

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	40.45	8.0%	HOLD
KCB bank	47.26	30.80	53.4%	BUY
Co-op bank	20.46	12.85	59.2%	BUY
ABSA bank	12.89	14.00	-7.9%	HOLD
StanChart bank	138.26	189.75	-27.1%	SELL
NCBA bank	40.68	39.05	4.2%	HOLD
I&M bank	33.32	20.65	61.4%	BUY
Stanbic bank	108.85	116.50	-6.6%	HOLD
DTB bank	116.13	46.00	152.5%	BUY
EABL	151.28	155.25	-2.6%	HOLD
Bamburi Cement	44.37	62.50	-29.0%	SELL
BAT Kenya	460.00	349.00	31.8%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, EABL touched a two-week high on increased local demand, after they announced a KES 7.00 dividend. Safaricom traded close to a five-day high owing to increased local demand as the NASI sustained a three-day losing streak. Equity Bank registered the highest net foreign outflows for the week at USD 2.3m (KES 299.1m) while EABL marked the highest net foreign inflows at USD 0.6m (KES 76.2m).

Debt market commentary and outlook

- Overall subscription rates fell to 101.7% from 131.9% the preceding week. Investors remained skewed on the 91-Day T-Bill and activity improved only for the 182-Day T-Bill while declining for the 91-Day T-Bill and the 364-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a two-week losing streak as the yield on the 182-Day T-Bill and the 364-Day T-Bill shrunk, breaking a thirteen-week winning streak.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,659.0	-0.1%	-1.8%	9.6%	14.9%	8.1%	10.5%
Kenya NASI	103.3	-1.4%	-3.1%	11.3%	20.4%	0.2%	12.1%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.1%	-6.4%	2.2%	38.0%	7.0%	34.6%
Johannesburg Index	-0.6%	-0.8%	6.8%	12.1%	5.4%	4.7%
Nigeria Stock Exchange	-1.5%	-7.8%	-15.3%	-18.1%	-29.1%	-26.3%
Ghana Stock Exchange	1.8%	15.0%	11.3%	14.8%	5.3%	12.6%
Egyptian Stock Exchange	0.2%	2.1%	10.8%	-34.4%	7.0%	-24.4%
MSCI EFM ex SA Index	-0.5%	-1.2%	2.0%	2.9%	1.8%	50.0%

Other market statistics

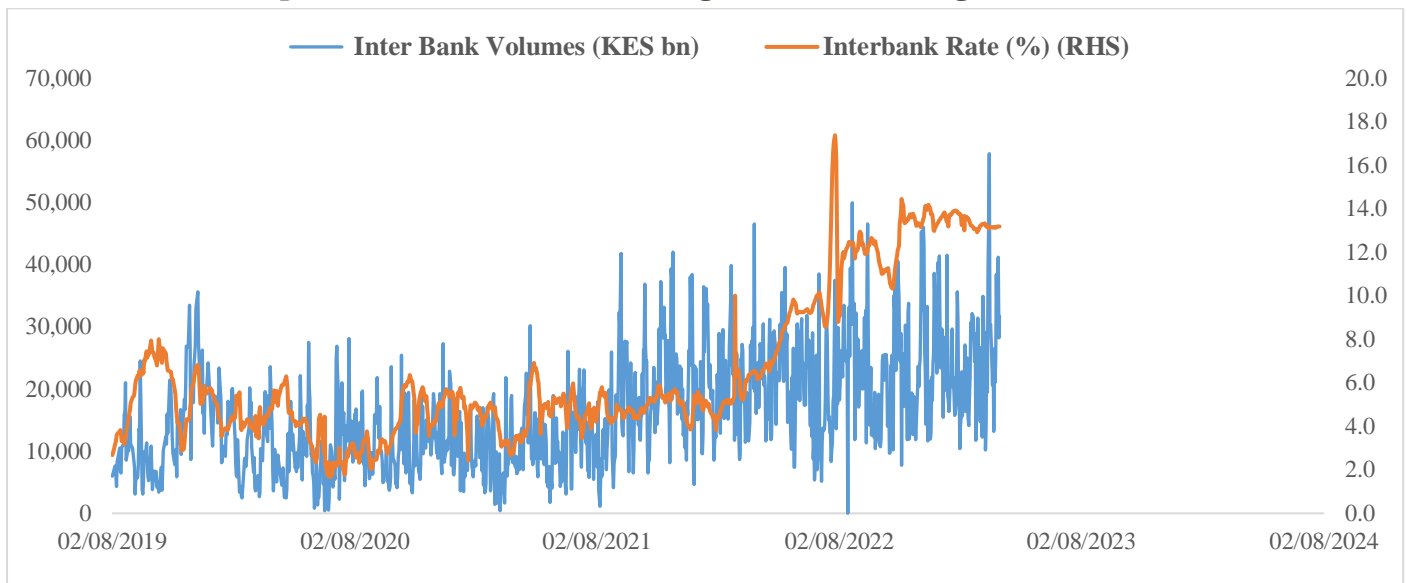
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.96	0.9%	-1.2%	3.3%	24.0%	10.1%	20.7%
USD/ZAR	18.27	0.1%	-0.5%	1.3%	3.5%	1.1%	0.5%
USD/EGP	48.69	-0.7%	-1.4%	-1.6%	-36.6%	-36.5%	-36.5%
USD/NGN	1620.00	-1.2%	-5.8%	-14.6%	-12.7%	-52.8%	-43.7%
USD/GHS	15.55	-0.3%	-1.1%	-11.6%	-20.6%	-28.0%	-23.2%

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	416.5	-299.1	-71.8%	-2.1%	20.2%	-17.8%	-6.6%
Safaricom	407.3	-137.4	-33.7%	-0.3%	8.3%	-22.0%	-11.7%
EABL	125.6	76.2	60.7%	1.6%	36.2%	-3.0%	3.5%
KCB Bank	95.3	22.1	23.2%	-3.1%	40.6%	-18.8%	-9.8%
Coop Bank	48.7	-0.1	-0.1%	-0.4%	12.7%	-14.6%	-0.8%

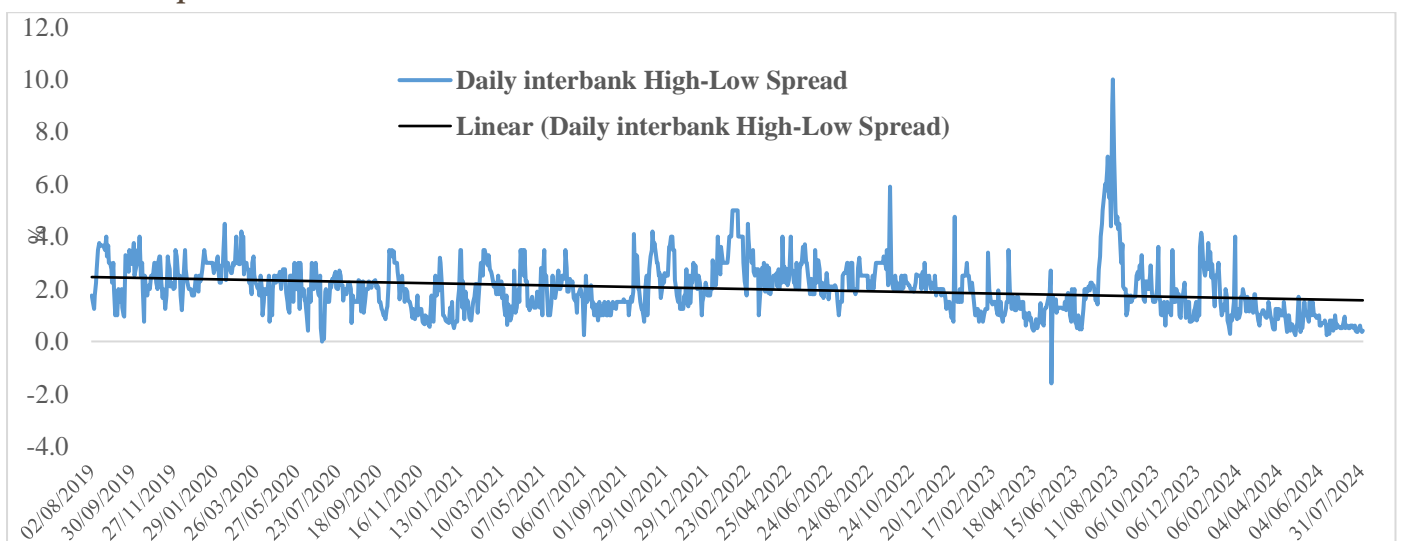
Key Rates and Spreads

Inter-bank Rates improve week-on-week, sustaining a 3-week climbing streak.



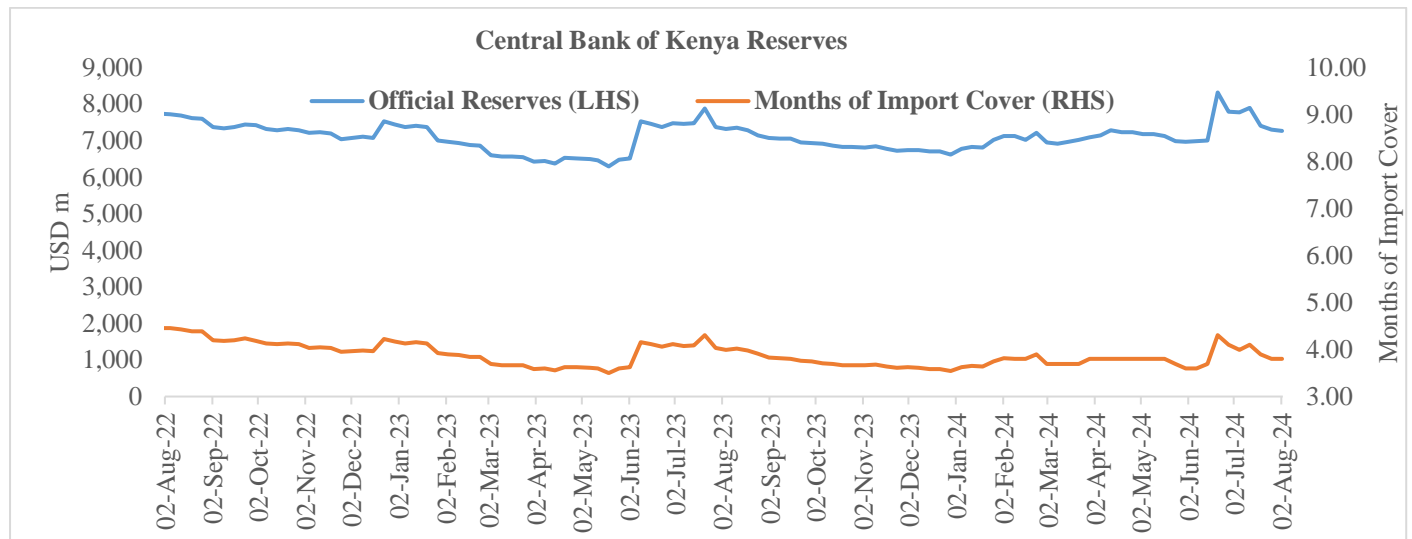
Source: CBK

Inter-bank Spreads widen week-on-week.



Source: CBK

Months of import cover and CBK FX sustain a three-week losing streak.



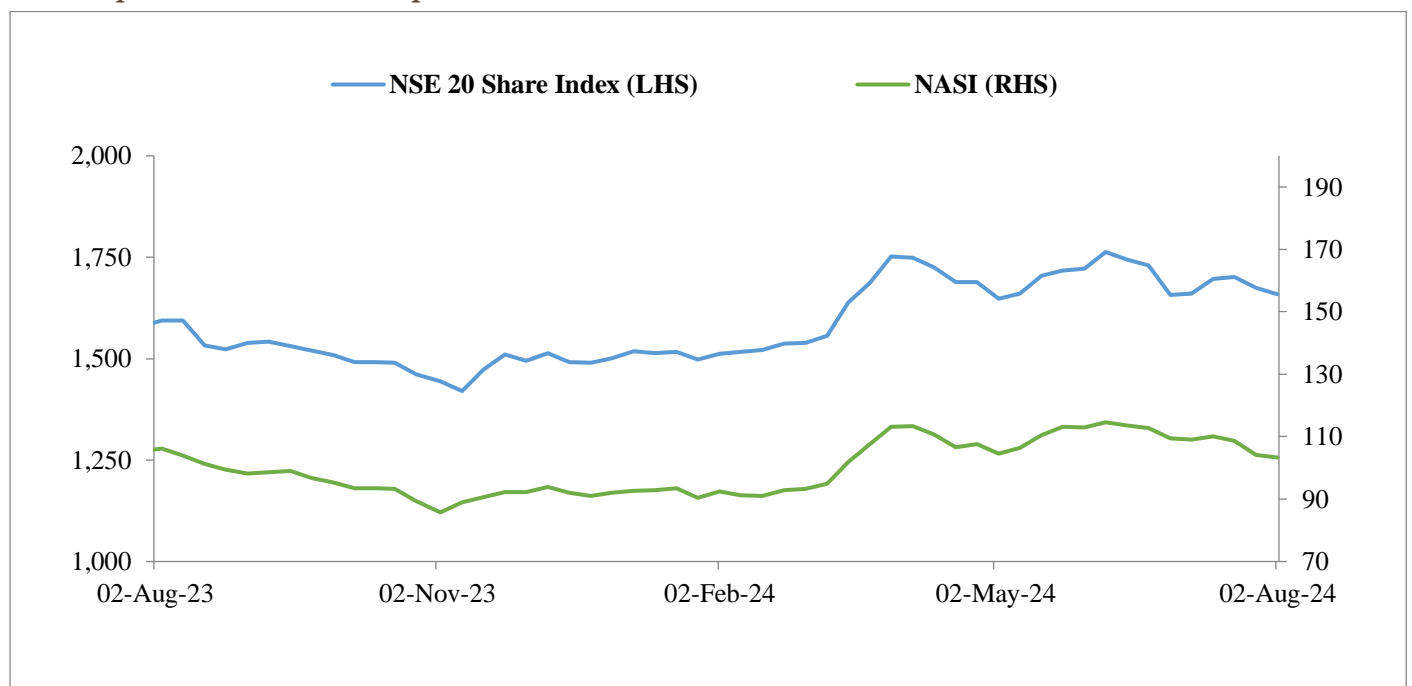
Source: CBK

Equity market trading commentary

Market turnover fell by 23.8%, breaking a four-week climbing streak, settling at USD 9.4m (KES 1.2 bn). The NASI retreated further by 0.9% to conclude at 103.26 while the NSE 20 shed 1.9% to settle at 1,658.96, sustaining a two-week losing streak. Foreign investors remained net sellers for the fourth straight week at USD 2.6m (KES 333.8m). Equity Bank registered the highest net foreign outflows for the week at USD 2.3m (KES 299.1m) while EABL marked the highest net foreign inflows at USD 0.6m (KES 76.2m).

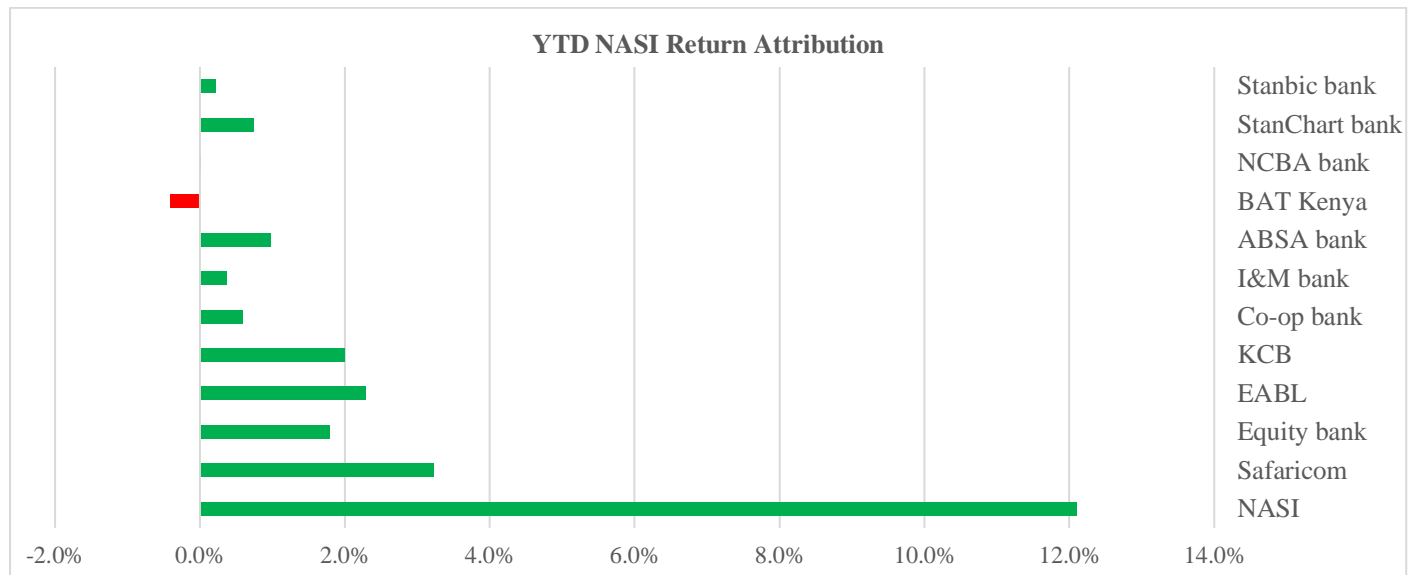
During the week, EABL touched a two-week high on increased local demand, after they announced a KES 7.00 dividend while Safaricom traded close to a five-day high owing to increased local demand as the NASI sustained a three-day losing streak.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

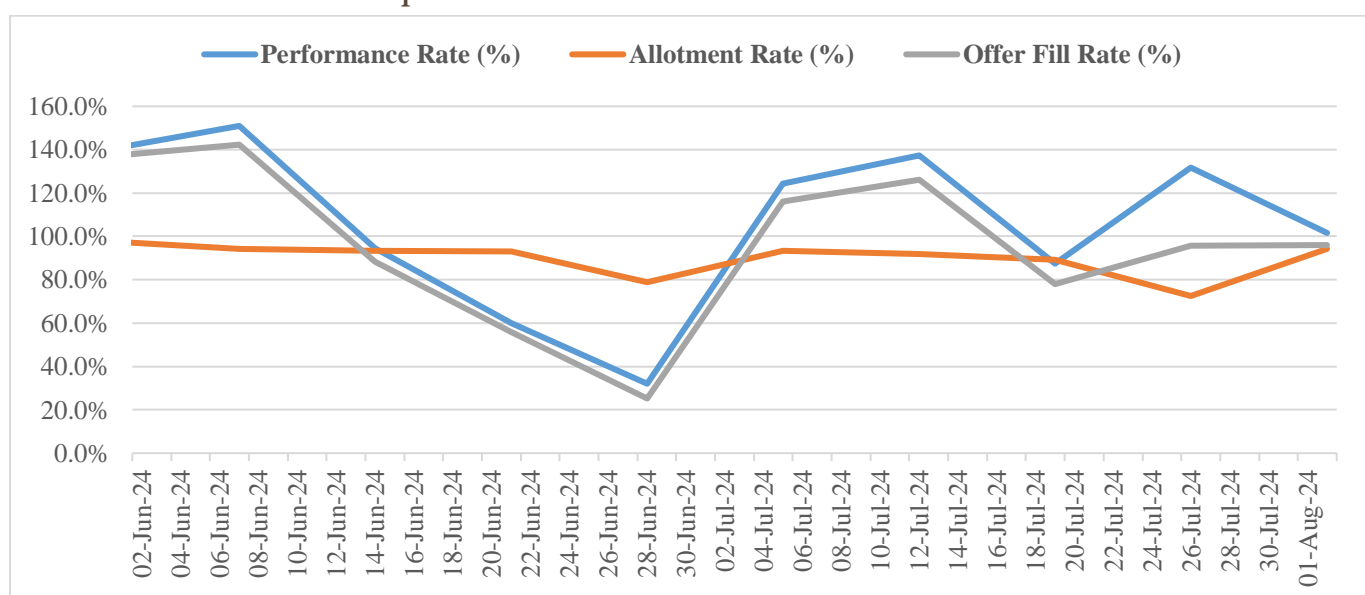
Overall subscription rates fell to 101.7% from 131.9%. Investors remained skewed on the 91-Day T-Bill and activity improved only for the 182-Day T-Bill while declining for the 91-Day T-Bill and the 364-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a two-week losing streak as the yield on the 182-Day T-Bill and the 364-Day T-Bill shrunk, breaking a thirteen-week winning streak.

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 14.9 bn for the 91-Day T-Bill, implying a subscription rate of 371.48%. It accepted bids worth KES 13.6 bn at an average yield of 15.988% (-1.2 bps w/w).

The 182-Day T-Bill received bids worth KES 8.5bn, implying a performance rate of 84.70%. It accepted bids worth KES 8.5bn at an average yield of 16.850% (-0.04 bps w/w).

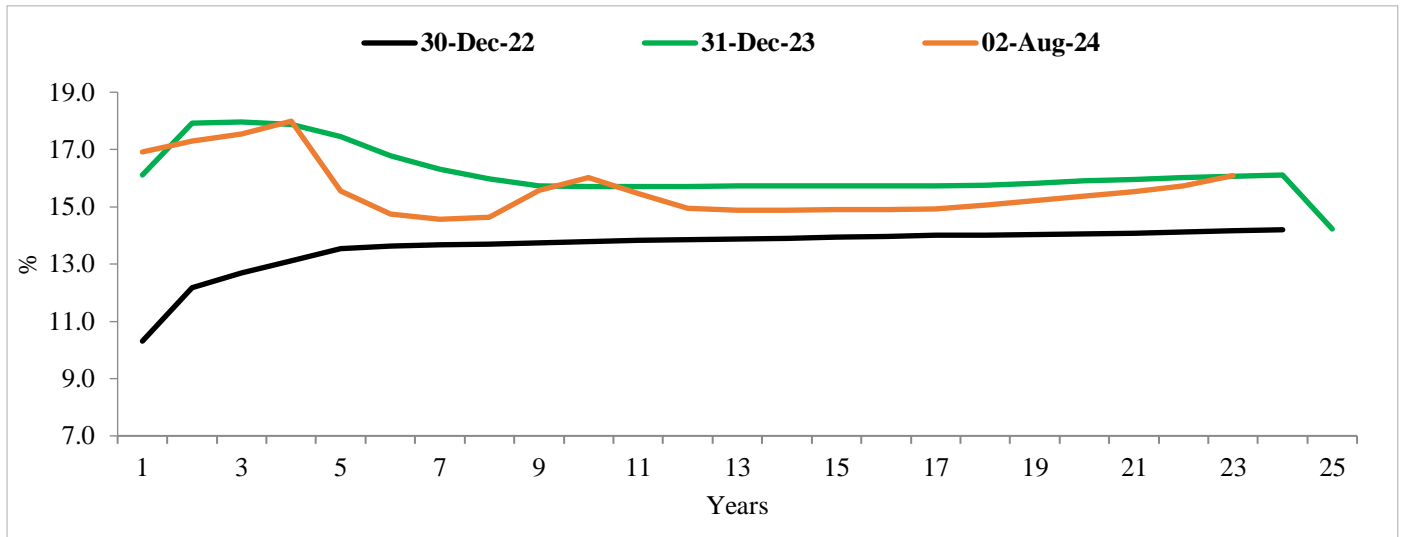
The 364-Day T-Bill received bids worth KES 1.1bn, implying a performance rate of 10.76%. It accepted bids worth KES 0.9 bn at an average yield of 16.921% (-0.1 bps w/w).

T-Bills Performance rates improve week-on-week



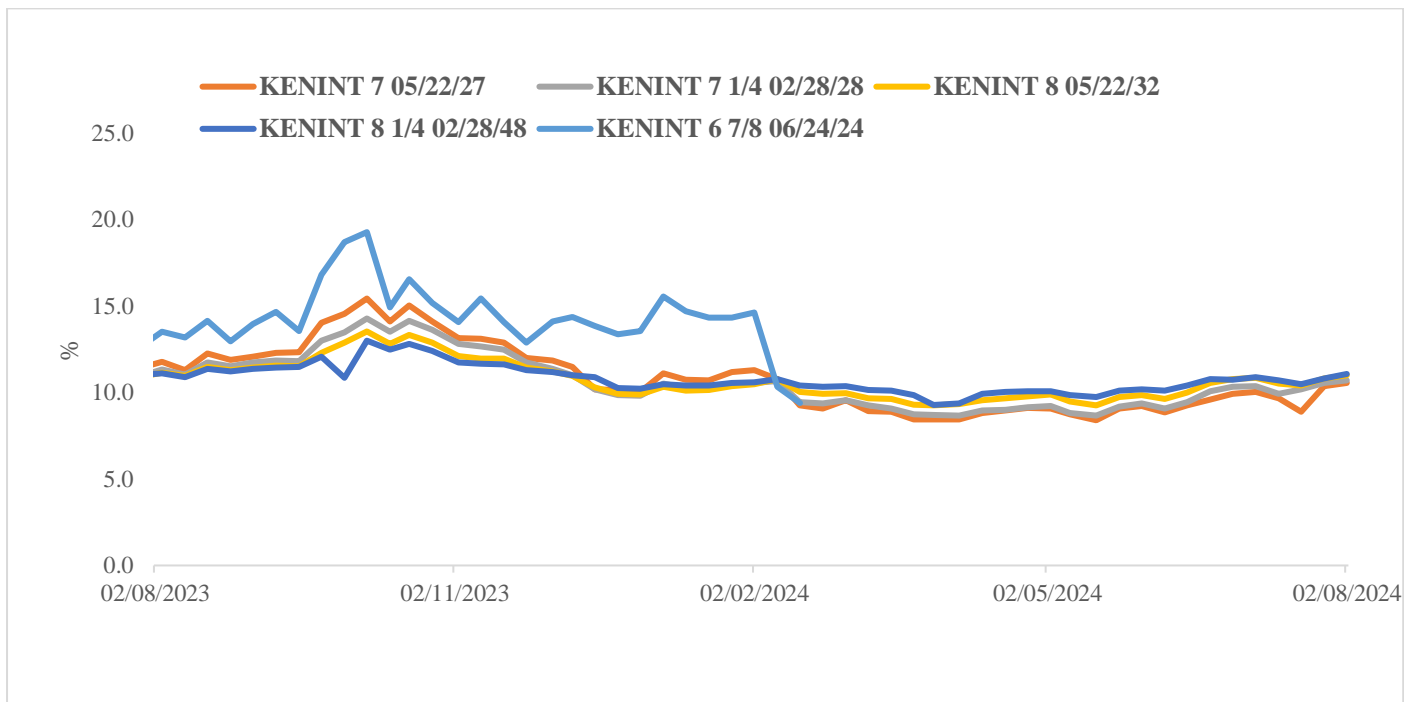
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields increase across all tenors.



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	4,640	37.1%	1.06	1.20	4.7	14.1	8.0	3.2	22.7	105,566,864
Equity Bank	Banking	Dec	49.20	33.65	40.45	20.2	1,175	9.4%	11.12	3.00	48.7	3.6	7.4	0.8	22.8	58,331,348
EA Breweries	Breweries	Jun	95.00	67.00	17.00	36.2	945	7.6%	-	1.75	27.1	-	1.1	5.7	-	15,175,776
Co-op Bank	Banking	Dec	15.05	10.20	12.85	12.7	580	4.6%	4.03	1.50	18.4	3.2	11.7	0.7	21.9	15,131,771
NCBA Bank	Banking	Dec	45.20	35.00	39.05	0.3	495	4.0%	13.17	2.75	53.7	3.0	7.0	0.7	24.5	3,311,266
Absa Bank	Banking	Dec	14.30	10.75	14.00	22.3	585	4.7%	2.19	1.55	12.0	6.4	11.1	1.2	18.3	8,693,057
KCB Bank	Banking	Dec	37.95	15.75	30.80	40.6	762	6.1%	13.30	-	68.1	2.3	-	0.5	19.5	34,643,755
StanChart Bank	Banking	Dec	201.25	150.25	189.75	17.1	552	4.4%	40.82	29.00	158.0	4.6	15.3	1.2	25.8	5,693,041
Stanbic Bank	Banking	Dec	130.00	100.25	116.50	7.1	354	2.8%	28.71	13.75	140.8	4.1	11.8	0.8	20.4	8,792,914
BAT Kenya	Tobacco	Dec	95.00	67.00	349.00	-14.4	269	2.1%	55.68	50.00	163.8	6.3	14.3	2.1	34.0	9,321,513
BK Group	Banking	Dec	37.00	30.15	30.25	-15.5	209	1.7%	10.48	3.28	46.8	2.9	10.9	0.6	22.4	53,750
I&M Holdings	Banking	Dec	22.65	16.75	20.65	18.0	263	2.1%	8.10	2.55	47.8	2.5	12.3	0.4	16.9	52,220,536
Umeme Ltd.	Power	Dec	4.11	4.00	16.00	0.0	200	1.6%	0.27	2.00	22.0	60.1	12.5	0.7	1.2	1,373,153
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	62.50	74.3	175	1.4%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	11,687,644
KenGen	Power	Jun	2.52	1.96	2.35	16.9	119	1.0%	0.49	-	41.6	4.8	-	0.1	1.2	1,245,527
Jubilee Insurance	Insurance	Dec	6.38	4.15	2.14	-13.5	89	0.7%	60.93	12.30	613.8	2.6	7.7	0.3	9.9	1,019,267
DTB Bank	Banking	Dec	55.75	44.05	46.00	2.1	99	0.8%	25.34	6.00	256.8	1.8	13.0	0.2	9.9	3,266,177
Britam	Insurance	Dec	6.38	4.15	5.68	18.6	110	0.9%	1.30	-	9.2	4.4	-	0.6	14.1	196,877
Total Oil	Oil	Dec	1.96	1.35	17.40	-3.3	84	0.7%	4.80	1.31	48.0	3.6	7.5	0.4	10.0	400,243
Kakuzi	Agric	Dec	420.00	353.50	370.00	-3.9	56	0.4%	23.25	24.00	303.5	15.9	6.5	1.2	7.7	101,569
CIC Insurance	Insurance	Dec	6.38	4.15	5.68	-4.5	43	0.3%	0.55	0.13	3.3	3.9	6.1	0.7	16.9	240,130
Centum Investment	Finance	Mar	9.44	7.88	8.94	6.4	46	0.4%	(8.95)	0.60	55.8	-	6.7	0.2	(16.1)	1,002,991
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	63.00	22.50	62.50	-1.8	38	0.3%	(0.20)	4.00	24.1	-	6.4	2.6	(0.8)	11,687,644
Kenya Re	Insurance	Dec	2.87	1.31	1.32	-29.8	28	0.2%	1.78	0.10	13.4	0.7	7.6	0.1	13.2	3,185,767
Sasini Tea & Coffee	Agric	Sept	26.90	17.65	18.40	-8.0	32	0.3%	3.11	1.00	61.7	5.9	5.4	0.3	5.0	85,625
Carbacid	Gases	July	18.00	14.55	17.00	13.3	33	0.3%	4.01	0.70	13.6	4.2	4.1	1.2	11.9	310,302
Nation Media	Media	Dec	22.00	16.50	17.10	-14.7	25	0.2%	(1.08)	1.49	43.1	-	8.7	0.4	(2.5)	580,756
Kenya Power	Power	Jun	1.96	1.35	1.93	35.9	29	0.2%	(0.89)	-	29.1	-	-	0.1	(3.0)	1,063,013
TPSEA Serena	Tourism	Dec	20.05	11.00	13.75	-16.4	19	0.2%	4.78	-	33.3	2.9	-	0.4	14.4	30,601
Liberty K. Holdings	Insurance	Dec	200.00	160.00	1.32	35.5	21	0.2%	0.15	-	15.9	32.7	-	0.3	1.0	21,125
BOC Kenya	Gases	Dec	95.00	67.00	92.75	13.1	14	0.1%	10.14	5.95	85.1	9.1	6.4	1.1	11.9	18,006
NSE	Finance	Dec	6.62	5.52	5.94	-1.3	12	0.1%	0.05	0.20	7.1	112.3	3.4	0.8	0.7	168,759
Housing Finance	Banking	Dec	5.10	3.25	4.24	21.8	13	0.1%	1.18	4.00	20.5	3.6	94.3	0.2	5.8	8,317
Unga Ltd	Food	Jun	1.67	1.01	0.27	-19.6	8	0.1%	(18.92)	-	58.3	-	-	0.2	(32.4)	19,705
Sanlam Kenya	Insurance	Dec	2.87	1.31	5.00	6.7	7	0.1%	(0.88)	-	3.9	-	-	1.6	(22.7)	240,130
Car & Gen	Motors	Sept	41.50	18.85	20.35	-18.6	6	0.1%	(6.82)	3.20	135.8	-	15.7	0.1	(5.0)	22,812
Limuru Tea	Agric	Dec	430.00	365.00	365.00	-3.9	7	0.1%	3.38	1.00	80.9	107.9	0.3	4.5	4.2	2,466
WPP Scangroup	Media	Dec	2.99	1.99	2.10	-3.7	7	0.1%	0.30	-	11.9	7.0	-	0.2	2.5	46,285
EA Portland	Cement	Jun	63.00	22.50	0.95	-7.3	5	0.0%	(14.13)	-	239.8	-	-	0.0	(5.9)	42,572
Standard Newspapers	Media	Dec	8.70	5.10	5.94	-23.3	4	0.0%	(10.05)	-	0.4	-	-	13.5	(2,284)	2,555
Longhorn	Publishing	Jun	2.93	2.01	2.30	-4.6	5	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	18,022
TransCentury	Finance	Dec	9.44	7.88	2.82	-34.6	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	85,740
Average												10.9	8.9	2.1	17.4	355,782,333

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