

## Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.27	18.90	76.0%	BUY
Equity bank	54.37	48.70	11.6%	HOLD
KCB bank	74.22	45.80	62.1%	BUY
Co-op bank	18.33	16.20	13.1%	HOLD
ABSA bank	11.52	17.90	-35.6%	SELL
StanChart bank	245.66	286.50	-14.3%	HOLD
NCBA bank	40.63	49.05	-17.2%	SELL
I&M bank	38.37	34.90	9.9%	HOLD
Stanbic bank	118.55	138.00	-14.1%	HOLD
DTB bank	109.36	69.75	56.8%	BUY
EABL	341.24	193.25	76.6%	BUY
BAT Kenya	411.34	368.00	11.8%	HOLD

## Kenya Market Summary

### Equity market commentary and outlook

- During the week, KCB Bank touched a seven-day high on increased local demand, the NSE 20 sustained a two-day losing streak, and the NSE had a three-day climbing streak. Foreign investors remained net sellers at USD 0.2m (KES 27.1m). KCB Bank registered the highest net foreign outflows at USD 1.2m (KES 157.6m), while Safaricom marked the highest net foreign inflows at USD 0.6m (KES 78.1m).

### Debt market commentary and outlook

- Total subscription rates improved to 136.7% from 78.6% the previous week. Investors remained skewed on the 91-Day T-Bill. Activity improved for the 91-Day T-Bill and the 364-Day T-Bill but fell for the 182-Day T-Bill. The yield on all the T-Bills fell with the yield on the 91-Day T-Bill declining for the twenty-seventh week straight and that of the 364-Day T-Bill falling for the twenty-sixth week repeatedly.

## Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	2,185.9	31.7%	29.4%	44.4%	51.4%	42.5%	8.7%
Kenya NASI	132.5	26.6%	24.3%	42.8%	54.5%	28.6%	7.3%

Source: NSE, Kestrel Research

### NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	1.4%	6.7%	5.7%	12.7%	43.2%	-43.2%
Johannesburg Index	1.2%	-0.4%	-7.7%	10.9%	11.0%	-11.4%
Nigeria Stock Exchange	1.4%	-0.1%	9.0%	-1.3%	-46.1%	69.5%
Ghana Stock Exchange	-1.2%	1.7%	22.9%	-6.7%	12.3%	-22.4%
Egyptian Stock Exchange	1.6%	-0.3%	-5.9%	4.1%	-32.8%	51.2%
MSCI EFM ex SA Index	1.8%	1.1%	-0.2%	1.4%	2.9%	-4.7%

### Other market statistics

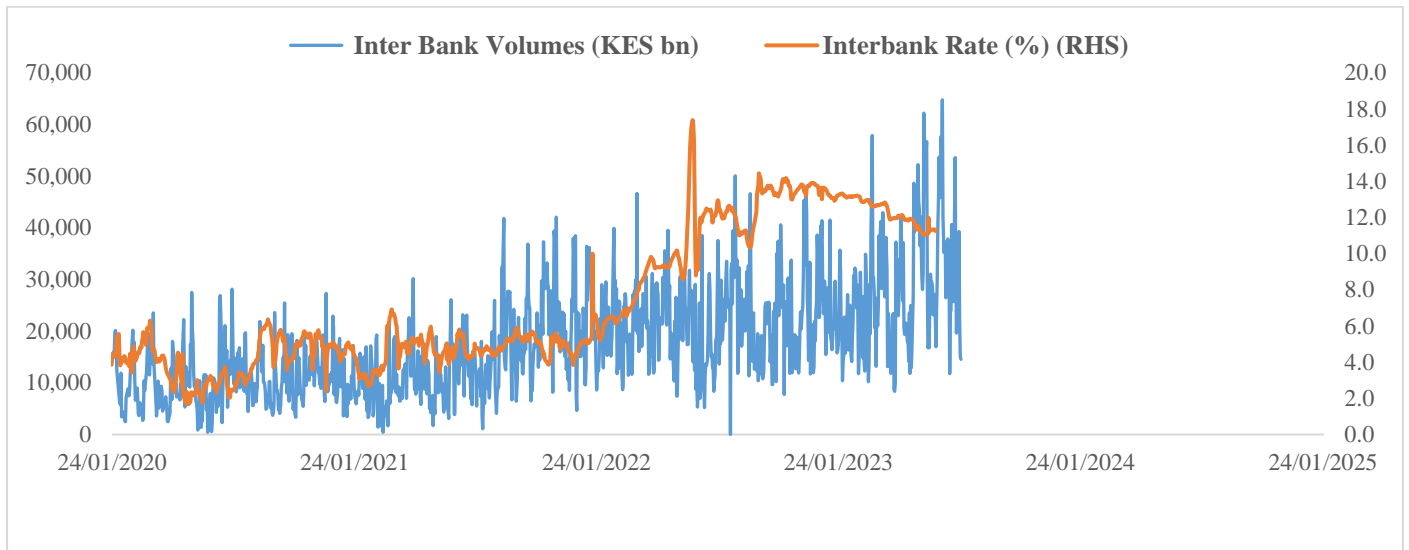
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.25	0.1%	0.0%	-0.2%	1.4%	20.6%	0.0%
USD/ZAR	18.40	1.9%	1.6%	-4.2%	-0.7%	2.1%	1.7%
USD/EGP	50.29	0.2%	1.1%	-3.1%	-4.0%	-62.8%	1.0%
USD/NGN	1556.61	0.0%	-0.5%	5.4%	2.8%	-73.1%	-0.8%
USD/GHS	15.20	-1.7%	-3.4%	5.9%	1.9%	-23.8%	-3.4%

### 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	878.3	78.2	68.8%	1.6%	10.9%	-2.1%	45.4%
KCB Bank	490.9	-157.6	42.2%	6.6%	10.1%	0.0%	141.1%
HF Group	268.3	0.0	0.0%	-9.6%	80.0%	-13.8%	130.7%
EABL	153.3	43.5	72.7%	7.2%	10.1%	-3.3%	93.3%
SBIC	142.6	-12.8	60.2%	-1.6%	0.5%	-12.1%	29.0%

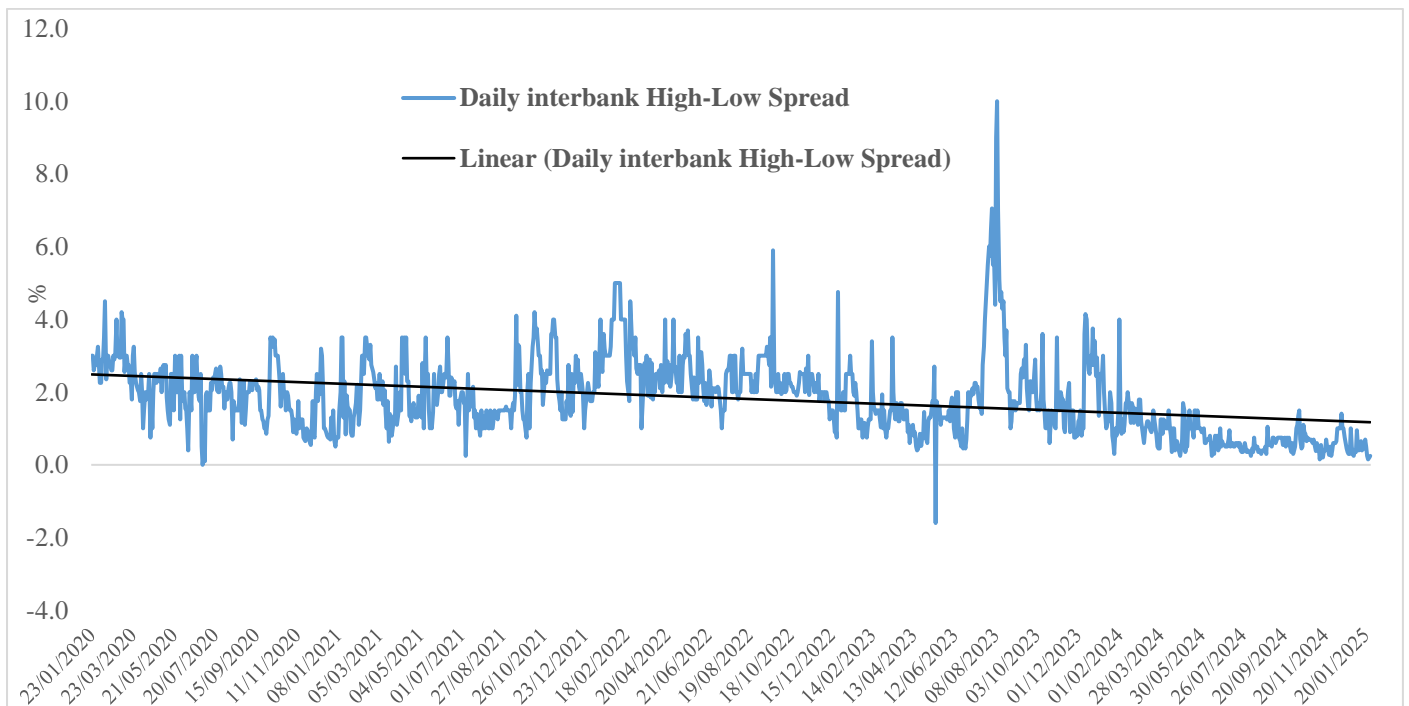
### Key Rates and Spreads

Inter-bank Rates decline week-on-week.



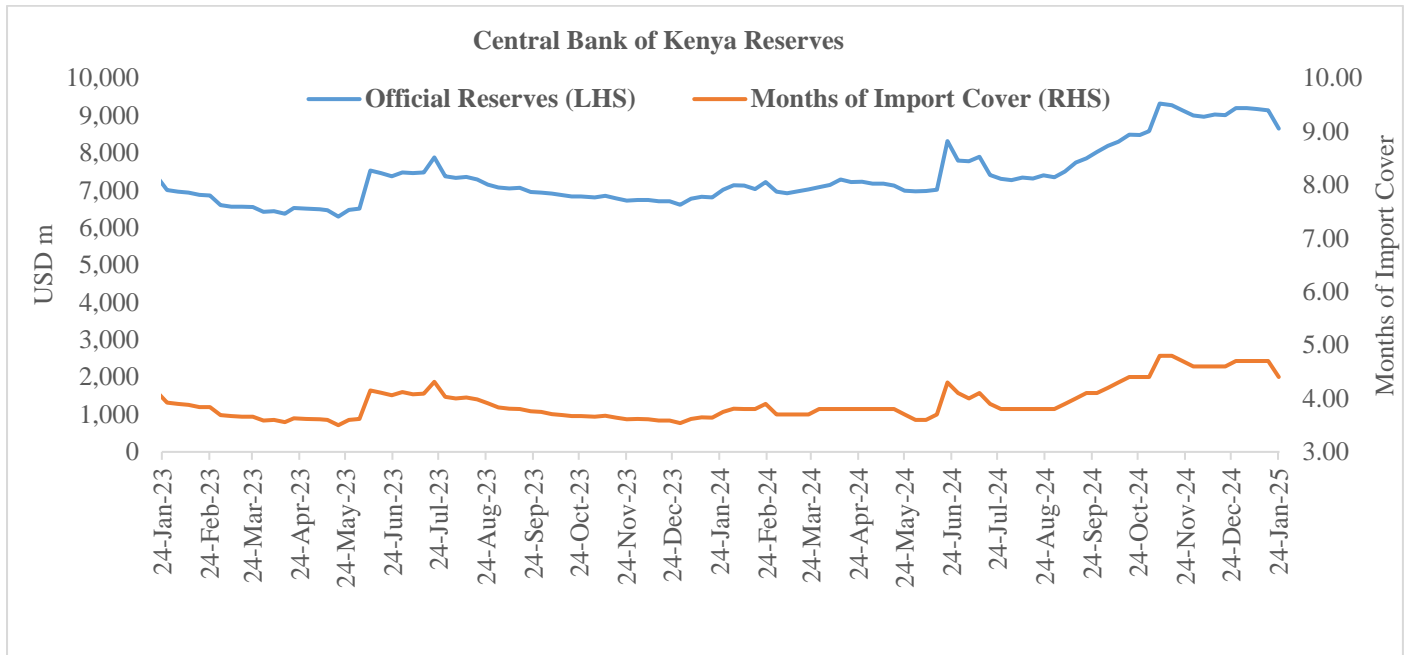
Source: CBK

Interbank spreads narrow after a two-week gain.



Source: CBK

**Months of import cover and CBK FX decline from previous week.**

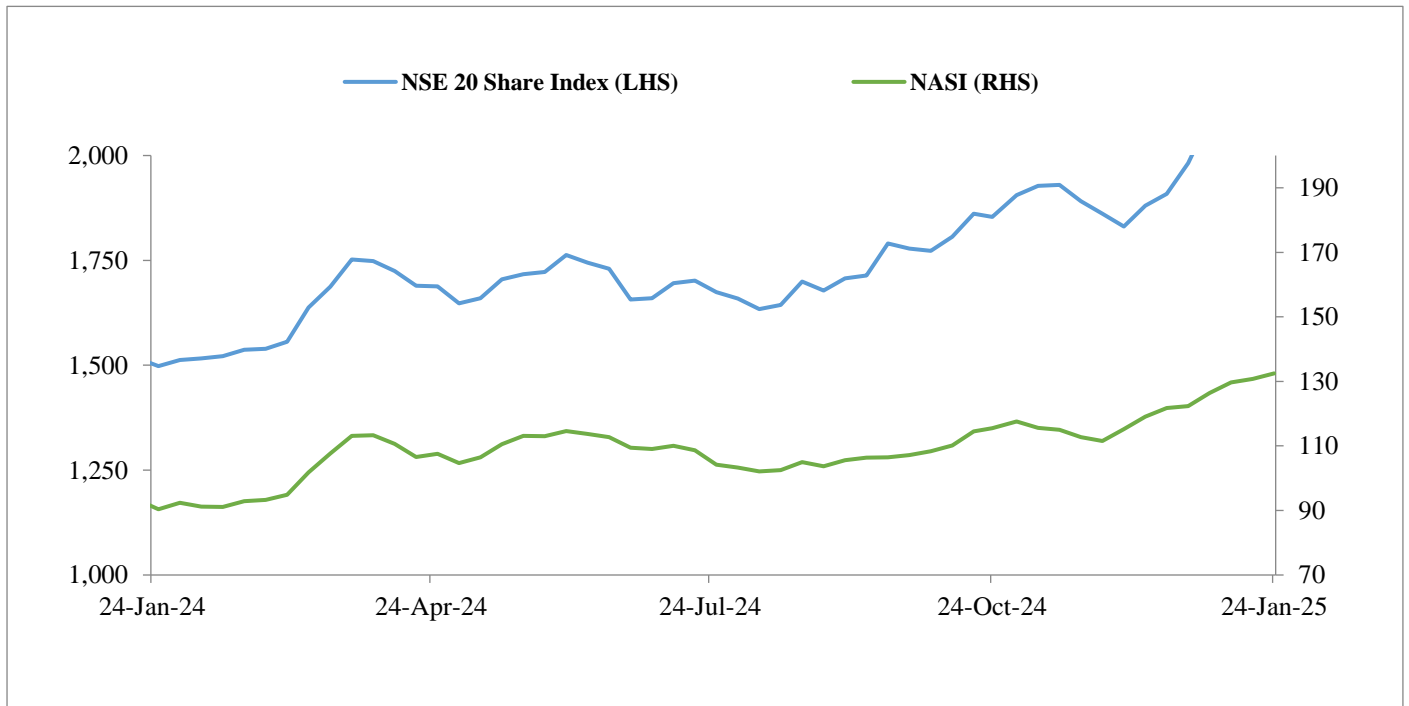


Source: CBK

**Equity market trading commentary**

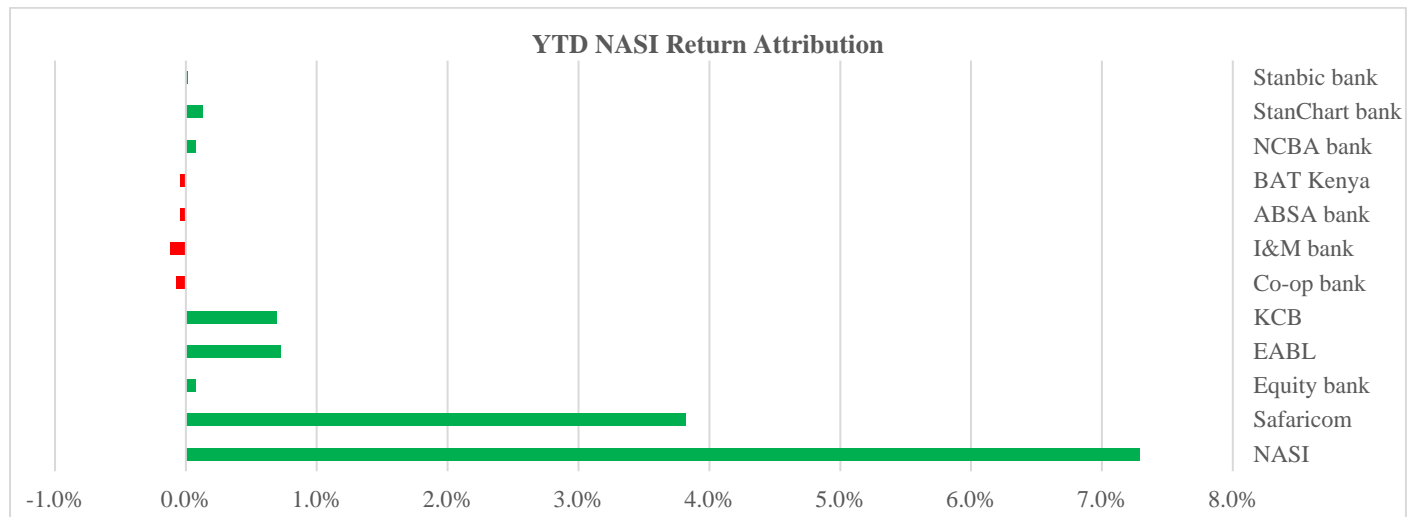
Total market turnover grew by 30.5% to settle at USD 18.5m (KES 2.4bn). The NASI notched up by 1.3% to conclude at 132.48, marking an eight-week gaining streak. The NSE 20 edged up by 1.8% to end at 2,185.88, maintaining a seven-week climbing streak. Local investors led trading for the week at 55.0% of trading activity. Foreign investors remained net sellers at USD 0.2m (KES 27.1m). KCB Bank registered the highest net foreign outflows at USD 1.2m (KES 157.6m), while Safaricom marked the highest net foreign inflows at USD 0.6m (KES 78.1m).

**Market performance over the past 12 months**



Source: NSE

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



Source: Kestrel Research

### Debt market trading commentary

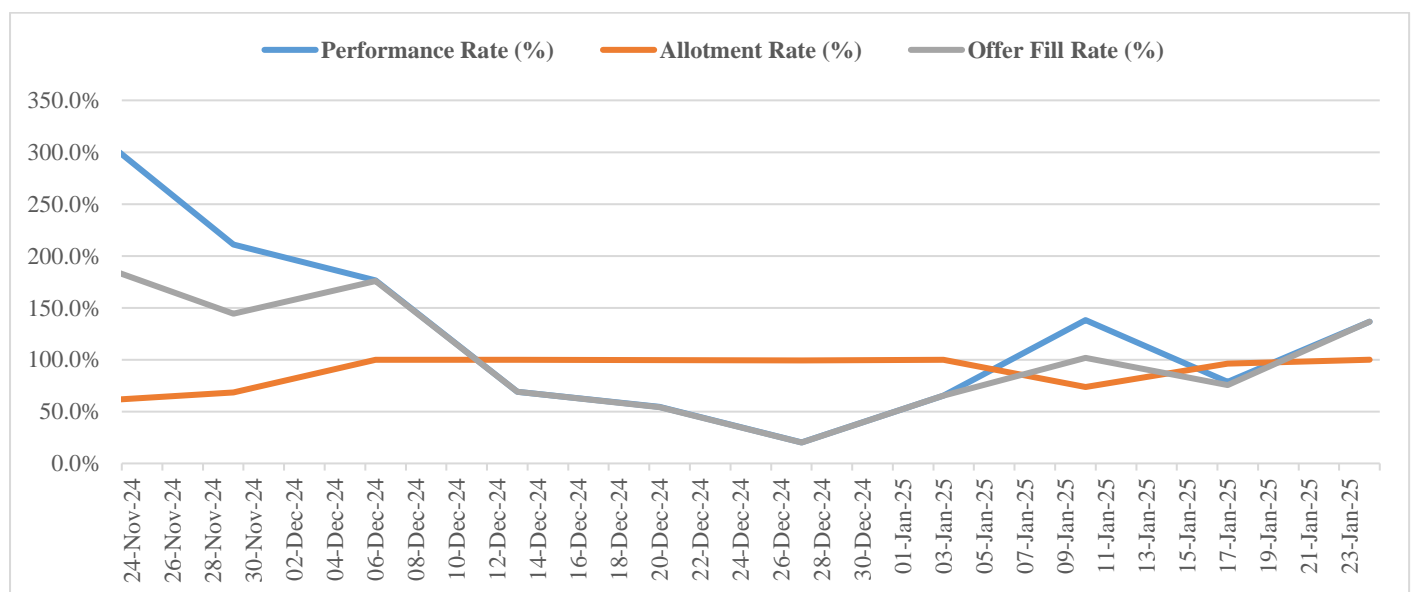
Total subscription rates improved to 136.7% from 78.6% the previous week. Investors remained skewed on the 91-Day T-Bill. Activity improved for the 91-Day T-Bill and the 364-Day T-Bill but fell for the 182-Day T-Bill. The yield on all the T-Bills fell. The yield on the 91-Day T-Bill declined for the twenty-seventh week straight and that of the 364-Day T-Bill fell for the twenty-sixth week repeatedly.

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 16.8bn for the 91-Day T-Bill, implying a subscription rate of 419.77%. It accepted bids worth KES 16.8bn at an average yield of 9.525% (-4.0 bps w/w).

The 182-Day T-Bill received bids worth KES 3.8bn, implying a performance rate of 38.22%. It accepted bids worth KES 3.8bn at an average yield of 10.028% (-0.2bps w/w).

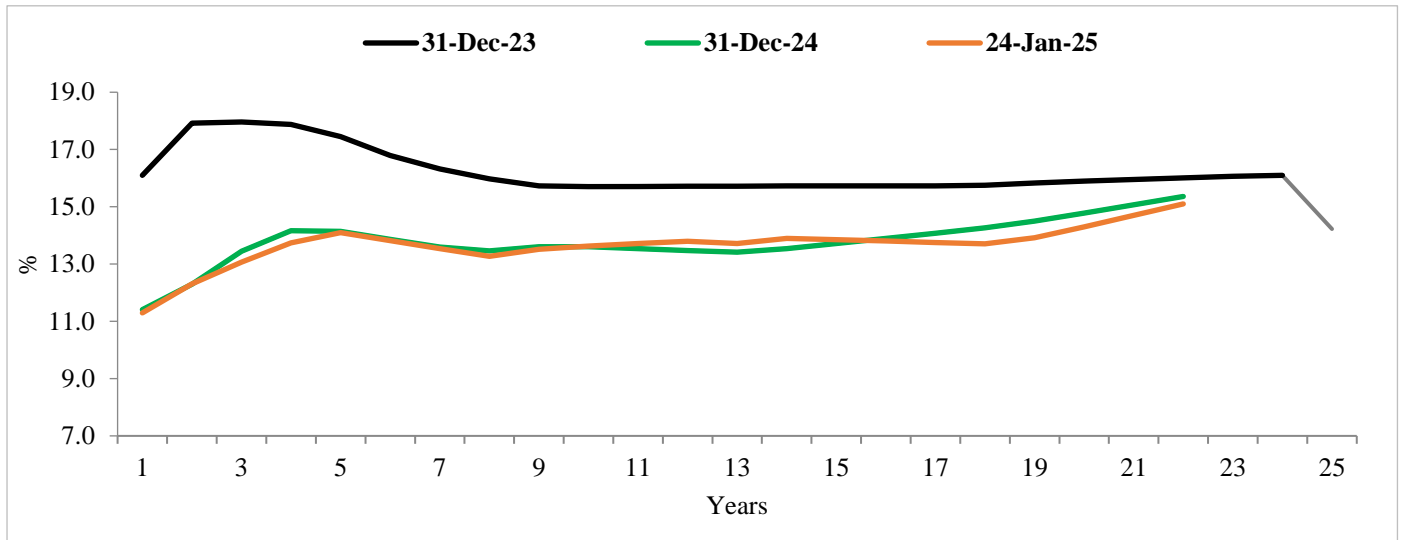
The 364-Day T-Bill received bids worth KES 12.2bn, implying a performance rate of 122.03%. It accepted bids worth KES 12.2bn at an average yield of 11.295% (-1.0bps w/w).

### T-Bills Performance rates



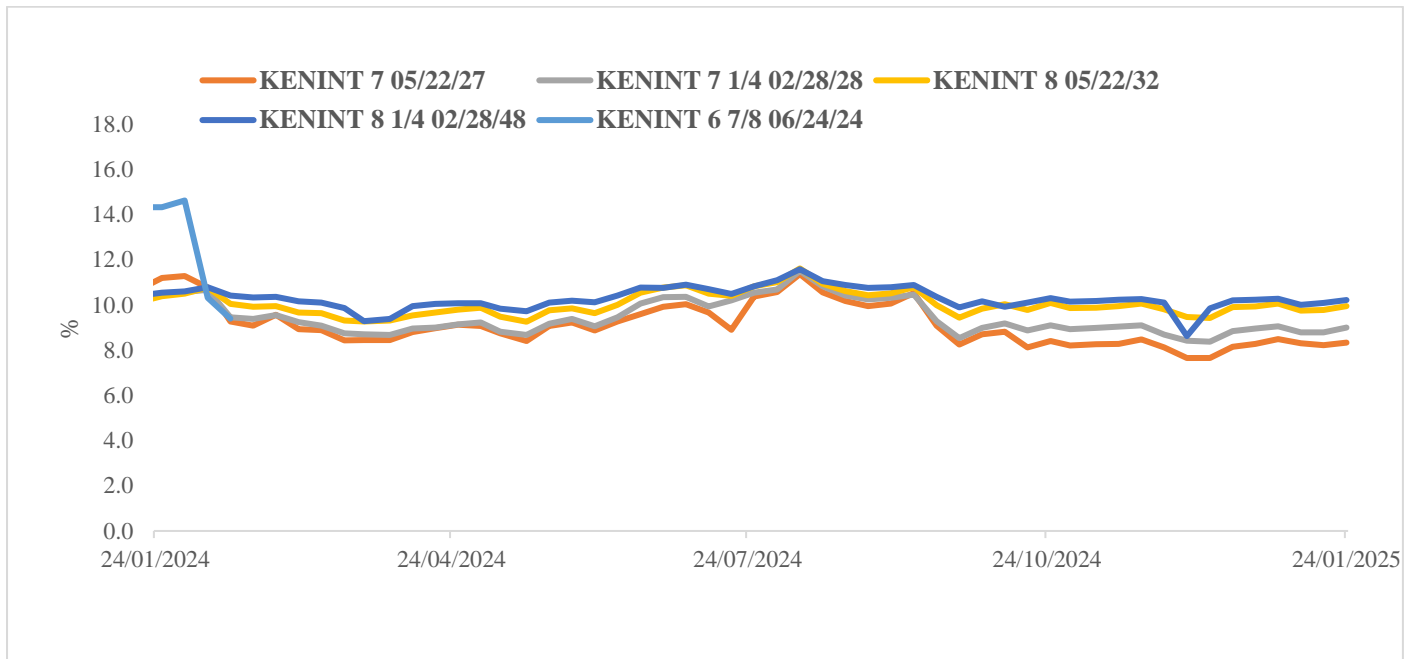
Source: CBK

### 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 <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	13.00	18.90	10.9	5,844	36.2%	1.06	1.20	4.7	17.8	6.3	4.0	22.7	998,106
Equity Bank	Banking	Dec	50.00	36.90	48.70	0.8	1,418	8.8%	20.58	4.00	48.7	2.4	8.2	1.0	42.2	352,262
EA Breweries	Breweries	Jun	199.75	100.00	193.25	10.1	1,179	7.3%	11.38	6.00	27.1	17.0	3.1	7.1	42.0	220,063
Co-op Bank	Banking	Dec	17.80	11.40	16.20	-1.5	734	4.5%	6.91	1.50	18.4	2.3	9.3	0.9	37.5	54,101
NCBA Bank	Banking	Dec	51.00	36.30	49.05	1.8	624	3.9%	13.30	3.00	53.7	3.7	6.1	0.9	24.8	32,210
Absa Bank	Banking	Dec	19.10	11.55	17.90	-0.8	750	4.6%	3.46	1.55	12.0	5.2	8.7	1.5	28.8	69,721
KCB Bank	Banking	Dec	45.80	19.00	45.80	10.1	1,136	7.0%	15.79	1.50	68.1	2.9	3.3	0.7	23.2	312,335
StanChart Bank	Banking	Dec	302.50	160.00	286.50	2.4	836	5.2%	38.05	37.00	158.0	7.5	12.9	1.8	24.1	54,840
Stanbic Bank	Banking	Dec	157.00	107.00	138.00	0.5	421	2.6%	31.16	15.00	140.8	4.4	10.9	1.0	22.1	50,729
BAT Kenya	Tobacco	Dec	425.00	331.75	368.00	-2.1	284	1.8%	48.82	54.02	163.8	7.5	14.7	2.2	29.8	47,214
BK Group	Banking	Dec	37.00	30.15	35.05	7.7	243	1.5%	10.26	3.28	46.8	3.4	9.4	0.7	21.9	12,465
I&M Holdings	Banking	Dec	36.55	17.15	34.90	-3.7	469	2.9%	8.06	3.85	45.5	4.3	11.0	0.8	17.7	29,252
Umeme Ltd.	Power	Dec	17.45	13.35	16.80	0.3	211	1.3%	0.26	0.92	22.0	64.2	5.5	0.8	1.2	2,696
Kenya Airways	Airlines	Dec	8.50	3.83	5.36	39.9	235	1.5%	2.63	-	(14.7)	2.0	-	-	-	10,786
Bamburi Cement	Cement	Dec	82.00	38.00	55.00	0.0	154	1.0%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	2,333,376
KenGen	Power	Jun	4.32	1.96	4.16	14.3	212	1.3%	1.03	0.65	41.6	4.0	15.6	0.1	2.5	62,187
Jubilee Insurance	Insurance	Dec	203.25	150.00	203.25	17.1	114	0.7%	67.32	12.00	613.8	3.0	5.9	0.3	11.0	11,051
DTB Bank	Banking	Dec	70.00	43.25	69.75	1.1	151	0.9%	29.76	6.00	256.8	2.3	8.6	0.3	11.6	30,690
Britam	Insurance	Dec	8.44	4.48	8.44	45.5	164	1.0%	1.45	-	9.2	5.8	-	0.9	15.6	25,266
Total Oil	Oil	Dec	23.75	16.50	21.85	9.3	106	0.7%	5.12	1.92	48.0	4.3	8.8	0.5	10.7	1,441
Kakuzi	Agric	Dec	440.00	353.50	395.00	2.6	60	0.4%	34.98	24.00	303.5	11.3	6.1	1.3	11.5	407
CIC Insurance	Insurance	Dec	2.68	1.98	2.60	20.9	52	0.3%	0.55	-	3.3	4.7	-	0.8	16.9	2,823
Centum Investment	Finance	Mar	12.10	7.88	11.45	15.9	59	0.4%	(8.95)	0.32	55.8	-	2.8	0.2	(16.1)	12,440
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	33.00	0.3	36	0.2%	(0.47)	4.00	24.1	-	7.3	2.3	(2.0)	302
Kenya Re	Insurance	Dec	2.87	1.04	1.70	32.8	37	0.2%	1.78	0.30	13.4	1.0	17.6	0.1	13.2	57,861
Sasini Tea & Coffee	Agric	Sept	22.00	14.40	15.00	0.0	26	0.2%	3.11	0.50	61.7	4.8	3.3	0.2	5.0	1,548
Carbacid	Gases	July	24.10	15.00	19.90	-5.0	39	0.2%	4.01	1.70	13.6	5.0	8.5	1.5	29.4	5,869
Nation Media	Media	Dec	22.00	11.75	13.30	-7.6	20	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	2,578
Kenya Power	Power	Jun	7.40	1.39	6.36	32.2	96	0.6%	15.41	0.70	29.1	0.4	11.0	0.2	52.9	76,732
TPSEA Serena	Tourism	Dec	20.05	11.75	15.50	4.0	22	0.1%	8.08	-	33.3	1.9	-	0.5	24.3	240
Liberty K. Holdings	Insurance	Dec	8.00	4.81	7.10	6.3	29	0.2%	2.04	0.37	15.9	3.5	5.2	0.4	12.8	3,598
BOC Kenya	Gases	Dec	95.00	67.00	80.50	-9.3	12	0.1%	10.73	8.55	85.1	7.5	10.6	0.9	12.6	11,109
NSE	Finance	Dec	6.84	5.44	6.48	8.0	13	0.1%	0.21	0.16	7.1	30.7	2.5	0.9	3.0	11,485
Housing Finance	Banking	Dec	9.42	3.52	8.12	80.0	118	0.7%	0.25	-	4.2	32.4	-	1.9	6.0	58,888
Unga Ltd	Food	Jun	18.70	11.45	18.70	24.7	11	0.1%	(18.92)	-	58.3	-	-	0.3	(32.4)	386
Sanlam Kenya	Insurance	Dec	7.20	3.90	7.04	42.2	8	0.0%	2.27	-	3.9	3.1	-	1.8	58.6	534
Car & Gen	Motors	Sept	30.40	18.85	22.00	-3.3	7	0.0%	(7.68)	-	135.8	-	-	0.2	(5.7)	478
Limuru Tea	Agric	Dec	380.00	314.00	314.00	-10.3	6	0.0%	0.11	1.00	80.9	-	0.3	3.9	0.1	202
WPP Scangroup	Media	Dec	3.00	1.90	2.97	19.8	10	0.1%	0.06	-	11.9	46.7	-	0.3	0.5	1,058
EA Portland	Cement	Jun	50.75	4.46	24.90	-18.6	17	0.1%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,686
Standard Newspapers	Media	Dec	7.86	4.51	5.00	-0.4	3	0.0%	(10.05)	-	0.4	-	-	11.4	(2,284)	128
Longhorn	Publishing	Jun	2.65	2.02	2.60	13.0	5	0.0%	(2.45)	-	2.8	-	-	0.9	(88.1)	119
TransCentury	Finance	Dec	0.93	0.32	0.93	138.5	3	0.0%	(6.72)	-	(9.5)	-	-	-	-	1,545
<b>Average</b>												<b>13.8</b>	<b>7.8</b>	<b>2.6</b>	<b>24.3</b>	<b>4,974,739</b>

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