

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.13	16.75	83.3%	BUY
Equity bank	47.71	47.30	0.9%	HOLD
KCB bank	66.26	38.50	72.1%	BUY
Co-op bank	20.33	14.10	44.2%	BUY
ABSA bank	11.97	15.30	-21.8%	SELL
StanChart bank	262.64	232.00	13.2%	HOLD
NCBA bank	36.1	44.05	-18.0%	SELL
I&M bank	35.09	28.10	24.9%	BUY
Stanbic bank	84.7	129.00	-34.3%	SELL
DTB bank	92.65	53.00	74.8%	BUY
EABL	151.28	183.00	-17.3%	SELL
Bamburi Cement	44.37	65.75	-32.5%	SELL
BAT Kenya	460.00	356.75	28.9%	BUY

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, Kenya Re touched a six-week low on reducing local demand while Kenya Power reached an eighteen-day high on rising local demand. The NASI broke a three-day gaining streak. Foreign investors remained net sellers at USD 1.7m (KES 217.4 m). Safaricom registered the highest net foreign outflows at USD 1.9m (KES 251.2 m), while KCB Bank marked the highest net foreign inflows at USD 0.2m (KES 31.9m).

### Debt market commentary and outlook

- Overall subscription rates fell to 259.0% from 357.3% the previous week, breaking a four-week climbing streak. Investors remained skewed on the 91-Day T-Bill as activity fell for the 91-Day T-Bill and the 182-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a fifteen-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the fourteenth week.

## Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	1,905.5	14.8%	12.8%	25.9%	32.0%	24.2%	26.9%
Kenya NASI	117.6	12.4%	10.3%	26.7%	37.2%	14.1%	27.7%

Source: NSE, Kestrel Research

## NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	1.8%	6.7%	5.7%	2.2%	40.1%	-5.9%
Johannesburg Index	-0.8%	-0.2%	11.9%	6.8%	3.3%	-5.0%
Nigeria Stock Exchange	-2.0%	1.0%	-0.9%	-15.3%	-18.8%	7.2%
Ghana Stock Exchange	2.7%	-1.8%	-6.7%	11.3%	0.7%	0.6%
Egyptian Stock Exchange	0.0%	-4.5%	8.8%	10.8%	-25.7%	-8.2%
MSCI EFM ex SA Index	0.3%	0.3%	1.6%	2.0%	8.9%	35.0%

## Other market statistics

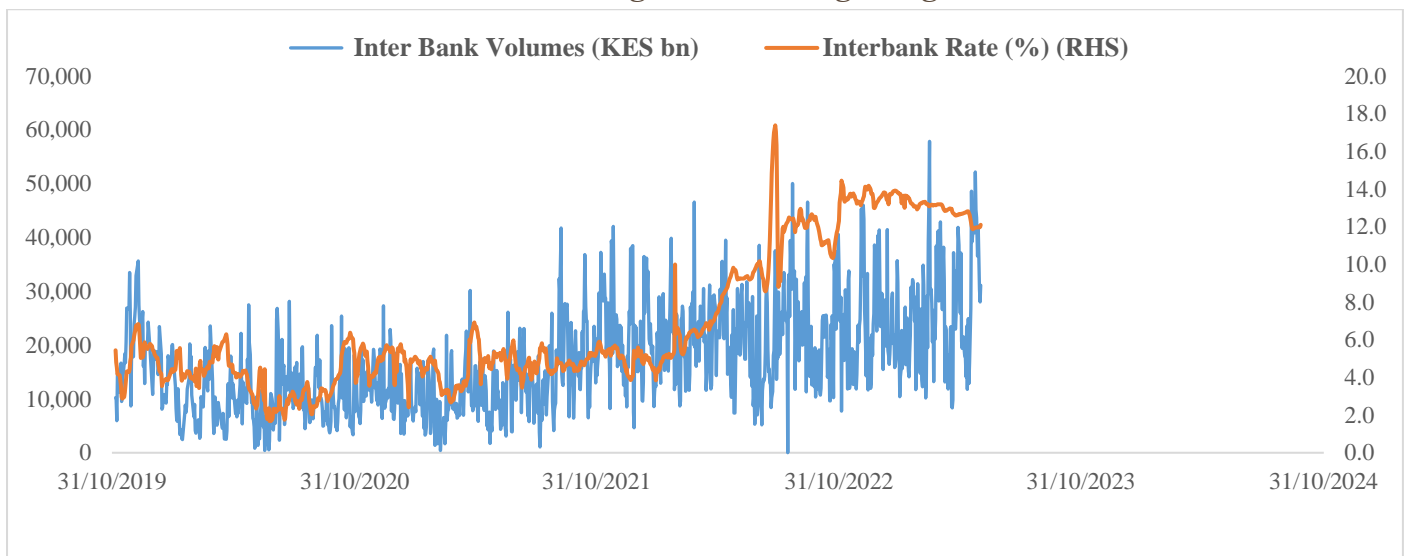
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	128.95	0.0%	0.0%	0.8%	3.3%	13.6%	2.8%
USD/ZAR	17.65	0.1%	-1.0%	4.4%	1.3%	-1.3%	0.6%
USD/EGP	48.95	-0.4%	-0.9%	0.7%	-1.6%	-35.5%	0.0%
USD/NGN	1643.46	0.1%	-1.3%	-0.3%	-14.6%	-41.7%	13.1%
USD/GHS	16.30	-0.9%	-1.9%	-1.9%	-11.6%	-13.3%	0.3%

### 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	464.9	-251.1	31.9%	1.5%	20.5%	-13.2%	43.8%
KCB Bank	139.2	31.9	24.1%	2.5%	75.8%	-1.4%	144.4%
Kenya Power	130.2	16.1	9.4%	30.3%	221.1%	-13.0%	237.8%
Kengen	93.0	-3.3	6.2%	20.1%	90.0%	-7.5%	94.9%
Kenya Re	56.7	-32.6	34.0%	-6.0%	-41.5%	-61.7%	5.8%

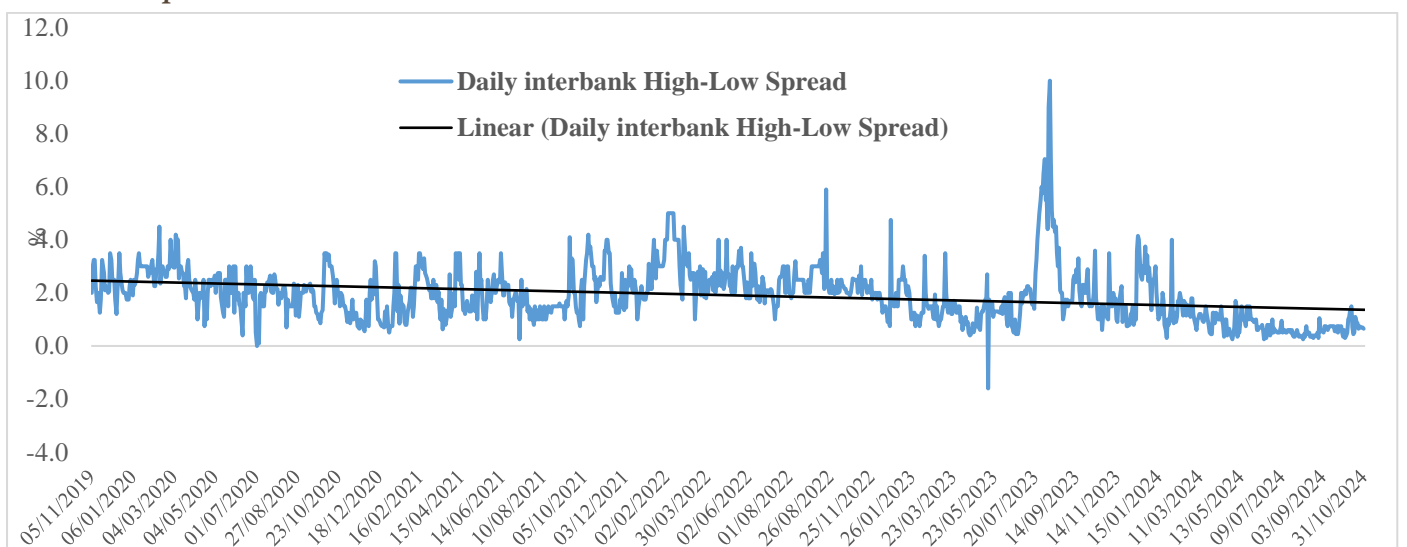
### Key Rates and Spreads

Inter-bank Rates rise week on week, sustaining a three-week gaining streak.



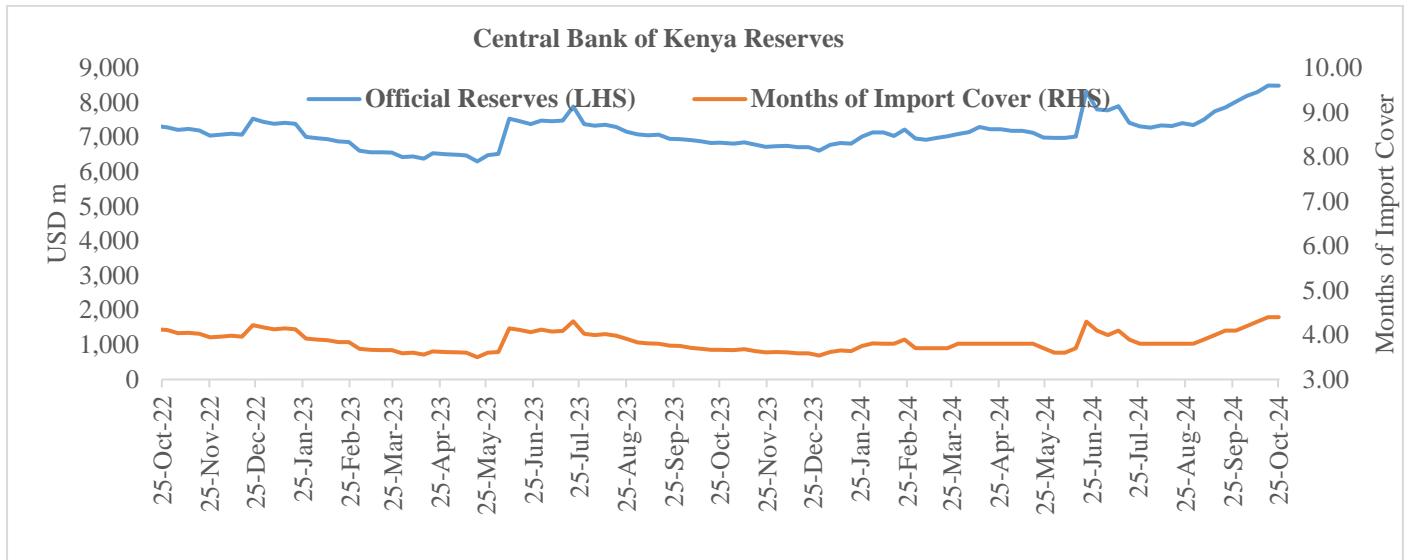
Source: CBK

Interbank spreads narrow for the third week.



Source: CBK

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



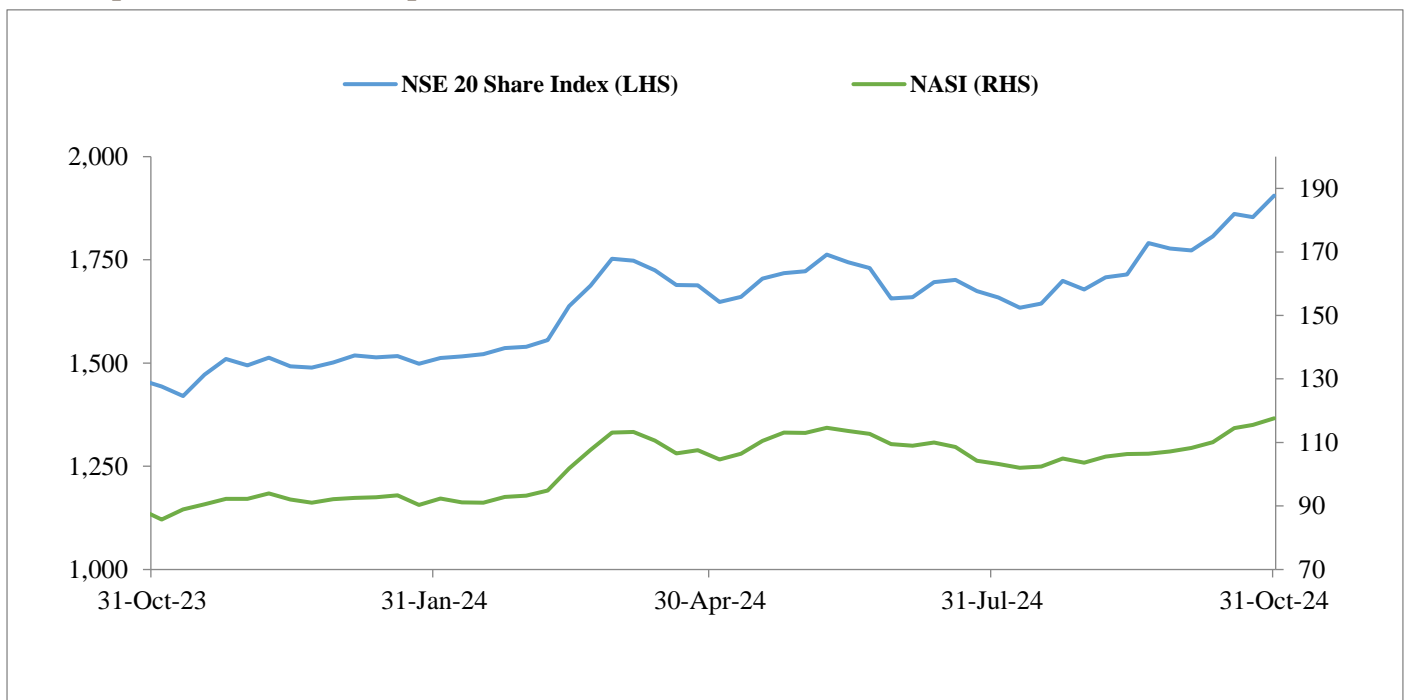
Source: CBK

Equity market trading commentary

Market turnover declined by 31.0% to conclude at USD 8.7m (KES 1.1 bn). The NASI went up by 1.8% to halt at 117.61, sustaining a nine-week gaining streak. The NSE-20 recovered 2.8% to stop at 1905.51. Foreign investors remained net sellers at USD 1.7m (KES 217.4 m). Safaricom registered the highest net foreign outflows at USD 1.9m (KES 251.2 m), while KCB Bank marked the highest net foreign inflows at USD 0.2m (KES 31.9m).

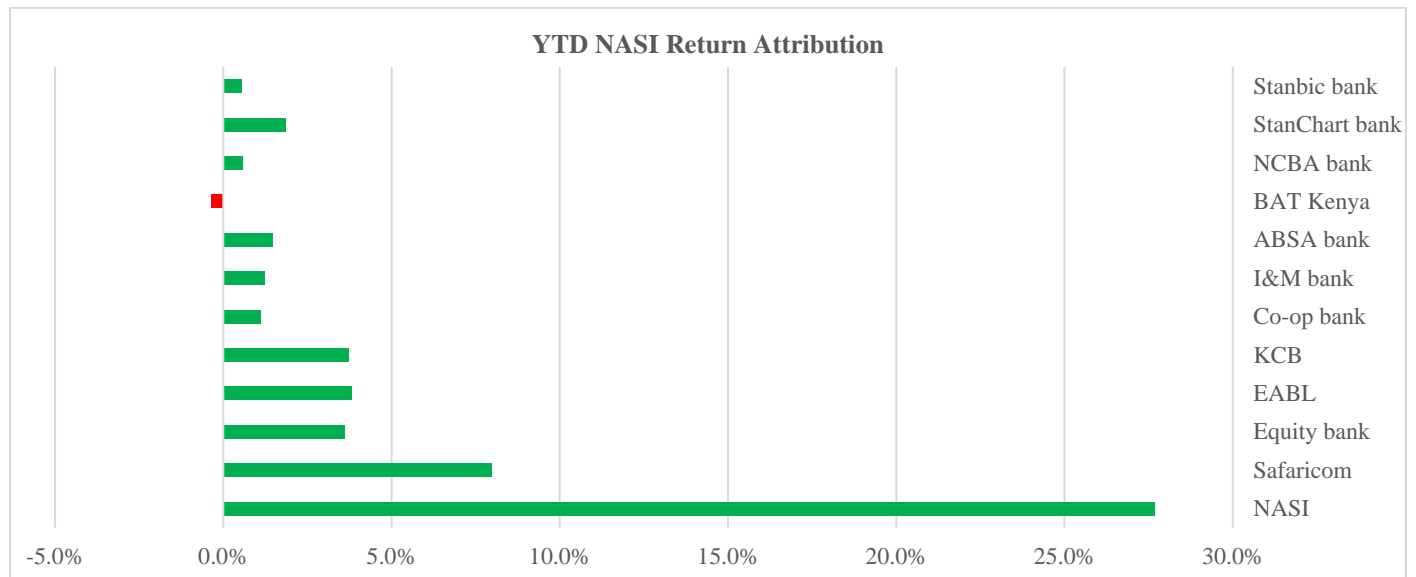
During the week, Kenya Re touched a six-week low on reducing local demand while Kenya Power reached an eighteen-day high on rising local demand. The NASI broke a three-day gaining streak.

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

### Debt market trading commentary

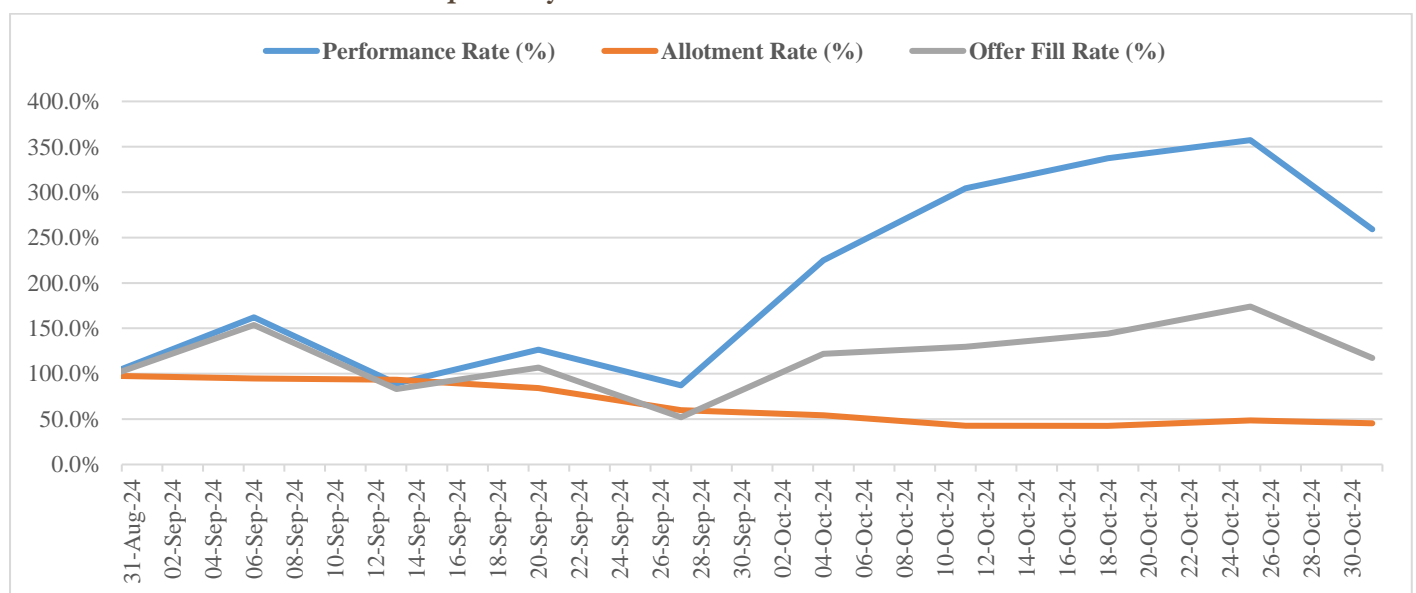
Overall subscription rates fell to 259.0% from 357.3% the previous week, breaking a four-week climbing streak. Investors remained skewed on the 91-Day T-Bill as activity fell for the 91-Day T-Bill and the 182-Day T-Bill. The yield on all three T-Bills fell, with the 91-Day T-Bill sustaining a fifteen-week losing streak and the 182-Day T-Bill and the 364-Day T-Bill falling repeatedly for the fourteenth 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 15.0 bn for the 91-Day T-Bill, implying a subscription rate of 375.20%. It accepted bids worth KES 7.4 bn at an average yield of 13.966 % (-46.7 bps w/w).

The 182-Day T-Bill received bids worth KES 23.2 bn, implying a performance rate of 232.41%. It accepted bids worth KES 5.6 bn at an average yield of 14.523 % (-62.3 bps w/w)

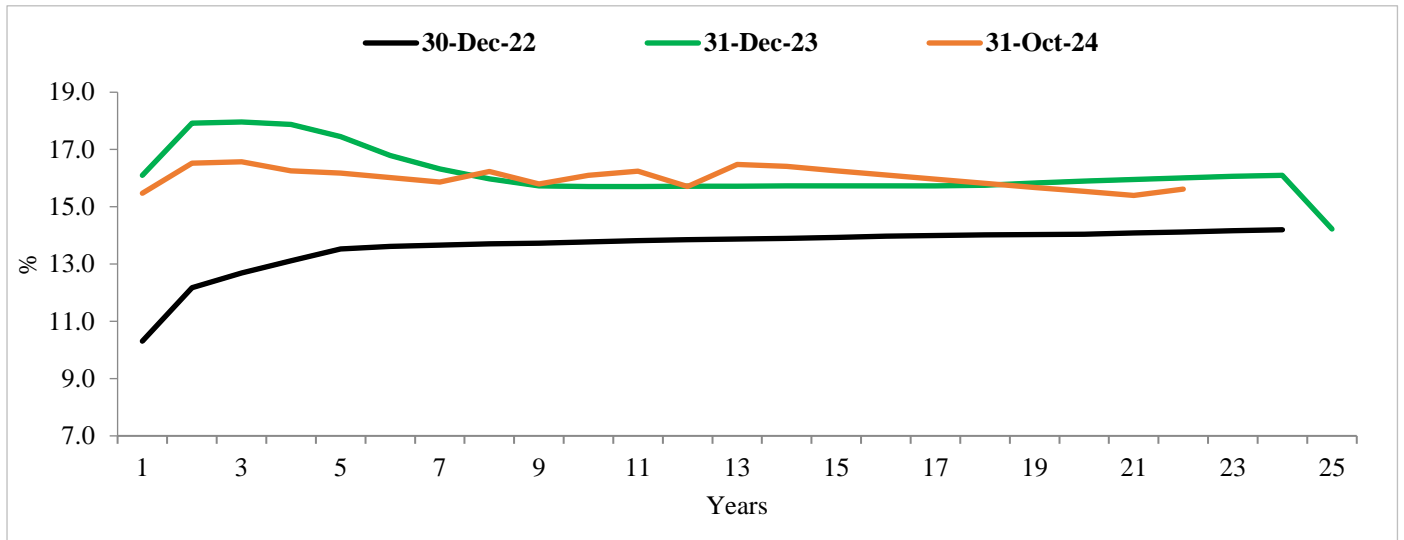
The 364-Day T-Bill received bids worth KES 23.9 bn, implying a performance rate of 239.17%. It accepted bids worth KES 15.0 bn at an average yield of 14.968 % (-50.1 bps w/w).

### T-Bills Performance rates rise repeatedly for the fourth week



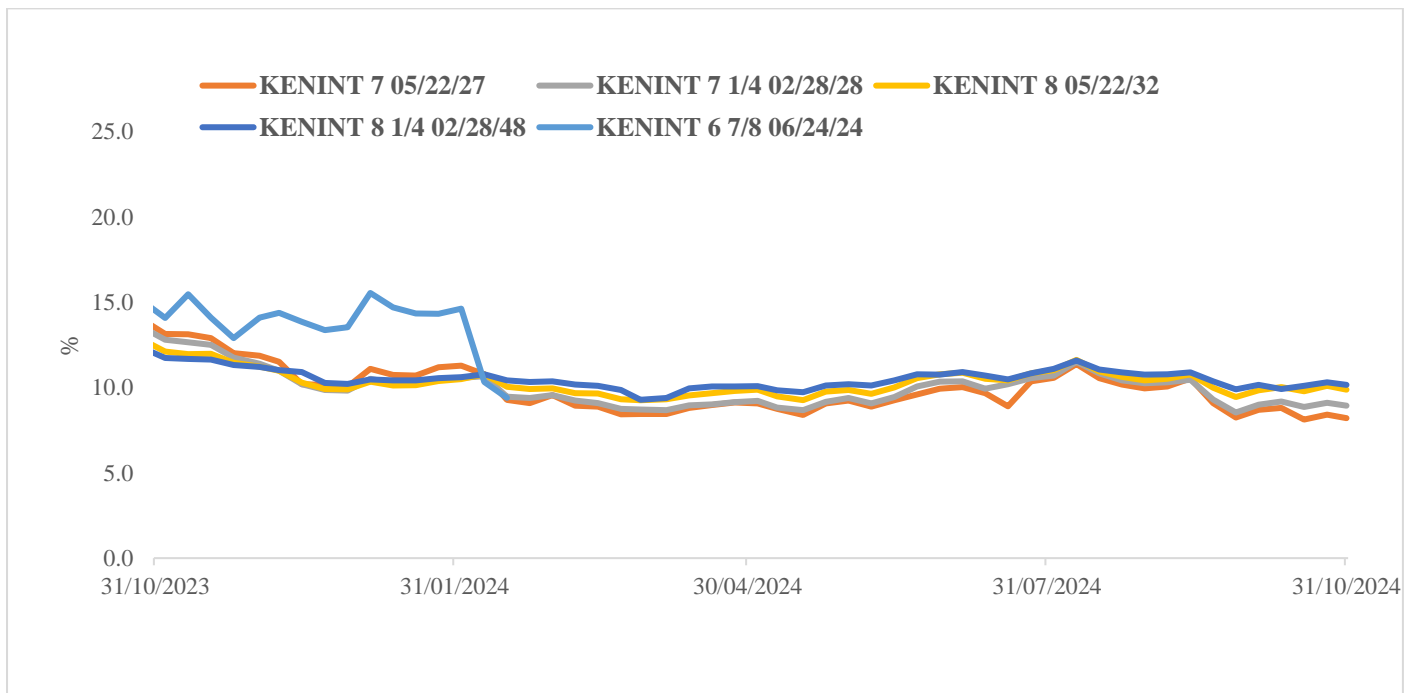
Source: CBK

### 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	19.30	11.65	16.75	20.5	5,194	36.3%	1.06	1.20	4.7	15.7	7.2	3.6	22.7	822,001
Equity Bank	Banking	Dec	49.20	33.65	47.30	40.6	1,382	9.7%	11.94	-	48.7	4.0	-	1.0	24.5	230,502
EA Breweries	Breweries	Jun	95.00	67.00	183.00	60.5	1,120	7.8%	11.38	6.00	27.1	16.1	3.3	6.8	42.0	131,052
Co-op Bank	Banking	Dec	15.05	10.20	14.10	23.7	640	4.5%	4.10	-	18.4	3.4	-	0.8	22.2	45,366
NCBA Bank	Banking	Dec	45.20	35.00	44.05	13.1	562	3.9%	13.31	1.50	53.7	3.3	3.4	0.8	24.8	24,813
Absa Bank	Banking	Dec	15.55	10.75	15.30	33.6	643	4.5%	3.46	0.20	12.0	4.4	1.3	1.3	28.7	49,265
KCB Bank	Banking	Dec	39.05	15.75	38.50	75.8	958	6.7%	13.30	1.50	68.1	2.9	3.9	0.6	19.5	317,356
StanChart Bank	Banking	Dec	234.50	150.50	232.00	43.2	679	4.7%	18.36	8.00	158.0	12.6	3.4	1.5	11.6	39,271
Stanbic Bank	Banking	Dec	130.00	100.25	129.00	18.6	395	2.8%	31.16	1.84	140.8	4.1	1.4	0.9	22.1	17,328
BAT Kenya	Tobacco	Dec	95.00	67.00	356.75	-12.5	276	1.9%	48.82	5.00	163.8	7.3	1.4	2.2	29.8	59,046
BK Group	Banking	Dec	37.00	30.15	33.10	-7.5	230	1.6%	11.45	3.28	46.8	2.9	9.9	0.7	24.5	51,230
I&M Holdings	Banking	Dec	34.24	17.10	28.10	60.6	360	2.5%	8.13	-	47.8	3.5	-	0.6	17.0	39,263
Umeme Ltd.	Power	Dec	4.11	4.00	16.00	0.0	201	1.4%	0.26	0.92	22.0	61.2	5.8	0.7	1.2	3,935
Kenya Airways	Airlines	Dec	3.83	3.83	3.83	0.0	168	1.2%	2.63	-	(14.7)	1.5	-	-	-	-
Bamburi Cement	Cement	Dec	5.55	5.55	65.75	83.4	185	1.3%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	54,979
KenGen	Power	Jun	4.13	1.96	3.82	90.0	195	1.4%	1.03	0.65	41.6	3.7	17.0	0.1	2.5	33,488
Jubilee Insurance	Insurance	Dec	6.38	4.48	2.20	-8.1	95	0.7%	67.32	2.00	613.8	2.5	1.2	0.3	11.0	10,131
DTB Bank	Banking	Dec	55.75	43.25	53.00	17.6	115	0.8%	25.83	-	256.8	2.1	-	0.2	10.1	20,776
Britam	Insurance	Dec	6.38	4.48	5.54	15.7	108	0.8%	1.45	-	9.2	3.8	-	0.6	15.6	2,479
Total Oil	Oil	Dec	5.24	1.35	21.05	16.9	103	0.7%	5.12	-	48.0	4.1	-	0.4	10.7	718
Kakuzi	Agric	Dec	439.75	353.50	433.75	12.7	66	0.5%	34.98	-	303.5	12.4	-	1.4	11.5	2,345
CIC Insurance	Insurance	Dec	6.38	4.48	5.54	-1.8	45	0.3%	0.55	-	3.3	4.0	-	0.7	16.9	1,426
Centum Investment	Finance	Mar	9.92	7.88	9.60	14.3	49	0.3%	(8.95)	0.32	55.8	-	3.3	0.2	(16.1)	13,367
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	82.00	22.50	65.75	-2.8	38	0.3%	(0.47)	4.00	24.1	-	6.1	2.7	(2.0)	54,979
Kenya Re	Insurance	Dec	2.87	1.04	1.10	-41.5	24	0.2%	1.78	-	13.4	0.6	-	0.1	13.2	22,377
Sasini Tea & Coffee	Agric	Sept	22.00	16.25	16.75	-16.3	30	0.2%	3.11	1.00	61.7	5.4	6.0	0.3	5.0	851
Carbacid	Gases	July	24.10	14.55	21.70	44.7	43	0.3%	4.01	1.70	13.6	5.4	7.8	1.6	12.6	6,302
Nation Media	Media	Dec	22.00	14.10	14.10	-29.7	21	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	1,160
Kenya Power	Power	Jun	5.24	1.35	4.56	221.1	69	0.5%	15.41	0.70	29.1	0.3	15.4	0.2	52.9	48,641
TPSEA Serena	Tourism	Dec	20.05	11.00	12.70	-22.8	18	0.1%	8.08	-	33.3	1.6	-	0.4	24.3	322
Liberty K. Holdings	Insurance	Dec	200.00	150.00	1.10	103.3	31	0.2%	2.04	-	15.9	3.7	-	0.5	12.8	236
BOC Kenya	Gases	Dec	95.00	67.00	80.00	-2.4	12	0.1%	10.73	2.50	85.1	7.5	3.1	0.9	12.6	2,767
NSE	Finance	Dec	6.62	5.44	5.98	-0.7	12	0.1%	0.21	-	7.1	28.4	-	0.8	3.0	4,288
Housing Finance	Banking	Dec	4.79	3.25	4.41	26.7	13	0.1%	1.23	-	20.5	3.6	-	0.2	6.0	192
Unga Ltd	Food	Jun	1.53	1.00	0.27	-10.4	9	0.1%	(18.92)	-	58.3	-	-	0.3	(32.4)	217
Sanlam Kenya	Insurance	Dec	2.87	1.04	7.50	-1.3	7	0.0%	2.27	-	3.9	2.6	-	1.5	58.6	1,426
Car & Gen	Motors	Sept	30.40	18.85	23.00	-8.0	7	0.0%	(7.68)	-	135.8	-	-	0.2	(5.7)	118
Limuru Tea	Agric	Dec	380.00	365.00	365.00	-3.9	7	0.0%	0.11	-	80.9	3,208.8	-	4.5	0.1	32
WPP Scangroup	Media	Dec	2.60	1.90	2.51	15.1	8	0.1%	0.06	-	11.9	39.5	-	0.2	0.5	807
EA Portland	Cement	Jun	82.00	22.50	1.05	298.8	22	0.2%	(14.13)	-	239.8	-	-	0.0	(5.9)	835
Standard Newspapers	Media	Dec	8.70	5.10	5.50	-28.9	3	0.0%	(10.05)	-	0.4	-	-	12.5	(2,284)	26
Longhorn	Publishing	Jun	2.6	2.02	2.50	3.7	5	0.0%	(2.45)	-	2.8	-	-	0.9	(88.1)	58
TransCentury	Finance	Dec	9.92	7.88	3.00	-28.8	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	508
<b>Average</b>												<b>14.0</b>	<b>5.4</b>	<b>2.3</b>	<b>21.1</b>	<b>2,129,321</b>

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