

## Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	18.00	72.8%	BUY
Equity bank	58.81	44.45	32.3%	BUY
KCB bank	62.39	29.55	111.1%	BUY
Co-op bank	18.13	11.95	51.7%	BUY
ABSA bank	12.32	12.35	-0.2%	HOLD
StanChart bank	108.61	162.50	-33.2%	SELL
NCBA bank	38.68	38.55	0.3%	HOLD
I&M bank	30.56	18.85	62.1%	BUY
Stanbic bank	89.16	119.00	-25.1%	SELL
DTB bank	122.70	47.75	157.0%	BUY
EABL	164.58	164.00	0.4%	HOLD
Bamburi Cement	51.96	25.20	106.2%	BUY
BAT Kenya	544.27	441.25	23.3%	BUY

## Kenya Weekly Commentary

### Kenya Market Summary

#### Equity market commentary and outlook

- During the week, Equity bank rose to a 53-day high on account of foreign demand. Safaricom touched a 12-day low driven by local selling. Similarly, Bamburi Cement traded down to a 16-day low.

#### Debt market commentary and outlook

- For the third straight week, the overall subscription rates grew to 164.5%, up from 151.8% the prior week. Demand was strong on the 91-Day T-Bill but remained weak on the other tenors. The yield on the 91-Day T-Bill and 364-Day T-Bill tenor notch upwards for the twenty-ninth consecutive week while the yield on the 182-Day T-Bill went up for the seventh successive week.

### Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,613.1	-0.7%	1.9%	0.0%	-4.2%	-3.8%	-3.8%
Kenya NASI Return	110.7	-2.9%	3.2%	-0.8%	-11.0%	-19.0%	-13.2%
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	-3.6%	1.7%	-2.5%	-22.5%	-53.0%	-24.8%
Johannesburg Index	0.7%	9.2%	0.5%	-6.4%	-6.2%	1.0%
Nigeria Stock Exchange	2.2%	8.9%	-25.6%	-27.4%	-32.6%	-25.6%
Ghana Stock Exchange	-0.6%	5.1%	6.3%	23.1%	-16.5%	3.6%
Egyptian Stock Exchange	1.2%	-0.9%	0.2%	5.5%	15.7%	-3.7%
MSCI EFM ex SA Index	1.3%	3.4%	2.2%	0.8%	-6.9%	-2.1%

**Other market statistics**

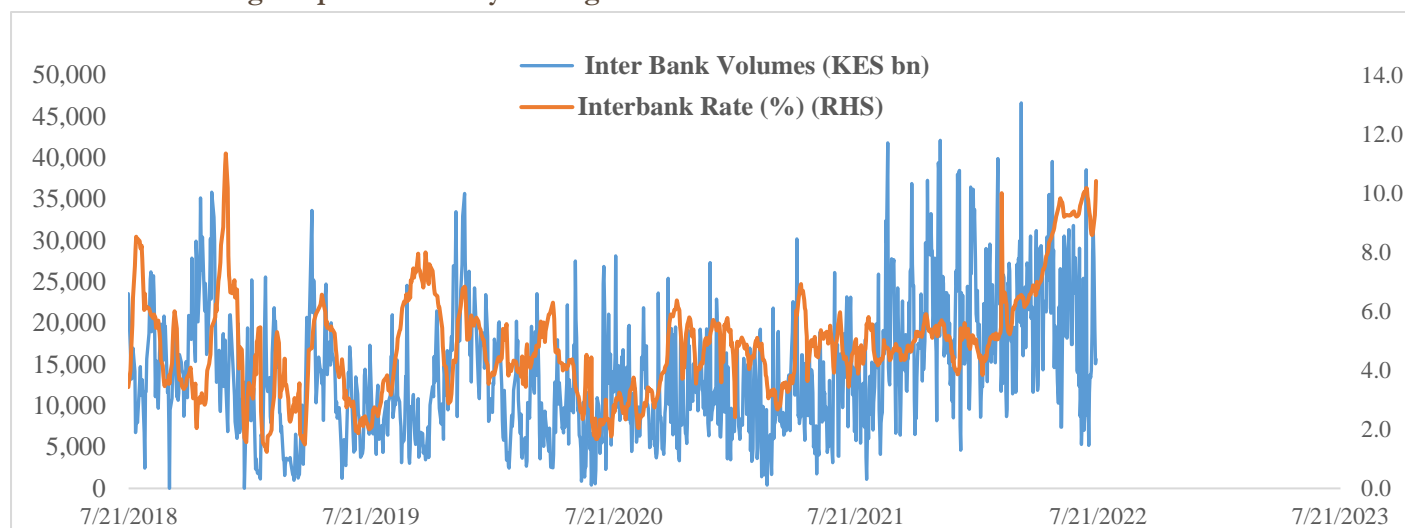
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	142.0	-0.4%	-1.1%	-4.9%	-12.6%	-16.4%	-13.1%
USD/ZAR	17.7	2.1%	5.7%	2.1%	-3.4%	-5.1%	-3.9%
USD/EGP	30.9	-0.1%	0.0%	0.0%	-3.5%	-38.8%	-19.9%
USD/NGN	788.5	-2.0%	0.8%	-41.5%	-41.5%	-46.3%	-41.6%
USD/GHS	11.5	-0.9%	-0.7%	1.5%	4.1%	-29.0%	-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
Equity bank	388.5	213.5	47.6%	3.3%	-0.1%	-16.5%	24.2%
Safaricom	205.4	2.4	54.3%	-6.3%	-25.5%	-43.4%	38.5%
KCB bank	66.2	-28.0	34.7%	-2.0%	-22.4%	-32.1%	3.7%
ABSA bank	23.7	0.0	6.5%	1.2%	0.4%	-4.6%	22.3%
BAT Kenya	14.0	10.2	46.2%	-0.3%	-4.3%	-8.3%	9.6%

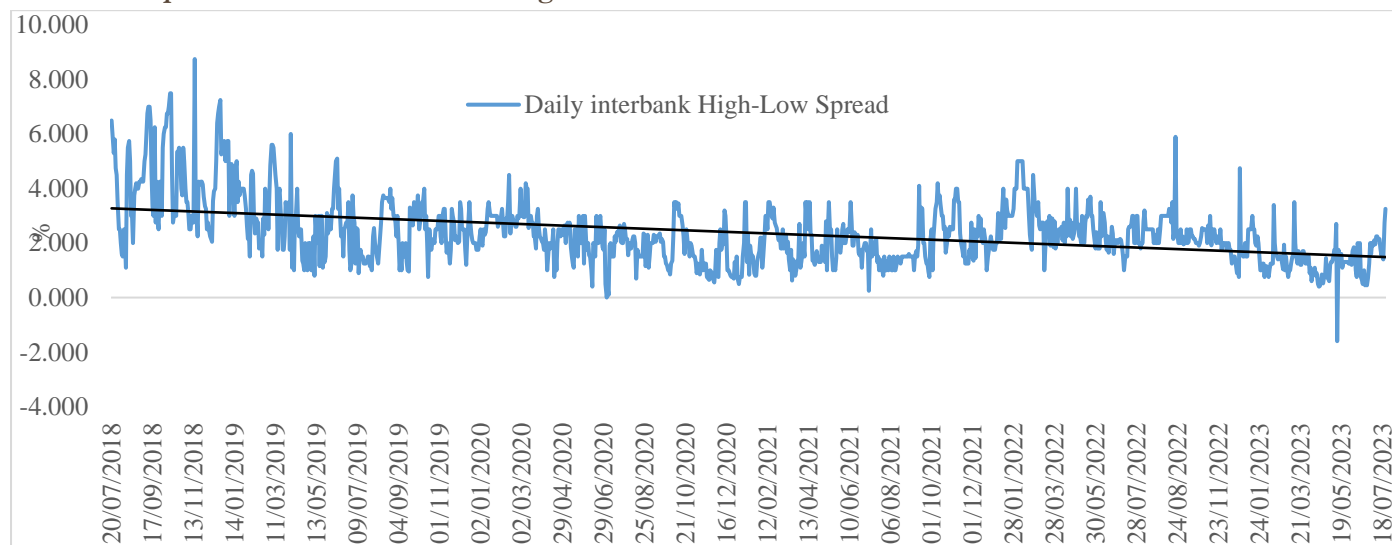
**Key Rates and Spreads**

Inter-bank rates edged upwards to 8.5 years high



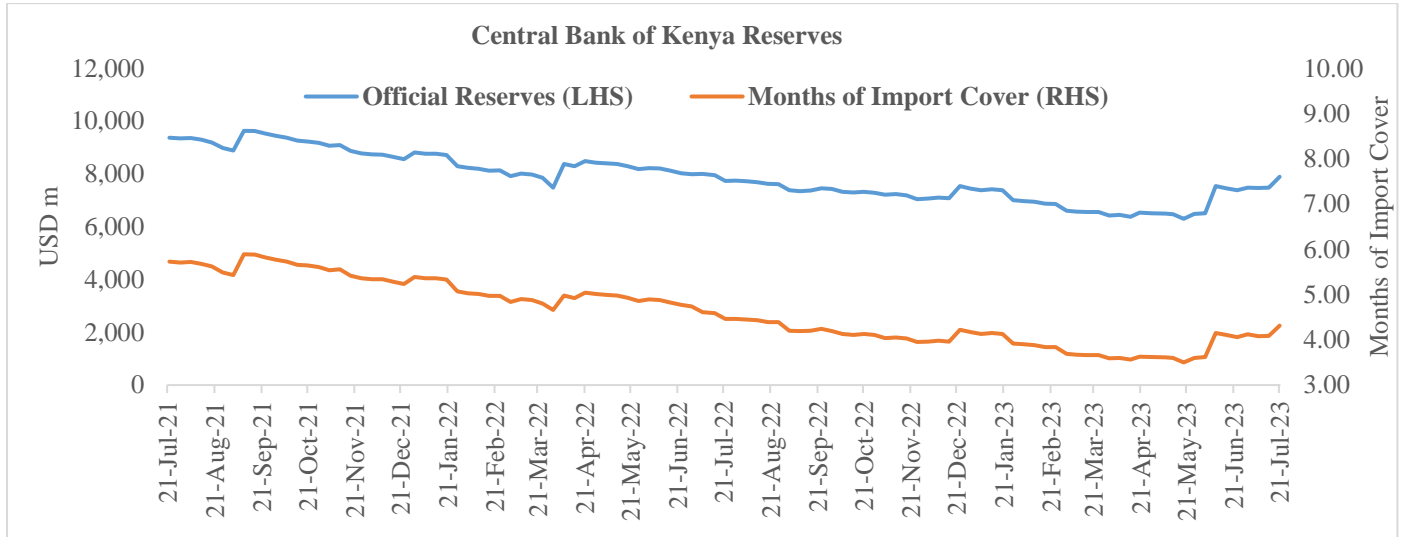
Source: CBK

Inter-bank spreads widen to a 6-months high



Source: CBK

Months of import cover reaches a 48-month high; CBK FX reserves at 54-month high



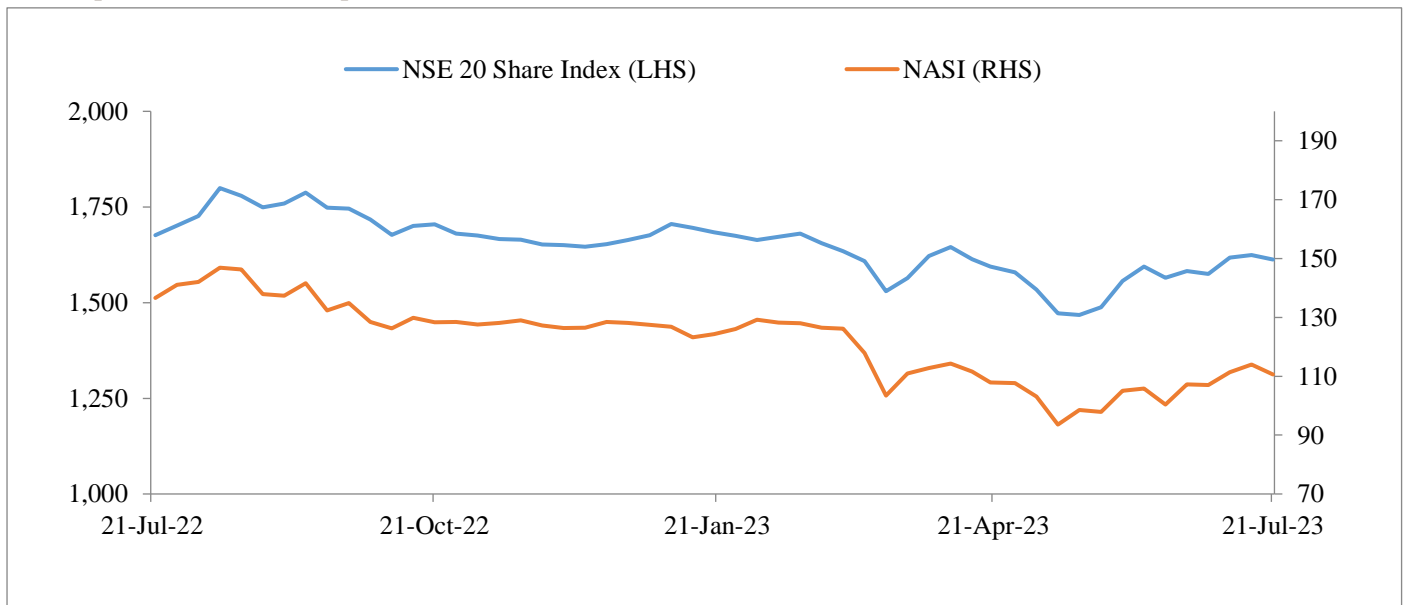
Source: CBK

Equity market trading commentary

For the second week in a row, turnover fell by 3.8% w/w to stand at USD 5.7m (KES 0.8bn). Paring down the last two weeks of gains, the NASI edged down 2.9% w/w to finish at 110.65 and the NSE 20 erased 0.7% to end at 1,613.71. Sustaining a 6-weeks buying streak, foreign investors remained as net buyers at USD 1.5m (KES 210.5m). Local investors led trading at the bourse at 57.7% of total turnover, slightly down from 57.8% last week.

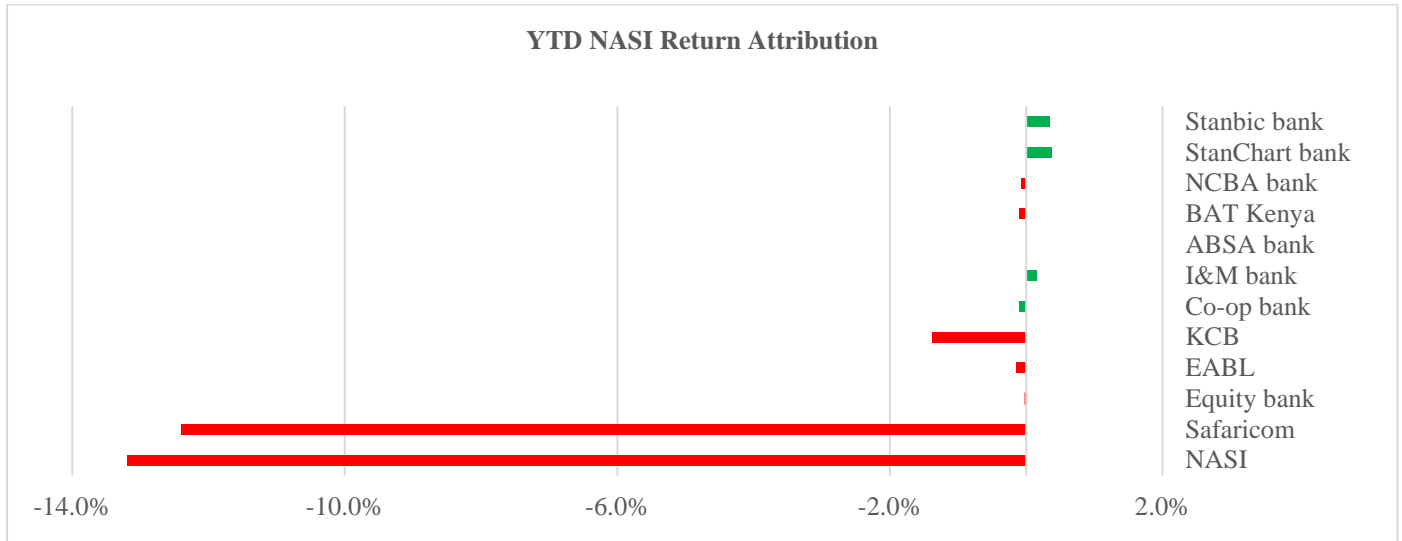
During the week, Equity bank rose to a 53-day high on account of foreign demand. Safaricom touched a 12-day low driven by local selling. Similarly, Bamburi Cement traded down to a 16-day low.

Market performance over the past 12 months



Source: NSE

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



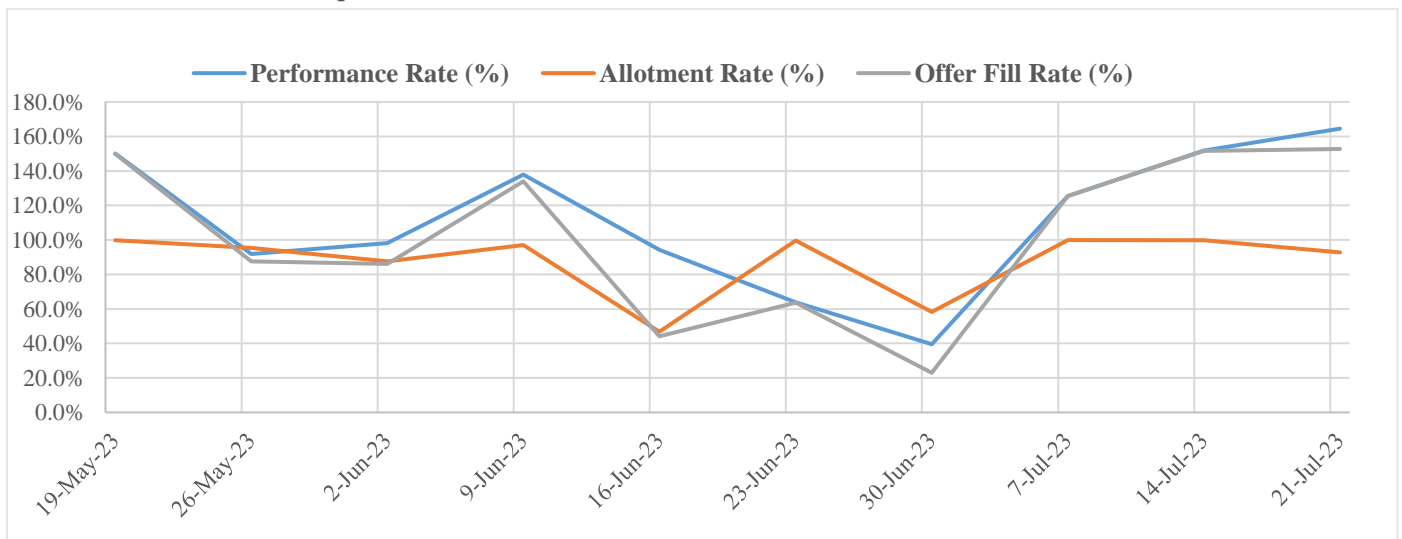
Source: Kestrel Research

Debt market trading commentary

For the third straight week, the overall subscription rates grew to 164.5%, up from 151.8% the prior week. Demand was strong on the 91-Day T-Bill but remained weak on the other tenors. The yield on the 91-Day T-Bill and 364-Day T-Bill tenor notch upwards for the twenty-ninth consecutive week while the yield on the 182-Day T-Bill went up for the seventh successive week.

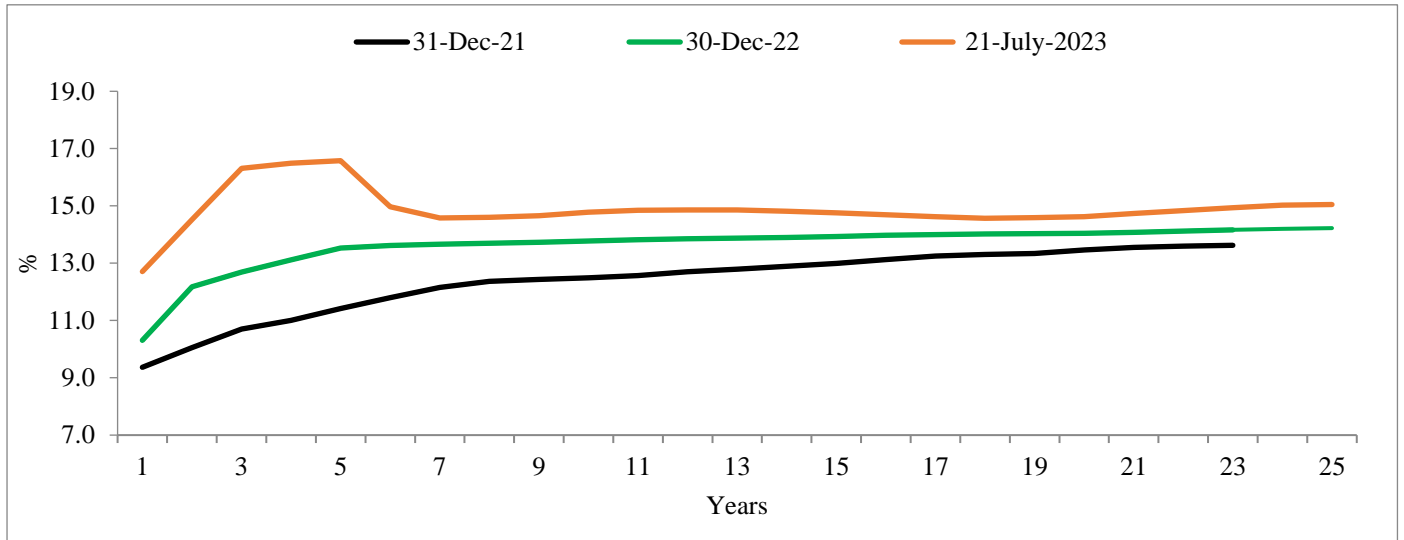
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 28.5bn for the 91-Day T-Bill, implying a subscription rate of 711.59%. It accepted bids worth KES 25.6bn at an average yield of 12.233% (+12.4bps w/w). The 182-Day T-Bill received bids worth KES 8.6bn, implying a performance rate of 86.38%. It accepted bids worth KES 8.6bn at an average yield of 12.322% (+5.1bps w/w). The 364-Day T-Bill received bids worth KES 2.4bn, implying a performance rate of 23.77%. It accepted bids worth KES 2.4bn at an average yield of 12.452% (+25.6bps w/w).

T-Bills Performance: Overall performance rates increase for the third consecutive week



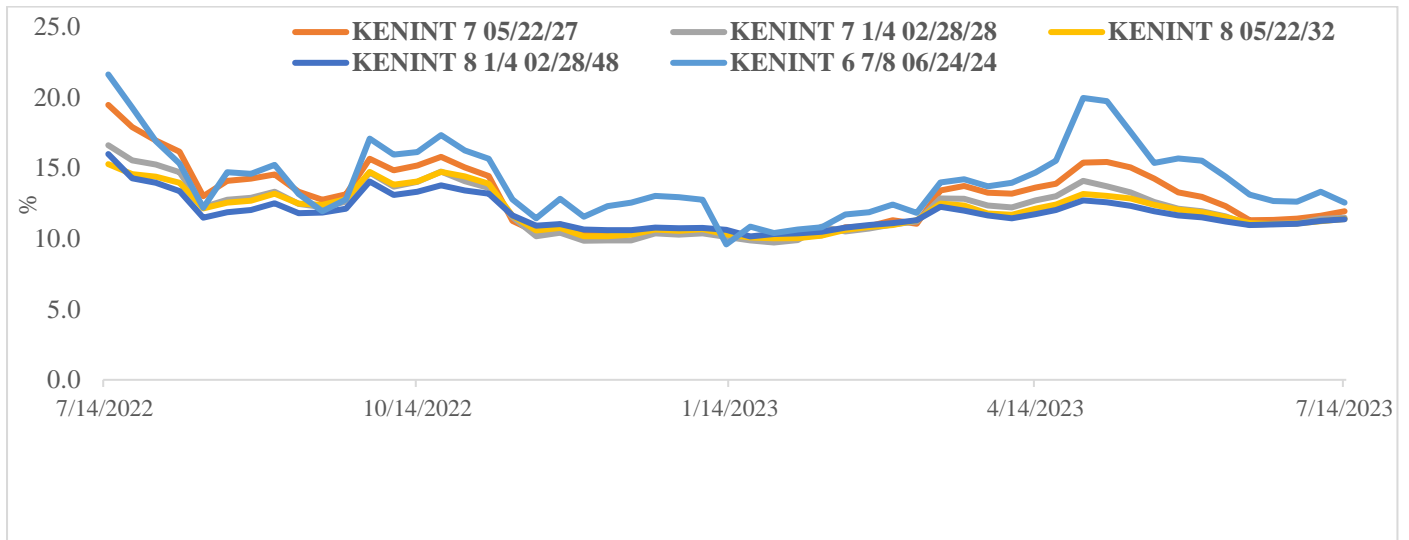
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across longer tenor decline week-on-week



Source: Bloomberg

## Top counters by market capitalization

Company	Sector	Year	12 M	12 M	Price	YTD	Market <sup>1</sup>	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading <sup>1</sup>
Safaricom	Telecom	Mar	31.80	13.00	18.00	-25.5	5,085	41.7%	1.55	1.20	4.7	11.6	6.7	3.8	33.2	707,991
Equity Bank	Banking	Dec	53.25	35.80	44.45	-0.1	1,183	9.7%	12.10	3.00	48.7	3.7	6.7	0.9	24.8	278,640
EA Breweries	Breweries	Jun	187.00	137.00	160.75	-4.0	896	7.3%	15.00	11.00	20.5	10.7	6.8	7.8	73.2	92,020
KCB Bank	Banking	Dec	43.50	28.50	29.55	-22.4	670	5.5%	12.55	2.00	64.8	2.4	6.8	0.5	19.4	138,248
Co-op Bank	Banking	Dec	13.35	11.00	11.95	-2.8	494	4.0%	3.80	1.50	19.2	3.1	12.6	0.6	19.8	63,906
Absa Bank	Banking	Dec	12.95	10.10	12.35	0.4	473	3.9%	2.96	1.35	12.5	4.2	10.9	1.0	23.7	46,119
NCBA Bank	Banking	Dec	40.90	24.10	38.55	-2.0	448	3.7%	9.37	4.25	53.4	4.1	11.0	0.7	17.6	50,017
StanChart Bank	Banking	Dec	171.00	131.75	162.50	13.8	433	3.5%	35.25	22.00	159.8	4.6	13.5	1.0	22.1	31,741
Stanbic Bank	Banking	Dec	129.75	90.75	119.00	16.7	332	2.7%	27.49	12.60	141.9	4.3	10.6	0.8	19.4	40,684
BAT Kenya	Tobacco	Dec	479.75	401.50	440.00	-4.3	310	2.5%	68.92	57.00	163.8	6.4	13.0	2.7	42.1	53,730
Bank of Kigali	Banking	Dec	37.00	27.00	34.80	10.5	220	1.8%	7.66	3.28	43.7	4.5	9.4	0.8	17.5	12,321
I&M Holdings	Banking	Dec	21.00	15.85	18.85	10.9	220	1.8%	6.76	2.25	47.7	2.8	11.9	0.4	14.2	14,031
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	153	1.3%	(2.79)	-	(14.7)	-	-	-	-	-
Umeme Ltd.	Power	Dec	17.75	6.62	12.00	61.7	137	1.1%	3.03	2.12	20.7	4.0	17.7	0.6	14.7	5,955
KenGen	Power	Jun	3.81	2.15	2.39	-25.8	111	0.9%	0.70	0.18	42.0	3.4	7.5	0.1	1.7	4,432
Jubilee Insurance	Insurance	Dec	265.00	148.25	185.25	-6.8	95	0.8%	82.21	14.00	618.5	2.3	7.6	0.3	13.3	4,250
DTB Bank	Banking	Dec	55.25	44.00	47.75	-4.5	94	0.8%	22.53	3.00	260.9	2.1	6.3	0.2	8.6	11,652
Britam	Insurance	Dec	6.94	4.05	5.18	-0.4	92	0.8%	0.03	-	7.5	181.2	-	0.7	0.4	997
Total Oil	Oil	Dec	25.85	18.25	19.50	-18.2	87	0.7%	3.88	1.31	48.0	5.0	6.7	0.4	8.1	668
Bamburi Cement	Cement	Dec	38.35	23.25	25.20	-20.0	64	0.5%	2.15	3.58	0.1	11.7	14.2	306.9	2,618.6	12,848
Kakuzi	Agric	Dec	430.00	240.00	418.00	8.6	58	0.5%	43.15	24.00	303.5	9.7	5.7	1.4	14.2	288
Centum Investment	Finance	Mar	10.05	7.90	9.50	13.6	45	0.4%	(2.01)	0.59	65.1	-	6.2	0.1	(3.1)	4,045
Sasini Tea & Coffee	Agric	Sept	31.40	19.50	27.00	20.3	43	0.4%	3.82	1.00	61.7	7.1	3.7	0.4	6.2	844
Crown Paints	Manufac.	Dec	44.80	32.30	42.95	2.6	43	0.4%	5.13	4.00	24.1	8.4	9.3	1.8	21.3	360
CIC Insurance	Insurance	Dec	2.20	1.68	2.20	12.8	41	0.3%	0.42	0.13	3.3	5.3	5.9	0.7	12.8	3,307
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	38	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Kenya Re	Insurance	Dec	2.17	1.54	1.81	-1.1	36	0.3%	1.17	0.10	13.4	1.6	5.5	0.1	8.7	2,989
Carbacid	Gases	July	15.75	11.05	15.75	31.3	28	0.2%	2.98	0.70	13.6	5.3	4.4	1.2	21.9	3,870
Nation Media	Media	Dec	20.85	14.15	20.05	25.7	27	0.2%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	15,888
Kenya Power	Power	Jun	2.08	1.36	1.58	1.3	22	0.2%	(0.75)	-	30.2	-	-	0.1	(2.5)	8,196
Liberty K. Holdings	Insurance	Dec	7.48	3.60	4.28	-23.6	16	0.1%	0.15	-	15.9	28.0	-	0.3	1.0	70
TPSEA Serena	Tourism	Dec	17.50	10.85	11.70	-12.4	15	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	472
Housing Finance	Banking	Dec	5.08	2.86	4.77	49.5	13	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	994
NSE	Finance	Dec	8.02	5.62	6.14	-9.4	11	0.1%	0.05	0.20	7.1	116.1	3.3	0.9	0.7	3,378
BOC Kenya	Gases	Dec	90.25	65.00	77.00	8.8	11	0.1%	7.58	5.95	85.1	10.2	7.7	0.9	8.9	201
Unga Ltd	Food	Jun	34.75	15.00	18.70	-41.6	10	0.1%	2.48	-	58.3	7.6	-	0.3	4.2	67
WPP Scangroup	Media	Dec	3.95	2.57	2.84	-5.6	9	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	441
Car & Gen	Motors	Sept	49.00	25.00	30.00	-36.8	8	0.1%	26.33	3.20	135.8	1.1	10.7	0.2	19.4	176
Sanlam Kenya	Insurance	Dec	12.00	7.02	8.20	-14.4	8	0.1%	(3.77)	-	3.9	-	-	2.1	(97.1)	70
Limuru Tea	Agric	Dec	510.00	400.00	420.00	0.0	7	0.1%	4.73	2.50	80.9	88.8	0.6	5.2	5.8	1,760
Standard Newspapers	Media	Dec	14.75	8.16	9.04	-13.5	5	0.0%	(10.05)	-	0.4	-	-	20.6	(2,284.0)	19
Longhorn	Publishing	Jun	4.07	2.01	2.60	-13.3	5	0.0%	0.62	-	2.8	4.2	-	0.9	22.2	308
EA Portland	Cement	Jun	8.40	5.32	6.52	-4.1	4	0.0%	6.02	-	239.8	1.1	-	0.0	2.5	27
TransCentury	Finance	Dec	1.30	0.59	0.59	-36.6	2	0.0%	(6.72)	-	(9.5)	-	-	-	-	92
											<b>Average</b>	<b>14.8</b>	<b>7.8</b>	<b>4.2</b>	<b>41.4</b>	<b>1,624,003</b>

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