

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.27	17.20	93.4%	BUY
Equity bank	54.37	47.20	15.2%	BUY
KCB bank	74.22	42.75	73.6%	BUY
Co-op bank	18.33	16.55	10.8%	HOLD
ABSA bank	11.52	17.95	-35.8%	SELL
StanChart bank	245.66	278.50	-11.8%	HOLD
NCBA bank	40.63	48.50	-16.2%	SELL
I&M bank	38.37	33.70	13.9%	HOLD
Stanbic bank	118.55	139.00	-14.7%	HOLD
DTB bank	109.36	70.00	56.2%	BUY
EABL	341.24	180.50	89.1%	BUY
BAT Kenya	411.34	362.50	13.5%	HOLD

Kenya Market Summary

Equity market commentary and outlook

- During the week, the NASI sustained a three-day losing streak. Safaricom touched a three-week low on increased foreign sell-off. Kenya Orchards changed its name to Africa Mega Agricorp Plc. and began trading under the new name effective 30th Jan 2025. EABL and KPLC released their HY25 results. Foreign investors led trading for the week at 60.5%, and remained net sellers at USD 3.1m (KES 402.0m). Safaricom registered the highest net foreign outflows at USD 2.2m (KES 285.8m), while Stanbic Bank marked the highest net foreign inflows at USD 0.1m (KES 18.7m).

Debt market commentary and outlook

- Overall subscription rates dropped to 56.1% from 136.7% the previous week. Investors were skewed on the 364-Day T-Bill. Activity declined for all three T-Bills. The yield on the 364-Day T-Bill improved week-on-week while that of the 91-Day T-Bill declined for the twenty-eighth week repeatedly, and that of the 182-Day T-Bill sustained a two-week decline.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	2,162.6	30.3%	28.0%	42.8%	49.8%	40.9%	7.6%
Kenya NASI	128.3	22.5%	20.3%	38.2%	49.6%	24.5%	3.9%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	-3.2%	4.7%	7.2%	14.8%	38.0%	-41.1%
Johannesburg Index	0.9%	1.4%	-7.5%	10.7%	12.1%	-12.9%
Nigeria Stock Exchange	4.3%	-0.5%	13.2%	-1.9%	-18.1%	10.1%
Ghana Stock Exchange	2.0%	0.4%	19.7%	-5.8%	14.8%	-22.8%
Egyptian Stock Exchange	0.2%	0.8%	-5.5%	3.8%	-34.4%	55.4%
MSCI EFM ex SA Index	-0.2%	2.1%	0.2%	2.2%	2.9%	-5.2%

Other market statistics

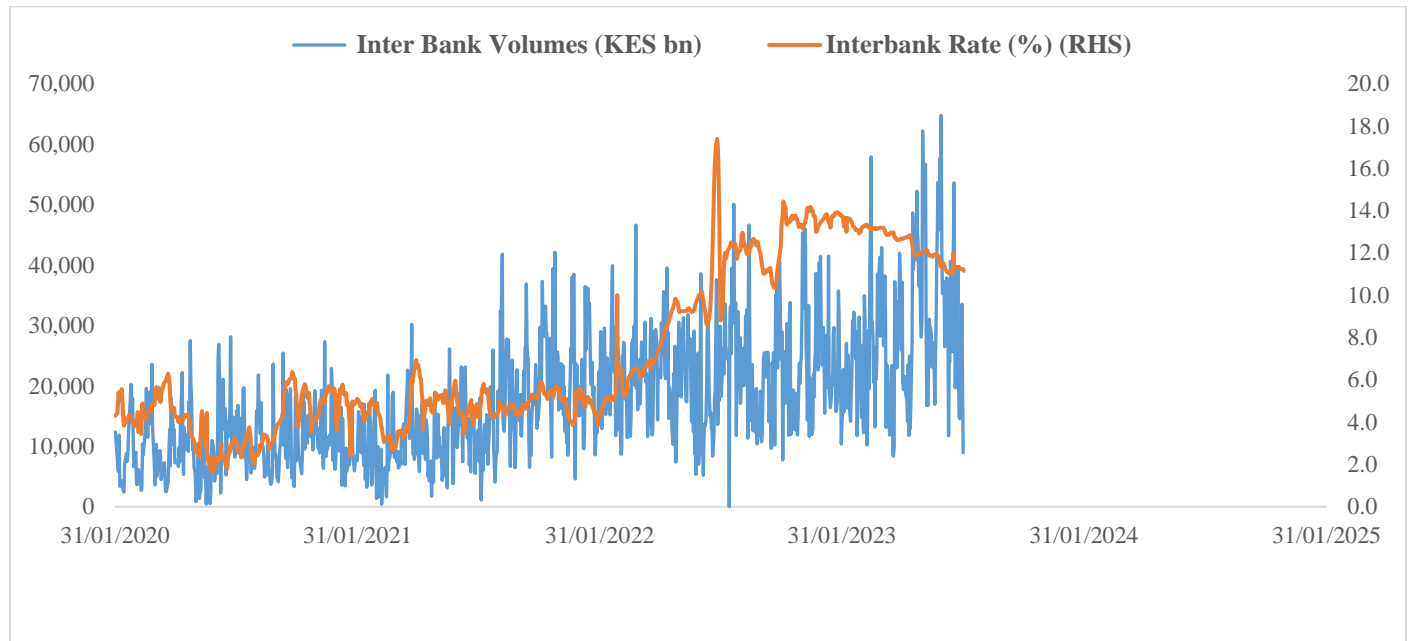
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.15	0.1%	0.1%	-0.2%	0.6%	19.9%	0.1%
USD/ZAR	18.67	-1.5%	0.3%	-5.7%	-2.2%	1.2%	0.3%
USD/EGP	50.23	0.1%	1.1%	-2.6%	-3.2%	-62.6%	1.1%
USD/NGN	1500.00	3.6%	2.9%	8.7%	7.4%	-6.1%	2.9%
USD/GHS	15.35	-1.0%	-4.4%	5.8%	1.3%	-24.3%	-4.4%

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
Safaricom	1137.8	-285.8	84.0%	-9.0%	0.9%	-10.9%	32.3%
Stanbic Bank	182.2	18.7	89.1%	0.7%	1.3%	-11.5%	28.4%
KCB Bank	174.1	-87.0	35.7%	-6.7%	2.8%	-6.7%	125.0%
EABL	170.7	8.8	97.0%	-6.6%	2.8%	-9.6%	71.9%
Equity Bank	126.9	-39.2	53.7%	-3.1%	-2.3%	-5.6%	26.9%

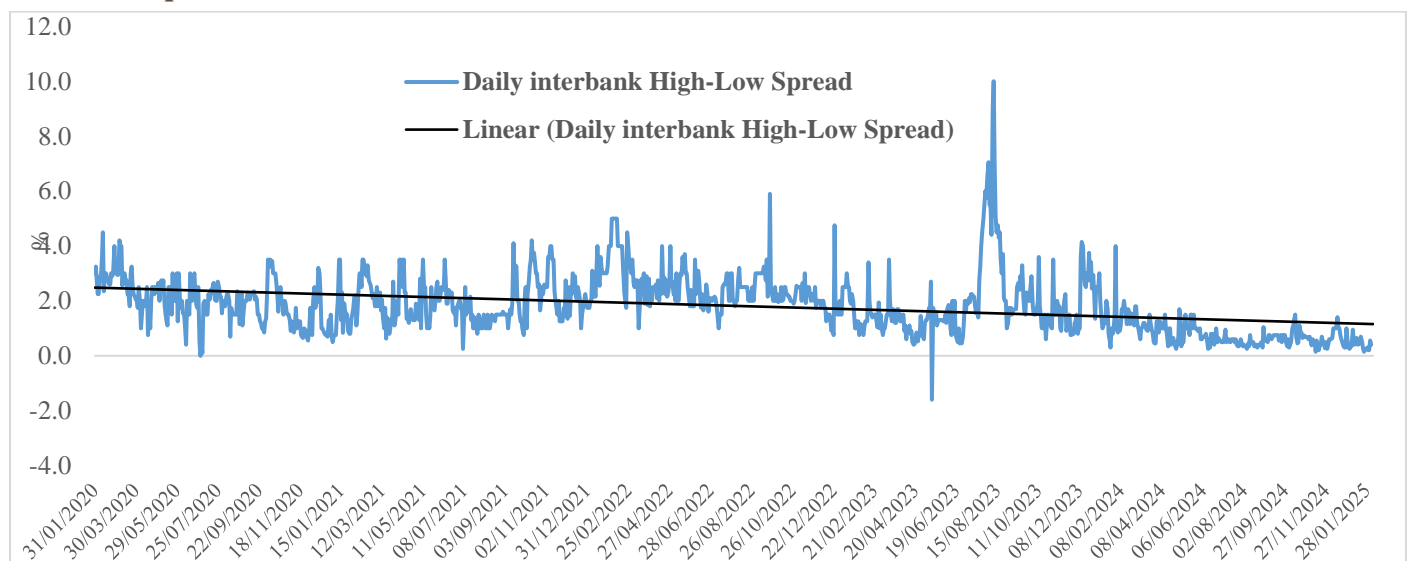
Key Rates and Spreads

Inter-bank Rates decline consecutively for the second week.



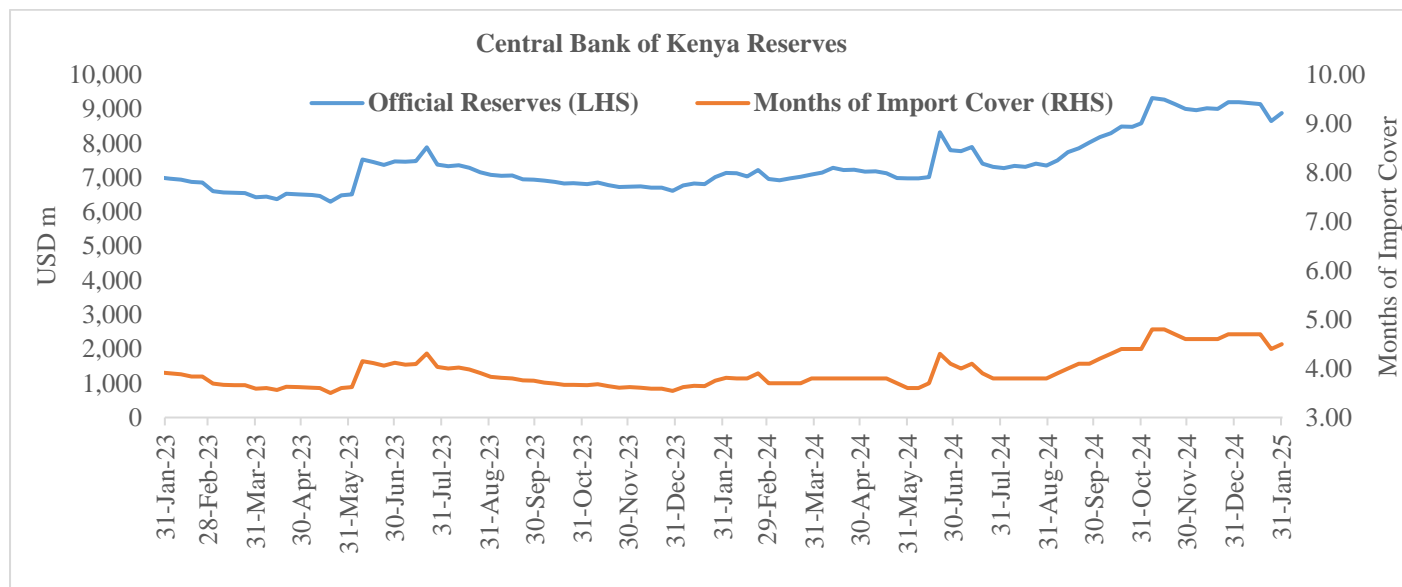
Source: CBK

Interbank spreads widen week-on-week.



Source: CBK

Months of import cover and CBK FX improve from the previous week.

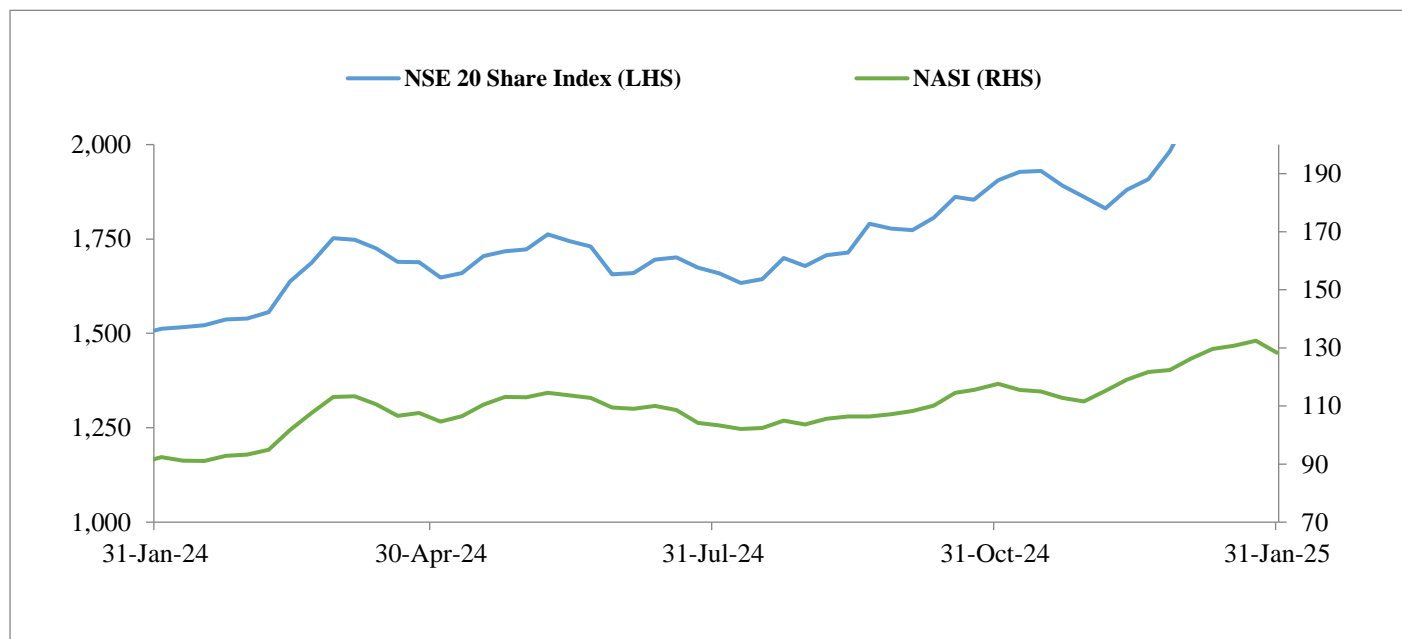


Source: CBK

Equity market trading commentary

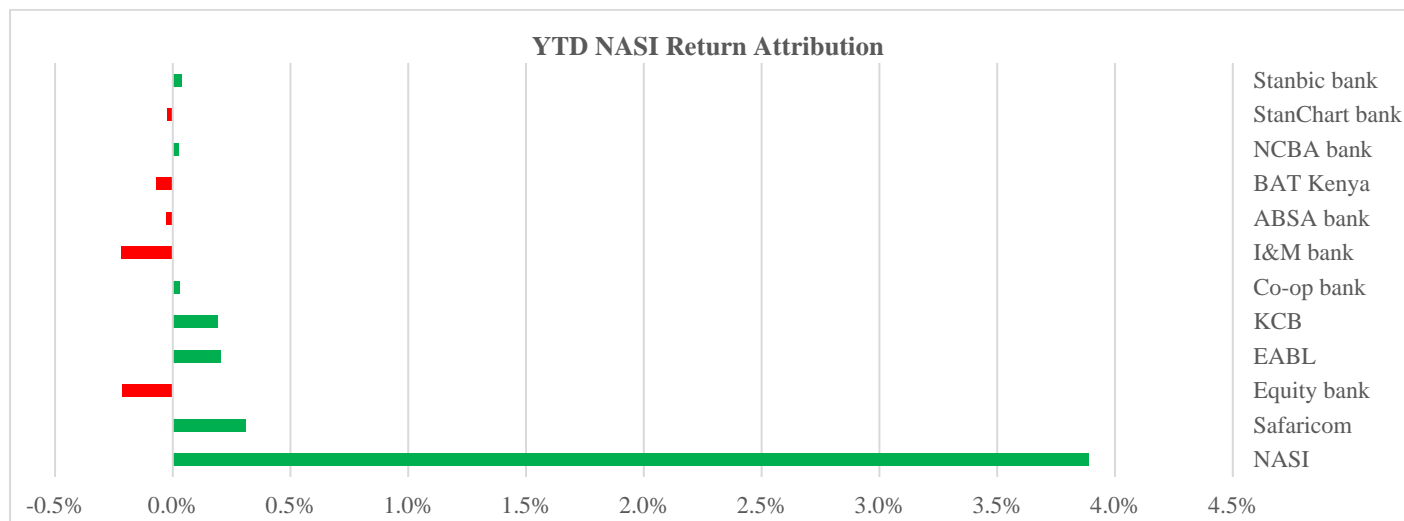
Total market turnover shed 6.5% to settle at USD 17.3m (KES 2.2bn). The NASI edged down by 3.2% to conclude at 128.28, breaking an eight-week gaining streak. The NSE 20 notched down by 1.1% to end at 2,162.58, breaking a seven-week climbing streak. Local investors led trading for the week at 55.0% of trading activity. Foreign investors led trading for the week at 60.5%, and remained net sellers at USD 3.1m (KES 402.0m). Safaricom registered the highest net foreign outflows at USD 2.2m (KES 285.8m), while Stanbic Bank marked the highest net foreign inflows 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

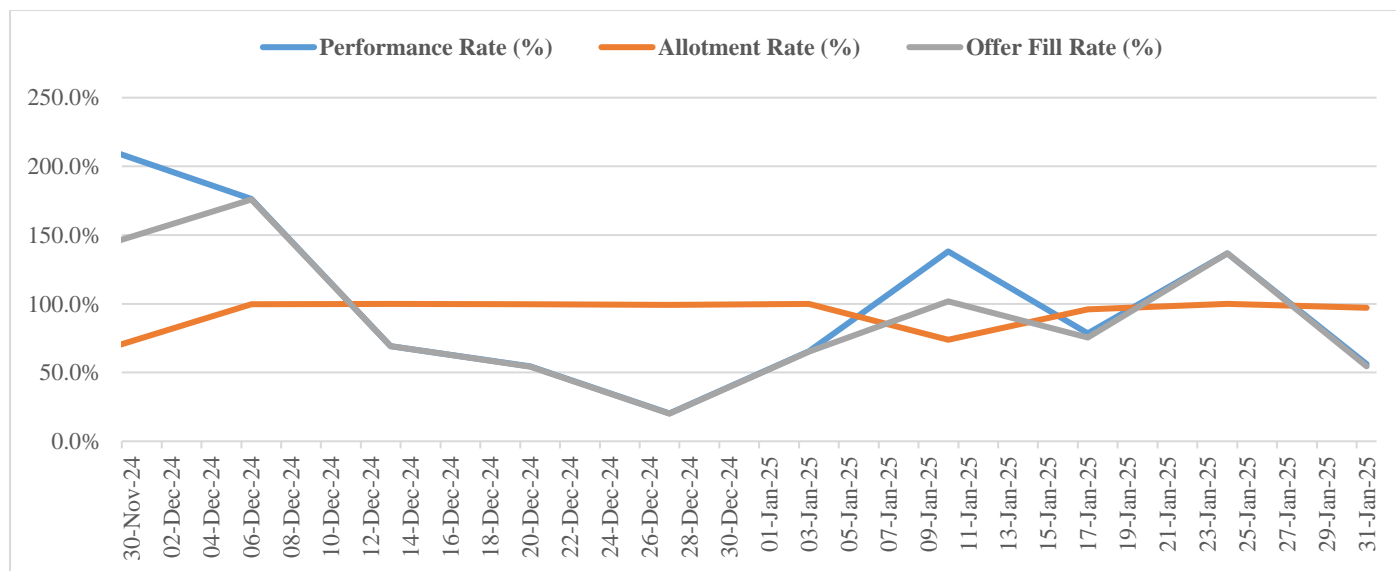
Overall subscription rates dropped to 56.1% from 136.7% the previous week. Investors were skewed on the 364-Day T-Bill. Activity declined for all three T-Bills. The yield on the 364-Day T-Bill improved week-on-week while that of the 91-Day T-Bill declined for the twenty-eighth week repeatedly, and that of the 182-Day T-Bill sustained a two-week decline.

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 2.5bn for the 91-Day T-Bill, implying a subscription rate of 61.63%. It accepted bids worth KES 2.5bn at an average yield of 9.522% (-0.3 bps w/w).

The 182-Day T-Bill received bids worth KES 2.9bn, implying a performance rate of 28.63%. It accepted bids worth KES 2.5bn at an average yield of 10.028% (-0.04 bps w/w).

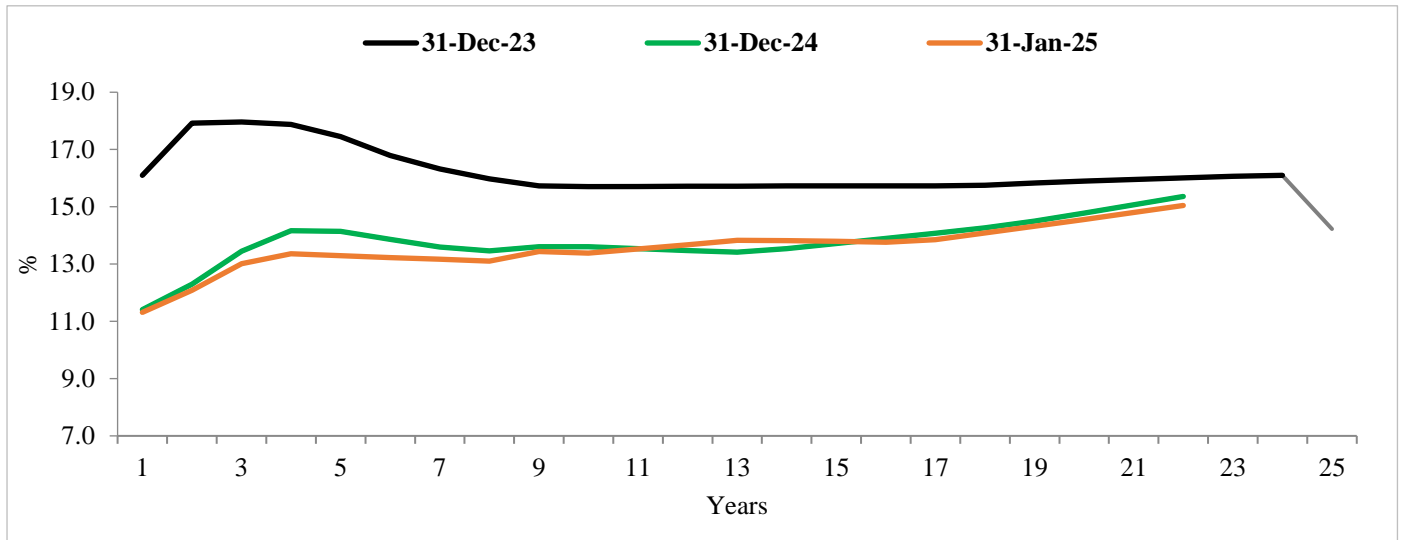
The 364-Day T-Bill received bids worth KES 8.1bn, implying a performance rate of 81.34%. It accepted bids worth KES 8.1bn at an average yield of 11.313% (+1.9bps w/w).

T-Bills Performance rates



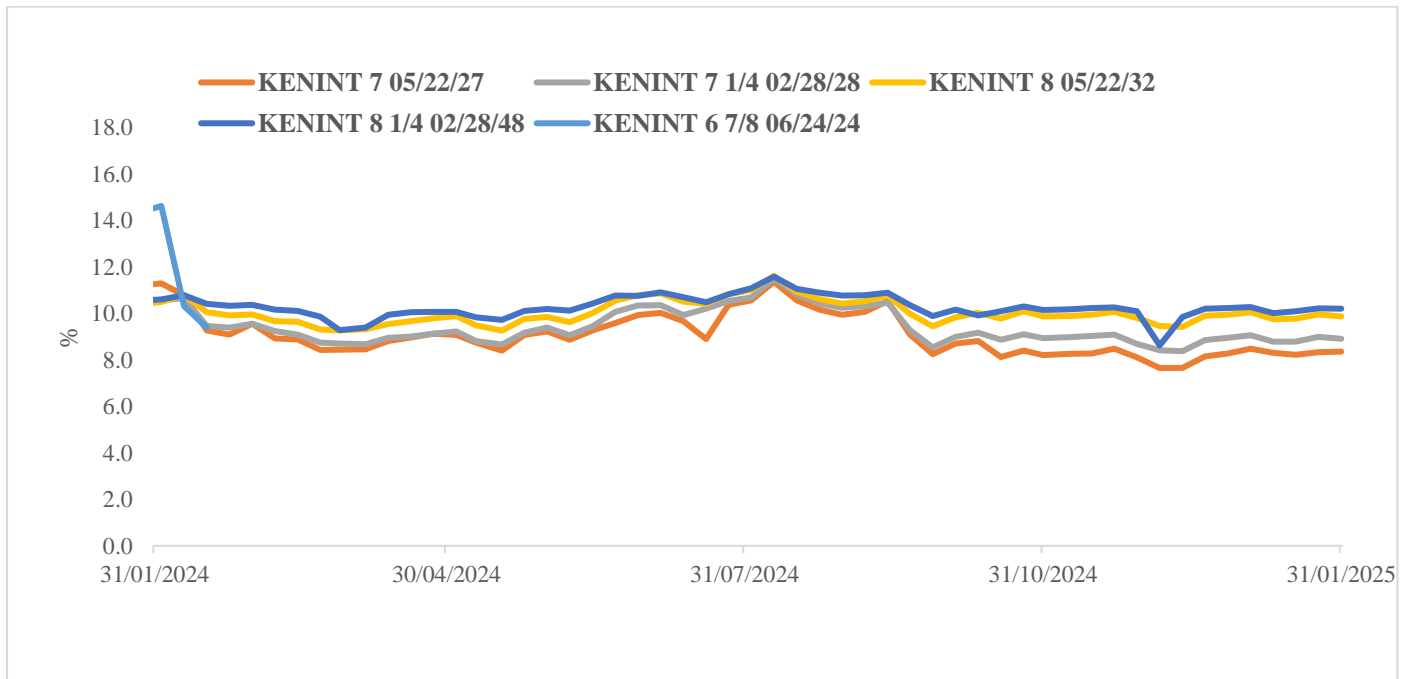
Source: CBK

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	19.30	13.00	17.20	0.9	5,333	34.6%	1.06	1.20	4.7	16.2	7.0	3.7	22.7	1,070,674
Equity Bank	Banking	Dec	50.00	37.20	47.20	-2.3	1,378	8.9%	20.58	4.00	48.7	2.3	8.5	1.0	42.2	367,054
EA Breweries	Breweries	Jun	199.75	105.00	180.50	2.8	1,105	7.2%	15.46	7.50	27.1	11.7	4.2	6.7	57.1	227,843
Co-op Bank	Banking	Dec	17.80	12.00	16.55	0.6	751	4.9%	6.91	1.50	18.4	2.4	9.1	0.9	37.5	52,911
NCBA Bank	Banking	Dec	51.00	36.30	48.50	0.6	618	4.0%	13.30	3.00	53.7	3.6	6.2	0.9	24.8	32,790
Absa Bank	Banking	Dec	19.10	11.70	17.95	-0.6	754	4.9%	3.46	1.55	12.0	5.2	8.6	1.5	28.8	70,618
KCB Bank	Banking	Dec	45.80	19.00	42.75	2.8	1,063	6.9%	15.79	1.50	68.1	2.7	3.5	0.6	23.2	316,114
StanChart Bank	Banking	Dec	302.50	161.25	278.50	-0.4	814	5.3%	38.05	37.00	158.0	7.3	13.3	1.8	24.1	53,532
Stanbic Bank	Banking	Dec	157.00	108.25	139.00	1.3	425	2.8%	31.16	15.00	140.8	4.5	10.8	1.0	22.1	73,086
BAT Kenya	Tobacco	Dec	425.00	331.75	362.50	-3.6	281	1.8%	48.82	54.02	163.8	7.4	14.9	2.2	29.8	45,467
BK Group	Banking	Dec	37.00	30.15	34.85	7.1	242	1.6%	10.26	3.28	46.8	3.4	9.4	0.7	21.9	12,513
I&M Holdings	Banking	Dec	36.55	17.15	33.70	-7.0	454	2.9%	8.06	3.85	45.5	4.2	11.4	0.7	17.7	27,894
Umeme Ltd.	Power	Dec	17.45	13.35	16.90	0.9	212	1.4%	0.26	0.92	22.0	64.6	5.4	0.8	1.2	2,856
Kenya Airways	Airlines	Dec	8.50	3.83	5.40	41.0	237	1.5%	2.63	-	(14.7)	2.1	-	-	-	12,199
Bamburi Cement	Cement	Dec	82.00	38.40	59.25	7.7	166	1.1%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	2,344,042
KenGen	Power	Jun	4.32	1.96	4.21	15.7	215	1.4%	1.03	0.65	41.6	4.1	15.4	0.1	2.5	59,208
Jubilee Insurance	Insurance	Dec	205.00	150.00	200.00	15.3	112	0.7%	67.32	12.00	613.8	3.0	6.0	0.3	11.0	11,612
DTB Bank	Banking	Dec	70.00	43.25	70.00	1.4	151	1.0%	29.76	6.00	256.8	2.4	8.6	0.3	11.6	33,051
Britam	Insurance	Dec	8.54	4.48	7.26	25.2	142	0.9%	1.45	-	9.2	5.0	-	0.8	15.6	25,280
Total Oil	Oil	Dec	23.75	16.50	21.90	9.5	107	0.7%	5.12	1.92	48.0	4.3	8.8	0.5	10.7	1,395
Kakuzi	Agric	Dec	440.00	353.50	434.00	12.7	66	0.4%	34.98	24.00	303.5	12.4	5.5	1.4	11.5	364
CIC Insurance	Insurance	Dec	2.73	1.98	2.72	26.5	55	0.4%	0.55	-	3.3	4.9	-	0.8	16.9	2,979
Centum Investment	Finance	Mar	12.10	7.88	10.70	8.3	55	0.4%	(8.95)	0.32	55.8	-	3.0	0.2	(16.1)	12,380
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	31.45	-4.4	35	0.2%	(0.47)	4.00	24.1	-	6.8	2.5	(2.0)	316
Kenya Re	Insurance	Dec	2.87	1.04	1.67	30.5	36	0.2%	1.78	0.30	13.4	0.9	18.0	0.1	13.2	58,405
Sasini Tea & Coffee	Agric	Sept	22.00	14.40	14.95	-0.3	26	0.2%	3.11	0.50	61.7	4.8	3.3	0.2	5.0	1,667
Carbacid	Gases	July	24.10	15.00	19.75	-5.7	39	0.3%	4.01	1.70	13.6	4.9	8.6	1.5	29.4	5,653
Nation Media	Media	Dec	22.00	11.75	13.90	-3.5	20	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	2,472
Kenya Power	Power	Jun	7.56	1.40	7.56	57.2	114	0.7%	20.36	0.90	29.1	0.4	11.9	0.3	69.9	72,387
TPSEA Serena	Tourism	Dec	20.05	11.75	15.10	1.3	21	0.1%	8.08	-	33.3	1.9	-	0.5	24.3	232
Liberty K. Holdings	Insurance	Dec	8.00	4.81	6.58	-1.5	27	0.2%	2.04	0.37	15.9	3.2	5.6	0.4	12.8	3,585
BOC Kenya	Gases	Dec	95.00	67.00	86.00	-3.1	13	0.1%	10.73	8.55	85.1	8.0	9.9	1.0	12.6	11,136
NSE	Finance	Dec	6.84	5.44	6.36	6.0	13	0.1%	0.21	0.16	7.1	30.2	2.5	0.9	3.0	9,056
Housing Finance	Banking	Dec	9.42	3.53	6.70	48.6	98	0.6%	0.25	-	4.2	26.7	-	1.6	6.0	65,996
Unga Ltd	Food	Jun	20.10	11.45	19.85	32.3	12	0.1%	(18.92)	-	58.3	-	-	0.3	(32.4)	407
Sanlam Kenya	Insurance	Dec	7.20	3.90	7.08	43.0	8	0.1%	2.27	-	3.9	3.1	-	1.8	58.6	472
Car & Gen	Motors	Sept	30.40	18.85	23.05	1.3	7	0.0%	(7.68)	-	135.8	-	-	0.2	(5.7)	496
Limuru Tea	Agric	Dec	380.00	314.00	330.00	-5.7	6	0.0%	0.11	1.00	80.9	-	0.3	4.1	0.1	207
WPP Scangroup	Media	Dec	3.32	1.90	3.32	33.9	11	0.1%	0.06	-	11.9	52.2	-	0.3	0.5	1,142
EA Portland	Cement	Jun	50.75	4.46	27.00	-11.8	19	0.1%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,691
Standard Newspapers	Media	Dec	7.76	4.51	5.00	-0.4	3	0.0%	(10.05)	-	0.4	-	-	11.4	(2,284)	154
Longhorn	Publishing	Jun	2.8	2.02	2.75	19.6	6	0.0%	(2.45)	-	2.8	-	-	1.0	(88.1)	136
TransCentury	Finance	Dec	1.35	0.32	1.35	246.2	4	0.0%	(6.72)	-	(9.5)	-	-	-	-	2,625
Average												12.6	8.4	2.3	25.4	5,106,808

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