

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	18.20	68.7%	BUY
Equity bank	43.67	43.90	-0.5%	HOLD
KCB bank	47.26	35.45	33.3%	BUY
Co-op bank	20.46	13.40	52.7%	BUY
ABSA bank	12.89	13.90	-7.3%	HOLD
StanChart bank	138.26	197.75	-30.1%	SELL
NCBA bank	40.68	40.80	-0.3%	HOLD
I&M bank	33.32	20.60	61.7%	BUY
Stanbic bank	108.85	117.25	-7.2%	HOLD
DTB bank	116.13	46.10	151.9%	BUY
EABL	151.28	142.25	6.3%	HOLD
Bamburi Cement	44.37	41.85	6.0%	HOLD
BAT Kenya	460.00	359.75	27.9%	BUY

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, the NASI sustained a three-day winning streak and the NSE-20 similarly broke a two-day losing streak.

### Debt market commentary and outlook

- Overall subscription rates declined breaking a three-weeks winning streak at 94.7% from 151.0% the prior week. Investors remained skewed on the 91-Day T-Bill and activity climbed up only on the 182-Day T-Bill but notched down on the 91-Day T-Bill and the 364-Day T-Bill. The yield on all three T-Bills rose, with the 91-Day T-Bill advancing for the ninth week straight and the 182-Day T-Bill along with the 364-Day T-Bill climbed up for the seventh week.

## Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,744.3	5.1%	3.3%	15.2%	20.8%	13.7%	16.2%
Kenya NASI	113.7	8.6%	6.6%	22.5%	32.6%	10.3%	23.4%

Source: NSE, Kestrel Research

## NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-0.3%	5.0%	16.1%	49.6%	23.1%	49.6%
Johannesburg Index	2.8%	-4.3%	9.8%	1.7%	-2.9%	-0.5%
Nigeria Stock Exchange	-0.4%	3.5%	1.9%	-25.7%	-44.1%	-18.2%
Ghana Stock Exchange	-1.1%	-4.4%	-3.6%	-1.9%	7.4%	-4.4%
Egyptian Stock Exchange	-0.5%	-0.6%	-15.5%	-30.7%	-4.3%	-30.6%
MSCI EFM ex SA Index	-1.1%	-0.6%	0.4%	5.2%	8.9%	49.6%

## Other market statistics

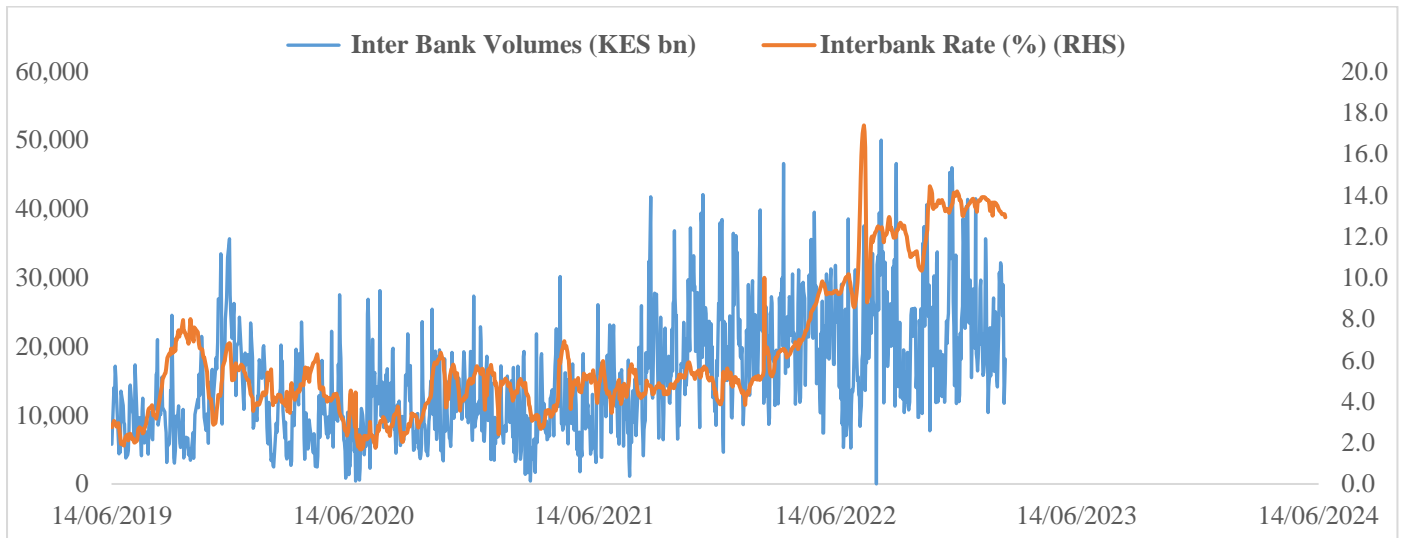
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	128.61	0.6%	2.0%	4.6%	19.8%	8.9%	22.0%
USD/ZAR	18.39	2.8%	-1.2%	3.9%	-0.4%	-1.1%	-0.1%
USD/EGP	47.71	-0.4%	-1.7%	0.2%	-35.2%	-35.2%	-35.2%
USD/NGN	1495.50	-1.5%	1.3%	7.5%	-46.5%	-56.0%	-39.0%
USD/GHS	15.05	-1.0%	-5.0%	-14.2%	-20.1%	-24.7%	-20.6%

### 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	462.3	30	50.7%	-0.8%	30.9%	-7.6%	56.2%
KCB Bank	210.1	177.5	44.1%	-2.7%	61.9%	-6.6%	125.1%
Stanbic Bank	185.2	-7.2	97.5%	-1.5%	7.8%	-9.8%	17.0%
Kenya Re	49.7	-2.7	2.7%	7.3%	48.9%	0.0%	64.7%
Absa Bank	30.6	0.0	0.0%	1.1%	21.4%	-2.1%	29.3%

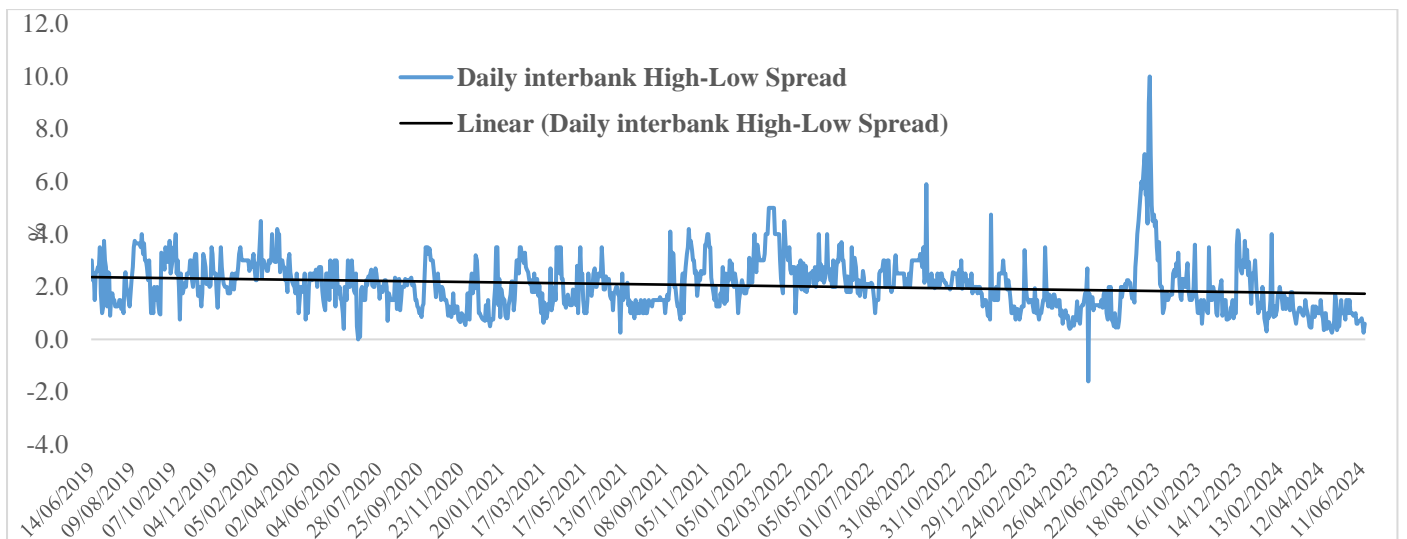
### Key Rates and Spreads

Inter-bank Rates decline consecutively for the eighth week



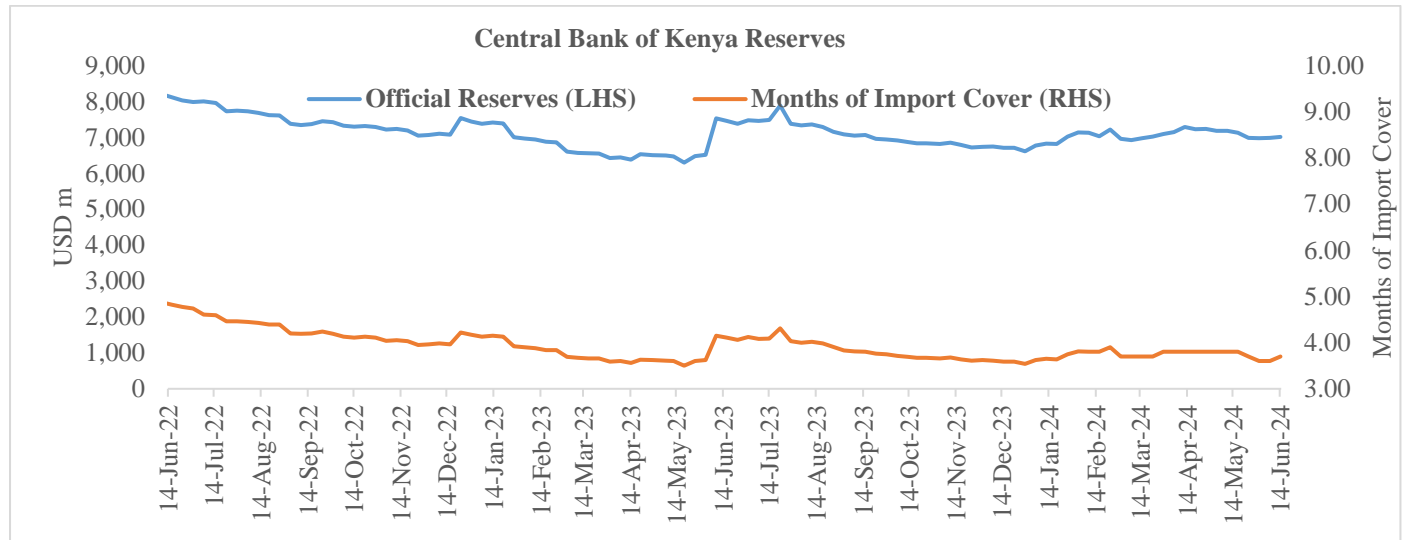
Source: CBK

Inter-bank Spreads narrow for the third week in a row



Source: CBK

Months of import cover and CBK FX reserves rise, sustaining a 3-week climbing streak.



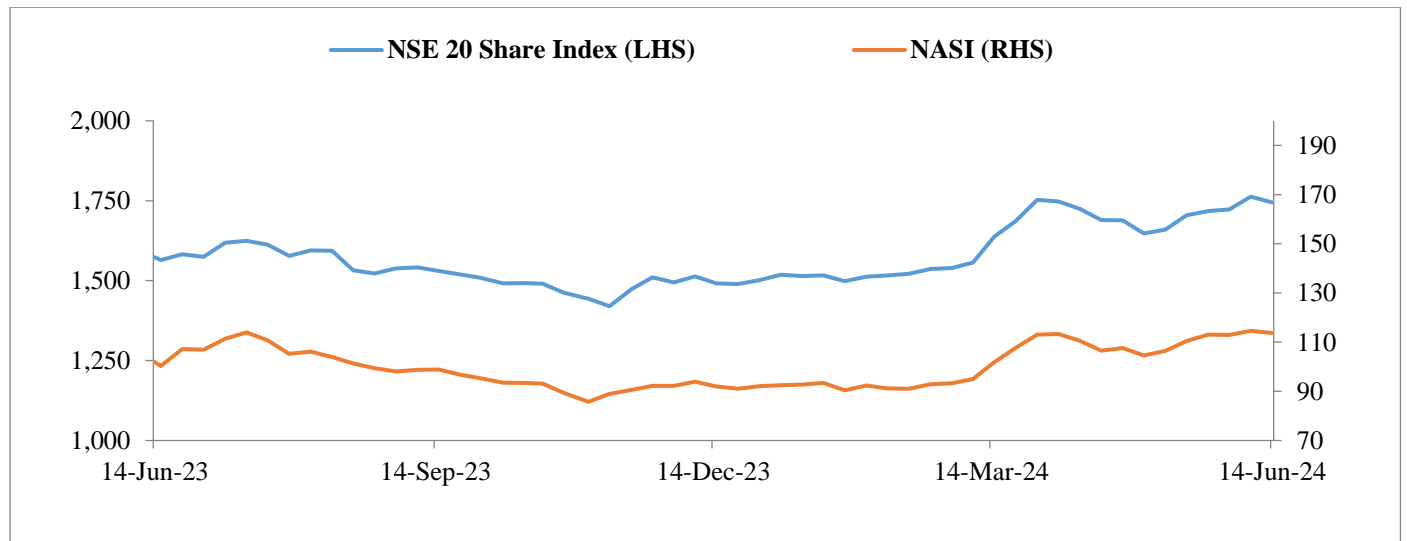
Source: CBK

Equity market trading commentary

Market turnover fell for the second week by 37.3% to stand at USD 8.9m (KES 1.1bn). The NASI shed 0.8% to settle at 113.66, the NSE 20 also fell by 1.0% to conclude at 1,744.34, breaking a 5-weeks gaining streak. Foreign investors maintained their position as net buyers at USD 1.5m (KES 196.1m). KCB Bank posted the highest net foreign inflows for the week while BAT Kenya registered the highest net foreign outflows.

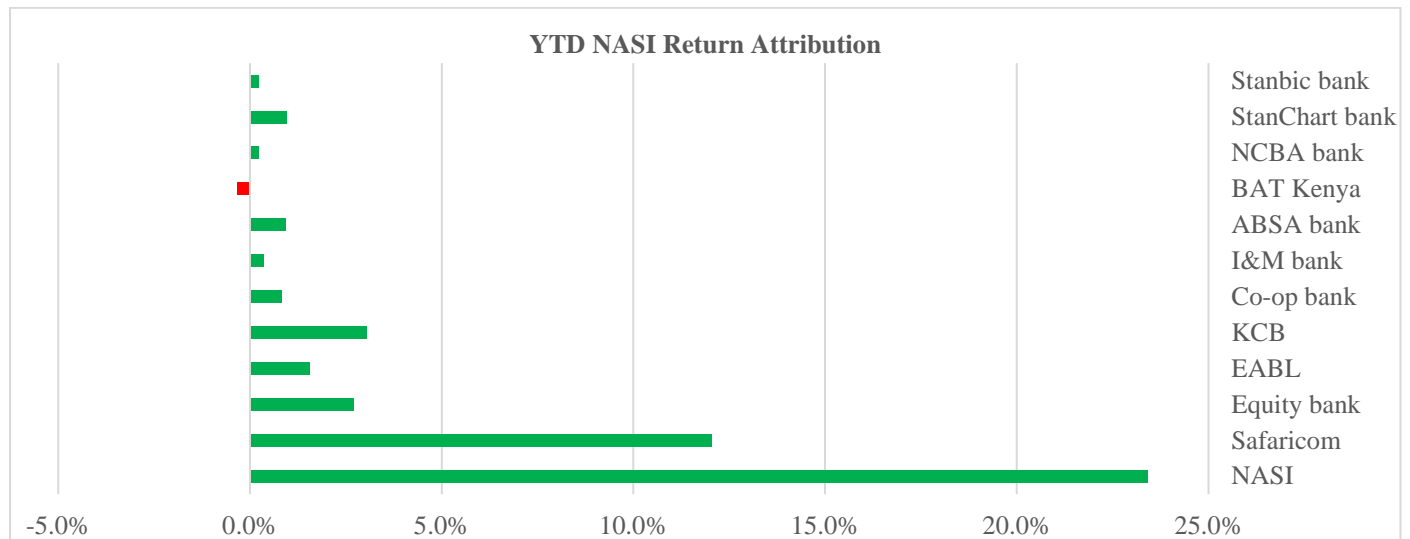
During the week, the NASI sustained a three-day winning streak and the NSE-20 similarly broke a two-day losing streak.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

### Debt market trading commentary

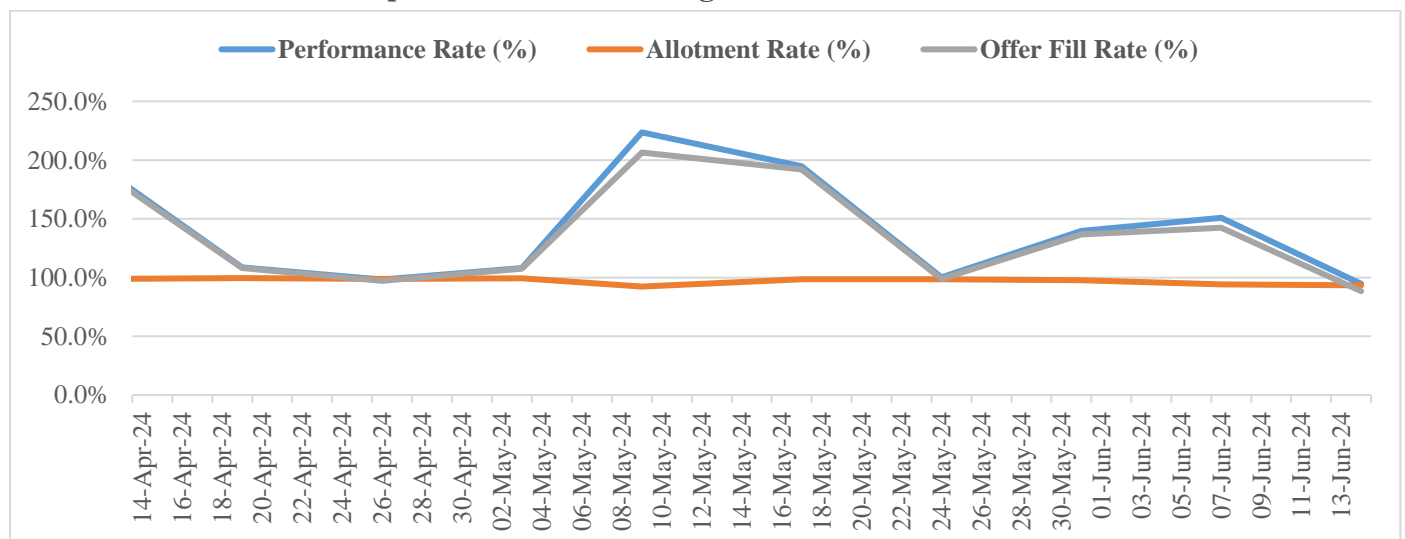
Overall subscription rates declined breaking a three-weeks winning streak at 94.7% from 151.0% the prior week. Investors remained skewed on the 91-Day T-Bill and activity climbed up only on the 182-Day T-Bill but notched down on the 91-Day T-Bill and the 364-Day T-Bill. The yield on all three T-Bills rose, with the 91-Day T-Bill advancing for the ninth week straight and the 182-Day T-Bill along with the 364-Day T-Bill climbing up for the seventh 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 10.2bn for the 91-Day T-Bill, implying a subscription rate of 257.15%. It accepted bids worth KES 9.0bn at an average yield of 15.972% (+0.7 bps w/w).

The 182-Day T-Bill received bids worth KES 9.9bn, implying a performance rate of 99.31%. It accepted bids worth KES 9.9bn at an average yield of 16.700% (+5.9 bps w/w).

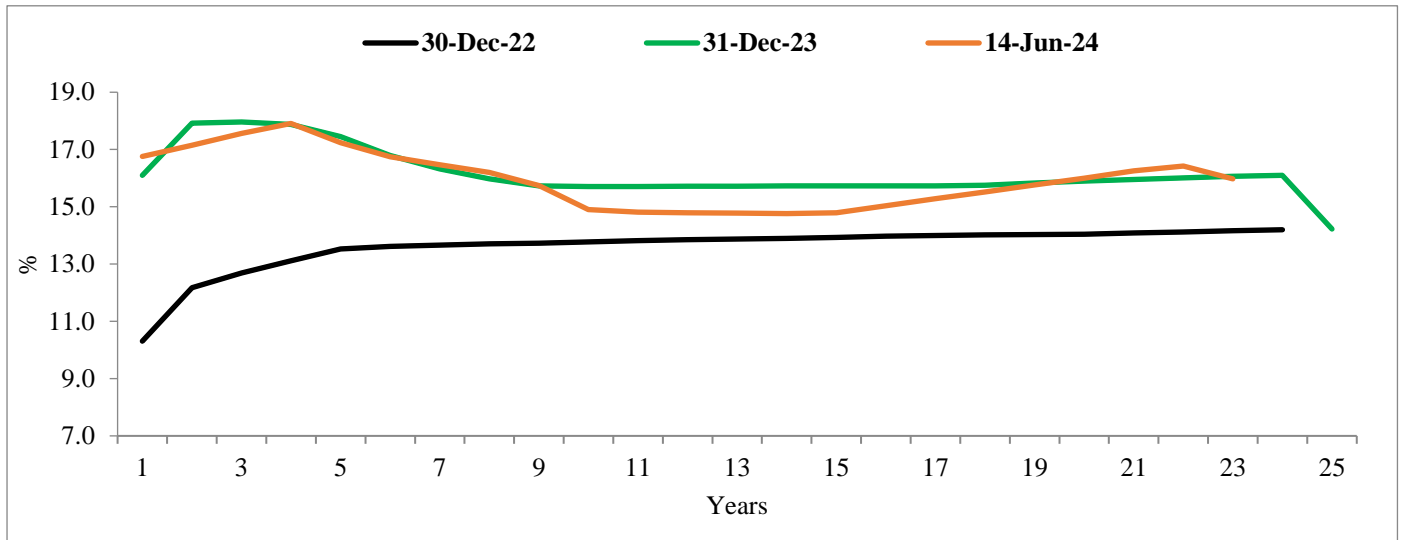
The 364-Day T-Bill received bids worth KES 2.5bn, implying a performance rate of 25.02%. It accepted bids worth KES 2.3bn at an average yield of 16.754% (+2.3 bps w/w).

### T-Bills Performance rate improve for the third straight week



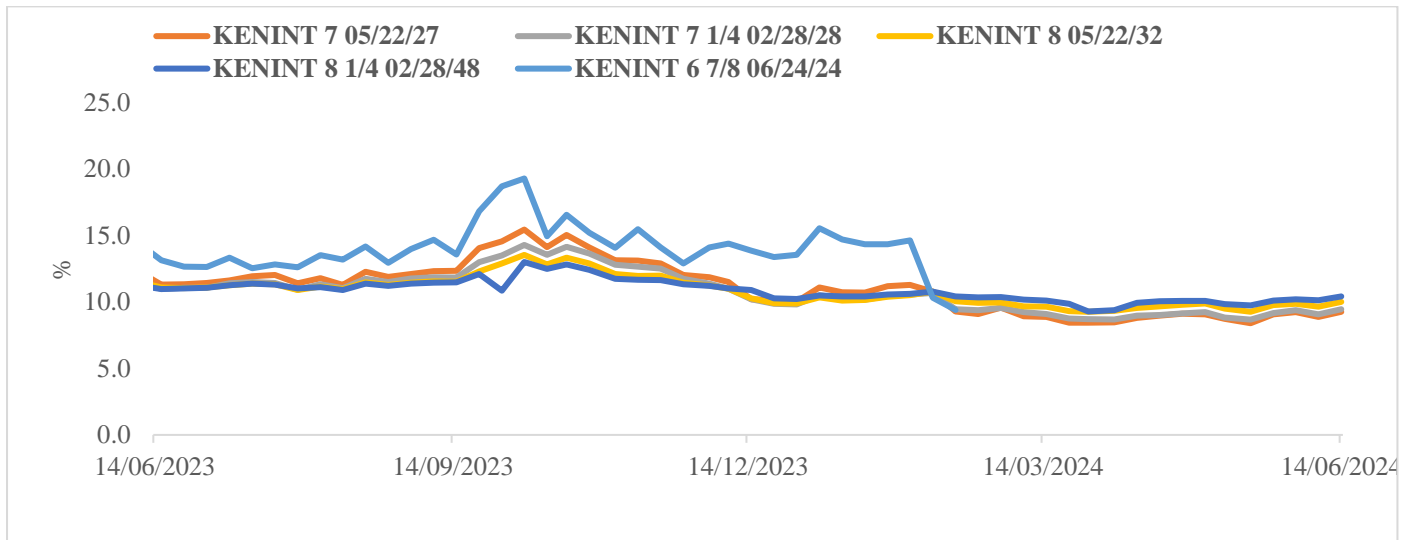
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields across all tenors advance week on week.



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	18.20	30.9	5,536	40.8%	1.06	1.20	4.7	17.1	6.6	3.9	22.7	148,264,123
Equity Bank	Banking	Dec	49.20	33.65	43.90	30.5	1,258	9.3%	11.12	3.00	48.7	3.9	6.8	0.9	22.8	101,301,008
EA Breweries	Breweries	Jun	451.25	359.75	17.50	24.8	854	6.3%	-	1.75	27.1	-	1.2	5.3	-	16,496,009
Co-op Bank	Banking	Dec	15.05	10.20	13.40	17.5	597	4.4%	4.03	1.50	18.4	3.3	11.2	0.7	21.9	13,458,946
NCBA Bank	Banking	Dec	45.20	35.00	40.80	4.7	510	3.8%	13.17	2.75	53.7	3.1	6.7	0.8	24.5	2,912,899
Absa Bank	Banking	Dec	14.20	10.75	13.90	21.4	573	4.2%	2.19	1.55	12.0	6.3	11.2	1.2	18.3	8,823,842
KCB Bank	Banking	Dec	37.95	15.75	35.45	61.9	865	6.4%	13.30	-	68.1	2.7	-	0.5	19.5	80,566,396
StanChart Bank	Banking	Dec	201.25	150.25	197.75	22.1	567	4.2%	40.82	29.00	158.0	4.8	14.7	1.3	25.8	5,732,792
Stanbic Bank	Banking	Dec	130.00	100.25	117.25	7.8	352	2.6%	28.71	13.75	140.8	4.1	11.7	0.8	20.4	9,073,221
BAT Kenya	Tobacco	Dec	451.25	359.75	359.75	-11.7	273	2.0%	55.68	50.00	163.8	6.5	13.9	2.2	34.0	10,090,608
BK Group	Banking	Dec	37.00	29.65	36.00	0.6	245	1.8%	10.48	3.28	46.8	3.4	9.1	0.8	22.4	3,301,402
I&M Holdings	Banking	Dec	22.65	16.75	20.60	17.7	259	1.9%	8.10	2.55	47.8	2.5	12.4	0.4	16.9	55,806,527
Umeme Ltd.	Power	Dec	6.00	6.00	16.90	5.6	208	1.5%	0.27	2.00	20.7	63.5	11.8	0.8	1.3	1,914,049
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	165	1.2%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	48.95	22.50	41.85	16.7	115	0.8%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	2,390,144
KenGen	Power	Jun	2.52	1.96	2.38	18.4	119	0.9%	0.49	-	41.6	4.9	-	0.1	1.2	4,609,592
Jubilee Insurance	Insurance	Dec	2.52	1.81	2.18	-2.7	99	0.7%	60.93	12.30	613.8	3.0	6.8	0.3	9.9	779,105
DTB Bank	Banking	Dec	55.75	44.05	46.10	2.3	98	0.7%	25.34	6.00	256.8	1.8	13.0	0.2	9.9	3,953,492
Britam	Insurance	Dec	6.06	4.15	6.00	25.3	115	0.8%	1.30	-	9.2	4.6	-	0.6	14.1	313,056
Total Oil	Oil	Dec	4.11	4.00	23.20	28.9	111	0.8%	4.80	1.31	48.0	4.8	5.6	0.5	10.0	208,648
Kakuzi	Agric	Dec	420.00	360.00	380.00	-1.3	57	0.4%	23.25	24.00	303.5	16.3	6.3	1.3	7.7	15,881
CIC Insurance	Insurance	Dec	6.06	4.15	6.00	-2.7	43	0.3%	0.55	0.13	3.3	4.0	6.0	0.7	16.9	276,902
Centum Investment	Finance	Mar	9.50	7.88	8.64	2.9	44	0.3%	(8.95)	0.60	55.8	-	6.9	0.2	(16.1)	1,514,406
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	40	0.3%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	5.55	5.55	41.85	-0.4	38	0.3%	(0.20)	4.00	24.1	-	9.6	1.7	(0.8)	2,390,144
Kenya Re	Insurance	Dec	200.00	170.00	180.00	48.9	60	0.4%	1.78	0.10	13.4	1.6	3.6	0.2	13.2	2,560,253
Sasini Tea & Coffee	Agric	Sept	30.80	17.65	18.75	-6.3	32	0.2%	3.11	1.00	61.7	6.0	5.3	0.3	5.0	93,198
Carbacid	Gases	July	93.00	67.00	359.75	16.7	34	0.2%	4.01	0.70	13.6	4.4	4.0	1.3	11.9	211,997
Nation Media	Media	Dec	22.00	18.00	18.00	-10.2	26	0.2%	(1.08)	1.49	43.1	-	8.3	0.4	(2.5)	1,440,269
Kenya Power	Power	Jun	1.86	1.35	1.74	22.5	26	0.2%	(0.89)	-	29.1	-	-	0.1	(3.0)	1,118,583
TPSEA Serena	Tourism	Dec	20.05	11.00	14.00	-14.9	19	0.1%	4.78	-	33.3	2.9	-	0.4	14.4	31,785
Liberty K. Holdings	Insurance	Dec	2.80	1.70	2.80	59.3	24	0.2%	0.15	-	15.9	38.5	-	0.4	1.0	27,293
BOC Kenya	Gases	Dec	93.00	67.00	89.00	8.5	13	0.1%	10.14	5.95	85.1	8.8	6.7	1.0	11.9	16,269
NSE	Finance	Dec	6.62	5.52	6.18	2.7	12	0.1%	0.05	0.20	7.1	116.9	3.2	0.9	0.7	277,540
Housing Finance	Banking	Dec	5.10	3.25	4.23	21.6	12	0.1%	1.18	4.00	20.5	3.6	94.6	0.2	5.8	8,033
Unga Ltd	Food	Jun	19.50	15.00	0.27	-22.3	8	0.1%	(18.92)	-	58.3	-	-	0.2	(32.4)	26,908
Sanlam Kenya	Insurance	Dec	5.88	3.45	5.88	0.0	7	0.0%	(0.88)	-	3.9	-	-	1.5	(22.7)	276,902
Car & Gen	Motors	Sept	41.50	21.30	22.85	-8.6	7	0.1%	(6.82)	3.20	135.8	-	14.0	0.2	(5.0)	17,055
Limuru Tea	Agric	Dec	430.00	380.00	380.00	0.0	7	0.1%	3.38	1.00	80.9	112.4	0.3	4.7	4.2	1,839
WPP Scangroup	Media	Dec	2.99	1.99	2.19	0.5	7	0.1%	0.30	-	11.9	7.3	-	0.2	2.5	102,041
EA Portland	Cement	Jun	44.80	33.30	0.98	-19.5	4	0.0%	(14.13)	-	239.8	-	-	0.0	(5.9)	13,202
Standard Newspapers	Media	Dec	9.80	5.10	6.44	-16.8	4	0.0%	(10.05)	-	0.4	-	-	14.6	(2,284)	4,210
Longhorn	Publishing	Jun	2.93	2.01	2.46	2.1	5	0.0%	(2.45)	-	2.8	-	-	0.9	(88.1)	10,862
TransCentury	Finance	Dec	5.36	2.58	2.70	-5.8	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	118,509
<b>Average</b>												<b>12.8</b>	<b>7.7</b>	<b>2.4</b>	<b>17.9</b>	<b>481,180,823</b>

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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>**

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### Equity Sales & Trading

**Sally Kotut**  
sallyk@kestrelcapital.com

**Chris Miriti**  
chrism@kestrelcapital.com

**Amanda Onyango**  
amandao@kestrelcapital.com

---

### Research

**Ephantus Maina**  
ephanusm@kestrelcapital.com

**Millicent Nyuguto**  
millicentn@kestrelcapital.com

---

### Fixed Income Sales & Trading

**Alexander Muiruri**  
alexanderm@kestrelcapital.com

**Edwin Muthaura**  
edwinm@kestrelcapital.com

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### CEO & Executive Director

**Francis Mwangi, CFA**  
francism@kestrelcapital.com