

## Stock Recommendation

### Kenya Market Summary

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.27	18.00	84.8%	BUY
Equity bank	54.37	46.05	18.1%	BUY
KCB bank	74.22	38.55	92.5%	BUY
Co-op bank	18.33	14.40	27.3%	BUY
ABSA bank	11.52	17.20	-33.0%	SELL
StanChart bank	245.66	270.00	-9.0%	HOLD
NCBA bank	40.63	49.45	-17.8%	SELL
I&M bank	38.37	30.30	26.6%	BUY
Stanbic bank	118.55	174.50	-32.1%	SELL
DTB bank	109.36	72.75	50.3%	BUY
EABL	341.24	171.75	98.7%	BUY
BAT Kenya	411.34	372.50	10.4%	HOLD

### Equity market commentary and outlook

- In the past week, StanChart Bank reached a six-week low following its ex-dividend trading, while Equity Bank hit a six-day high driven by increased foreign demand. Both Absa Bank and NCBA Bank also traded ex-dividend. Foreign investors accounted for 72.4% of total trading activity; however, they ended the week as net sellers, leading to outflows of USD 83.0k (KES 10.8m). Safaricom saw the highest net foreign outflows at USD 0.2m (KES 24.3m), whereas Standard Chartered Bank recorded significant net foreign inflows amounting to USD 94.6k (KES 12.2m).

### Debt market commentary and outlook

- Overall subscription rates in the debt market declined to 76.6%, down from 178.5% the previous week. Investor interest was primarily focused on the 364-day T-Bill, with activity improving only for this particular instrument. Notably, yields across all three T-Bills decreased, with the yield on the 91-day T-Bill falling for the forty-first consecutive week, the 182-day T-Bill continuing its fifteen-week downward trend, and the 364-day T-Bill experiencing a decline for the thirteenth week in a row.

### Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	2,106.3	26.9%	24.7%	39.1%	45.9%	37.3%	4.8%
Kenya NASI	125.6	20.0%	17.8%	35.3%	46.5%	21.9%	1.7%

Source: NSE, Kestrel Research

### NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.1%	-4.4%	2.6%	8.7%	17.3%	-20.5%
Johannesburg Index	3.4%	13.9%	-7.8%	-5.3%	18.2%	-8.5%
Nigeria Stock Exchange	0.4%	-4.0%	-1.5%	17.5%	-17.0%	6.4%
Ghana Stock Exchange	7.1%	6.0%	15.4%	22.6%	4.8%	-20.3%
Egyptian Stock Exchange	1.8%	-0.9%	4.9%	-4.6%	15.0%	-8.0%
MSCI EFM ex SA Index	-0.1%	2.8%	0.3%	2.1%	4.3%	-4.4%

### Other market statistics

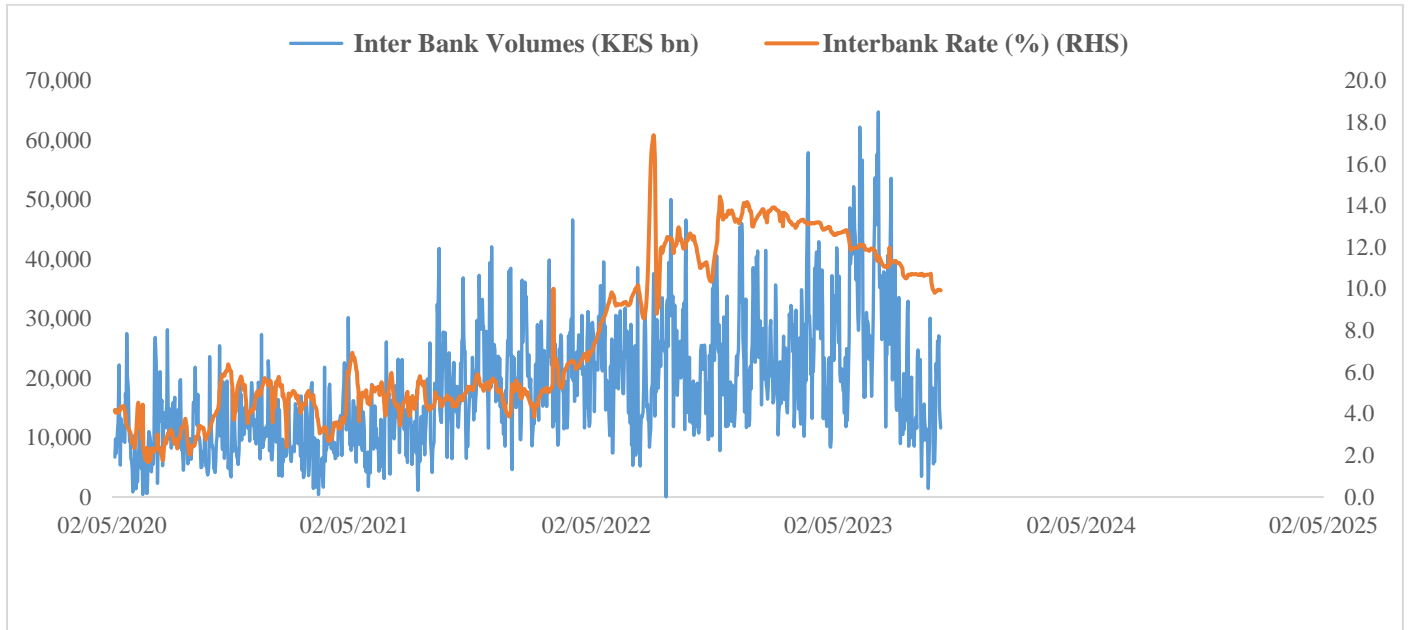
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.29	0.1%	0.0%	-0.1%	-0.3%	3.7%	0.0%
USD/ZAR	18.40	1.7%	3.9%	1.4%	-4.2%	0.6%	1.7%
USD/EGP	50.79	0.3%	-0.4%	-1.1%	-3.8%	-6.0%	0.0%
USD/NGN	1603.70	0.2%	-4.4%	-6.9%	2.4%	-15.9%	-3.8%
USD/GHS	13.90	4.3%	10.3%	9.4%	14.7%	-1.1%	5.4%

**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
EABL	682.6	-9.5	98.4%	0.4%	-3.1%	-14.0%	22.5%
Equity Bank	170.5	-2.9	90.5%	1.3%	-4.7%	-7.9%	19.6%
Safaricom	130.4	-24.3	63.3%	-0.6%	1.5%	-5.3%	25.0%
StanChart Bank	107.4	12.2	7.3%	-10.1%	-3.5%	-12.8%	55.2%
Laptrust IMARA I-REIT	40.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%

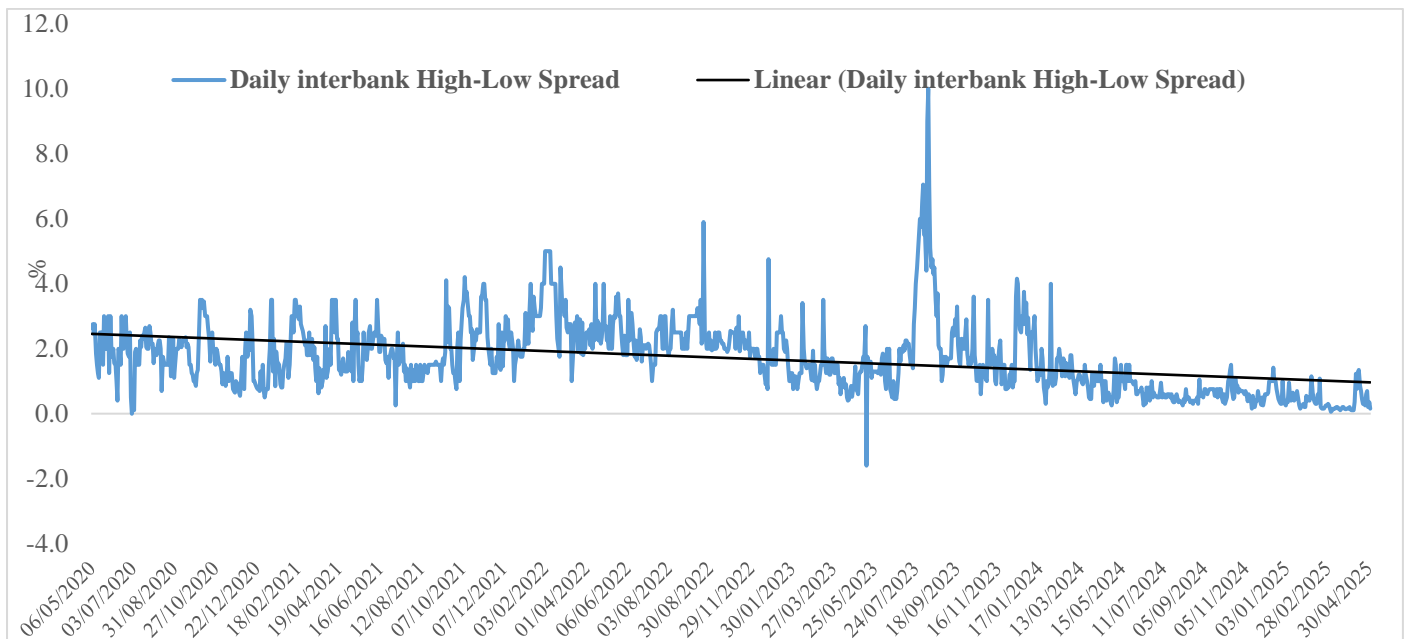
**Key Rates and Spreads**

Interbank rates decline week-on-week.



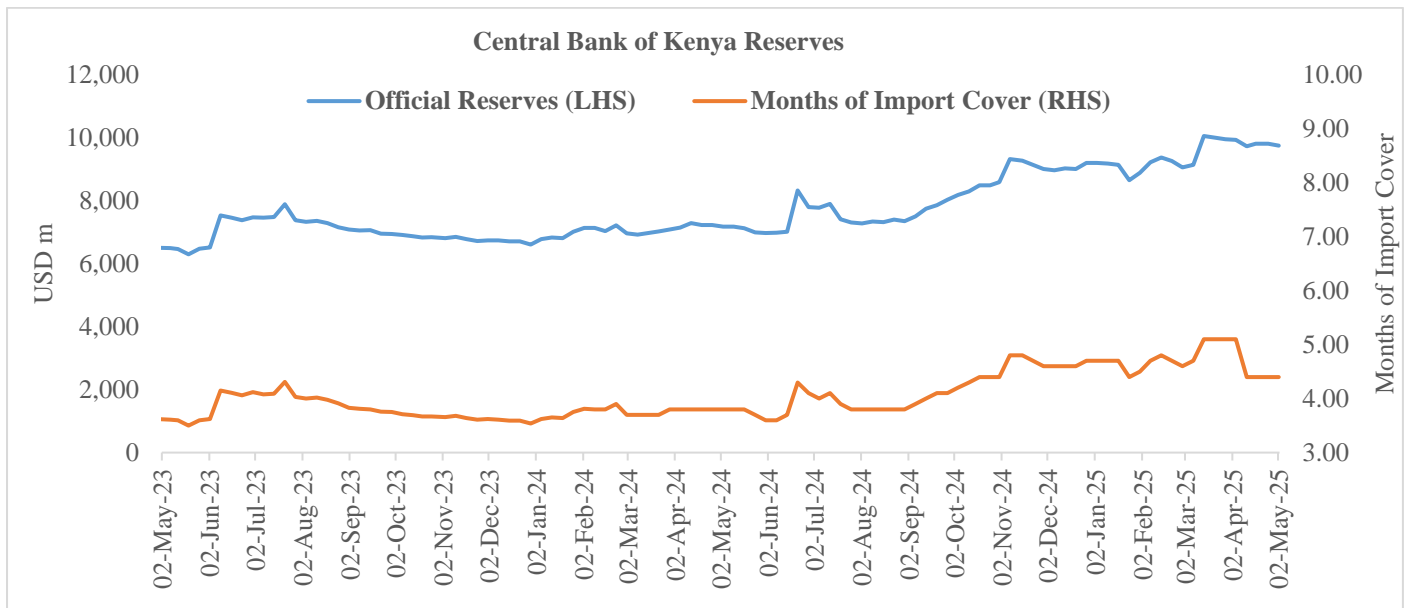
Source: CBK

Interbank spreads narrow week-on-week.



Source: CBK

**CBK Reserves remain steady at 4.4 months of import cover repeatedly for the fourth week**

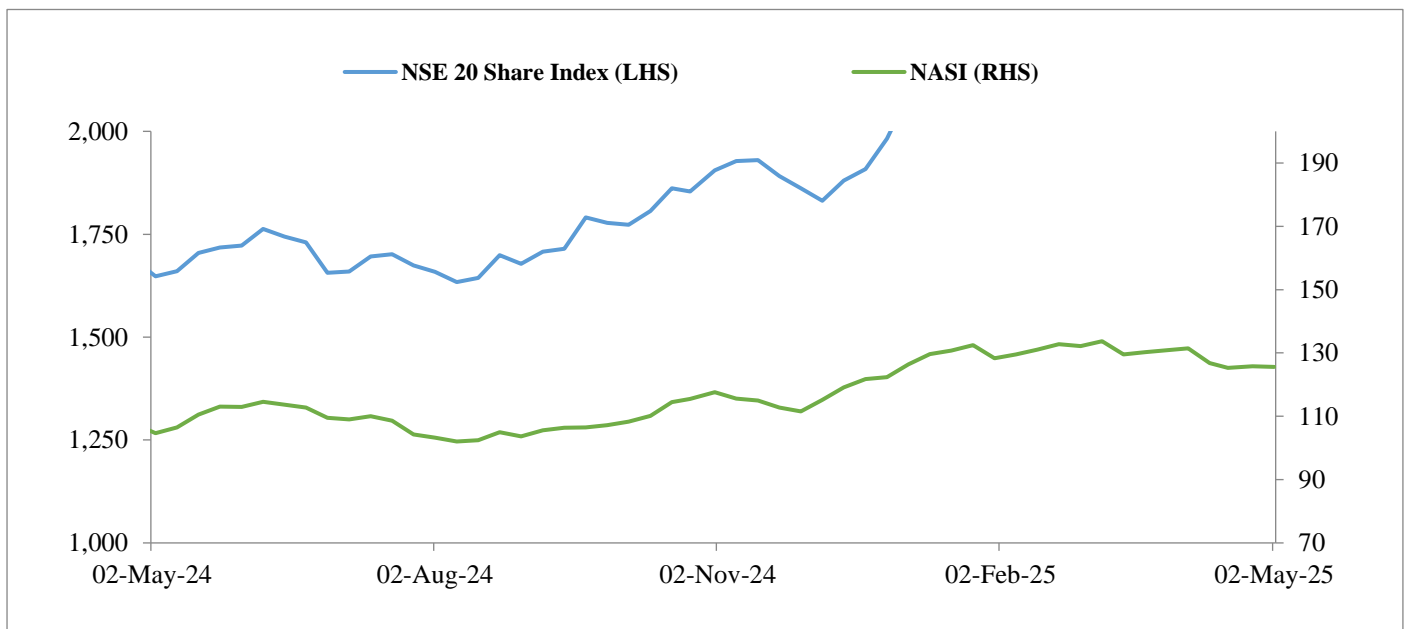


Source: CBK

**Equity market trading commentary**

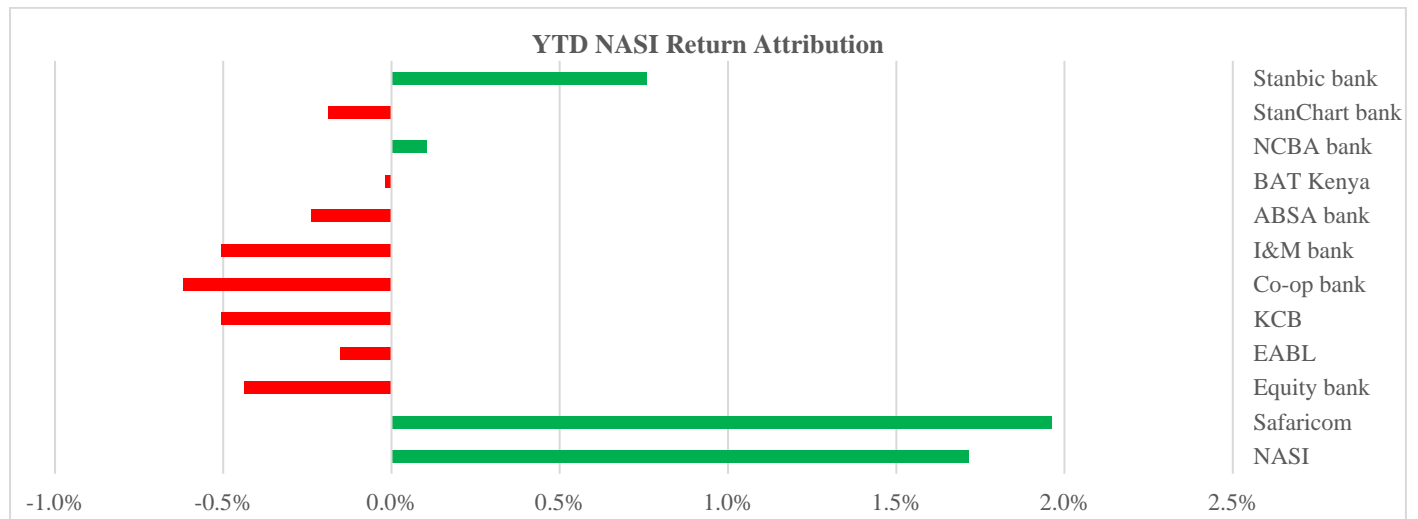
Total market turnover declined by 42.7%, settling at USD 10.1m (KES 1.3bn). The NASI shed 0.2% to conclude at 125.60, similarly, the NSE-20 retreated by 2.1% to halt at 2,106.31. Foreign investors dominated trading at 72.4% of total transactions; however, they concluded the week as net sellers, resulting in outflows of USD 83.0k (KES 10.8m). Safaricom recorded the highest net foreign outflows at USD 0.2m (KES 24.3m), while Stanchart Bank experienced the most substantial net foreign inflows, totalling USD 94.6k (KES 12.2 m).

**Market performance over the past 12 months**



Source: NSE

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



Source: Kestrel Research

### Debt market trading commentary

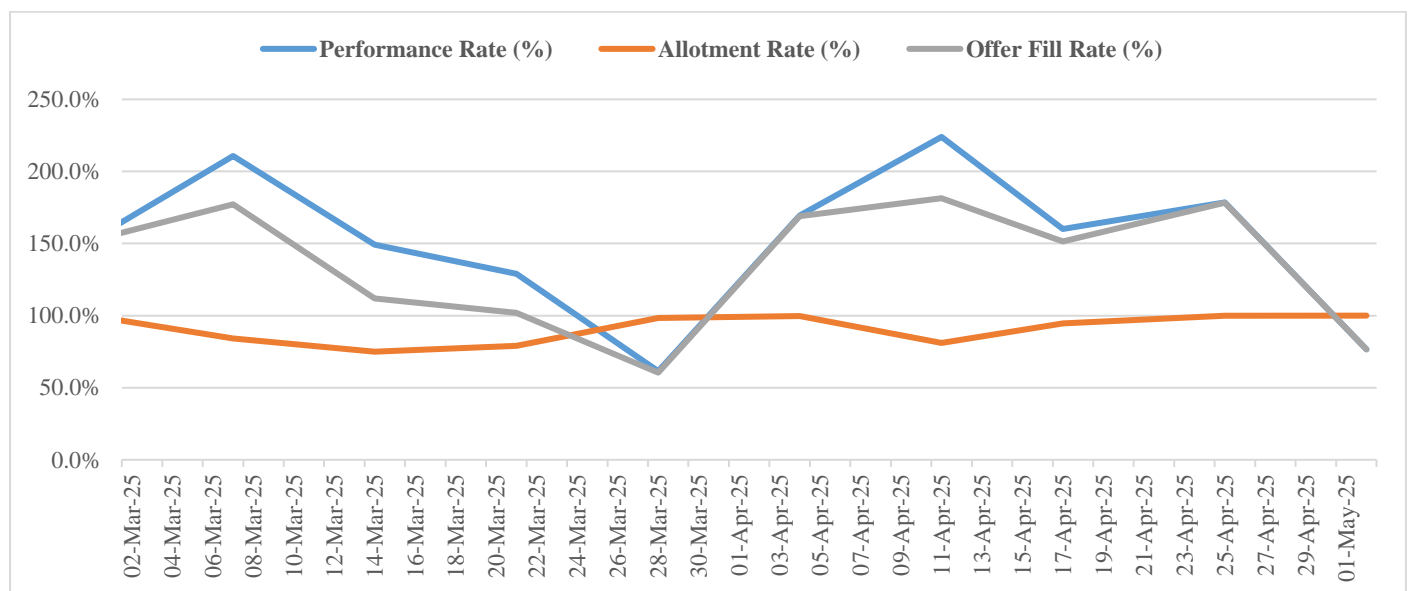
Overall subscription rates fell to 76.6% from 178.5% the previous week. Investor interest was predominantly directed towards the 364-day T-Bill, with activity improving only for the 364-day T-Bill. Notably, yields across all three T-Bills experienced a decline, with the yield on the 91-day T-Bill decreasing for the forty-first consecutive week, the 182-day T-Bill continuing its fifteen-week downward trend, and the 364-day T-Bill recording a decline for the thirteenth week in a row.

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 2.2bn for the 91-day T-bill, implying a subscription rate of 54.61%. It accepted bids worth KES 2.2bn at an average yield of 8.406% (-3.76 bps w/w).

The 182-Day T-Bill received bids worth KES 1.3bn, implying a performance rate of 12.83%. It accepted bids worth KES 1.3bn at an average yield of 8.619% ( $\pm 0.00$ bps w/w).

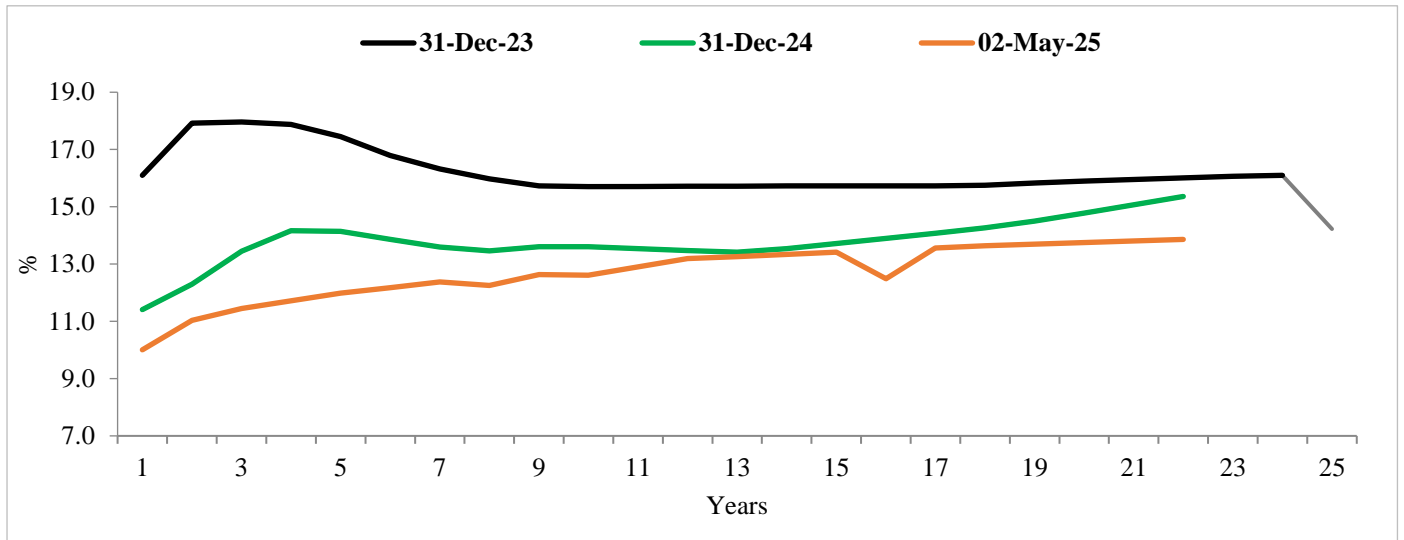
The 364-day T-Bill received bids worth KES 14.9bn implying a performance rate of 149.06%. It accepted bids worth KES 14.9bn at an average yield of 10.006% (-1.50 bps w/w).

### T-Bills Performance rates



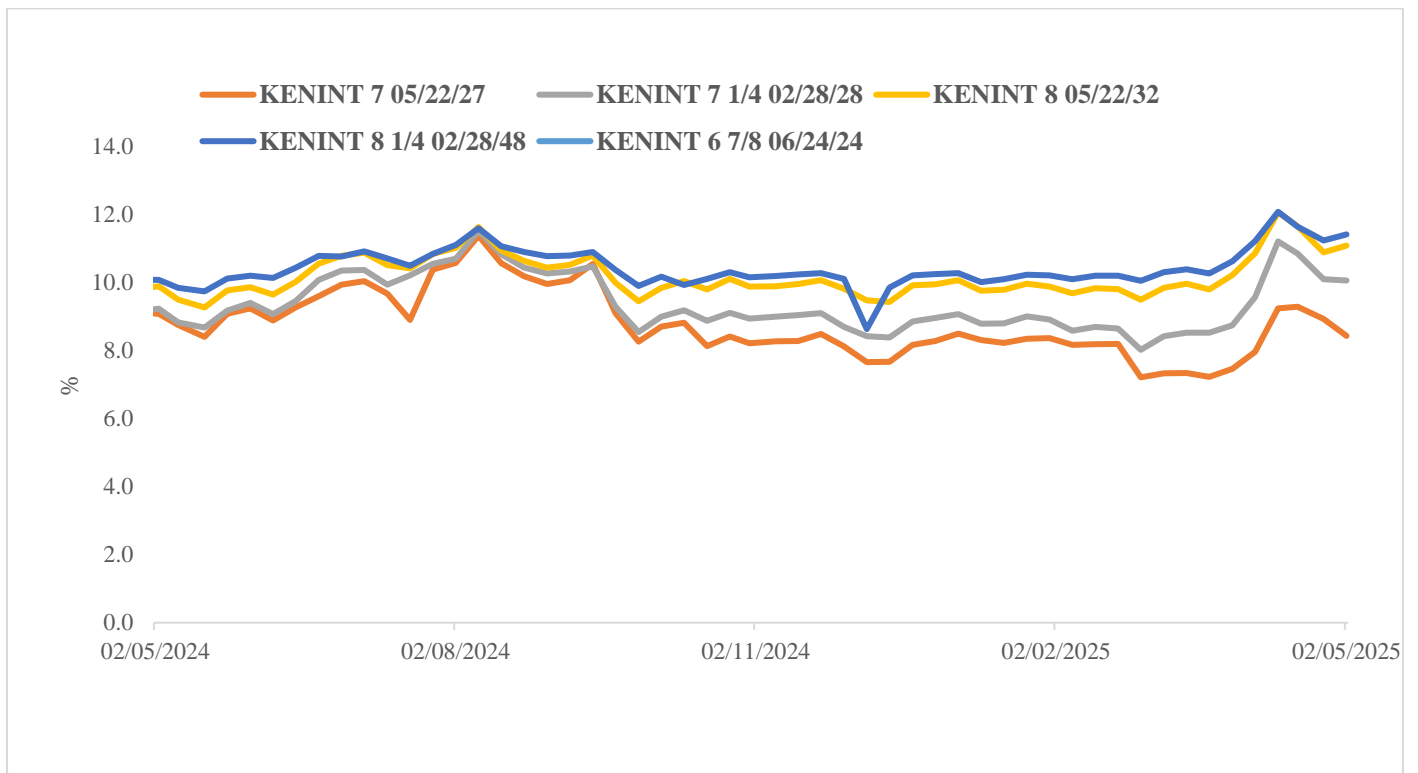
Source: CBK

### Kenya Domestic Yield Curve



Source: CBK

### Kenya Eurobond Yields decline across all tenors



Source: Bloomberg

## Top counters by market capitalization

Company	Sector	Year end	12 M High	12 M Low	Price	YTD %	Market <sup>1</sup> cap (USD m)	Weighting	EPS	DPS	NAV	P/E ratio x	Div yld %	P/B ratio x	ROE %	Daily Trading <sup>1</sup> vol (USD)	
Safaricom	Telecom	Mar	19.00	14.40	18.00	5.6	5,569	36.4%	1.06	1.20	4.7	16.9	6.7	3.8	22.7	919,797	
Equity Bank	Banking	Dec	50.00	38.50	46.05	-4.7	1,342	8.8%	16.10	4.25	48.7	2.9	9.2	0.9	33.0	454,681	
EA Breweries	Breweries	Jun	199.75	140.25	171.75	-2.1	1,049	6.8%	15.46	7.50	27.1	11.1	4.4	6.3	57.1	168,471	
KCB Bank	Banking	Dec	45.80	29.35	38.55	-7.3	957	6.2%	19.22	3.00	68.1	2.0	7.8	0.6	28.2	678,069	
StanChart Bank	Banking	Dec	309.50	174.00	270.00	-3.5	788	5.1%	53.09	45.00	158.0	5.1	16.7	1.7	33.6	87,467	
Absa Bank	Banking	Dec	19.30	12.15	17.20	-4.7	721	4.7%	3.84	1.75	12.0	4.5	10.2	1.4	32.0	66,671	
Co-op Bank	Banking	Dec	17.80	12.00	14.40	-12.5	652	4.3%	4.34	1.50	18.4	3.3	10.4	0.8	23.6	85,473	
NCBA Bank	Banking	Dec	54.75	37.55	49.45	2.6	629	4.1%	13.27	5.50	53.7	3.7	11.1	0.9	24.7	32,251	
Stanbic Bank	Banking	Dec	179.50	108.75	174.50	27.1	533	3.5%	34.69	20.17	140.8	5.0	11.6	1.2	24.6	61,902	
I&M Holdings	Banking	Dec	36.55	17.60	30.30	-16.4	407	2.7%	9.57	3.00	45.5	3.2	9.9	0.7	21.1	58,683	
BAT Kenya	Tobacco	Dec	410.50	331.75	372.50	-0.9	288	1.9%	44.83	50.00	163.8	8.3	13.4	2.3	27.4	51,534	
KenGen	Power	Jun	5.26	2.26	4.90	34.6	250	1.6%	1.03	0.65	41.6	4.8	13.3	0.1	2.5	49,612	
BK Group	Banking	Dec	37.15	30.15	31.50	-3.2	218	1.4%	9.48	-	46.8	3.3	-	0.7	20.2	34,959	
Kenya Airways	Airlines	Dec	8.50	3.83	4.16	8.6	183	1.2%	2.63	-	(14.7)	1.6	-	-	-	11,123	
Umeme Ltd.	Power	Dec	17.45	14.50	16.00	-4.5	201	1.3%	0.26	0.92	22.0	61.2	5.8	0.7	1.2	4,747	
DTB Bank	Banking	Dec	82.75	43.25	72.75	5.4	157	1.0%	31.54	7.00	256.8	2.3	9.6	0.3	12.3	34,446	
Bamburi Cement	Cement	Dec	82.00	41.15	56.50	2.7	158	1.0%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	1,130	
Britam	Insurance	Dec	8.54	5.20	6.56	13.1	128	0.8%	1.99	-	9.2	3.3	-	0.7	21.6	28,529	
Jubilee Insurance	Insurance	Dec	225.25	150.00	200.00	15.3	112	0.7%	65.15	13.50	613.8	3.1	6.8	0.3	10.6	24,534	
Total Oil	Oil	Dec	24.00	17.30	22.85	14.3	111	0.7%	5.12	1.92	48.0	4.5	8.4	0.5	10.7	1,239	
Housing Finance	Banking	Dec	9.42	3.67	6.20	37.5	90	0.6%	0.28	-	4.2	22.3	-	1.5	6.7	28,852	
Kenya Power	Power	Jun	7.56	1.57	6.28	30.6	95	0.6%	20.36	0.90	29.1	0.3	14.3	0.2	69.9	57,125	
Centum Investment	Finance	Mar	15.65	7.92	11.30	14.4	58	0.4%	(8.95)	0.32	55.8	-	2.8	0.2	(16.1)	3,984	
Kakuzi	Agric	Dec	440.00	353.50	411.00	6.8	62	0.4%	34.98	24.00	303.5	11.7	5.8	1.4	11.5	707	
CIC Insurance	Insurance	Dec	3.12	1.98	2.94	36.7	59	0.4%	1.09	0.13	3.3	2.7	4.4	0.9	33.4	4,299	
Liberty K. Holdings	Insurance	Dec	12.00	4.81	11.40	70.7	47	0.3%	2.56	0.37	15.9	4.5	3.2	0.7	16.1	82,349	
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	41	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-	
Carbacid	Gases	July	24.10	16.75	19.35	-7.6	38	0.2%	4.01	1.70	13.6	4.8	8.8	1.4	29.4	8,581	
Kenya Re	Insurance	Dec	2.87	1.04	1.62	26.6	35	0.2%	1.58	-	13.4	1.0	-	0.1	11.8	34,850	
Crown Paints	Manufac.	Dec	38.25	29.50	36.90	12.2	41	0.3%	(0.47)	4.00	24.1	-	7.1	2.3	(2.0)	311	
EA Portland	Cement	Jun	50.75	4.46	38.95	27.3	27	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,058	
Sasini Tea & Coffee	Agric	Sept	20.95	14.40	15.40	2.7	27	0.2%	3.11	0.50	61.7	5.0	3.2	0.2	5.0	1,565	
TPSEA Serena	Tourism	Dec	17.75	11.75	14.00	-6.0	20	0.1%	8.08	-	33.3	1.7	-	0.4	24.3	759	
Nation Media	Media	Dec	22.00	11.60	11.75	-18.4	17	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	1,894	
Unga Ltd	Food	Jun	27.35	11.45	22.40	49.3	13	0.1%	(18.92)	-	58.3	-	-	0.4	(32.4)	251	
NSE	Finance	Dec	7.46	5.44	7.14	19.0	14	0.1%	0.45	0.32	7.1	15.9	4.5	1.0	6.3	4,300	
BOC Kenya	Gases	Dec	95.00	76.00	80.00	-9.9	12	0.1%	10.73	8.55	85.1	7.5	10.7	0.9	12.6	750	
WPP Scangroup	Media	Dec	3.87	1.90	2.86	15.3	10	0.1%	0.06	-	11.9	45.0	-	0.2	0.5	521	
Sanlam Kenya	Insurance	Dec	10.35	3.90	7.38	49.1	8	0.1%	2.27	-	3.9	3.2	-	1.9	58.6	487	
Longhorn	Publishing	Jun	3.46	2.02	2.66	15.7	6	0.0%	(2.45)	-	2.8	-	-	1.0	(88.1)	237	
Car & Gen	Motors	Sept	26.00	18.85	19.80	-13.0	6	0.0%	(7.68)	-	135.8	-	-	0.1	(5.7)	160	
Limuru Tea	Agric	Dec	380.00	299.00	320.00	-8.6	6	0.0%	(6.34)	-	80.9	-	-	4.0	(7.8)	135	
TransCentury	Finance	Dec	1.62	0.32	1.26	223.1	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	3,207	
Standard Newspapers	Media	Dec	6.90	4.51	6.26	24.7	4	0.0%	(10.05)	-	0.4	-	-	14.2	(2,284)	81	
												<b>Average</b>	<b>11.6</b>	<b>8.9</b>	<b>2.4</b>	<b>24.8</b>	<b>3,103,080</b>

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