

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	13.10	134.4%	BUY
Equity bank	43.67	37.95	15.1%	BUY
KCB bank	47.26	19.85	138.1%	BUY
Co-op bank	20.46	12.10	69.1%	BUY
ABSA bank	12.89	12.10	6.5%	HOLD
StanChart bank	138.26	163.50	-15.4%	SELL
NCBA bank	40.68	36.30	12.1%	HOLD
I&M bank	33.32	17.35	92.1%	BUY
Stanbic bank	108.85	114.00	-4.5%	HOLD
DTB bank	116.13	45.55	155.0%	BUY
EABL	151.28	111.00	36.3%	BUY
Bamburi Cement	27.61	39.90	-30.8%	SELL
BAT Kenya	460.00	419.00	9.8%	HOLD

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, large-cap names retreated. On account of foreign investors' sell-off, Safaricom touched a 68-day low and KCB bank retraced to a 53-day low. On the back of local sell-off, EABL hit a 12-day low. After announcing a 19.2% decline in FY23 earnings, BAT Kenya marked a 35-day low driven by local investors' sell-off.

### Debt market commentary and outlook

- Overall subscription rates decreased to 177.8%, down from 213.0% the prior week. Investors remained skewed on the 91-Day T-Bill and activity improved from the previous week on the 182-Day T-Bill while the 364-Day T-Bill saw muted activity. The yield on the 91-Day T-Bill edged up for 59 weeks now, the yield on the 182-Day T-Bill trended up for the seventh straight week and the yield on the 364-Day T-Bill notched up for the twelfth week in a row.

## Key Market Indicators

Index Returns	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Kenya NSE 20 Index Return	1,521.4	0.3%	0.3%	7.1%	-0.7%	-9.5%	1.4%
Kenya NASI Return	91.1	-0.1%	-2.5%	2.4%	-10.1%	-28.9%	-1.1%

Source: NSE, Kestrel Research

## NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	10.5%	8.6%	6.8%	-10.0%	-37.0%	6.8%
Johannesburg Index	1.2%	2.1%	-3.1%	1.3%	-6.5%	-7.3%
Nigeria Stock Exchange	0.7%	-33.9%	-17.1%	-17.1%	-41.1%	-14.4%
Ghana Stock Exchange	-0.1%	-2.4%	-4.5%	-5.8%	34.3%	-2.5%
Egyptian Stock Exchange	1.8%	7.8%	18.7%	60.9%	68.6%	17.3%
MSCI EFM ex SA Index	1.5%	-2.0%	4.0%	8.1%	2.9%	2.6%

### Other market statistics

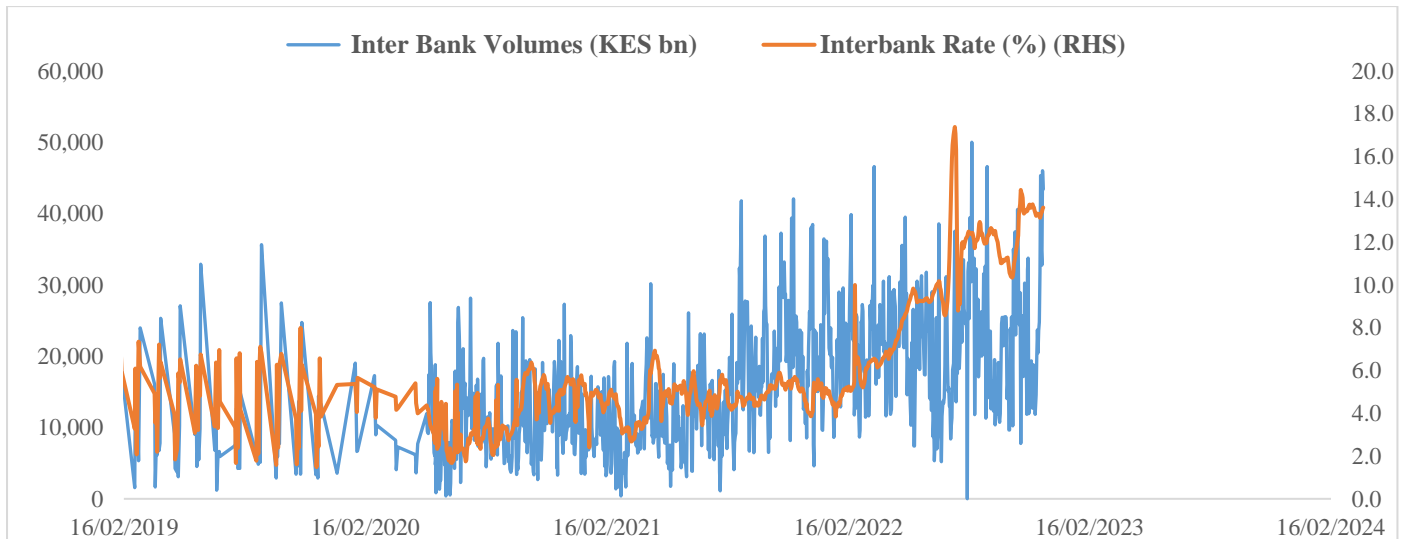
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	145.25	9.8%	11.5%	4.9%	-0.6%	-12.9%	8.0%
USD/ZAR	18.88	0.7%	0.7%	-2.8%	0.6%	-6.4%	-2.8%
USD/EGP	30.90	0.0%	0.0%	0.0%	0.1%	-0.9%	0.0%
USD/NGN	1,495.24	-3.5%	-40.4%	-43.8%	-49.3%	-69.2%	-39.0%
USD/GHS	12.47	-0.4%	-3.4%	-4.2%	-9.5%	2.2%	-4.2%

### 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
Safaricom	653.1	-164.2	74.3%	0.4%	-2.9%	-11.5%	0.8%
Equity Bank	155.4	-99.5	49.9%	1.3%	12.8%	-0.9%	12.8%
EABL	48.4	30.3	29.5%	-2.8%	-0.4%	-10.3%	11.0%
Kengen	30.1	-21.8	50.0%	0.0%	-2.0%	-14.2%	1.5%
KCB Bank	16.2	-5.3	26.8%	-0.5%	-9.4%	-12.9%	6.7%

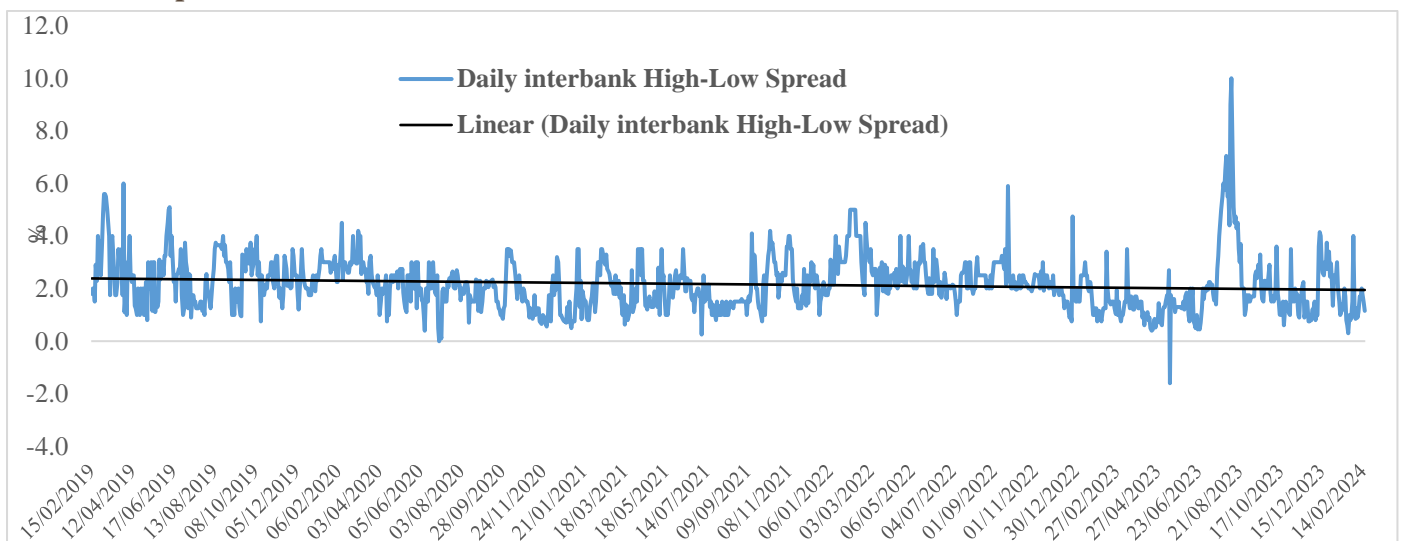
### Key Rates and Spreads

#### Inter-bank Rates increase week-on-week



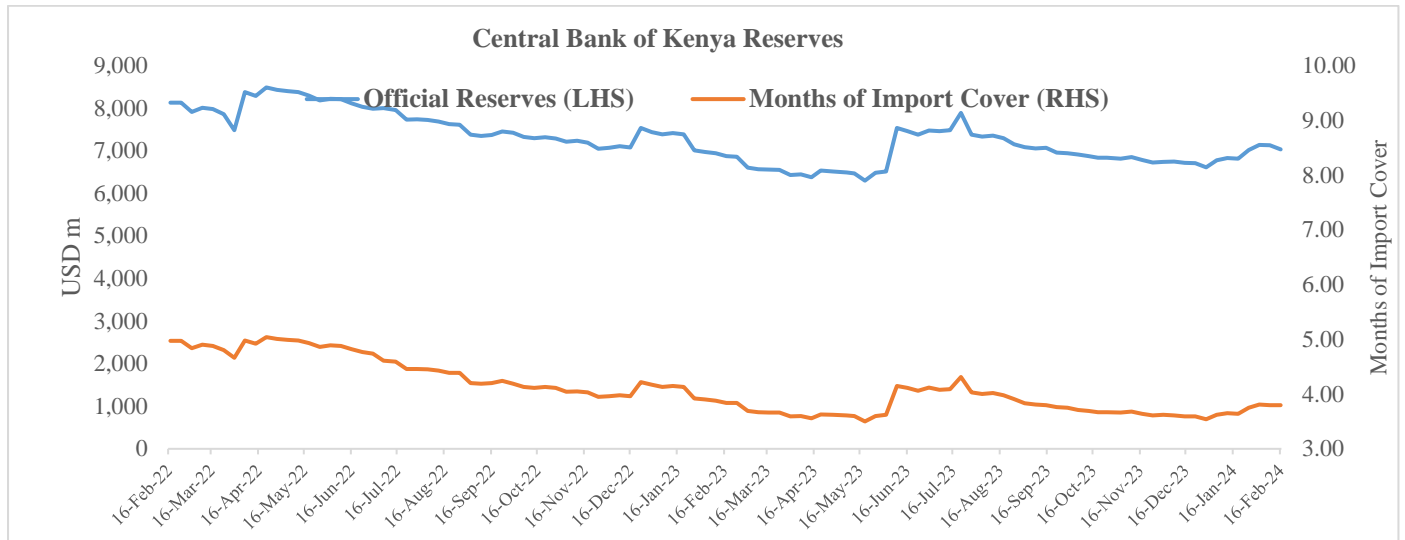
Source: CBK

#### Inter-bank Spreads narrow week-on-week



Source: CBK

Months of import cover & CBK FX reserves decline w/w after hitting a 6-months high a few weeks ago



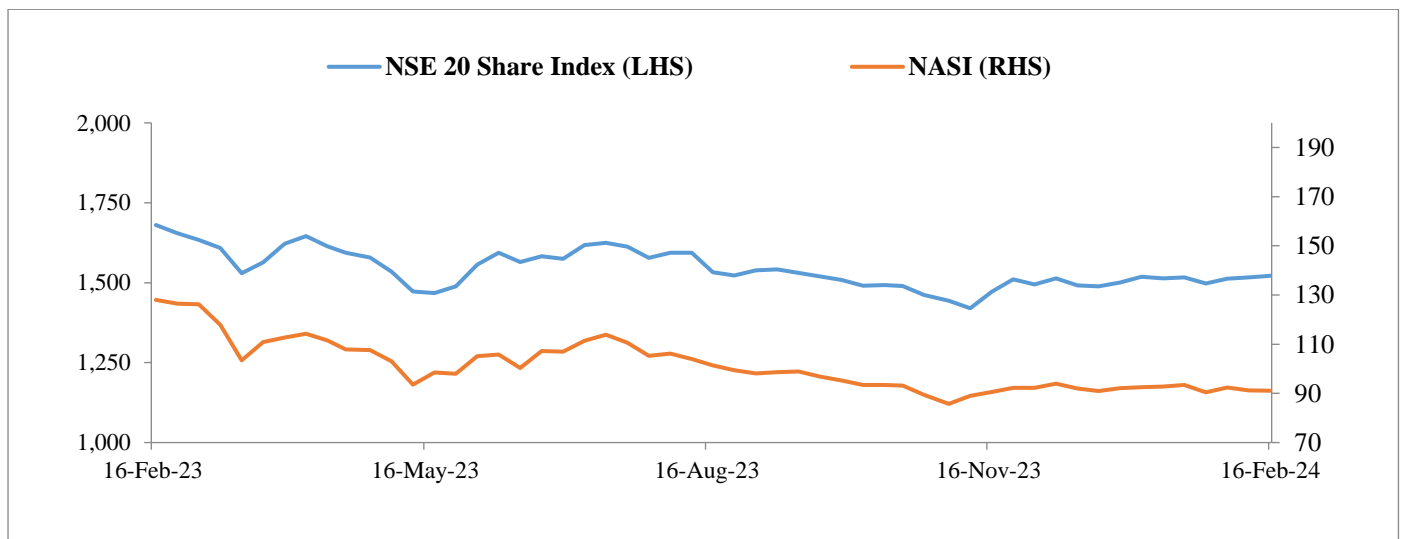
Source: CBK

Equity market trading commentary

For the third week straight, market turnover grew a modest 0.7% to stand at USD 6.9m (KES 1.0bn). Marking the second successive decline, the NASI edged down 0.1% w/w to close at 91.08 while the NSE 20, for the third consecutive week notched up 0.3% w/w to conclude at 1,521.44. Foreign investors led trading at 60.1% of total turnover, albeit down from 68.2% last week. Safaricom (USD 1.1m, KES 164.2m) and Equity bank (USD 0.7m, KES 99.5m) posted the highest net foreign inflows. On the other hand, EABL experienced the highest net foreign inflows at USD 0.2m (KES 30.3m).

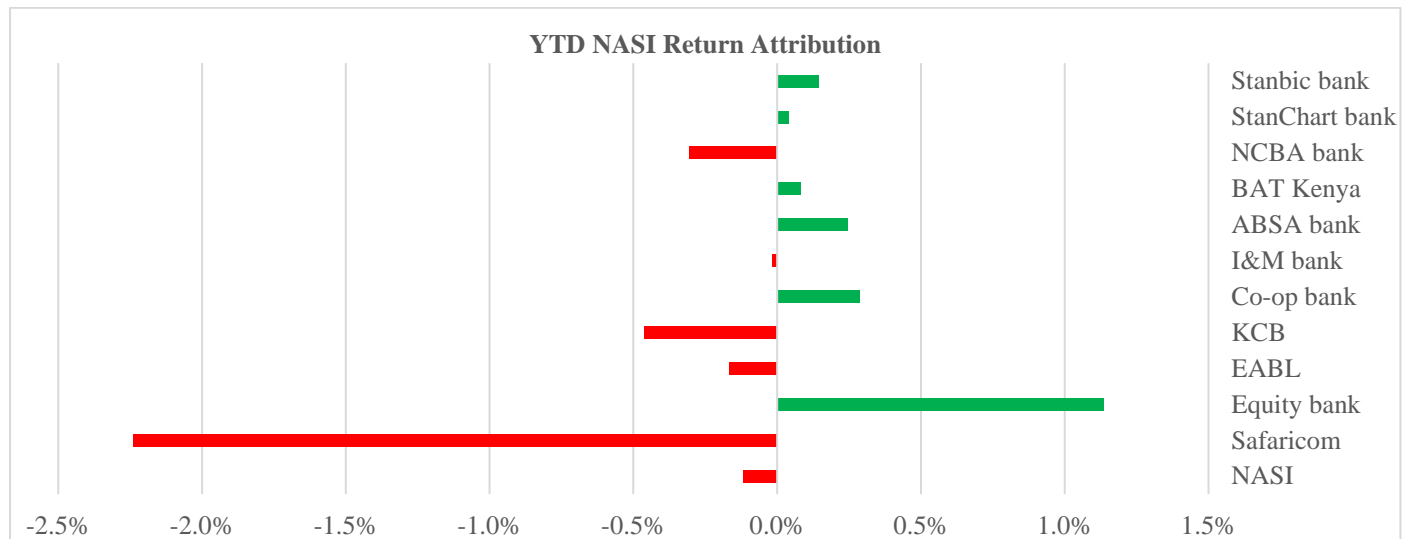
During the week, large-cap names retreated. On account of foreign investors’ sell-off, Safaricom touched a 68-day low and KCB bank retraced to a 53-day low. On the back of local sell-off, EABL hit a 12-day low. After announcing a 19.2% decline in FY23 earnings, BAT Kenya marked a 35-day low driven by local investors’ sell-off.

Market performance over the past 12 months



Source: NSE

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



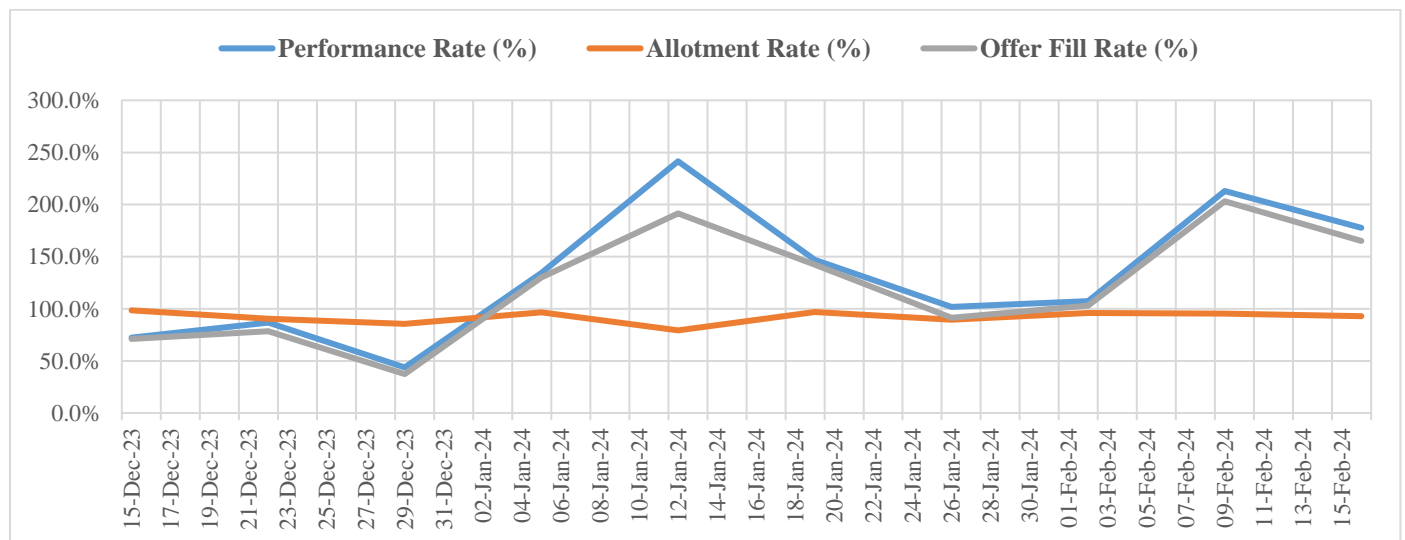
Source: Kestrel Research

### Debt market trading commentary

Overall subscription rates decreased to 177.8%, down from 213.0% the prior week. Investors remained skewed on the 91-Day T-Bill and activity improved from the previous week on the 182-Day T-Bill while the 364-Day T-Bill saw muted activity. The yield on the 91-Day T-Bill edged up for 59 weeks now, the yield on the 182-Day T-Bill trended up for the seventh straight week and the yield on the 364-Day T-Bill notched up for the twelfth week in a row.

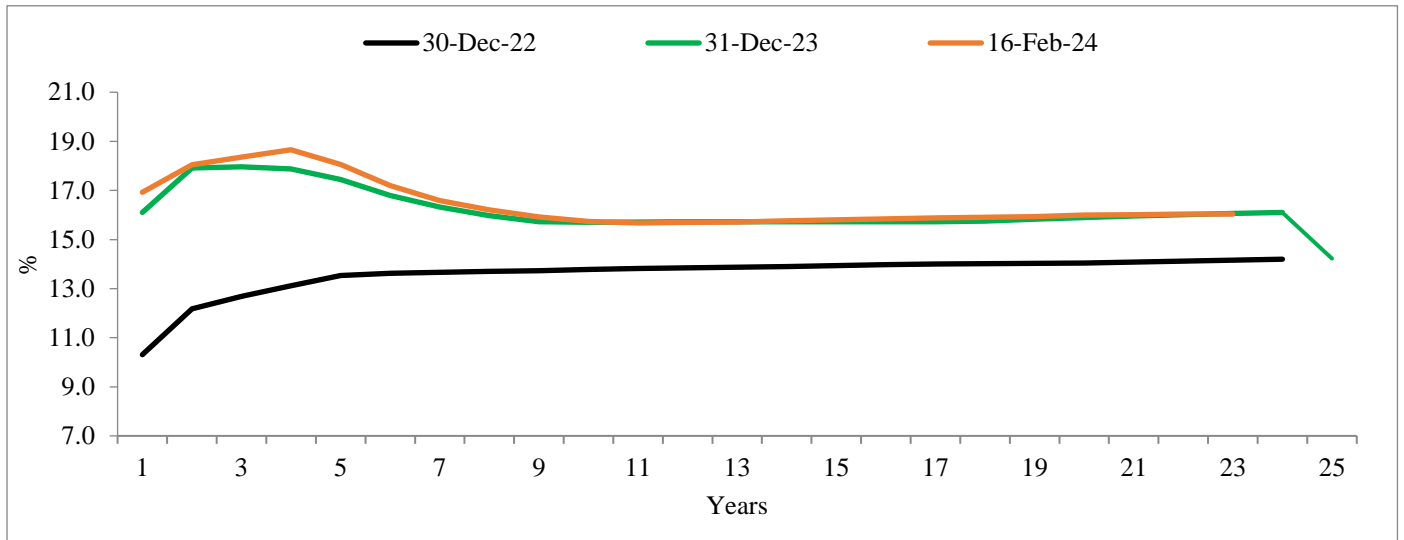
The CBK also offered KES 4.0bn for the 91-Day T-Bill and KES 10.0bn each for the 182-Day T-Bill and the 364-Day T-Bill. It received bids worth KES 26.2bn for the 91-Day T-Bill, implying a subscription rate of 623.6%. It accepted bids worth KES 24.9bn at an average yield of 16.554% (+5.0 bps w/w). The 182-Day T-Bill received bids worth KES 11.2bn, implying a performance rate of 112.29%. It accepted bids worth KES 9.8bn at an average yield of 16.716% (+8.2bps w/w). The 364-Day T-Bill received bids worth KES 5.3bn, implying a performance rate of 52.78%. It accepted bids worth KES 4.9bn at an average yield of 16.919% (+ 6.1bps w/w).

### T-Bills Performance



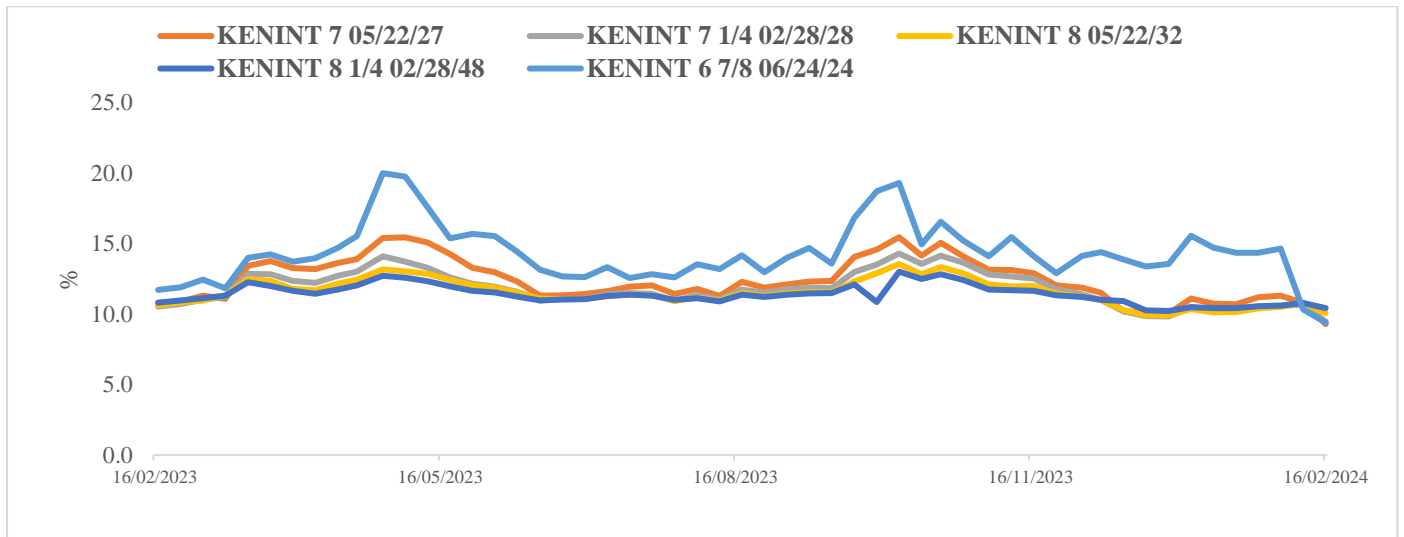
Source: CBK

### 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	14.80	13.00	13.10	-5.8	3,598	36.7%	1.55	1.20	4.7	8.4	9.2	2.8	33.2	567,578
Equity Bank	Banking	Dec	38.30	33.65	37.95	12.8	982	10.0%	12.22	3.00	48.7	3.1	7.9	0.8	25.1	214,921
EA Breweries	Breweries	Jun	123.75	100.00	111.00	-2.6	602	6.1%	12.47	5.50	27.1	8.9	5.0	4.1	46.1	49,732
Co-op Bank	Banking	Dec	12.25	10.95	12.10	6.1	487	5.0%	3.98	1.50	18.4	3.0	12.4	0.7	21.6	19,314
NCBA Bank	Banking	Dec	40.25	35.45	36.30	-6.8	410	4.2%	9.48	4.00	53.7	3.8	11.0	0.7	17.6	9,928
Absa Bank	Banking	Dec	12.25	10.95	12.10	5.7	451	4.6%	2.98	1.35	12.0	4.1	11.2	1.0	24.8	11,548
KCB Bank	Banking	Dec	22.80	18.60	19.85	-9.4	437	4.5%	12.47	2.00	68.1	1.6	10.1	0.3	18.3	74,078
StanChart Bank	Banking	Dec	165.75	154.25	163.50	0.9	424	4.3%	34.62	22.00	158.0	4.7	13.5	1.0	21.9	9,624
Stanbic Bank	Banking	Dec	115.00	101.50	114.00	4.8	309	3.2%	28.71	13.75	140.8	4.0	12.1	0.8	20.4	25,934
BAT Kenya	Tobacco	Dec	436.75	403.50	419.00	2.8	287	2.9%	55.68	50.00	163.8	7.5	11.9	2.6	34.0	5,796
BK Group	Banking	Dec	37.00	32.50	37.00	3.4	227	2.3%	7.55	3.28	46.8	4.9	8.9	0.8	16.1	120
I&M Holdings	Banking	Dec	17.50	17.10	17.35	-0.9	197	2.0%	7.35	2.25	47.8	2.4	13.0	0.4	15.4	6,688
Umeme Ltd.	Power	Dec	16.25	13.15	14.45	-9.7	161	1.6%	3.03	2.12	20.7	4.8	14.7	0.7	14.7	2,554
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	149	1.5%	(2.79)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	42.00	26.50	39.90	11.3	99	1.0%	2.15	3.58	82.1	18.6	9.0	0.5	2.6	31,606
KenGen	Power	Jun	2.32	1.96	1.99	-1.0	90	0.9%	0.76	0.30	41.6	2.6	15.1	0.0	1.8	13,502
Jubilee Insurance	Insurance	Dec	200.00	180.00	180.00	-2.7	89	0.9%	68.38	14.00	613.8	2.6	7.8	0.3	11.1	3,358
DTB Bank	Banking	Dec	49.75	44.15	45.55	1.1	87	0.9%	22.56	5.00	256.8	2.0	11.0	0.2	8.8	4,583
Britam	Insurance	Dec	5.50	4.66	4.99	4.2	86	0.9%	0.53	-	9.2	9.4	-	0.5	5.7	2,636
Total Oil	Oil	Dec	18.85	15.80	16.50	-8.3	71	0.7%	3.88	1.31	48.0	4.2	7.9	0.3	8.1	443
Kakuzi	Agric	Dec	406.00	360.00	385.00	0.0	52	0.5%	43.15	24.00	303.5	8.9	6.2	1.3	14.2	303
CIC Insurance	Insurance	Dec	2.52	1.99	2.00	-10.7	36	0.4%	0.42	0.13	3.3	4.8	6.5	0.6	12.8	952
Centum Investment	Finance	Mar	8.98	8.02	8.98	6.9	41	0.4%	(8.95)	0.60	55.8	-	6.7	0.2	(16.1)	4,304
ARM Cement	Cement	Dec	5.55	5.55	5.55	0.0	37	0.4%	(7.77)	-	19.8	-	-	0.3	(39.2)	-
Crown Paints	Manufac.	Dec	40.00	35.00	40.00	12.2	39	0.4%	5.13	4.00	24.1	7.8	10.0	1.7	21.3	1,149
Kenya Re	Insurance	Dec	1.98	1.70	1.85	-1.6	36	0.4%	1.17	0.10	13.4	1.6	5.4	0.1	8.7	1,025
Sasini Tea & Coffee	Agric	Sept	22.00	18.20	21.05	5.3	33	0.3%	3.82	1.00	61.7	5.5	4.8	0.3	6.2	4,505
Carbacid	Gases	July	17.00	14.55	15.50	3.3	27	0.3%	2.98	0.70	13.6	5.2	4.5	1.1	21.9	1,553
Nation Media	Media	Dec	21.10	20.00	20.00	-0.2	26	0.3%	16.74	1.49	43.1	1.2	7.4	0.5	38.9	3,848
Kenya Power	Power	Jun	1.58	1.35	1.58	11.3	21	0.2%	(1.64)	-	29.1	-	-	0.1	(5.6)	4,075
TPSEA Serena	Tourism	Dec	16.45	11.00	16.00	-2.7	20	0.2%	(3.47)	-	33.3	-	-	0.5	(10.4)	1,474
Liberty K. Holdings	Insurance	Dec	5.50	3.50	5.50	49.1	20	0.2%	0.15	-	15.9	36.0	-	0.3	1.0	265
BOC Kenya	Gases	Dec	84.50	77.00	82.00	0.0	11	0.1%	7.58	5.95	85.1	10.8	7.3	1.0	8.9	5,020
NSE	Finance	Dec	6.20	5.54	5.80	-3.7	10	0.1%	0.05	0.20	7.1	109.7	3.4	0.8	0.7	724
Housing Finance	Banking	Dec	4.03	3.25	3.87	11.2	10	0.1%	(1.45)	-	20.5	-	-	0.2	(7.1)	507
Unga Ltd	Food	Jun	17.10	15.20	17.10	1.5	9	0.1%	2.48	-	58.3	6.9	-	0.3	4.2	20
Sanlam Kenya	Insurance	Dec	7.60	5.60	6.78	13.0	7	0.1%	(3.77)	-	3.9	-	-	1.7	(97.1)	265
Car & Gen	Motors	Sept	27.50	21.30	27.00	8.0	7	0.1%	26.33	3.20	135.8	1.0	11.9	0.2	19.4	54
Limuru Tea	Agric	Dec	380.00	380.00	380.00	0.0	6	0.1%	4.73	2.50	80.9	80.4	0.7	4.7	5.8	4
WPP Scangroup	Media	Dec	2.60	1.99	2.18	0.0	6	0.1%	(0.30)	-	11.9	-	-	0.2	(2.5)	454
EA Portland	Cement	Jun	9.34	8.00	8.76	9.5	5	0.1%	6.02	-	239.8	1.5	-	0.0	2.5	16
Standard Newspapers	Media	Dec	8.70	5.96	7.60	-1.8	4	0.0%	(10.05)	-	0.4	-	-	17.3	(2,284)	9
Longhorn	Publishing	Jun	2.41	2.17	2.20	-8.7	4	0.0%	0.62	-	2.8	3.6	-	0.8	22.2	66
TransCentury	Finance	Dec	0.53	0.43	0.47	-9.6	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	79
Average												<b>9.6</b>	<b>9.2</b>	<b>1.7</b>	<b>24.3</b>	<b>1,087,385</b>

## 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

---

**Fixed Income Sales & Trading**

**Alexander Muiruri**  
alexanderm@kestrelcapital.com

**Edwin Muthaura**  
edwinm@kestrelcapital.com

---

**CEO & Executive Director**

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