

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	15.05	104.1%	BUY
Equity bank	43.67	43.45	0.5%	HOLD
KCB bank	47.26	35.00	35.0%	BUY
Co-op bank	20.46	13.25	54.4%	BUY
ABSA bank	12.89	14.10	-8.6%	HOLD
StanChart bank	138.26	206.25	-33.0%	SELL
NCBA bank	40.68	42.60	-4.5%	HOLD
I&M bank	33.32	23.60	41.2%	BUY
Stanbic bank	108.85	118.50	-8.1%	HOLD
DTB bank	116.13	49.25	135.8%	BUY
EABL	151.28	156.00	-3.0%	HOLD
Bamburi Cement	44.37	58.50	-24.2%	SELL
BAT Kenya	460.00	343.75	33.8%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, EABL touched a five-week high on increased local demand. BAT Kenya touched a month's low on reduced local demand. Foreign investors remained net buyers for the third straight week at USD 1.2m (KES 159.8m). BK Group registered the highest net foreign inflows at USD 1.0m (KES 134.0m), while Safaricom recorded the highest net foreign outflows at USD 0.3m (KES 37.9m).

Debt market commentary and outlook

- Overall subscription rates fell to 87.2% from 126.4% the previous week. Investors remained skewed on the 91-Day T-Bill and activity declined for all three T-Bills. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a ten-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the ninth week.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,777.7	7.1%	5.2%	17.4%	23.2%	15.9%	18.4%
Kenya NASI	107.2	2.4%	0.5%	15.5%	25.0%	4.0%	16.3%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.7%	2.5%	-4.9%	-1.4%	33.6%	8.9%
Johannesburg Index	6.7%	2.2%	7.5%	11.0%	2.8%	-9.0%
Nigeria Stock Exchange	-1.6%	-1.3%	-8.0%	-10.4%	-13.9%	4.4%
Ghana Stock Exchange	-0.3%	0.0%	11.1%	-4.0%	-4.7%	4.6%
Egyptian Stock Exchange	1.4%	0.7%	9.5%	-0.6%	-11.0%	-18.2%
MSCI EFM ex SA Index	1.4%	-0.9%	3.1%	-1.4%	8.3%	39.8%

Other market statistics

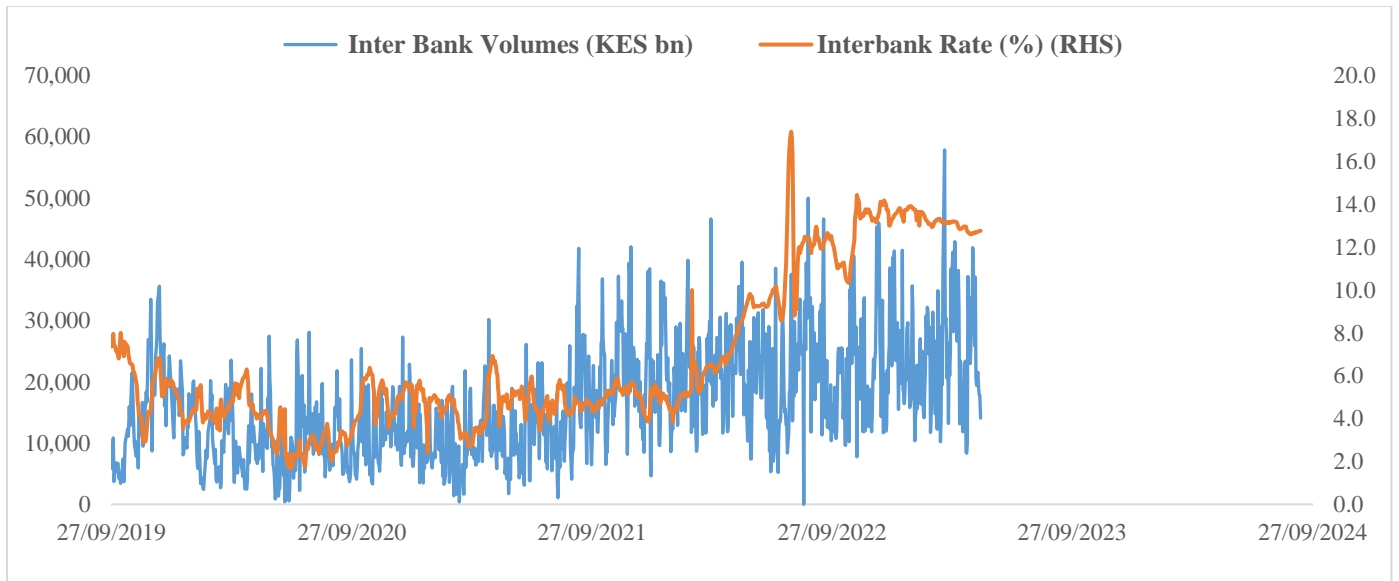
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	128.87	0.2%	-0.2%	0.3%	1.8%	12.6%	5.9%
USD/ZAR	17.12	1.5%	2.5%	2.1%	3.8%	0.2%	-3.0%
USD/EGP	48.36	0.6%	-0.1%	-1.2%	-1.3%	-34.8%	0.0%
USD/NGN	1669.05	-1.8%	-2.9%	-4.9%	-10.8%	-42.6%	17.6%
USD/GHS	15.77	-0.2%	-0.5%	-2.4%	-13.3%	-12.7%	3.3%

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
BK Group	402.8	134.0	83.3%	-0.9%	-9.2%	-9.5%	11.1%
KCB Bank	160.3	8.9	9.3%	4.5%	54.6%	-7.8%	122.2%
Safaricom	124.5	-37.9	69.9%	-2.0%	7.9%	-22.0%	29.2%
EABL	121.2	78.2	34.9%	1.2%	34.9%	-2.5%	56.0%
Kenya Power	43.7	-1.9	2.3%	41.7%	165.5%	-7.2%	159.3%

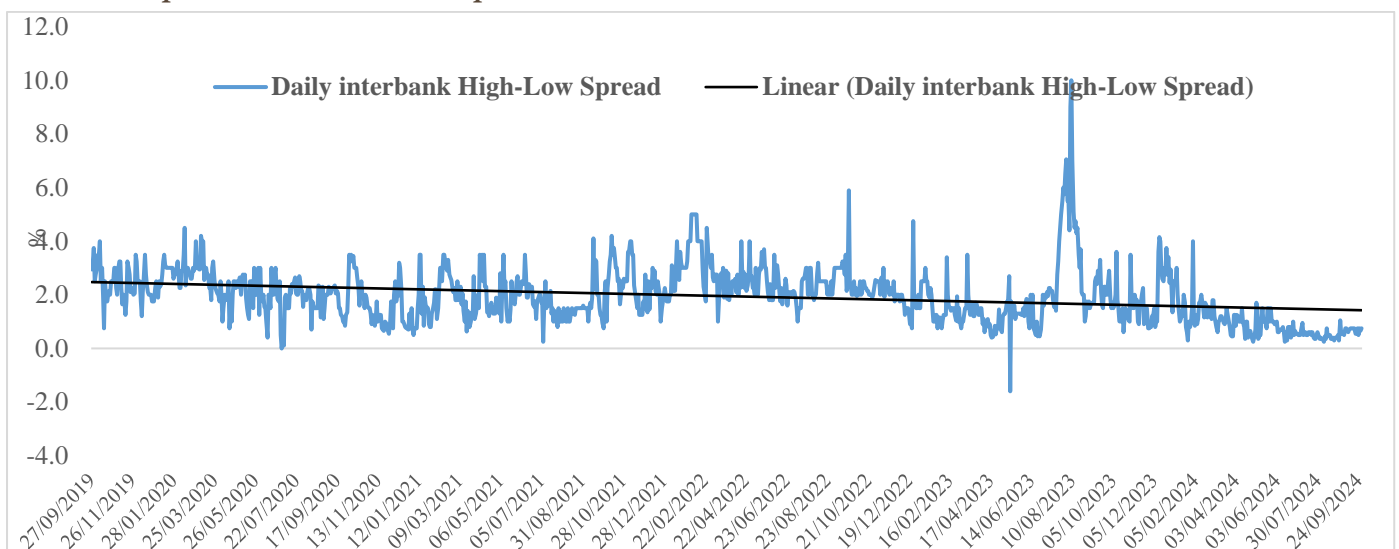
Key Rates and Spreads

Inter-bank Rates improve, sustaining a three-week gaining streak.



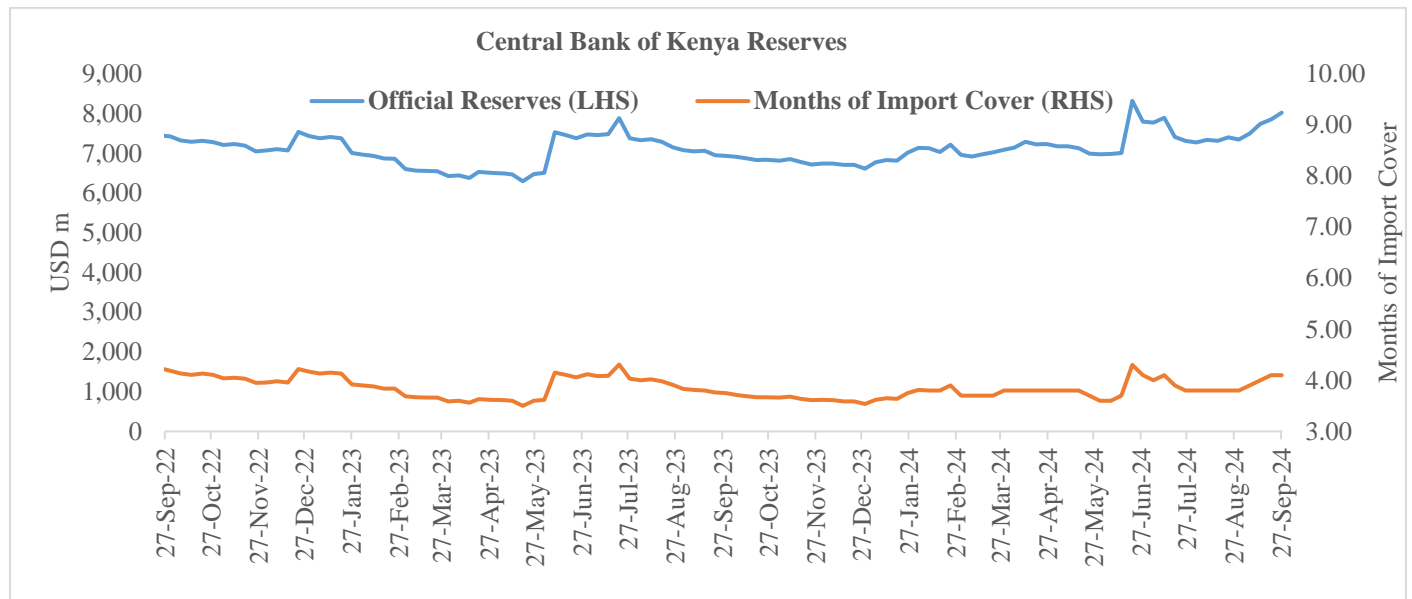
Source: CBK

Interbank spreads widen from the previous week.



Source: CBK

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



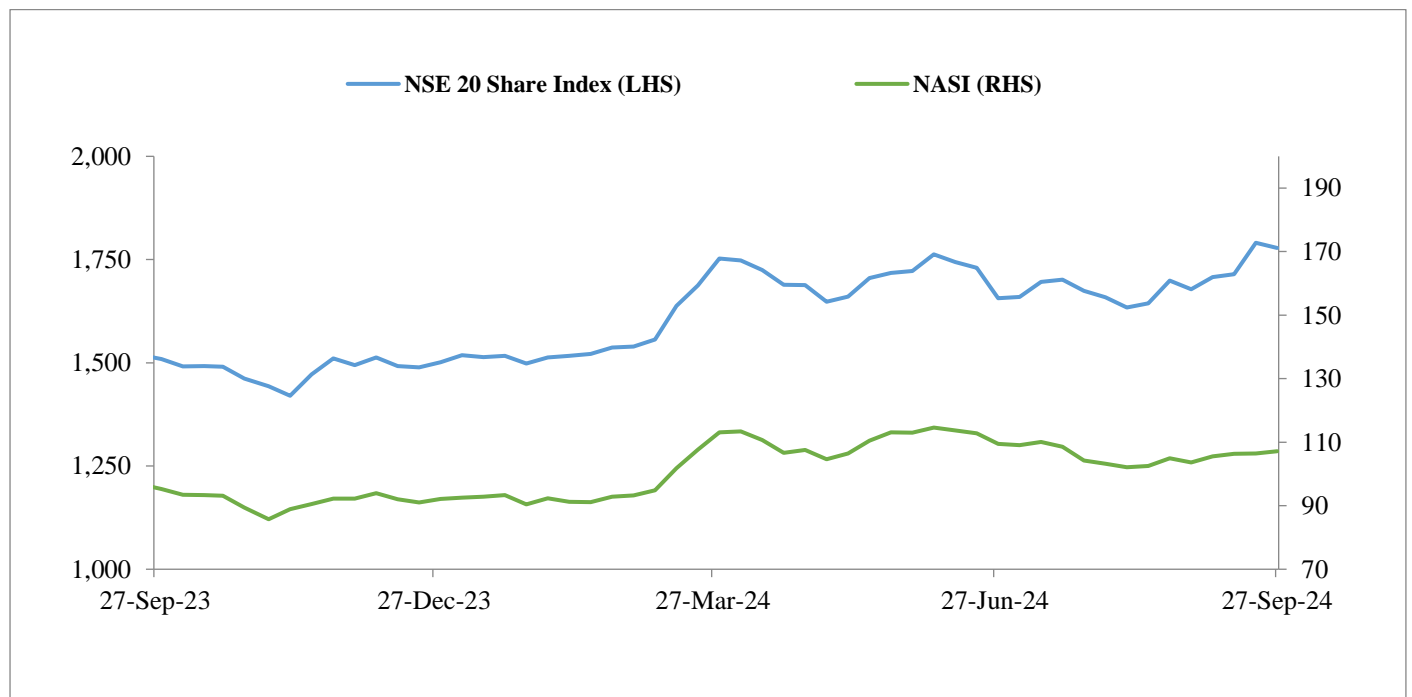
Source: CBK

Equity market trading commentary

Market turnover fell by 25.8%, breaking a two-week climbing streak, to settle at USD 8.1m (KES 1.0 bn). The NASI climbed by 0.7% to halt at 107.16, sustaining a four-week gaining streak. The NSE-20 retreated by 0.7% to conclude at 1777.73, breaking a three-week gaining streak. Foreign investors remained net buyers for the second week at USD 1.2m (KES 159.8 m). BK Group registered the highest net foreign inflows at USD 1.0m (KES 134.0m), while Safaricom recorded the highest net foreign outflows at USD 0.3m (KES 37.9m).

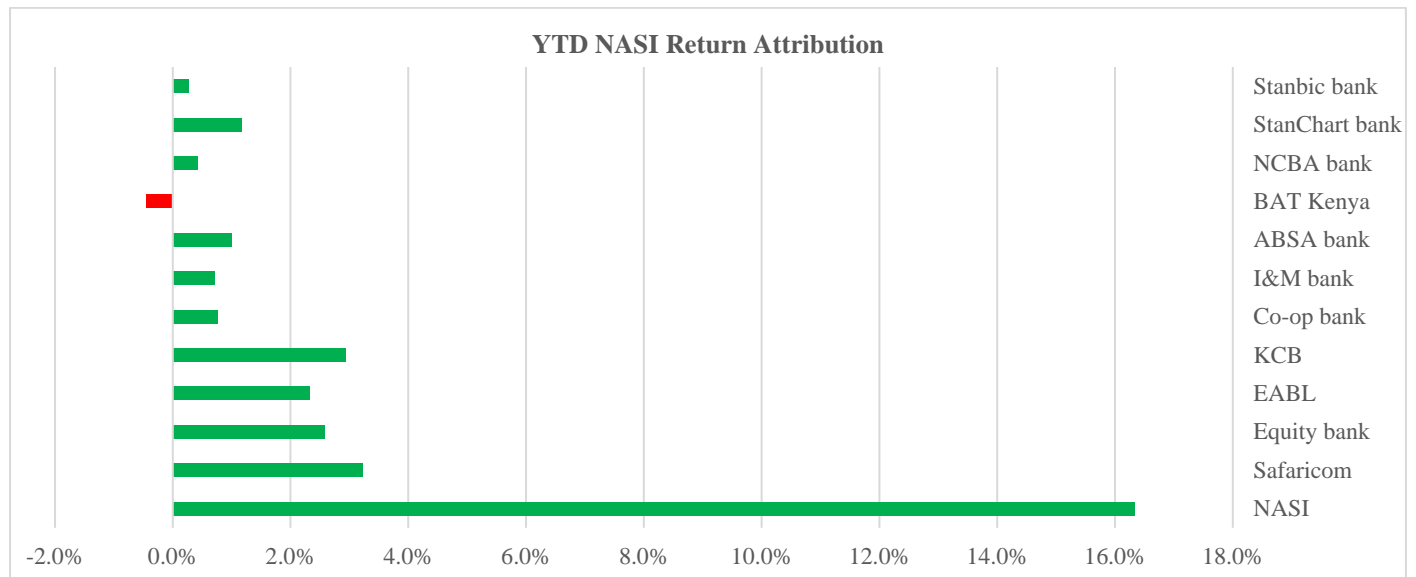
During the week, EABL a five-week high on increased local demand as BAT Kenya touched a month's low on reduced local demand.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

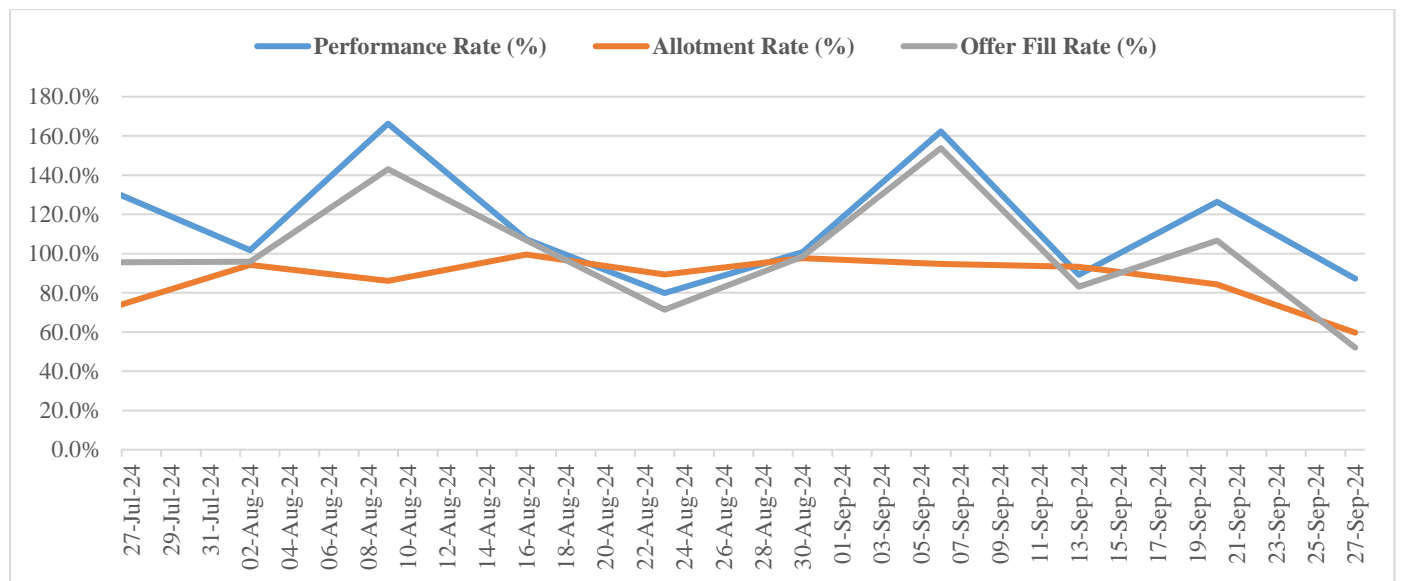
Overall subscription rates fell to 87.2% from 126.4% the previous week. Investors remained skewed on the 91-Day T-Bill and activity declined for all three T-Bills. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a ten-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the ninth 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 6.9 bn for the 91-Day T-Bill, implying a subscription rate of 172.98%. It accepted bids worth KES 3.4 bn at an average yield of 15.718% (-2.8 bps w/w).

The 182-Day T-Bill received bids worth KES 5.4 bn, implying a performance rate of 54.38%. It accepted bids worth KES 3.4 bn at an average yield of 16.589% (-2.7 bps w/w).

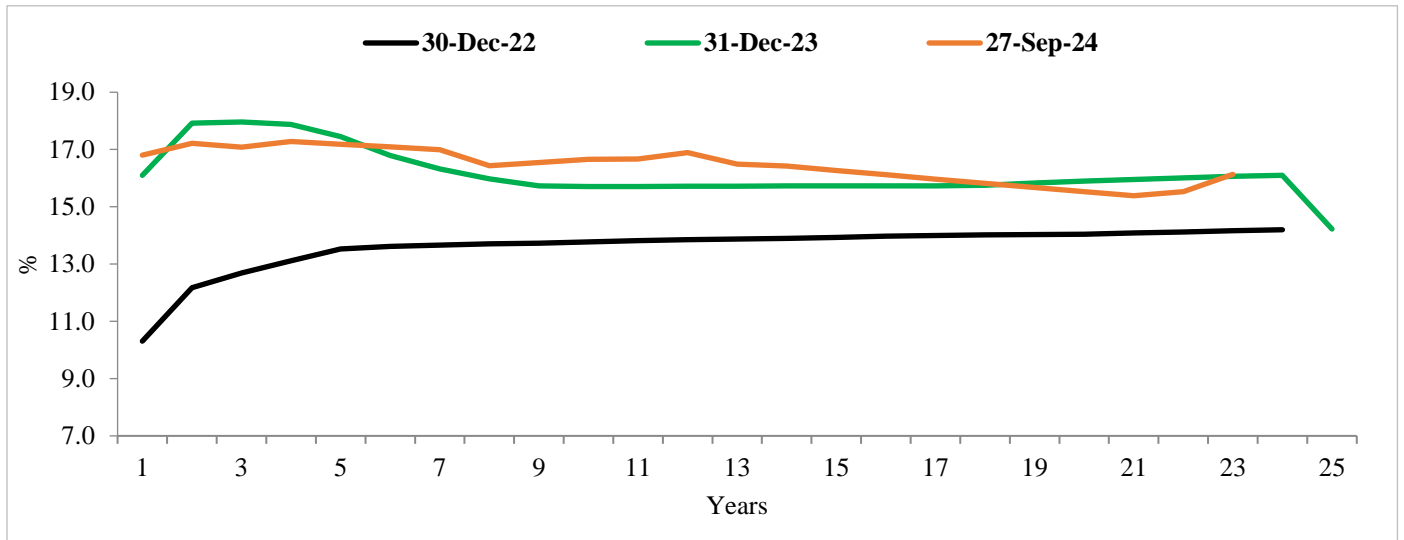
The 364-Day T-Bill received bids worth KES 8.6 bn, implying a performance rate of 85.67%. It accepted bids worth KES 5.8 bn at an average yield of 16.800% (-1.3 bps w/w).

T-Bills Performance rates decline from the previous week



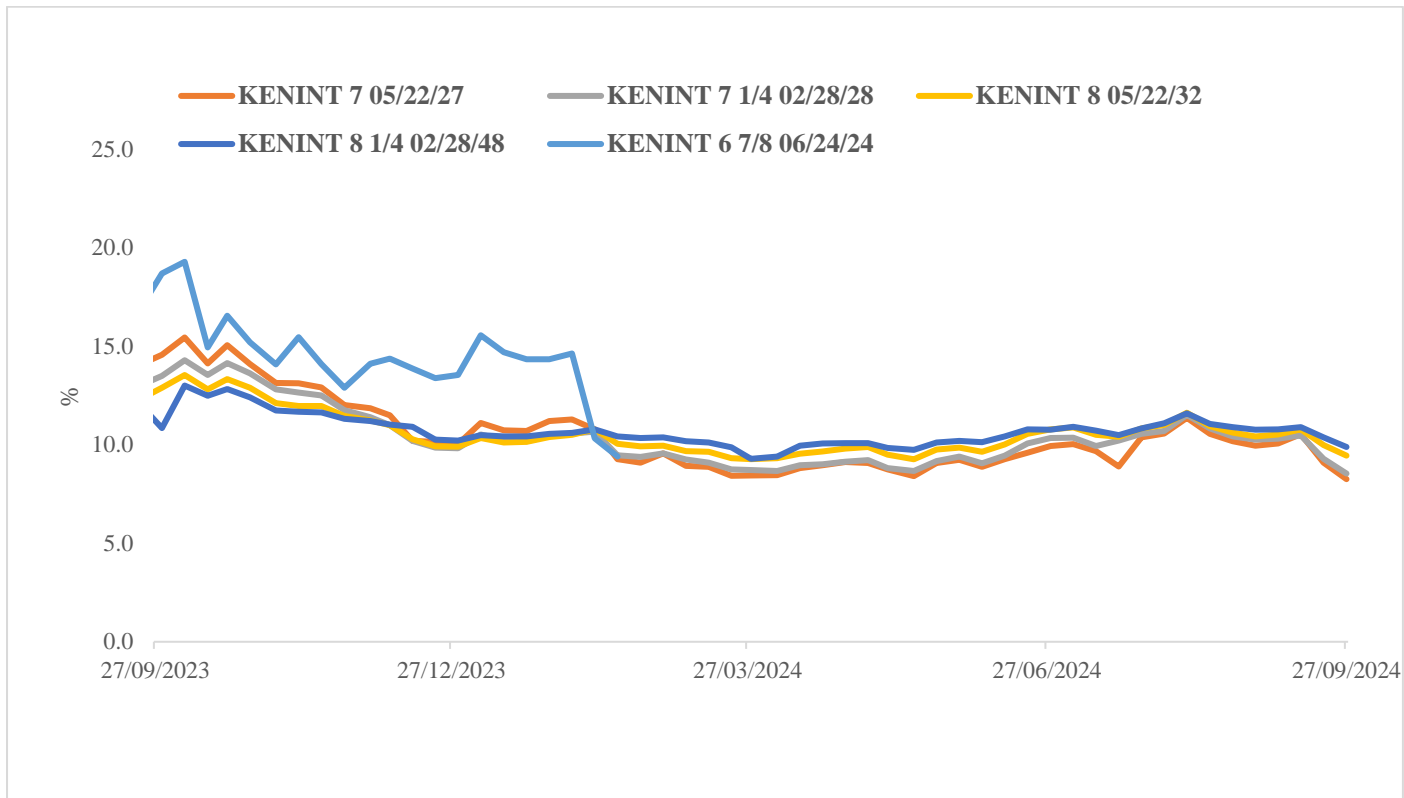
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields decline across all tenors for the second week successively.



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	15.05	8.3	4,667	35.8%	1.06	1.20	4.7	14.1	8.0	3.2	22.7	760,911
Equity Bank	Banking	Dec	49.20	33.65	43.45	29.1	1,269	9.7%	11.12	3.00	48.7	3.9	6.9	0.9	22.8	290,576
EA Breweries	Breweries	Jun	95.00	67.00	22.20	36.8	955	7.3%	-	1.75	27.1	-	1.1	5.8	-	120,617
Co-op Bank	Banking	Dec	15.05	10.20	13.25	16.2	602	4.6%	4.03	1.50	18.4	3.3	11.3	0.7	21.9	78,886
NCBA Bank	Banking	Dec	45.20	35.00	42.60	9.4	543	4.2%	13.17	2.75	53.7	3.2	6.5	0.8	24.5	32,141
Absa Bank	Banking	Dec	14.50	10.75	14.10	23.1	593	4.5%	2.19	1.55	12.0	6.4	11.0	1.2	18.3	63,010
KCB Bank	Banking	Dec	37.95	15.75	35.00	59.8	871	6.7%	13.30	-	68.1	2.6	-	0.5	19.5	236,855
StanChart Bank	Banking	Dec	212.00	150.50	206.25	27.3	603	4.6%	40.82	29.00	158.0	5.1	14.1	1.3	25.8	43,784
Stanbic Bank	Banking	Dec	130.00	100.25	118.50	9.0	363	2.8%	28.71	13.75	140.8	4.1	11.6	0.8	20.4	26,595
BAT Kenya	Tobacco	Dec	95.00	67.00	343.75	-15.6	266	2.0%	55.68	50.00	163.8	6.2	14.5	2.1	34.0	67,109
BK Group	Banking	Dec	37.00	30.15	33.50	-6.4	233	1.8%	10.48	3.28	46.8	3.2	9.8	0.7	22.4	49,683
I&M Holdings	Banking	Dec	34.24	16.75	23.60	34.9	302	2.3%	8.10	2.55	47.8	2.9	10.8	0.5	16.9	28,964
Umeme Ltd.	Power	Dec	4.11	4.00	16.30	1.9	205	1.6%	0.27	2.00	22.0	61.3	12.3	0.7	1.2	4,983
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	168	1.3%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	58.50	63.2	164	1.3%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	124,000
KenGen	Power	Jun	3.24	1.96	3.00	49.3	153	1.2%	0.49	-	41.6	6.1	-	0.1	1.2	17,934
Jubilee Insurance	Insurance	Dec	6.38	4.15	2.09	-7.0	96	0.7%	60.93	12.30	613.8	2.8	7.2	0.3	9.9	7,549
DTB Bank	Banking	Dec	55.75	43.25	49.25	9.3	107	0.8%	25.34	6.00	256.8	1.9	12.2	0.2	9.9	14,460
Britam	Insurance	Dec	6.38	4.15	6.00	25.3	117	0.9%	1.30	-	9.2	4.6	-	0.6	14.1	1,500
Total Oil	Oil	Dec	3.77	1.35	21.55	19.7	105	0.8%	4.80	1.31	48.0	4.5	6.1	0.4	10.0	2,690
Kakuzi	Agric	Dec	420.00	353.50	400.50	4.0	61	0.5%	23.25	24.00	303.5	17.2	6.0	1.3	7.7	1,042
CIC Insurance	Insurance	Dec	6.38	4.15	6.00	-6.7	42	0.3%	0.55	0.13	3.3	3.8	6.2	0.6	16.9	1,384
Centum Investment	Finance	Mar	9.44	7.88	9.02	7.4	46	0.4%	(8.95)	0.60	55.8	-	6.7	0.2	(16.1)	12,778
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	58.50	-15.3	33	0.3%	(0.20)	4.00	24.1	-	6.8	2.4	(0.8)	124,000
Kenya Re	Insurance	Dec	2.87	1.04	1.29	-31.4	28	0.2%	1.78	0.10	13.4	0.7	7.8	0.1	13.2	14,313
Sasini Tea & Coffee	Agric	Sept	25.00	16.85	16.85	-15.8	30	0.2%	3.11	1.00	61.7	5.4	5.9	0.3	5.0	429
Carbacid	Gases	July	24.10	14.55	22.20	48.0	44	0.3%	4.01	0.70	13.6	5.5	3.2	1.6	11.9	5,164
Nation Media	Media	Dec	22.00	14.30	16.15	-19.5	24	0.2%	(1.08)	1.49	43.1	-	9.2	0.4	(2.5)	629
Kenya Power	Power	Jun	3.77	1.35	3.50	146.5	53	0.4%	(0.89)	-	29.1	-	-	0.1	(3.0)	27,631
TPSEA Serena	Tourism	Dec	20.05	11.00	12.85	-21.9	18	0.1%	4.78	-	33.3	2.7	-	0.4	14.4	316
Liberty K. Holdings	Insurance	Dec	200.00	150.00	1.29	45.3	22	0.2%	0.15	-	15.9	35.1	-	0.3	1.0	157
BOC Kenya	Gases	Dec	95.00	67.00	79.00	-3.7	12	0.1%	10.14	5.95	85.1	7.8	7.5	0.9	11.9	2,492
NSE	Finance	Dec	6.62	5.44	5.76	-4.3	12	0.1%	0.05	0.20	7.1	108.9	3.5	0.8	0.7	1,004
Housing Finance	Banking	Dec	4.85	3.25	4.29	23.3	13	0.1%	1.18	4.00	20.5	3.6	93.2	0.2	5.8	61
Unga Ltd	Food	Jun	1.53	1.00	0.27	0.6	10	0.1%	(18.92)	-	58.3	-	-	0.3	(32.4)	152
Sanlam Kenya	Insurance	Dec	2.87	1.04	5.36	9.0	7	0.1%	(0.88)	-	3.9	-	-	1.7	(22.7)	1,384
Car & Gen	Motors	Sept	30.40	18.85	25.00	0.0	8	0.1%	(6.82)	3.20	135.8	-	12.8	0.2	(5.0)	72
Limuru Tea	Agric	Dec	380.00	365.00	365.00	-3.9	7	0.1%	3.38	1.00	80.9	107.9	0.3	4.5	4.2	46
WPP Scangroup	Media	Dec	2.72	1.90	2.28	4.6	8	0.1%	0.30	-	11.9	7.6	-	0.2	2.5	729
EA Portland	Cement	Jun	82.00	22.50	0.97	260.0	20	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	485
Standard Newspapers	Media	Dec	8.70	5.10	5.60	-27.6	4	0.0%	(10.05)	-	0.4	-	-	12.7	(2,284)	14
Longhorn	Publishing	Jun	2.7	2.01	2.60	7.9	5	0.0%	(2.45)	-	2.8	-	-	0.9	(88.1)	111
TransCentury	Finance	Dec	9.44	7.88	2.93	-11.5	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	482
Average												10.2	8.5	2.0	17.4	2,179,219

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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