

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.13	15.65	111.7%	BUY
Equity bank	47.71	48.05	-0.7%	HOLD
KCB bank	66.26	39.00	69.9%	BUY
Co-op bank	20.33	14.20	43.2%	BUY
ABSA bank	11.97	15.05	-20.5%	SELL
StanChart bank	262.64	231.00	13.7%	HOLD
NCBA bank	36.1	43.30	-16.6%	SELL
I&M bank	35.09	28.00	25.3%	BUY
Stanbic bank	84.7	134.00	-36.8%	SELL
DTB bank	92.65	52.00	78.2%	BUY
EABL	151.28	192.75	-21.5%	SELL
Bamburi Cement	44.37	65.50	-32.3%	SELL
BAT Kenya	460.00	350.00	31.4%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom touched a 12-week low on increased foreign sell-off, and the NASI broke a six-day losing streak. Foreign investors emerged net sellers at USD 1.5m (KES 195.0m). BAT Kenya registered the highest net foreign outflows at USD 1.6m (KES 201.7m), while EABL marked the highest net foreign inflows at USD 0.9m (KES 113.3m).

Debt market commentary and outlook

- Total subscription rates rose to 409.9% from 259.0% the preceding week. Investors remained skewed on the 91-Day T-Bill as activity improved for all three T-Bills. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a sixteen-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the fifteenth week.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,927.5	16.1%	14.1%	27.3%	33.5%	25.6%	28.4%
Kenya NASI	115.6	10.4%	8.4%	24.6%	34.8%	12.2%	25.5%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-1.7%	6.9%	8.0%	-2.7%	38.7%	-0.7%
Johannesburg Index	-0.9%	-1.5%	12.9%	3.1%	11.8%	-9.6%
Nigeria Stock Exchange	-2.1%	-1.4%	-3.2%	-9.2%	-22.3%	7.4%
Ghana Stock Exchange	1.6%	1.9%	-4.3%	9.2%	-2.7%	2.3%
Egyptian Stock Exchange	1.3%	-1.1%	8.5%	6.4%	-30.3%	-1.5%
MSCI EFM ex SA Index	0.3%	-0.5%	3.4%	0.6%	8.3%	36.8%

Other market statistics

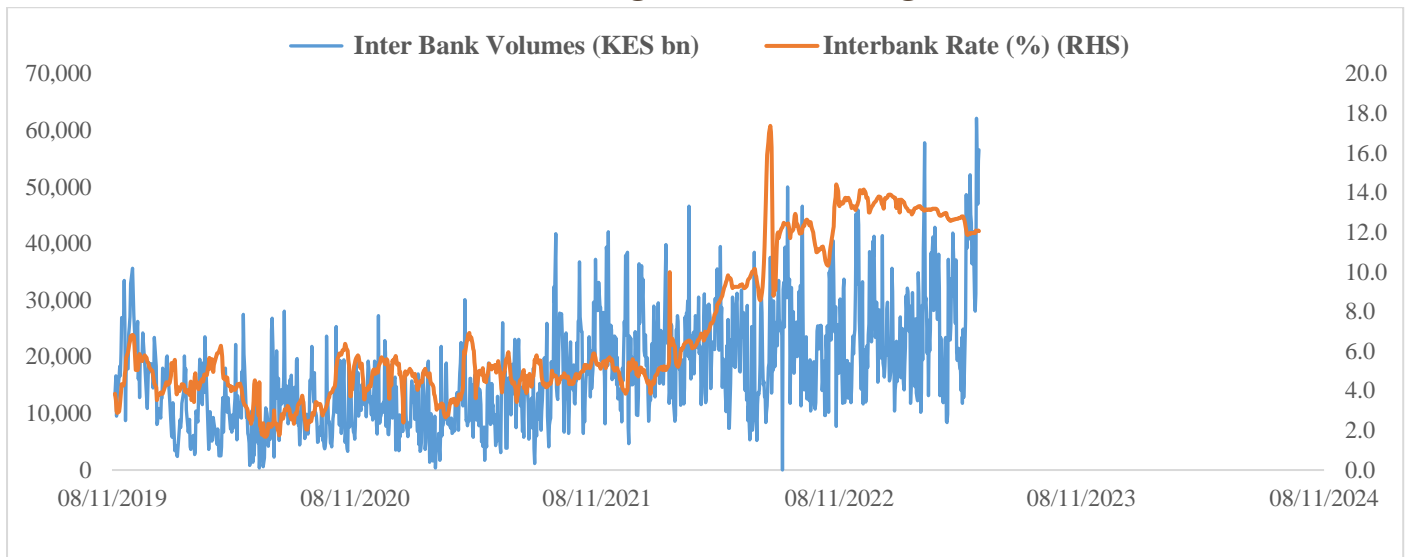
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.00	0.0%	0.0%	0.3%	1.3%	16.0%	3.2%
USD/ZAR	17.60	0.3%	-1.3%	5.3%	0.6%	1.5%	-1.9%
USD/EGP	49.28	-0.7%	-0.8%	1.4%	-3.8%	-34.8%	0.1%
USD/NGN	1668.08	-1.5%	-1.1%	-1.7%	-10.1%	-43.9%	13.3%
USD/GHS	16.36	-0.4%	-2.2%	-2.2%	-10.3%	-14.7%	0.2%

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
Laptrust Imara I-REIT	600.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
Safaricom	348.4	-146.8	45.3%	-6.6%	12.6%	-18.9%	34.3%
KCB Bank	237.5	16.8	14.4%	1.3%	78.1%	-0.1%	147.6%
EABL	235.6	113.3	68.1%	5.3%	69.1%	-3.5%	92.8%
BAT Kenya	212.9	-201.7	51.7%	-1.9%	-14.1%	-19.9%	5.5%

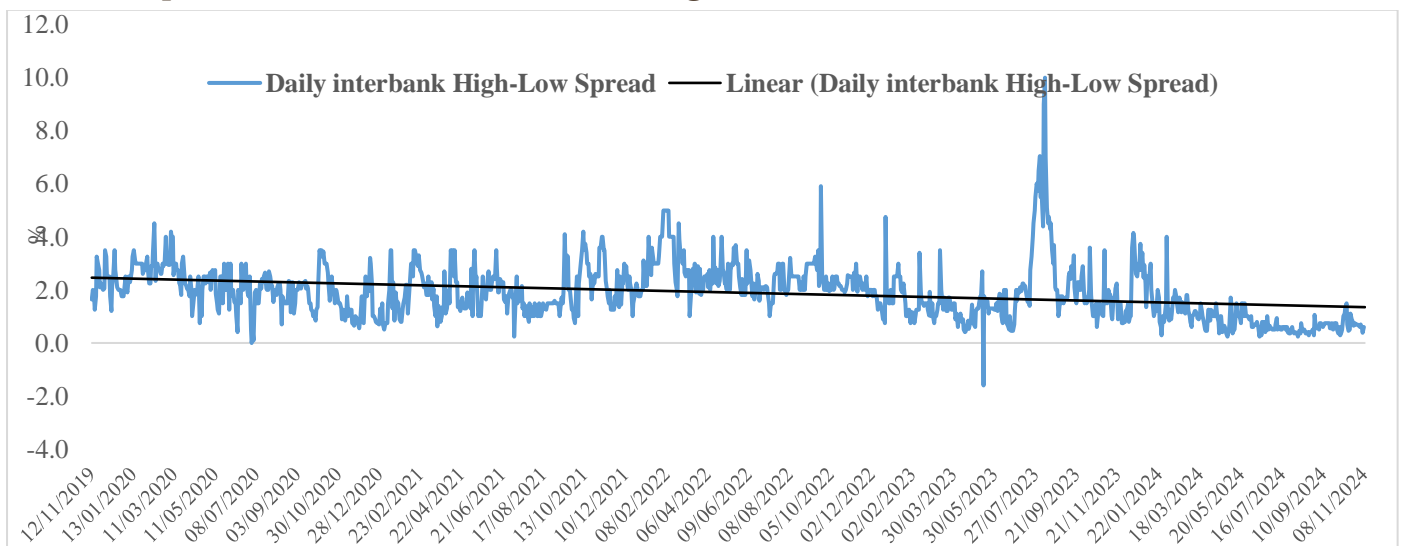
Key Rates and Spreads

Inter-bank Rates rise week on week, sustaining a month's climbing streak.



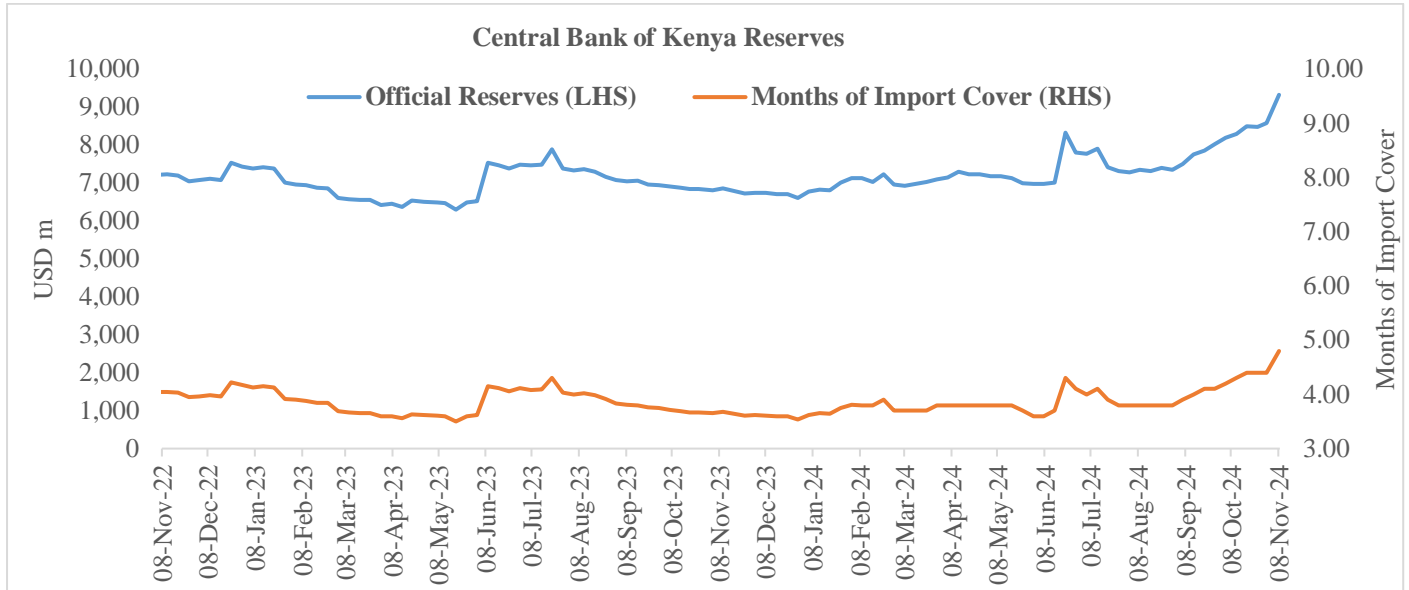
Source: CBK

Interbank spreads narrow for the fourth week straight.



Source: CBK

Months of import cover and CBK FX improve, week-on-week, touching a three-year high.



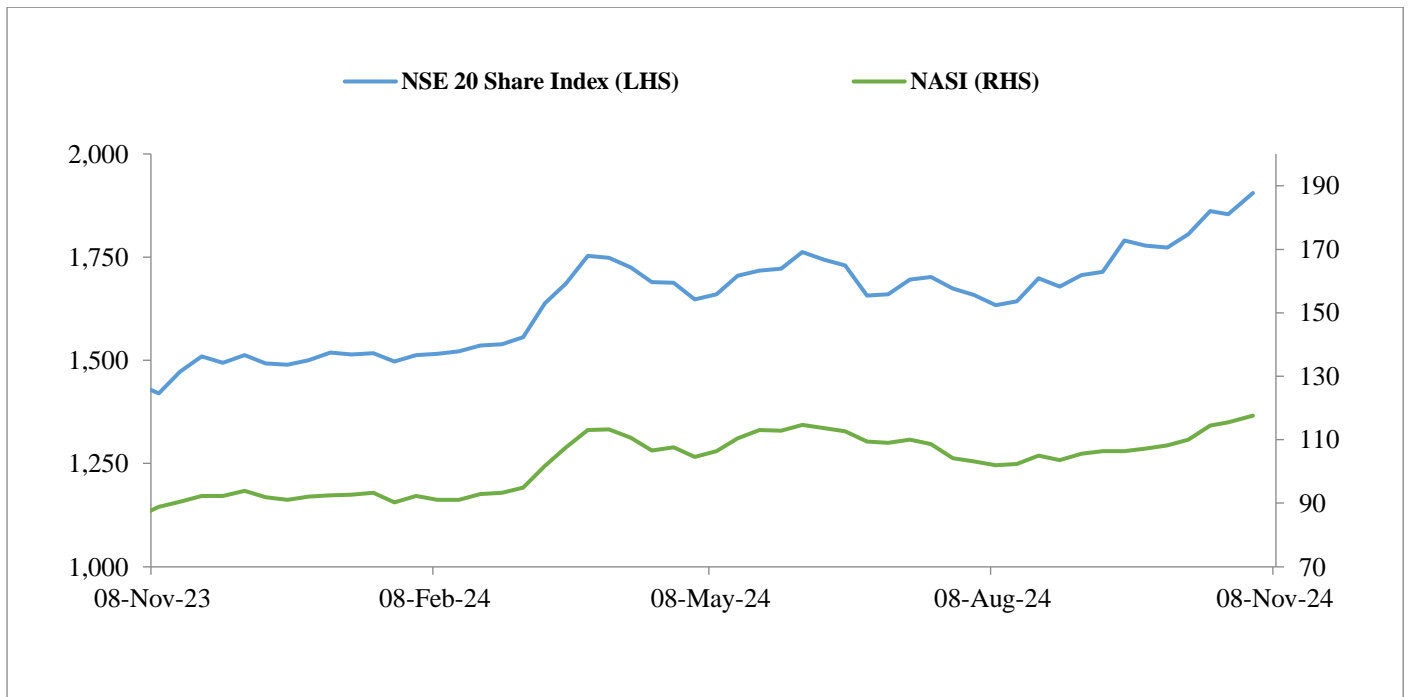
Source: CBK

Equity market trading commentary

Market turnover improved by 94.0% to conclude at USD 17.0m (KES 2.2bn). The NASI edged downwards by 1.7% to halt at 115.59, breaking a nine-week gaining streak. The NSE-20 upsurged by 1.2% to stop at 1927.51. Foreign investors emerged net sellers at USD 1.5m (KES 195.0m). BAT Kenya registered the highest net foreign outflows at USD 1.6m (KES 201.7m), while EABL marked the highest net foreign inflows at USD 0.9m (KES 113.3m).

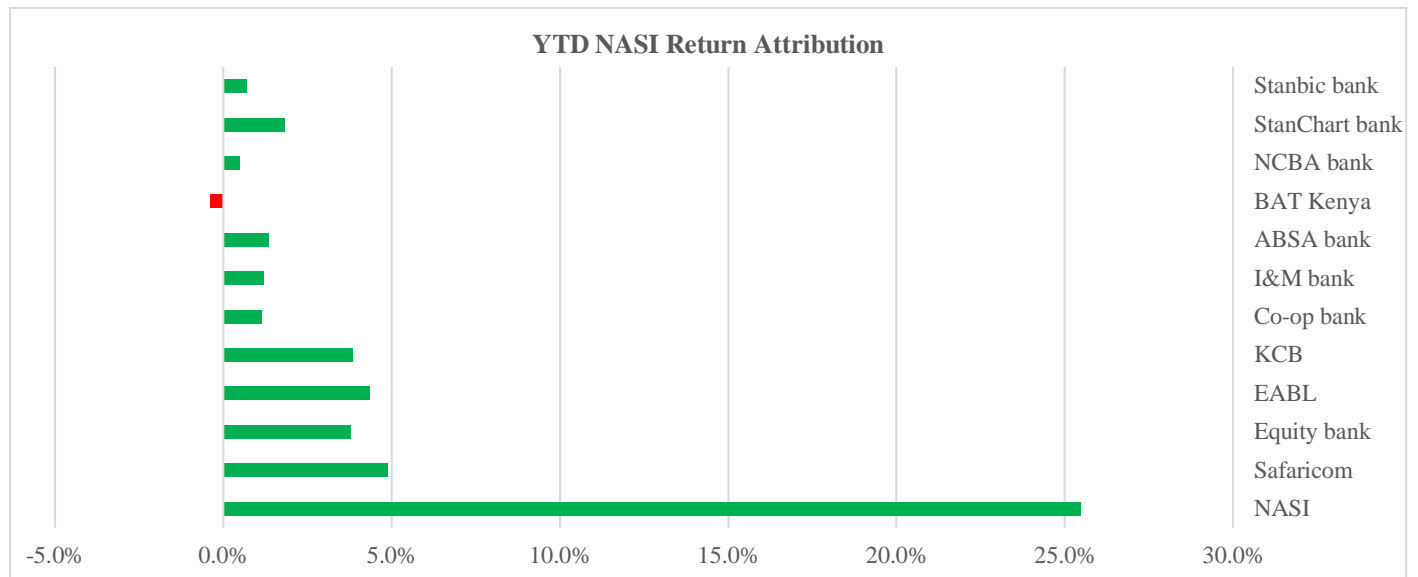
During the week, Safaricom touched a 12-week low on increased foreign sell-off, and the NASI broke a six-day losing streak.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

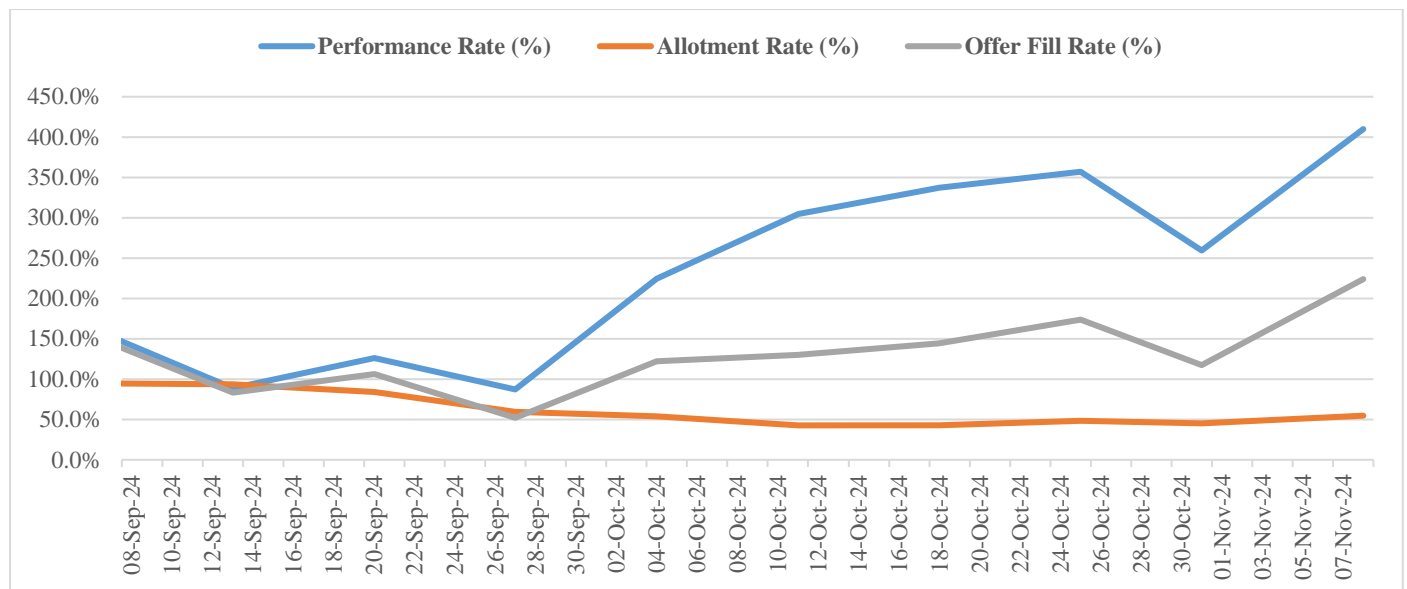
Total subscription rates rose to 409.9% from 259.0% the preceding week. Investors remained skewed on the 91-Day T-Bill as activity improved for all three T-Bills. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a sixteen-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the fifteenth 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 27.4 bn for the 91-Day T-Bill, implying a subscription rate of 686.12%. It accepted bids worth KES 10.6 bn at an average yield of 13.445 % (-51.6 bps w/w).

The 182-Day T-Bill received bids worth KES 42.8 bn, implying a performance rate of 427.80%. It accepted bids worth KES 22.9 bn at an average yield of 13.840 % (-68.3bps w/w)

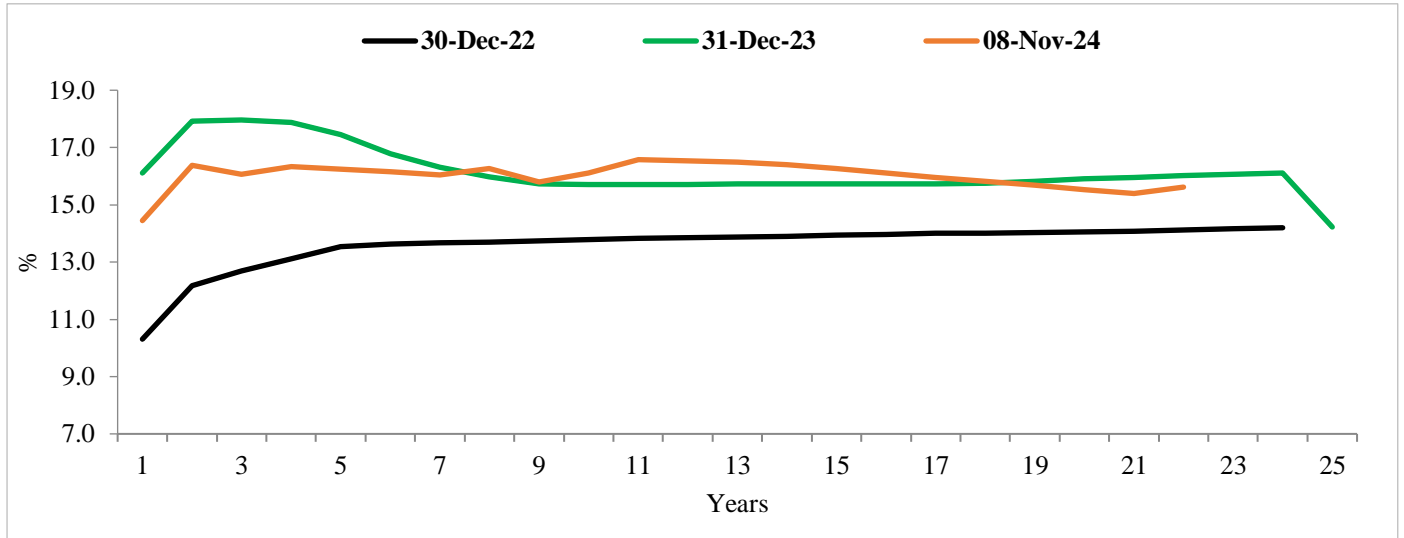
The 364-Day T-Bill received bids worth KES 28.1 bn, implying a performance rate of 281.48%. It accepted bids worth KES 20.2 bn at an average yield of 14.448 % (-52.1 bps w/w).

T-Bills Performance rates rise week-on-week



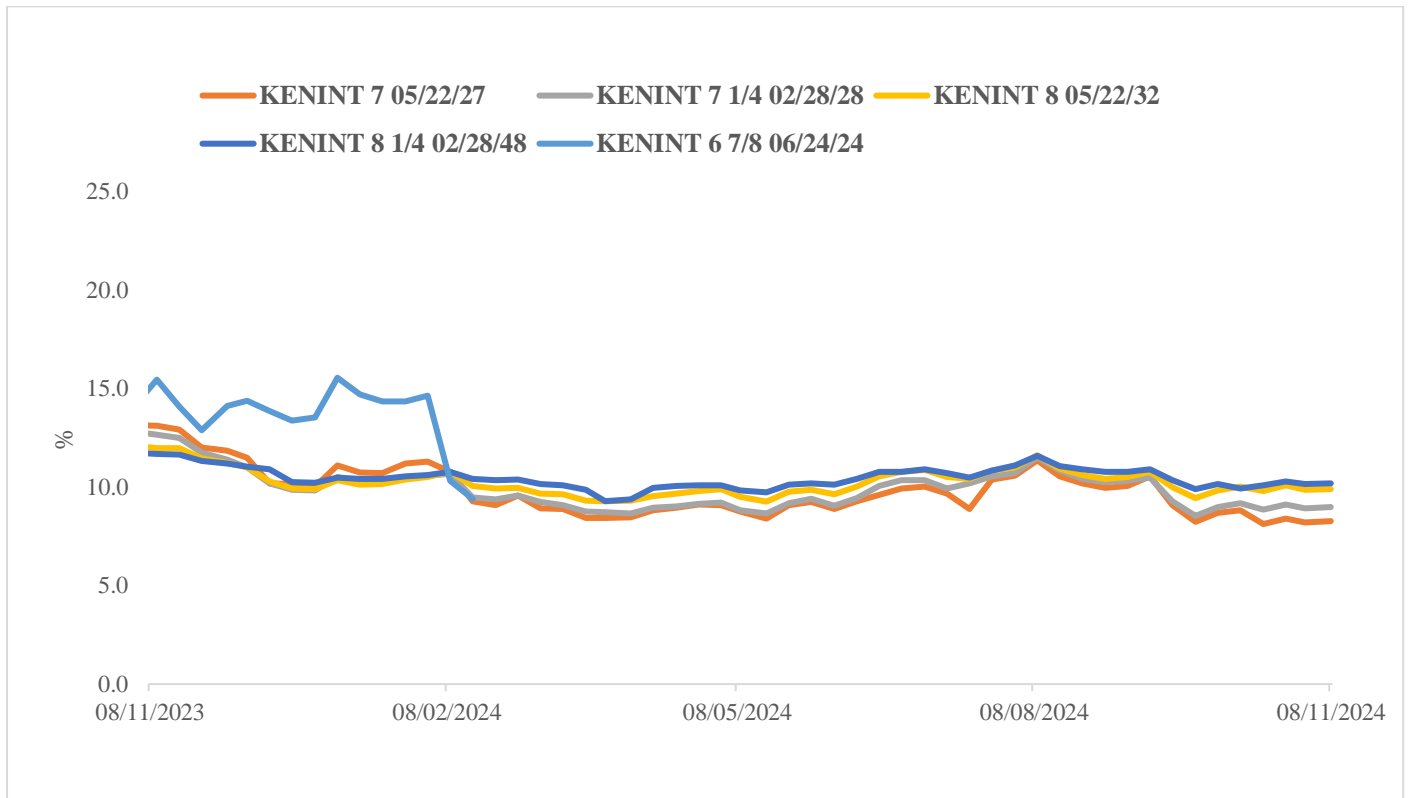
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields rise week-on-week 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	15.65	12.6	4,853	34.5%	1.06	1.20	4.7	14.7	7.7	3.3	22.7	785,635
Equity Bank	Banking	Dec	49.20	33.65	48.05	42.8	1,403	10.0%	11.94	4.00	48.7	4.0	8.3	1.0	24.5	194,806
EA Breweries	Breweries	Jun	199.75	100.00	192.75	69.1	1,180	8.4%	11.38	6.00	27.1	16.9	3.1	7.1	42.0	148,126
Co-op Bank	Banking	Dec	15.05	10.20	14.20	24.6	645	4.6%	4.10	1.50	18.4	3.5	10.6	0.8	22.2	38,554
NCBA Bank	Banking	Dec	45.20	35.00	43.30	11.2	552	3.9%	13.31	3.00	53.7	3.3	6.9	0.8	24.8	31,408
Absa Bank	Banking	Dec	15.55	10.75	15.05	31.4	633	4.5%	3.46	1.55	12.0	4.4	10.3	1.3	28.7	29,038
KCB Bank	Banking	Dec	39.05	15.75	39.00	78.1	970	6.9%	13.30	1.50	68.1	2.9	3.8	0.6	19.5	293,294
StanChart Bank	Banking	Dec	234.50	150.50	231.00	42.6	676	4.8%	45.54	37.00	158.0	5.1	16.0	1.5	28.8	36,590
Stanbic Bank	Banking	Dec	134.00	100.25	134.00	23.2	410	2.9%	31.16	15.00	140.8	4.3	11.2	1.0	22.1	18,038
BAT Kenya	Tobacco	Dec	436.75	331.75	350.00	-14.1	271	1.9%	48.82	54.02	163.8	7.2	15.4	2.1	29.8	81,039
BK Group	Banking	Dec	37.00	30.15	33.25	-7.1	231	1.6%	11.45	3.28	46.8	2.9	9.9	0.7	24.5	51,211
I&M Holdings	Banking	Dec	34.24	17.10	28.00	60.0	358	2.5%	8.13	2.55	47.8	3.4	9.1	0.6	17.0	40,481
Umeme Ltd.	Power	Dec	16.95	13.15	16.55	3.4	208	1.5%	0.26	0.92	22.0	63.3	5.6	0.8	1.2	3,928
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	168	1.2%	2.63	-	(14.7)	1.5	-	-	-	-
Bamburi Cement	Cement	Dec	82.00	22.50	65.50	82.7	184	1.3%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	52,983
KenGen	Power	Jun	4.13	1.96	3.98	98.0	203	1.4%	1.03	0.65	41.6	3.9	16.3	0.1	2.5	38,320
Jubilee Insurance	Insurance	Dec	2.52	150.00	163.00	-11.9	91	0.6%	67.32	12.00	613.8	2.4	7.4	0.3	11.0	10,541
DTB Bank	Banking	Dec	55.75	43.25	52.00	15.4	113	0.8%	25.83	6.00	256.8	2.0	11.5	0.2	10.1	21,700
Britam	Insurance	Dec	6.38	4.48	5.68	18.6	111	0.8%	1.45	-	9.2	3.9	-	0.6	15.6	2,067
Total Oil	Oil	Dec	23.75	15.80	20.05	11.4	98	0.7%	5.12	1.92	48.0	3.9	9.6	0.4	10.7	770
Kakuzi	Agric	Dec	439.75	353.50	434.00	12.7	66	0.5%	34.98	24.00	303.5	12.4	5.5	1.4	11.5	2,207
CIC Insurance	Insurance	Dec	6.38	4.48	5.68	2.2	46	0.3%	0.55	-	3.3	4.1	-	0.7	16.9	1,382
Centum Investment	Finance	Mar	9.92	7.88	9.62	14.5	50	0.4%	(8.95)	0.32	55.8	-	3.3	0.2	(16.1)	15,493
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	82.00	22.50	65.50	-14.2	34	0.2%	(0.47)	4.00	24.1	-	6.1	2.7	(2.0)	52,983
Kenya Re	Insurance	Dec	2.87	1.04	1.14	-39.4	25	0.2%	1.78	0.30	13.4	0.6	26.3	0.1	13.2	24,911
Sasini Tea & Coffee	Agric	Sept	22.00	16.25	15.95	-20.3	28	0.2%	3.11	0.50	61.7	5.1	3.1	0.3	5.0	972
Carbacid	Gases	July	24.10	14.55	20.00	33.3	39	0.3%	4.01	1.70	13.6	5.0	8.5	1.5	12.6	7,068
Nation Media	Media	Dec	22.00	14.10	14.75	-26.4	22	0.2%	(5.09)	-	43.1	-	-	0.3	(11.8)	1,160
Kenya Power	Power	Jun	5.24	1.35	4.76	235.2	72	0.5%	15.41	0.70	29.1	0.3	14.7	0.2	52.9	53,211
TPSEA Serena	Tourism	Dec	20.05	11.00	13.90	-15.5	20	0.1%	8.08	-	33.3	1.7	-	0.4	24.3	326
Liberty K. Holdings	Insurance	Dec	2.87	1.04	1.14	116.8	33	0.2%	2.04	0.37	15.9	3.9	4.6	0.5	12.8	238
BOC Kenya	Gases	Dec	95.00	67.00	81.00	-1.2	12	0.1%	10.73	8.55	85.1	7.5	10.6	1.0	12.6	2,757
NSE	Finance	Dec	6.62	5.44	5.78	-4.0	12	0.1%	0.21	0.16	7.1	27.4	2.8	0.8	3.0	4,089
Housing Finance	Banking	Dec	4.79	3.25	3.84	10.3	11	0.1%	1.23	-	20.5	3.1	-	0.2	6.0	239
Unga Ltd	Food	Jun	0.27	0.27	0.27	5.0	10	0.1%	(18.92)	-	58.3	-	-	0.3	(32.4)	290
Sanlam Kenya	Insurance	Dec	8.00	3.50	8.00	0.0	7	0.0%	2.27	-	3.9	2.6	-	1.5	58.6	1,382
Car & Gen	Motors	Sept	30.40	18.85	21.55	-13.8	7	0.0%	(7.68)	-	135.8	-	-	0.2	(5.7)	147
Limuru Tea	Agric	Dec	380.00	365.00	365.00	-3.9	7	0.0%	0.11	1.00	80.9	3,208.8	0.3	4.5	0.1	28
WPP Scangroup	Media	Dec	2.80	1.90	2.63	20.6	9	0.1%	0.06	-	11.9	41.4	-	0.2	0.5	812
EA Portland	Cement	Jun	50.75	4.46	35.20	340.0	25	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	924
Standard Newspapers	Media	Dec	8.70	5.10	5.96	-23.0	4	0.0%	(10.05)	-	0.4	-	-	13.6	(2,284)	29
Longhorn	Publishing	Jun	2.6	2.02	2.38	-1.2	5	0.0%	(2.45)	-	2.8	-	-	0.9	(88.1)	51
TransCentury	Finance	Dec	0.71	0.32	0.41	-21.2	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	489
Average												13.3	9.1	2.3	21.9	2,063,365

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