

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.27	17.95	85.3%	BUY
Equity bank	54.37	48.00	13.3%	HOLD
KCB bank	74.22	45.05	64.8%	BUY
Co-op bank	18.33	16.05	14.2%	HOLD
ABSA bank	11.52	18.25	-36.9%	SELL
StanChart bank	245.66	279.50	-12.1%	HOLD
NCBA bank	40.63	48.20	-15.7%	SELL
I&M bank	38.37	35.50	8.1%	HOLD
Stanbic bank	118.55	143.50	-17.4%	SELL
DTB bank	109.36	69.75	56.8%	BUY
EABL	341.24	183.75	85.7%	BUY
BAT Kenya	411.34	362.00	13.6%	HOLD

Kenya Market Summary

Equity market commentary and outlook

- During the week, the NSE-20 maintained a two-day gaining streak. Kengen released their results for the six months ending 31st December 2024. Local investors led trading for the week at 60.2%, as foreign investors remained net sellers at USD 7.4m (KES 957.4m). Safaricom registered the highest net foreign outflows at USD 3.9m (KES 505.5m), while EABL marked the highest net foreign inflows at USD 0.1m (KES 17.3m). The Central Bank of Kenya lowered the Central Bank Rate by 50 bps to 10.75%.

Debt market commentary and outlook

- Total subscription rates rose to 296.6% from 56.1% the previous week. Investors remained skewed on the 364-Day T-Bill as activity improved for all three T-Bills. The yield on all three T-Bills fell, with that of the 91-Day T-Bill declining for the twenty-ninth week repeatedly, and that of the 182-Day T-Bill maintained a three-week decline.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	2,194.5	32.2%	29.9%	44.9%	52.0%	43.0%	9.1%
Kenya NASI	129.6	23.8%	21.6%	39.6%	51.1%	25.7%	4.9%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	1.3%	-1.0%	11.7%	13.4%	38.3%	-41.5%
Johannesburg Index	2.8%	5.8%	-9.7%	10.1%	13.8%	-14.5%
Nigeria Stock Exchange	1.3%	2.3%	17.3%	-6.5%	-10.8%	3.8%
Ghana Stock Exchange	-0.4%	2.6%	17.7%	-0.9%	11.3%	-23.1%
Egyptian Stock Exchange	-0.1%	2.6%	-8.2%	8.7%	-36.5%	55.3%
MSCI EFM ex SA Index	0.0%	2.5%	-0.8%	3.2%	2.3%	-5.2%

Other market statistics

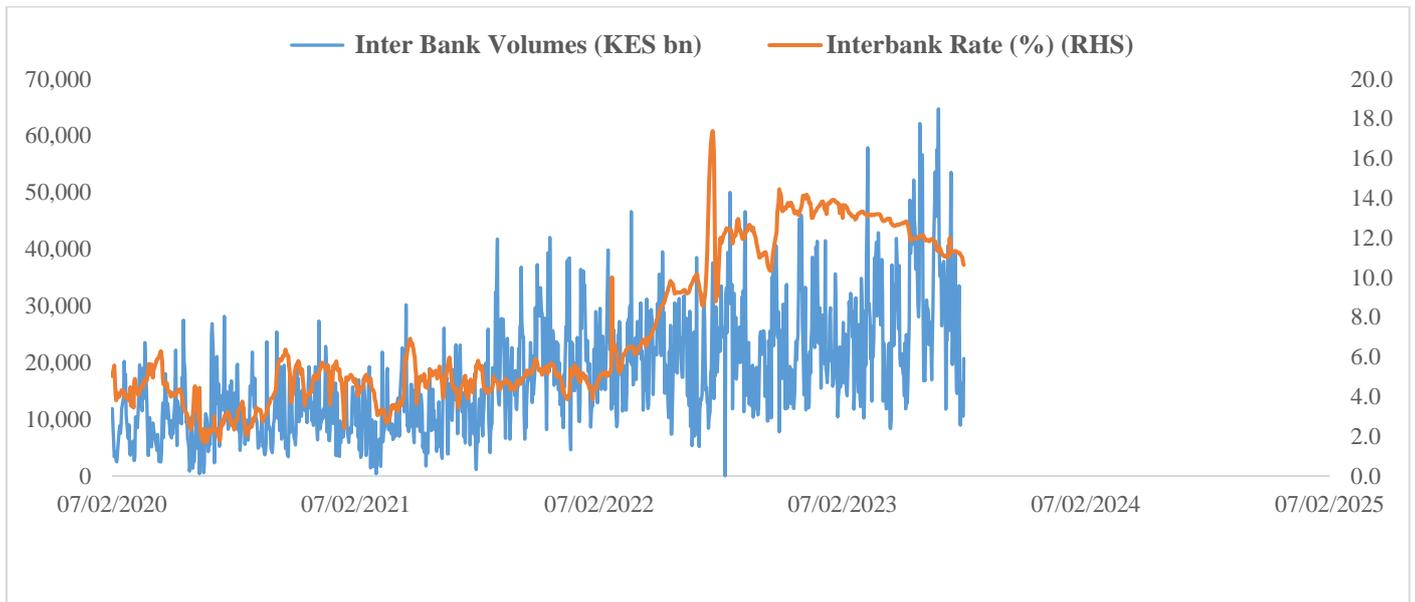
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.10	0.0%	0.1%	-0.1%	0.2%	11.1%	0.1%
USD/ZAR	18.40	1.4%	3.7%	-4.6%	-0.4%	2.5%	1.7%
USD/EGP	50.30	-0.1%	0.5%	-2.1%	-2.1%	-62.8%	0.9%
USD/NGN	1498.71	0.1%	3.2%	10.2%	6.2%	-0.2%	3.0%
USD/GHS	15.45	-0.7%	-4.6%	5.6%	0.9%	-23.9%	-5.1%

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	1045.4	-505.5	65.8%	4.4%	5.3%	-7.0%	38.1%
KCB Bank	551.2	-311.3	33.7%	5.4%	8.3%	-1.6%	137.1%
Equity Bank	401.8	-143.6	23.4%	1.7%	-0.6%	-4.0%	29.0%
Kenya Power	86.5	0.3	1.4%	-7.9%	44.7%	-7.9%	386.7%
Coop Bank	84.7	12.1	7.5%	-3.0%	-2.4%	-9.8%	33.8%

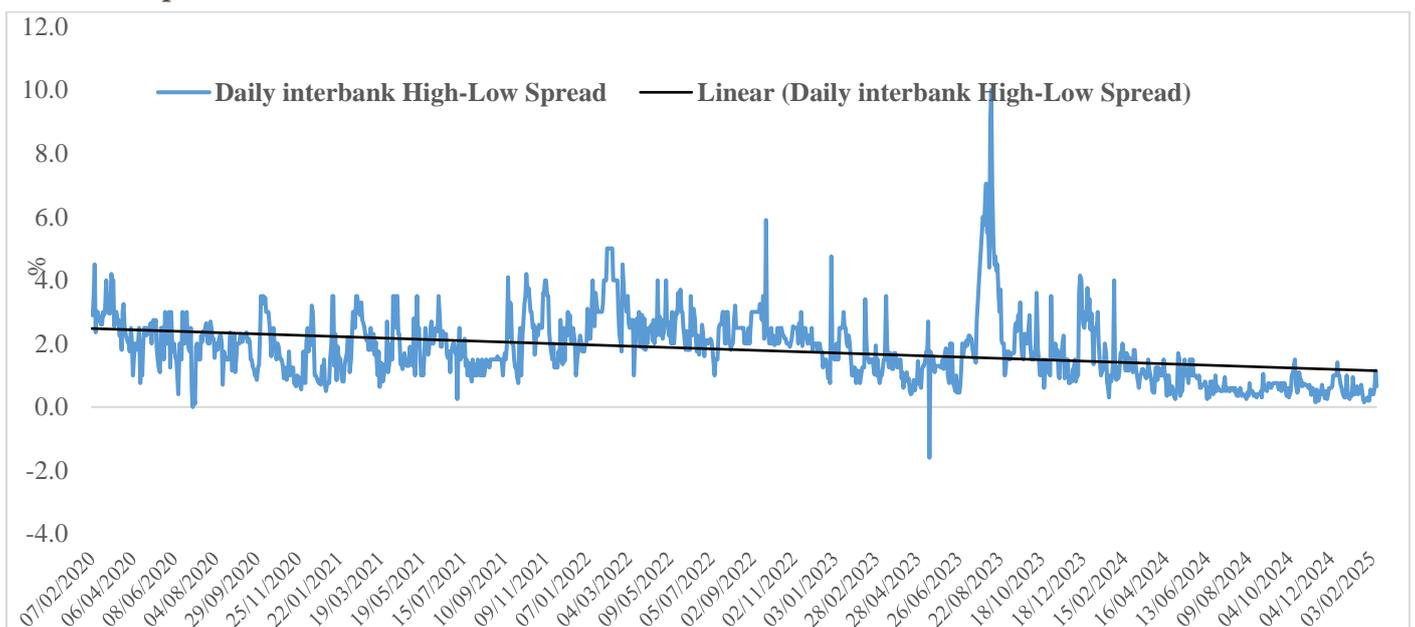
Key Rates and Spreads

Inter-bank Rates sustain a three-week decline.



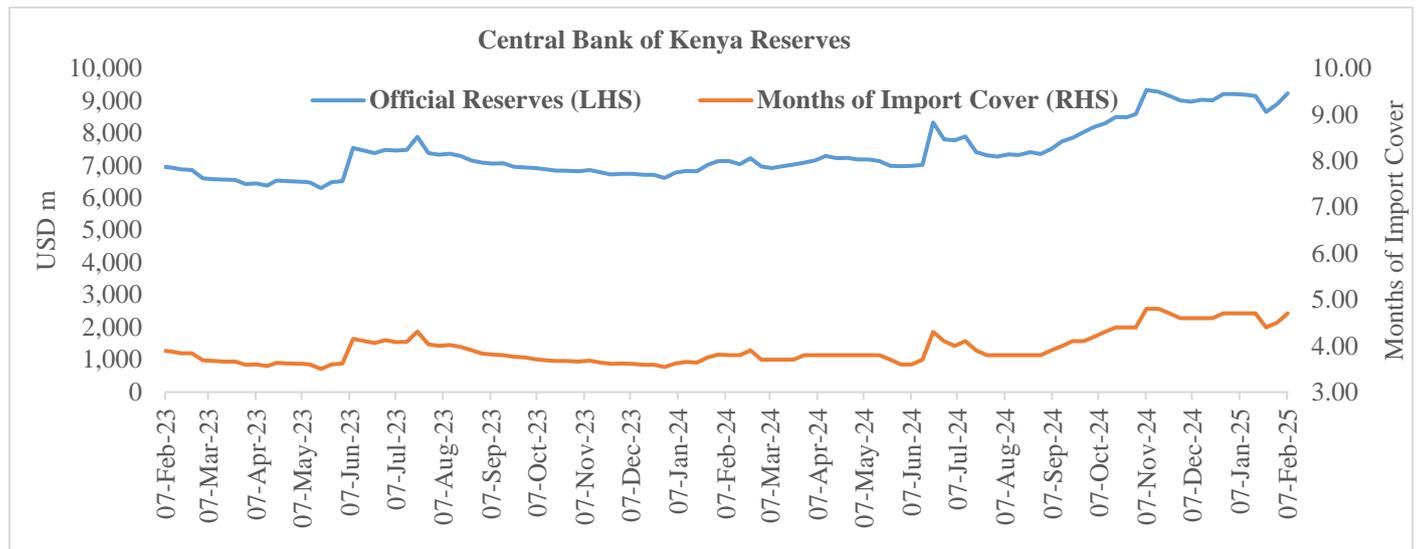
Source: CBK

Interbank spreads widen for the second week.



Source: CBK

Months of import cover and CBK FX improved for the second week straight.

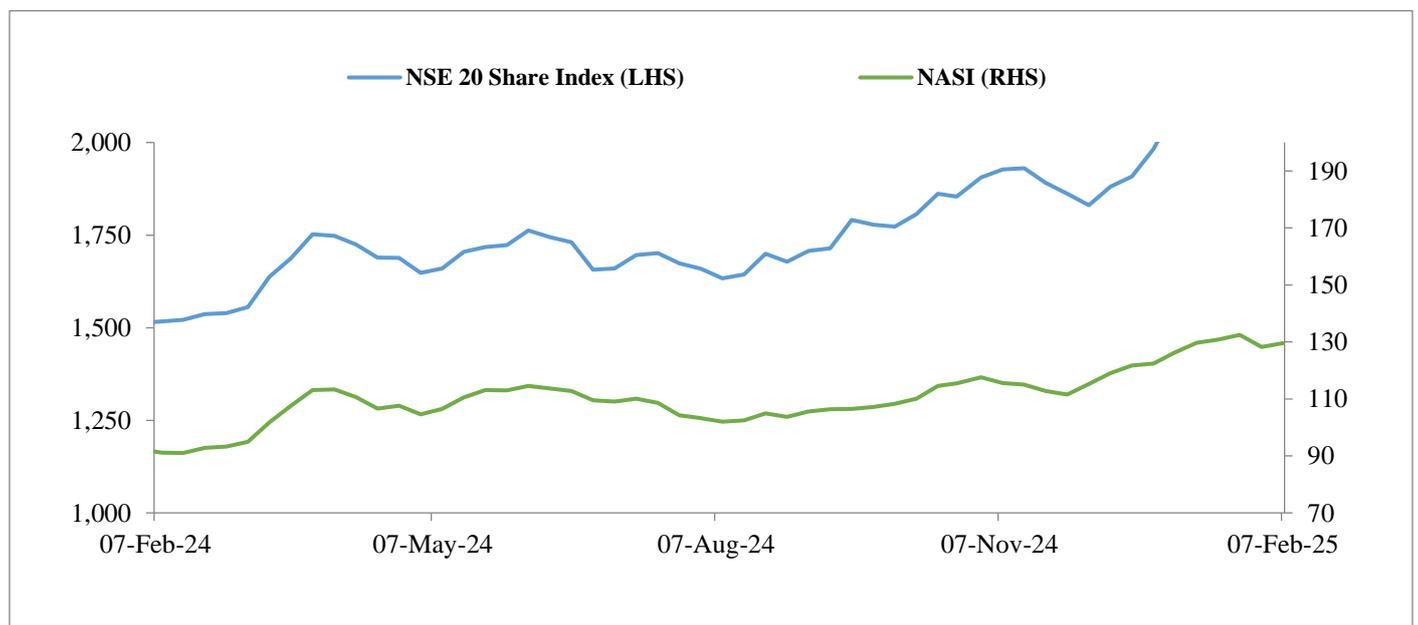


Source: CBK

Equity market trading commentary

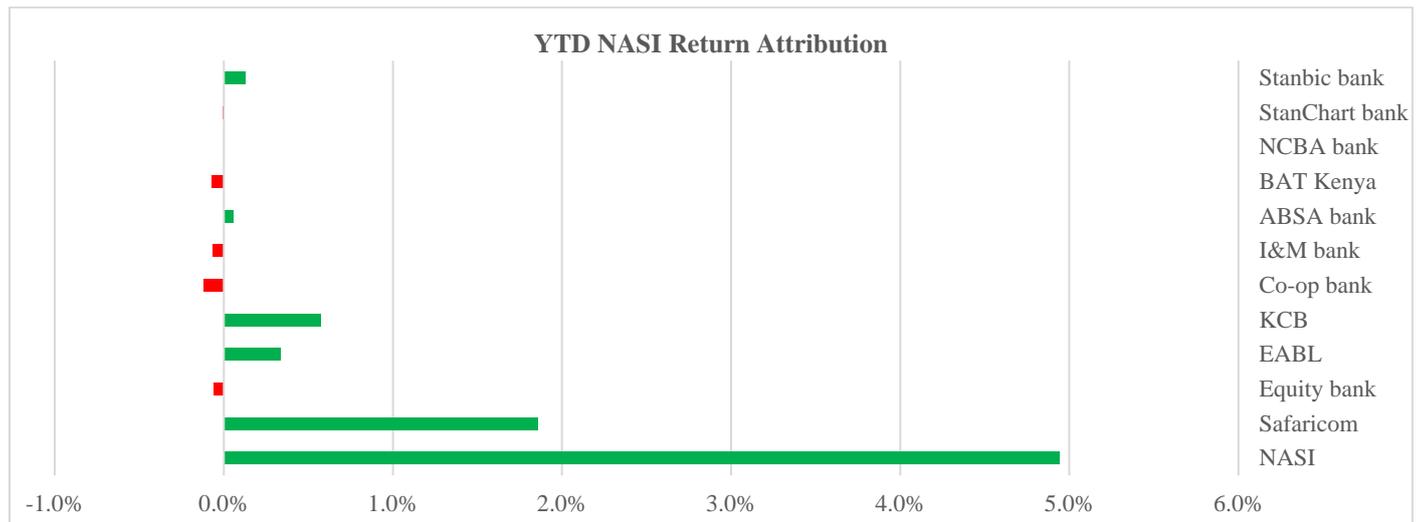
Total market turnover upsurged by 20.9% to close at USD 20.9m (KES 2.7bn). The NASI edged up by 1.0% to conclude at 129.58, as the NSE 20 recovered 1.5% to end at 2,194.48. Local investors led trading for the week at 60.2%, as foreign investors remained net sellers at USD 7.4m (KES 957.4m). Safaricom registered the highest net foreign outflows at USD 3.9m (KES 505.5m), while EABL marked the highest net foreign inflows at USD 0.1m (KES 17.3m).

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

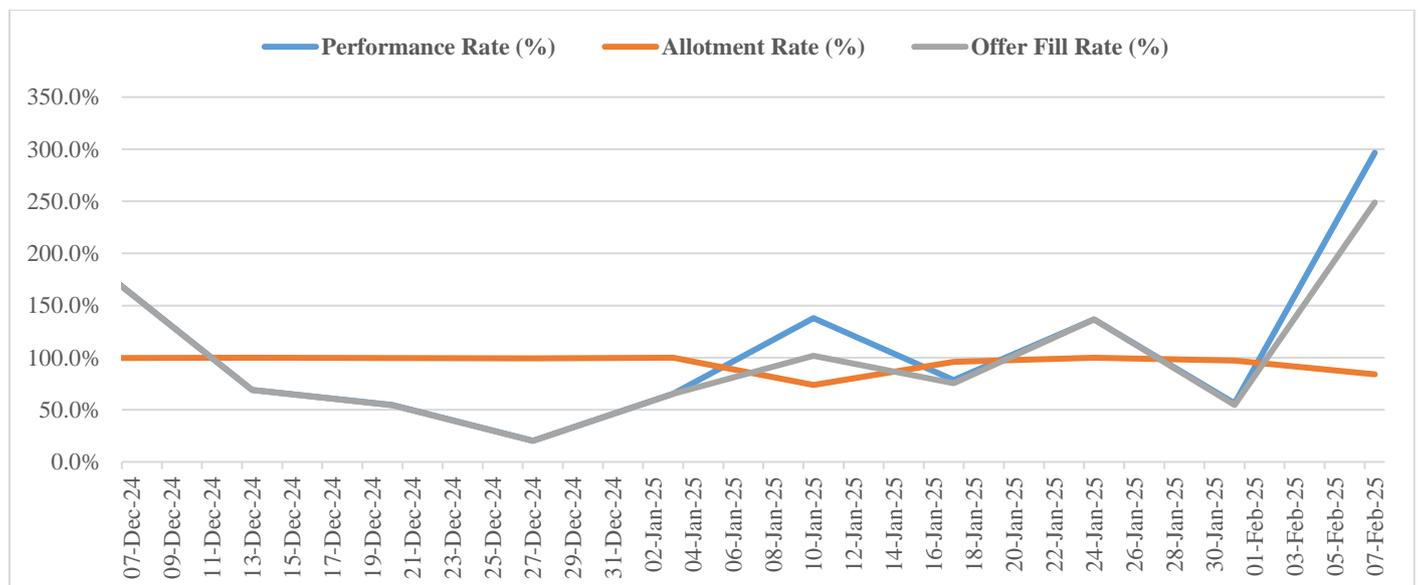
Total subscription rates rose to 296.6% from 56.1% the previous week. Investors remained skewed on the 364-Day T-Bill as activity improved for all three T-Bills. The yield on all three T-Bills fell, with that of the 91-Day T-Bill declining for the twenty-ninth week repeatedly, and that of the 182-Day T-Bill maintained a three-week decline.

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 10.0bn for the 91-Day T-Bill, implying a subscription rate of 250.0%. It accepted bids worth KES 10.0bn at an average yield of 9.116% (-40.63 bps w/w).

The 182-Day T-Bill received bids worth KES 24.0bn, implying a performance rate of 239.98%. It accepted bids worth KES 15.1bn at an average yield of 9.519% (-50.85 bps w/w).

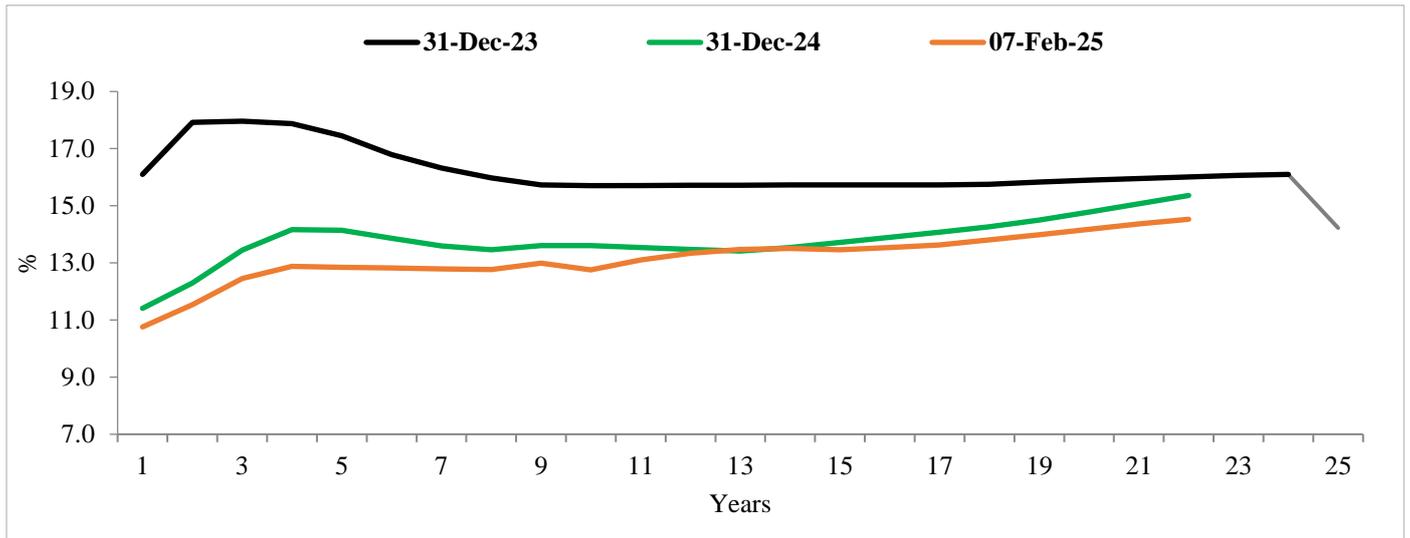
The 364-Day T-Bill received bids worth KES 37.2bn, implying a performance rate of 371.85%. It accepted bids worth KES 34.7bn at an average yield of 10.758% (-55.51bps w/w).

T-Bills Performance rates



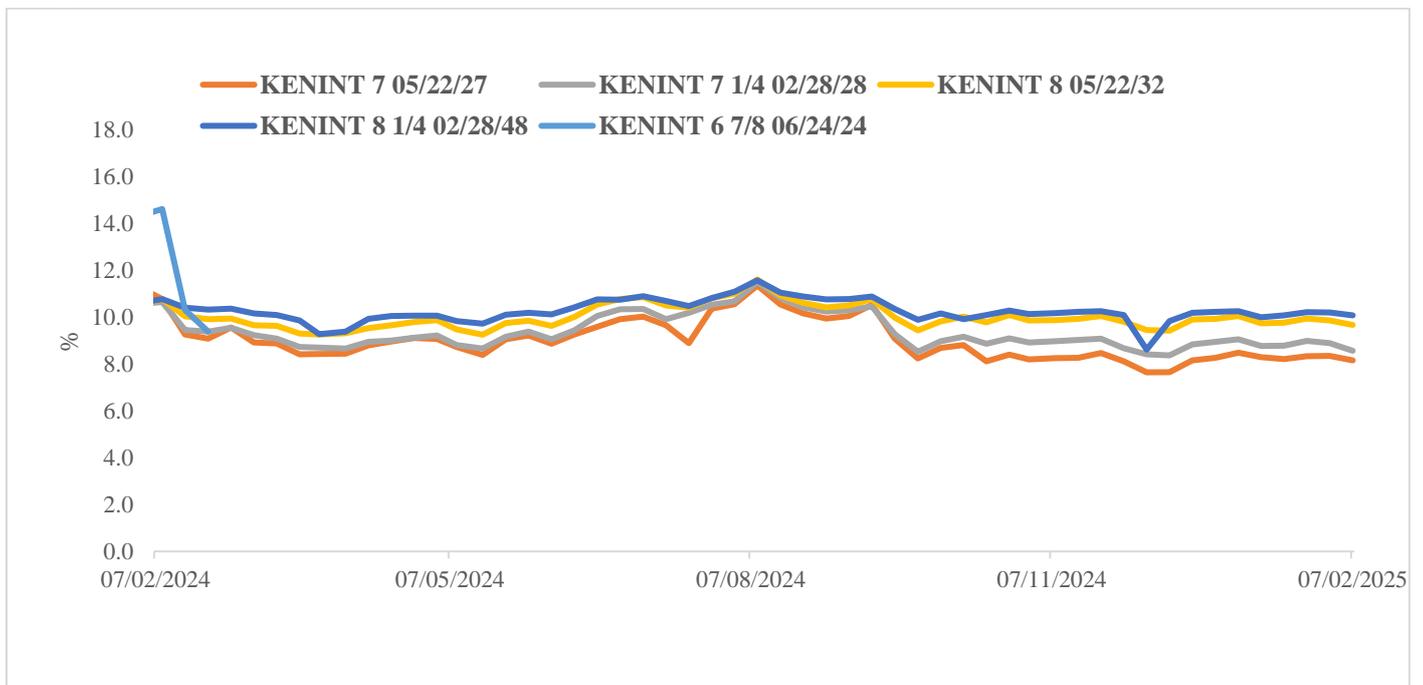
Source: CBK

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	13.00	17.95	5.3	5,565	35.2%	1.06	1.20	4.7	16.9	6.7	3.8	22.7	1,158,663
Equity Bank	Banking	Dec	50.00	37.20	48.00	-0.6	1,402	8.9%	20.58	4.00	48.7	2.3	8.3	1.0	42.2	398,754
EA Breweries	Breweries	Jun	199.75	105.00	183.75	4.7	1,124	7.1%	15.46	7.50	27.1	11.9	4.1	6.8	57.1	224,717
Co-op Bank	Banking	Dec	17.80	12.00	16.05	-2.4	729	4.6%	6.91	1.50	18.4	2.3	9.3	0.9	37.5	56,801
NCBA Bank	Banking	Dec	51.00	36.30	48.20	0.0	614	3.9%	13.30	3.00	53.7	3.6	6.2	0.9	24.8	26,224
Absa Bank	Banking	Dec	19.10	11.95	18.25	1.1	767	4.8%	3.46	1.55	12.0	5.3	8.5	1.5	28.8	68,409
KCB Bank	Banking	Dec	45.80	19.00	45.05	8.3	1,120	7.1%	15.79	1.50	68.1	2.9	3.3	0.7	23.2	360,141
StanChart Bank	Banking	Dec	302.50	161.25	279.50	-0.1	817	5.2%	38.05	37.00	158.0	7.3	13.2	1.8	24.1	57,932
Stanbic Bank	Banking	Dec	157.00	108.25	143.50	4.6	439	2.8%	31.16	15.00	140.8	4.6	10.5	1.0	22.1	69,511
BAT Kenya	Tobacco	Dec	425.00	331.75	362.00	-3.7	280	1.8%	48.82	54.02	163.8	7.4	14.9	2.2	29.8	23,700
BK Group	Banking	Dec	37.00	30.15	35.45	8.9	246	1.6%	10.26	3.28	46.8	3.5	9.3	0.8	21.9	12,648
I&M Holdings	Banking	Dec	36.55	17.15	35.50	-2.1	478	3.0%	8.06	3.85	45.5	4.4	10.8	0.8	17.7	36,500
Umeme Ltd.	Power	Dec	17.45	13.35	17.00	1.5	214	1.3%	0.26	0.92	22.0	65.0	5.4	0.8	1.2	2,731
Kenya Airways	Airlines	Dec	8.50	3.83	5.48	43.1	241	1.5%	2.63	-	(14.7)	2.1	-	-	-	13,437
Bamburi Cement	Cement	Dec	82.00	38.70	57.75	5.0	162	1.0%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	2,342,495
KenGen	Power	Jun	4.73	1.99	4.52	24.2	231	1.5%	1.03	0.65	41.6	4.4	14.4	0.1	2.5	56,436
Jubilee Insurance	Insurance	Dec	205.00	150.00	200.00	15.3	112	0.7%	67.32	12.00	613.8	3.0	6.0	0.3	11.0	15,369
DTB Bank	Banking	Dec	70.00	43.25	69.75	1.1	151	1.0%	29.76	6.00	256.8	2.3	8.6	0.3	11.6	33,665
Britam	Insurance	Dec	8.54	4.48	7.00	20.7	137	0.9%	1.45	-	9.2	4.8	-	0.8	15.6	26,733
Total Oil	Oil	Dec	23.75	16.50	22.00	10.0	107	0.7%	5.12	1.92	48.0	4.3	8.7	0.5	10.7	1,553
Kakuzi	Agric	Dec	440.00	353.50	400.00	3.9	61	0.4%	34.98	24.00	303.5	11.4	6.0	1.3	11.5	388
CIC Insurance	Insurance	Dec	2.81	1.98	2.78	29.3	56	0.4%	0.55	-	3.3	5.0	-	0.9	16.9	3,283
Centum Investment	Finance	Mar	12.20	7.88	12.20	23.5	63	0.4%	(8.95)	0.32	55.8	-	2.6	0.2	(16.1)	10,239
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	40.05	29.50	31.05	-5.6	34	0.2%	(0.47)	4.00	24.1	-	6.9	2.4	(2.0)	325
Kenya Re	Insurance	Dec	2.87	1.04	1.69	32.0	37	0.2%	1.78	0.30	13.4	1.0	17.8	0.1	13.2	55,416
Sasini Tea & Coffee	Agric	Sept	22.00	14.40	15.50	3.3	27	0.2%	3.11	0.50	61.7	5.0	3.2	0.3	5.0	1,955
Carbacid	Gases	July	24.10	15.00	20.00	-4.5	39	0.2%	4.01	1.70	13.6	5.0	8.5	1.5	29.4	6,703
Nation Media	Media	Dec	22.00	11.75	13.75	-4.5	20	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	2,727
Kenya Power	Power	Jun	7.56	1.43	6.96	44.7	105	0.7%	20.36	0.90	29.1	0.3	12.9	0.2	69.9	73,838
TPSEA Serena	Tourism	Dec	20.05	11.75	15.95	7.0	22	0.1%	8.08	-	33.3	2.0	-	0.5	24.3	349
Liberty K. Holdings	Insurance	Dec	8.00	4.81	7.24	8.4	30	0.2%	2.04	0.37	15.9	3.6	5.1	0.5	12.8	3,581
BOC Kenya	Gases	Dec	95.00	67.00	80.00	-9.9	12	0.1%	10.73	8.55	85.1	7.5	10.7	0.9	12.6	11,255
NSE	Finance	Dec	6.84	5.44	6.68	11.3	13	0.1%	0.21	0.16	7.1	31.7	2.4	0.9	3.0	8,982
Housing Finance	Banking	Dec	9.42	3.61	8.00	77.4	117	0.7%	0.25	-	4.2	31.9	-	1.9	6.0	70,819
Unga Ltd	Food	Jun	21.40	11.45	21.40	42.7	13	0.1%	(18.92)	-	58.3	-	-	0.4	(32.4)	370
Sanlam Kenya	Insurance	Dec	7.20	3.90	6.52	31.7	7	0.0%	2.27	-	3.9	2.9	-	1.7	58.6	452
Car & Gen	Motors	Sept	30.40	18.85	22.90	0.7	7	0.0%	(7.68)	-	135.8	-	-	0.2	(5.7)	474
Limuru Tea	Agric	Dec	380.00	301.00	301.00	-14.0	6	0.0%	0.11	1.00	80.9	-	0.3	3.7	0.1	215
WPP Scangroup	Media	Dec	3.87	1.90	3.78	52.4	13	0.1%	0.06	-	11.9	59.5	-	0.3	0.5	1,258
EA Portland	Cement	Jun	50.75	4.46	30.45	-0.5	21	0.1%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,676
Standard Newspapers	Media	Dec	7.76	4.51	6.38	27.1	4	0.0%	(10.05)	-	0.4	-	-	14.5	(2,284)	169
Longhorn	Publishing	Jun	3.2	2.02	3.20	39.1	7	0.0%	(2.45)	-	2.8	-	-	1.2	(88.1)	151
TransCentury	Finance	Dec	1.62	0.32	1.35	246.2	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	4,058
Average												13.0	8.1	2.4	25.2	5,259,436

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