

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.27	17.75	87.4%	BUY
Equity bank	54.37	47.60	14.2%	HOLD
KCB bank	74.22	42.15	76.1%	BUY
Co-op bank	18.33	15.05	21.8%	BUY
ABSA bank	11.52	19.05	-39.5%	SELL
StanChart bank	245.66	270.75	-9.3%	HOLD
NCBA bank	40.63	51.75	-21.5%	SELL
I&M bank	38.37	35.05	9.5%	HOLD
Stanbic bank	118.55	160.50	-26.1%	SELL
DTB bank	109.36	79.25	38.0%	BUY
EABL	341.24	185.50	84.0%	BUY
BAT Kenya	411.34	369.75	11.2%	HOLD

Kenya Market Summary

Equity market commentary and outlook

- During the week, KCB Bank released their FY24 results, and declared a final dividend of KES 1.50. KCB Bank touched a ten-week low on increased local sell-off. Local investors led trading for the week at 72.2%, and foreign investors remained net sellers at USD 0.6m (KES 80.2m). Safaricom had the highest net foreign outflows at USD 0.7m (KES 89.2m) while EABL registered the highest net foreign inflows for the week at USD 0.1m (KES 18.7m).

Debt market commentary and outlook

- Overall subscription rates broke a two-week gaining streak to settle at 149.2% from 149.2% the preceding week. Investors were skewed towards the 364-Day T-Bill and activity declined for all the T-Bills. The yield on all three T-Bills fell, with that of the 91-Day T-Bill declining for the thirty-fourth week, the 182-Day T-Bill maintaining an eight-week decline and the 364-Day T-Bill falling repeatedly for the sixth week.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	2,236.7	34.7%	32.4%	47.7%	55.0%	45.8%	11.2%
Kenya NASI	129.5	23.7%	21.5%	39.6%	51.1%	25.7%	4.9%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-3.6%	2.3%	10.2%	11.6%	9.0%	-22.6%
Johannesburg Index	-0.1%	0.2%	-0.8%	5.4%	19.0%	-13.9%
Nigeria Stock Exchange	-2.3%	-1.7%	11.2%	8.2%	-9.6%	-1.9%
Ghana Stock Exchange	1.2%	12.4%	7.7%	15.3%	7.4%	-21.9%
Egyptian Stock Exchange	1.2%	3.1%	-2.2%	-3.8%	-3.9%	10.7%
MSCI EFM ex SA Index	-0.6%	2.0%	3.4%	0.9%	2.4%	-3.1%

Other market statistics

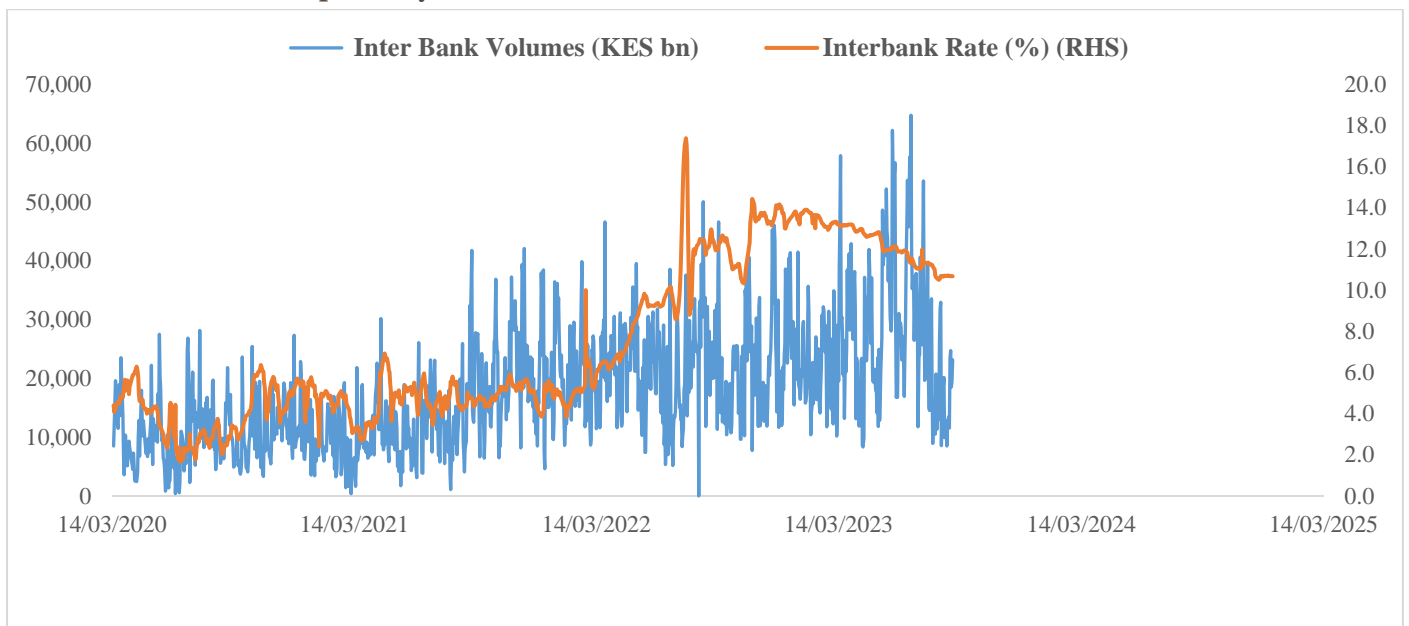
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.35	-0.1%	-0.2%	0.0%	-0.3%	3.9%	-0.1%
USD/ZAR	18.20	0.3%	1.0%	-1.8%	-2.7%	3.1%	2.8%
USD/EGP	50.65	0.1%	0.0%	0.3%	-4.6%	-5.9%	0.3%
USD/NGN	1546.44	-2.1%	-2.4%	0.1%	5.7%	3.8%	-0.1%
USD/GHS	15.50	0.0%	-0.3%	-5.4%	1.2%	-20.0%	-5.4%

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
KCB Bank	776.1	-3.8	17.4%	-5.8%	1.3%	-8.0%	92.0%
Safaricom	481.8	-89.2	66.1%	-1.7%	4.1%	-8.0%	23.3%
Equity Bank	190.0	-3.1	6.7%	-1.9%	-1.4%	-4.8%	23.6%
Coop Bank	173.5	-22.5	7.6%	-10.9%	-8.5%	-15.4%	25.4%
Absa Bank	73.0	-0.1	0.4%	-1.3%	5.5%	-1.3%	59.4%

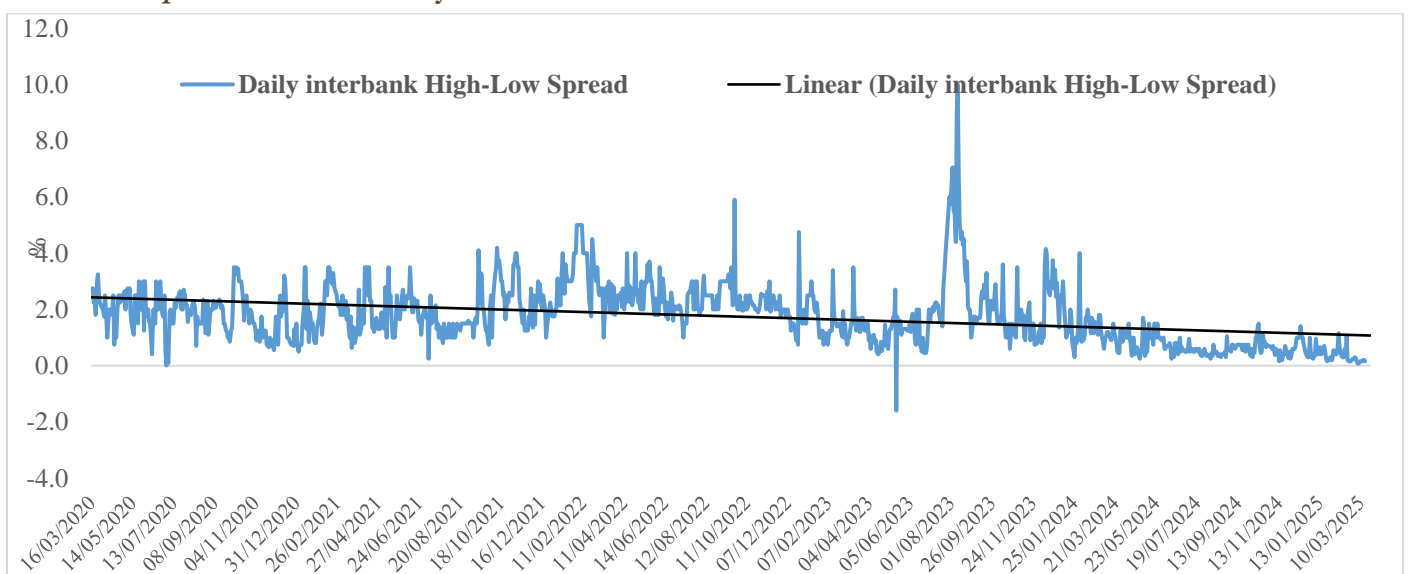
Key Rates and Spreads

Inter-bank Rates fall repeatedly for the fourth week.



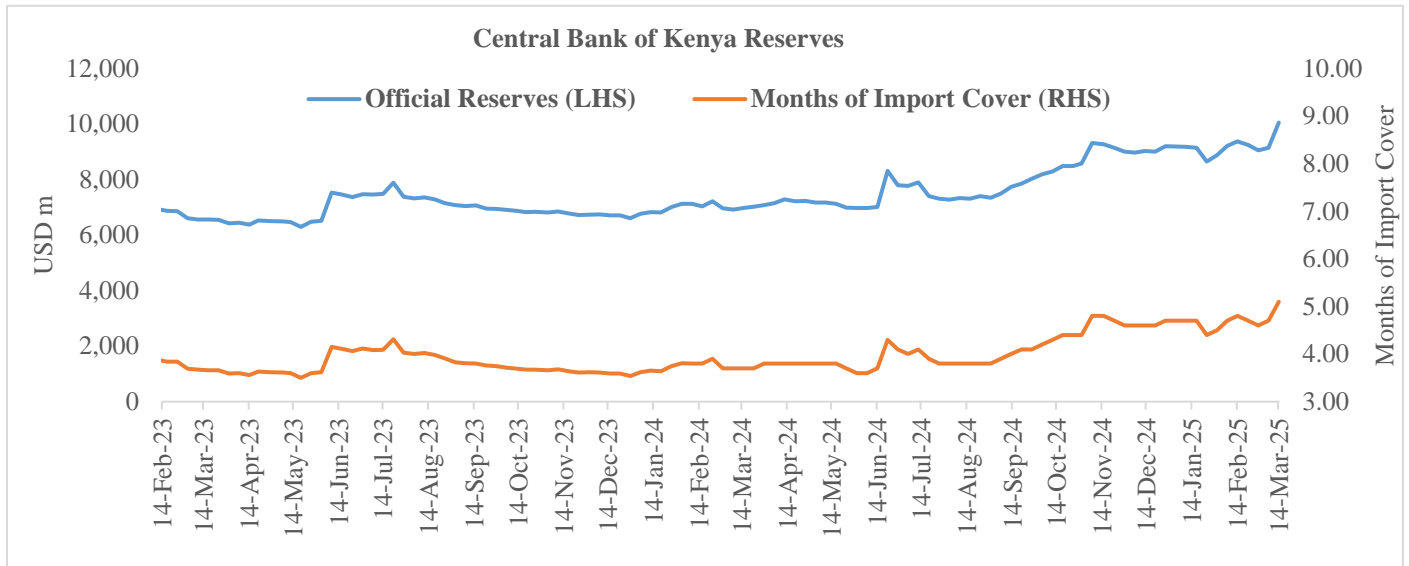
Source: CBK

Interbank spreads remain steady



Source: CBK

CBK Reserves reach 5.1 months of import cover

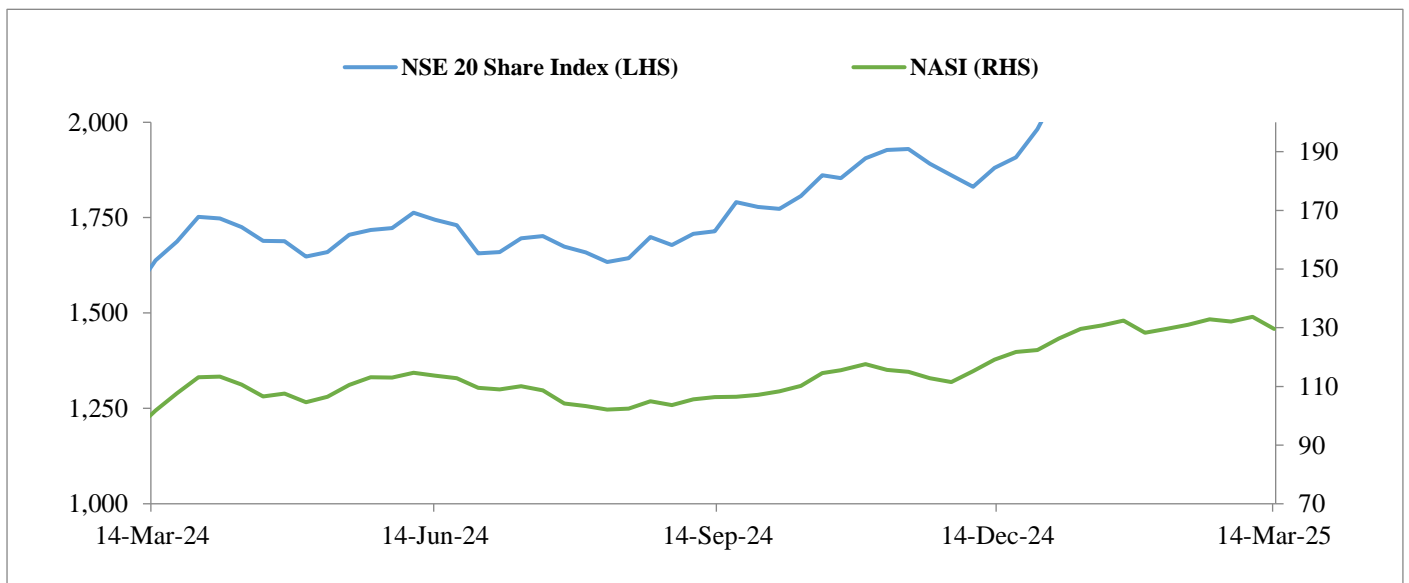


Source: CBK

Equity market trading commentary

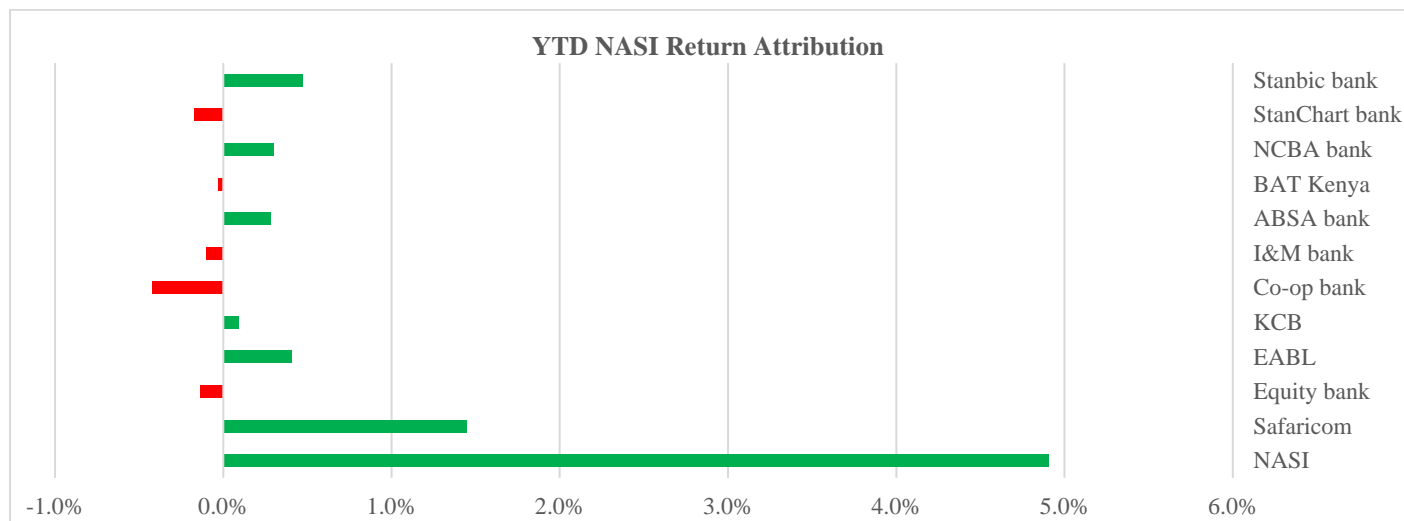
Total market turnover declined by 19.2%, settling at USD 15.5m (KES 2.0bn). The NASI retreated by 3.1% to end at 129.51, similarly, the NSE-20 gained 4.3%, closing the week at 2236.72, breaking a five-week gaining streak. Local investors led trading for the week at 72.2%, and foreign investors remained net sellers at USD 0.6m (KES 80.2m). Safaricom had the highest net foreign outflows at USD 0.7m (KES 89.2m) while EABL registered the highest net foreign inflows for the week at USD 0.1m (KES 18.7m).

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

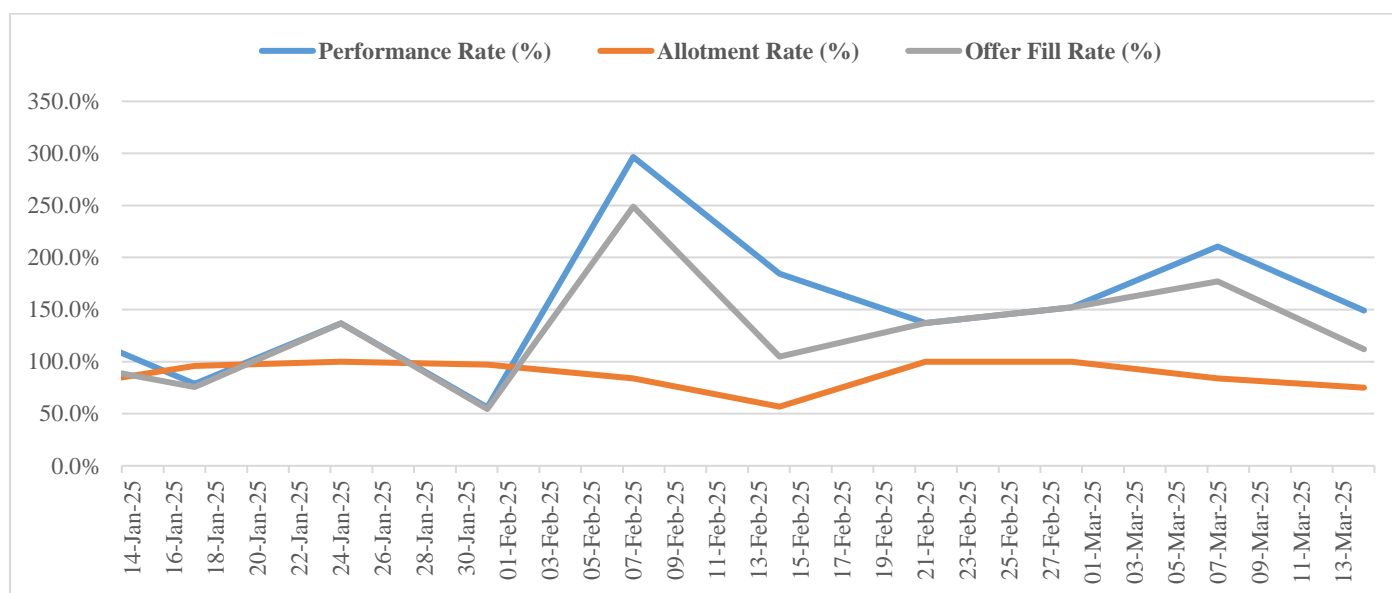
Overall subscription rates broke a two-week gaining streak to settle at 149.2% from 149.2% the preceding week. Investors were skewed towards the 364-Day T-Bill and activity declined for all the T-Bills. The yield on all three T-Bills fell, with that of the 91-Day T-Bill declining for the thirty-fourth week, the 182-Day T-Bill maintaining an eight -week decline and the 364-Day T-Bill falling repeatedly for the sixth 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 7.5bn for the 91-Day T-Bill, implying a subscription rate of 188.15%. It accepted bids worth KES 4.9bn at an average yield of 8.918% (-0.48 bps w/w).

The 182-Day T-Bill received bids worth KES 9.8bn, implying a performance rate of 98.04%. It accepted bids worth KES 9.8bn at an average yield of 9.115% (-3.6 bps w/w).

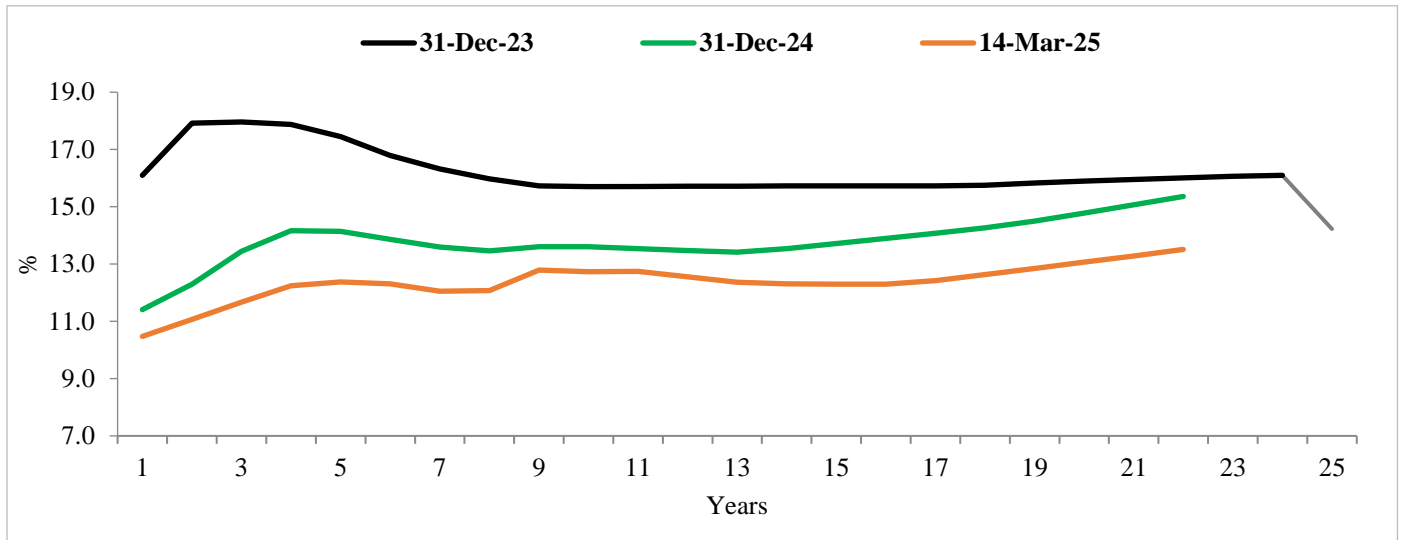
The 364-Day T-Bill received bids worth KES 18.5bn, implying a performance rate of 184.77%. It accepted bids worth KES 12.1bn at an average yield of 10.474% (-2.31 bps w/w).

T-Bills Performance rates



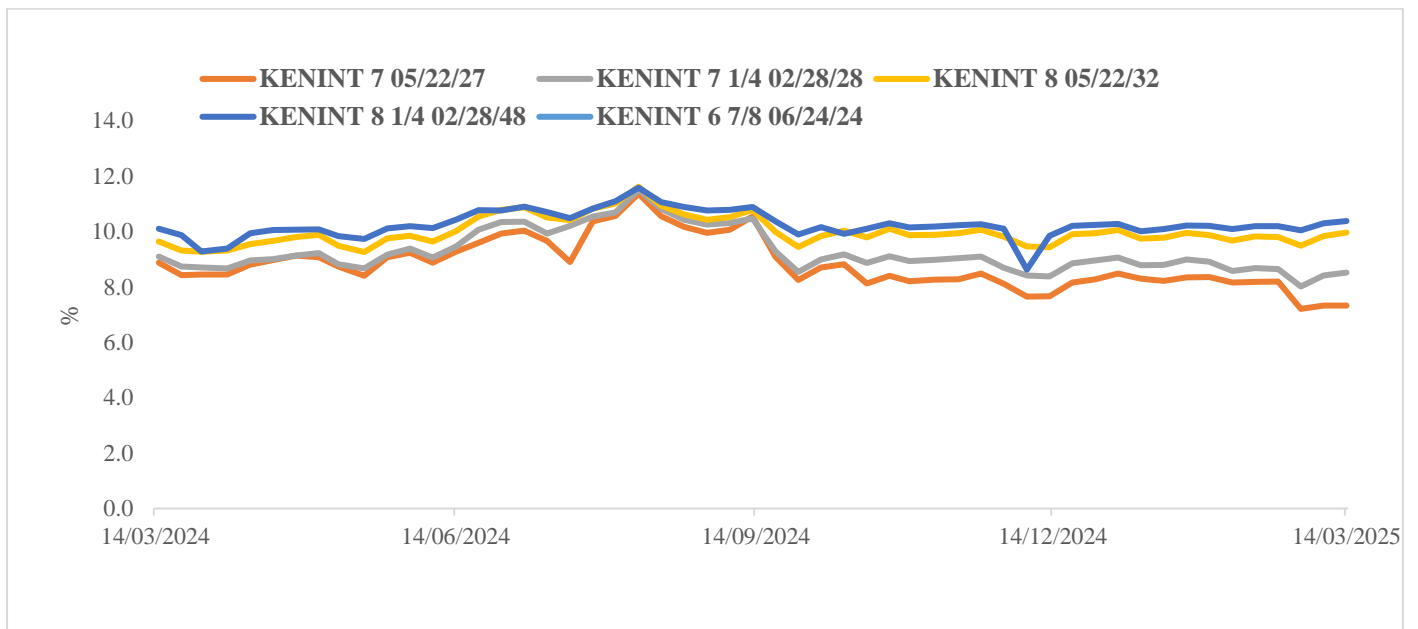
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields: Yields increase across all tenors for the second week.



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	14.40	17.75	4.1	5,491	34.8%	1.06	1.20	4.7	16.7	6.8	3.8	22.7	1,011,530
Equity Bank	Banking	Dec	50.00	38.50	47.60	-1.4	1,387	8.8%	20.58	4.00	48.7	2.3	8.4	1.0	42.2	309,647
EA Breweries	Breweries	Jun	199.75	114.75	185.50	5.7	1,133	7.2%	15.46	7.50	27.1	12.0	4.0	6.9	57.1	168,173
Co-op Bank	Banking	Dec	17.80	12.00	15.05	-8.5	682	4.3%	6.91	1.50	18.4	2.2	10.0	0.8	37.5	89,604
NCBA Bank	Banking	Dec	54.00	37.55	51.75	7.4	658	4.2%	13.30	3.00	53.7	3.9	5.8	1.0	24.8	28,118
Absa Bank	Banking	Dec	19.30	11.95	19.05	5.5	799	5.1%	3.46	1.55	12.0	5.5	8.1	1.6	28.8	111,697
KCB Bank	Banking	Dec	45.80	21.95	42.15	1.3	1,046	6.6%	19.22	1.50	68.1	2.2	3.6	0.6	28.2	632,944
StanChart Bank	Banking	Dec	309.50	164.75	270.75	-3.2	790	5.0%	38.05	37.00	158.0	7.1	13.7	1.7	24.1	73,156
Stanbic Bank	Banking	Dec	168.50	108.75	160.50	16.9	490	3.1%	34.69	15.00	140.8	4.6	9.3	1.1	24.6	71,353
BAT Kenya	Tobacco	Dec	416.75	331.75	369.75	-1.7	285	1.8%	44.83	54.02	163.8	8.2	14.6	2.3	27.4	50,074
BK Group	Banking	Dec	37.15	30.15	35.50	9.1	246	1.6%	10.26	3.28	46.8	3.5	9.3	0.8	21.9	25,243
I&M Holdings	Banking	Dec	36.55	17.15	35.05	-3.3	471	3.0%	8.06	3.85	45.5	4.4	11.0	0.8	17.7	60,101
Umeme Ltd.	Power	Dec	17.45	13.60	17.00	1.5	213	1.4%	0.26	0.92	22.0	65.0	5.4	0.8	1.2	5,790
Kenya Airways	Airlines	Dec	8.50	3.83	5.30	38.4	233	1.5%	2.63	-	(14.7)	2.0	-	-	-	18,727
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)	2,298,867
KenGen	Power	Jun	5.26	1.99	5.02	37.9	256	1.6%	1.03	0.65	41.6	4.9	12.9	0.1	2.5	59,072
Jubilee Insurance	Insurance	Dec	225.25	150.00	225.25	29.8	126	0.8%	67.32	12.00	613.8	3.3	5.3	0.4	11.0	28,889
DTB Bank	Banking	Dec	82.75	43.25	79.25	14.9	171	1.1%	29.76	6.00	256.8	2.7	7.6	0.3	11.6	41,762
Britam	Insurance	Dec	8.54	4.97	7.70	32.8	150	1.0%	1.45	-	9.2	5.3	-	0.8	15.6	27,850
Total Oil	Oil	Dec	24.00	16.90	23.65	18.3	115	0.7%	5.12	1.92	48.0	4.6	8.1	0.5	10.7	1,649
Kakuzi	Agric	Dec	440.00	353.50	400.00	3.9	61	0.4%	34.98	24.00	303.5	11.4	6.0	1.3	11.5	288
CIC Insurance	Insurance	Dec	3.04	1.98	2.92	35.8	59	0.4%	0.55	-	3.3	5.3	-	0.9	16.9	4,691
Centum Investment	Finance	Mar	15.65	7.88	12.15	23.0	62	0.4%	(8.95)	0.32	55.8	-	2.6	0.2	(16.1)	11,063
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	40.05	29.50	31.15	-5.3	34	0.2%	(0.47)	4.00	24.1	-	7.1	2.3	(2.0)	259
Kenya Re	Insurance	Dec	2.87	1.04	1.90	48.4	41	0.3%	1.78	0.30	13.4	1.1	15.8	0.1	13.2	47,097
Sasini Tea & Coffee	Agric	Sept	20.95	14.40	15.90	6.0	28	0.2%	3.11	0.50	61.7	5.1	3.1	0.3	5.0	2,218
Carbacid	Gases	July	24.10	15.90	20.45	-2.4	40	0.3%	4.01	1.70	13.6	5.1	8.3	1.5	29.4	8,064
Nation Media	Media	Dec	22.00	11.75	14.40	0.0	21	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	2,773
Kenya Power	Power	Jun	7.56	1.50	6.50	35.1	98	0.6%	20.36	0.90	29.1	0.3	13.8	0.2	69.9	74,755
TPSEA Serena	Tourism	Dec	20.05	11.75	15.50	4.0	22	0.1%	8.08	-	33.3	1.9	-	0.5	24.3	601
Liberty K. Holdings	Insurance	Dec	8.00	4.81	7.68	15.0	32	0.2%	2.04	0.37	15.9	3.8	4.8	0.5	12.8	3,695
BOC Kenya	Gases	Dec	95.00	67.00	84.00	-5.4	13	0.1%	10.73	8.55	85.1	7.8	10.2	1.0	12.6	11,743
NSE	Finance	Dec	6.92	5.44	6.84	14.0	14	0.1%	0.21	0.16	7.1	32.4	2.3	1.0	3.0	8,415
Housing Finance	Banking	Dec	9.42	3.67	7.46	65.4	109	0.7%	0.25	-	4.2	29.8	-	1.8	6.0	82,632
Unga Ltd	Food	Jun	24.55	11.45	23.20	54.7	14	0.1%	(18.92)	-	58.3	-	-	0.4	(32.4)	274
Sanlam Kenya	Insurance	Dec	8.12	3.90	8.12	64.0	9	0.1%	2.27	-	3.9	3.6	-	2.1	58.6	400
Car & Gen	Motors	Sept	30.40	18.85	24.50	7.7	8	0.0%	(7.68)	-	135.8	-	-	0.2	(5.7)	493
Limuru Tea	Agric	Dec	380.00	299.00	320.00	-8.6	6	0.0%	0.11	1.00	80.9	-	0.3	4.0	0.1	279
WPP Scangroup	Media	Dec	3.87	1.90	3.04	22.6	10	0.1%	0.06	-	11.9	47.8	-	0.3	0.5	1,258
EA Portland	Cement	Jun	50.75	4.46	38.00	24.2	26	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,407
Standard Newspapers	Media	Dec	7.00	4.51	6.10	21.5	4	0.0%	(10.05)	-	0.4	-	-	13.9	(2,284)	176
Longhorn	Publishing	Jun	3.46	2.02	3.04	32.2	6	0.0%	(2.45)	-	2.8	-	-	1.1	(88.1)	265
TransCentury	Finance	Dec	1.62	0.32	1.26	223.1	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	5,183
Average												12.7	8.1	2.4	25.5	5,400,461

Disclaimer

Note: Readers should be aware that Kestrel Capital (EA) Ltd does and seeks to do business with companies covered in its research reports. Consequently, a conflict of interest may arise that could affect the objectivity of this report. This document should only be considered a single factor used by investors in making their investment decisions. The reader should independently evaluate the investment risks and is solely responsible for their investment decisions.

The opinions and information portrayed in this report may change without prior notice to investors. This publication may not be distributed to the public media or quoted or used by the public media without prior and express written consent of Kestrel Capital (EA) Ltd.

Directors, staff of Kestrel Capital (EA) Ltd and their family members, may from time to time hold shares in the company it recommends to either buy or sell and as such the investor should determine for themselves the applicability of this recommendation.

This document does not constitute an offer, or the solicitation of an offer, for the sale or purchase of any security. Whilst every care has been taken in preparing this document, no representation, warranty or undertaking (express or implied) is given and no responsibility or liability is accepted by Kestrel Capital or any employee of Kestrel Capital as to the accuracy of the information contained and opinions expressed herein.

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

Millicent Nyuguto
millicentn@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