

Stock Recommendation

Kenya Market Summary

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.27	17.20	93.4%	BUY
Equity bank	54.37	45.45	19.6%	BUY
KCB bank	74.22	38.50	92.8%	BUY
Co-op bank	18.33	16.00	14.6%	HOLD
ABSA bank	11.52	18.50	-37.7%	SELL
StanChart bank	245.66	300.25	-18.2%	SELL
NCBA bank	40.63	54.00	-24.8%	SELL
I&M bank	38.37	30.25	26.8%	BUY
Stanbic bank	118.55	175.75	-32.5%	SELL
DTB bank	109.36	75.00	45.8%	BUY
EABL	341.24	170.75	99.8%	BUY
BAT Kenya	411.34	371.00	10.9%	HOLD

Equity market commentary and outlook

- In the past week, KCB reached an 11-day high in its trading activity. Foreign investors dominated trading at 75.9% of total transactions; however, they concluded the week as net sellers, resulting in outflows of USD 1.9m (KES 250.9m). KCB Bank recorded the highest net foreign outflows at USD 0.9m (KES 121.9 m), while Kenya Power experienced the most substantial net foreign inflows, totalling USD 53.2k (KES 6.9 m).

Debt market commentary and outlook

- Total subscription rates improved to 178.5% from 160.1% the previous week. Investor interest was predominantly directed towards the 91-day T-Bill, with heightened activity observed in both the 91-day and 182-day T-Bills. Notably, yields across all three T-Bills experienced a decline, with the yield on the 91-day T-Bill decreasing for the fortieth consecutive week, the 182-day T-Bill continuing its fourteen-week downward trend, and the 364-day T-Bill recording a decline for the twelfth week in a row.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	2,151.5	29.6%	27.4%	42.1%	49.1%	40.2%	7.0%
Kenya NASI	125.8	20.2%	18.0%	35.6%	46.7%	22.1%	1.9%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.9%	-4.6%	-1.3%	14.3%	13.2%	-19.1%
Johannesburg Index	2.1%	-2.2%	6.2%	-7.0%	23.0%	-11.3%
Nigeria Stock Exchange	1.1%	-5.2%	2.9%	10.3%	-19.5%	12.0%
Ghana Stock Exchange	6.7%	-2.6%	20.2%	23.5%	4.6%	-22.3%
Egyptian Stock Exchange	2.2%	-4.1%	6.2%	-4.8%	15.8%	-8.6%
MSCI EFM ex SA Index	1.3%	-2.8%	4.5%	2.7%	4.5%	-4.9%

Other market statistics

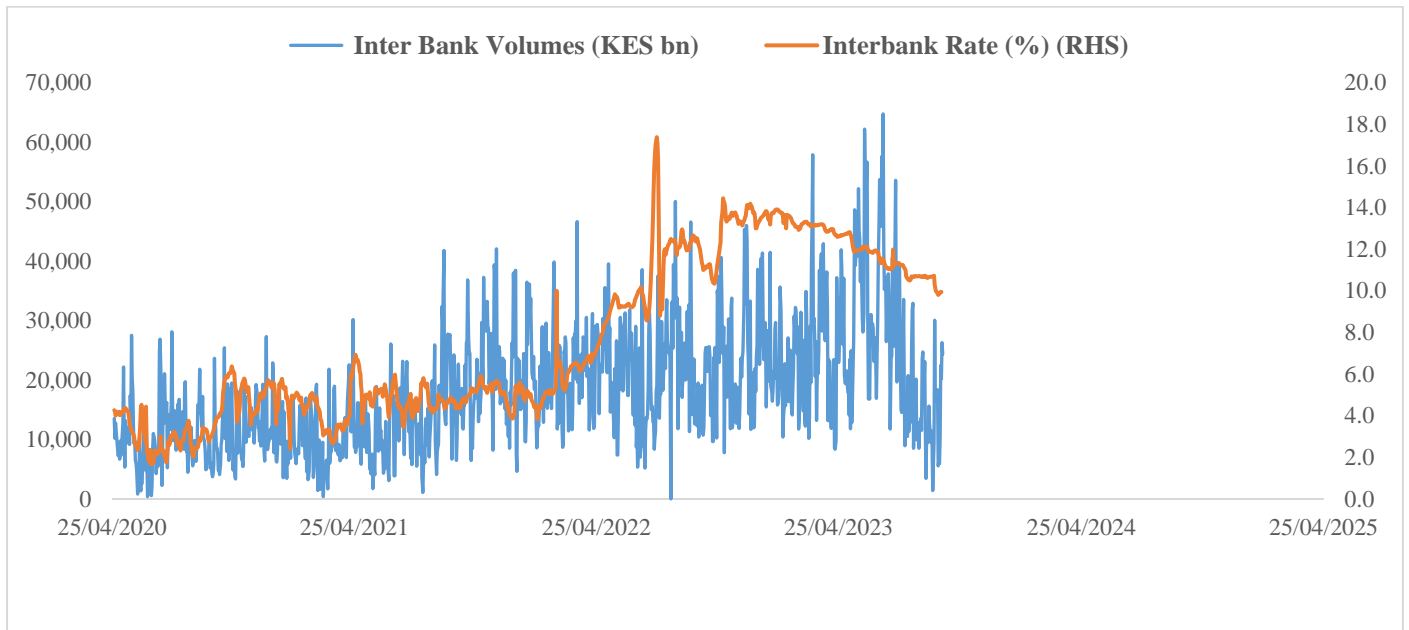
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.38	0.2%	-0.1%	-0.1%	-0.3%	4.2%	-0.1%
USD/ZAR	18.71	0.7%	-1.5%	-1.7%	-5.9%	0.5%	0.1%
USD/EGP	50.96	0.3%	-0.8%	-1.3%	-4.5%	-6.4%	-0.3%
USD/NGN	1606.38	-0.2%	-4.4%	-3.2%	2.3%	-22.6%	-4.0%
USD/GHS	14.53	6.1%	6.3%	4.4%	10.0%	-7.1%	1.2%

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
Equity Bank	1268.5	-39.0	97.9%	1.9%	-7.7%	-9.1%	18.1%
Safaricom	440.9	-69.4	88.5%	-0.6%	1.5%	-9.5%	19.4%
KCB Bank	345.6	-121.9	20.4%	0.7%	-8.1%	-15.9%	31.4%
StanChart Bank	64.0	-1.9	1.5%	0.0%	7.3%	-3.0%	81.1%
Coop Bank	35.6	-3.0	8.8%	0.3%	-3.0%	-10.1%	33.3%

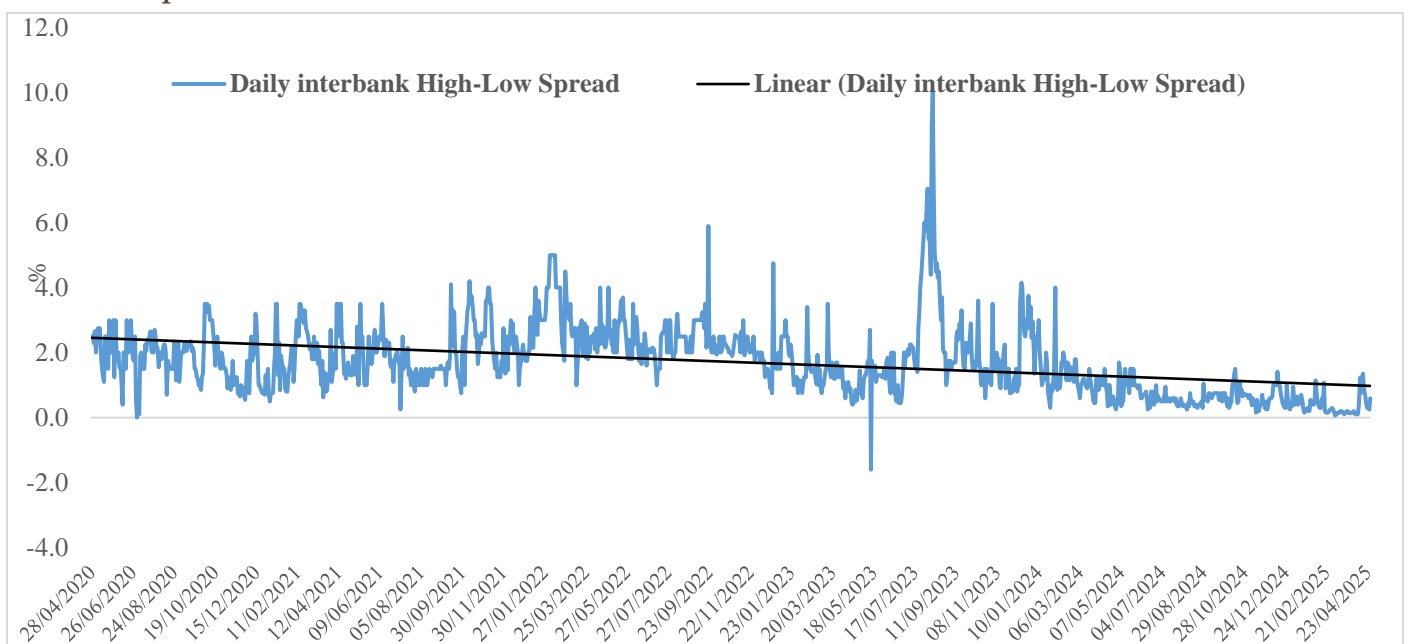
Key Rates and Spreads

Interbank rates rise, breaking a two-week losing streak.



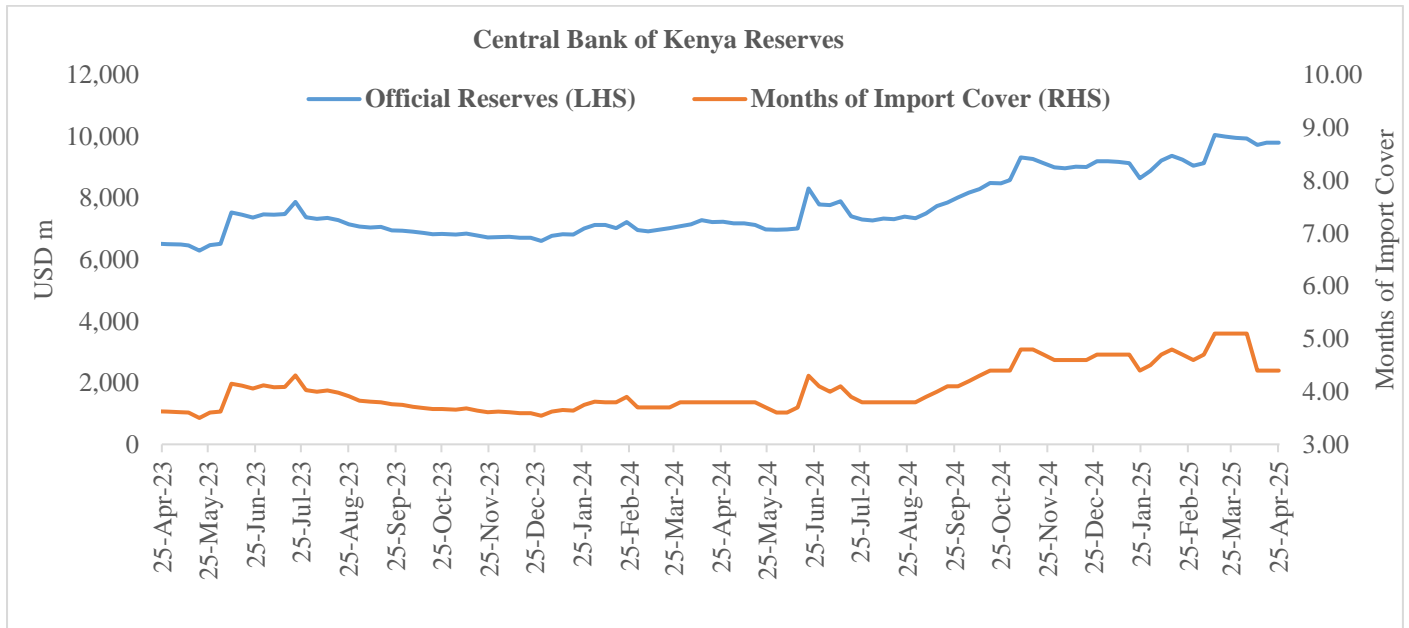
Source: CBK

Interbank spreads widen week-on-week.



Source: CBK

CBK Reserves remain steady at 4.4 months of import cover for the third week straight

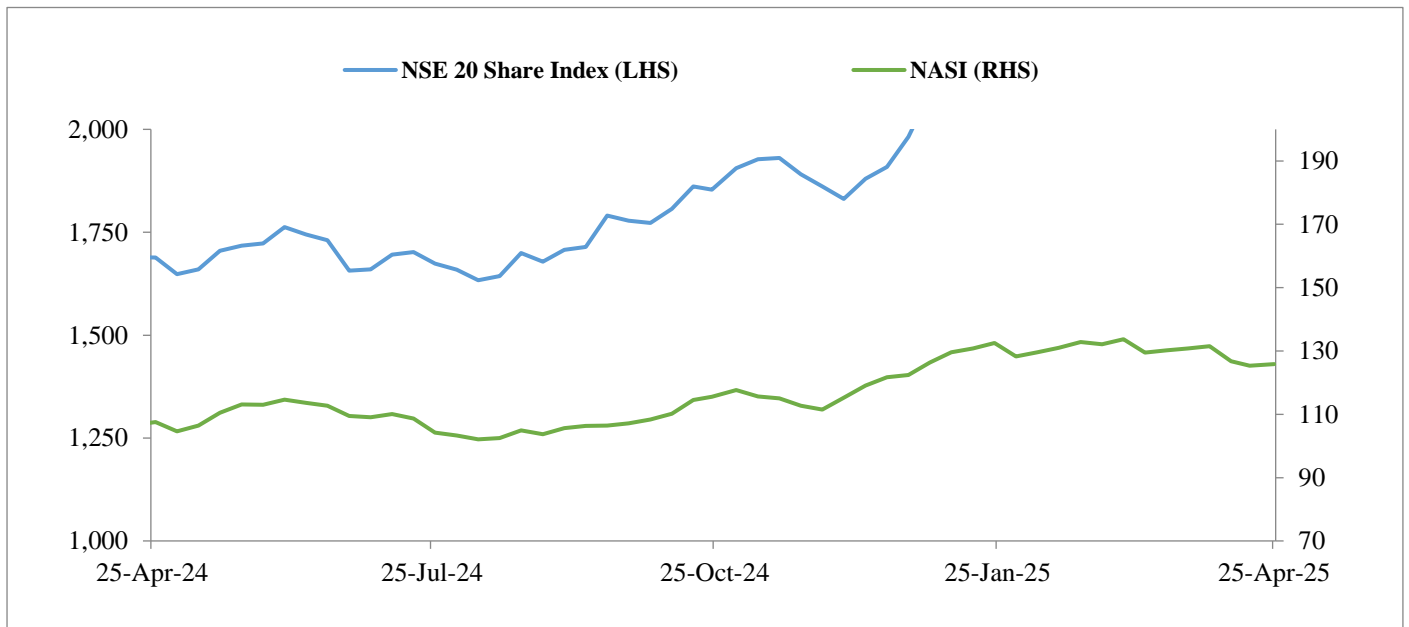


Source: CBK

Equity market trading commentary

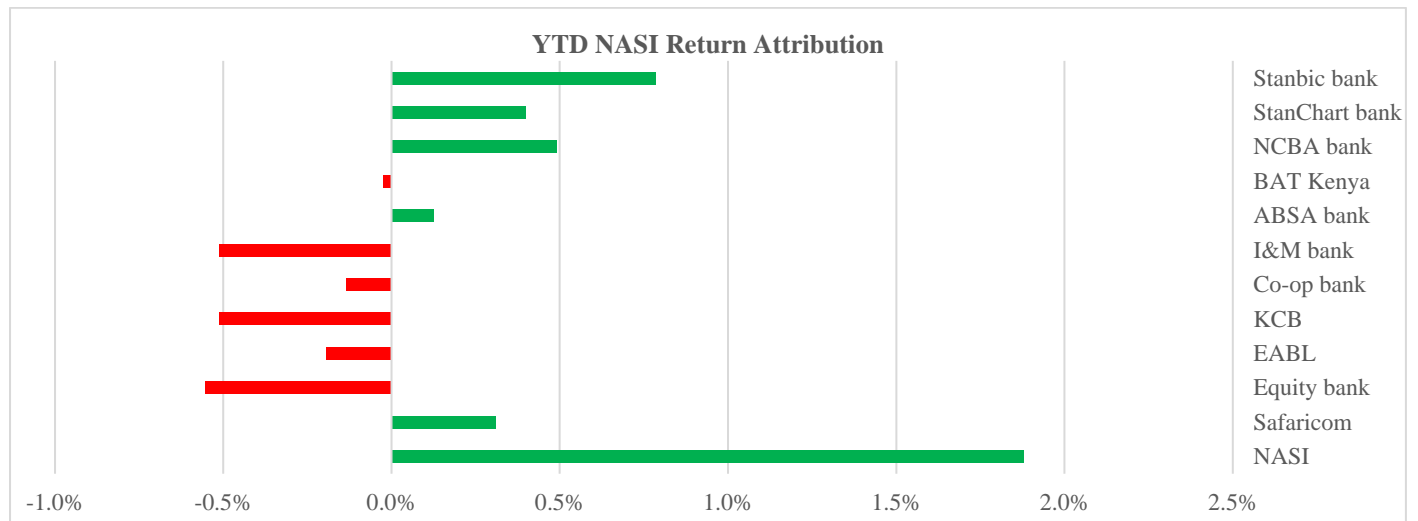
Total market turnover improved by 138.1%, settling at USD 17.7m (KES 2.3bn), attributable to a large transaction on Equity Bank of KES 1.2bn during the week. The NASI recovered by 0.4% to conclude at 125.80, while the NSE-20 held steady at 2,151.50. Foreign investors dominated trading activity, accounting for 75.9% of total transactions, although they emerged as net sellers with outflows totalling USD 1.9m (KES 250.9m). KCB Bank saw the highest net foreign outflows at USD 0.9m (KES 121.9 m), whereas Kenya Power recorded the highest net foreign inflows at USD 53.2k (KES 6.9m).

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

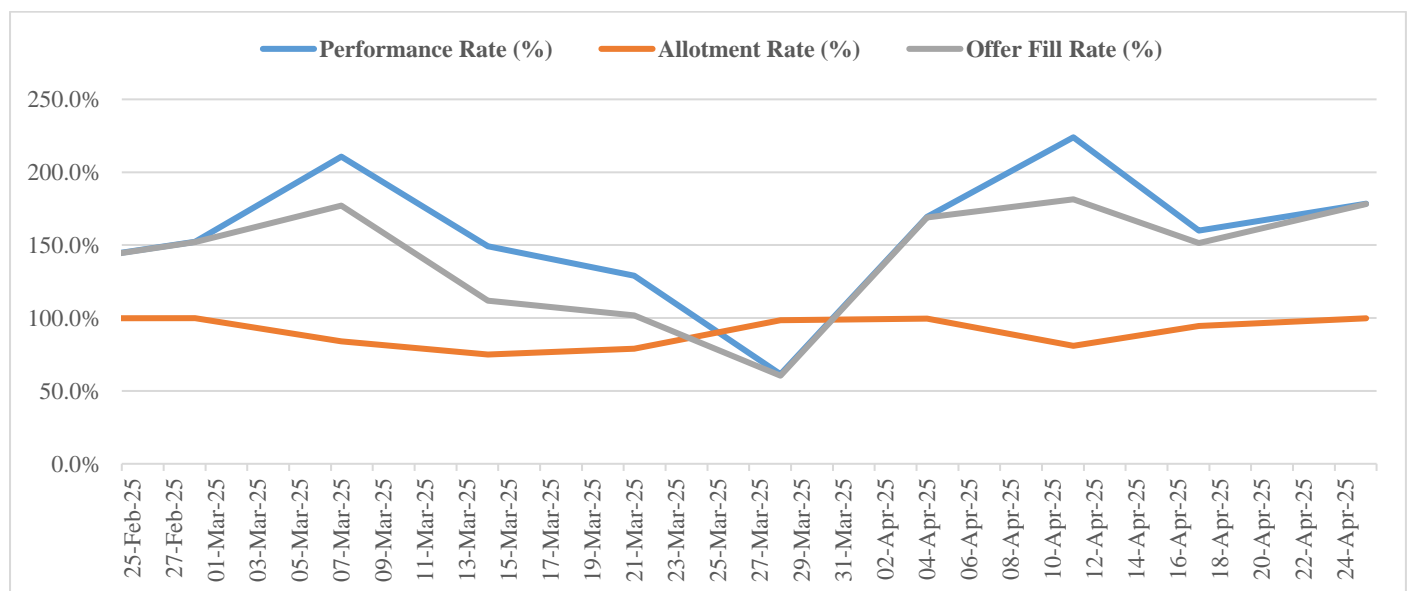
Total subscription rates improved to 178.5% from 160.1% the previous week. Investors were skewed towards the 91-day T-Bill, and activity improved for the 91-day T-Bill and the 182-day T-Bill. The yield on all three T-Bills fell, with that of the 91-Day T-Bill declining for the fortieth week, the 182-Day T-Bill maintaining a fourteen-week decline, and the 364-Day T-Bill falling repeatedly for the twelfth 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 16.1bn for the 91-day T-bill, implying a subscription rate of 401.41%. It accepted bids worth KES 16.1bn at an average yield of 8.443% (-2.65 bps w/w).

The 182-Day T-Bill received bids worth KES 15.2bn, implying a performance rate of 152.20%. It accepted bids worth KES 15.2bn at an average yield of 8.619% (-13.95 bps w/w).

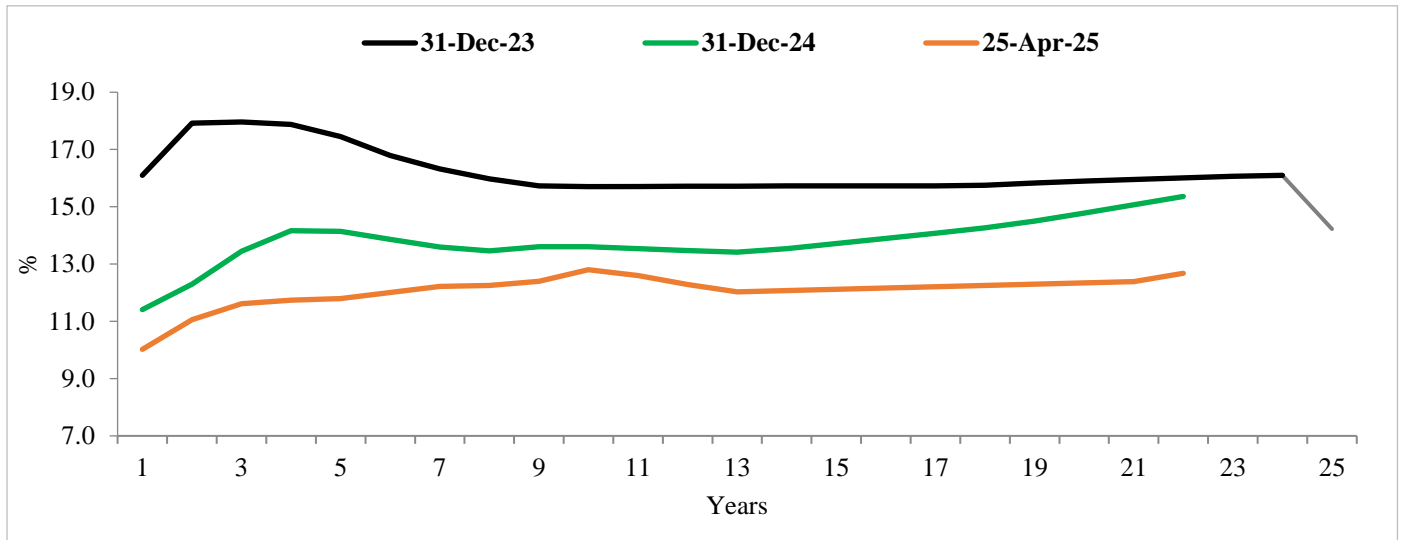
The 364-day T-Bill received bids worth KES 11.6bn, implying a performance rate of 115.72%. It accepted bids worth KES 11.6bn at an average yield of 10.021% (-5.04 bps w/w).

T-Bills Performance rates



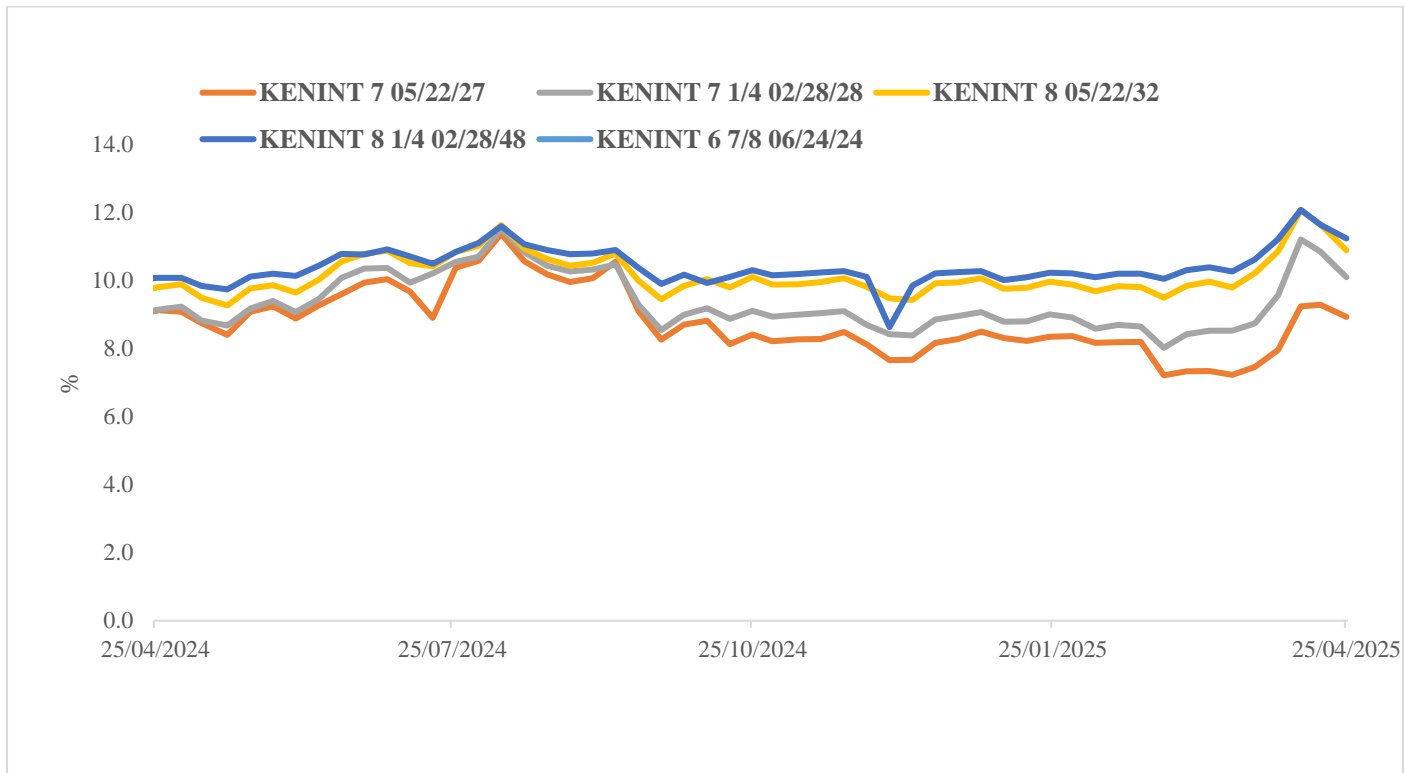
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields decline across all tenors



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	17.20	0.9	5,328	34.7%	1.06	1.20	4.7	16.2	7.0	3.7	22.7	987,640
Equity Bank	Banking	Dec	50.00	38.50	45.45	-5.9	1,326	8.6%	16.10	4.25	48.7	2.8	9.4	0.9	33.0	442,387
EA Breweries	Breweries	Jun	199.75	140.25	170.75	-2.7	1,044	6.8%	15.46	7.50	27.1	11.0	4.4	6.3	57.1	116,081
KCB Bank	Banking	Dec	45.80	29.30	38.50	-7.5	956	6.2%	19.22	3.00	68.1	2.0	7.8	0.6	28.2	687,658
StanChart Bank	Banking	Dec	309.50	165.75	300.25	7.3	877	5.7%	53.09	45.00	158.0	5.7	15.0	1.9	33.6	75,488
Absa Bank	Banking	Dec	19.30	11.95	18.50	2.5	777	5.1%	3.84	1.75	12.0	4.8	9.5	1.5	32.0	65,525
Co-op Bank	Banking	Dec	17.80	12.00	16.00	-2.7	726	4.7%	4.34	1.50	18.4	3.7	9.4	0.9	23.6	82,668
NCBA Bank	Banking	Dec	54.25	37.55	54.00	12.0	688	4.5%	13.27	5.50	53.7	4.1	10.2	1.0	24.7	31,269
Stanbic Bank	Banking	Dec	179.50	108.75	175.75	28.1	537	3.5%	34.69	20.17	140.8	5.1	11.5	1.2	24.6	90,156
I&M Holdings	Banking	Dec	36.55	17.25	30.25	-16.6	407	2.7%	9.57	3.00	45.5	3.2	9.9	0.7	21.1	59,857
BAT Kenya	Tobacco	Dec	410.50	331.75	371.00	-1.3	287	1.9%	44.83	50.00	163.8	8.3	13.5	2.3	27.4	50,880
KenGen	Power	Jun	5.26	2.21	4.94	35.7	252	1.6%	1.03	0.65	41.6	4.8	13.2	0.1	2.5	50,095
BK Group	Banking	Dec	37.15	30.15	31.65	-2.8	219	1.4%	9.48	-	46.8	3.3	-	0.7	20.2	32,901
Kenya Airways	Airlines	Dec	8.50	3.83	4.30	12.3	189	1.2%	2.63	-	(14.7)	1.6	-	-	-	12,817
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	5,122
DTB Bank	Banking	Dec	82.75	43.25	75.00	8.7	162	1.1%	31.54	7.00	256.8	2.4	9.3	0.3	12.3	38,829
Bamburi Cement	Cement	Dec	82.00	41.15	56.50	2.7	159	1.0%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	5,944
Britam	Insurance	Dec	8.54	5.20	6.94	19.7	135	0.9%	1.99	-	9.2	3.5	-	0.8	21.6	28,373
Jubilee Insurance	Insurance	Dec	225.25	150.00	191.00	10.1	107	0.7%	65.15	13.50	613.8	2.9	7.1	0.3	10.6	25,675
Total Oil	Oil	Dec	24.00	17.30	22.00	10.0	107	0.7%	5.12	1.92	48.0	4.3	8.7	0.5	10.7	1,108
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	32,183
Kenya Power	Power	Jun	7.56	1.55	6.28	30.6	95	0.6%	20.36	0.90	29.1	0.3	14.3	0.2	69.9	58,909
Centum Investment	Finance	Mar	15.65	7.92	11.25	13.9	58	0.4%	(8.95)	0.32	55.8	-	2.8	0.2	(16.1)	4,051
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	697
CIC Insurance	Insurance	Dec	3.12	1.98	2.90	34.9	59	0.4%	1.09	0.13	3.3	2.7	4.5	0.9	33.4	4,522
Liberty K. Holdings	Insurance	Dec	12.00	4.81	11.50	72.2	48	0.3%	2.56	0.37	15.9	4.5	3.2	0.7	16.1	81,141
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	19.60	-6.4	39	0.3%	4.01	1.70	13.6	4.9	8.7	1.4	29.4	8,623
Kenya Re	Insurance	Dec	2.87	1.04	1.60	25.0	35	0.2%	1.58	-	13.4	1.0	-	0.1	11.8	36,426
Crown Paints	Manufac.	Dec	38.90	29.50	34.90	6.1	38	0.3%	(0.47)	4.00	24.1	-	7.1	2.3	(2.0)	313
EA Portland	Cement	Jun	50.75	4.46	38.95	27.3	27	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,109
Sasini Tea & Coffee	Agric	Sept	20.95	14.40	15.45	3.0	27	0.2%	3.11	0.50	61.7	5.0	3.2	0.3	5.0	1,547
TPSEA Serena	Tourism	Dec	18.50	11.75	14.25	-4.4	20	0.1%	8.08	-	33.3	1.8	-	0.4	24.3	728
Nation Media	Media	Dec	22.00	11.75	12.70	-11.8	19	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	2,061
Unga Ltd	Food	Jun	27.35	11.45	22.00	46.7	13	0.1%	(18.92)	-	58.3	-	-	0.4	(32.4)	276
NSE	Finance	Dec	7.46	5.44	7.10	18.3	14	0.1%	0.45	0.32	7.1	15.8	4.5	1.0	6.3	4,709
BOC Kenya	Gases	Dec	95.00	67.00	88.00	-0.8	13	0.1%	10.73	8.55	85.1	8.2	9.7	1.0	12.6	738
WPP Scangroup	Media	Dec	3.87	1.90	2.75	10.9	9	0.1%	0.06	-	11.9	43.3	-	0.2	0.5	592
Sanlam Kenya	Insurance	Dec	10.35	3.90	8.96	81.0	10	0.1%	2.27	-	3.9	3.9	-	2.3	58.6	514
Longhorn	Publishing	Jun	3.46	2.02	2.97	29.1	6	0.0%	(2.45)	-	2.8	-	-	1.1	(88.1)	246
Car & Gen	Motors	Sept	27.00	18.85	19.80	-13.0	6	0.0%	(7.68)	-	135.8	-	-	0.1	(5.7)	179
Limuru Tea	Agric	Dec	380.00	299.00	320.00	-8.6	6	0.0%	(6.34)	-	80.9	-	-	4.0	(7.8)	137
TransCentury	Finance	Dec	1.62	0.32	1.30	233.3	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	4,982
Standard Newspapers	Media	Dec	7.00	4.51	6.40	27.5	4	0.0%	(10.05)	-	0.4	-	-	14.6	(2,284)	92
Average												11.0	8.9	2.3	24.9	3,146,970

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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>

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