

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	30.71	15.10	103.4%	BUY
Equity bank	43.67	41.30	5.7%	HOLD
KCB bank	47.26	31.80	48.6%	BUY
Co-op bank	20.46	12.90	58.6%	BUY
ABSA bank	12.89	14.05	-8.3%	HOLD
StanChart bank	138.26	190.25	-27.3%	SELL
NCBA bank	40.68	40.90	-0.5%	HOLD
I&M bank	33.32	20.65	61.4%	BUY
Stanbic bank	108.85	115.50	-5.8%	HOLD
DTB bank	116.13	46.45	150.0%	BUY
EABL	151.28	152.75	-1.0%	HOLD
Bamburi Cement	44.37	61.25	-27.6%	SELL
BAT Kenya	460.00	359.50	28.0%	BUY

Kenya Market Summary

Equity market commentary and outlook

- During the week, Safaricom touched a four-month low on increased foreign sell-off and Equity Bank touched a thirteen-day low on increased local sell-off, as the NASI sustained an eight-day losing streak. Safaricom registered the highest net foreign outflows for the week at USD 2.9m (KES 384.5m) while EABL marked the highest net foreign inflows at USD 0.2m (KES 22.9 m).

Debt market commentary and outlook

- Overall subscription rates rose to 131.9% from 87.4% the preceding week. Investors remained skewed on the 91-Day T-Bill and activity improved for the 91-Day T-Bill while deteriorating for the 182-Day T-Bill and the 364-Day T-Bill. The yield on the 91-Day T-Bill fell, breaking a four-week winning streak while the yield on the 182-Day T-Bill and the 364-Day T-Bill climbed up for the thirteenth straight week.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,674.1	0.8%	-0.9%	10.6%	16.0%	9.1%	11.5%
Kenya NASI	104.2	-0.4%	-2.2%	12.3%	21.6%	1.1%	13.1%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-4.7%	-6.2%	0.5%	43.2%	7.5%	34.7%
Johannesburg Index	1.5%	1.5%	10.8%	11.0%	-0.6%	5.4%
Nigeria Stock Exchange	-2.1%	-7.1%	-18.4%	-46.1%	-27.4%	-25.2%
Ghana Stock Exchange	3.7%	15.6%	12.1%	12.3%	11.2%	10.7%
Egyptian Stock Exchange	1.3%	4.1%	11.2%	-32.8%	7.2%	-24.6%
MSCI EFM ex SA Index	-1.4%	0.9%	3.1%	2.9%	3.1%	50.7%

Other market statistics

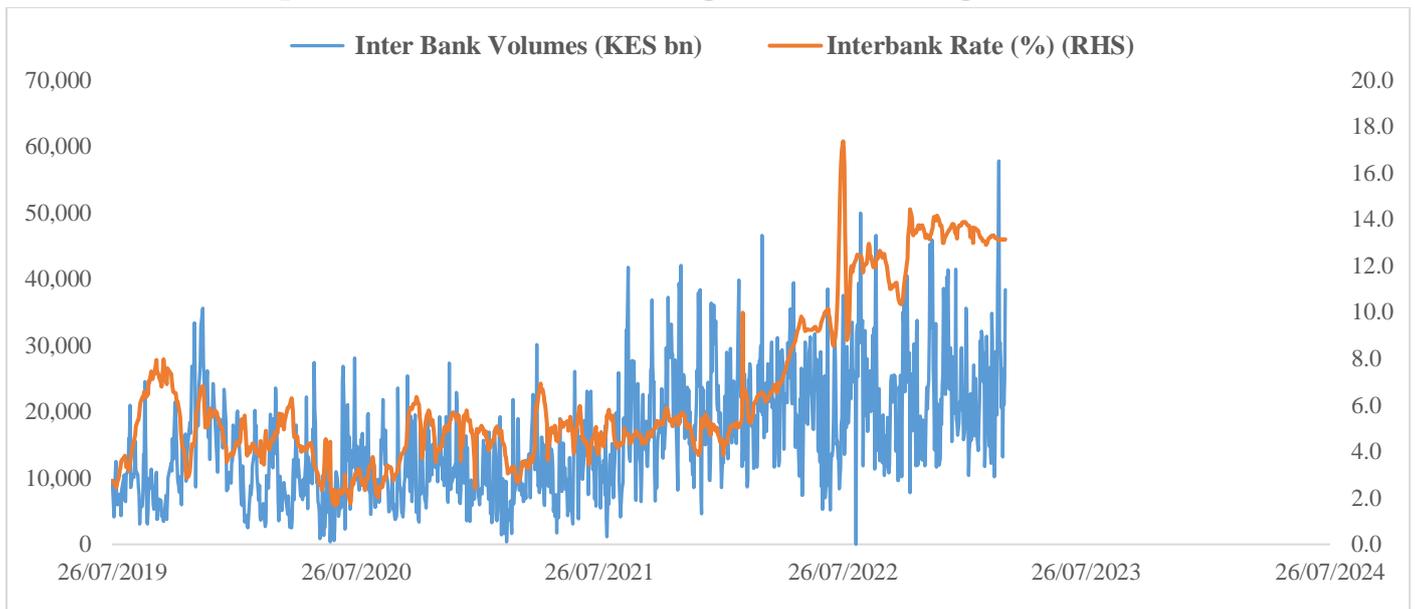
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	131.09	-0.3%	-1.4%	3.0%	24.1%	8.6%	19.6%
USD/ZAR	18.28	-0.1%	-0.4%	2.9%	2.8%	-3.5%	0.5%
USD/EGP	48.33	-0.2%	-0.6%	-0.9%	-36.1%	-36.1%	-36.1%
USD/NGN	1600.63	-0.3%	-5.4%	-18.1%	-43.8%	-51.9%	-43.0%
USD/GHS	15.50	-0.3%	-1.4%	-12.5%	-20.8%	-26.6%	-22.9%

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	1001.4	-384.5	50.6%	-7.9%	8.6%	-15.0%	-3.8%
Equity Bank	199.3	1.1	60.1%	-3.1%	22.7%	-13.4%	-1.6%
EABL	141.8	22.9	88.3%	-1.5%	34.0%	-5.8%	3.3%
Coop Bank	62.9	0.1	0.1%	-0.4%	13.2%	-14.0%	0.0%
KCB Bank	42.2	-0.9	2.1%	-6.5%	45.2%	-10.4%	-0.4%

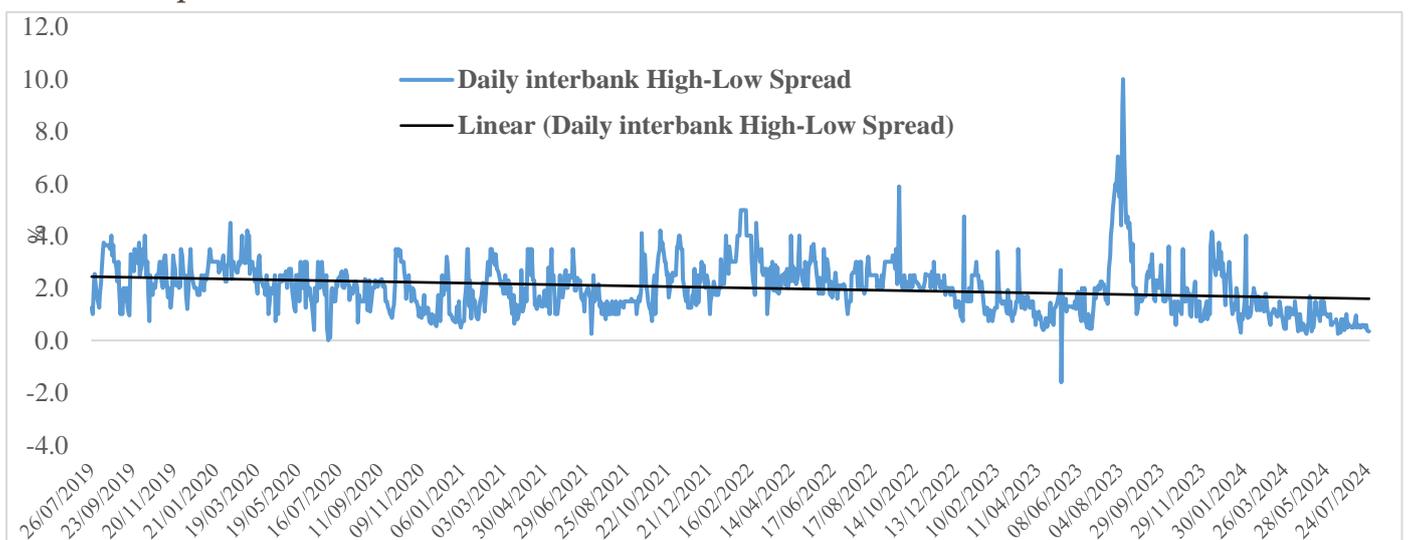
Key Rates and Spreads

Inter-bank Rates improve week-on-week, sustaining a 2-week climbing streak.



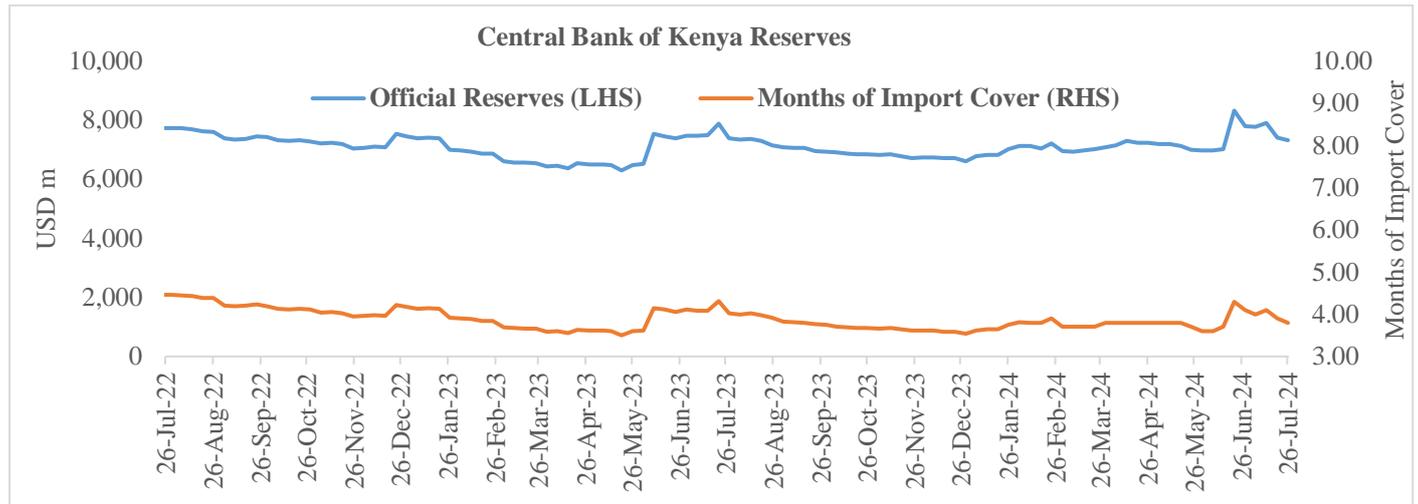
Source: CBK

Inter-bank Spreads narrow week-on-week.



Source: CBK

Months of import cover and CBK FX decline for the second week straight.



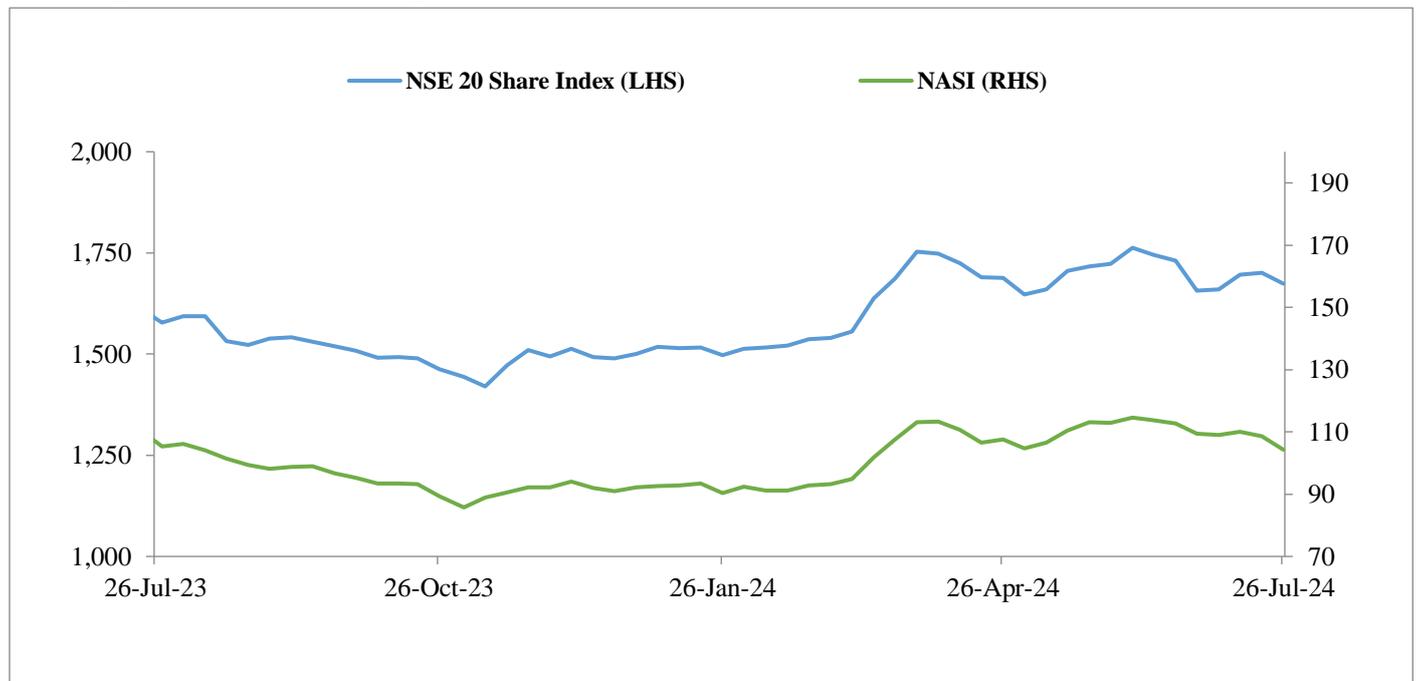
Source: CBK

Equity market trading commentary

Market turnover improved for the fourth straight week by 27.4% to stand at USD 12.1m (KES 1.6 bn). The NASI retreated further by 4.0% to conclude at 104.22 while the NSE 20 shed 1.6% to settle at 1,674.10, breaking a three-week climbing streak. Foreign investors remained net sellers for the third successive week at USD 2.6m (KES 348.5m). Safaricom registered the highest net foreign outflows for the week at USD 2.9m (KES 384.5m) while EABL marked the highest net foreign inflows at USD 0.2m (KES 22.9 m).

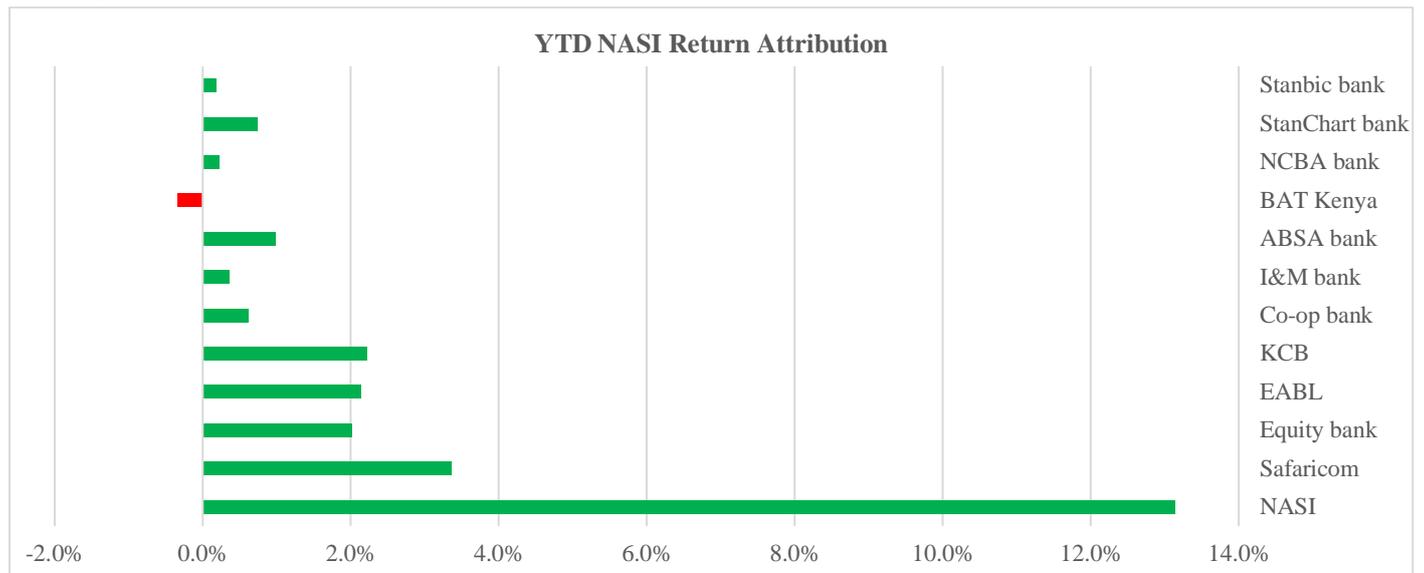
During the week, Safaricom touched a four-month low on increased foreign sell-off and Equity Bank touched a thirteen-day low on increased local sell-off, as the NASI sustained an eight-day losing streak.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

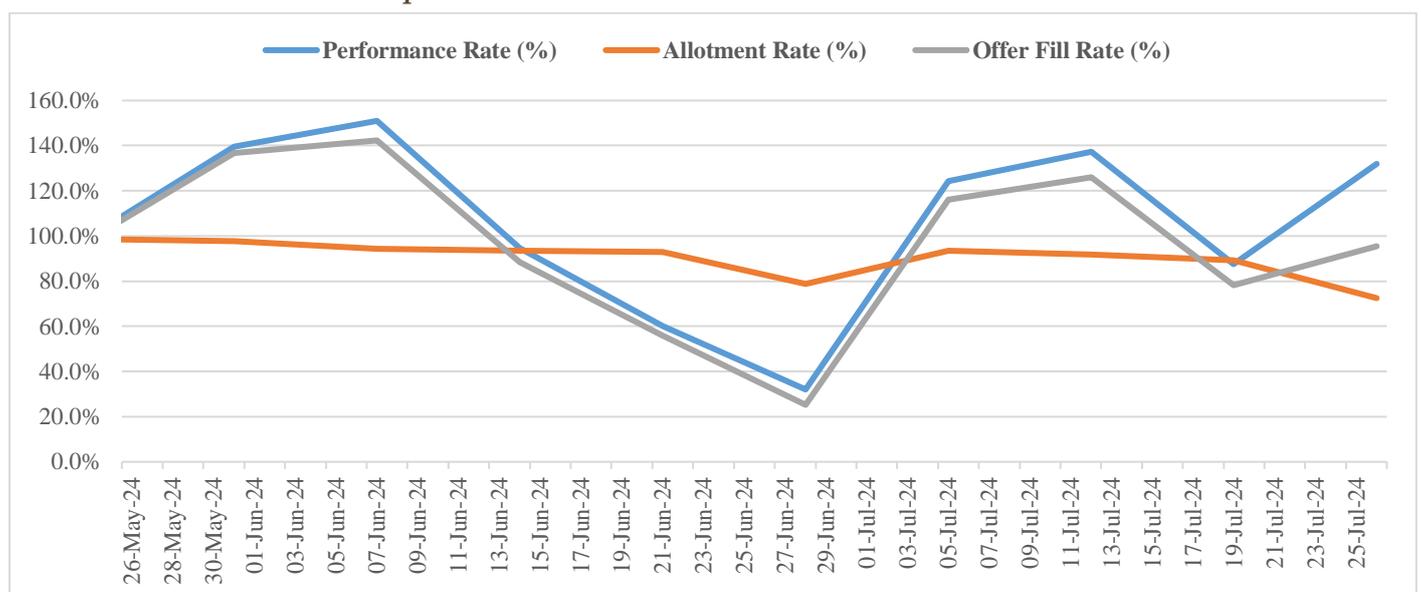
Overall subscription rates rose to 131.9% from 87.4% the preceding week. Investors remained skewed on the 91-Day T-Bill and activity improved for the 91-Day T-Bill while deteriorating for the 182-Day T-Bill and the 364-Day T-Bill. The yield on the 91-Day T-Bill fell, breaking a four-week winning streak while the yield on the 182-Day T-Bill and the 364-Day T-Bill climbed up for the thirteenth straight 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 25.8 bn for the 91-Day T-Bill, implying a subscription rate of 645.26%. It accepted bids worth KES 19.6 bn at an average yield of 16.000% (-2.2 bps w/w).

The 182-Day T-Bill received bids worth KES 4.1 bn, implying a performance rate of 41.47%. It accepted bids worth KES 1.6 bn at an average yield of 16.851% (+2.6 bps w/w).

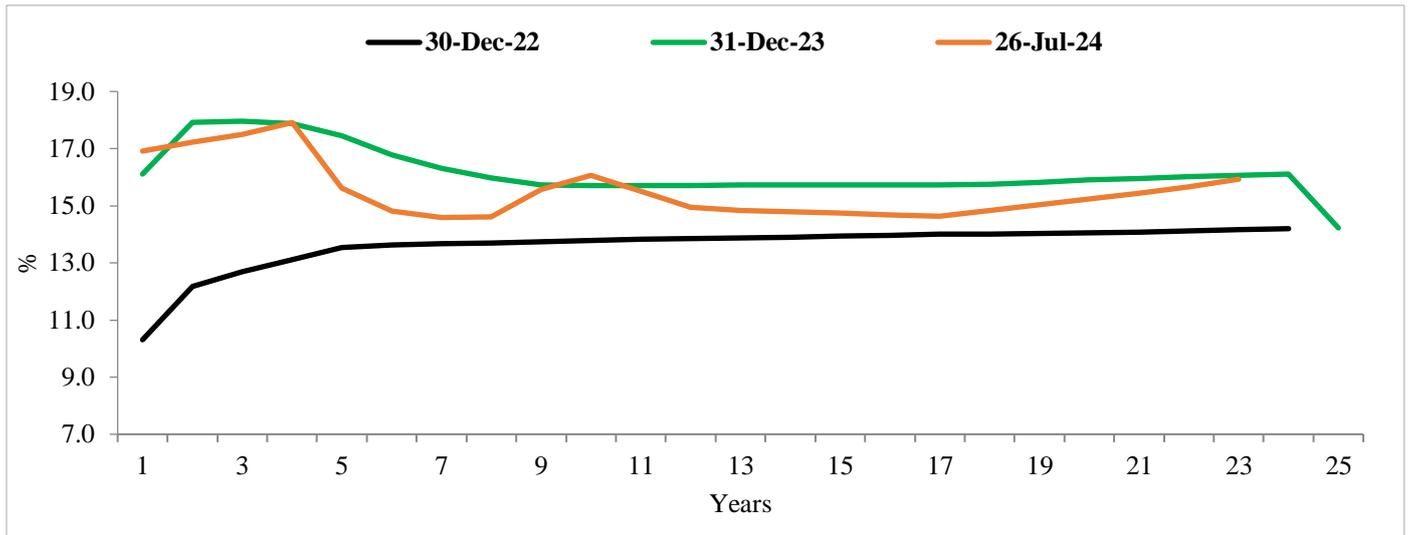
The 364-Day T-Bill received bids worth KES 1.7 bn, implying a performance rate of 16.88%. It accepted bids worth KES 1.7 bn at an average yield of 16.921% (+2.4 bps w/w).

T-Bills Performance rates improve week-on-week



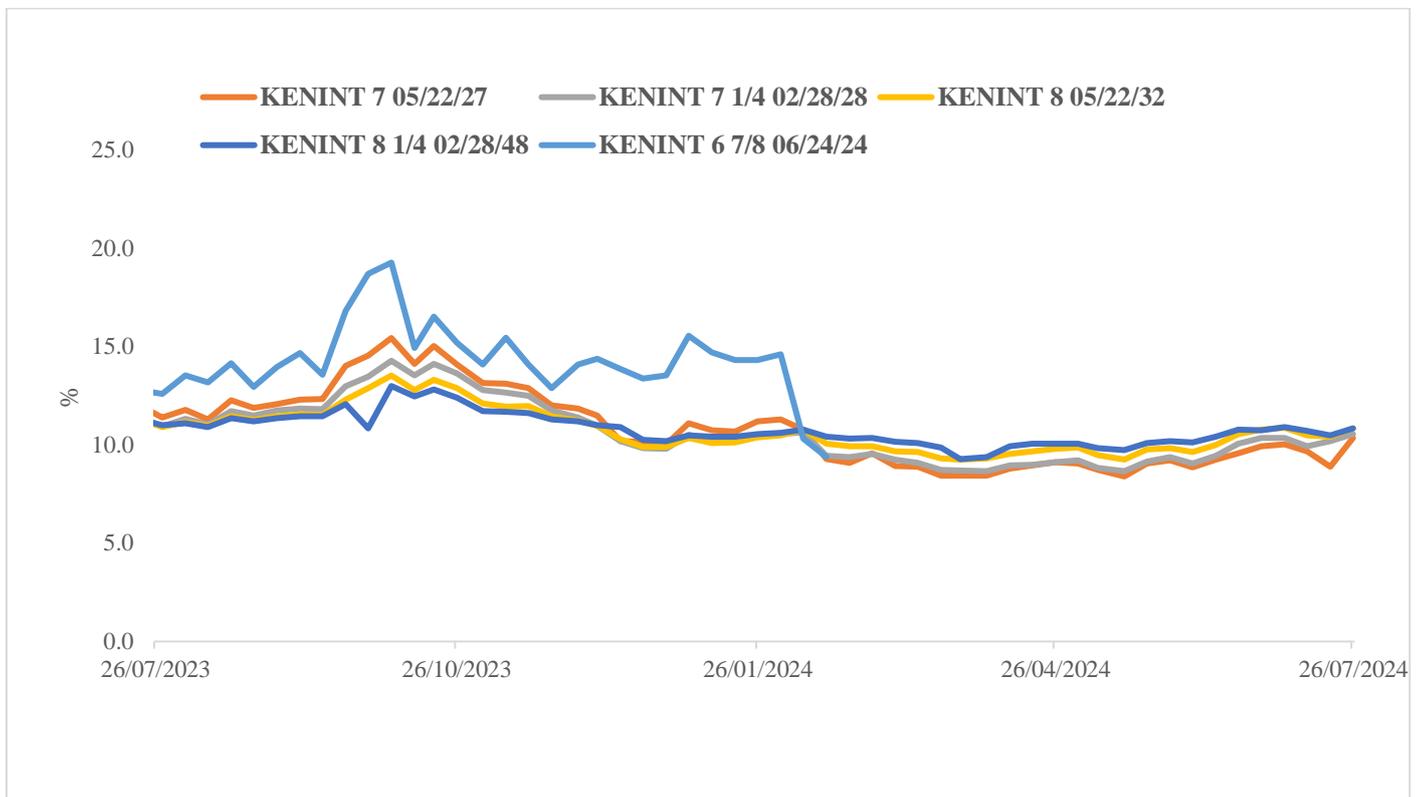
Source: CBK

Kenya Domestic Yield Curve



Source: CBK

Kenya Eurobond Yields increase 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	19.30	11.65	15.10	8.6	4,564	36.9%	1.06	1.20	4.7	14.2	7.9	3.2	22.7	104,285,542
Equity Bank	Banking	Dec	49.20	33.65	41.30	22.7	1,176	9.5%	11.12	3.00	48.7	3.7	7.3	0.8	22.8	54,669,068
EA Breweries	Breweries	Jun	95.00	67.00	17.00	34.0	911	7.4%	-	1.75	27.1	-	1.1	5.6	-	15,446,467
Co-op Bank	Banking	Dec	15.05	10.20	12.90	13.2	571	4.6%	4.03	1.50	18.4	3.2	11.6	0.7	21.9	16,098,993
NCBA Bank	Banking	Dec	45.20	35.00	40.90	5.0	508	4.1%	13.17	2.75	53.7	3.1	6.7	0.8	24.5	3,451,538
Absa Bank	Banking	Dec	14.30	10.75	14.05	22.7	576	4.7%	2.19	1.55	12.0	6.4	11.0	1.2	18.3	9,128,905
KCB Bank	Banking	Dec	37.95	15.75	31.80	45.2	771	6.2%	13.30	-	68.1	2.4	-	0.5	19.5	40,371,955
StanChart Bank	Banking	Dec	201.25	150.25	190.25	17.4	542	4.4%	40.82	29.00	158.0	4.7	15.2	1.2	25.8	5,744,529
Stanbic Bank	Banking	Dec	130.00	100.25	115.50	6.2	344	2.8%	28.71	13.75	140.8	4.0	11.9	0.8	20.4	9,212,324
BAT Kenya	Tobacco	Dec	95.00	67.00	359.50	-11.8	271	2.2%	55.68	50.00	163.8	6.5	13.9	2.2	34.0	9,583,432
BK Group	Banking	Dec	37.00	30.15	32.45	-9.4	220	1.8%	10.48	3.28	46.8	3.1	10.1	0.7	22.4	54,227
I&M Holdings	Banking	Dec	22.65	16.75	20.65	18.0	258	2.1%	8.10	2.55	47.8	2.5	12.3	0.4	16.9	53,882,902
Umeme Ltd.	Power	Dec	4.11	4.00	16.00	0.0	196	1.6%	0.27	2.00	22.0	60.1	12.5	0.7	1.2	2,492,705
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	164	1.3%	(3.99)	-	(14.7)	-	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	61.25	70.9	168	1.4%	(1.10)	5.47	82.1	-	98.6	0.1	(1.3)	11,419,763
KenGen	Power	Jun	2.52	1.96	2.37	17.9	118	1.0%	0.49	-	41.6	4.8	-	0.1	1.2	1,288,260
Jubilee Insurance	Insurance	Dec	6.38	4.15	2.09	-11.4	90	0.7%	60.93	12.30	613.8	2.7	7.5	0.3	9.9	968,781
DTB Bank	Banking	Dec	55.75	44.05	46.45	3.1	98	0.8%	25.34	6.00	256.8	1.8	12.9	0.2	9.9	3,467,833
Britam	Insurance	Dec	6.38	4.15	5.74	19.8	109	0.9%	1.30	-	9.2	4.4	-	0.6	14.1	216,618
Total Oil	Oil	Dec	1.96	1.35	20.20	12.2	96	0.8%	4.80	1.31	48.0	4.2	6.5	0.4	10.0	449,876
Kakuzi	Agric	Dec	420.00	353.50	360.00	-6.5	53	0.4%	23.25	24.00	303.5	15.5	6.7	1.2	7.7	86,874
CIC Insurance	Insurance	Dec	6.38	4.15	5.74	-6.7	41	0.3%	0.55	0.13	3.3	3.8	6.2	0.6	16.9	252,050
Centum Investment	Finance	Mar	9.44	7.88	9.02	7.4	45	0.4%	(8.95)	0.60	55.8	-	6.7	0.2	(16.1)	1,030,041
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	61.75	22.50	61.25	0.1	38	0.3%	(0.20)	4.00	24.1	-	6.5	2.5	(0.8)	11,419,763
Kenya Re	Insurance	Dec	2.87	1.32	1.32	-29.8	28	0.2%	1.78	0.10	13.4	0.7	7.6	0.1	13.2	3,227,369
Sasini Tea & Coffee	Agric	Sept	26.90	17.65	18.60	-7.0	32	0.3%	3.11	1.00	61.7	6.0	5.4	0.3	5.0	87,794
Carbacid	Gases	July	18.00	14.55	17.00	13.3	33	0.3%	4.01	0.70	13.6	4.2	4.1	1.2	11.9	312,300
Nation Media	Media	Dec	22.00	16.50	17.10	-14.7	25	0.2%	(1.08)	1.49	43.1	-	8.7	0.4	(2.5)	601,504
Kenya Power	Power	Jun	1.96	1.35	1.95	37.3	29	0.2%	(0.89)	-	29.1	-	-	0.1	(3.0)	1,050,961
TPSEA Serena	Tourism	Dec	20.05	11.00	14.00	-14.9	19	0.2%	4.78	-	33.3	2.9	-	0.4	14.4	26,785
Liberty K. Holdings	Insurance	Dec	200.00	164.00	1.32	57.2	23	0.2%	0.15	-	15.9	38.0	-	0.4	1.0	20,578
BOC Kenya	Gases	Dec	95.00	67.00	95.00	15.9	14	0.1%	10.14	5.95	85.1	9.4	6.3	1.1	11.9	16,591
NSE	Finance	Dec	6.62	5.52	5.94	-1.3	12	0.1%	0.05	0.20	7.1	112.3	3.4	0.8	0.7	177,184
Housing Finance	Banking	Dec	5.10	3.25	4.58	31.6	13	0.1%	1.18	4.00	20.5	3.9	87.3	0.2	5.8	8,224
Unga Ltd	Food	Jun	1.67	1.01	0.27	-19.9	8	0.1%	(18.92)	-	58.3	-	-	0.2	(32.4)	20,180
Sanlam Kenya	Insurance	Dec	2.87	1.32	5.80	1.0	7	0.1%	(0.88)	-	3.9	-	-	1.6	(22.7)	252,050
Car & Gen	Motors	Sept	41.50	18.85	21.00	-16.0	6	0.1%	(6.82)	3.20	135.8	-	15.2	0.2	(5.0)	21,901
Limuru Tea	Agric	Dec	430.00	379.75	379.75	-0.1	7	0.1%	3.38	1.00	80.9	112.3	0.3	4.7	4.2	1,899
WPP Scangroup	Media	Dec	2.99	1.99	2.23	2.3	7	0.1%	0.30	-	11.9	7.4	-	0.2	2.5	50,333
EA Portland	Cement	Jun	61.75	22.50	0.90	-8.8	5	0.0%	(14.13)	-	239.8	-	-	0.0	(5.9)	30,141
Standard Newspapers	Media	Dec	8.70	5.10	6.60	-14.7	4	0.0%	(10.05)	-	0.4	-	-	15.0	(2,284)	2,597
Longhorn	Publishing	Jun	2.93	2.01	2.49	3.3	5	0.0%	(2.45)	-	2.8	-	-	0.9	(88.1)	18,462
TransCentury	Finance	Dec	9.44	7.88	3.00	-32.7	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	84,876
											Average	10.9	8.8	2.1	17.3	361,700,375

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