

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	15.75	97.5%	BUY
Equity bank	58.81	37.40	57.2%	BUY
KCB bank	62.39	22.30	179.8%	BUY
Co-op bank	18.13	11.95	51.7%	BUY
ABSA bank	12.32	11.75	4.9%	HOLD
StanChart bank	108.61	159.50	-31.9%	SELL
NCBA bank	38.68	37.40	3.4%	HOLD
I&M bank	30.56	18.05	69.3%	BUY
Stanbic bank	89.16	110.50	-19.3%	SELL
DTB bank	122.70	49.75	146.6%	BUY
EABL	164.58	130.00	26.6%	BUY
Bamburi Cement	51.96	25.95	100.2%	BUY
BAT Kenya	544.27	420.00	29.6%	BUY

*Fair values under review

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, on account of foreign demand, Jubilee Insurance hit a 20-day high. StanChart bank marked down to a 12-day low driven by local sell-off.

Debt market commentary and outlook

- Overall subscription rates declined to 92.1%, down from 161.8% the previous week. Demand remained sound on the 91-Day T-Bill but was comparatively weak on the 182-Day T-Bill and 364-Day T-Bill, for the eighth consecutive week. The yield on the 91-Day T-Bill edged upwards for the twentieth straight week; the yield on the 182-Day T-Bill notched up for the fourth week in a row while the yield on the 364-Day T-Bill came down week-on-week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,530.8	-0.7%	-0.1%	-4.0%	0.0%	-12.4%	-8.7%
Kenya NASI Return	98.9	0.2%	-2.4%	-6.5%	-4.3%	-25.2%	-22.4%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.2%	-3.6%	-5.7%	-15.0%	-39.5%	-34.5%
Johannesburg Index	2.0%	2.0%	-9.0%	-0.8%	10.4%	-8.5%
Nigeria Stock Exchange	-0.8%	4.2%	-2.2%	-26.4%	-22.1%	-21.1%
Ghana Stock Exchange	4.1%	3.0%	19.8%	27.4%	15.2%	15.7%
Egyptian Stock Exchange	0.7%	8.5%	9.1%	32.3%	23.9%	7.1%
MSCI EFM ex SA Index	-0.8%	-2.9%	1.6%	3.7%	-4.1%	-2.9%

Other market statistics

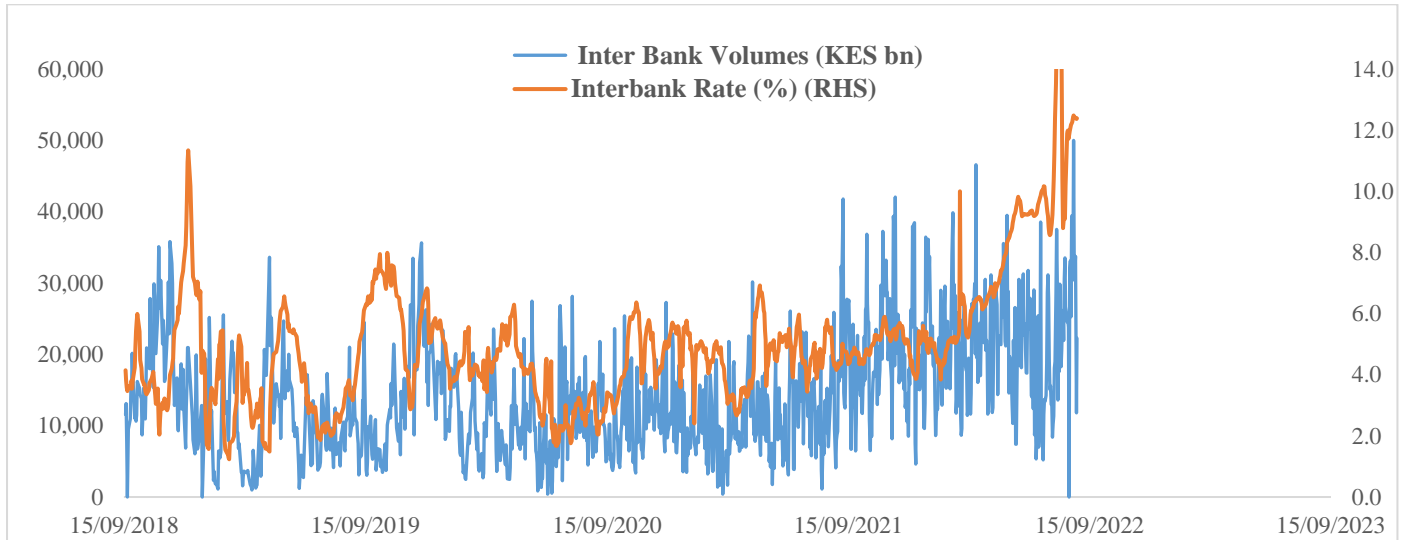
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	146.9	-0.5%	-1.8%	-4.7%	-11.5%	-17.9%	-16.0%
USD/ZAR	19.0	0.6%	-0.1%	-4.3%	-3.4%	-6.0%	-10.4%
USD/EGP	30.9	-0.1%	-0.1%	-0.1%	-0.4%	-37.0%	-20.0%
USD/NGN	768.2	0.3%	0.1%	-14.4%	-40.0%	-43.3%	-40.0%
USD/GHS	11.5	-0.3%	-1.6%	-1.1%	7.9%	-10.5%	-11.5%

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	570.0	-81.4	86.0%	1.6%	-34.8%	-42.8%	21.2%
Equity bank	240.3	-47.5	77.9%	0.5%	-16.0%	-21.3%	4.5%
ABSA bank	86.7	-0.3	0.2%	0.0%	-4.5%	-9.3%	16.3%
KCB bank	62.1	-12.1	41.0%	-4.5%	-41.5%	-46.2%	0.0%
Housing Finance	29.7	0.0	0.0%	2.0%	43.9%	-10.0%	60.5%

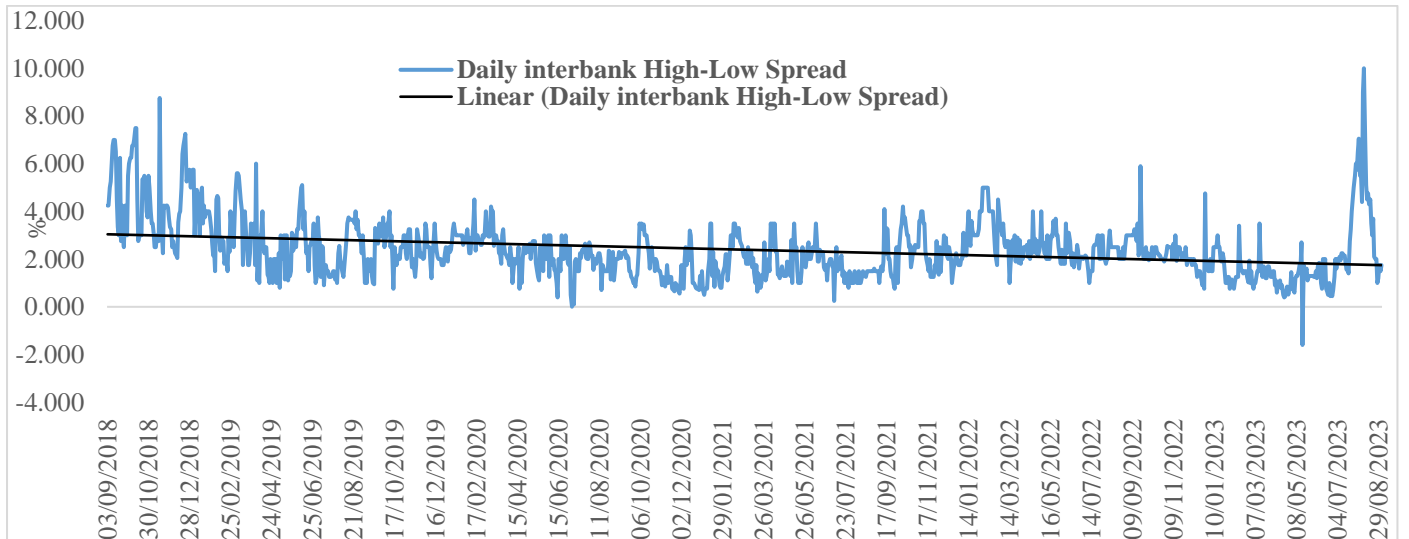
Key Rates and Spreads

Inter-bank rates decrease for the second straight week



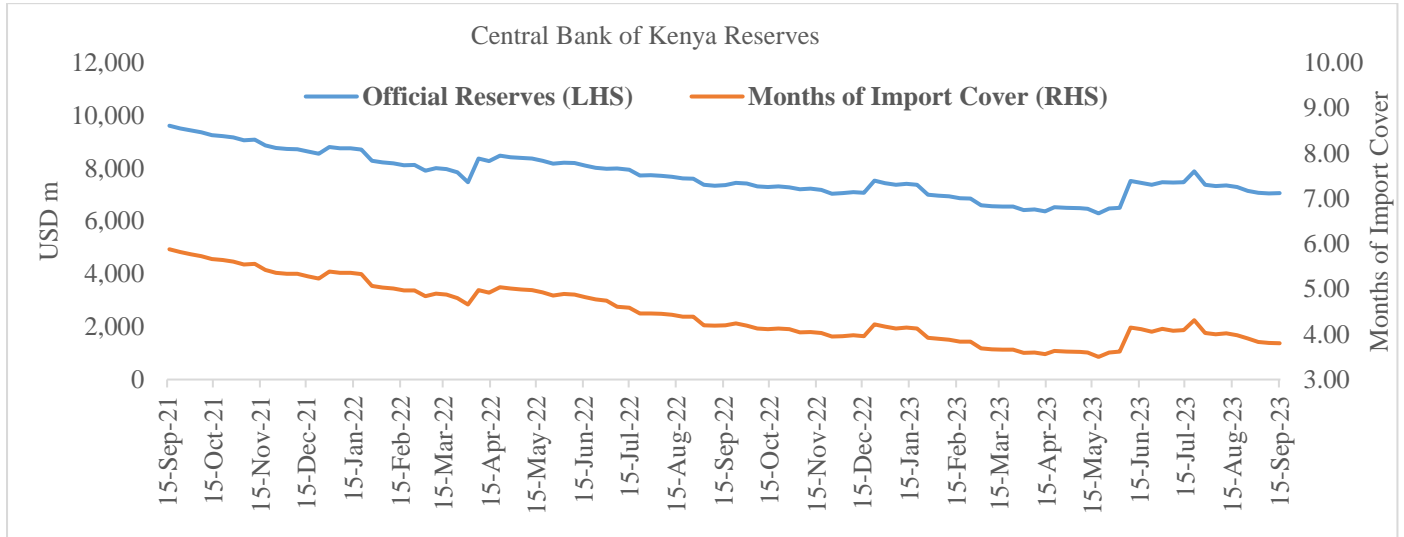
Source: CBK

Inter-bank spreads decline for the second week in a row



Source: CBK

Months of import cover & CBK FX reserves halt a 4-weeks declining streak



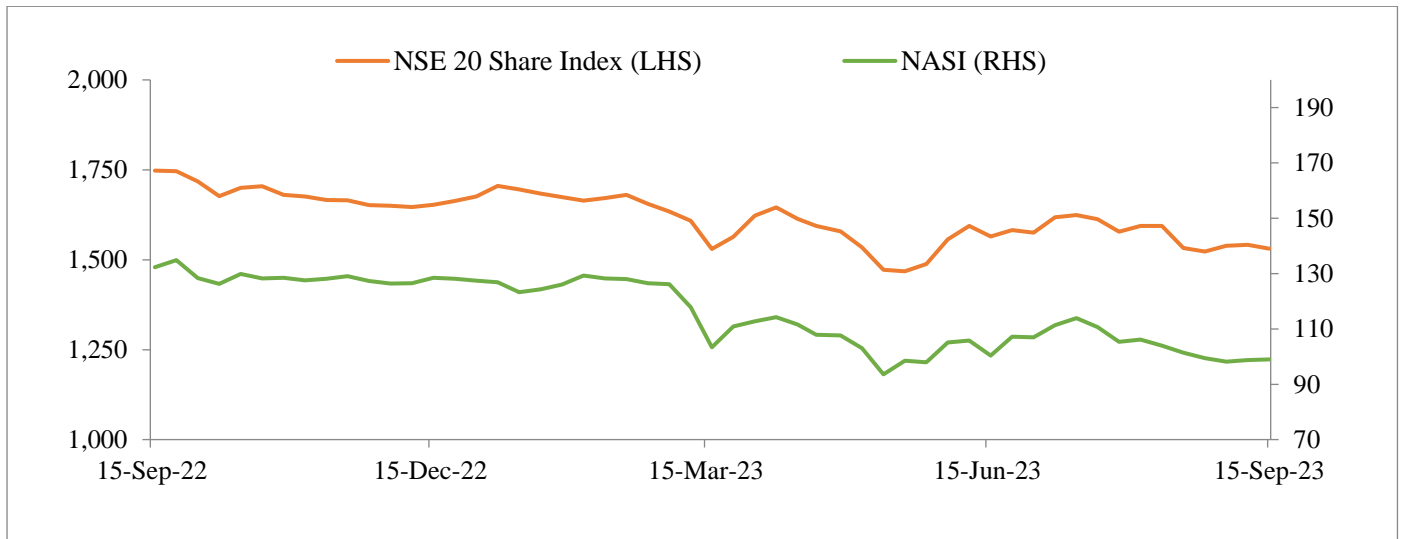
Source: CBK

Equity market trading commentary

For the second straight week, market turnover reduced by 3.3% w/w to stand at USD 7.6m (KES 1.1bn). For the second successive week, the NASI gained 0.2% w/w to finish at 98.93 while the NSE 20 came off 0.7% w/w to settle at 1,530.75. Foreign investors emerged as net sellers at USD 0.8m (KES 118.9m). Foreign investors were vibrant in the market at 65.9% of total turnover. Safaricom (USD 0.6m, KES 81.4m) and Equity bank (USD 0.3m, KES 47.5m) marked the highest net foreign outflows while Stanbic bank recorded the highest net foreign inflows at USD 0.1m (KES 21.5m).

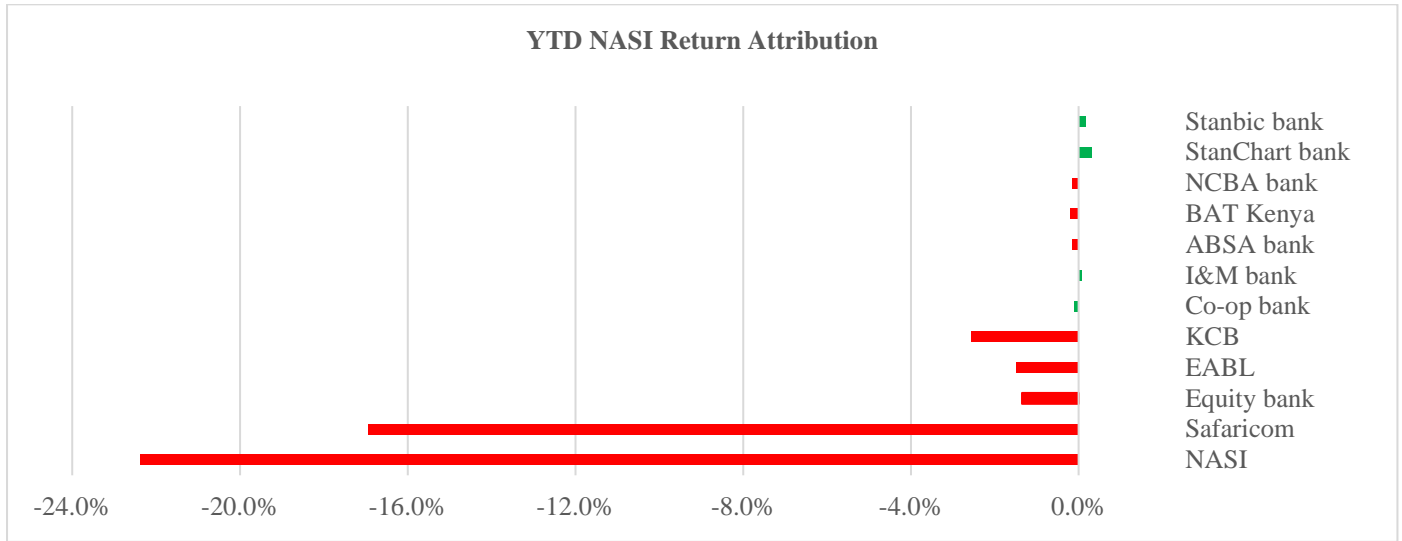
During the week, on account of foreign demand, Jubilee Insurance hit a 20-day high. StanChart bank marked down to a 12-day low driven by local sell-off.

Market performance over the past 12 months



Source: NSE

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



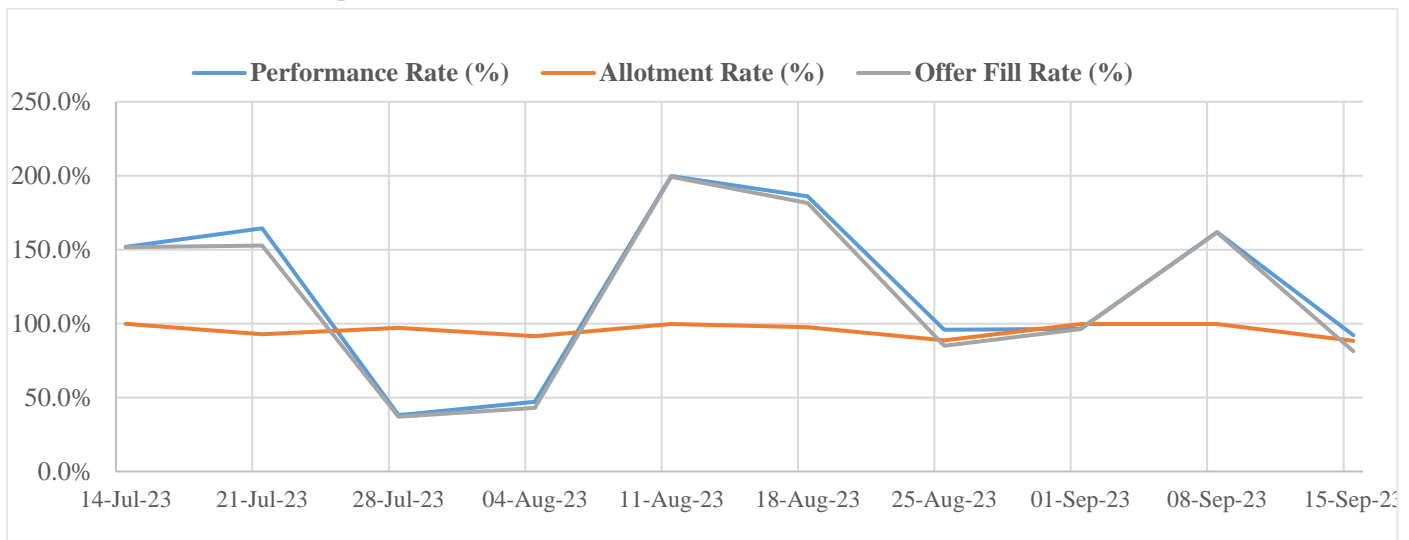
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates declined to 92.1%, down from 161.8% the previous week. Demand remained sound on the 91-Day T-Bill but was comparatively weak on the 182-Day T-Bill and 364-Day T-Bill, for the eighth consecutive week. The yield on the 91-Day T-Bill edged upwards for the twentieth straight week; the yield on the 182-Day T-Bill notched up for the fourth week in a row while the yield on the 364-Day T-Bill came down week-on-week.

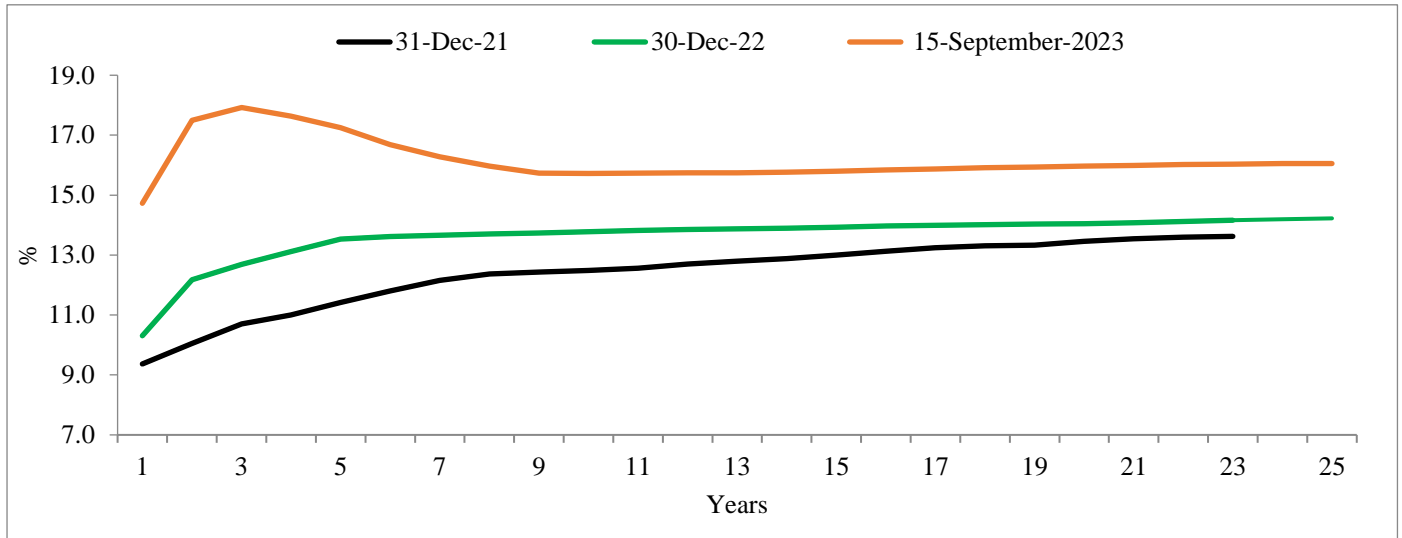
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 18.0bn for the 91-Day T-Bill, implying a subscription rate of 450.01%. It accepted bids worth KES 18.0bn at an average yield of 14.515% (+28.1bps w/w). The 182-Day T-Bill received bids worth KES 0.7bn, implying a performance rate of 6.99%. It accepted bids worth KES 0.7bn at an average yield of 14.415% (+4.6bps w/w). The 364-Day T-Bill received bids worth KES 3.4bn, implying a performance rate of 34.07%. It accepted bids worth KES 0.8bn at an average yield of 14.728% (-13.2bps w/w).

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



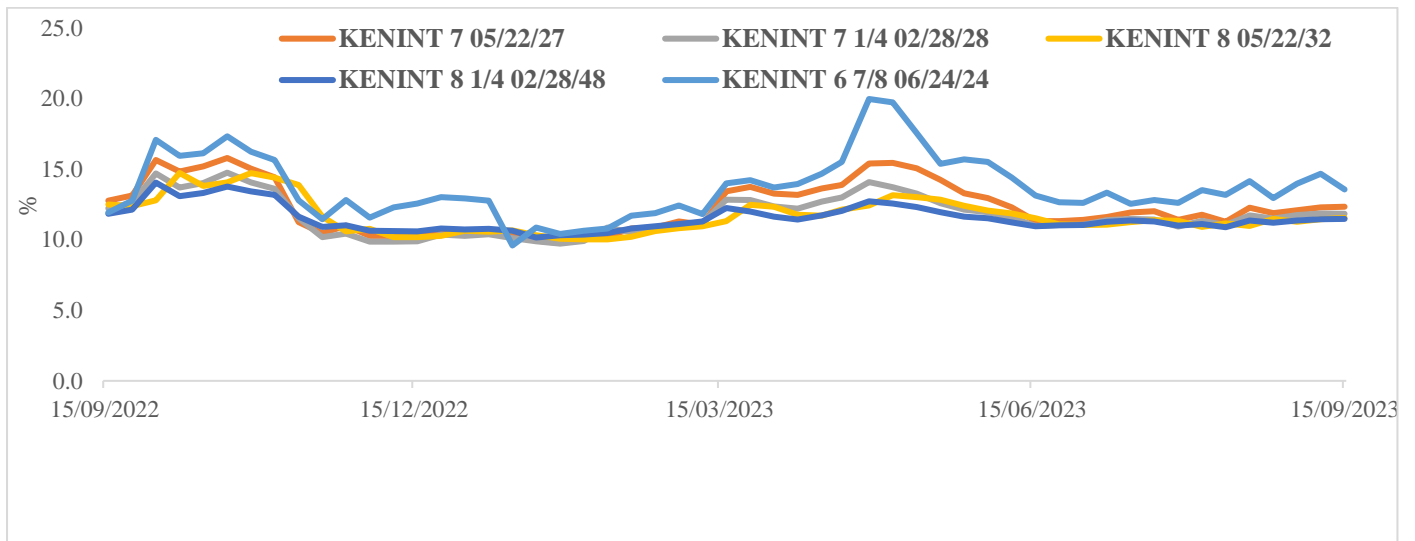
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across the tenors post mixed performance



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12-M High	12-M Low	Price	YTD	Market ¹	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading ¹
Safaricom	Telecom	Mar	27.55	13.00	15.75	-34.8	4,299	40.6%	1.55	1.20	4.7	10.1	7.6	3.4	33.2	877,641
Equity Bank	Banking	Dec	47.55	35.80	37.40	-16.0	961	9.1%	12.35	3.00	49.3	3.0	8.0	0.8	25.1	273,705
EA Breweries	Breweries	Jun	187.00	125.00	130.00	-22.4	700	6.6%	12.47	5.50	27.1	10.4	4.2	4.8	46.1	82,960
KCB Bank	Banking	Dec	41.45	22.30	22.30	-41.5	488	4.6%	11.42	2.00	65.7	2.0	9.0	0.3	17.4	111,242
Co-op Bank	Banking	Dec	13.35	11.15	11.95	-2.8	478	4.5%	3.87	1.50	18.5	3.1	12.6	0.6	21.0	46,069
NCBA Bank	Banking	Dec	41.70	30.05	37.40	-5.0	420	4.0%	9.32	4.00	50.6	4.0	10.7	0.7	18.4	32,094
Absa Bank	Banking	Dec	12.95	10.10	11.75	-4.5	435	4.1%	2.96	1.35	12.5	4.0	11.5	0.9	23.7	66,661
StanChart Bank	Banking	Dec	171.00	134.75	159.50	11.7	411	3.9%	35.25	22.00	159.8	4.5	13.8	1.0	22.1	29,315
Stanbic Bank	Banking	Dec	129.75	92.00	110.50	8.3	298	2.8%	28.62	13.75	161.8	3.9	12.4	0.7	17.7	37,800
BAT Kenya	Tobacco	Dec	479.75	401.50	420.00	-8.7	286	2.7%	68.92	57.00	163.8	6.1	13.6	2.6	42.1	50,771
Bank of Kigali	Banking	Dec	37.00	27.00	35.80	13.7	219	2.1%	7.66	3.28	43.7	4.7	9.2	0.8	17.5	10,228
I&M Holdings	Banking	Dec	21.00	15.85	18.05	6.2	203	1.9%	5.47	2.25	47.7	3.3	12.5	0.4	11.5	8,994
Umeme Ltd.	Power	Dec	17.75	6.62	13.20	77.9	146	1.4%	3.03	2.12	20.7	4.4	16.1	0.6	14.7	4,425
KenGen	Power	Jun	3.70	2.15	2.31	-28.3	104	1.0%	0.70	0.18	42.0	3.3	7.8	0.1	1.7	4,630
DTB Bank	Banking	Dec	55.25	44.00	49.75	-0.5	95	0.9%	23.17	5.00	259.1	2.1	10.1	0.2	8.9	11,722
Britam	Insurance	Dec	6.48	4.05	5.18	-0.4	89	0.8%	0.53	-	9.2	9.8	-	0.6	5.7	68,111
Jubilee Insurance	Insurance	Dec	250.75	148.25	199.50	0.4	98	0.9%	68.38	14.00	613.8	2.9	7.0	0.3	11.1	6,047
Total Oil	Oil	Dec	25.15	18.05	18.85	-21.0	81	0.8%	3.88	1.31	48.0	4.9	6.9	0.4	8.1	451
Bamburi Cement	Cement	Dec	35.00	23.25	25.95	-17.6	64	0.6%	2.15	3.58	82.1	12.1	13.8	0.3	2.6	9,361
Kakuzi	Agric	Dec	430.00	240.00	384.75	-0.1	51	0.5%	43.15	24.00	303.5	8.9	6.2	1.3	14.2	392
Centum Investment	Finance	Mar	9.82	7.90	8.82	5.5	40	0.4%	(8.95)	0.60	55.8	-	6.8	0.2	(16.1)	5,127
Crown Paints	Manufac.	Dec	44.80	32.30	36.80	-12.1	36	0.3%	5.13	4.00	24.1	7.2	10.9	1.5	21.3	333
CIC Insurance	Insurance	Dec	2.21	1.68	2.17	11.3	39	0.4%	0.42	0.13	3.3	5.2	6.0	0.7	12.8	3,025
Sasini Tea & Coffee	Agric	Sept	31.40	20.00	23.10	2.9	36	0.3%	3.82	1.00	61.7	6.0	4.3	0.4	6.2	835
Kenya Re	Insurance	Dec	2.16	1.54	1.83	0.0	35	0.3%	1.17	0.10	13.4	1.6	5.5	0.1	8.7	5,134
Carbacid	Gases	July	17.00	11.40	16.20	35.0	28	0.3%	2.98	0.70	13.6	5.4	4.3	1.2	21.9	2,758
Nation Media	Media	Dec	20.85	14.15	20.00	25.4	26	0.2%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	16,130
Kenya Power	Power	Jun	2.08	1.38	1.47	-5.8	20	0.2%	(0.75)	-	30.2	-	-	0.0	(2.5)	6,734
TPSEA Serena	Tourism	Dec	16.40	10.85	14.25	6.7	18	0.2%	(3.47)	-	33.3	-	-	0.4	(10.4)	732
Liberty K. Holdings	Insurance	Dec	7.00	3.60	3.71	-33.8	14	0.1%	0.15	-	15.9	24.3	-	0.2	1.0	116
Housing Finance	Banking	Dec	5.10	2.86	4.59	43.9	12	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	3,510
BOC Kenya	Gases	Dec	90.25	65.00	75.00	6.0	10	0.1%	7.58	5.95	85.1	9.9	7.9	0.9	8.9	289
NSE	Finance	Dec	7.88	5.62	5.94	-12.4	11	0.1%	0.05	0.20	7.1	112.3	3.4	0.8	0.7	2,602
Car & Gen	Motors	Sept	49.00	25.00	38.00	-19.9	10	0.1%	26.33	3.20	135.8	1.4	8.4	0.3	19.4	103
Unga Ltd	Food	Jun	32.00	15.00	18.10	-43.4	9	0.1%	2.48	-	58.3	7.3	-	0.3	4.2	67
WPP Scangroup	Media	Dec	3.64	2.57	2.74	-9.0	8	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	345
Sanlam Kenya	Insurance	Dec	11.50	7.02	7.22	-24.6	7	0.1%	(3.77)	-	3.9	-	-	1.9	(97.1)	116
Limuru Tea	Agric	Dec	490.00	380.00	380.00	-9.5	6	0.1%	4.73	2.50	80.9	80.4	0.7	4.7	5.8	1,294
Standard Newspapers	Media	Dec	12.80	7.92	7.92	-24.2	4	0.0%	(10.05)	-	0.4	-	-	18.0	(2,284)	26
Longhorn	Publishing	Jun	4.07	2.01	2.55	-15.0	5	0.0%	0.62	-	2.8	4.1	-	0.9	22.2	178
EA Portland	Cement	Jun	8.00	5.32	7.40	8.8	5	0.0%	6.02	-	239.8	1.2	-	0.0	2.5	32
TransCentury	Finance	Dec	1.30	0.49	0.53	-43.0	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	95

Average 11.3 8.5 2.1 25.0 1,788,055

¹average 3-month daily trading

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