

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.27	17.65	88.5%	BUY
Equity bank	54.37	44.60	21.9%	BUY
KCB bank	74.22	38.30	93.8%	BUY
Co-op bank	18.33	16.00	14.6%	HOLD
ABSA bank	11.52	17.05	-32.4%	SELL
StanChart bank	245.66	299.00	-17.8%	SELL
NCBA bank	40.63	53.75	-24.4%	SELL
I&M bank	38.37	32.25	19.0%	BUY
Stanbic bank	118.55	165.75	-28.5%	SELL
DTB bank	109.36	70.25	55.7%	BUY
EABL	341.24	180.25	89.3%	BUY
BAT Kenya	411.34	369.75	11.2%	HOLD

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, the NSE 20 Index experienced a four-day losing streak, while the NASI Index recorded a three-day decline. Large-cap stocks initially fell due to the impact of global tariffs imposed by the U.S. administration but showed signs of recovery toward the week's end. Foreign investors dominated trading activity, accounting for 71.7% of total transactions, although they emerged as net sellers with outflows totalling USD 3.5m (KES 450.8m). KCB Bank saw the highest net foreign outflows at USD 1.6m (KES 209.8 m), whereas EABL recorded the highest net foreign inflows at USD 0.1m (KES 15.9m).

### Debt market commentary and outlook

- Total subscription rates rose to 224.0% from 169.5% the previous week. Investors remained skewed towards the 364-Day T-Bill, and activity improved for all three T-Bills. The yield on all three T-Bills fell, with that of the 91-Day T-Bill declining for the thirty-eighth week, the 182-Day T-Bill maintaining a twelve-week decline, and the 364-Day T-Bill falling repeatedly for the tenth week.

## Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	2,166.3	30.5%	28.2%	43.1%	50.1%	41.2%	7.7%
Kenya NASI	126.8	21.1%	18.9%	36.6%	47.9%	23.0%	2.7%

Source: NSE, Kestrel Research

## NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-3.9%	1.7%	-0.1%	17.3%	0.3%	-12.9%
Johannesburg Index	5.9%	-12.0%	10.8%	-11.9%	24.4%	-11.7%
Nigeria Stock Exchange	-6.0%	-0.2%	1.0%	13.2%	-29.8%	27.7%
Ghana Stock Exchange	0.1%	-0.2%	18.7%	21.8%	6.4%	-23.0%
Egyptian Stock Exchange	-4.2%	1.4%	6.1%	-8.0%	5.6%	1.3%
MSCI EFM ex SA Index	-0.2%	-2.7%	5.8%	-0.9%	3.6%	-3.2%

## Other market statistics

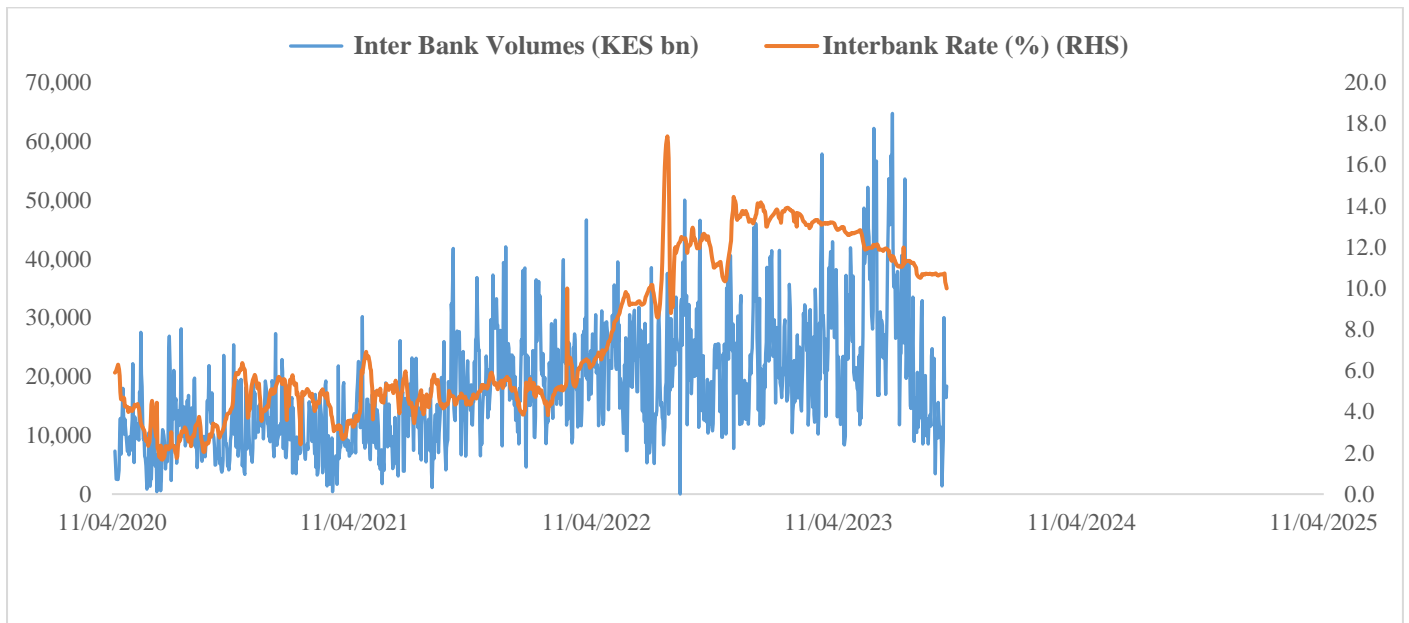
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.50	-0.2%	-0.1%	-0.2%	-0.4%	0.6%	-0.2%
USD/ZAR	19.17	-0.2%	-5.3%	-0.3%	-10.0%	-1.6%	-2.4%
USD/EGP	51.32	-1.5%	-1.3%	-1.5%	-5.7%	-7.9%	-1.1%
USD/NGN	1600.79	-4.2%	-3.5%	-3.4%	1.5%	-33.1%	-3.6%
USD/GHS	15.50	0.0%	0.0%	-4.9%	2.8%	-15.3%	-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
Safaricom	1072.7	-121.7	83.7%	-5.4%	3.5%	-1.8%	29.5%
Laptrust Imara I-REIT	600.0	0.0	0.0%	0.0%	0.0%	0.0%	0.0%
KCB Bank	306.7	-209.8	34.5%	-3.6%	-7.9%	-16.4%	41.9%
Equity Bank	209.6	-160.1	39.8%	-5.3%	-7.7%	-10.8%	15.8%
Britam Insurance	103.9	0.0	0.0%	-7.1%	17.2%	-7.1%	22.6%

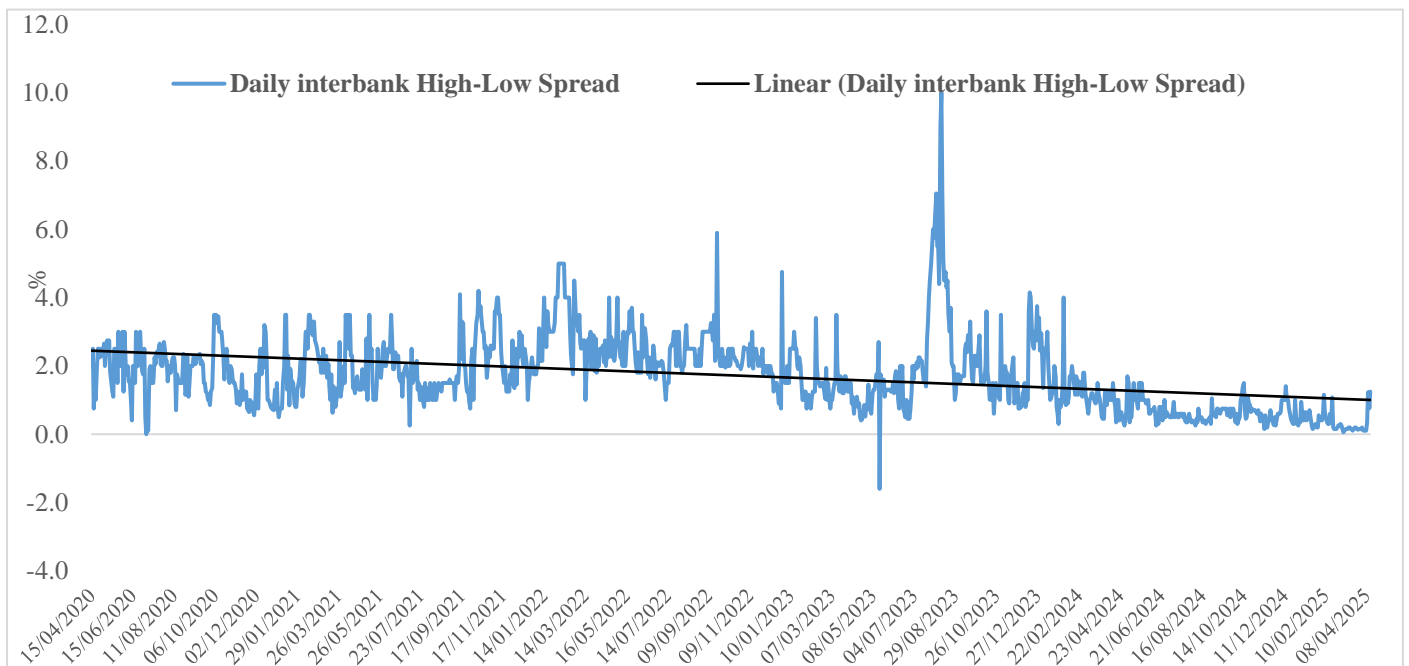
### Key Rates and Spreads

Interbank rates decline, breaking a two-week gaining streak.



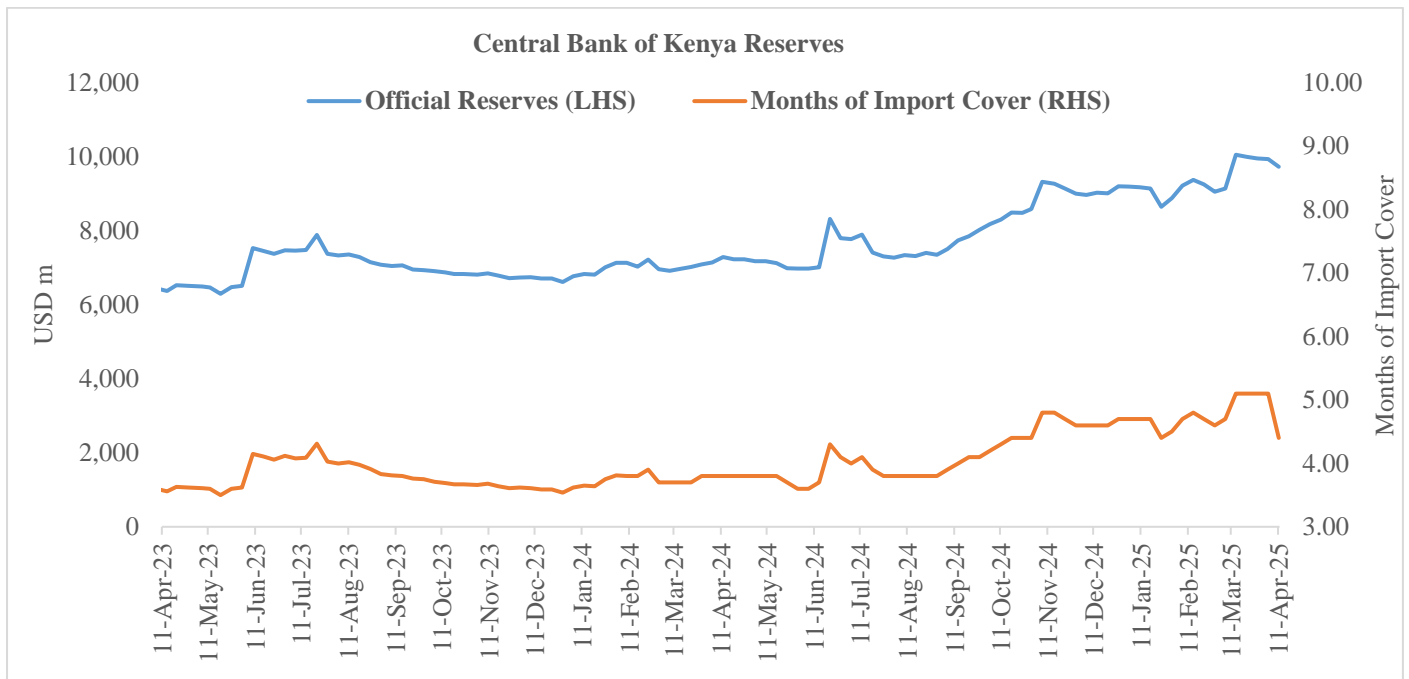
Source: CBK

Interbank spreads widened week-on-week.



Source: CBK

### CBK Reserves fall to 4.4 months of import cover

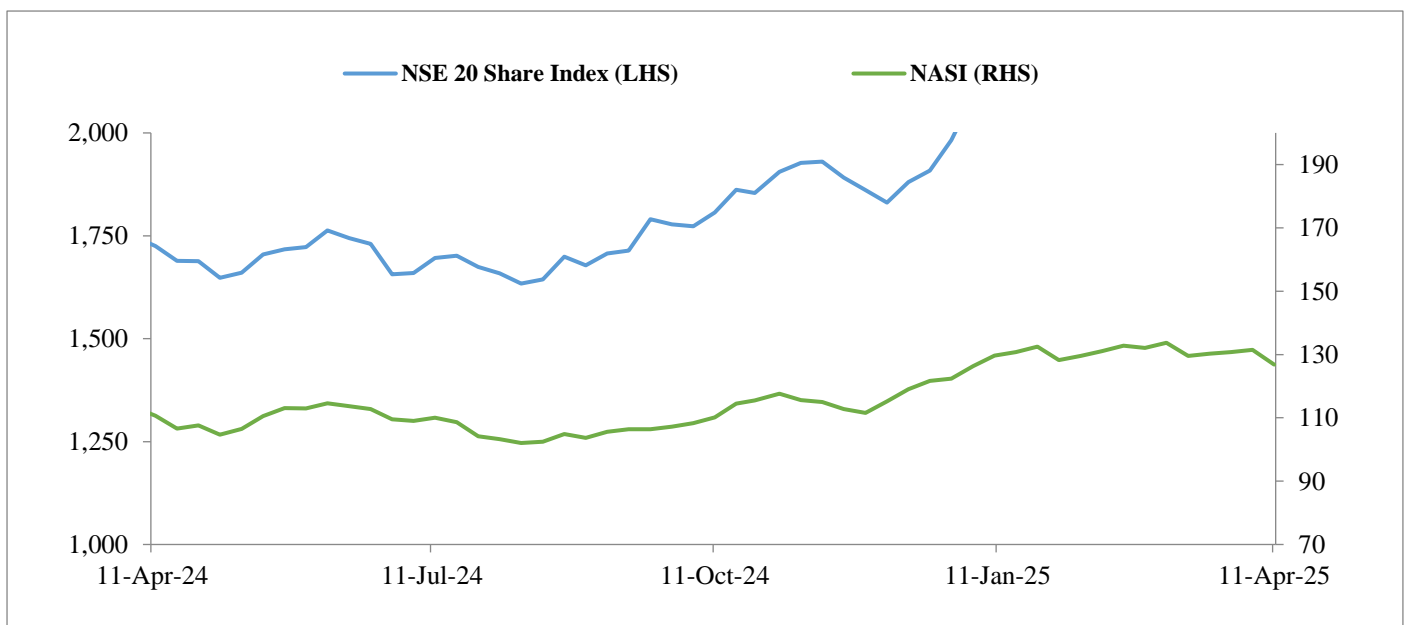


Source: CBK

### Equity market trading commentary

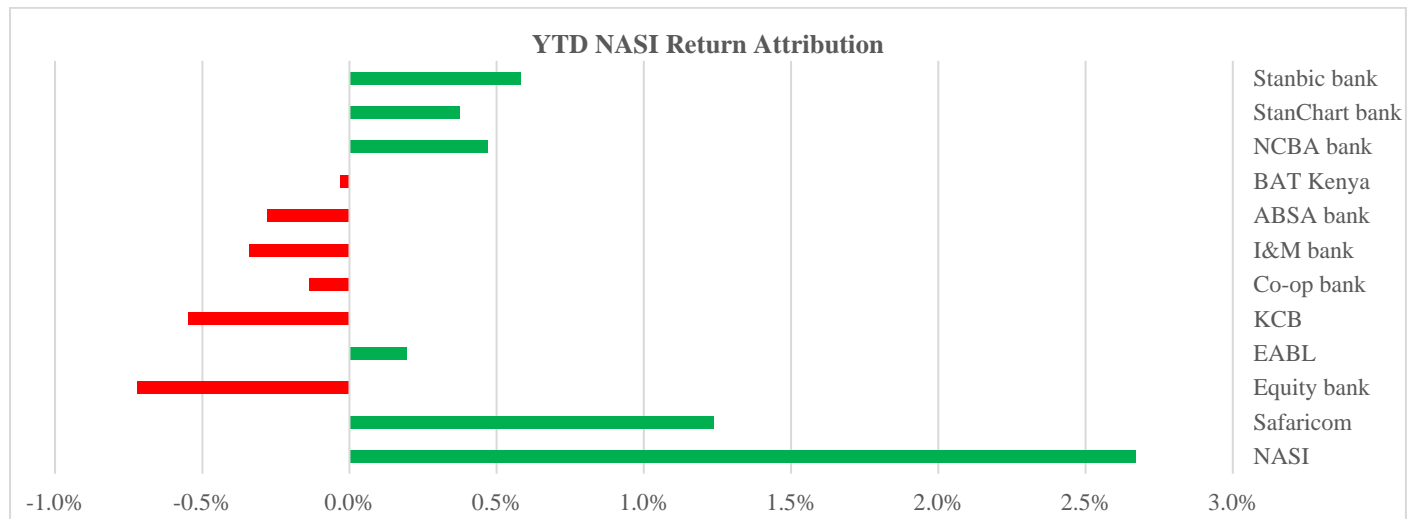
Total market turnover declined by 22.6%, settling at USD 12.4m (KES 1.6bn). The NASI fell by 3.6% to conclude at 126.78, breaking off a three-week climbing streak; similarly, the NSE-20 shed 2.6%, ending at 2166.25. Foreign investors dominated trading activity, accounting for 71.7% of total transactions, although they emerged as net sellers with outflows totalling USD 3.5m (KES 450.8m). KCB Bank saw the highest net foreign outflows at USD 1.6m (KES 209.8 m), whereas EABL recorded the highest net foreign inflows at USD 0.1m (KES 15.9m).

### Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

### Debt market trading commentary

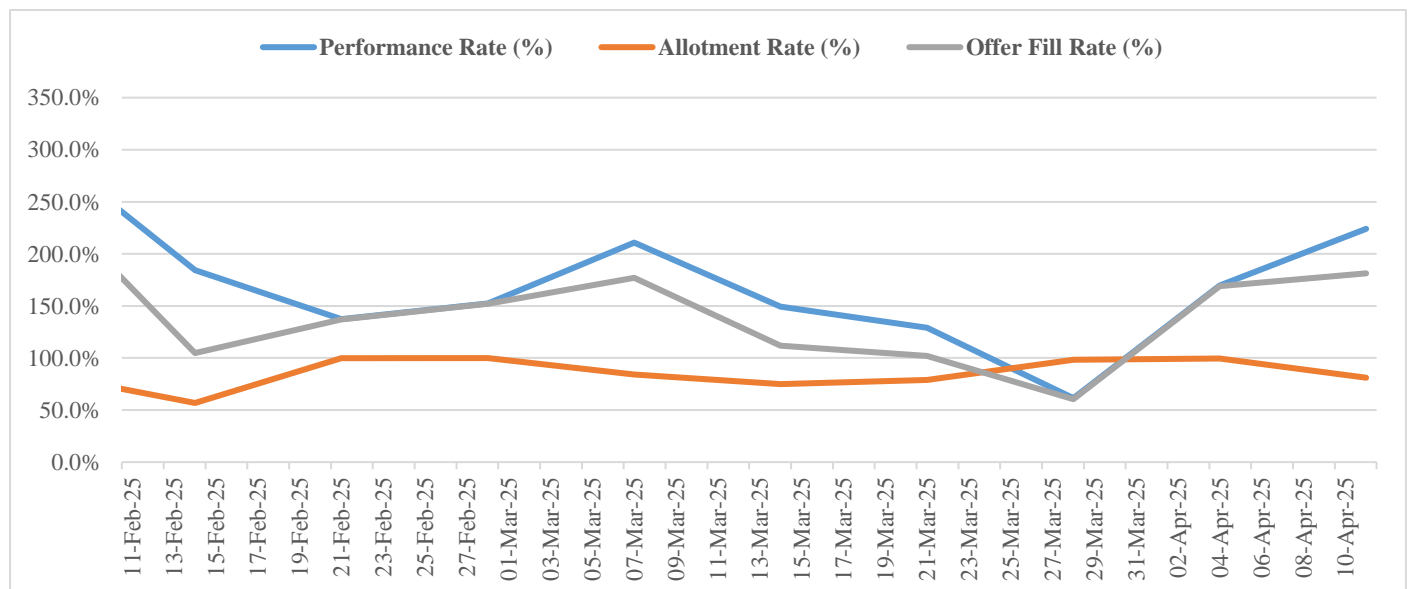
Total subscription rates rose to 224.0% from 169.5% the previous week. Investors remained skewed towards the 364-Day T-Bill, and activity improved for all three T-Bills. The yield on all three T-Bills fell, with that of the 91-Day T-Bill declining for the thirty-eighth week, the 182-Day T-Bill maintaining a twelve-week decline, and the 364-Day T-Bill falling repeatedly for the tenth 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 17.4bn for the 91-day T-bill, implying a subscription rate of 435.40%. It accepted bids worth KES 7.40bn at an average yield of 8.500% (-12.88 bps w/w).

The 182-Day T-Bill received bids worth KES 11.1bn, implying a performance rate of 110.74%. It accepted bids worth KES 11.0bn at an average yield of 8.894% (-14.09 bps w/w).

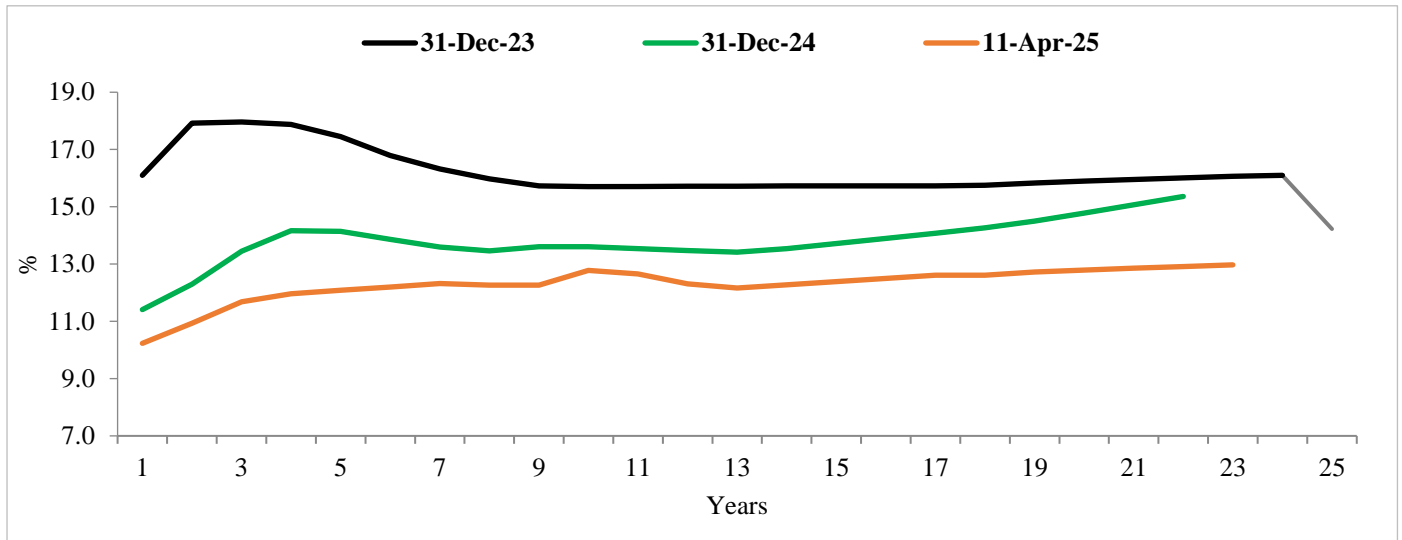
The 364-day T-Bill received bids worth KES 25.3bn, implying a performance rate of 252.68%. It accepted bids worth KES 25.1bn at an average yield of 10.232% (-15.46bps w/w).

### T-Bills Performance rates



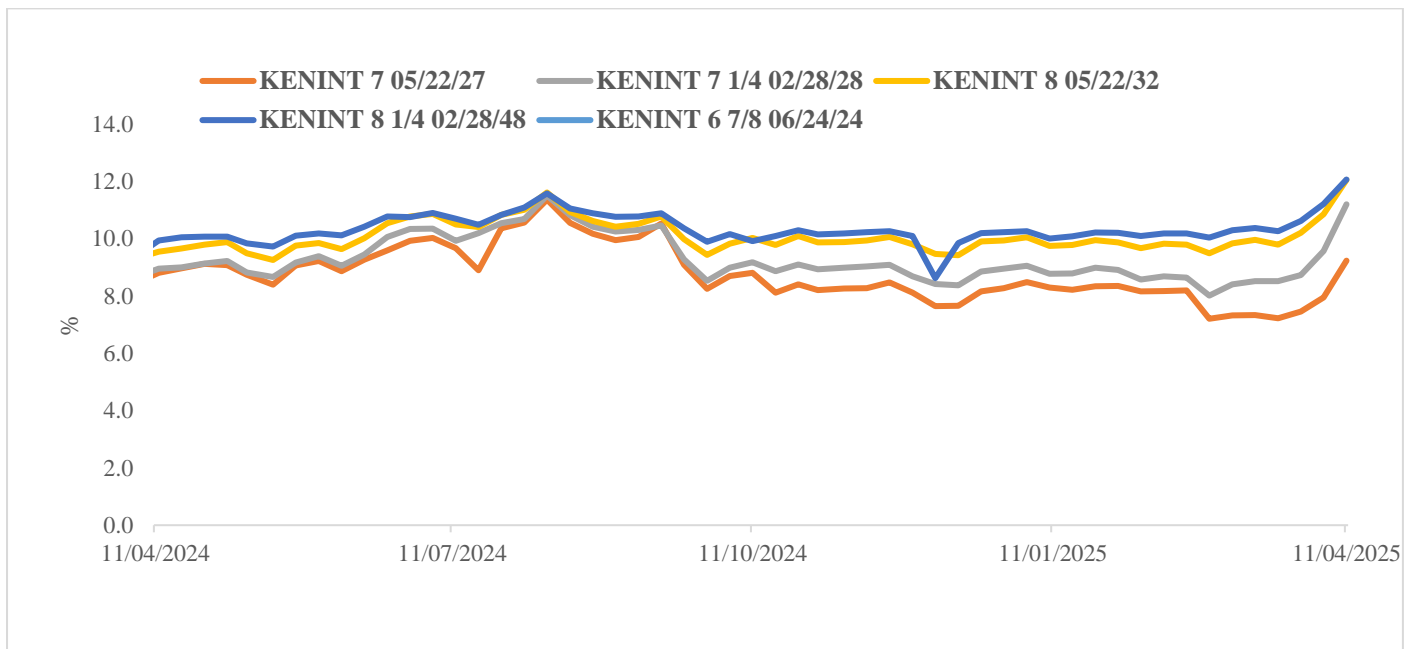
Source: CBK

### 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	19.00	14.40	17.65	3.5	5,460	35.3%	1.06	1.20	4.7	16.6	6.8	3.8	22.7	1,020,223
Equity Bank	Banking	Dec	50.00	38.50	44.60	-7.7	1,300	8.4%	16.10	4.25	48.7	2.8	9.5	0.9	33.0	313,951
EA Breweries	Breweries	Jun	199.75	140.25	180.25	2.7	1,101	7.1%	15.46	7.50	27.1	11.7	4.2	6.7	57.1	156,446
KCB Bank	Banking	Dec	45.80	27.00	38.30	-7.9	950	6.1%	19.22	3.00	68.1	2.0	7.8	0.6	28.2	666,951
StanChart Bank	Banking	Dec	309.50	164.75	299.00	6.9	872	5.6%	53.09	45.00	158.0	5.6	15.1	1.9	33.6	75,332
Absa Bank	Banking	Dec	19.30	11.95	17.05	-5.5	715	4.6%	3.84	1.75	12.0	4.4	10.3	1.4	32.0	82,007
Co-op Bank	Banking	Dec	17.80	12.00	16.00	-2.7	725	4.7%	4.34	1.50	18.4	3.7	9.4	0.9	23.6	83,173
NCBA Bank	Banking	Dec	54.00	37.55	53.75	11.5	684	4.4%	13.27	5.50	53.7	4.0	10.2	1.0	24.7	32,731
Stanbic Bank	Banking	Dec	168.50	108.75	165.75	20.8	506	3.3%	34.69	20.17	140.8	4.8	12.2	1.2	24.6	102,409
I&M Holdings	Banking	Dec	36.55	17.15	32.25	-11.0	433	2.8%	9.57	3.00	45.5	3.4	9.3	0.7	21.1	57,235
BAT Kenya	Tobacco	Dec	414.00	331.75	369.75	-1.7	285	1.8%	44.83	50.00	163.8	8.2	13.5	2.3	27.4	53,237
KenGen	Power	Jun	5.26	2.18	4.78	31.3	243	1.6%	1.03	0.65	41.6	4.6	13.6	0.1	2.5	58,646
BK Group	Banking	Dec	37.15	30.15	33.00	1.4	229	1.5%	9.48	-	46.8	3.5	-	0.7	20.2	33,731
Kenya Airways	Airlines	Dec	8.50	3.83	4.77	24.5	209	1.4%	2.63	-	(14.7)	1.8	-	-	-	19,620
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	5,531
DTB Bank	Banking	Dec	82.75	43.25	70.25	1.8	152	1.0%	31.54	7.00	256.8	2.2	10.0	0.3	12.3	41,034
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)	6,026
Britam	Insurance	Dec	8.54	5.20	6.80	17.2	132	0.9%	1.99	-	9.2	3.4	-	0.7	21.6	21,700
Jubilee Insurance	Insurance	Dec	225.25	150.00	203.25	17.1	114	0.7%	65.15	13.50	613.8	3.1	6.6	0.3	10.6	27,230
Total Oil	Oil	Dec	24.00	17.30	22.60	13.0	110	0.7%	5.12	1.92	48.0	4.4	8.5	0.5	10.7	1,781
Housing Finance	Banking	Dec	9.42	3.67	6.12	35.7	89	0.6%	0.28	-	4.2	22.0	-	1.5	6.7	76,533
Kenya Power	Power	Jun	7.56	1.50	6.00	24.7	90	0.6%	20.36	0.90	29.1	0.3	15.0	0.2	69.9	72,572
Centum Investment	Finance	Mar	15.65	7.88	12.65	28.0	65	0.4%	(8.95)	0.32	55.8	-	2.5	0.2	(16.1)	4,041
Kakuzi	Agric	Dec	440.00	353.50	440.00	14.3	67	0.4%	34.98	24.00	303.5	12.6	5.5	1.4	11.5	757
CIC Insurance	Insurance	Dec	3.12	1.98	2.95	37.2	60	0.4%	1.09	0.13	3.3	2.7	4.4	0.9	33.4	4,705
Liberty K. Holdings	Insurance	Dec	11.95	4.81	11.45	71.4	47	0.3%	2.56	0.37	15.9	4.5	3.2	0.7	16.1	78,569
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	16.50	18.90	-9.8	37	0.2%	4.01	1.70	13.6	4.7	9.0	1.4	29.4	8,893
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	44,105
Crown Paints	Manufac.	Dec	38.95	29.50	35.00	6.4	38	0.2%	(0.47)	4.00	24.1	-	7.1	2.3	(2.0)	314
EA Portland	Cement	Jun	50.75	4.46	38.00	24.2	26	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,122
Sasini Tea & Coffee	Agric	Sept	20.95	14.40	15.55	3.7	27	0.2%	3.11	0.50	61.7	5.0	3.2	0.3	5.0	1,809
TPSEA Serena	Tourism	Dec	20.05	11.75	15.00	0.7	21	0.1%	8.08	-	33.3	1.9	-	0.5	24.3	702
Nation Media	Media	Dec	22.00	11.75	13.75	-4.5	20	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	2,437
Unga Ltd	Food	Jun	27.35	11.45	23.20	54.7	14	0.1%	(18.92)	-	58.3	-	-	0.4	(32.4)	281
NSE	Finance	Dec	7.46	5.44	7.04	17.3	14	0.1%	0.45	0.32	7.1	15.7	4.5	1.0	6.3	4,354
BOC Kenya	Gases	Dec	95.00	67.00	78.00	-12.1	12	0.1%	10.73	8.55	85.1	7.3	11.0	0.9	12.6	879
WPP Scangroup	Media	Dec	3.87	1.90	2.99	20.6	10	0.1%	0.06	-	11.9	47.0	-	0.3	0.5	700
Sanlam Kenya	Insurance	Dec	10.35	3.90	10.35	109.1	12	0.1%	2.27	-	3.9	4.5	-	2.7	58.6	547
Longhorn	Publishing	Jun	3.46	2.02	3.00	30.4	6	0.0%	(2.45)	-	2.8	-	-	1.1	(88.1)	272
Car & Gen	Motors	Sept	28.50	18.85	22.00	-3.3	7	0.0%	(7.68)	-	135.8	-	-	0.2	(5.7)	376
Limuru Tea	Agric	Dec	380.00	299.00	320.00	-8.6	6	0.0%	(6.34)	-	80.9	-	-	4.0	(7.8)	316
TransCentury	Finance	Dec	1.62	0.32	1.35	246.2	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	5,140
Standard Newspapers	Media	Dec	7.00	4.51	5.90	17.5	4	0.0%	(10.05)	-	0.4	-	-	13.4	(2,284)	129
<b>Average</b>												<b>11.4</b>	<b>8.8</b>	<b>2.4</b>	<b>24.9</b>	<b>3,182,650</b>

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