

Stock Recommendation

Kenya Market Summary

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.27	17.30	92.3%	BUY
Equity bank	54.37	44.60	21.9%	BUY
KCB bank	74.22	38.25	94.0%	BUY
Co-op bank	18.33	15.95	14.9%	HOLD
ABSA bank	11.52	17.30	-33.4%	SELL
StanChart bank	245.66	300.25	-18.2%	SELL
NCBA bank	40.63	54.00	-24.8%	SELL
I&M bank	38.37	29.95	28.1%	BUY
Stanbic bank	118.55	173.25	-31.6%	SELL
DTB bank	109.36	73.50	48.8%	BUY
EABL	341.24	170.00	100.7%	BUY
BAT Kenya	411.34	370.25	11.1%	HOLD

Equity market commentary and outlook

- During the week, the NASI Index recorded a three-day decline. Equity Bank touched a five-day low. I&M Bank traded close to a six-day low after trading ex-dividend. Foreign investors dominated trading activity, accounting for 51.2% of total transactions, although they emerged as net sellers with outflows totalling USD 1.7m (KES 226.3m). KCB Bank saw the highest net foreign outflows at USD 1.3m (KES 169.9 m), whereas DTB Bank recorded the highest net foreign inflows at USD 19.0k (KES 2.5m).

Debt market commentary and outlook

- Total subscription rates fell to 160.1% from 224.0% the previous week. Investors remained skewed towards the 364-day T-Bill, and activity improved only for the 364-day T-Bill. The yield on all three T-Bills fell, with that of the 91-Day T-Bill declining for the thirty-ninth week, the 182-Day T-Bill maintaining a thirteen-week decline, and the 364-Day T-Bill falling repeatedly for the eleventh week.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	2,151.1	29.6%	27.3%	42.1%	49.0%	40.2%	7.0%
Kenya NASI	125.3	19.7%	17.6%	35.1%	46.2%	21.6%	1.5%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-1.4%	-2.8%	-0.4%	14.0%	10.9%	-18.3%
Johannesburg Index	5.4%	-8.5%	9.1%	-8.9%	29.3%	-15.0%
Nigeria Stock Exchange	0.9%	-5.6%	3.8%	10.1%	-30.8%	28.7%
Ghana Stock Exchange	-0.7%	-1.2%	17.8%	24.9%	3.9%	-21.7%
Egyptian Stock Exchange	1.2%	-4.2%	6.6%	-5.2%	5.7%	-1.0%
MSCI EFM ex SA Index	1.6%	-3.5%	5.4%	0.6%	6.5%	-6.4%

Other market statistics

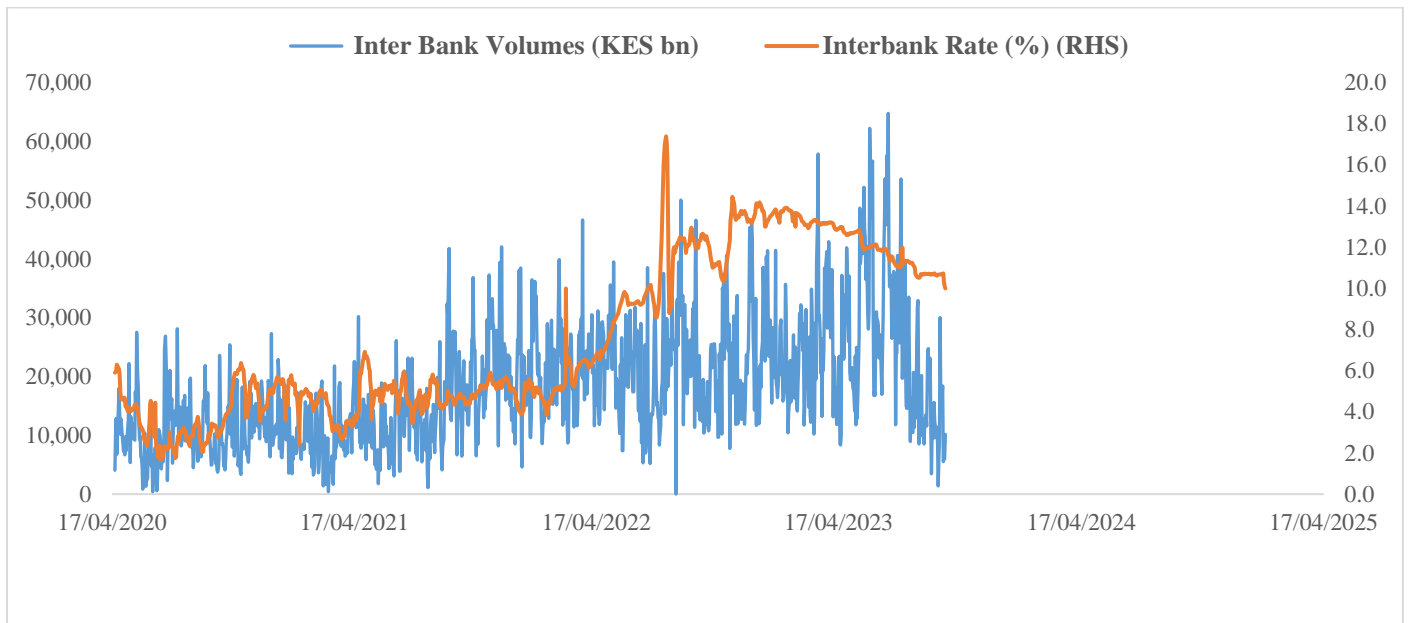
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.68	-0.2%	-0.1%	-0.2%	-0.4%	0.6%	-0.2%
USD/ZAR	18.85	-0.2%	-5.3%	-0.3%	-10.0%	-1.6%	-2.4%
USD/EGP	51.11	-1.5%	-1.3%	-1.5%	-5.7%	-7.9%	-1.1%
USD/NGN	1603.06	-4.2%	-3.5%	-3.4%	1.5%	-33.1%	-3.6%
USD/GHS	15.48	0.0%	0.0%	-4.9%	2.8%	-15.3%	-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
KCB Bank	431.7	-169.9	53.6%	-0.1%	-8.1%	-16.5%	-0.1%
Safaricom	211.5	-1.0	82.3%	-2.0%	1.5%	-2.0%	1.5%
EABL	62.6	-10.7	87.6%	-5.7%	-3.1%	-5.7%	-3.1%
Britam Insurance	55.7	0.0	0.0%	0.0%	17.2%	0.0%	17.2%
StanChart Bank	49.3	-3.8	3.9%	0.4%	7.3%	0.4%	7.3%

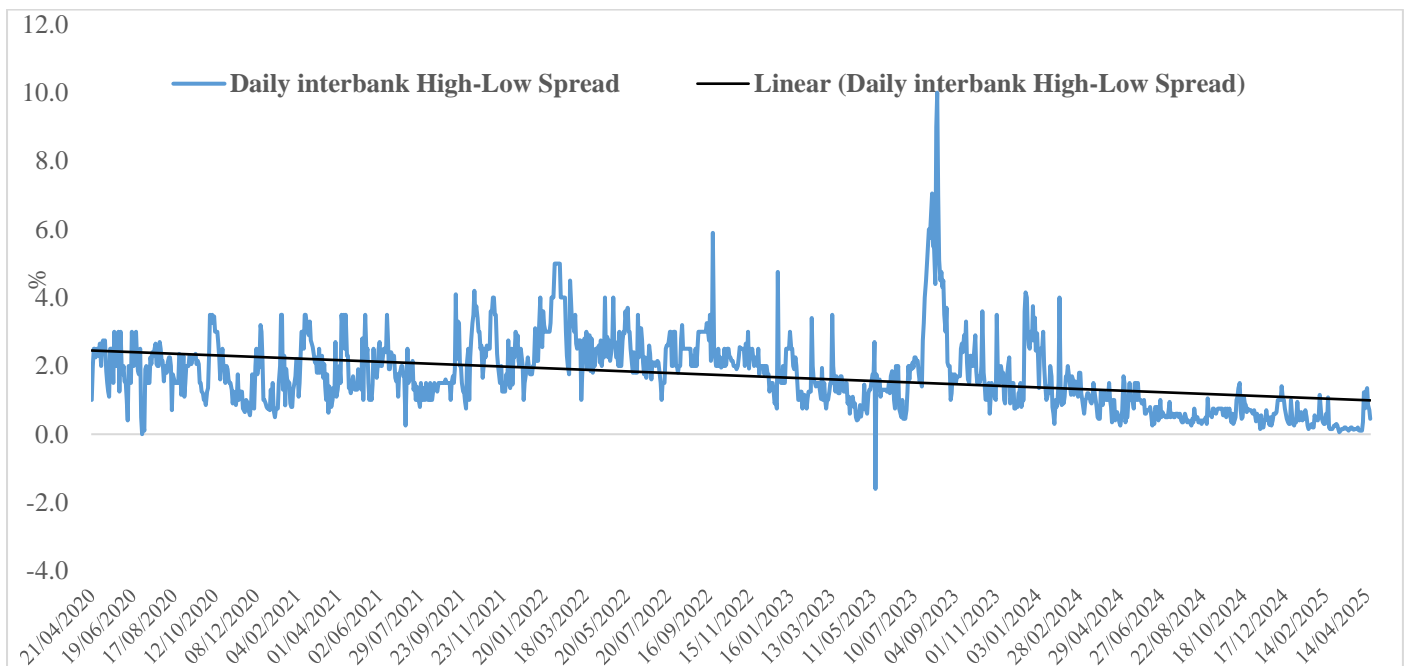
Key Rates and Spreads

Interbank rates decline, sustaining a two-week losing streak.



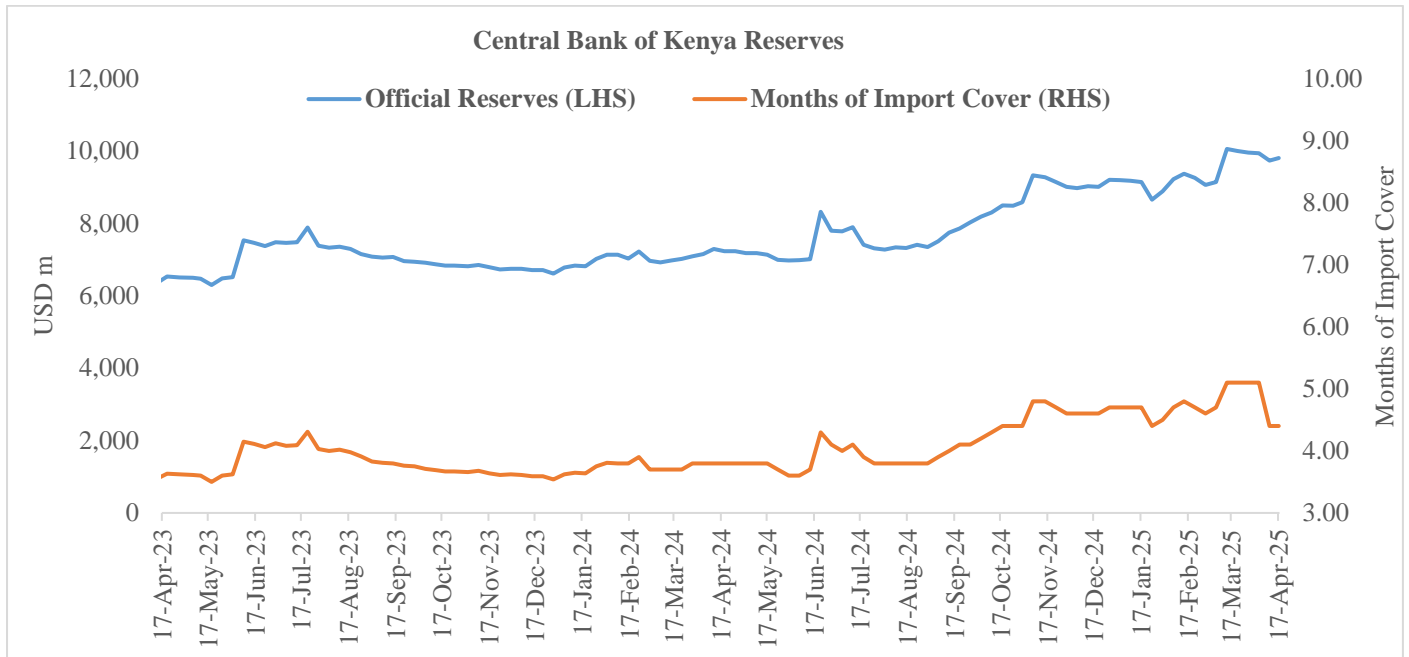
Source: CBK

Interbank spreads narrowed week-on-week.



Source: CBK

CBK Reserves remain steady at 4.4 months of import cover

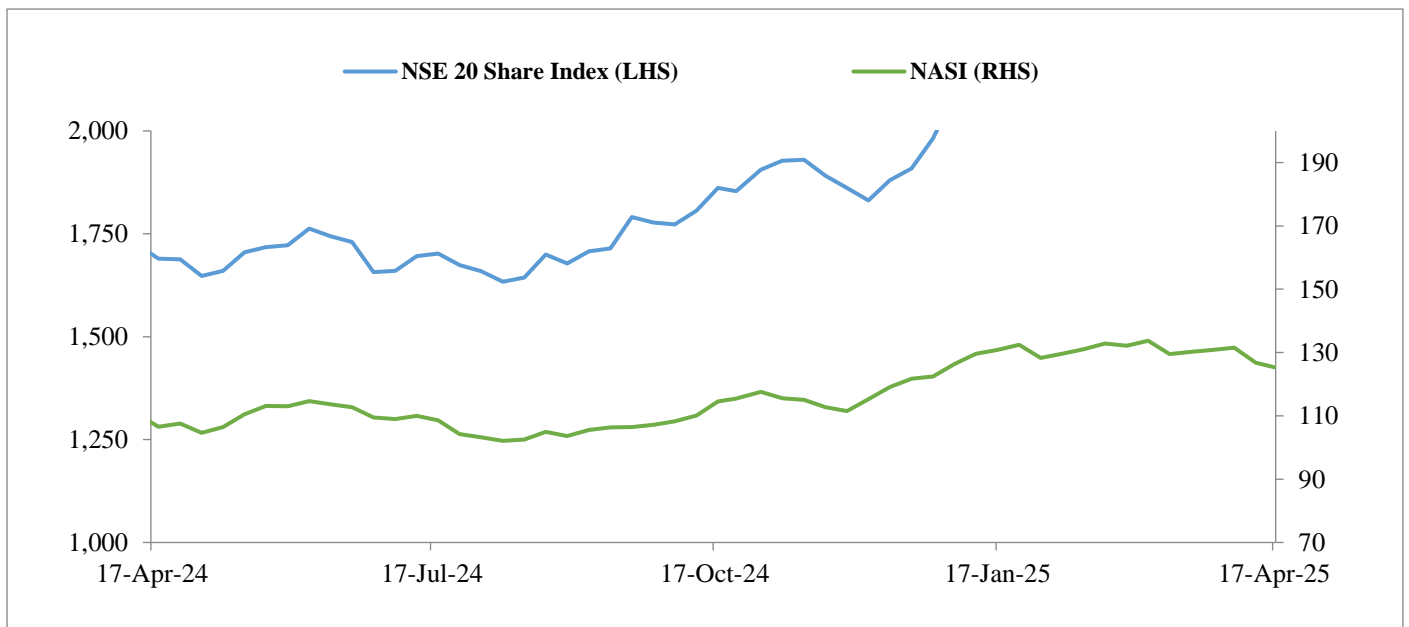


Source: CBK

Equity market trading commentary

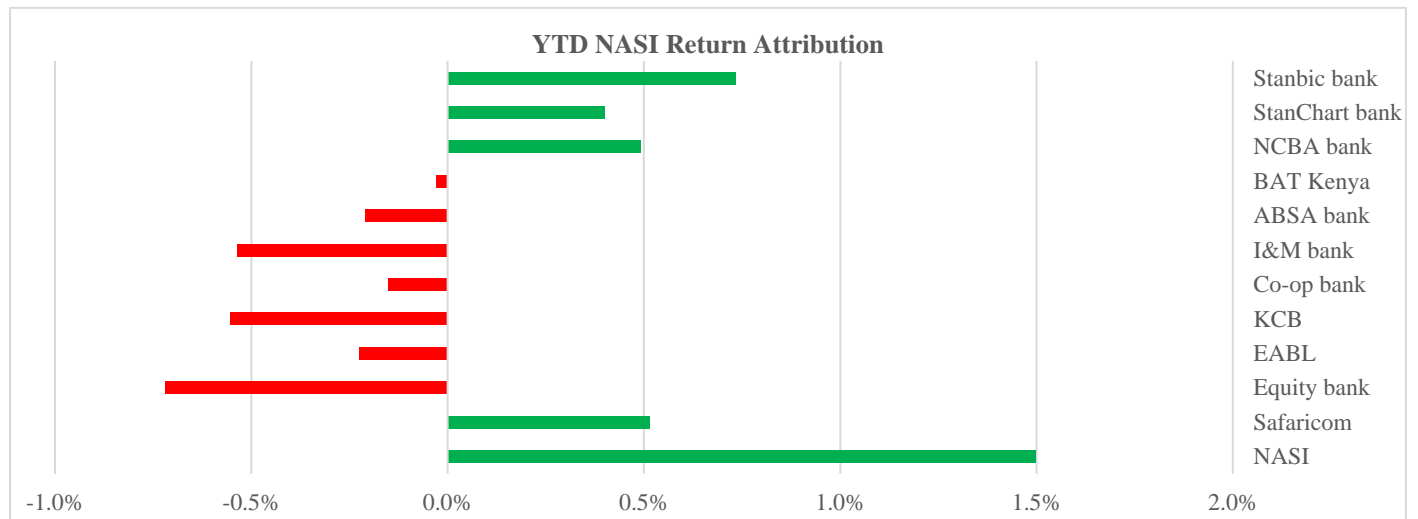
Total market turnover declined by 40.6%, settling at USD 7.4m (KES 1.0bn). The NASI fell by 1.1% to conclude at 125.33, similarly, the NSE-20 shed 0.7%, ending at 2166.25. Foreign investors dominated trading activity, accounting for 51.2% of total transactions, although they emerged as net sellers with outflows totalling USD 1.7m (KES 226.3m). KCB Bank saw the highest net foreign outflows at USD 1.3m (KES 169.9 m), whereas DTB Bank recorded the highest net foreign inflows at USD 19.0k (KES 2.5m).

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

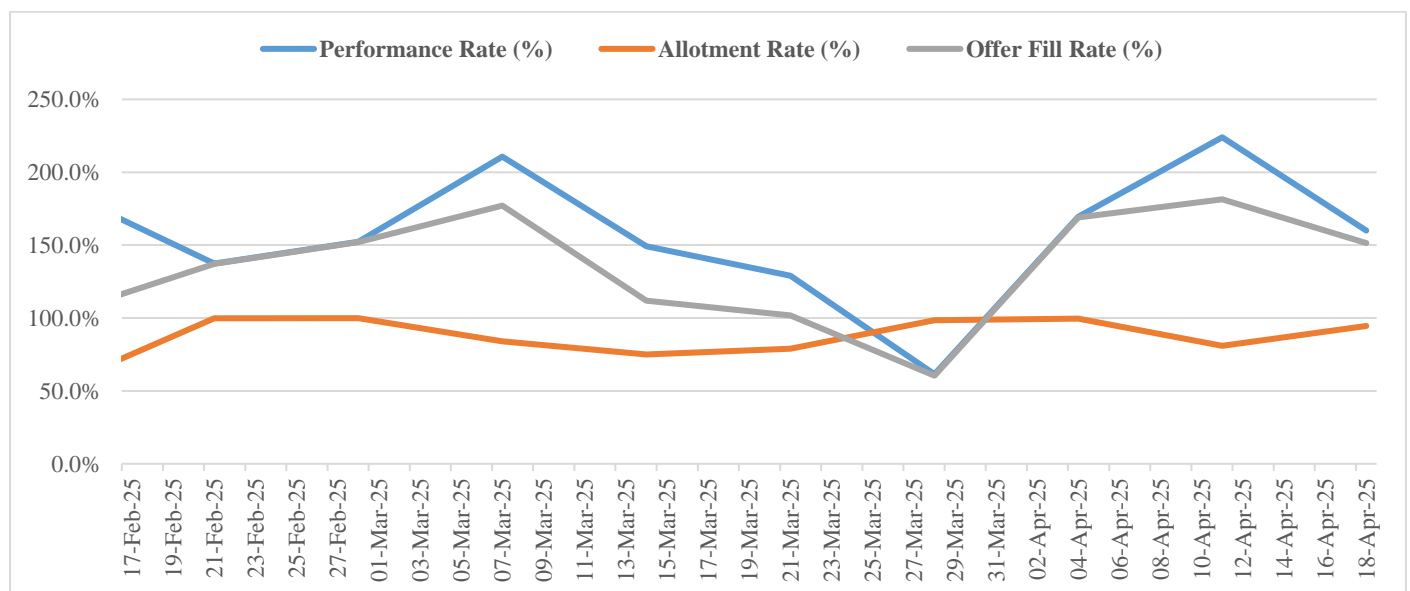
Total subscription rates fell to 160.1% from 224.0% the previous week. Investors remained skewed towards the 364-day T-Bill, and activity improved only for the 364-day T-Bill. The yield on all three T-Bills fell, with that of the 91-Day T-Bill declining for the thirty-ninth week, the 182-Day T-Bill maintaining a thirteen-week decline, and the 364-Day T-Bill falling repeatedly for the eleventh 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 2.1bn for the 91-day T-bill, implying a subscription rate of 52.22%. It accepted bids worth KES 2.1bn at an average yield of 8.470% (-3.07 bps w/w).

The 182-Day T-Bill received bids worth KES 8.8bn, implying a performance rate of 88.03%. It accepted bids worth KES 7.7bn at an average yield of 8.756% (-13.56 bps w/w).

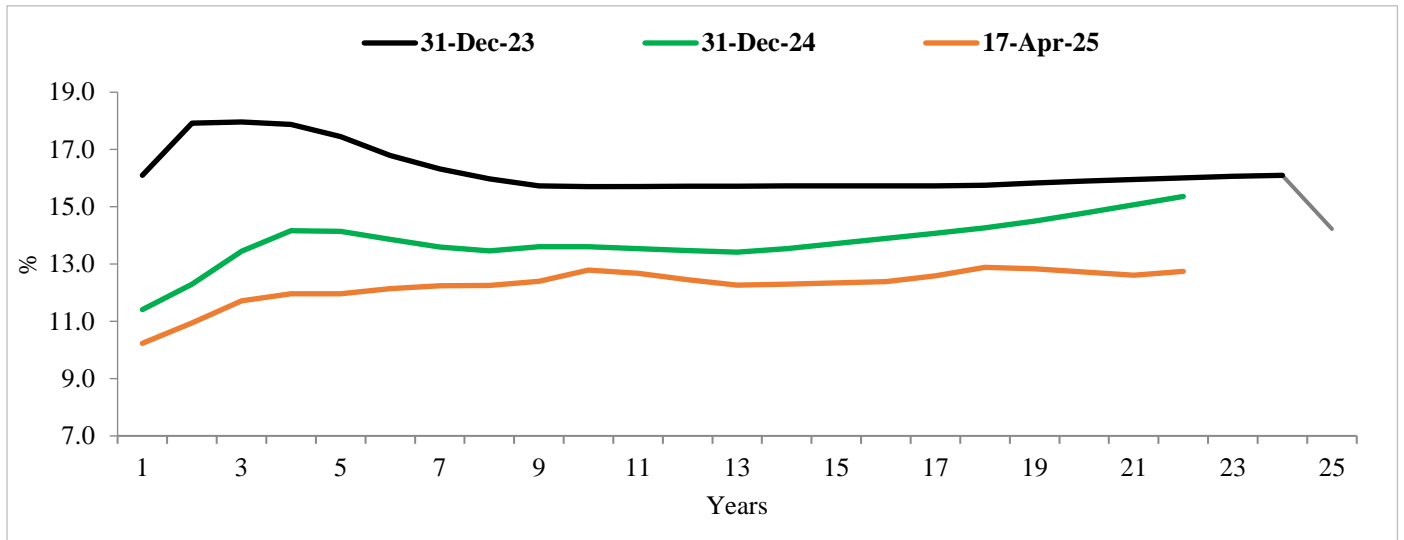
The 364-day T-Bill received bids worth KES 27.5bn, implying a performance rate of 275.28%. It accepted bids worth KES 26.6bn at an average yield of 10.071% (-16.07 bps w/w).

T-Bills Performance rates



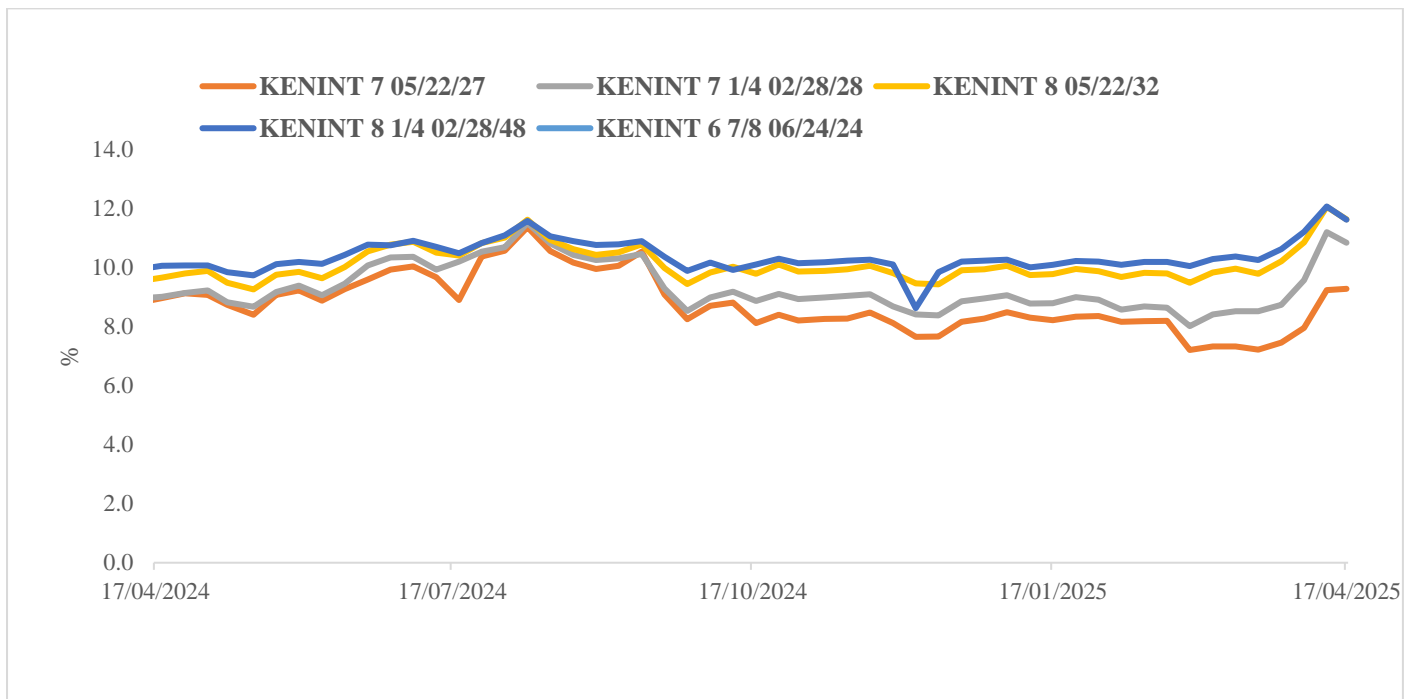
Source: CBK

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 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	19.00	14.40	17.30	1.5	5,352	35.0%	1.06	1.20	4.7	16.2	6.9	3.7	22.7	1,013,527	
Equity Bank	Banking	Dec	50.00	38.50	44.60	-7.7	1,300	8.5%	16.10	4.25	48.7	2.8	9.5	0.9	33.0	299,413	
EA Breweries	Breweries	Jun	199.75	140.25	170.00	-3.1	1,038	6.8%	15.46	7.50	27.1	11.0	4.4	6.3	57.1	117,343	
KCB Bank	Banking	Dec	45.80	27.95	38.25	-8.1	949	6.2%	19.22	3.00	68.1	2.0	7.8	0.6	28.2	703,205	
StanChart Bank	Banking	Dec	309.50	164.75	300.25	7.3	876	5.7%	53.09	45.00	158.0	5.7	15.0	1.9	33.6	74,680	
Absa Bank	Banking	Dec	19.30	11.95	17.30	-4.2	726	4.7%	3.84	1.75	12.0	4.5	10.1	1.4	32.0	65,161	
Co-op Bank	Banking	Dec	17.80	12.00	15.95	-3.0	723	4.7%	4.34	1.50	18.4	3.7	9.4	0.9	23.6	79,983	
NCBA Bank	Banking	Dec	54.25	37.55	54.00	12.0	687	4.5%	13.27	5.50	53.7	4.1	10.2	1.0	24.7	32,715	
Stanbic Bank	Banking	Dec	179.50	108.75	173.25	26.2	529	3.5%	34.69	20.17	140.8	5.0	11.6	1.2	24.6	97,214	
I&M Holdings	Banking	Dec	36.55	17.15	29.95	-17.4	402	2.6%	9.57	3.00	45.5	3.1	10.0	0.7	21.1	58,360	
BAT Kenya	Tobacco	Dec	413.00	331.75	370.25	-1.5	286	1.9%	44.83	50.00	163.8	8.3	13.5	2.3	27.4	51,117	
KenGen	Power	Jun	5.26	2.18	4.89	34.3	249	1.6%	1.03	0.65	41.6	4.7	13.3	0.1	2.5	53,331	
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	32,943	
Kenya Airways	Airlines	Dec	8.50	3.83	4.31	12.5	189	1.2%	2.63	-	(14.7)	1.6	-	-	-	19,222	
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	5,362	
DTB Bank	Banking	Dec	82.75	43.25	73.50	6.5	159	1.0%	31.54	7.00	256.8	2.3	9.5	0.3	12.3	40,210	
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)	5,866	
Britam	Insurance	Dec	8.54	5.20	6.80	17.2	132	0.9%	1.99	-	9.2	3.4	-	0.7	21.6	28,551	
Jubilee Insurance	Insurance	Dec	225.25	150.00	200.00	15.3	112	0.7%	65.15	13.50	613.8	3.1	6.8	0.3	10.6	25,960	
Total Oil	Oil	Dec	24.00	17.30	22.20	11.0	108	0.7%	5.12	1.92	48.0	4.3	8.6	0.5	10.7	1,758	
Housing Finance	Banking	Dec	9.42	3.67	6.20	37.5	90	0.6%	0.28	-	4.2	22.3	-	1.5	6.7	67,332	
Kenya Power	Power	Jun	7.56	1.51	6.16	28.1	93	0.6%	20.36	0.90	29.1	0.3	14.6	0.2	69.9	59,418	
Centum Investment	Finance	Mar	15.65	7.92	12.00	21.5	62	0.4%	(8.95)	0.32	55.8	-	2.7	0.2	(16.1)	4,053	
Kakuzi	Agric	Dec	440.00	353.50	411.00	6.8	62	0.4%	34.98	24.00	303.5	11.7	5.8	1.4	11.5	669	
CIC Insurance	Insurance	Dec	3.12	1.98	2.99	39.1	60	0.4%	1.09	0.13	3.3	2.7	4.3	0.9	33.4	4,334	
Liberty K. Holdings	Insurance	Dec	12.00	4.81	11.80	76.6	49	0.3%	2.56	0.37	15.9	4.6	3.1	0.7	16.1	79,770	
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	19.55	-6.7	38	0.3%	4.01	1.70	13.6	4.9	8.7	1.4	29.4	8,667	
Kenya Re	Insurance	Dec	2.87	1.04	1.61	25.8	35	0.2%	1.58	-	13.4	1.0	-	0.1	11.8	39,410	
Crown Paints	Manufac.	Dec	38.95	29.50	34.15	3.8	38	0.2%	(0.47)	4.00	24.1	-	7.1	2.3	(2.0)	300	
EA Portland	Cement	Jun	50.75	4.46	39.00	27.5	27	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,085	
Sasini Tea & Coffee	Agric	Sept	20.95	14.40	15.50	3.3	27	0.2%	3.11	0.50	61.7	5.0	3.2	0.3	5.0	1,715	
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	706	
Nation Media	Media	Dec	22.00	11.75	13.00	-9.7	19	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	2,271	
Unga Ltd	Food	Jun	27.35	11.45	22.40	49.3	13	0.1%	(18.92)	-	58.3	-	-	0.4	(32.4)	325	
NSE	Finance	Dec	7.46	5.44	7.14	19.0	14	0.1%	0.45	0.32	7.1	15.9	4.5	1.0	6.3	4,473	
BOC Kenya	Gases	Dec	95.00	67.00	80.00	-9.9	12	0.1%	10.73	8.55	85.1	7.5	10.7	0.9	12.6	906	
WPP Scangroup	Media	Dec	3.87	1.90	3.03	22.2	10	0.1%	0.06	-	11.9	47.7	-	0.3	0.5	654	
Sanlam Kenya	Insurance	Dec	10.35	3.90	10.20	106.1	11	0.1%	2.27	-	3.9	4.5	-	2.6	58.6	564	
Longhorn	Publishing	Jun	3.46	2.02	2.74	19.1	6	0.0%	(2.45)	-	2.8	-	-	1.0	(88.1)	272	
Car & Gen	Motors	Sept	28.50	18.85	20.55	-9.7	6	0.0%	(7.68)	-	135.8	-	-	0.2	(5.7)	387	
Limuru Tea	Agric	Dec	380.00	299.00	320.00	-8.6	6	0.0%	(6.34)	-	80.9	-	-	4.0	(7.8)	197	
TransCentury	Finance	Dec	1.62	0.32	1.33	241.0	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	5,206	
Standard Newspapers	Media	Dec	7.00	4.51	5.72	13.9	4	0.0%	(10.05)	-	0.4	-	-	13.0	(2,284)	101	
												Average	11.2	8.9	2.3	24.9	3,102,479

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