

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	17.55	75.0%	BUY
Equity bank	43.67	47.85	-8.7%	HOLD
KCB bank	47.26	30.10	57.0%	BUY
Co-op bank	20.46	14.95	36.9%	BUY
ABSA bank	12.89	14.00	-7.9%	HOLD
StanChart bank	138.26	201.25	-31.3%	SELL
NCBA bank	40.68	45.20	-10.0%	HOLD
I&M bank	33.32	21.90	52.1%	BUY
Stanbic bank	108.85	126.25	-13.8%	HOLD
DTB bank	116.13	53.75	116.1%	BUY
EABL	151.28	138.75	9.0%	HOLD
Bamburi Cement	27.61	43.15	-36.0%	SELL
BAT Kenya	460.00	414.00	11.1%	HOLD

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, EABL touched a 31-week high on account of increased local demand. StanChart Bank also hit a 49-month high backed by local demand.

### Debt market commentary and outlook

- Overall subscription rates improved from 66.0% the previous week to 118.7%. Investors remained skewed on the 91-Day T-Bill, and activity increased on all three T-Bills. The yield on the 91-Day T-Bill, 182-Day T-Bill and the 364-Day T-Bill all decreased from the previous week.

## Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,748.1	-0.2%	12.3%	16.4%	17.2%	6.2%	16.4%
Kenya NASI Return	113.4	0.2%	19.5%	23.1%	21.3%	-0.8%	23.1%

Source: NSE, Kestrel Research

## NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	1.5%	28.3%	48.5%	38.8%	5.2%	47.8%
Johannesburg Index	1.8%	1.8%	0.5%	8.0%	-8.1%	-4.9%
Nigeria Stock Exchange	12.2%	30.2%	-5.1%	-4.5%	-26.5%	0.8%
Ghana Stock Exchange	-0.9%	-0.7%	-1.2%	-3.7%	11.9%	-1.2%
Egyptian Stock Exchange	3.5%	-5.1%	-26.9%	-6.7%	5.3%	-24.6%
MSCI EFM ex SA Index	0.9%	3.6%	-13.8%	-8.1%	-8.3%	-11.6%

## Other market statistics

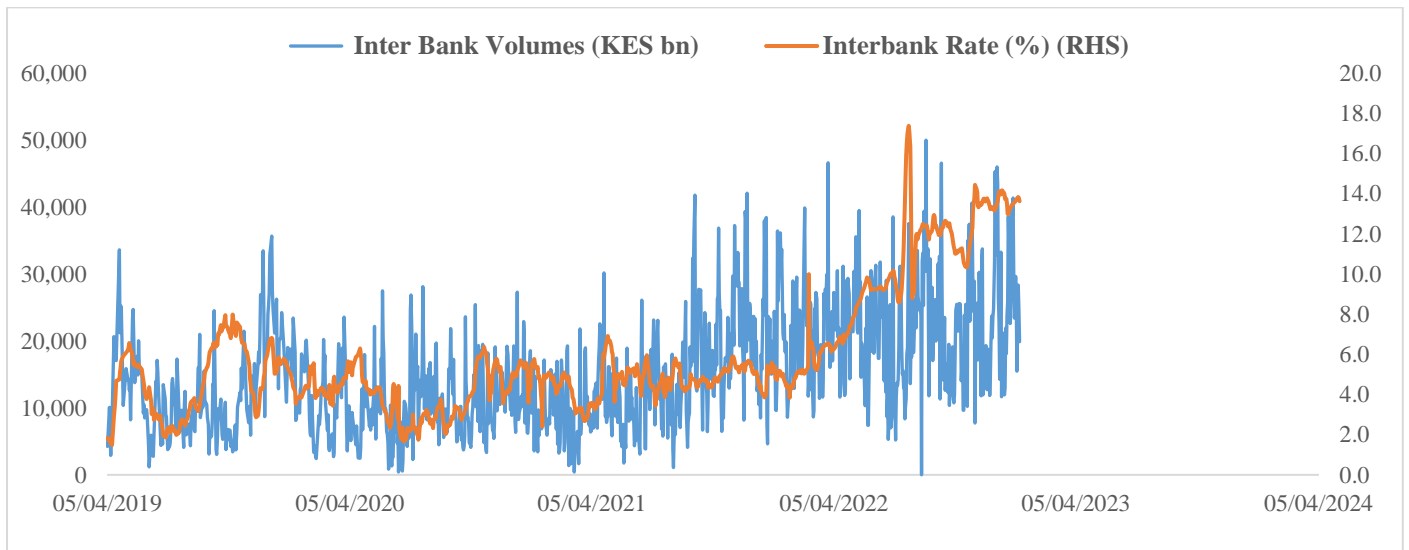
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	130.12	1.1%	7.7%	21.2%	14.3%	3.4%	20.5%
USD/ZAR	18.70	1.0%	0.1%	-0.1%	3.2%	-3.3%	-1.8%
USD/EGP	47.38	0.1%	4.3%	-35.0%	-35.0%	-34.8%	-34.8%
USD/NGN	1,247.75	8.3%	28.8%	-26.7%	-39.2%	-63.0%	-26.9%
USD/GHS	13.35	-0.7%	-4.1%	-10.5%	-12.4%	-12.8%	-10.5%

**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	1,403.3	-177.2	78.9%	1.5%	42.2%	-2.7%	42.2%
Safaricom	657.3	-48.7	76.8%	-1.1%	26.3%	-10.9%	50.6%
KCB	122.4	75.3	50.8%	30.1%	37.4%	-17.2%	91.1%
EABL	25.4	20.0	45.0%	6.3%	21.7%	-18.7%	38.8%
Co-op	25.3	-0.1	0.5%	-0.3%	31.1%	-0.7%	46.6%

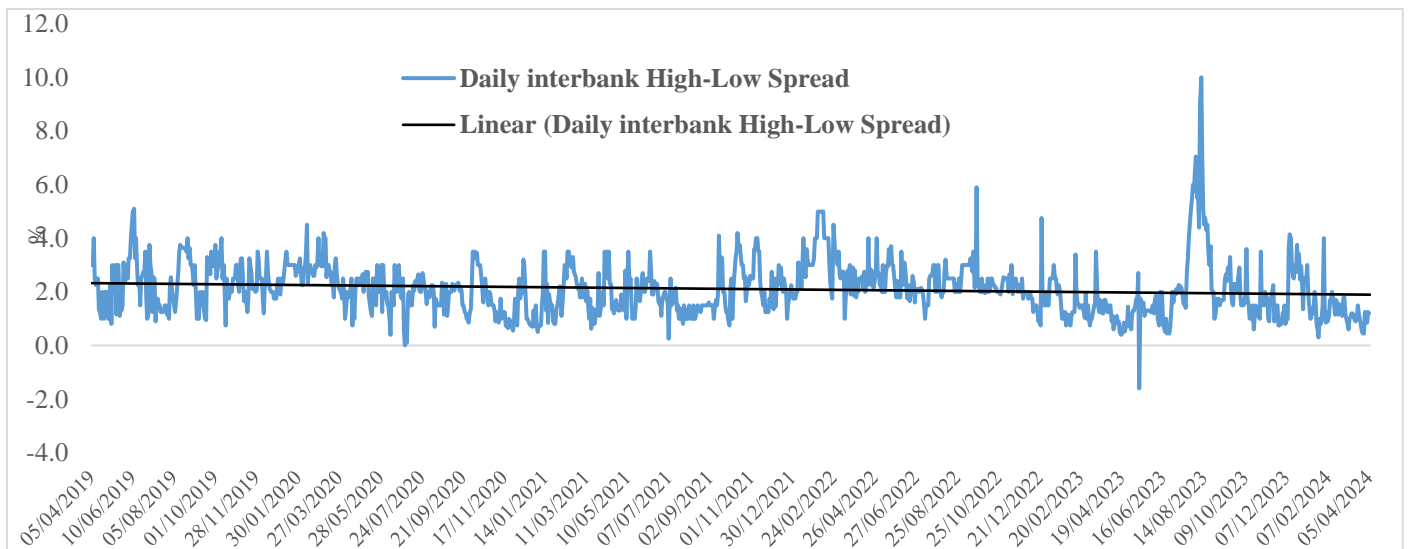
**Key Rates and Spreads**

**Inter-bank Rates decline week-on-week**



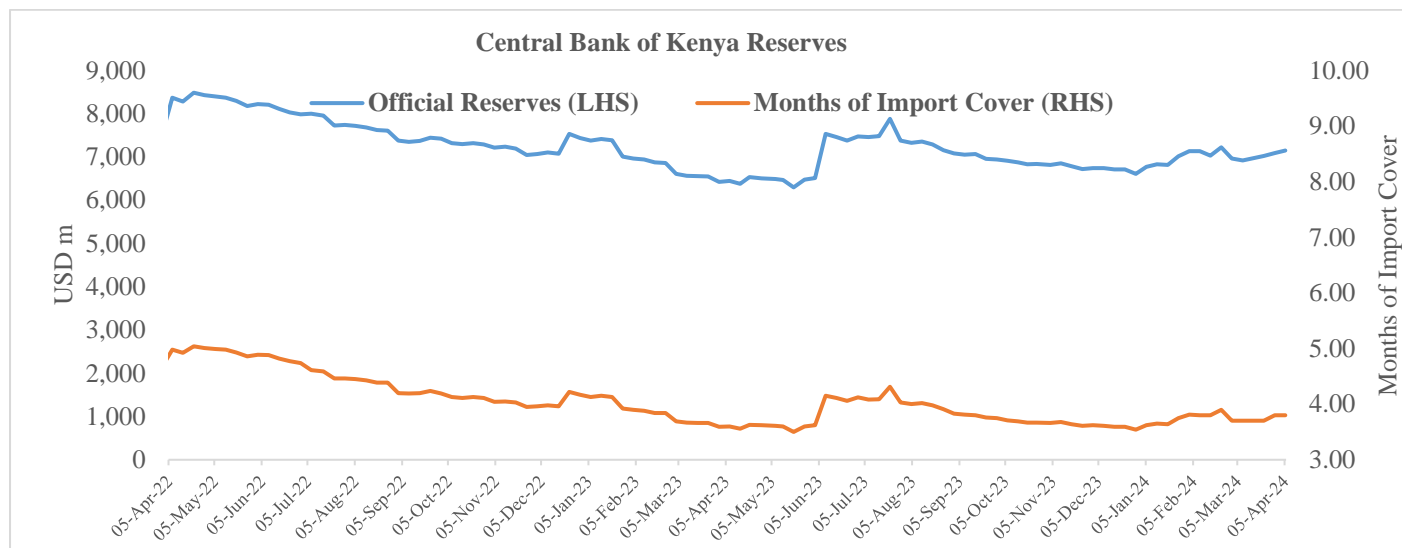
Source: CBK

**Inter-bank Spreads narrow week-on-week.**



Source: CBK

### Months of import cover & CBK FX reserves build up for the fourth week straight



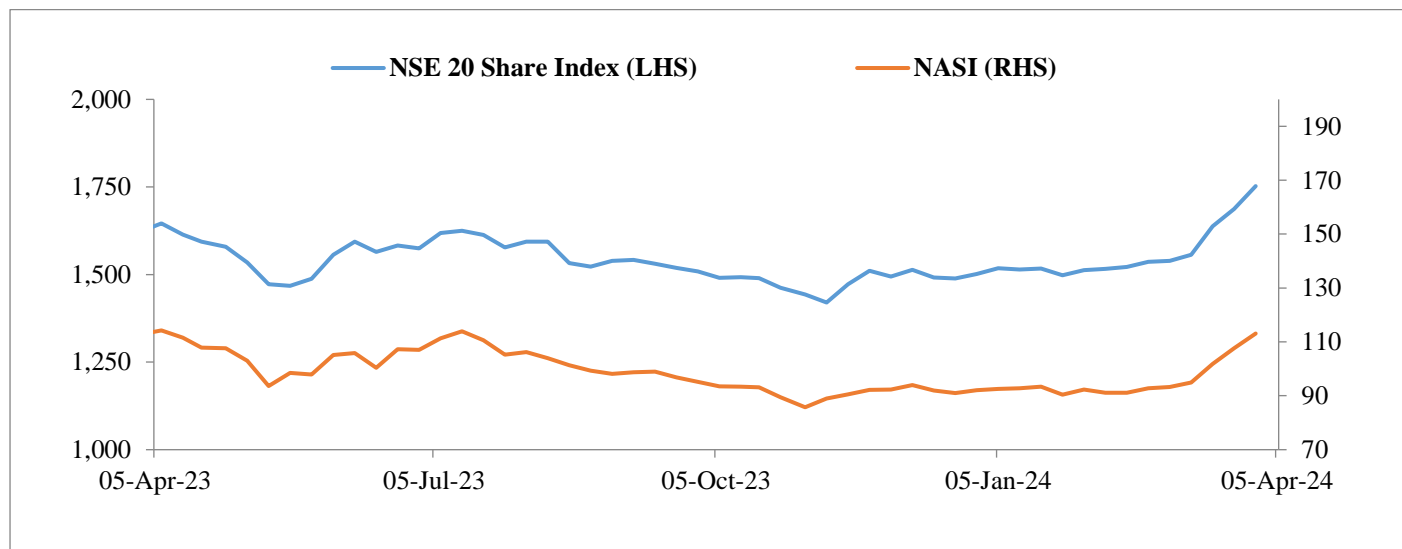
Source: CBK

### Equity market trading commentary

Market turnover fell by 55.0% to stand at USD 20.1m (KES 2.6bn). The NASI appreciated consecutively for the seventh week by 0.2% to close at 113.36, conversely, the NSE 20 shed 0.2% to close at 1748.10. Foreign investors dominated trading for the week at 64.7%, an improvement from the previous week’s 50.0%. Foreign investors remained net sellers at USD 1.1m (KES 144.6m).

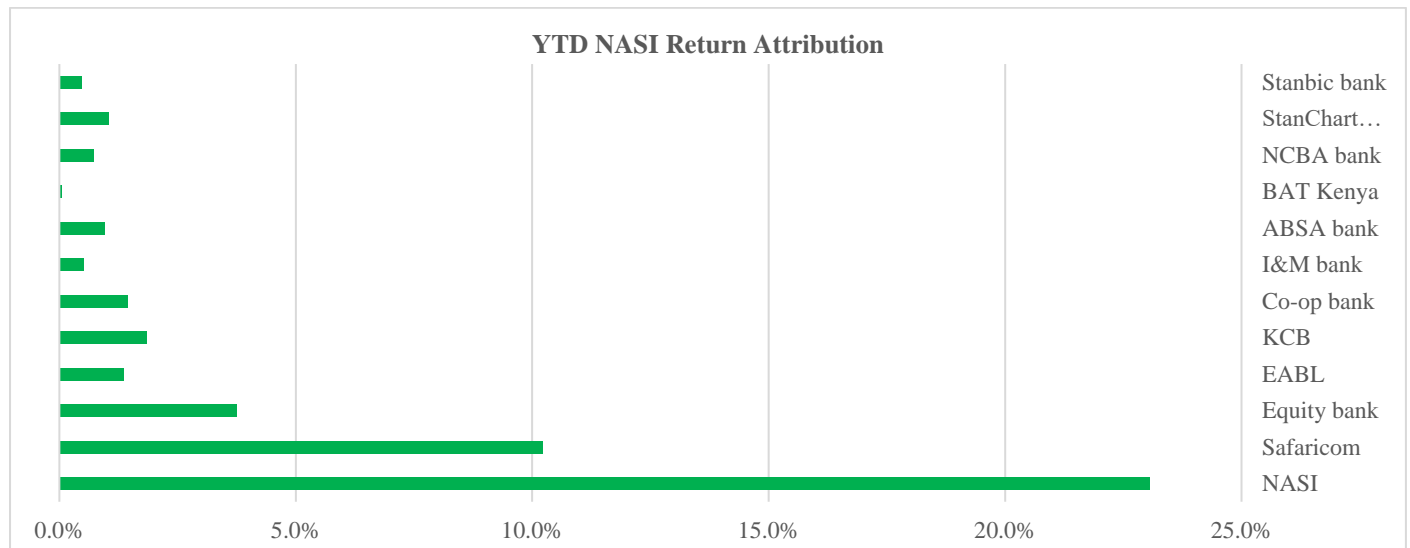
During the week, EABL touched a 31-week high on account of increased local demand. StanChart Bank also hit a 49-month high backed by local demand.

### Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

### Debt market trading commentary

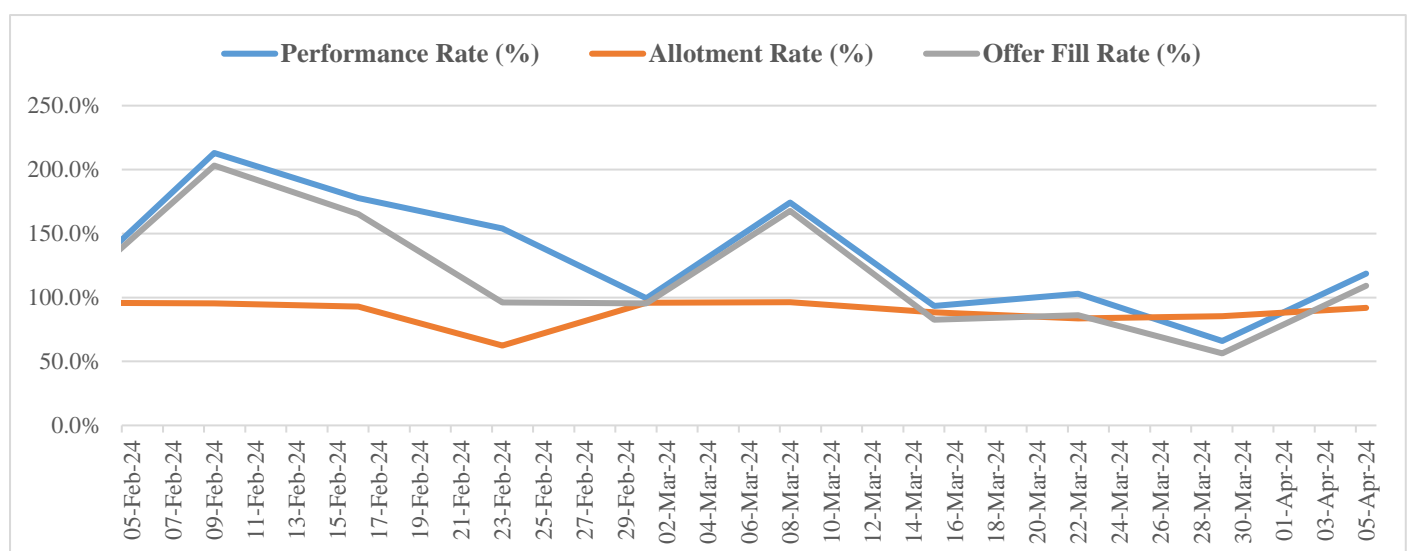
Overall subscription rates improved from 66.0% the previous week to 118.7%. Investors remained skewed on the 91-Day T-Bill, and activity increased on all three T-Bills. The yield on the 91-Day T-Bill, 182-Day T-Bill and the 364-Day T-Bill all decreased from the previous week.

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 8.7bn for the 91-Day T-Bill, implying a subscription rate of 217.3%. It accepted bids worth KES 7.9bn at an average yield of 16.724% (-0.5 bps w/w).

The 182-Day T-Bill received bids worth KES 5.9bn, implying a performance rate of 58.7%. It accepted bids worth KES 4.9 bn at an average yield of 16.874% (-1.4 bps w/w).

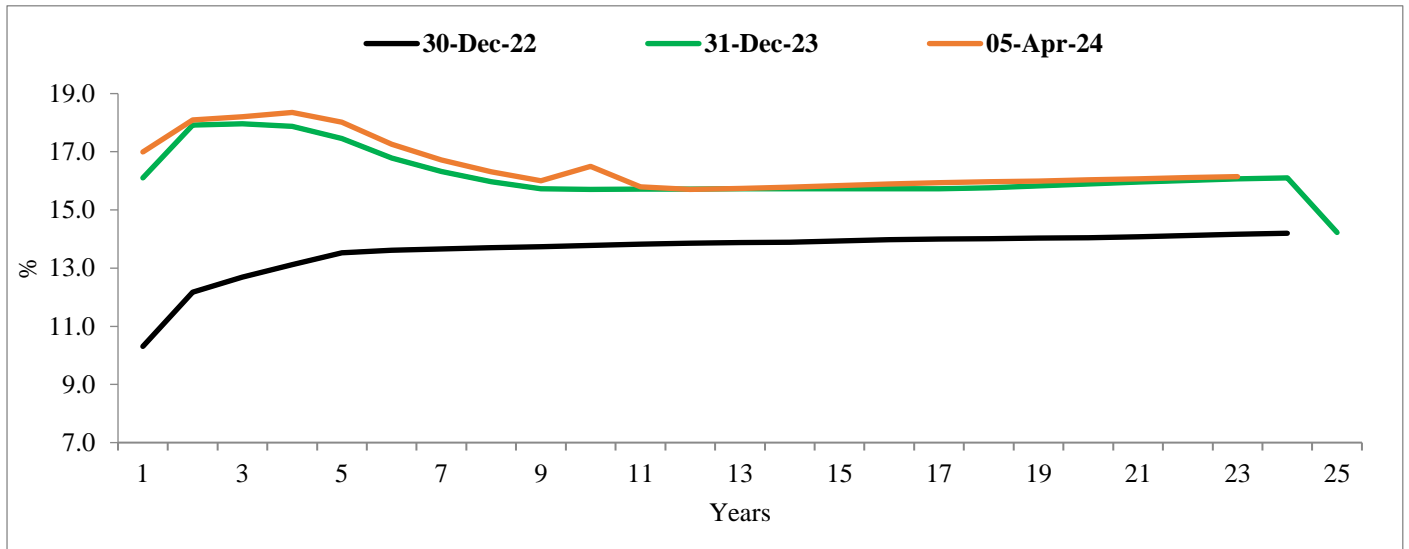
The 364-Day T-Bill received bids worth KES 13.9bn, implying a performance rate of 139.1%. It accepted bids worth KES 13.4bn at an average yield of 16.990% (- 0.01bps w/w).

### T-Bills Performance rates decrease week-on-week



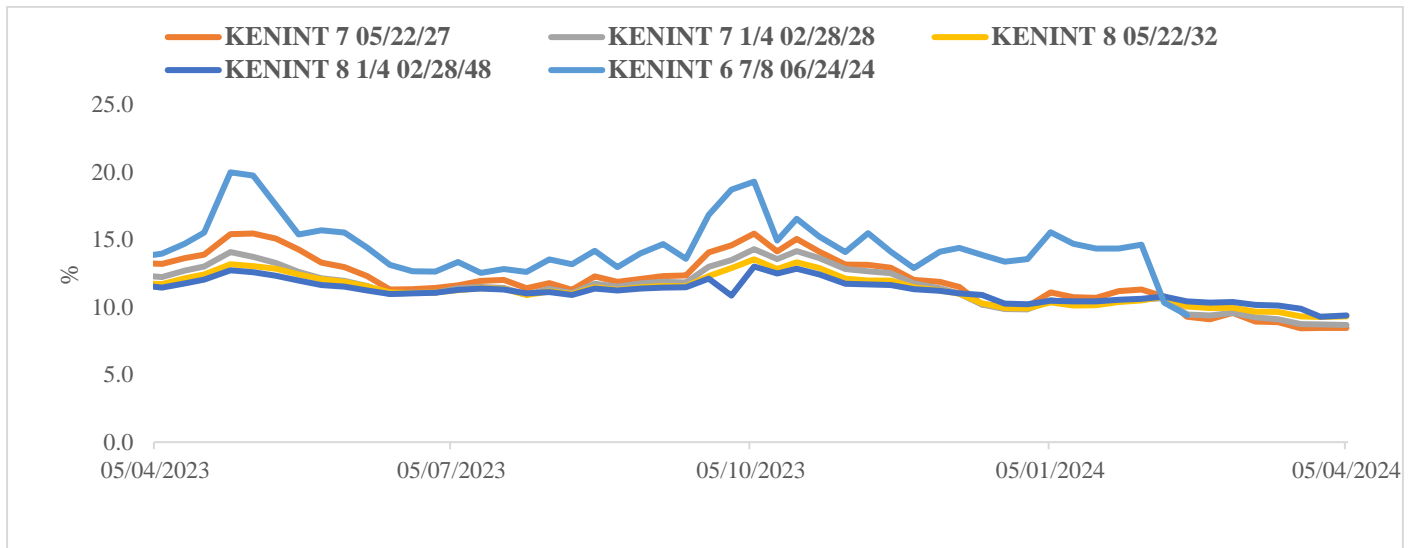
Source: CBK

### 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 <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	19.70	11.65	17.55	26.3	5,378	29.5%	1.55	1.20	4.7	11.3	6.8	3.7	33.2	1,018,346
Equity Bank	Banking	Dec	49.20	33.65	47.85	42.2	1,381	7.6%	12.22	4.00	48.7	3.9	8.4	1.0	25.1	746,287
EA Breweries	Breweries	Jun	170.75	100.00	138.75	21.7	839	4.6%	12.47	5.50	27.1	11.1	4.0	5.1	46.1	6,648
Co-op Bank	Banking	Dec	15.05	10.20	14.95	31.1	671	3.7%	3.98	1.50	18.4	3.8	10.0	0.8	21.6	56,170
NCBA Bank	Banking	Dec	45.20	30.70	45.20	16.0	570	3.1%	9.48	3.00	53.7	4.8	6.6	0.8	17.6	9,185
Absa Bank	Banking	Dec	14.20	10.10	14.00	22.3	582	3.2%	2.98	1.55	12.0	4.7	11.1	1.2	24.8	39,832
KCB Bank	Banking	Dec	36.35	15.75	30.10	37.4	740	4.1%	12.47	-	68.1	2.4	-	0.4	18.3	319,015
StanChart Bank	Banking	Dec	201.25	135.25	201.25	24.2	582	3.2%	34.62	29.00	158.0	5.8	14.4	1.3	21.9	20,410
Stanbic Bank	Banking	Dec	130.00	97.25	126.25	16.1	382	2.1%	28.71	15.35	140.8	4.4	12.2	0.9	20.4	17,419
BAT Kenya	Tobacco	Dec	477.25	401.25	414.00	1.6	317	1.7%	55.68	50.00	163.8	7.4	12.1	2.5	34.0	1,492
BK Group	Banking	Dec	37.00	29.65	34.00	-5.0	233	1.3%	7.55	3.28	46.8	4.5	9.7	0.7	16.1	1,083
I&M Holdings	Banking	Dec	22.65	15.85	21.90	25.1	277	1.5%	7.35	2.55	47.8	3.0	11.6	0.5	15.4	16,831
Umeme Ltd.	Power	Dec	17.75	9.98	16.05	0.3	199	1.1%	3.03	2.12	20.7	5.3	13.2	0.8	14.7	20,118
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	166	0.9%	(2.79)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	46.95	22.50	43.15	20.4	120	0.7%	2.15	3.58	82.1	20.1	8.3	0.5	2.6	-
KenGen	Power	Jun	2.52	1.96	2.37	17.9	120	0.7%	0.76	0.30	41.6	3.1	12.7	0.1	1.8	36,406
Jubilee Insurance	Insurance	Dec	200.00	154.00	196.00	5.9	109	0.6%	68.38	14.00	613.8	2.9	7.1	0.3	11.1	66,032
DTB Bank	Banking	Dec	55.75	44.05	53.75	19.3	115	0.6%	22.56	6.00	256.8	2.4	11.2	0.2	8.8	10,975
Britam	Insurance	Dec	5.68	4.05	5.10	6.5	98	0.5%	0.53	-	9.2	9.6	-	0.6	5.7	2,124
Total Oil	Oil	Dec	22.40	15.80	20.00	11.1	96	0.5%	3.88	1.31	48.0	5.2	6.6	0.4	8.1	-
Kakuzi	Agric	Dec	430.00	264.00	371.25	-3.6	56	0.3%	43.15	24.00	303.5	8.6	6.5	1.2	14.2	184
CIC Insurance	Insurance	Dec	2.52	1.68	2.39	6.7	48	0.3%	0.42	0.13	3.3	5.7	5.4	0.7	12.8	2,124
Centum Investment	Finance	Mar	9.50	8.00	8.08	-3.8	41	0.2%	(8.95)	0.60	55.8	-	7.4	0.1	(16.1)	4,025
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	41	0.2%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	44.80	34.20	40.00	12.2	44	0.2%	5.13	4.00	24.1	7.8	10.0	1.7	21.3	43,894
Kenya Re	Insurance	Dec	2.21	1.70	2.14	13.8	46	0.3%	1.17	0.10	13.4	1.8	4.7	0.2	8.7	2,124
Sasini Tea & Coffee	Agric	Sept	31.40	18.20	20.95	4.8	37	0.2%	3.82	1.00	61.7	5.5	4.8	0.3	6.2	4,886
Carbacid	Gases	July	17.55	12.10	17.45	16.3	34	0.2%	2.98	0.70	13.6	5.9	4.0	1.3	21.9	4,479
Nation Media	Media	Dec	21.60	15.05	20.50	2.2	30	0.2%	16.74	1.49	43.1	1.2	7.2	0.5	38.9	2,332
Kenya Power	Power	Jun	1.86	1.35	1.70	19.7	25	0.1%	(1.64)	-	29.1	-	-	0.1	(5.6)	-
TPSEA Serena	Tourism	Dec	16.45	11.00	16.10	-2.1	22	0.1%	(3.47)	-	33.3	-	-	0.5	(10.4)	1,795
Liberty K. Holdings	Insurance	Dec	5.54	3.45	5.12	38.8	21	0.1%	0.15	-	15.9	33.5	-	0.3	1.0	3,217
BOC Kenya	Gases	Dec	90.25	70.00	76.00	-7.3	11	0.1%	7.58	5.95	85.1	10.0	7.8	0.9	8.9	1,492
NSE	Finance	Dec	6.62	5.52	6.22	3.3	12	0.1%	0.05	0.20	7.1	117.6	3.2	0.9	0.7	1,099
Housing Finance	Banking	Dec	5.10	3.25	3.93	12.9	12	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	1,932
Unga Ltd	Food	Jun	23.00	13.70	14.55	-13.6	8	0.0%	2.48	-	58.3	5.9	-	0.2	4.2	-
Sanlam Kenya	Insurance	Dec	8.60	5.60	6.98	16.3	8	0.0%	(3.77)	-	3.9	-	-	1.8	(97.1)	3,217
Car & Gen	Motors	Sept	41.50	21.30	29.00	16.0	9	0.0%	26.33	3.20	135.8	1.1	11.0	0.2	19.4	62
Limuru Tea	Agric	Dec	430.00	380.00	380.00	0.0	7	0.0%	4.73	1.00	80.9	80.4	0.3	4.7	5.8	10
WPP Scangroup	Media	Dec	3.18	1.99	2.30	5.5	8	0.0%	(0.30)	-	11.9	-	-	0.2	(2.5)	704
EA Portland	Cement	Jun	9.40	5.32	7.92	-1.0	5	0.0%	6.02	-	239.8	1.3	-	0.0	2.5	742
Standard Newspapers	Media	Dec	9.80	5.10	6.80	-12.1	4	0.0%	(10.05)	-	0.4	-	-	15.5	(2,284)	21
Longhorn	Publishing	Jun	2.93	2.01	2.30	-4.6	5	0.0%	0.62	-	2.8	3.7	-	0.8	22.2	72
TransCentury	Finance	Dec	1.07	0.40	0.58	11.5	2	0.0%	(6.72)	-	(9.5)	-	-	-	-	18
											Average	<b>5.8</b>	<b>5.6</b>	<b>1.7</b>	<b>18.8</b>	<b>2,682,439</b>

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