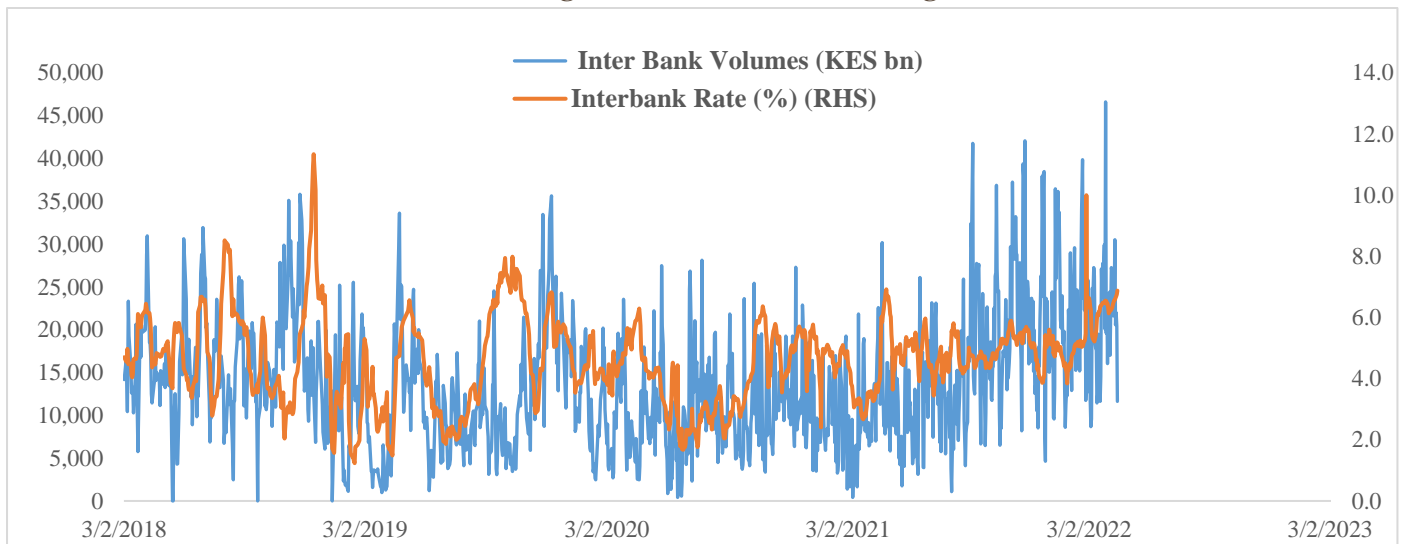
| Currencies | Level | 1w (%) | 1m (%) | 3m (%) | 6m (%) | 12m (%) | ytd (%) |
|------------|-------|--------|--------|--------|--------|---------|---------|
| USD/KES | 127.6 | -0.8% | -3.1% | -3.9% | -5.8% | -10.7% | -3.3% |
| USD/ZAR | 18.1 | 1.6% | -5.0% | -3.5% | -4.6% | -15.2% | -6.1% |
| USD/EGP | 30.8 | -0.5% | -11.6% | -20.2% | -37.5% | -49.0% | -19.5% |
| USD/NGN | 460.9 | 0.0% | 0.0% | -3.5% | -6.9% | -9.8% | 0.0% |
| USD/GHS | 12.6 | 1.2% | -18.5% | 11.1% | -21.1% | -44.0% | -19.4% |

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 | 420.4 | -168.6 | 44.2% | 0.4% | -2.9% | -37.5% | 13.8% |
| ABSA bank | 142.3 | 26.3 | 47.5% | -1.2% | 0.8% | -2.4% | 27.8% |
| KCB bank | 99.5 | -71.7 | 0.4% | 0.1% | 0.7% | -15.4% | 9.6% |
| Equity bank | 90.2 | -50.0 | 25.1% | -1.7% | 1.5% | -15.2% | 15.8% |
| BAT Kenya | 72.5 | 38.3 | 32.6% | -5.4% | -1.4% | -9.1% | 12.3% |

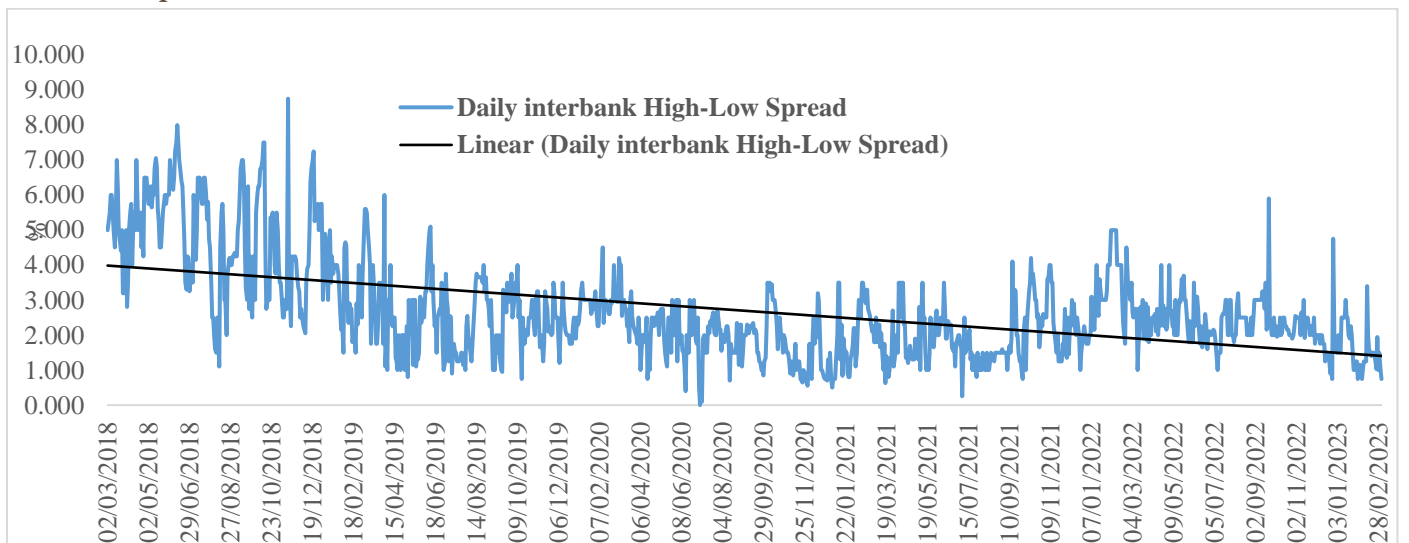
Key Rates and Spreads

Inter-bank rate increases for the second straight week to hit a 2-months high



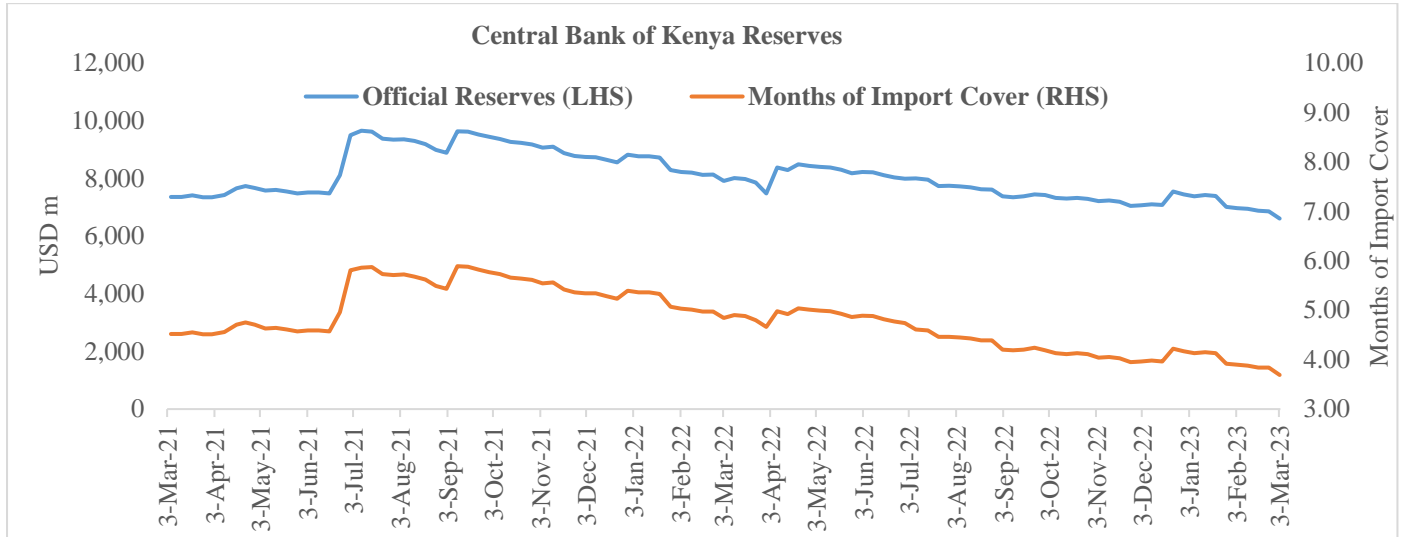
Source: CBK

Inter-bank spread narrow for the third successive week



Source: CBK

CBK FX reserves & import cover decline for the seventh straight week to touch a 9-year low



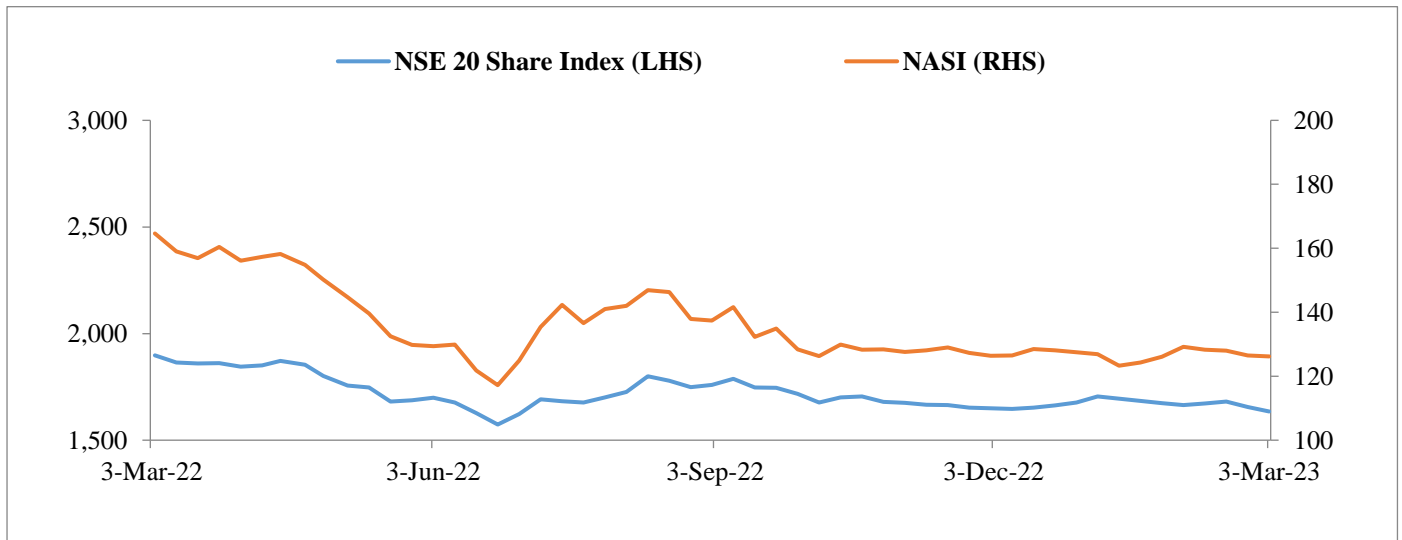
Source: CBK

Equity market trading commentary

After declining in the last two weeks, equity turnover grew 23.6% w/w to stand at USD 7.9m (KES 1.0bn). For the fourth straight week, the NASI came off 0.2% w/w to 126.17 – a 6-week’s low. Marking the second consecutive loss, the NSE 20 lost another 1.3% w/w to settle at 1,634.09. Notably, foreign investors turned net buyers at USD 0.8m (KES 101.1m). For the sixth consecutive week, local investors drove market activity at the bourse at 30.0% of total turnover, albeit slightly down from 30.0% registered the previous week.

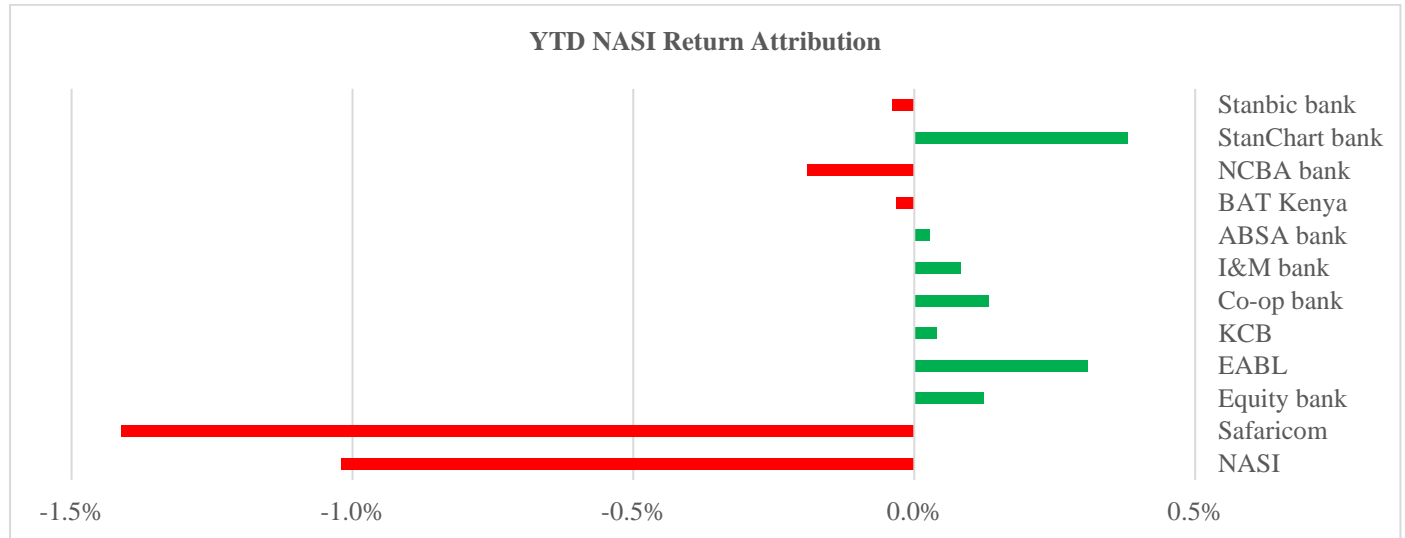
During the week, on account of local selling, Kenya Power touched a 49-day low after announcing loss per share of KES 0.59 against an EPS of KES 1.96 earned the prior year. KenGen traded down to a record low on account of foreign selling. On corporate news, we expect Stanbic bank to announce FY22 results this Thursday, 9th March. We forecast EPS to increase 3.0% y/y.

Market performance over the past 12 months



Source: NSE

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



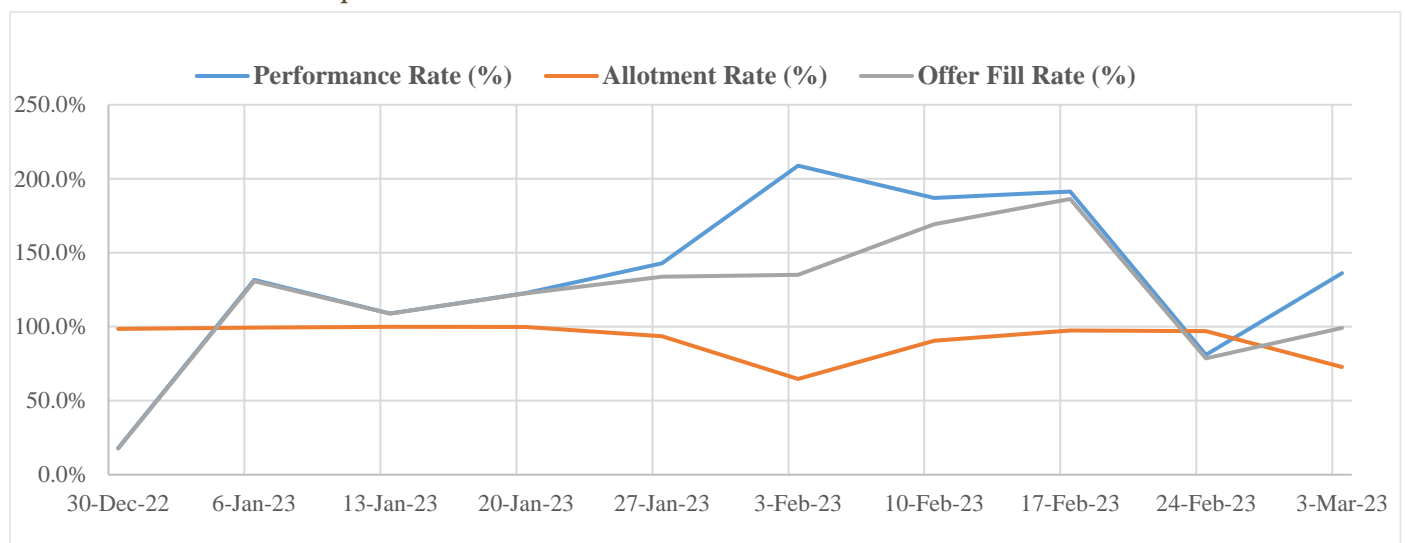
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates increased to 136.2%, up from 81.0% recorded the previous week, driven by a rebound in activity on the 91-Day T-Bill. Yields across all tenors trended upwards for the ninth successive week.

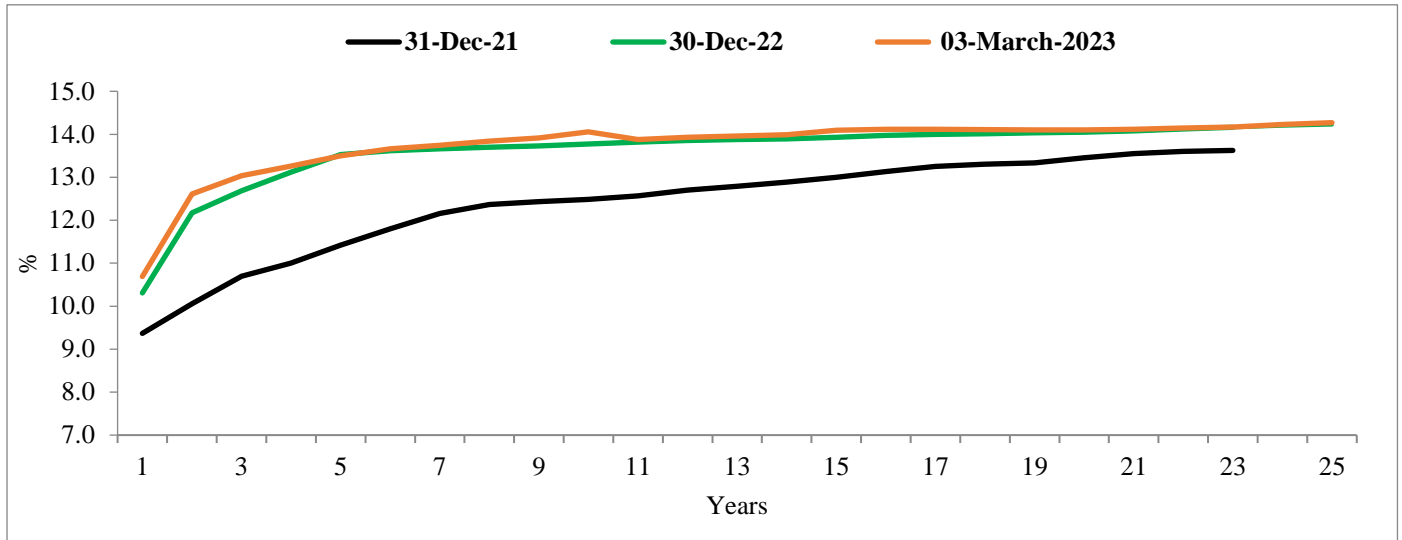
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 22.2bn for the 91-Day T-Bill, implying a subscription rate of 555.73%. It accepted bids worth KES 13.3bn at an average yield of 9.698% (+4.3bps w/w). The 182-Day T-Bill received bids worth KES 6.0bn, implying a performance rate of 60.16%. It accepted bids worth KES 6.0bn at an average yield of 10.165% (+4.8bps w/w). The 364-Day T-Bill received bids worth KES 4.5bn, implying a performance rate of 44.55%. It accepted bids worth KES 4.5bn at an average yield of 10.690 (+1.4bps w/w).

T-Bills Performance: Overall performance rates increase week-on-week



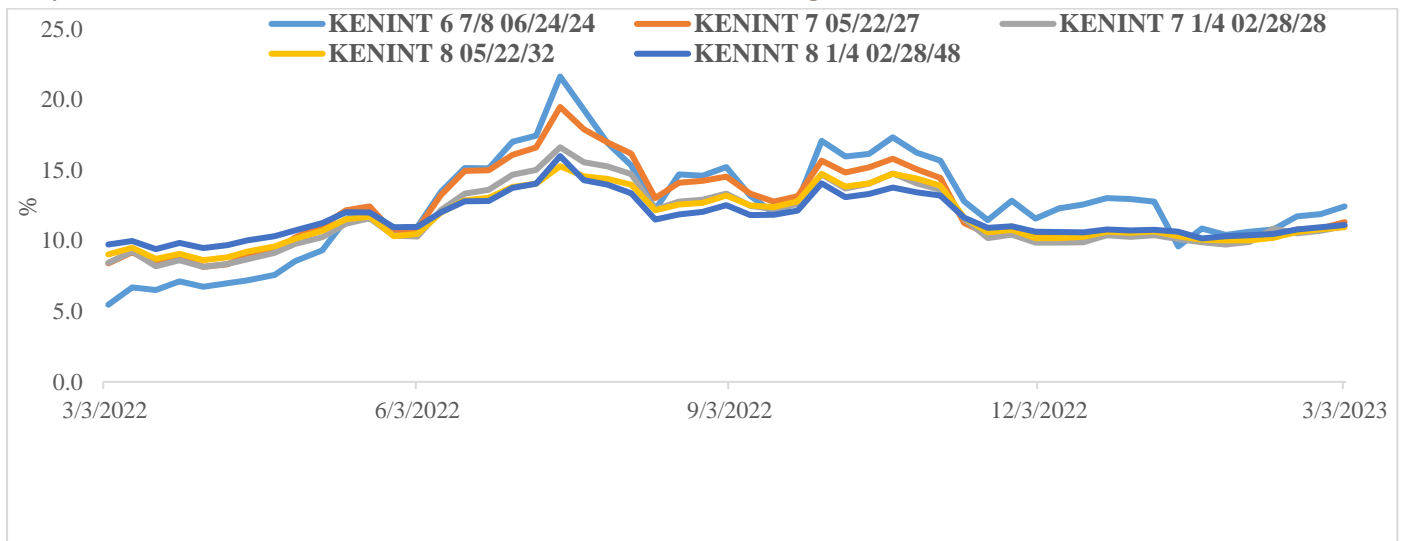
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors sustain a 5-weeks rising streak



Source: Bloomberg

Top counters by market capitalization

| Company | Sector | Year | 12 M | 12 M | Price | YTD | Market ¹ | Weighting | EPS | DPS | NAV | P/E | Div | P/B | ROE % | Daily Trading ¹ | |
|---------------------|------------|------|--------|--------|--------|-------|---------------------|-----------|--------|-------|--------|----------------|-------------|------------|------------|----------------------------|------------------|
| Safaricom | Telecom | Mar | 37.50 | 20.60 | 23.45 | -2.9 | 7,366 | 47.6% | 1.74 | 1.33 | 3.5 | 13.5 | 5.7 | 6.7 | 49.9 | 1,045,078 | |
| Equity Bank | Banking | Dec | 53.25 | 39.00 | 45.15 | 1.5 | 1,336 | 8.6% | 12.24 | 3.00 | 40.8 | 3.7 | 6.6 | 1.1 | 30.0 | 378,681 | |
| EA Breweries | Breweries | Jun | 181.50 | 110.00 | 175.25 | 4.6 | 1,087 | 7.0% | 15.00 | 11.00 | 20.5 | 11.7 | 6.3 | 8.5 | 73.2 | 101,614 | |
| KCB Bank | Banking | Dec | 45.35 | 35.00 | 38.35 | 0.7 | 966 | 6.2% | 12.25 | 3.00 | 58.4 | 3.1 | 7.8 | 0.7 | 21.0 | 182,491 | |
| Co-op Bank | Banking | Dec | 13.30 | 10.70 | 12.75 | 3.7 | 587 | 3.8% | 3.75 | 1.00 | 17.2 | 3.4 | 7.8 | 0.7 | 21.8 | 40,557 | |
| Absa Bank | Banking | Dec | 12.70 | 9.70 | 12.40 | 0.8 | 528 | 3.4% | 2.15 | 1.10 | 10.9 | 5.8 | 8.9 | 1.1 | 19.7 | 65,193 | |
| StanChart Bank | Banking | Dec | 164.00 | 123.75 | 162.75 | 14.0 | 482 | 3.1% | 30.18 | 13.00 | 146.8 | 5.4 | 8.0 | 1.1 | 20.6 | 48,898 | |
| NCBA Bank | Banking | Dec | 40.00 | 23.00 | 37.05 | -5.8 | 479 | 3.1% | 10.02 | 4.25 | 49.1 | 3.7 | 11.5 | 0.8 | 20.4 | 22,359 | |
| BAT Kenya | Tobacco | Dec | 499.25 | 404.00 | 453.75 | -1.4 | 356 | 2.3% | 68.92 | 57.00 | 163.8 | 6.6 | 12.6 | 2.8 | 42.1 | 122,955 | |
| Stanbic Bank | Banking | Dec | 114.00 | 90.00 | 100.00 | -2.0 | 310 | 2.0% | 22.99 | 7.30 | 127.4 | 4.3 | 7.3 | 0.8 | 18.0 | 23,698 | |
| I&M Holdings | Banking | Dec | 21.50 | 16.50 | 18.00 | 5.9 | 233 | 1.5% | 5.74 | 1.50 | 41.4 | 3.1 | 8.3 | 0.4 | 13.9 | 14,607 | |
| Bank of Kigali | Banking | Dec | 32.75 | 27.00 | 30.00 | -4.8 | 211 | 1.4% | 7.95 | 3.28 | 41.8 | 3.8 | 10.9 | 0.7 | 19.0 | 483 | |
| Kenya Airways | Airlines | Dec | 3.83 | 3.83 | 3.83 | 0.0 | 171 | 1.1% | (2.79) | - | (14.7) | - | - | - | - | - | |
| Umeme Ltd. | Power | Dec | 10.00 | 5.50 | 9.94 | 34.0 | 127 | 0.8% | 2.74 | 1.73 | 17.6 | 3.6 | 17.4 | 0.6 | 15.6 | 779 | |
| KenGen | Power | Jun | 3.90 | 2.38 | 2.38 | -26.1 | 123 | 0.8% | 0.16 | 0.18 | 32.4 | 15.0 | 7.6 | 0.1 | 0.5 | 4,569 | |
| DTB Bank | Banking | Dec | 59.00 | 46.00 | 49.95 | -0.1 | 110 | 0.7% | 17.27 | 3.00 | 250.7 | 2.9 | 6.0 | 0.2 | 6.9 | 35,717 | |
| Total Oil | Oil | Dec | 25.85 | 21.75 | 22.15 | -7.1 | 109 | 0.7% | 4.35 | 1.31 | 45.4 | 5.1 | 5.9 | 0.5 | 9.6 | 482 | |
| Jubilee Insurance | Insurance | Dec | 279.00 | 181.00 | 184.00 | -7.4 | 105 | 0.7% | 94.22 | 14.00 | 544.4 | 2.0 | 7.6 | 0.3 | 17.3 | 4,491 | |
| Britam | Insurance | Dec | 7.04 | 4.97 | 5.00 | -3.8 | 99 | 0.6% | 0.03 | - | 7.5 | 174.9 | - | 0.7 | 0.4 | 1,538 | |
| Bamburi Cement | Cement | Dec | 38.35 | 27.00 | 27.55 | -12.5 | 78 | 0.5% | 2.15 | 3.58 | 0.1 | 12.8 | 13.0 | 335.5 | 2,618.6 | 13,798 | |
| Kakuzi | Agric | Dec | 441.25 | 367.50 | 400.25 | 4.0 | 62 | 0.4% | 39.24 | 18.00 | 278.0 | 10.2 | 4.5 | 1.4 | 14.1 | 662 | |
| Centum Investment | Finance | Mar | 14.20 | 7.90 | 9.00 | 7.7 | 47 | 0.3% | (2.01) | 0.59 | 65.1 | - | 6.5 | 0.1 | (3.1) | 5,444 | |
| ARM Cement | Cement | Dec | 5.55 | 5.55 | 5.55 | 0.0 | 42 | 0.3% | (7.77) | - | 19.8 | - | - | 0.3 | (39.2) | - | |
| CIC Insurance | Insurance | Dec | 2.21 | 1.72 | 1.98 | 1.5 | 41 | 0.3% | 0.30 | - | 3.0 | 6.6 | - | 0.7 | 9.9 | 1,522 | |
| Sasini Tea & Coffee | Agric | Sept | 129.00 | 17.90 | 22.00 | -2.0 | 39 | 0.3% | 5.11 | 1.00 | 56.5 | 4.3 | 4.5 | 0.4 | 9.1 | 861 | |
| Crown Paints | Manufac. | Dec | 44.00 | 32.30 | 35.00 | -16.4 | 39 | 0.3% | 5.13 | 4.00 | 24.1 | 6.8 | 11.4 | 1.5 | 21.3 | 345 | |
| Kenya Re | Insurance | Dec | 2.30 | 1.70 | 1.70 | -7.1 | 37 | 0.2% | 1.17 | 0.10 | 13.4 | 1.5 | 5.9 | 0.1 | 8.7 | 1,202 | |
| Carbacid | Gases | July | 14.15 | 10.55 | 12.20 | 1.7 | 24 | 0.2% | 2.22 | 0.70 | 13.5 | 5.5 | 5.7 | 0.9 | 16.4 | 9,280 | |
| Kenya Power | Power | Jun | 2.08 | 1.31 | 1.49 | -4.5 | 23 | 0.1% | 1.80 | - | 30.8 | 0.8 | - | 0.0 | 5.8 | 8,163 | |
| Nation Media | Media | Dec | 23.20 | 14.55 | 14.95 | -6.3 | 22 | 0.1% | 2.59 | 1.49 | 42.1 | 5.8 | 9.9 | 0.4 | 6.2 | 863 | |
| Liberty K. Holdings | Insurance | Dec | 7.48 | 4.28 | 5.00 | -10.7 | 21 | 0.1% | 0.15 | - | 15.9 | 32.7 | - | 0.3 | 1.0 | 72 | |
| TPSEA Serena | Tourism | Dec | 17.50 | 10.85 | 13.75 | 3.0 | 20 | 0.1% | (3.47) | - | 33.3 | - | - | 0.4 | (10.4) | 2,823 | |
| NSE | Finance | Dec | 8.38 | 6.34 | 6.50 | -4.1 | 13 | 0.1% | 0.51 | 1.40 | 8.0 | 12.7 | 21.5 | 0.8 | 6.4 | 1,255 | |
| Unga Ltd | Food | Jun | 34.75 | 21.85 | 22.20 | -30.6 | 13 | 0.1% | 2.48 | - | 58.3 | 9.0 | - | 0.4 | 4.2 | 259 | |
| BOC Kenya | Gases | Dec | 93.25 | 65.00 | 77.00 | 8.8 | 12 | 0.1% | 4.78 | 6.70 | 84.3 | 16.1 | 8.7 | 0.9 | 5.7 | 111 | |
| Car & Gen | Motors | Sept | 76.00 | 30.00 | 36.50 | -23.1 | 11 | 0.1% | 26.33 | 3.20 | 135.8 | 1.4 | 8.8 | 0.3 | 19.4 | 838 | |
| WPP Scangroup | Media | Dec | 4.34 | 2.84 | 3.02 | 0.3 | 10 | 0.1% | (0.30) | - | 11.9 | - | - | 0.3 | (2.5) | 533 | |
| Housing Finance | Banking | Dec | 3.84 | 2.86 | 3.29 | 3.1 | 10 | 0.1% | (1.45) | - | 20.5 | - | - | 0.2 | (7.1) | 808 | |
| Sanlam Kenya | Insurance | Dec | 15.00 | 7.86 | 8.66 | -9.6 | 10 | 0.1% | (3.77) | - | 3.9 | - | - | 2.2 | (97.1) | 72 | |
| Limuru Tea | Agric | Dec | 510.00 | 320.00 | 400.00 | -4.8 | 8 | 0.0% | (0.50) | 0.70 | 75.9 | - | 0.2 | 5.3 | (0.7) | 649 | |
| Standard Newspapers | Media | Dec | 15.80 | 8.74 | 10.10 | -3.3 | 6 | 0.0% | (0.90) | - | 10.5 | - | - | 1.0 | (8.5) | 27 | |
| Longhorn | Publishing | Jun | 4.07 | 2.54 | 2.84 | -5.3 | 6 | 0.0% | 0.62 | - | 2.8 | 4.6 | - | 1.0 | 22.2 | 141 | |
| EA Portland | Cement | Jun | 8.80 | 6.02 | 7.00 | 2.9 | 5 | 0.0% | 6.02 | - | 239.8 | 1.2 | - | 0.0 | 2.5 | 24 | |
| TransCentury | Finance | Dec | 1.30 | 0.79 | 1.10 | 18.3 | 3 | 0.0% | (6.72) | - | (9.5) | - | - | - | - | 2,198 | |
| | | | | | | | | | | | | Average | 15.6 | 6.7 | 5.9 | 51.0 | 2,150,791 |

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