

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	16.40	87.3%	BUY
Equity bank	43.67	42.60	2.5%	HOLD
KCB bank	47.26	34.00	39.0%	BUY
Co-op bank	20.46	12.95	58.0%	BUY
ABSA bank	12.89	14.00	-7.9%	HOLD
StanChart bank	138.26	192.75	-28.3%	SELL
NCBA bank	40.68	40.85	-0.4%	HOLD
I&M bank	33.32	21.50	55.0%	BUY
Stanbic bank	108.85	116.00	-6.2%	HOLD
DTB bank	116.13	46.45	150.0%	BUY
EABL	151.28	155.00	-2.4%	HOLD
Bamburi Cement	44.37	61.00	-27.3%	SELL
BAT Kenya	460.00	359.50	28.0%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, EABL touched a 6-week high on increased local demand while Safaricom touched a 10-week low on increased local sell-off. Safaricom registered the highest net foreign outflows for the week at USD 1.6m (KES 211.4m) while EABL marked the highest net foreign inflows at USD 0.2m (KES 28.9 m).

Debt market commentary and outlook

- Overall subscription rates declined breaking a 2-week gaining streak at 87.4% from 137.3% the previous week. Investors remained skewed on the 91-Day T-Bill and activity deteriorated for all three T-Bills. The yield on all three T-Bills rose, with the 91-Day T-bill growing for the fourth consecutive week, as the yield on the 182-Day T-Bill and the 364-Day T-Bill rose for the twelfth straight week.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,701.7	2.5%	0.7%	12.4%	17.9%	10.9%	13.4%
Kenya NASI	108.6	3.8%	1.9%	17.0%	26.7%	5.4%	17.9%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-2.0%	-5.0%	4.4%	44.6%	6.9%	41.3%
Johannesburg Index	-3.7%	-1.6%	13.8%	14.4%	2.1%	3.8%
Nigeria Stock Exchange	1.8%	-5.9%	-27.5%	-41.0%	-25.0%	-23.6%
Ghana Stock Exchange	5.5%	11.8%	7.3%	6.8%	11.9%	6.7%
Egyptian Stock Exchange	0.8%	4.9%	1.3%	-31.6%	4.1%	-25.6%
MSCI EFM ex SA Index	-0.1%	1.9%	6.2%	4.1%	5.3%	52.9%

Other market statistics

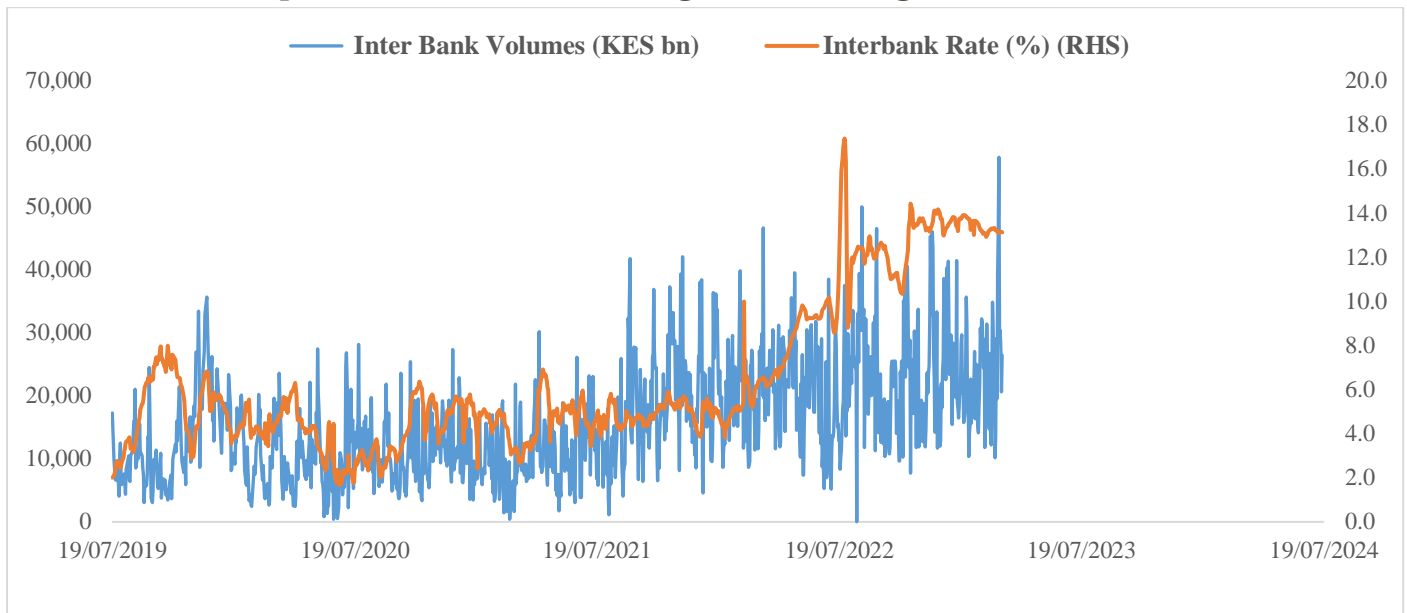
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	130.68	-1.0%	-1.6%	2.0%	23.9%	8.6%	20.0%
USD/ZAR	18.27	-1.7%	-1.6%	4.6%	4.2%	-1.7%	0.5%
USD/EGP	48.24	-0.5%	-1.1%	0.2%	-36.0%	-36.1%	-35.9%
USD/NGN	1595.96	0.6%	-6.4%	-32.4%	-44.2%	-51.6%	-42.9%
USD/GHS	15.45	-0.3%	-1.9%	-12.9%	-22.0%	-25.9%	-22.7%

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
Bamburi Cement	514.3	-2.8	0.3%	-0.8%	70.2%	-1.2%	-0.8%
Safaricom	248.6	-211.4	48.9%	-3.8%	18.0%	-15.0%	-3.8%
EABL	134.9	28.9	87.3%	3.3%	36.0%	-5.8%	3.3%
Coop Bank	72.1	-0.2	0.1%	0.0%	13.6%	-14.0%	0.0%
NCBA Bank	65.5	0.0	0.0%	-0.8%	4.9%	-9.6%	-0.8%

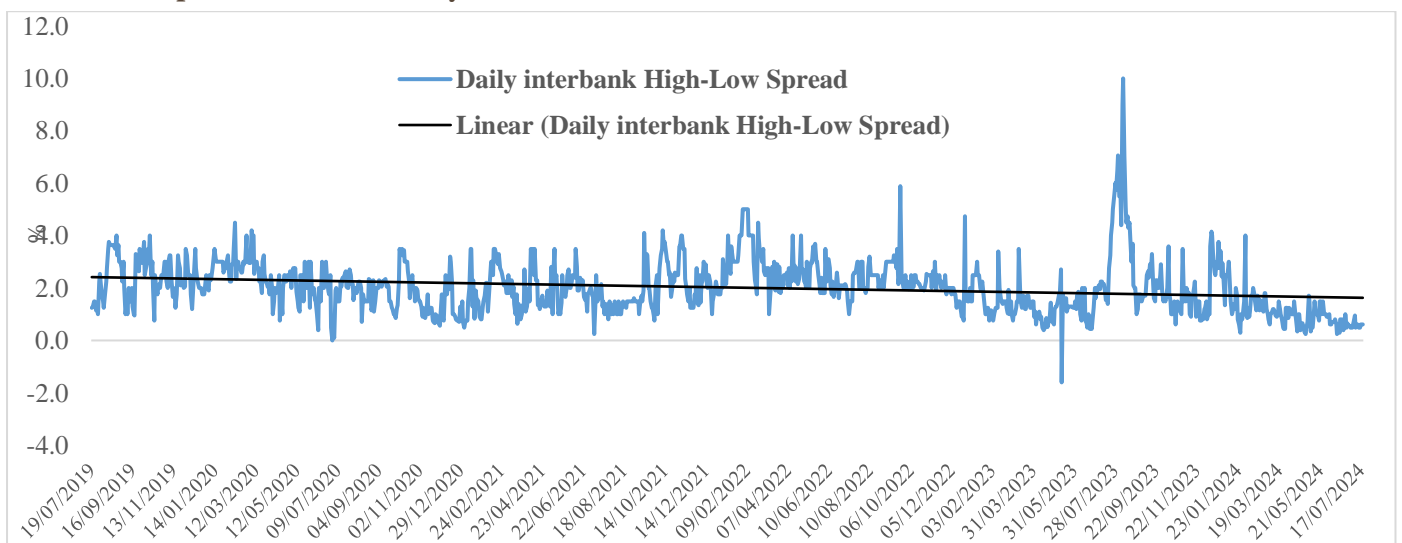
Key Rates and Spreads

Inter-bank Rates improve week-on-week, breaking a 2-week losing streak.



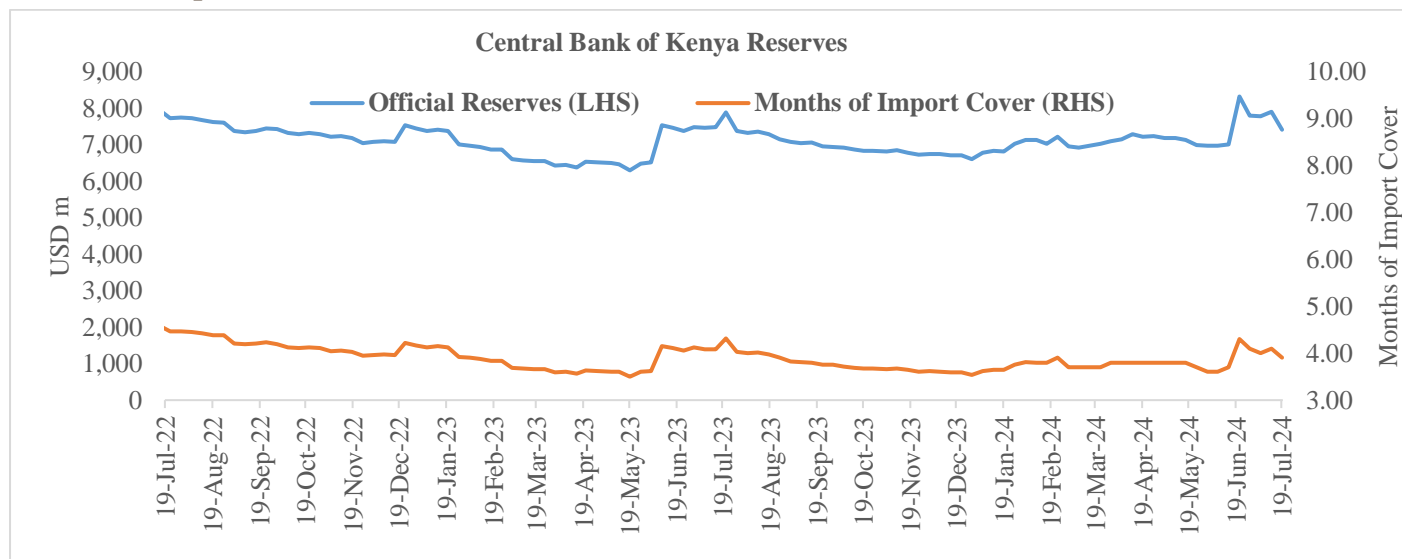
Source: CBK

Inter-bank Spreads remain steady week-on-week.



Source: CBK

Months of import cover and CBK FX decline week-on-week.



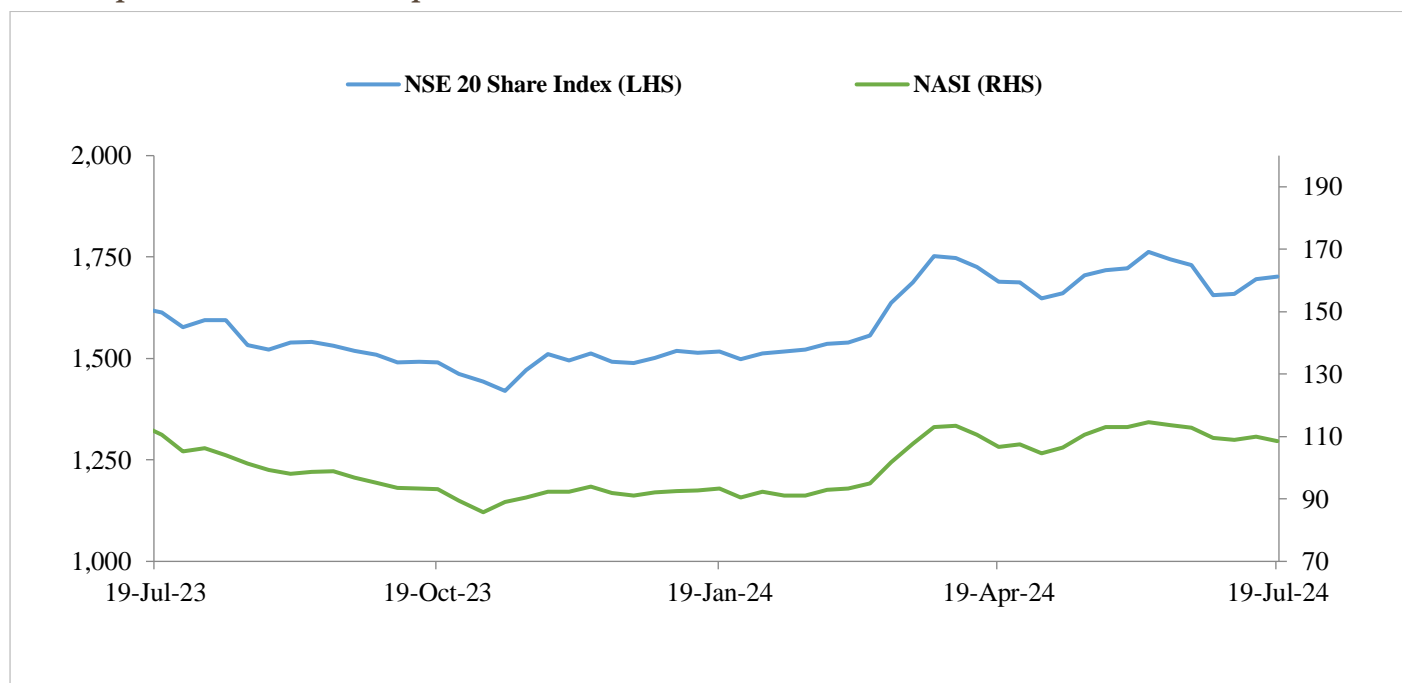
Source: CBK

Equity market trading commentary

Market turnover grew for the third consecutive week by 11.3% to stand at USD 9.6m (KES 1.3 bn). The NASI fell by 1.3% to conclude at 108.61 while the NSE 20 advanced by 0.3% to settle at 1,701.69, sustaining a three-week climbing streak. Foreign investors remained net sellers at USD 1.1m (KES 144.3m). Safaricom registered the highest net foreign outflows for the week at USD 1.6m (KES 211.4m) while EABL marked the highest net foreign inflows at USD 0.2m (KES 28.9 m).

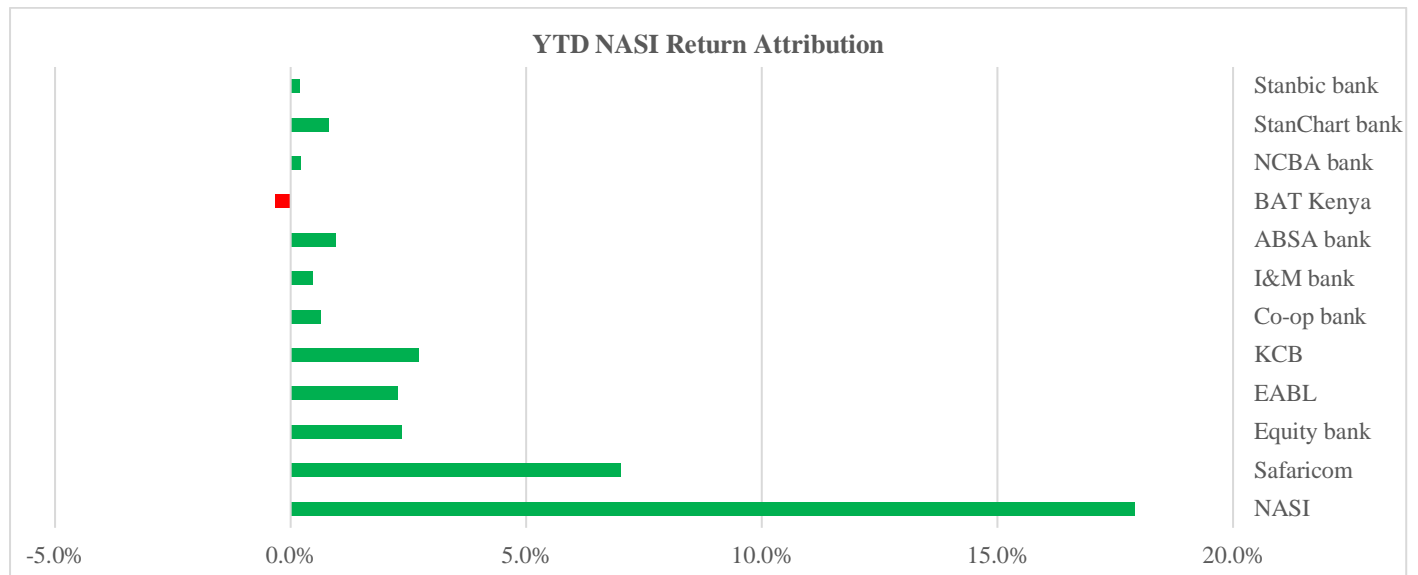
During the week, EABL touched a 6-week high on increased local demand while Safaricom touched a 10-week low on increased local sell-off.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

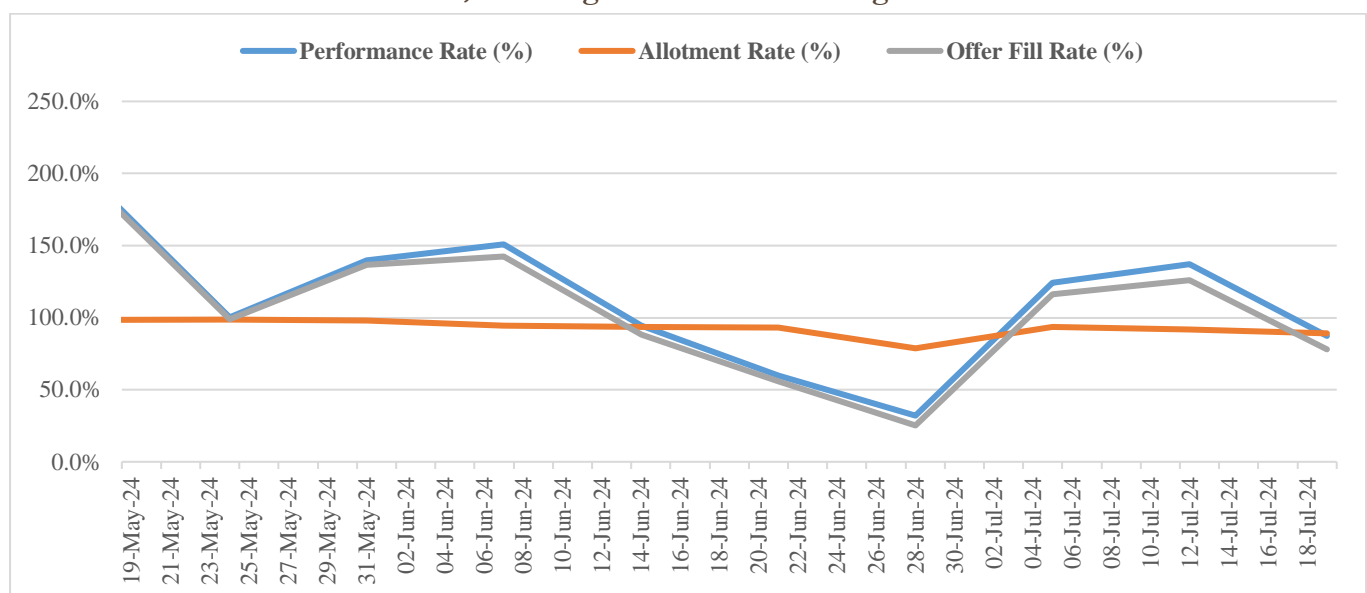
Overall subscription rates declined breaking a 2-week gaining streak at 87.4% from 137.3% the previous week. Investors remained skewed on the 91-Day T-Bill and activity deteriorated for all three T-Bills. The yield on all three T-Bills rose, with the 91-Day T-bill growing for the fourth consecutive week, as the yield on the 182-Day T-Bill and the 364-Day T-Bill rose for the twelfth straight 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 10.9 bn for the 91-Day T-Bill, implying a subscription rate of 272.06%. It accepted bids worth KES 9.8 bn at an average yield of 16.022% (+2.6 bps w/w).

The 182-Day T-Bill received bids worth KES 7.3 bn, implying a performance rate of 72.65%. It accepted bids worth KES 6.1 bn at an average yield of 16.825% (+0.3 bps w/w).

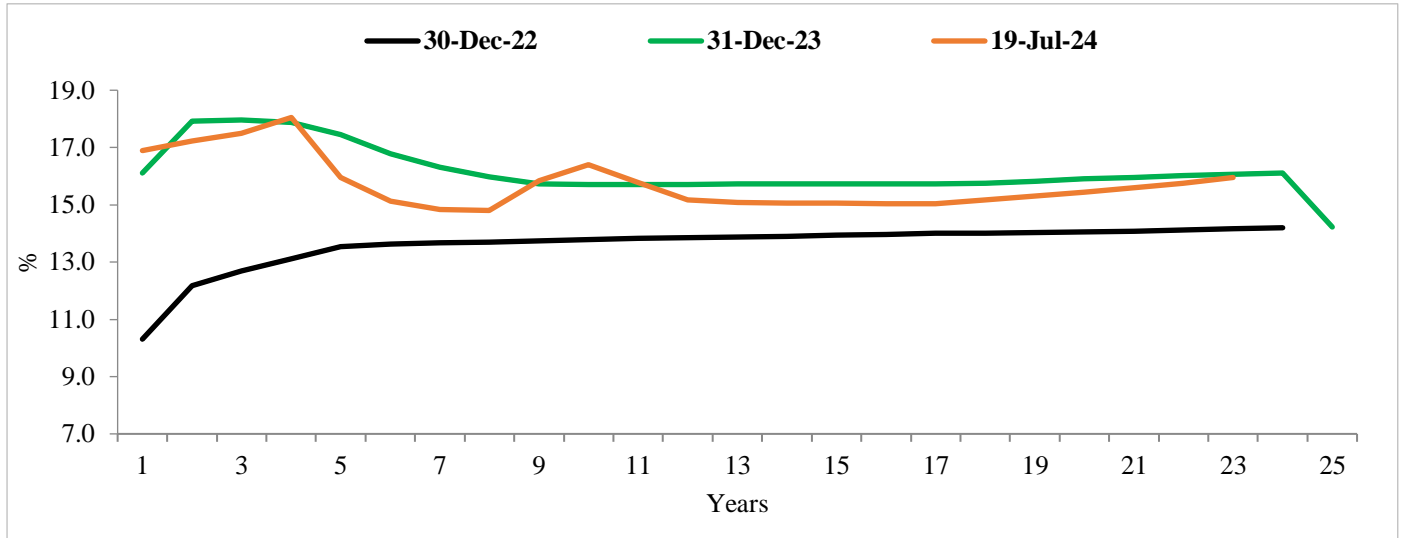
The 364-Day T-Bill received bids worth KES 2.8 bn, implying a performance rate of 28.37%. It accepted bids worth KES 2.8 bn at an average yield of 16.897% (+1.8 bps w/w).

T-Bills Performance rates decline, breaking a two-week climbing streak



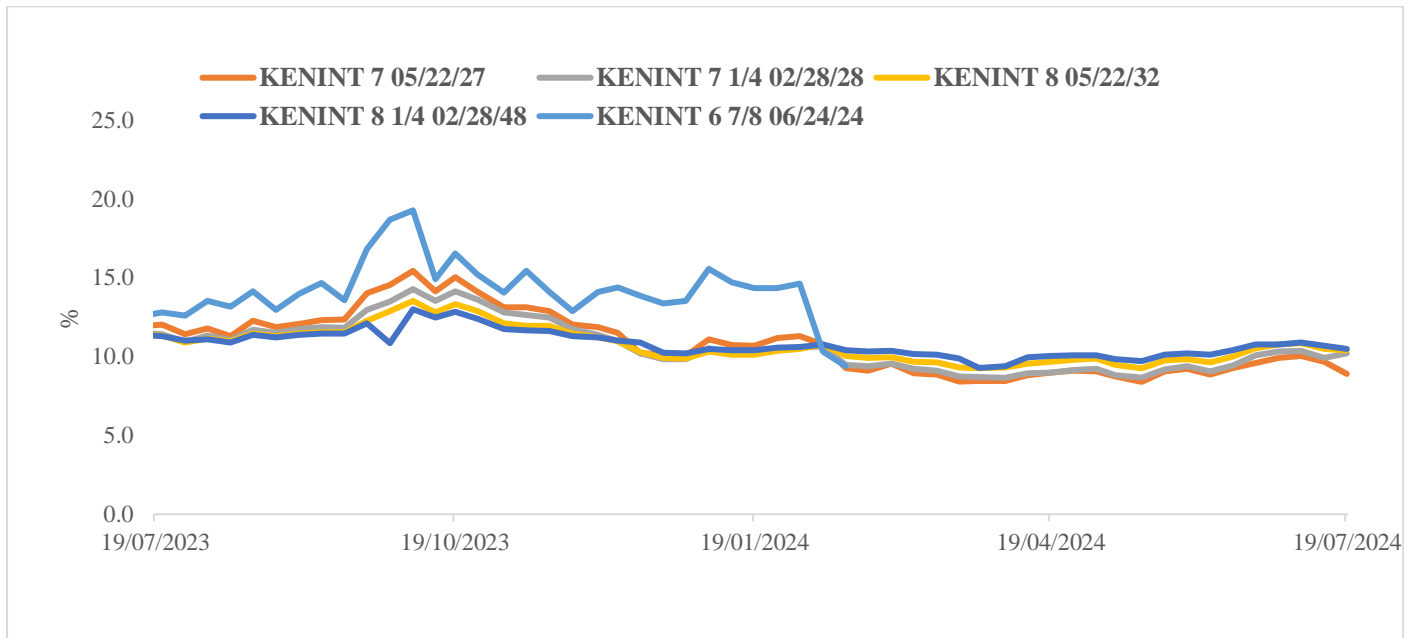
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields



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	19.30	11.65	16.40	18.0	5,036	38.5%	1.06	1.20	4.7	15.4	7.3	3.5	22.7	93,914,831
Equity Bank	Banking	Dec	49.20	33.65	42.60	26.6	1,232	9.4%	11.12	3.00	48.7	3.8	7.0	0.9	22.8	53,000,455
EA Breweries	Breweries	Jun	95.00	67.00	17.50	36.0	939	7.2%	-	1.75	27.1	-	1.1	5.7	-	13,821,643
Co-op Bank	Banking	Dec	15.05	10.20	12.95	13.6	582	4.4%	4.03	1.50	18.4	3.2	11.6	0.7	21.9	15,408,190
NCBA Bank	Banking	Dec	45.20	35.00	40.85	4.9	516	3.9%	13.17	2.75	53.7	3.1	6.7	0.8	24.5	3,556,163
Absa Bank	Banking	Dec	14.30	10.75	14.00	22.3	583	4.4%	2.19	1.55	12.0	6.4	11.1	1.2	18.3	9,643,767
KCB Bank	Banking	Dec	37.95	15.75	34.00	55.3	837	6.4%	13.30	-	68.1	2.6	-	0.5	19.5	47,559,280
StanChart Bank	Banking	Dec	201.25	150.25	192.75	19.0	558	4.3%	40.82	29.00	158.0	4.7	15.0	1.2	25.8	5,958,523
Stanbic Bank	Banking	Dec	130.00	100.25	116.00	6.7	351	2.7%	28.71	13.75	140.8	4.0	11.9	0.8	20.4	9,330,197
BAT Kenya	Tobacco	Dec	95.00	67.00	359.50	-11.8	276	2.1%	55.68	50.00	163.8	6.5	13.9	2.2	34.0	9,327,205
BK Group	Banking	Dec	37.00	30.15	33.15	-7.4	228	1.7%	10.48	3.28	46.8	3.2	9.9	0.7	22.4	3,315,717
I&M Holdings	Banking	Dec	22.65	16.75	21.50	22.9	273	2.1%	8.10	2.55	47.8	2.7	11.9	0.4	16.9	53,862,800
Umeme Ltd.	Power	Dec	4.11	4.00	15.40	-3.8	192	1.5%	0.27	2.00	22.0	57.9	13.0	0.7	1.2	2,414,344
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	167	1.3%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	61.00	70.2	170	1.3%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	11,273,447
KenGen	Power	Jun	2.52	1.96	2.48	23.4	125	1.0%	0.49	-	41.6	5.1	-	0.1	1.2	1,211,709
Jubilee Insurance	Insurance	Dec	6.38	4.15	2.19	-8.2	94	0.7%	60.93	12.30	613.8	2.8	7.2	0.3	9.9	916,989
DTB Bank	Banking	Dec	55.75	44.05	46.45	3.1	100	0.8%	25.34	6.00	256.8	1.8	12.9	0.2	9.9	3,510,124
Britam	Insurance	Dec	6.38	4.15	5.50	14.8	106	0.8%	1.30	-	9.2	4.2	-	0.6	14.1	236,230
Total Oil	Oil	Dec	1.96	1.35	21.50	19.4	104	0.8%	4.80	1.31	48.0	4.5	6.1	0.4	10.0	454,121
Kakuzi	Agric	Dec	420.00	353.50	355.25	-7.7	53	0.4%	23.25	24.00	303.5	15.3	6.8	1.2	7.7	40,841
CIC Insurance	Insurance	Dec	6.38	4.15	5.50	-2.2	44	0.3%	0.55	0.13	3.3	4.0	5.9	0.7	16.9	246,657
Centum Investment	Finance	Mar	9.50	7.88	9.02	7.4	46	0.4%	(8.95)	0.60	55.8	-	6.7	0.2	(16.1)	1,018,339
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	61.75	22.50	61.00	0.1	39	0.3%	(0.20)	4.00	24.1	-	6.6	2.5	(0.8)	11,273,447
Kenya Re	Insurance	Dec	2.87	1.34	1.34	-28.7	29	0.2%	1.78	0.10	13.4	0.8	7.5	0.1	13.2	3,193,028
Sasini Tea & Coffee	Agric	Sept	29.00	17.65	18.70	-6.5	33	0.2%	3.11	1.00	61.7	6.0	5.3	0.3	5.0	87,002
Carbacid	Gases	July	18.00	14.55	17.50	16.7	34	0.3%	4.01	0.70	13.6	4.4	4.0	1.3	11.9	285,533
Nation Media	Media	Dec	22.00	16.50	16.90	-15.7	25	0.2%	(1.08)	1.49	43.1	-	8.8	0.4	(2.5)	1,381,268
Kenya Power	Power	Jun	1.96	1.35	1.96	38.0	29	0.2%	(0.89)	-	29.1	-	-	0.1	(3.0)	796,695
TPSEA Serena	Tourism	Dec	20.05	11.00	14.20	-13.7	20	0.2%	4.78	-	33.3	3.0	-	0.4	14.4	26,728
Liberty K. Holdings	Insurance	Dec	200.00	168.00	1.34	51.8	23	0.2%	0.15	-	15.9	36.7	-	0.4	1.0	23,505
BOC Kenya	Gases	Dec	95.00	67.00	95.00	15.9	14	0.1%	10.14	5.95	85.1	9.4	6.3	1.1	11.9	18,952
NSE	Finance	Dec	6.62	5.52	6.02	0.0	12	0.1%	0.05	0.20	7.1	113.8	3.3	0.8	0.7	196,800
Housing Finance	Banking	Dec	5.10	3.25	4.55	30.7	13	0.1%	1.18	4.00	20.5	3.8	87.9	0.2	5.8	7,734
Unga Ltd	Food	Jun	1.67	1.01	0.27	-18.4	8	0.1%	(18.92)	-	58.3	-	-	0.2	(32.4)	20,417
Sanlam Kenya	Insurance	Dec	2.87	1.34	5.60	3.0	7	0.1%	(0.88)	-	3.9	-	-	1.6	(22.7)	246,657
Car & Gen	Motors	Sept	41.50	18.85	22.00	-12.0	7	0.1%	(6.82)	3.20	135.8	-	14.5	0.2	(5.0)	21,173
Limuru Tea	Agric	Dec	430.00	380.00	380.00	0.0	7	0.1%	3.38	1.00	80.9	112.4	0.3	4.7	4.2	1,267
WPP Scangroup	Media	Dec	2.99	1.99	2.14	-1.8	7	0.1%	0.30	-	11.9	7.1	-	0.2	2.5	66,013
EA Portland	Cement	Jun	61.75	22.50	0.97	-33.0	4	0.0%	(14.13)	-	239.8	-	-	0.0	(5.9)	25,824
Standard Newspapers	Media	Dec	9.10	5.10	6.76	-12.7	4	0.0%	(10.05)	-	0.4	-	-	15.4	(2,284)	2,359
Longhorn	Publishing	Jun	2.93	2.01	2.36	-2.1	5	0.0%	(2.45)	-	2.8	-	-	0.9	(88.1)	13,931
TransCentury	Finance	Dec	9.50	7.88	2.91	-30.8	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	85,593
Average												11.3	8.5	2.2	17.5	358,456,080

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