

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	14.80	107.5%	BUY
Equity bank	43.67	39.95	9.3%	HOLD
KCB bank	47.26	30.00	57.5%	BUY
Co-op bank	20.46	12.65	61.7%	BUY
ABSA bank	12.89	14.00	-7.9%	HOLD
StanChart bank	138.26	188.50	-26.7%	SELL
NCBA bank	40.68	39.45	3.1%	HOLD
I&M bank	33.32	20.35	63.7%	BUY
Stanbic bank	108.85	117.00	-7.0%	HOLD
DTB bank	116.13	45.00	158.1%	BUY
EABL	151.28	152.00	-0.5%	HOLD
Bamburi Cement	44.37	62.25	-28.7%	SELL
BAT Kenya	460.00	341.25	34.8%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom touched a twenty-week low on increased local sell-off as the NSE-20 sustained a five-day losing streak. Foreign investors turned net buyers at USD 2.1m (KES 277.2m). KCB Bank had the highest net foreign inflows at USD 1.2m(KES 157.2m) while Safaricom registered the highest net foreign outflows at USD 0.4m(KES 51.2m).

Debt market commentary and outlook

- Overall subscription rates rose to 166.2% from 101.7% the previous week. Investors remained skewed on the 91-Day T-Bill and activity improved for the 182-Day T-Bill and the 364-Day T-Bill while it declined for the 91-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a three-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill declined for the second week straight.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,633.7	-1.6%	-3.3%	7.9%	13.2%	6.5%	8.8%
Kenya NASI	102.1	-2.5%	-4.3%	10.0%	19.0%	-1.0%	10.8%

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

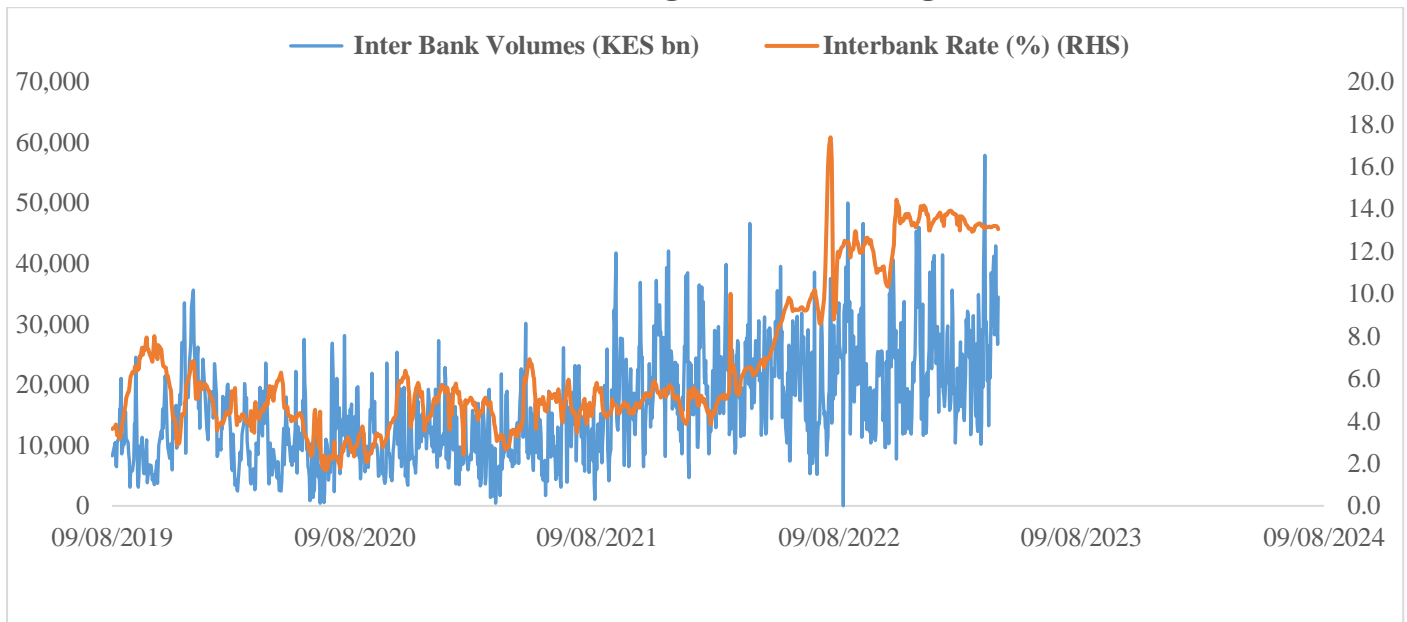
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.31	0.5%	0.0%	1.3%	23.4%	11.1%	21.3%
USD/ZAR	18.34	-0.4%	-2.1%	0.6%	3.8%	3.4%	0.1%
USD/EGP	49.25	-1.1%	-2.5%	-3.8%	-37.3%	-37.3%	-37.2%
USD/NGN	1597.02	1.4%	0.5%	-10.1%	-9.7%	-52.1%	-42.9%
USD/GHS	15.59	-0.3%	-1.2%	-10.3%	-20.3%	-28.5%	-23.4%

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
Equity Bank	449.6	92.7	24.0%	-1.2%	-1.2%	-18.8%	-7.7%
Safaricom	447.5	-51.2	68.6%	-1.7%	-1.7%	-23.3%	-13.2%
KCB Bank	436.9	157.2	18.1%	-2.6%	37.0%	-2.6%	37.0%
Absa Bank	185.3	78.8	28.3%	0.0%	22.3%	-2.1%	0.7%
Coop Bank	105.4	-0.3	0.3%	-1.6%	11.0%	-15.9%	-2.3%

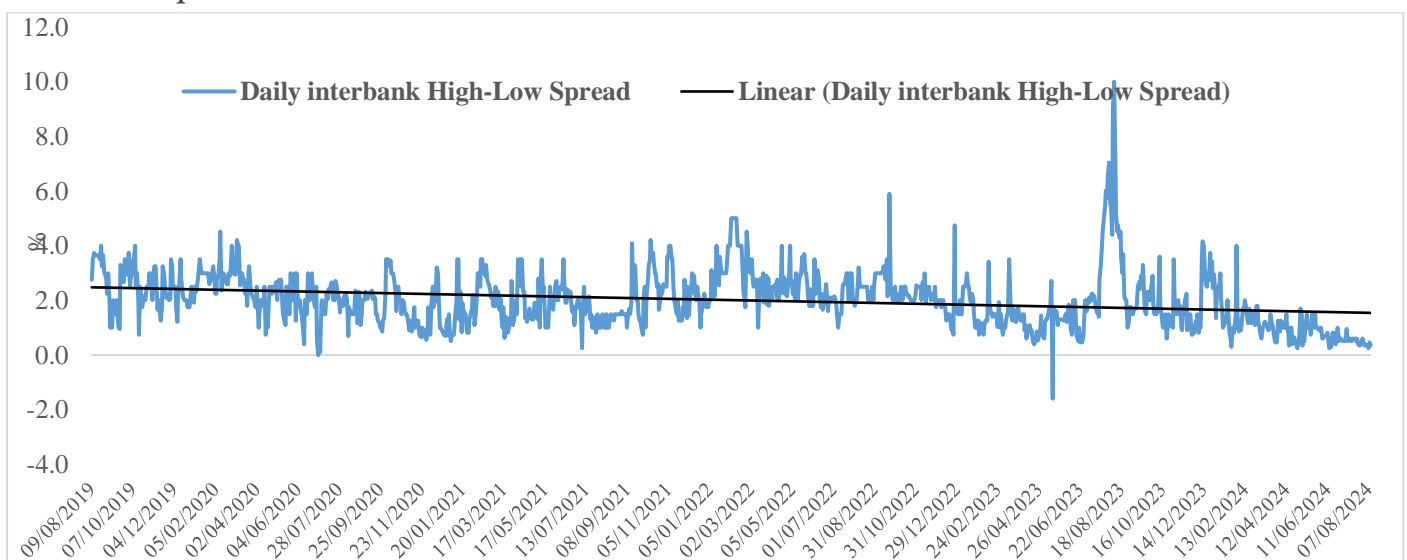
Key Rates and Spreads

Inter-bank Rates decline week-on-week, breaking a 3-week climbing streak.



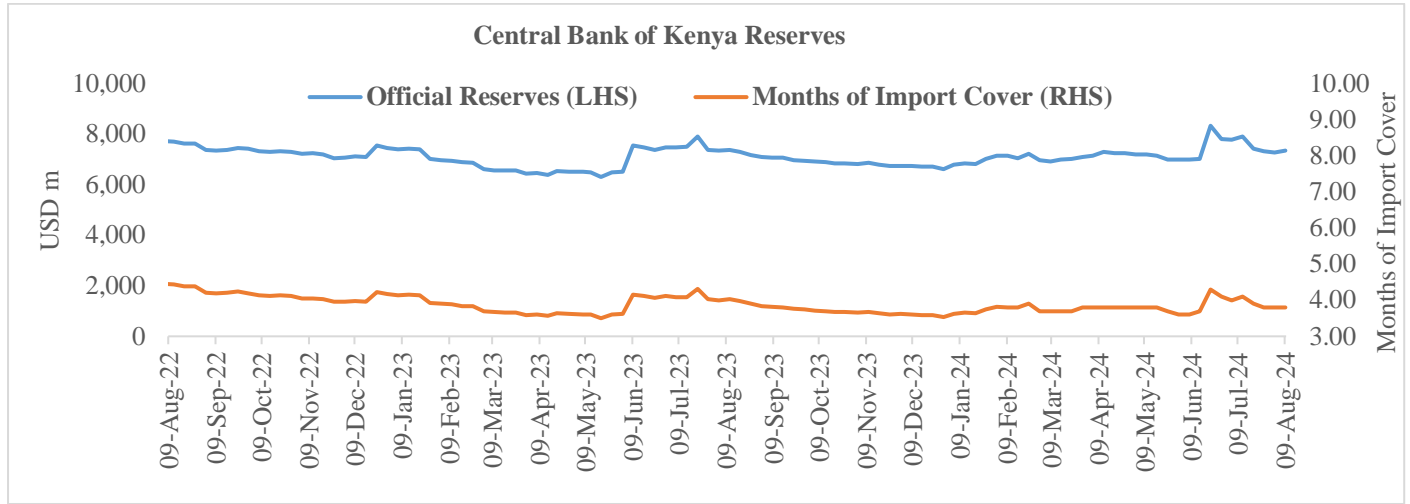
Source: CBK

Inter-bank Spreads narrow week-on-week.



Source: CBK

Months of import cover and CBK FX rise, breaking a three-week losing streak.



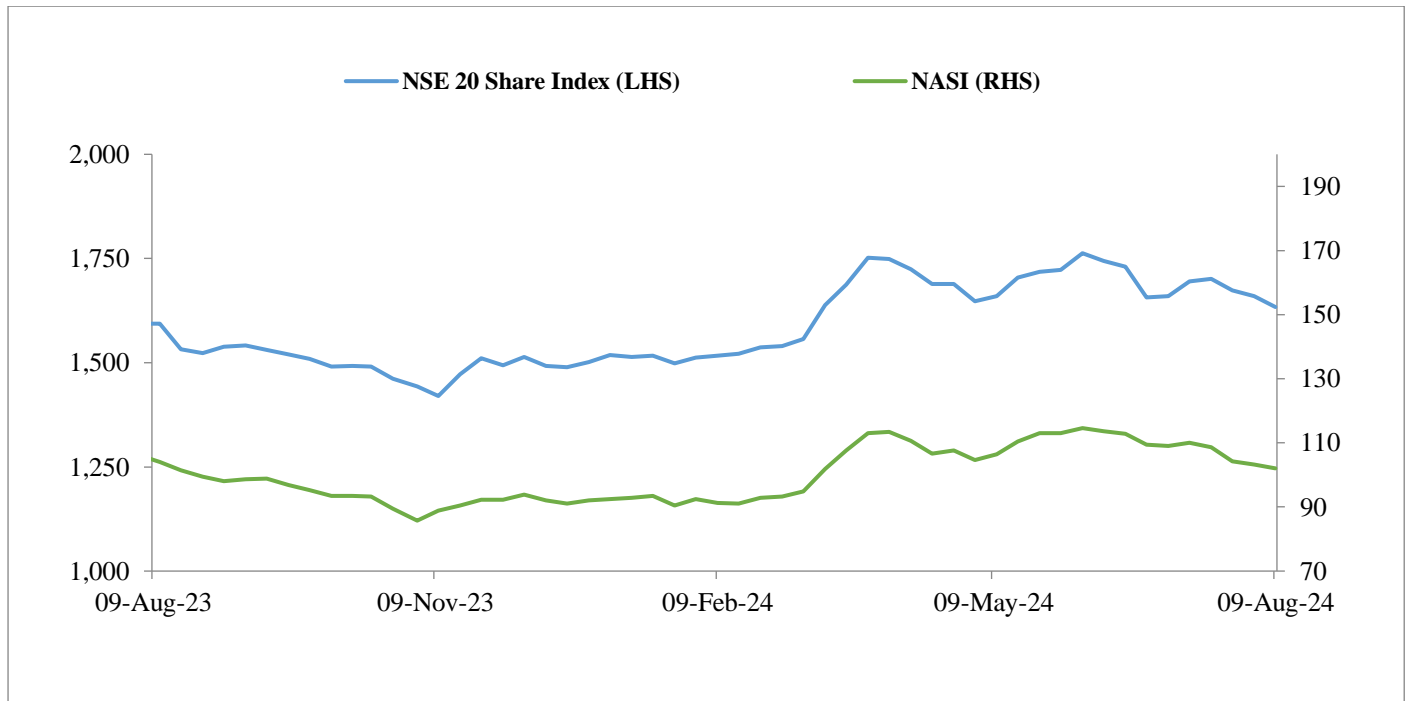
Source: CBK

Equity market trading commentary

Market turnover rose by 57.6% to settle at USD 14.9m (KES 1.9 bn). The NASI shed another 1.2%, maintaining a four-week losing streak to conclude at 102.06 while the NSE 20 retreated further by 1.5% to settle at 1,633.69, sustaining a three-week losing streak. Foreign investors turned net buyers at USD 2.1m (KES 277.2m). KCB Bank had the highest net foreign inflows at USD 1.2m (KES 157.2m) while Safaricom registered the highest net foreign outflows at USD 0.4m (KES 51.2m).

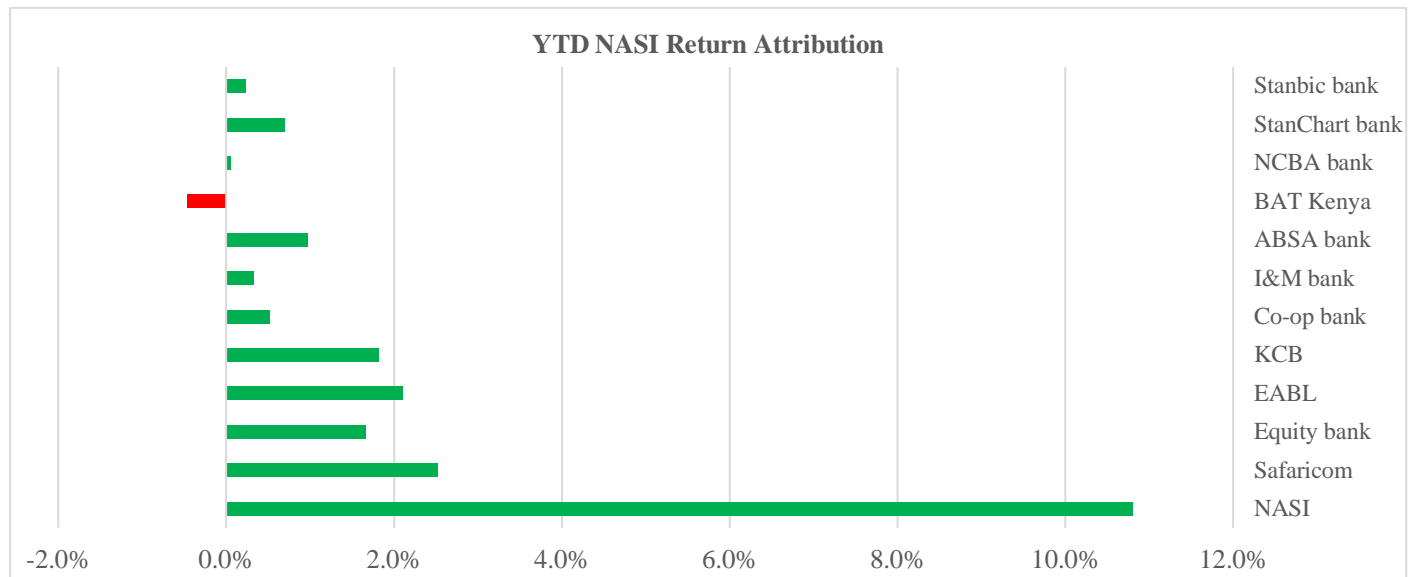
During the week, Safaricom touched a twenty-week low on increased local sell-off as the NSE-20 sustained a five-day losing streak.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

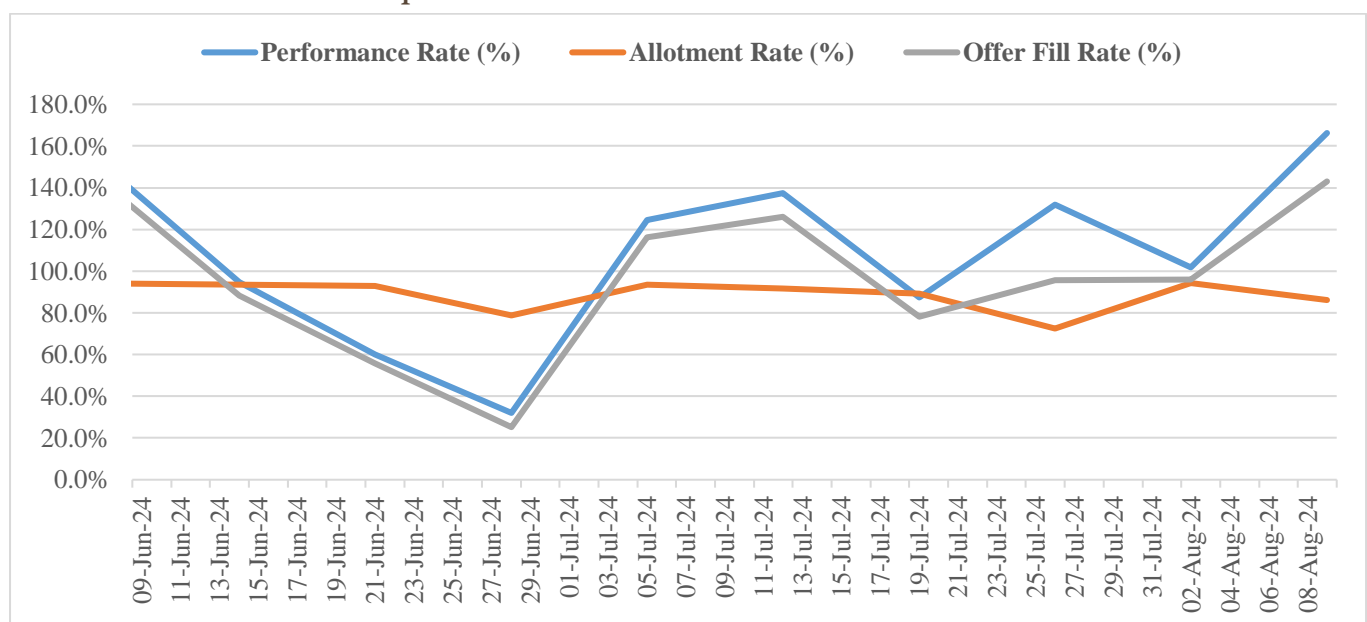
Overall subscription rates rose to 166.2% sustaining a two-week climbing streak from 101.7% the previous week. Investors remained skewed on the 91-Day T-Bill and activity improved for the 182-Day T-Bill and the 364-Day T-Bill while it declined for the 91-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a three-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill declined for the second week straight.

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 12.5 bn for the 91-Day T-Bill, implying a subscription rate of 313.73%. It accepted bids worth KES 8.6bn at an average yield of 15.818% (-17.07bps w/w).

The 182-Day T-Bill received bids worth KES 19.9bn, implying a performance rate of 193.13%. It accepted bids worth KES 18.8bn at an average yield of 16.715% (-13.54 bps w/w).

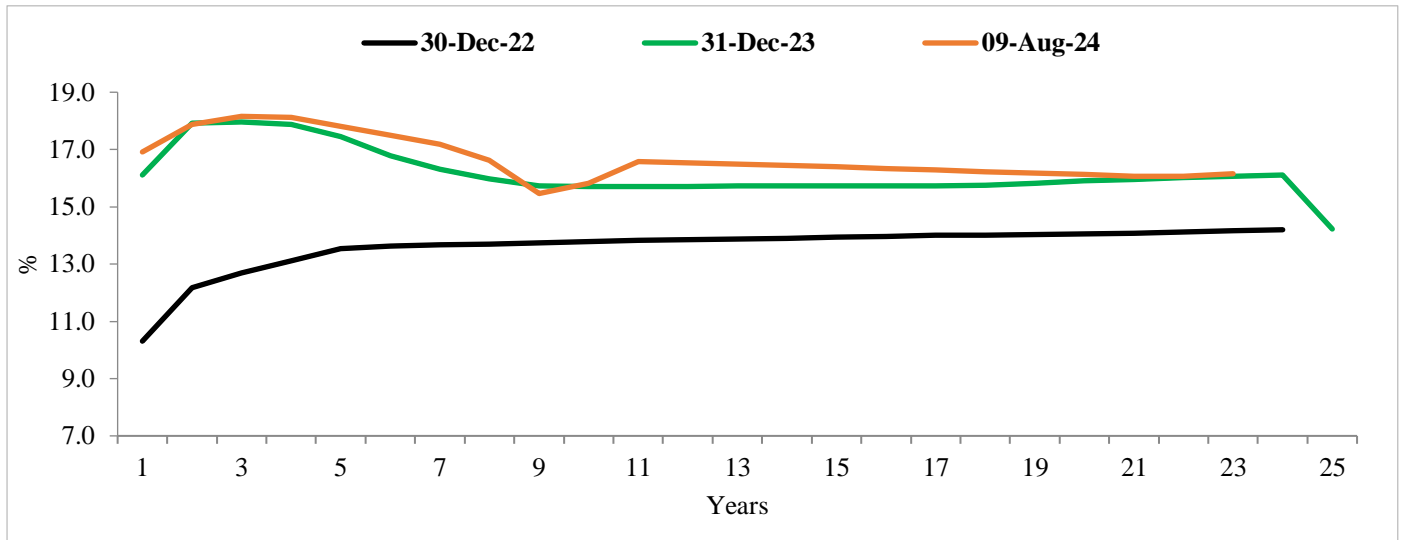
The 364-Day T-Bill received bids worth KES 7.4bn, implying a performance rate of 74.36%. It accepted bids worth KES 6.9bn at an average yield of 16.914% (-0.65bps w/w).

T-Bills Performance rates improve week-on-week



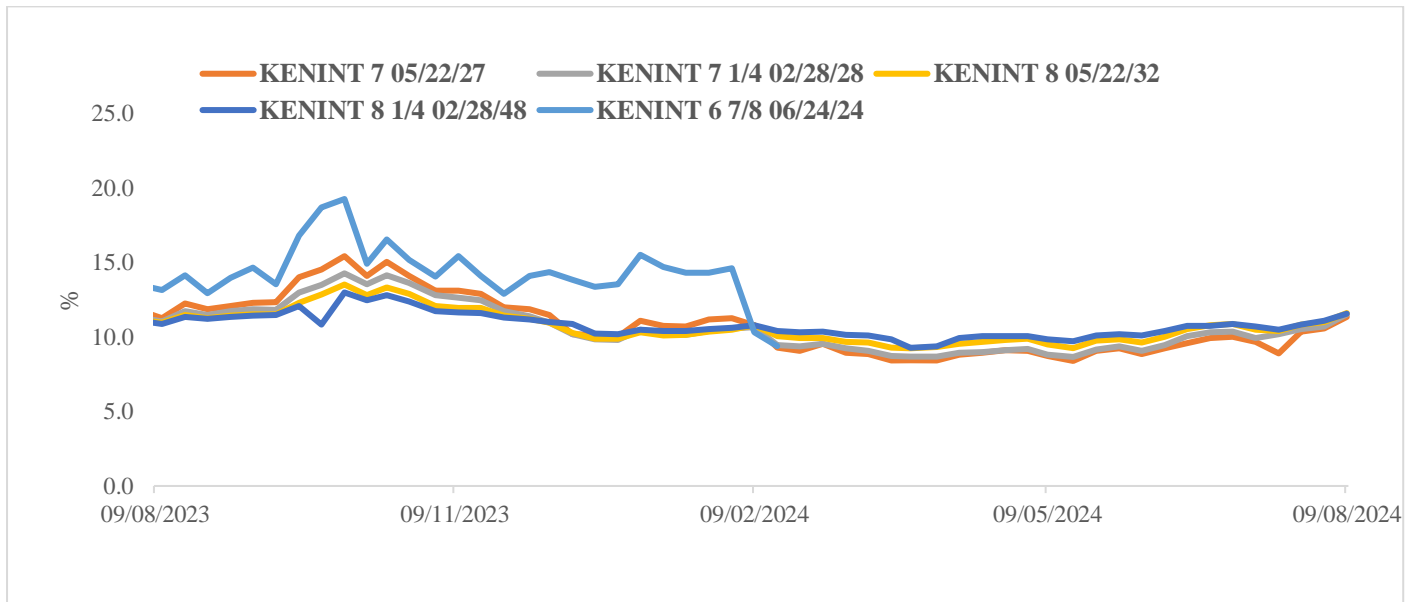
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields increase across all tenors for the third week in a row.



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	14.80	6.5	4,563	36.9%	1.06	1.20	4.7	13.9	8.1	3.2	22.7	105,566,864
Equity Bank	Banking	Dec	49.20	33.65	39.95	18.7	1,160	9.4%	11.12	3.00	48.7	3.6	7.5	0.8	22.8	58,331,348
EA Breweries	Breweries	Jun	95.00	67.00	17.10	33.3	925	7.5%	-	1.75	27.1	-	1.2	5.6	-	15,175,776
Co-op Bank	Banking	Dec	15.05	10.20	12.65	11.0	571	4.6%	4.03	1.50	18.4	3.1	11.9	0.7	21.9	15,131,771
NCBA Bank	Banking	Dec	45.20	35.00	39.45	1.3	500	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	30.00	37.0	742	6.0%	13.30	-	68.1	2.3	-	0.4	19.5	34,643,755
StanChart Bank	Banking	Dec	201.25	150.25	188.50	16.4	548	4.4%	40.82	29.00	158.0	4.6	15.4	1.2	25.8	5,693,041
Stanbic Bank	Banking	Dec	130.00	100.25	117.00	7.6	356	2.9%	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	341.25	-16.3	263	2.1%	55.68	50.00	163.8	6.1	14.7	2.1	34.0	9,321,513
BK Group	Banking	Dec	37.00	30.15	33.70	-5.9	233	1.9%	10.48	3.28	46.8	3.2	9.7	0.7	22.4	53,750
I&M Holdings	Banking	Dec	22.65	16.75	20.35	16.3	259	2.1%	8.10	2.55	47.8	2.5	12.5	0.4	16.9	52,220,536
Umeme Ltd.	Power	Dec	4.11	4.00	15.90	-0.6	199	1.6%	0.27	2.00	22.0	59.8	12.6	0.7	1.2	1,373,153
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	167	1.4%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	62.25	73.6	174	1.4%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	11,687,644
KenGen	Power	Jun	2.52	1.96	2.29	13.9	116	0.9%	0.49	-	41.6	4.7	-	0.1	1.2	1,245,527
Jubilee Insurance	Insurance	Dec	6.38	4.15	2.01	-17.6	85	0.7%	60.93	12.30	613.8	2.5	8.1	0.2	9.9	1,019,267
DTB Bank	Banking	Dec	55.75	43.25	45.00	-0.1	97	0.8%	25.34	6.00	256.8	1.8	13.3	0.2	9.9	3,266,177
Britam	Insurance	Dec	6.38	4.15	5.50	14.8	107	0.9%	1.30	-	9.2	4.2	-	0.6	14.1	196,877
Total Oil	Oil	Dec	1.96	1.35	20.00	11.1	97	0.8%	4.80	1.31	48.0	4.2	6.6	0.4	10.0	400,243
Kakuzi	Agric	Dec	420.00	353.50	380.00	-1.3	57	0.5%	23.25	24.00	303.5	16.3	6.3	1.3	7.7	101,569
CIC Insurance	Insurance	Dec	6.38	4.15	5.50	-10.3	40	0.3%	0.55	0.13	3.3	3.6	6.5	0.6	16.9	240,130
Centum Investment	Finance	Mar	9.44	7.88	8.78	4.5	45	0.4%	(8.95)	0.60	55.8	-	6.8	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	63.50	22.50	62.25	-1.5	38	0.3%	(0.20)	4.00	24.1	-	6.4	2.6	(0.8)	11,687,644
Kenya Re	Insurance	Dec	2.87	1.27	1.27	-32.4	27	0.2%	1.78	0.10	13.4	0.7	7.9	0.1	13.2	3,185,767
Sasini Tea & Coffee	Agric	Sept	26.90	17.15	17.15	-14.3	30	0.2%	3.11	1.00	61.7	5.5	5.8	0.3	5.0	85,625
Carbacid	Gases	July	18.00	14.55	17.10	14.0	34	0.3%	4.01	0.70	13.6	4.3	4.1	1.3	11.9	310,302
Nation Media	Media	Dec	22.00	15.45	15.45	-22.9	23	0.2%	(1.08)	1.49	43.1	-	9.6	0.4	(2.5)	580,756
Kenya Power	Power	Jun	1.96	1.35	1.91	34.5	29	0.2%	(0.89)	-	29.1	-	-	0.1	(3.0)	1,063,013
TPSEA Serena	Tourism	Dec	20.05	11.00	15.00	-8.8	21	0.2%	4.78	-	33.3	3.1	-	0.5	14.4	30,601
Liberty K. Holdings	Insurance	Dec	200.00	152.50	1.27	32.0	20	0.2%	0.15	-	15.9	31.9	-	0.3	1.0	21,125
BOC Kenya	Gases	Dec	95.00	67.00	93.50	14.0	14	0.1%	10.14	5.95	85.1	9.2	6.4	1.1	11.9	18,006
NSE	Finance	Dec	6.62	5.50	5.96	-1.0	12	0.1%	0.05	0.20	7.1	112.7	3.4	0.8	0.7	168,759
Housing Finance	Banking	Dec	5.10	3.25	4.13	18.7	12	0.1%	1.18	4.00	20.5	3.5	96.9	0.2	5.8	8,317
Unga Ltd	Food	Jun	1.53	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	1.27	4.87	-6.3	6	0.1%	(0.88)	-	3.9	-	-	1.4	(22.7)	240,130
Car & Gen	Motors	Sept	41.50	18.85	22.25	-11.0	7	0.1%	(6.82)	3.20	135.8	-	14.4	0.2	(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	1.92	2.03	-6.9	7	0.1%	0.30	-	11.9	6.7	-	0.2	2.5	46,285
EA Portland	Cement	Jun	63.50	22.50	0.96	-8.8	5	0.0%	(14.13)	-	239.8	-	-	0.0	(5.9)	42,572
Standard Newspapers	Media	Dec	8.70	5.10	5.38	-30.5	3	0.0%	(10.05)	-	0.4	-	-	12.2	(2,284)	2,555
Longhorn	Publishing	Jun	2.93	2.01	2.31	-4.1	5	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	18,022
TransCentury	Finance	Dec	9.44	7.88	2.61	-34.6	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	85,740
Average												10.8	9.0	2.0	17.4	355,782,333

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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
ephantusm@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