

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	15.30	100.7%	BUY
Equity bank	47.71	47.30	0.9%	HOLD
KCB bank	66.26	36.65	80.8%	BUY
Co-op bank	20.33	13.60	49.5%	BUY
ABSA bank	11.97	14.20	-15.7%	SELL
StanChart bank	262.64	215.25	22.0%	BUY
NCBA bank	36.1	43.95	-17.9%	SELL
I&M bank	35.09	24.00	46.2%	BUY
Stanbic bank	84.7	120.50	-29.7%	SELL
DTB bank	92.65	50.75	82.6%	BUY
EABL	151.28	160.25	-5.6%	HOLD
Bamburi Cement	44.37	58.25	-23.8%	SELL
BAT Kenya	460.00	349.50	31.6%	BUY

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, Equity Bank touched a twenty-week high on increasing local demand. KCB Bank touched a thirteen-week high on rising local demand, and EABL touched an 83-week high on improved local demand. The NASI and the NSE-20 both sustained a three-week climbing streak. Foreign investors turned net sellers at USD 1.5 m (KES 191.7 m). Safaricom registered the highest net foreign outflows at USD 2.1 m (KES 277.2 m), while Equity Bank recorded the highest net foreign inflows at USD 0.3 m (KES 39.1 m).

### Debt market commentary and outlook

- Overall subscription rates climbed to 304.3% from 224.8% the previous week, sustaining a two-week gaining streak. Investors remained skewed on the 91-Day T-Bill and activity rose for all three T-Bills. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a twelve-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the eleventh week.

## Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,806.6	8.8%	6.9%	19.3%	25.2%	17.7%	20.3%
Kenya NASI	110.1	5.2%	3.3%	18.7%	28.4%	6.9%	19.6%

Source: NSE, Kestrel Research

## NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	1.7%	1.8%	-3.1%	0.0%	36.1%	6.0%
Johannesburg Index	0.5%	6.7%	1.8%	13.9%	3.9%	-8.9%
Nigeria Stock Exchange	0.4%	0.8%	-3.4%	-28.1%	-2.0%	6.5%
Ghana Stock Exchange	-1.0%	-1.2%	5.2%	3.4%	-4.0%	1.9%
Egyptian Stock Exchange	-3.5%	4.2%	6.9%	-1.7%	-7.4%	-18.9%
MSCI EFM ex SA Index	1.1%	-0.1%	-0.2%	2.8%	6.9%	39.2%

## Other market statistics

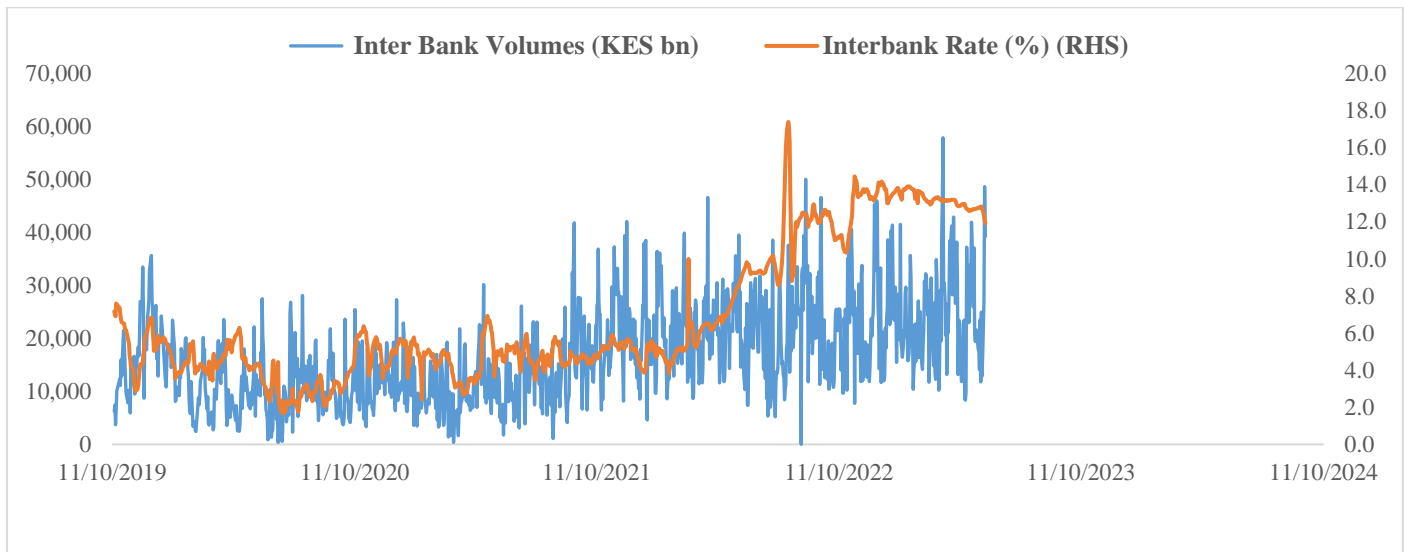
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	128.94	0.0%	0.0%	0.3%	0.7%	14.7%	5.0%
USD/ZAR	17.42	0.4%	1.3%	1.3%	5.1%	0.7%	-3.4%
USD/EGP	48.57	-0.5%	0.2%	-0.9%	-0.9%	-35.0%	0.0%
USD/NGN	1625.41	-0.1%	0.9%	-2.1%	-25.1%	-36.0%	18.6%
USD/GHS	15.94	-0.6%	-1.1%	-1.8%	-12.7%	-12.4%	1.5%

**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	466.5	-277.2	53.6%	2.0%	10.1%	-20.7%	31.3%
KCB Bank	113.0	23.8	17.6%	4.1%	67.4%	-3.4%	132.7%
Equity Bank	81.0	39.1	39.0%	6.3%	40.6%	-3.9%	40.6%
Coop Bank	46.3	0.0	0.0%	-0.7%	19.3%	-9.6%	33.3%
EABL	41.5	38.5	46.5%	-2.4%	40.6%	-7.8%	60.3%

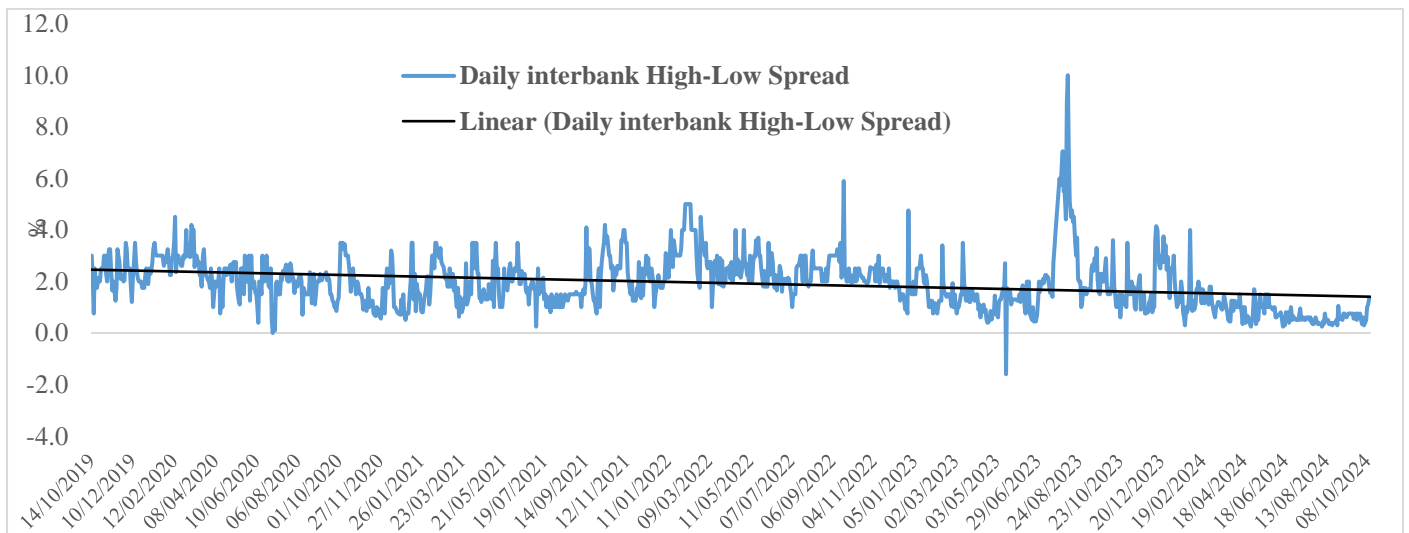
**Key Rates and Spreads**

Inter-bank Rates decline week on week, sustaining a two-week declining streak.



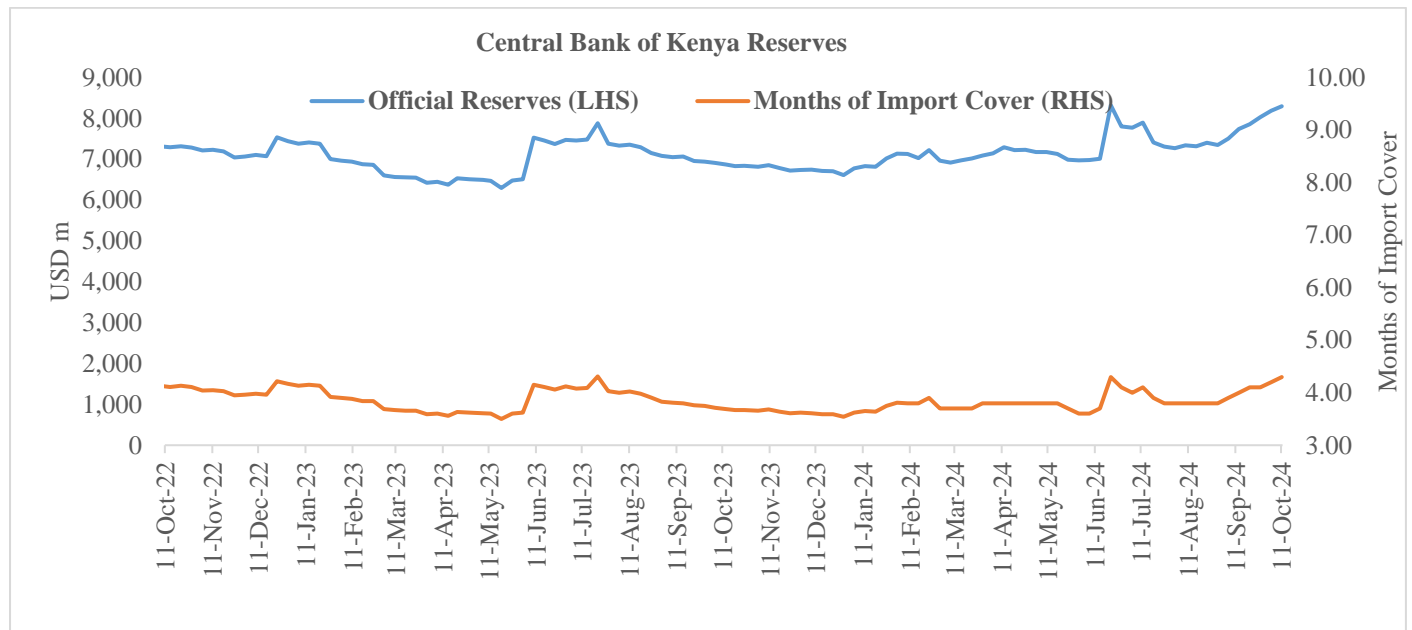
Source: CBK

Interbank spreads widen week-on-week.



Source: CBK

**Months of import cover and CBK FX improve, sustaining a six-week gaining streak.**



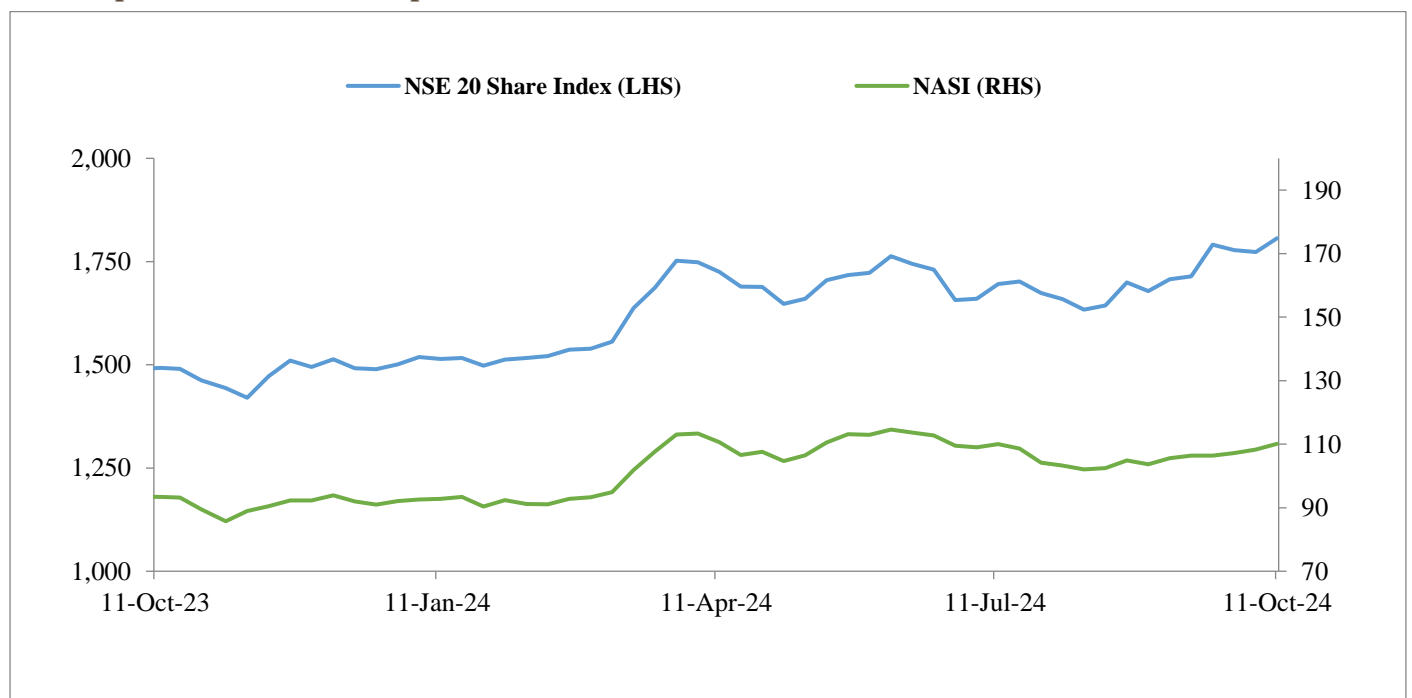
Source: CBK

**Equity market trading commentary**

Market turnover declined for the third week straight by 11.5%, to settle at USD 6.9 m (KES 894.9 m). The NASI climbed by 1.7% to halt at 110.13, sustaining a six-week gaining streak. The NSE-20 recovered 1.9% to conclude at 1806.56, breaking a two-week losing streak. Foreign investors turned net sellers at USD 1.5 m (KES 191.7 m). Safaricom registered the highest net foreign outflows at USD 2.1 m (KES 277.2 m), while Equity Bank recorded the highest net foreign inflows at USD 0.3 m (KES 39.1 m).

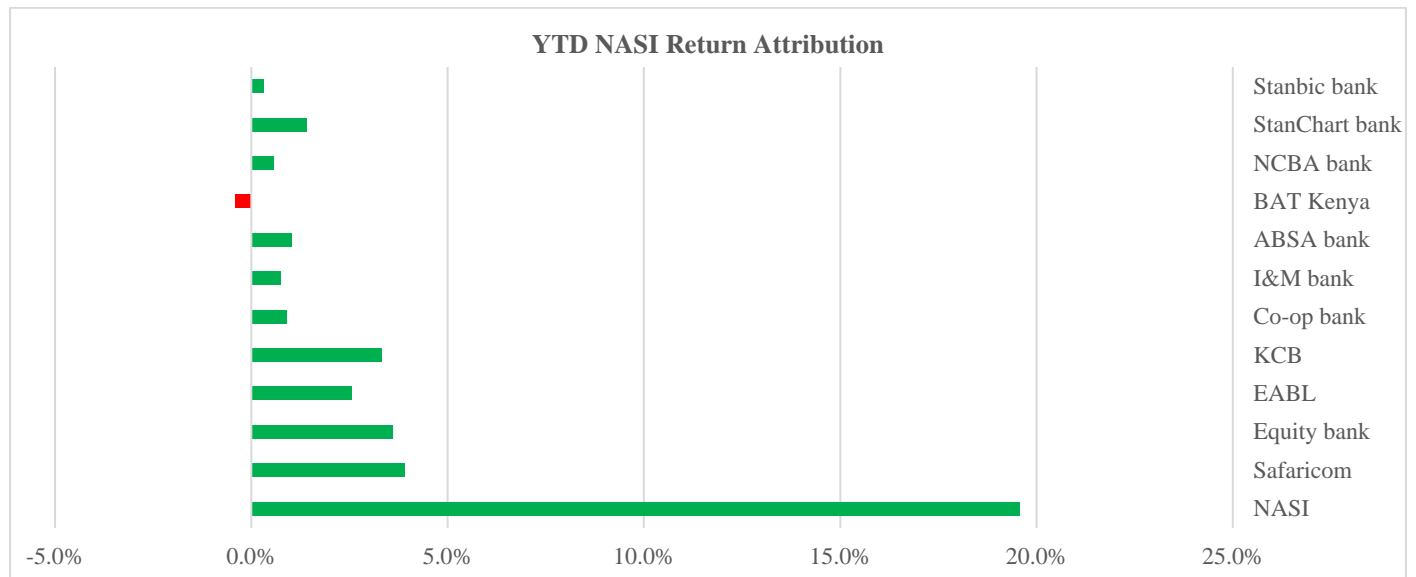
During the week, Equity Bank touched a twenty-week high on increasing local demand. KCB Bank touched a thirteen-week high on rising local demand, and EABL touched an 83-week high on improved local demand. The NASI and the NSE-20 both sustained a three-week climbing streak.

**Market performance over the past 12 months**



Source: NSE

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



Source: Kestrel Research

### Debt market trading commentary

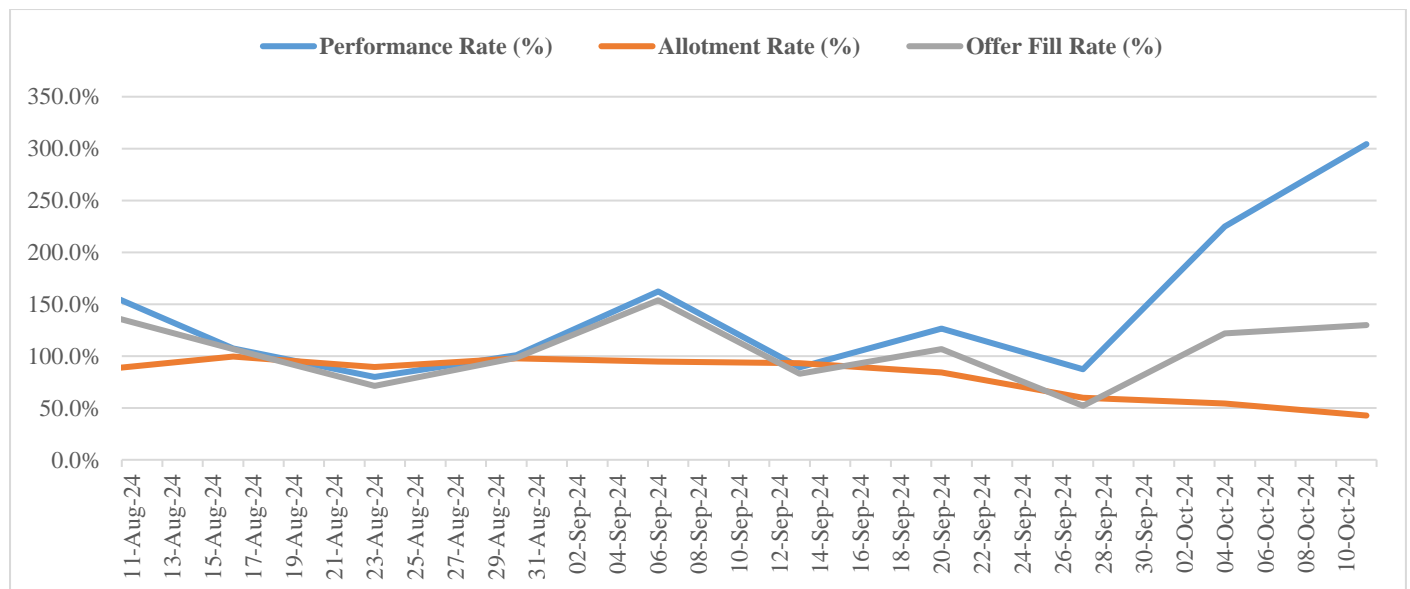
Overall subscription rates climbed to 304.3% from 224.8% the previous week, sustaining a two-week gaining streak. Investors remained skewed on the 91-Day T-Bill and activity rose for all three T-Bills. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a twelve-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the eleventh 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 18.5 bn for the 91-Day T-Bill, implying a subscription rate of 462.70%. It accepted bids worth KES 6.1 bn at an average yield of 14.990% (-69.6 bps w/w).

The 182-Day T-Bill received bids worth KES 28.8 bn, implying a performance rate of 287.89%. It accepted bids worth KES 10.6 bn at an average yield of 16.095% (-40.5 bps w/w).

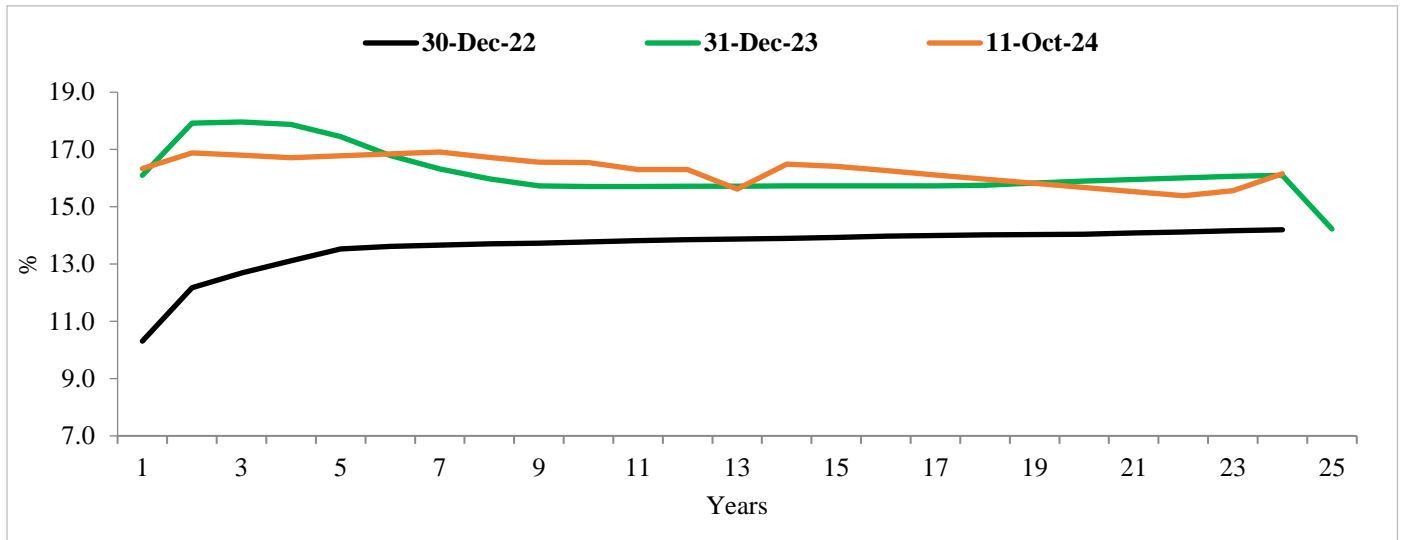
The 364-Day T-Bill received bids worth KES 25.7 bn, implying a performance rate of 257.40%. It accepted bids worth KES 14.5 bn at an average yield of 16.338% (-7.1 bps w/w).

### T-Bills Performance rates improve, sustaining a two-week climbing streak



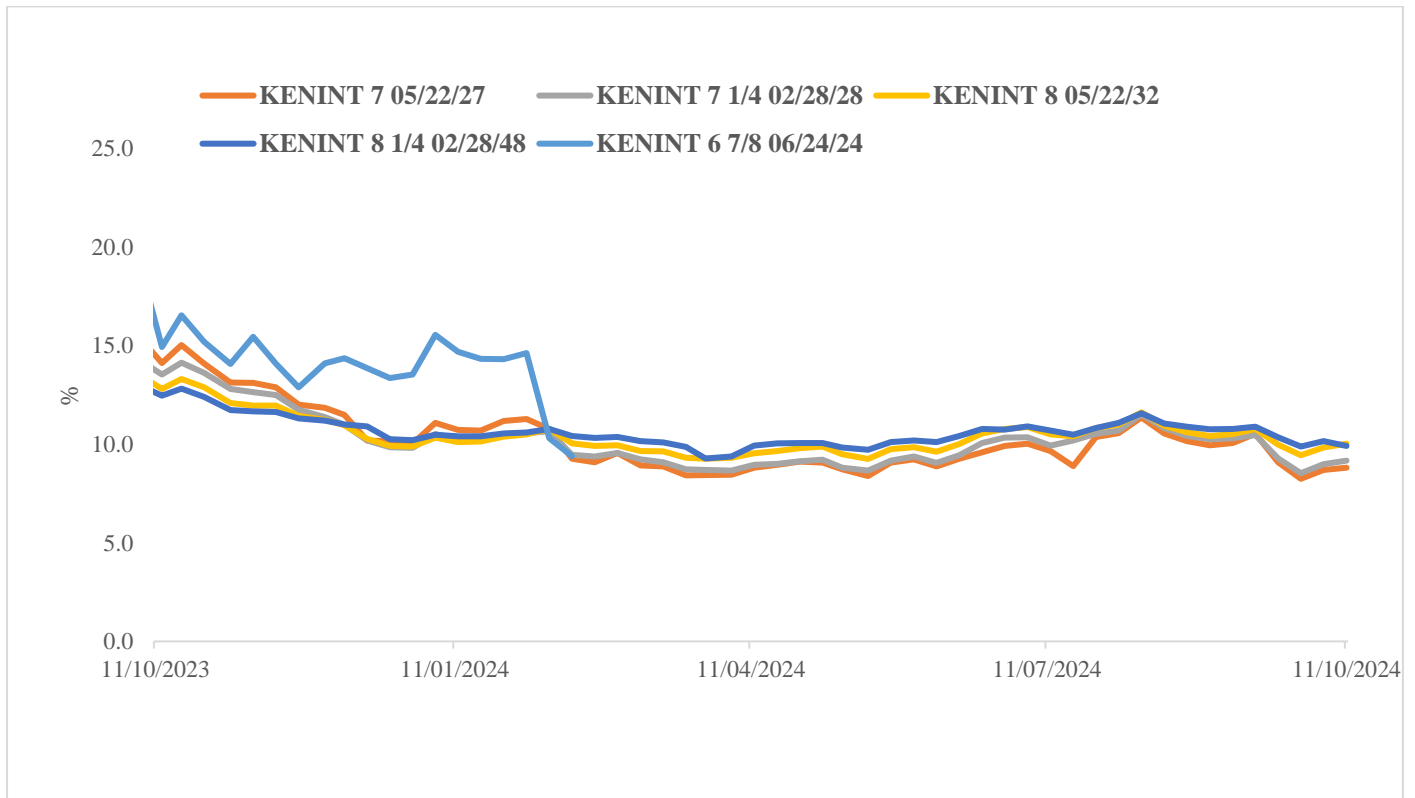
Source: CBK

### Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields improve across all tenors for the second week straight.



Source: Bloomberg

## Top counters by market capitalization

Company	Sector	Year end	12 M High	12 M Low	Price	YTD %	Market <sup>1</sup> cap (USD m)	Weighting	EPS	DPS	NAV	P/E ratio x	Div yld %	P/B ratio x	ROE %	Daily Trading <sup>1</sup> vol (USD)
Safaricom	Telecom	Mar	19.30	11.65	15.30	10.1	4,745	35.4%	1.06	1.20	4.7	14.4	7.8	3.3	22.7	104,206,401
Equity Bank	Banking	Dec	49.20	33.65	47.30	40.6	1,382	10.3%	11.94	-	48.7	4.0	-	1.0	24.5	37,553,163
EA Breweries	Breweries	Jun	95.00	67.00	22.25	40.6	981	7.3%	11.38	6.00	27.1	14.1	3.7	5.9	42.0	16,246,734
Co-op Bank	Banking	Dec	15.05	10.20	13.60	19.3	618	4.6%	4.10	-	18.4	3.3	-	0.7	22.2	7,620,291
NCBA Bank	Banking	Dec	45.20	35.00	43.95	12.8	560	4.2%	13.31	1.50	53.7	3.3	3.4	0.8	24.8	3,805,094
Absa Bank	Banking	Dec	14.50	10.75	14.20	24.0	597	4.5%	3.46	0.20	12.0	4.1	1.4	1.2	28.7	6,490,480
KCB Bank	Banking	Dec	37.95	15.75	36.65	67.4	912	6.8%	13.30	1.50	68.1	2.8	4.1	0.5	19.5	33,209,978
StanChart Bank	Banking	Dec	215.25	150.50	215.25	32.9	630	4.7%	18.36	8.00	158.0	11.7	3.7	1.4	11.6	4,902,556
Stanbic Bank	Banking	Dec	130.00	100.25	120.50	10.8	369	2.7%	31.16	1.84	140.8	3.9	1.5	0.9	22.1	2,155,905
BAT Kenya	Tobacco	Dec	95.00	67.00	349.50	-14.2	271	2.0%	48.82	5.00	163.8	7.2	1.4	2.1	29.8	7,702,663
BK Group	Banking	Dec	37.00	30.15	35.00	-2.2	243	1.8%	11.45	3.28	46.8	3.1	9.4	0.7	24.5	6,626,734
I&M Holdings	Banking	Dec	34.24	16.75	24.00	37.1	307	2.3%	8.13	-	47.8	3.0	-	0.5	17.0	3,965,743
Umeme Ltd.	Power	Dec	4.11	4.00	16.10	0.6	202	1.5%	0.26	0.92	22.0	61.6	5.7	0.7	1.2	574,088
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	168	1.3%	2.63	-	(14.7)	1.5	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	58.25	62.5	164	1.2%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	15,640,962
KenGen	Power	Jun	3.24	1.96	3.01	49.8	154	1.1%	0.49	-	41.6	6.1	-	0.1	1.2	2,815,121
Jubilee Insurance	Insurance	Dec	6.38	4.15	2.12	-11.9	91	0.7%	67.32	2.00	613.8	2.4	1.2	0.3	11.0	1,139,932
DTB Bank	Banking	Dec	55.75	43.25	50.75	12.7	110	0.8%	25.83	-	256.8	2.0	-	0.2	10.1	1,731,564
Britam	Insurance	Dec	6.38	4.15	5.78	20.7	113	0.8%	1.45	-	9.2	4.0	-	0.6	15.6	210,292
Total Oil	Oil	Dec	3.77	1.35	21.15	17.5	103	0.8%	5.12	-	48.0	4.1	-	0.4	10.7	111,805
Kakuzi	Agric	Dec	439.75	353.50	439.75	14.2	67	0.5%	34.98	-	303.5	12.6	-	1.4	11.5	160,656
CIC Insurance	Insurance	Dec	6.38	4.15	5.78	-5.4	43	0.3%	0.55	-	3.3	3.8	-	0.6	16.9	170,235
Centum Investment	Finance	Mar	9.92	7.88	9.92	18.1	51	0.4%	(8.95)	0.32	55.8	-	3.2	0.2	(16.1)	1,656,431
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	41	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	82.00	22.50	58.25	-10.2	35	0.3%	(0.47)	4.00	24.1	-	6.9	2.4	(2.0)	15,640,962
Kenya Re	Insurance	Dec	2.87	1.04	1.20	-36.2	26	0.2%	1.78	-	13.4	0.7	-	0.1	13.2	1,886,531
Sasini Tea & Coffee	Agric	Sept	24.00	16.55	16.55	-17.3	29	0.2%	3.11	1.00	61.7	5.3	6.0	0.3	5.0	89,555
Carbacid	Gases	July	24.10	14.55	22.25	48.3	44	0.3%	4.01	-	13.6	5.6	-	1.6	12.6	675,237
Nation Media	Media	Dec	22.00	14.30	14.90	-25.7	22	0.2%	(5.09)	-	43.1	-	-	0.3	(11.8)	91,425
Kenya Power	Power	Jun	3.77	1.35	3.60	153.5	54	0.4%	(0.89)	-	29.1	-	-	0.1	(3.0)	3,996,976
TPSEA Serena	Tourism	Dec	20.05	11.00	14.50	-11.9	20	0.2%	8.08	-	33.3	1.8	-	0.4	24.3	41,540
Liberty K. Holdings	Insurance	Dec	200.00	150.00	1.20	62.6	25	0.2%	2.04	-	15.9	2.9	-	0.4	12.8	20,937
BOC Kenya	Gases	Dec	95.00	67.00	79.00	-3.7	12	0.1%	10.73	2.50	85.1	7.4	3.2	0.9	12.6	334,668
NSE	Finance	Dec	6.62	5.44	5.50	-8.6	11	0.1%	0.21	-	7.1	26.1	-	0.8	3.0	144,391
Housing Finance	Banking	Dec	4.79	3.25	4.16	19.5	12	0.1%	1.23	-	20.5	3.4	-	0.2	6.0	9,398
Unga Ltd	Food	Jun	1.53	1.00	0.27	-2.7	10	0.1%	(18.92)	-	58.3	-	-	0.3	(32.4)	20,777
Sanlam Kenya	Insurance	Dec	2.87	1.04	6.00	0.3	7	0.1%	2.27	-	3.9	2.6	-	1.6	58.6	170,235
Car & Gen	Motors	Sept	30.40	18.85	19.00	-24.0	6	0.0%	(7.68)	-	135.8	-	-	0.1	(5.7)	14,271
Limuru Tea	Agric	Dec	380.00	365.00	365.00	-3.9	7	0.1%	0.11	-	80.9	3,208.8	-	4.5	0.1	6,056
WPP Scangroup	Media	Dec	2.64	1.90	2.45	12.4	8	0.1%	0.06	-	11.9	38.5	-	0.2	0.5	96,156
EA Portland	Cement	Jun	82.00	22.50	1.06	468.1	32	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	103,823
Standard Newspapers	Media	Dec	8.70	5.10	5.50	-28.9	3	0.0%	(10.05)	-	0.4	-	-	12.5	(2,284)	2,512
Longhorn	Publishing	Jun	2.7	2.02	2.50	3.7	5	0.0%	(2.45)	-	2.8	-	-	0.9	(88.1)	11,073
TransCentury	Finance	Dec	9.92	7.88	3.15	-23.1	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	66,008
<b>Average</b>												<b>13.3</b>	<b>5.3</b>	<b>2.1</b>	<b>20.7</b>	<b>283,692,070</b>

## Disclaimer

**Note:** Readers should be aware that Kestrel Capital (EA) Ltd does and seeks to do business with companies covered in its research reports. Consequently, a conflict of interest may arise that could affect the objectivity of this report. This document should only be considered a single factor used by investors in making their investment decisions. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions.

The opinions and information portrayed in this report may change without prior notice to investors. This publication may not be distributed to the public media or quoted or used by the public media without prior and express written consent of Kestrel Capital (EA) Ltd.

Directors, staff of Kestrel Capital (EA) Ltd and their family members, may from time to time hold shares in the company it recommends to either buy or sell and as such the investor should determine for themselves the applicability of this recommendation.

This document does not constitute an offer, or the solicitation of an offer, for the sale or purchase of any security. Whilst every care has been taken in preparing this document, no representation, warranty or undertaking (express or implied) is given and no responsibility or liability is accepted by Kestrel Capital or any employee of Kestrel Capital as to the accuracy of the information contained and opinions expressed herein.

---

### Kestrel Capital E.A. Ltd.

Orbit Place, 1st Floor  
Westlands Road

Tel: +254 20 2251758

research@kestrelcapital.com  
www.kestrelcapital.com

**Bloomberg: KEST <GO>**

---

### Equity Sales & Trading

**Sally Kotut**  
sallyk@kestrelcapital.com

**Chris Miriti**  
chrism@kestrelcapital.com

**Amanda Onyango**  
amandao@kestrelcapital.com

---

### Research

**Ephantus Maina**  
ephanusm@kestrelcapital.com

**Millicent Nyuguto**  
millicentn@kestrelcapital.com

---

### Fixed Income Sales & Trading

**Alexander Muiruri**  
alexanderm@kestrelcapital.com

**Edwin Muthaura**  
edwinm@kestrelcapital.com

---

### CEO & Executive Director

**Francis Mwangi, CFA**  
francism@kestrelcapital.com