

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	31.11	14.05	121.4%	BUY
Equity bank	43.67	38.00	14.9%	HOLD
KCB bank	47.26	19.00	148.7%	BUY
Co-op bank	20.46	11.40	79.5%	BUY
ABSA bank	12.89	10.95	17.7%	BUY
StanChart bank	138.26	158.50	-12.8%	HOLD
NCBA bank	40.68	39.00	4.3%	HOLD
I&M bank	33.32	17.35	92.0%	BUY
Stanbic bank	108.85	102.00	6.7%	HOLD
DTB bank	116.13	45.75	153.8%	BUY
EABL	164.58	113.75	44.7%	BUY
Bamburi Cement	51.96	35.05	48.2%	BUY
BAT Kenya	544.27	410.00	32.7%	BUY

*banks' fair values have been updated

Kenya Weekly Commentary

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom rose to a 39-day high on account of local demand. Bamburi Cement continued to rally to reach a 12-month high on the back of local demand. BAT Kenya hit a 6-day high driven by local investors' buying.

Debt market commentary and outlook

- For the third week straight, overall subscription rates reduced to 100.3%, down from 115.1% the prior week. Investors remained biased on the 91-Day T-Bill but were weak on the 182-Day T-Bill and 364-Day T-Bill for the ninetieth successive week. The yield on the 91-Day T-Bill trended up for the fourteenth consecutive week and the yield on the 182-Day T-Bill notched up for the fifteenth successive week and the yield on the 364-Day T-Bill edged up for the ninth successive week.

Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,494.5	-1.0%	3.5%	-1.8%	-4.0%	-9.4%	-10.8%
Kenya NASI Return	92.3	0.0%	7.6%	-7.2%	-12.2%	-27.0%	-27.6%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.2%	4.5%	-10.0%	-21.0%	-41.6%	-41.7%
Johannesburg Index	1.2%	5.0%	2.3%	2.9%	-4.3%	-5.2%
Nigeria Stock Exchange	11.3%	5.8%	1.4%	-24.6%	-16.5%	-18.7%
Ghana Stock Exchange	-1.0%	0.5%	-1.3%	17.1%	50.1%	9.4%
Egyptian Stock Exchange	-3.1%	9.3%	31.1%	41.1%	44.2%	35.8%
MSCI EFM ex SA Index	-0.8%	5.7%	5.0%	3.4%	2.3%	2.7%

Other market statistics

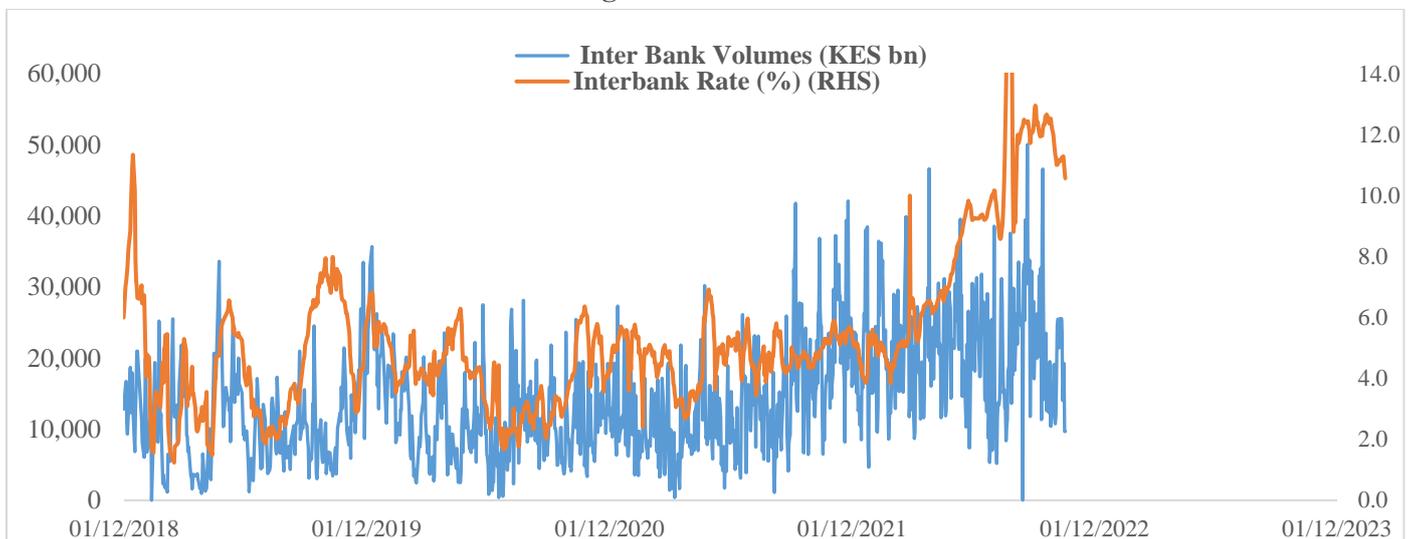
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	153.3	-0.2%	-0.5%	-4.9%	-9.5%	-20.0%	-19.5%
USD/ZAR	18.7	0.7%	-2.1%	1.0%	4.7%	-6.1%	-8.7%
USD/EGP	30.9	0.0%	0.0%	0.0%	0.0%	-20.5%	-19.9%
USD/NGN	789.7	5.5%	2.1%	-4.1%	-41.1%	-43.7%	-41.6%
USD/GHS	12.0	-0.2%	-0.7%	-5.0%	-7.1%	16.6%	-15.4%

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
Safaricom	602.3	-9.5	92.7%	2.6%	-41.8%	-43.8%	20.6%
Equity bank	286.7	-13.2	90.6%	-0.8%	-14.6%	-19.0%	6.9%
KCB bank	82.4	24.7	44.1%	-4.5%	-50.1%	-51.5%	20.6%
Stanbic bank	74.5	-65.3	44.2%	-6.6%	0.0%	-21.4%	10.9%
KenGen	25.6	-13.6	68.0%	-7.0%	-33.5%	-35.0%	0.0%

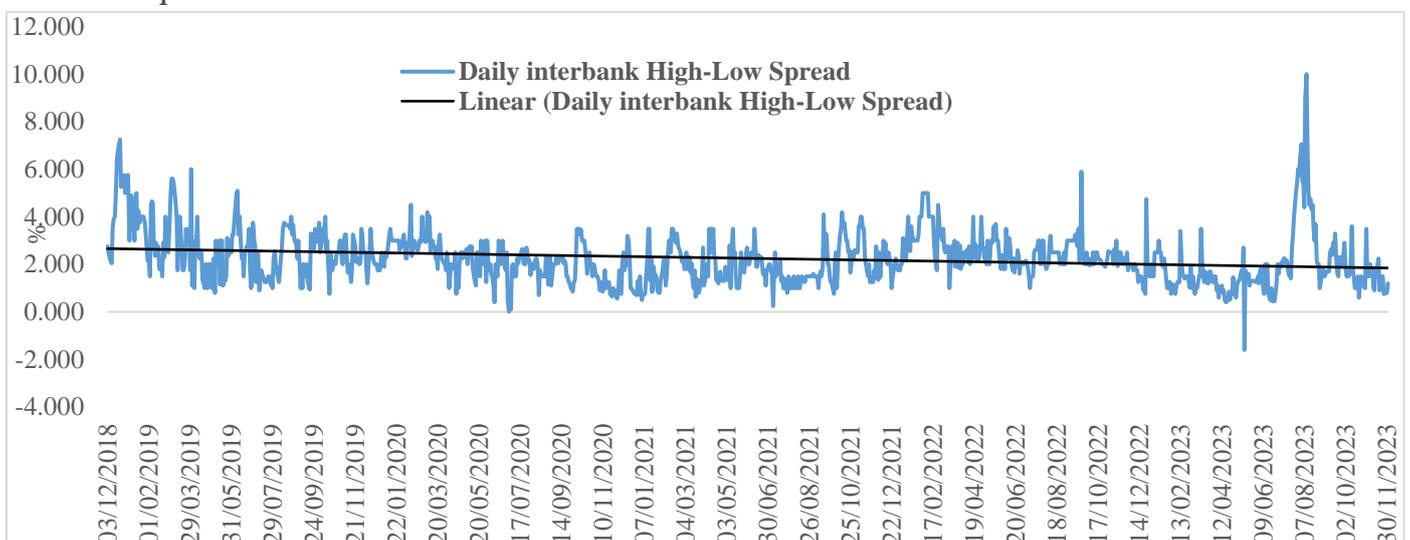
Key Rates and Spreads

Inter-bank rates decline week-on-week, touching a 3-months low



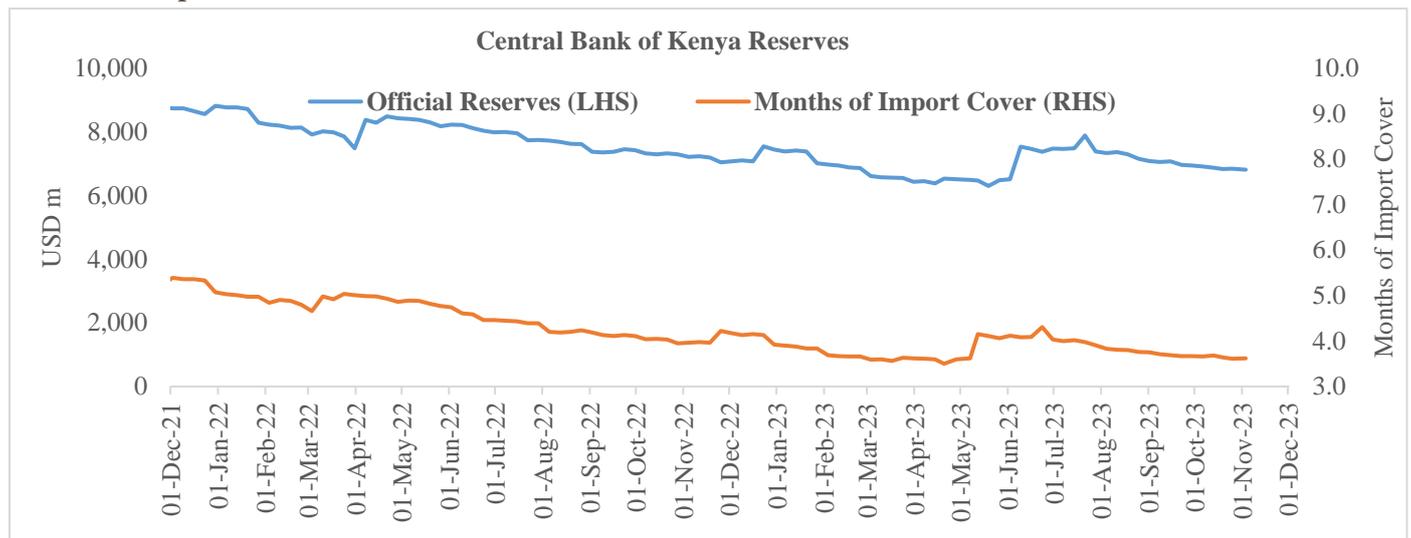
Source: CBK

Inter-bank spreads narrow for the second successive week



Source: CBK

Months of import cover & CBK FX reserves increase week-on-week



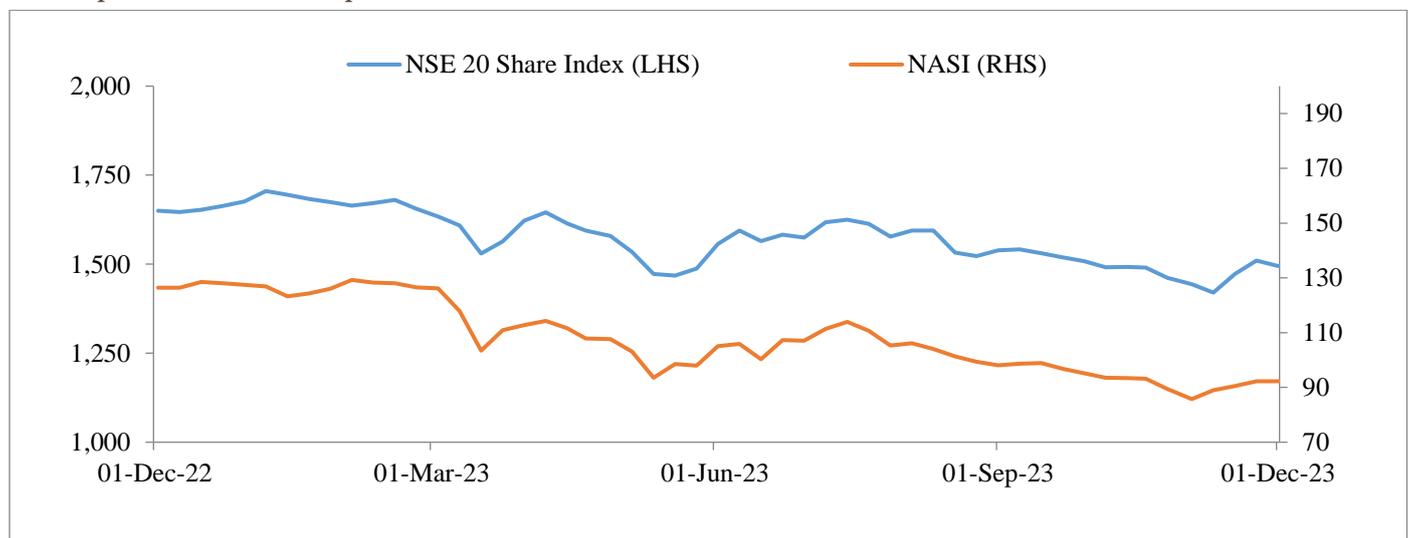
Source: CBK

Equity market trading commentary

For the second successive week, turnover surged by 123.9% w/w to stand at USD 7.6m (KES 1.2bn). For the fourth straight week, the NASI added marginally w/w to close at 92.27 while the NSE 20 retreated 1.0% w/w to end at 1,494.45. Foreign investors turned net seller at USD 0.5m (KES 69.9m). Foreign investors led trading at 79.7% of total turnover, up from 20.3% registered last week. Stanbic bank (USD 0.4m, KES 65.3m) and KenGen (USD 88.8k, KES 13.6m) posted the highest net foreign outflows. On the other hand, KCB bank marked the highest net foreign inflows at USD 0.2m (KES 24.7m).

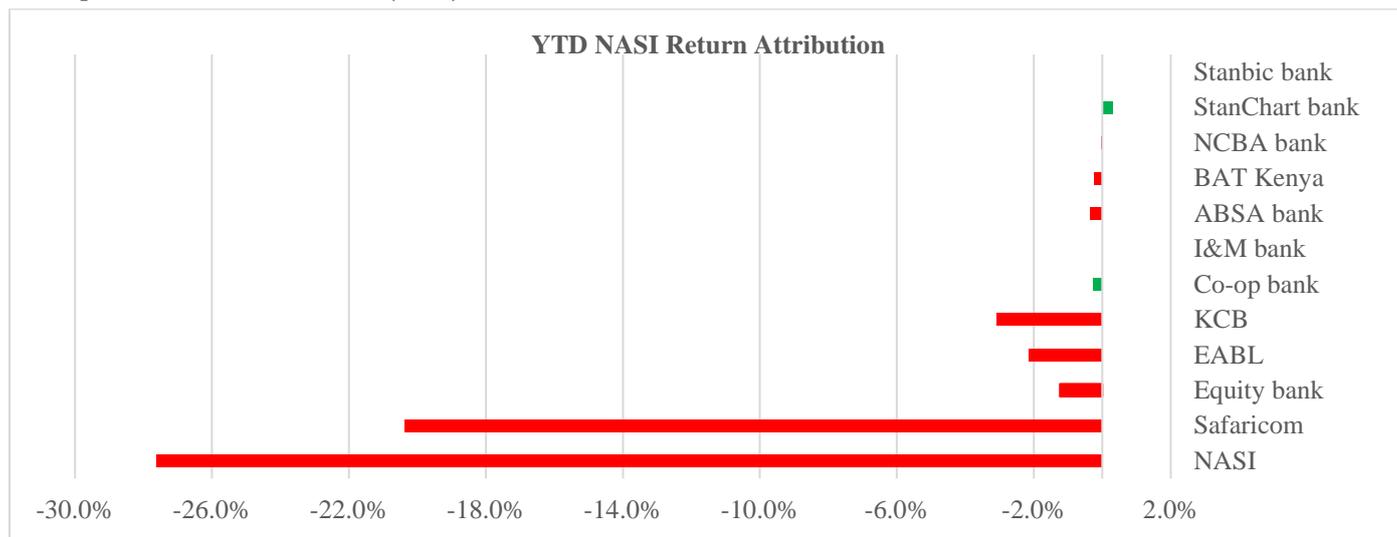
During the week, Safaricom rose to a 39-day high on account of local demand. Bamburi Cement continued to rally to reach a 12-month high on the back of local demand. BAT Kenya hit a 6-day high driven by local investors' buying.

Market performance over the past 12 months



Source: NSE

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



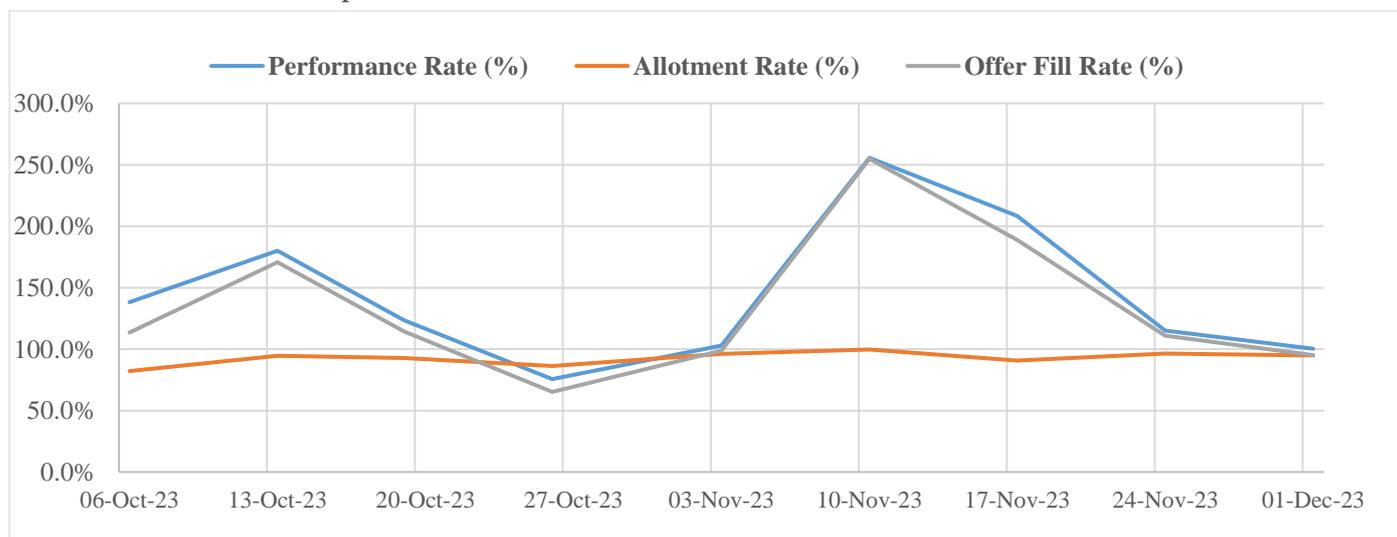
Source: Kestrel Research

Debt market trading commentary

For the third week straight, overall subscription rates reduced to 100.3%, down from 115.1% the prior week. Investors remained biased on the 91-Day T-Bill but were weak on the 182-Day T-Bill and 364-Day T-Bill for the ninetieth successive week. The yield on the 91-Day T-Bill trended up for the fourteenth consecutive week and the yield on the 182-Day T-Bill notched up for the fifteenth successive week and the yield on the 364-Day T-Bill edged up for the ninth successive week.

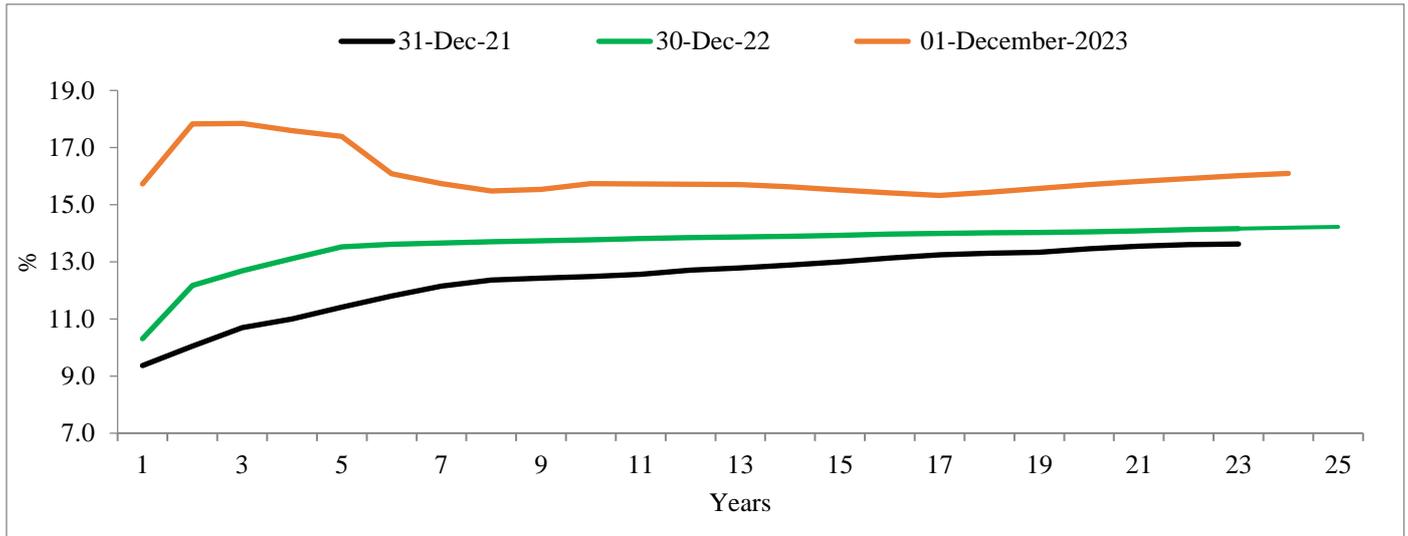
The Central Bank of Kenya offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 19.4bn for the 91-Day T-Bill, implying a subscription rate of 484.97%. It accepted bids worth KES 18.3bn at an average yield of 15.529% (+8.7bps w/w). The 182-Day T-Bill received bids worth KES 2.7bn, implying a performance rate of 26.98%. It accepted bids worth KES 2.7bn at an average yield of 15.511% (+10.6bps w/w). The 364-Day T-Bill received bids worth KES 2.0bn, implying a performance rate of 19.66%. It accepted bids worth KES 1.8bn at an average yield of 15.727% (+14.4bps w/w).

T-Bills Performance: Overall performance rates decrease for the third consecutive week



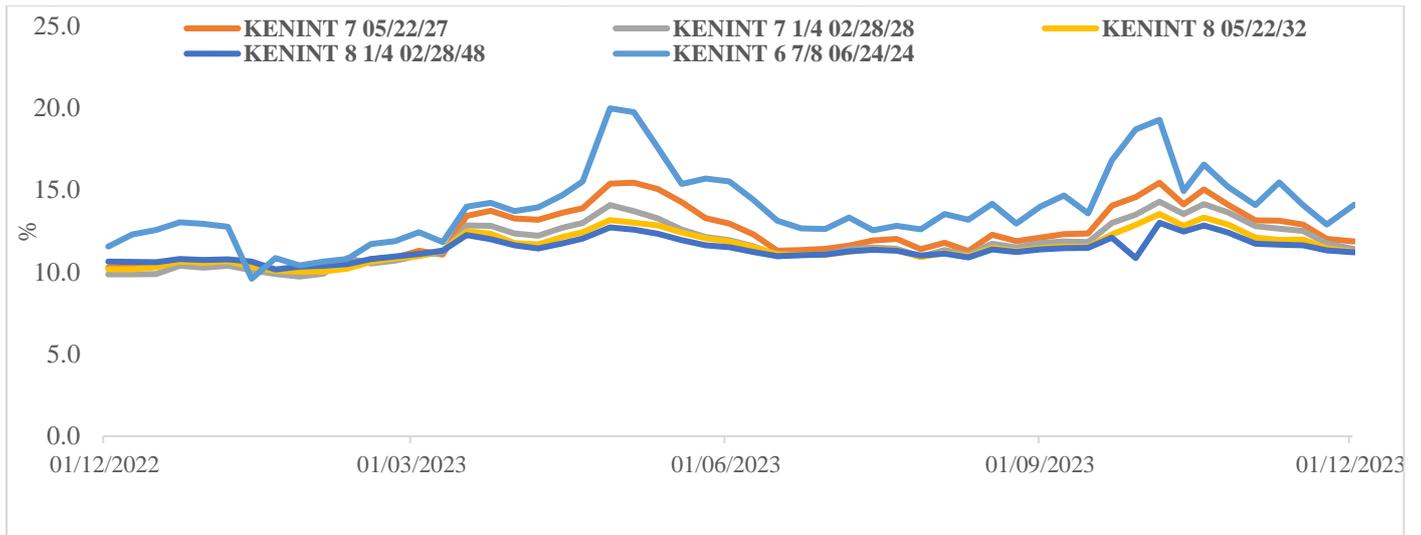
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across tenors' edge down for the sixth straight week



Source: Bloomberg

Top counters by market capitalization

Company	Sector	Year	12-M High	12-M Low	Price	YTD	Market Cap	Weighting	EPS	DPS	NAV	P/E	Div	P/B	ROE %	Daily Trading ¹
Safaricom	Telecom	Mar	25.00	11.65	14.05	-41.8	3,674	38.9%	1.55	1.20	4.7	9.0	8.5	3.0	33.2	692,896
Equity Bank	Banking	Dec	46.90	35.55	38.00	-14.6	936	9.9%	12.22	3.00	48.7	3.1	7.9	0.8	25.1	170,917
EA Breweries	Breweries	Jun	187.00	112.50	113.75	-32.1	587	6.2%	12.47	5.50	27.1	9.1	4.8	4.2	46.1	19,807
Co-op Bank	Banking	Dec	13.35	10.20	11.40	-7.3	436	4.6%	3.98	1.50	18.4	2.9	13.2	0.6	21.6	40,287
NCBA Bank	Banking	Dec	41.70	30.70	39.00	-0.9	419	4.4%	9.48	4.00	53.7	4.1	10.3	0.7	17.6	21,647
KCB Bank	Banking	Dec	39.20	15.75	19.00	-50.1	398	4.2%	12.47	2.00	68.1	1.5	10.5	0.3	18.3	84,620
StanChart Bank	Banking	Dec	171.00	135.25	158.50	11.0	391	4.1%	34.62	22.00	158.0	4.6	13.9	1.0	21.9	20,259
Absa Bank	Banking	Dec	12.95	10.10	10.95	-11.0	388	4.1%	2.98	1.35	12.0	3.7	12.3	0.9	24.8	33,718
BAT Kenya	Tobacco	Dec	479.75	401.25	410.00	-10.9	268	2.8%	68.92	57.00	163.8	5.9	13.9	2.5	42.1	30,624
Stanbic Bank	Banking	Dec	129.75	92.00	102.00	0.0	263	2.8%	28.71	13.75	140.8	3.6	13.5	0.7	20.4	15,555
Bank of Kigali	Banking	Dec	37.00	28.45	33.00	4.8	193	2.0%	7.55	3.28	46.8	4.4	10.0	0.7	16.1	2,276
I&M Holdings	Banking	Dec	21.00	15.85	17.35	2.1	187	2.0%	7.35	2.25	47.8	2.4	13.0	0.4	15.4	7,068
Umeme Ltd.	Power	Dec	17.75	6.98	14.30	92.7	152	1.6%	3.03	2.12	20.7	4.7	14.8	0.7	14.7	4,279
KenGen	Power	Jun	3.29	2.14	2.14	-33.5	92	1.0%	0.76	0.30	41.6	2.8	14.0	0.1	1.8	9,082
Jubilee Insurance	Insurance	Dec	200.00	148.25	182.00	-8.4	86	0.9%	68.38	14.00	613.8	2.7	7.7	0.3	11.1	8,398
Britam	Insurance	Dec	5.68	4.05	5.10	-1.9	84	0.9%	0.53	-	9.2	9.6	-	0.6	5.7	90,346
DTB Bank	Banking	Dec	55.25	44.00	45.75	-8.5	83	0.9%	22.56	5.00	256.8	2.0	10.9	0.2	8.8	6,291
Bamburi Cement	Cement	Dec	35.05	22.50	35.05	11.3	83	0.9%	2.15	3.58	82.1	16.3	10.2	0.4	2.6	13,954
Kakuzi	Agric	Dec	430.00	240.00	385.00	0.0	49	0.5%	43.15	24.00	303.5	8.9	6.2	1.3	14.2	402
CIC Insurance	Insurance	Dec	2.52	1.68	2.42	24.1	41	0.4%	0.42	0.13	3.3	5.8	5.4	0.7	12.8	1,681
Centum Investment	Finance	Mar	9.50	8.00	8.50	1.7	37	0.4%	(8.95)	0.60	55.8	-	7.1	0.2	(16.1)	6,990
Crown Paints	Manufac.	Dec	44.80	32.30	36.00	-14.0	33	0.4%	5.13	4.00	24.1	7.0	11.1	1.5	21.3	226
Kenya Re	Insurance	Dec	2.02	1.54	1.82	-0.5	33	0.4%	1.17	0.10	13.4	1.6	5.5	0.1	8.7	2,143
Sasini Tea & Coffee	Agric	Sept	31.40	18.20	20.00	-10.9	30	0.3%	3.82	1.00	61.7	5.2	5.0	0.3	6.2	513
Carbacid	Gases	July	17.55	11.40	15.00	25.0	25	0.3%	2.98	0.70	13.6	5.0	4.7	1.1	21.9	2,308
Nation Media	Media	Dec	21.00	14.15	20.00	25.4	25	0.3%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	12,013
Kenya Power	Power	Jun	1.70	1.37	1.39	-10.9	18	0.2%	(1.64)	-	29.1	-	-	0.0	(5.6)	3,536
TPSEA Serena	Tourism	Dec	15.45	10.85	12.25	-8.2	15	0.2%	(3.47)	-	33.3	-	-	0.4	(10.4)	152
Liberty K. Holdings	Insurance	Dec	5.68	3.45	3.91	-30.2	14	0.1%	0.15	-	15.9	25.6	-	0.2	1.0	62
NSE	Finance	Dec	7.00	5.52	6.06	-10.6	10	0.1%	0.05	0.20	7.1	114.6	3.3	0.9	0.7	520
Unga Ltd	Food	Jun	32.00	14.00	16.70	-47.8	8	0.1%	2.48	-	58.3	6.7	-	0.3	4.2	31
Sanlam Kenya	Insurance	Dec	9.68	6.54	7.48	-21.9	7	0.1%	(3.77)	-	3.9	-	-	1.9	(97.1)	62
Car & Gen	Motors	Sept	49.00	21.30	25.05	-47.2	7	0.1%	26.33	3.20	135.8	1.0	12.8	0.2	19.4	67
WPP Scangroup	Media	Dec	3.20	2.01	2.19	-27.2	6	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	168
											Average	9.9	9.2	1.8	24.7	1,315,709

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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

Fixed Income Sales & Trading

Alexander Muiruri
alexanderm@kestrelcapital.com

Edwin Muthaura
edwinm@kestrelcapital.com

CEO & Executive Director

Francis Mwangi, CFA
francism@kestrelcapital.com