

Stock Recommendation

Company	Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	23.25	33.8%	BUY
Equity bank	58.81	45.40	29.5%	BUY
KCB bank	62.39	38.50	62.1%	BUY
Co-op bank	18.13	12.60	43.9%	BUY
ABSA bank	12.32	12.45	-1.0%	HOLD
StanChart bank	108.61	157.00	-20.4%	SELL
NCBA bank	38.68	37.00	4.5%	HOLD
I&M bank	30.56	17.00	79.8%	BUY
Stanbic bank	89.16	112.00	-20.4%	SELL
DTB bank	122.70	51.25	139.4%	BUY
EABL	164.58	172.00	-4.3%	HOLD
Bamburi Cement	51.96	29.50	76.1%	BUY
BAT Kenya	544.27	449.25	21.2%	BUY

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, local investors were active in the market throughout the week. Safaricom recovered to hit a 15-day high on account of local demand, after trading down close to a 6-year low. Notably, foreign investors turned overall net buyers at USD 0.2m (KES 20.1m) after recoding net outflows in the last seven weeks.

Debt market commentary and outlook

- Overall subscription rates further grew to 142.9%, up from 122.7% recorded the prior week, driven by continued demand on the 91-Day T-Bill. However, activity remained weak on the 364-Day T-Bill. For the fourth straight week, yields across all tenors notched upwards.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,674.2	-0.6%	-0.1%	-1.8%	-1.6%	-10.7%	-0.1%
Kenya NASI Return	126.1	1.4%	-1.1%	-1.7%	-10.6%	-21.7%	-1.1%
FTSE NSE Kenya 15 Return	170.1	0.0%	0.0%	0.0%	0.0%	-16.8%	0.0%
FTSE NSE Kenya 25 Return	170.3	0.0%	0.0%	0.0%	0.0%	-21.5%	0.0%
FTSE Kenya Bond Index Return	94.7	0.0%	0.0%	0.0%	0.0%	-1.7%	0.0%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	1.2%	-2.9%	-4.2%	-14.6%	-28.5%	-1.9%
Johannesburg Index	1.8%	13.2%	28.0%	13.7%	0.4%	9.8%
Nigeria Stock Exchange	0.1%	4.1%	15.0%	-3.3%	3.3%	2.7%
Ghana Stock Exchange	-2.7%	-27.4%	12.5%	-33.7%	-55.2%	-18.1%
Egyptian Stock Exchange	4.3%	-8.4%	17.4%	13.4%	-23.1%	-4.8%
MSCI EFM ex SA Index	1.6%	-5.6%	3.4%	-4.9%	-24.9%	-1.3%

Other market statistics

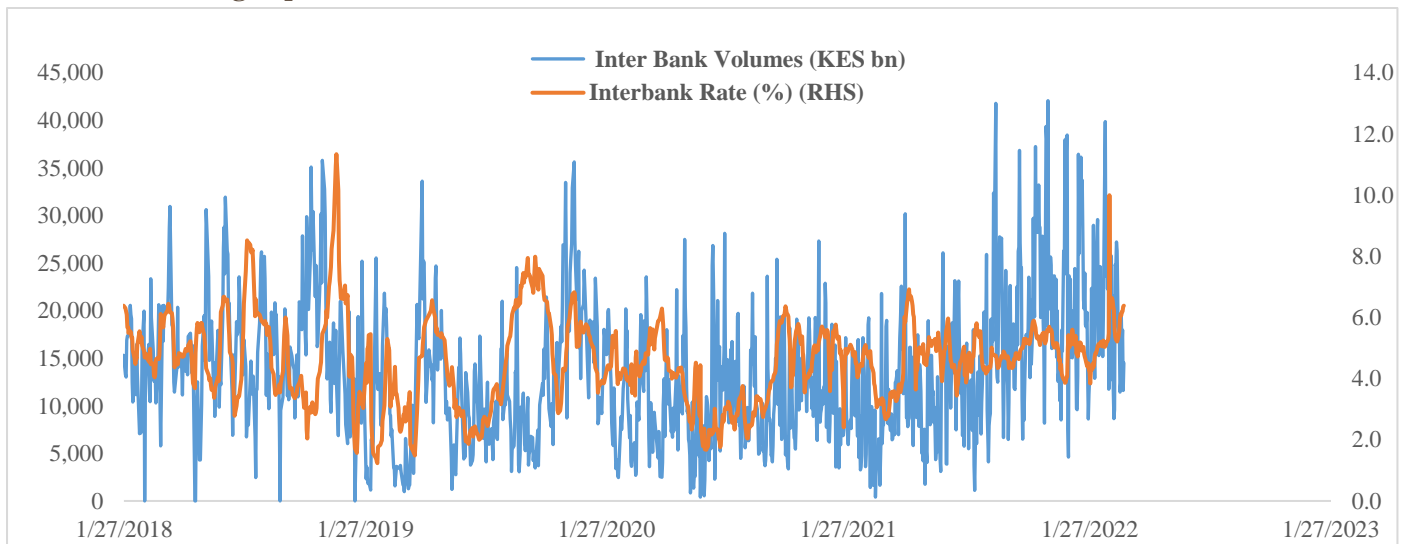
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	124.3	-0.2%	-1.1%	-2.4%	-4.3%	-8.7%	-0.7%
USD/ZAR	17.2	-0.3%	2.9%	5.1%	-3.5%	-9.3%	-0.9%
USD/EGP	29.9	-0.2%	-17.4%	-22.7%	-36.7%	-47.3%	-17.2%
USD/NGN	461.4	0.0%	-2.5%	-4.2%	-7.5%	-9.5%	-0.1%
USD/GHS	12.3	-3.2%	-27.1%	13.5%	-31.5%	-49.1%	-17.7%

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
Safaricom	535.0	56.2	25.0%	3.1%	-3.7%	-40.2%	12.9%
Equity bank	217.2	-17.1	20.4%	-1.3%	2.0%	-15.1%	16.4%
Co-op bank	41.3	0.0	0.0%	1.6%	2.4%	-5.3%	17.8%
StanChart bank	38.3	-0.3	0.5%	1.3%	10.0%	-1.3%	26.9%
BAT Kenya	34.7	-31.5	47.1%	-0.6%	-2.3%	-11.7%	11.2%

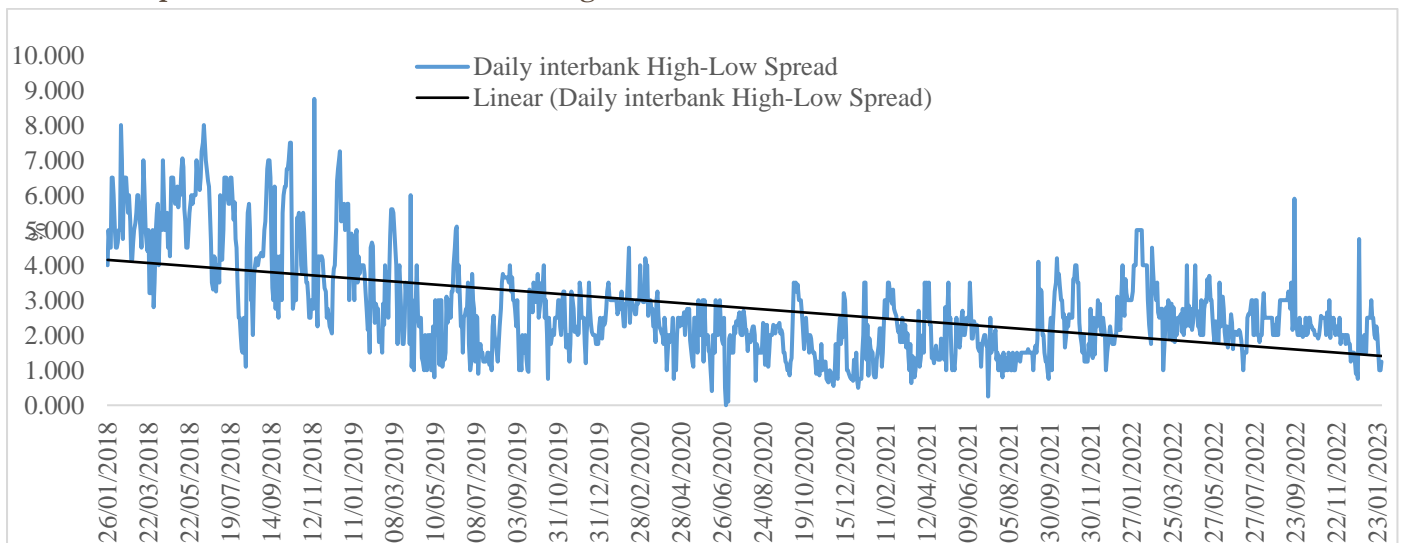
Key Rates and Spreads

Inter-bank rate edge upwards for the second successive week



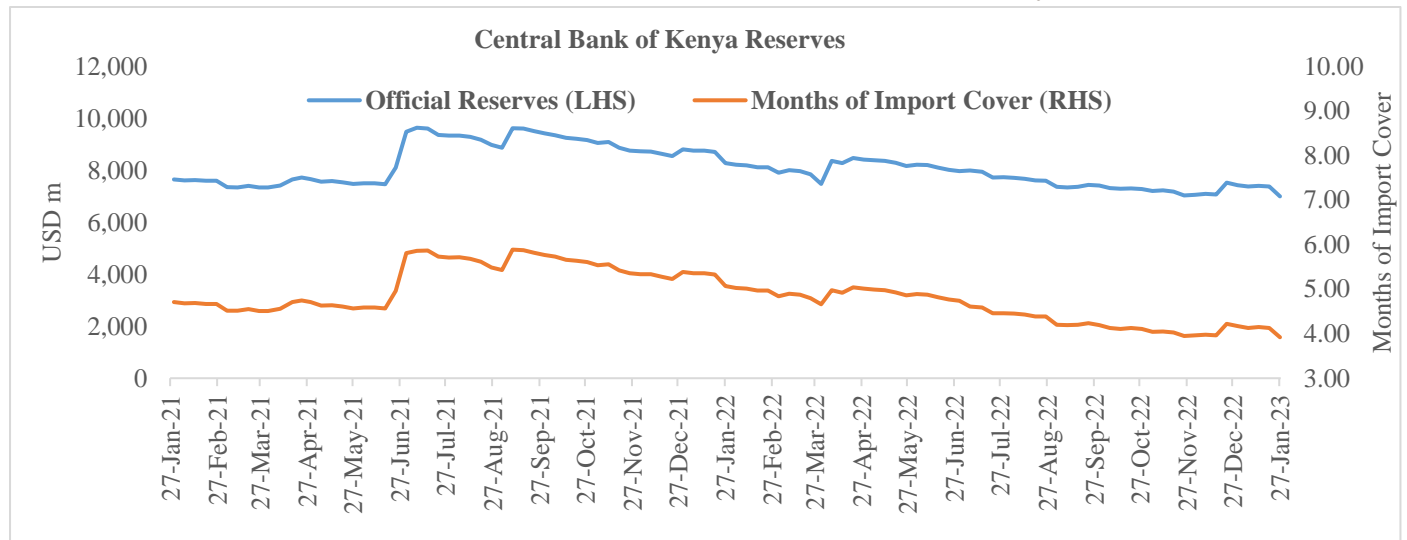
Source: CBK

Inter-bank spreads narrow for the second straight week



Source: CBK

Months of import cover dips below the recommended levels of 4.0x, to settle at a 7-year low



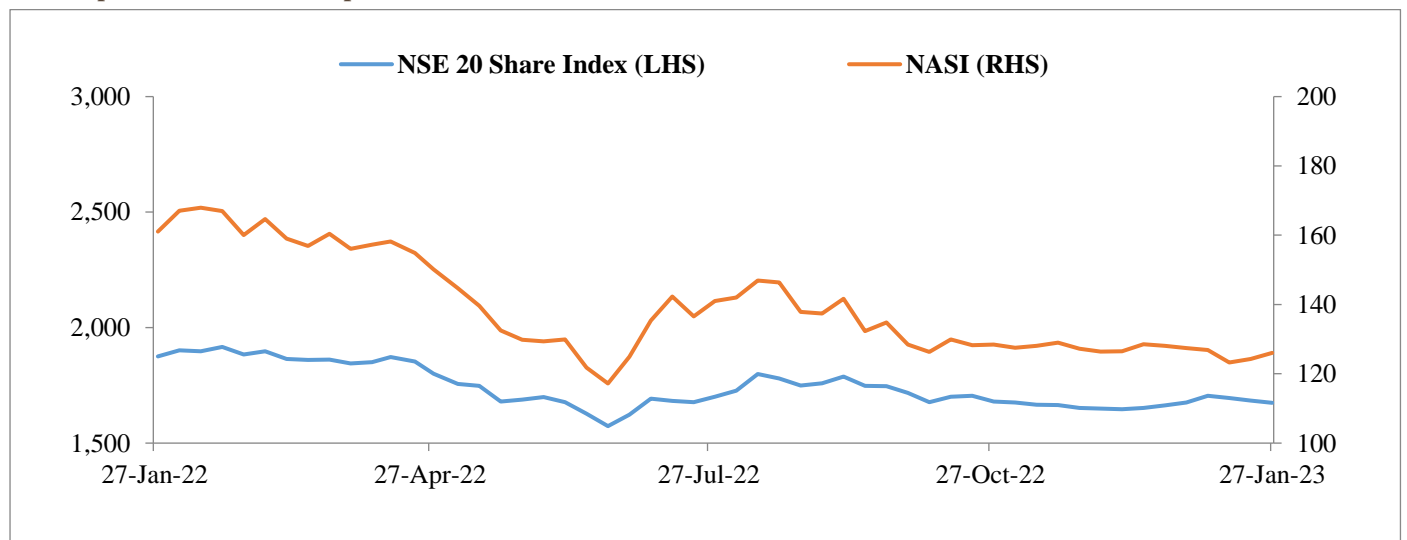
Source: CBK

Equity market trading commentary

Equity turnover fell by 77.1% w/w to end at USD 8.4m (KES 1.0bn) following reduced trading on Safaricom. Marking the second straight win, the NASI rose 1.4% w/w to 126.07 and the NSE 20 edged down 0.6% w/w to finish at 1,674.24 – the third week of decline. Notably, foreign investors turned overall net buyers at USD 0.2m (KES 20.1m) after recoding net outflows in the last seven weeks. Local investors drove market activity at the bourse at 78.4% of total turnover, up from 45.0% registered the previous week. Safaricom experienced the highest net foreign inflows at USD 0.4m (KES 56.2m). On the other hand, BAT Kenya saw the highest net foreign outflows at USD 0.3m (KES 31.5m).

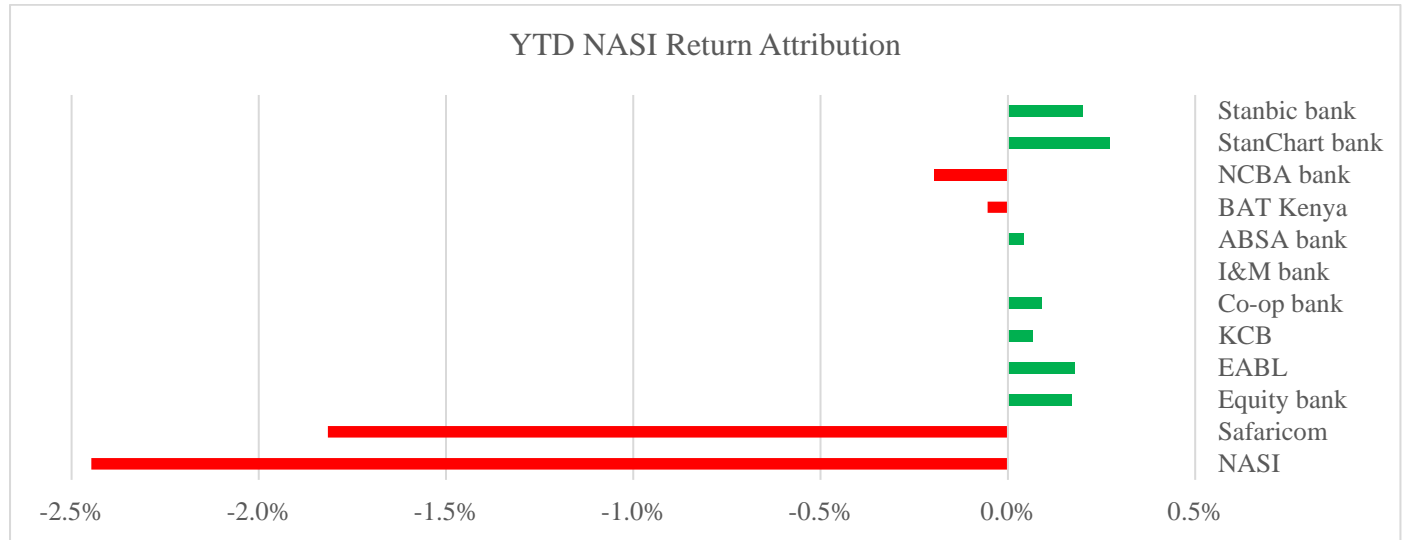
During the week, local investors were active in the market throughout the week. Safaricom recovered to hit a 15-day high on account of local demand, after trading down close to a 6-year low.

Market performance over the past 12 months



Source: NSE

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



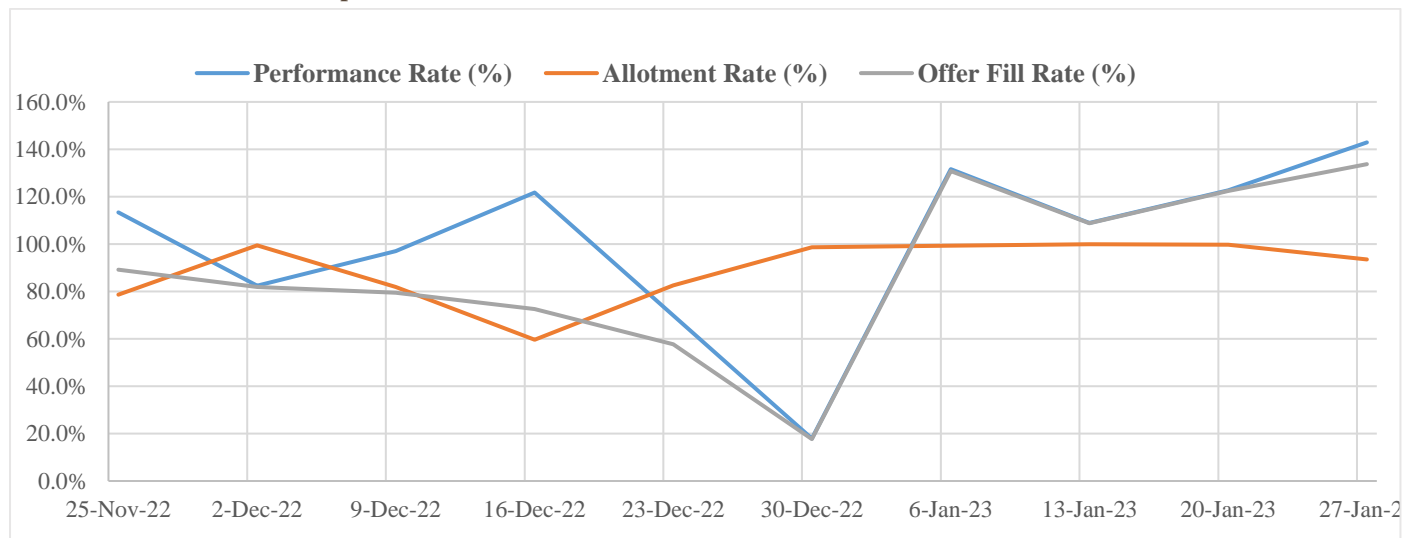
Source: Kestrel Research

Debt market trading commentary

Overall subscription rates further grew to 142.9%, up from 122.7% recorded the prior week, driven by continued demand on the 91-Day T-Bill. However, activity remained weak on the 364-Day T-Bill. For the fourth straight week, yields across all tenors notched upwards.

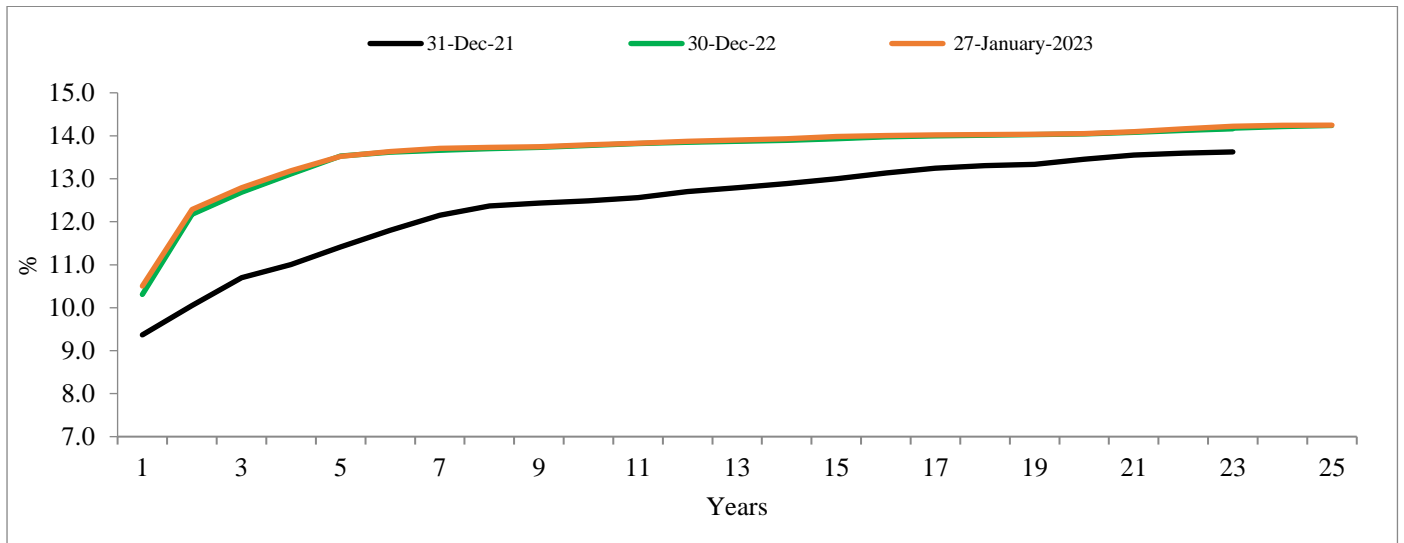
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 18.4bn for the 91-Day T-Bill, implying a subscription rate of 458.94%. It accepted bids worth KES 16.1bn at an average yield of 9.538% (+6.4bps w/w). The 182-Day T-Bill received bids worth KES 10.3bn, implying a performance rate of 102.64%. It accepted bids worth KES 10.3bn at an average yield of 9.954% (+6.3bps w/w). The 364-Day T-Bill received bids worth KES 5.7bn, implying a performance rate of 56.76%. It accepted bids worth KES 5.7bn at an average yield of 10.504% (+3.4bps w/w).

T-Bills Performance: Overall performance increase for the second week in a row



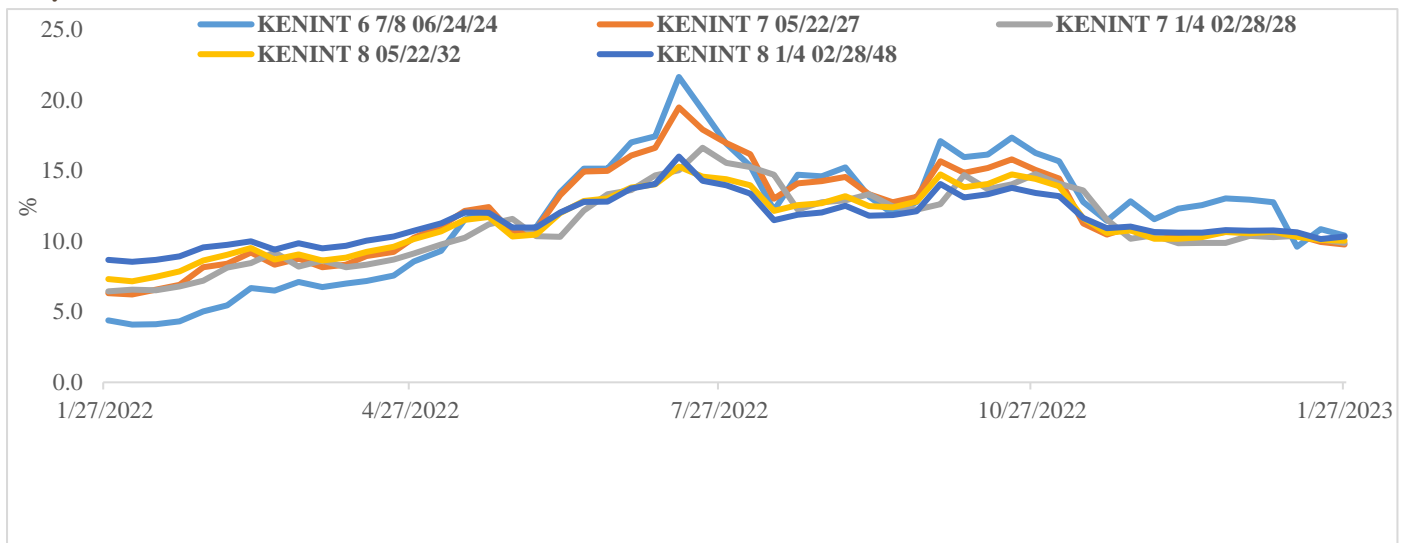
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across most tenors decline for the third successive week



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	38.90	20.60	23.25	-3.7	7,497	47.2%	1.74	1.39	3.5	13.4	6.0	6.7	49.9	1,198,372
Equity Bank	Banking	Dec	53.50	39.00	45.40	2.0	1,379	8.7%	12.24	3.00	40.8	3.7	6.6	1.1	30.0	466,292
EA Breweries	Breweries	Jun	174.25	110.00	172.00	2.7	1,095	6.9%	15.00	11.00	20.5	11.5	6.4	8.4	73.2	202,976
KCB Bank	Banking	Dec	47.00	35.00	38.50	1.0	996	6.3%	12.25	3.00	58.4	3.1	7.8	0.7	21.0	154,417
Co-op Bank	Banking	Dec	13.30	10.70	12.60	2.4	595	3.7%	3.75	1.00	17.2	3.4	7.9	0.7	21.8	43,918
Absa Bank	Banking	Dec	12.70	9.70	12.45	1.2	544	3.4%	2.15	1.10	10.9	5.8	8.8	1.1	19.7	49,691
NCBA Bank	Banking	Dec	40.00	23.00	37.00	-6.0	491	3.1%	10.02	4.25	49.1	3.7	11.5	0.8	20.4	18,788
StanChart Bank	Banking	Dec	159.00	123.75	157.00	10.0	477	3.0%	30.18	13.00	146.8	5.2	8.3	1.1	20.6	37,822
BAT Kenya	Tobacco	Dec	509.00	404.00	449.25	-2.3	362	2.3%	67.10	55.00	129.1	6.7	12.2	3.5	52.0	126,887
Stanbic Bank	Banking	Dec	114.00	87.25	112.00	9.8	356	2.2%	22.99	7.30	127.4	4.9	6.5	0.9	18.0	10,332
Bank of Kigali	Banking	Dec	32.75	27.00	32.00	1.6	231	1.5%	7.95	3.28	41.8	4.0	10.3	0.8	19.0	705
I&M Holdings	Banking	Dec	21.50	16.50	17.00	0.0	226	1.4%	5.74	1.50	41.4	3.0	8.8	0.4	13.9	8,949
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	175	1.1%	(2.79)	-	(14.7)	-	-	-	-	-
KenGen	Power	Jun	4.08	3.07	3.07	-4.7	163	1.0%	0.16	0.18	32.4	19.3	5.9	0.1	0.5	6,348
Total Oil	Oil	Dec	25.85	21.75	23.30	-2.3	118	0.7%	4.35	1.31	45.4	5.4	5.6	0.5	9.6	375
Umeme Ltd.	Power	Dec	8.88	5.50	8.88	19.7	116	0.7%	2.74	1.73	17.6	3.2	19.5	0.5	15.6	1,275
DTB Bank	Banking	Dec	60.00	46.00	51.25	2.5	115	0.7%	17.27	3.00	250.7	3.0	5.9	0.2	6.9	28,881
Jubilee Insurance	Insurance	Dec	304.25	187.75	194.25	-2.3	113	0.7%	94.22	14.00	544.4	2.1	7.2	0.4	17.3	4,656
Britam	Insurance	Dec	7.40	4.97	5.24	0.8	106	0.7%	0.03	-	7.5	183.3	-	0.7	0.4	2,365
Bamburi Cement	Cement	Dec	39.00	29.05	29.50	-6.3	86	0.5%	2.15	3.58	0.1	13.7	12.1	359.3	2,618.6	1,648
Kakuzi	Agric	Dec	441.25	367.50	420.00	9.1	66	0.4%	39.24	18.00	278.0	10.7	4.3	1.5	14.1	404
Centum Investment	Finance	Mar	14.30	7.90	8.72	4.3	47	0.3%	(2.01)	0.59	65.1	-	6.7	0.1	(3.1)	4,750
Crown Paints	Manufac.	Dec	44.00	33.65	39.00	-6.8	45	0.3%	5.13	4.00	24.1	7.6	10.3	1.6	21.3	255
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	43	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Kenya Re	Insurance	Dec	2.30	1.74	1.80	-1.6	41	0.3%	1.17	0.10	13.4	1.5	5.6	0.1	8.7	1,403
CIC Insurance	Insurance	Dec	2.29	1.72	1.89	-3.1	40	0.3%	0.30	-	3.0	6.3	-	0.6	9.9	1,566
Sasini Tea & Coffee	Agric	Sept	129.00	17.90	21.00	-6.5	39	0.2%	5.11	1.00	56.5	4.1	4.8	0.4	9.1	950
Carbacid	Gases	July	14.15	10.35	12.35	2.9	25	0.2%	2.22	0.70	13.5	5.6	5.7	0.9	16.4	12,647
Kenya Power	Power	Jun	2.08	1.31	1.55	-0.6	24	0.2%	1.80	-	30.8	0.9	-	0.1	5.8	10,170
Nation Media	Media	Dec	23.20	14.75	15.10	-5.3	23	0.1%	2.59	1.49	42.1	5.8	9.8	0.4	6.2	812
Liberty K. Holdings	Insurance	Dec	7.48	4.28	4.80	-14.3	21	0.1%	0.15	-	15.9	31.4	-	0.3	1.0	100
Unga Ltd	Food	Jun	36.25	27.00	31.00	-3.1	19	0.1%	2.48	-	58.3	12.5	-	0.5	4.2	56
TPSEA Serena	Tourism	Dec	17.50	10.85	12.00	-10.1	18	0.1%	(3.47)	-	33.3	-	-	0.4	(10.4)	312
NSE	Finance	Dec	8.40	6.40	6.40	-5.6	13	0.1%	0.51	1.40	8.0	12.5	21.9	0.8	6.4	1,837
Car & Gen	Motors	Sept	76.00	30.00	37.00	-22.0	12	0.1%	26.33	3.20	135.8	1.4	8.6	0.3	19.4	966
BOC Kenya	Gases	Dec	93.25	65.00	70.00	-1.1	11	0.1%	4.78	6.70	84.3	14.7	9.6	0.8	5.7	256
WPP Scangroup	Media	Dec	4.41	2.84	2.99	-0.7	10	0.1%	(0.30)	-	11.9	-	-	0.3	(2.5)	510
Housing Finance	Banking	Dec	3.84	2.86	3.28	2.8	10	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	889
Sanlam Kenya	Insurance	Dec	15.00	7.94	8.34	-12.9	10	0.1%	(3.77)	-	3.9	-	-	2.1	(97.1)	100
Limuru Tea	Agric	Dec	510.00	320.00	420.00	0.0	8	0.1%	(0.50)	0.70	75.9	-	0.2	5.5	(0.7)	488
Longhorn	Publishing	Jun	4.14	2.74	3.25	8.3	7	0.0%	0.62	-	2.8	5.3	-	1.2	22.2	207
Standard Newspapers	Media	Dec	15.80	8.74	10.15	-2.9	7	0.0%	(0.90)	-	10.5	-	-	1.0	(8.5)	38
EA Portland	Cement	Jun	8.80	6.30	6.38	-6.2	5	0.0%	6.02	-	239.8	1.1	-	0.0	2.5	26
TransCentury	Finance	Dec	1.31	0.79	1.25	34.4	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	2,278
Safaricom	Telecom	Mar	38.90	20.60	23.25	-3.7	7,497	47.2%	1.74	1.39	3.5	13.4	6.0	6.7	49.9	1,198,372
											Average	15.7	6.8	6.1	52.0	2,411,642

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