

Stock Recommendation

Company	*Fair Value (KES)	Closing Price (KES)	Upside/downside (%)	Current Rating
Safaricom	33.27	18.60	78.9%	BUY
Equity bank	54.37	48.50	12.1%	HOLD
KCB bank	74.22	42.95	72.8%	BUY
Co-op bank	18.33	16.20	13.1%	HOLD
ABSA bank	11.52	17.15	-32.8%	SELL
StanChart bank	245.66	280.25	-12.3%	HOLD
NCBA bank	40.63	47.65	-14.7%	HOLD
I&M bank	38.37	33.20	15.6%	BUY
Stanbic bank	118.55	140.25	-15.5%	SELL
DTB bank	109.36	66.25	65.1%	BUY
EABL	341.24	180.25	89.3%	BUY
BAT Kenya	411.34	370.00	11.2%	HOLD

Kenya Market Summary

Equity market commentary and outlook

- During the week, KCB touched a six-day low on reduced local demand and Safaricom reached a thirty-week high on increased foreign participation. KQ appreciated for the seventh session repeatedly after the lifting of the ban on trading. Foreign investors led trading for the week at 56.4% of trading activity. Foreign investors remained net sellers at USD 2.0m (KES 254.0m). Safaricom registered the highest net foreign outflows at USD 2.1m (KES 269.1m), while EABL marked the highest net foreign inflows at USD 0.3m (KES 45.1m).

Debt market commentary and outlook

- Overall subscription rates declined to 78.6% from 138.1% the preceding week. Investors remained skewed on the 364-Day T-Bill. Activity improved for the 364-Day T-Bill but fell for the 91-Day and 182-Day T-Bills. The yield on the 91-Day and 364-Day T-Bills fell while that on the 182-Day T-Bill rose slightly. The yield on the 91-Day T-Bill declined for the twenty-sixth week and that of the 364-Day T-Bill fell for the twenty-fifth week repeatedly.

Key Market Indicators

Index	Level	1w	1m	3m	6m	12m	ytd (%)
Kenya NSE 20 Index	2,146.9	29.3%	27.1%	41.8%	48.7%	39.9%	6.8%
Kenya NASI	130.8	24.9%	22.7%	40.9%	52.5%	26.9%	5.9%

Source: NSE, Kestrel Research

NSE versus other markets

Index Returns (USD)	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
Nairobi All Share Index	0.9%	6.3%	6.3%	6.2%	44.6%	-41.0%
Johannesburg Index	3.5%	-5.5%	-6.8%	13.5%	14.4%	-15.3%
Nigeria Stock Exchange	-3.2%	4.1%	9.3%	-4.5%	-41.0%	58.2%
Ghana Stock Exchange	1.8%	0.5%	22.1%	-3.2%	6.8%	-21.3%
Egyptian Stock Exchange	0.9%	-2.9%	-3.3%	4.4%	-31.6%	46.7%
MSCI EFM ex SA Index	1.0%	0.9%	-1.3%	0.3%	4.1%	-4.5%

Other market statistics

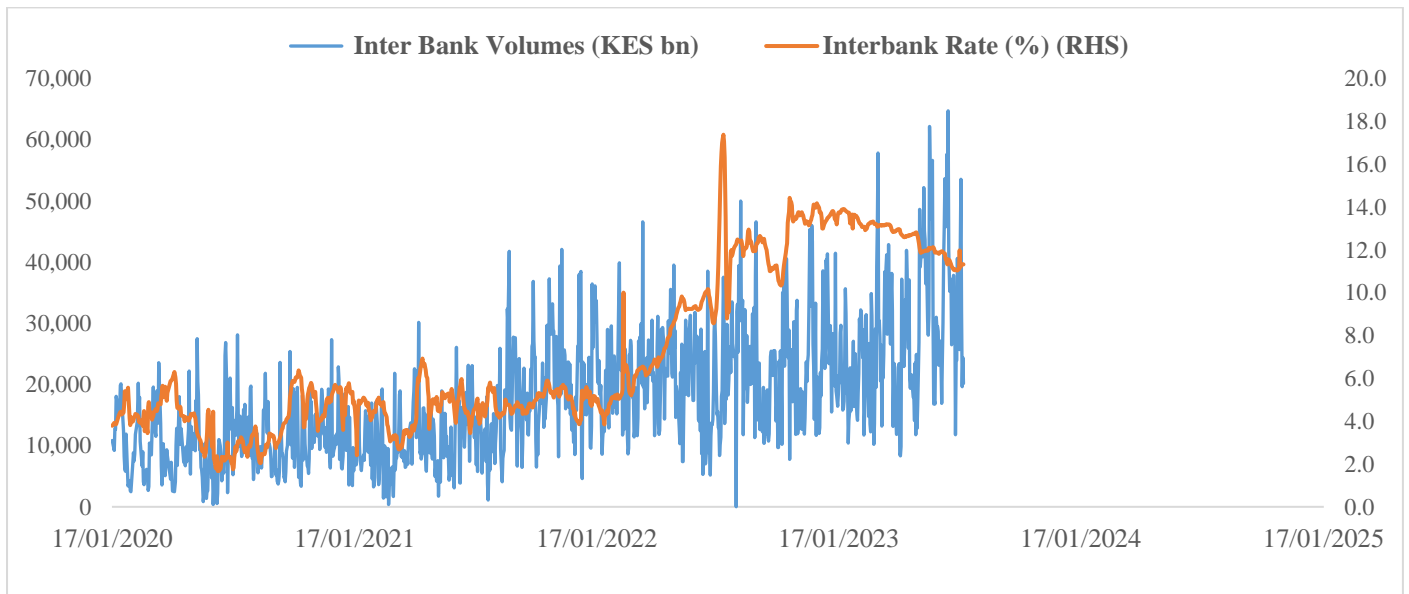
Currencies	Level	1w (%)	1m (%)	3m (%)	6m (%)	12m (%)	ytd (%)
USD/KES	129.39	-0.1%	-0.1%	-0.3%	1.0%	20.1%	-0.1%
USD/ZAR	18.75	1.9%	-2.4%	-6.5%	-2.6%	1.5%	-0.1%
USD/EGP	50.40	0.3%	1.0%	-3.6%	-4.5%	-63.1%	0.8%
USD/NGN	1557.00	-0.6%	-0.5%	4.9%	2.4%	-74.7%	-0.8%
USD/GHS	14.95	-1.2%	-1.7%	6.9%	3.2%	-24.1%	-1.7%

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	828.7	-26.1	59.2%	2.8%	9.1%	-3.6%	43.1%
KCB Bank	315.9	-24.5	48.8%	-0.8%	3.2%	-1.2%	126.1%
EABL	247.6	45.1	89.3%	0.4%	2.7%	-9.8%	80.3%
Equity Bank	187.8	-5.5	90.0%	2.1%	0.4%	-3.0%	34.7%
HFC Kenya	120.5	0.0	0.0%	54.8%	99.1%	0.0%	155.1%

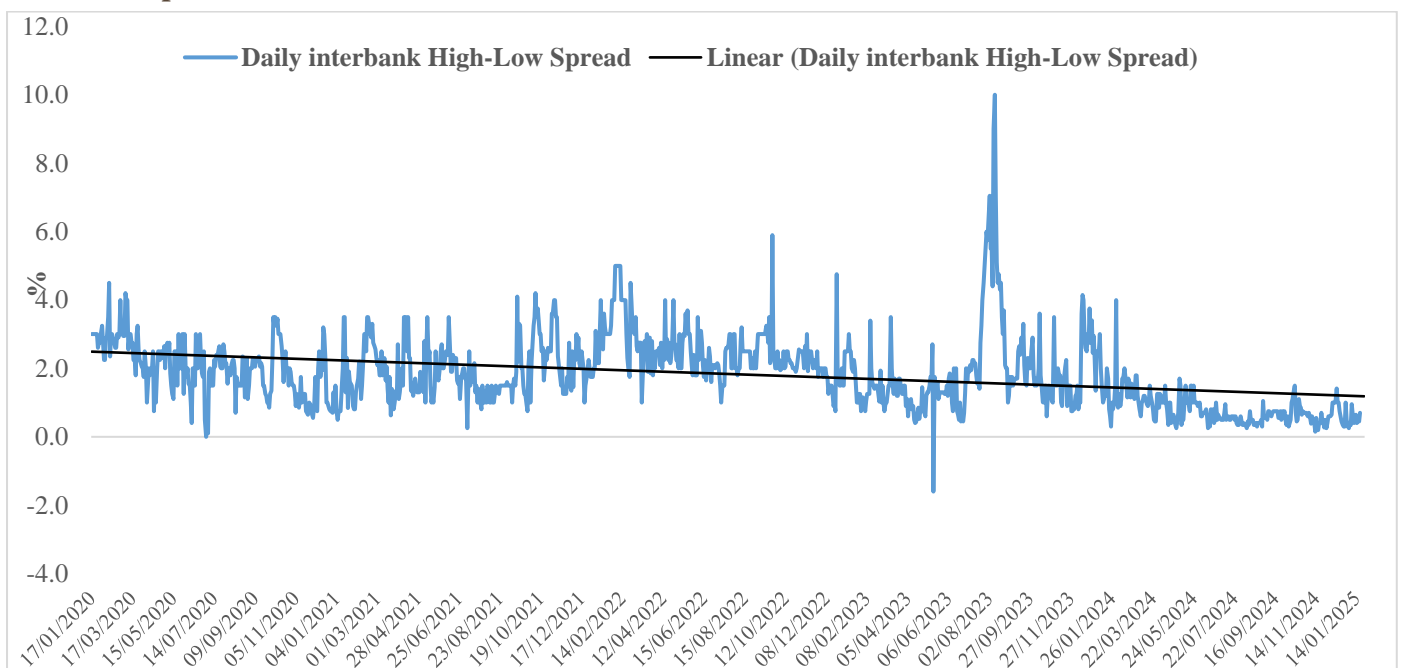
Key Rates and Spreads

Inter-bank Rates rise for the second week straight.



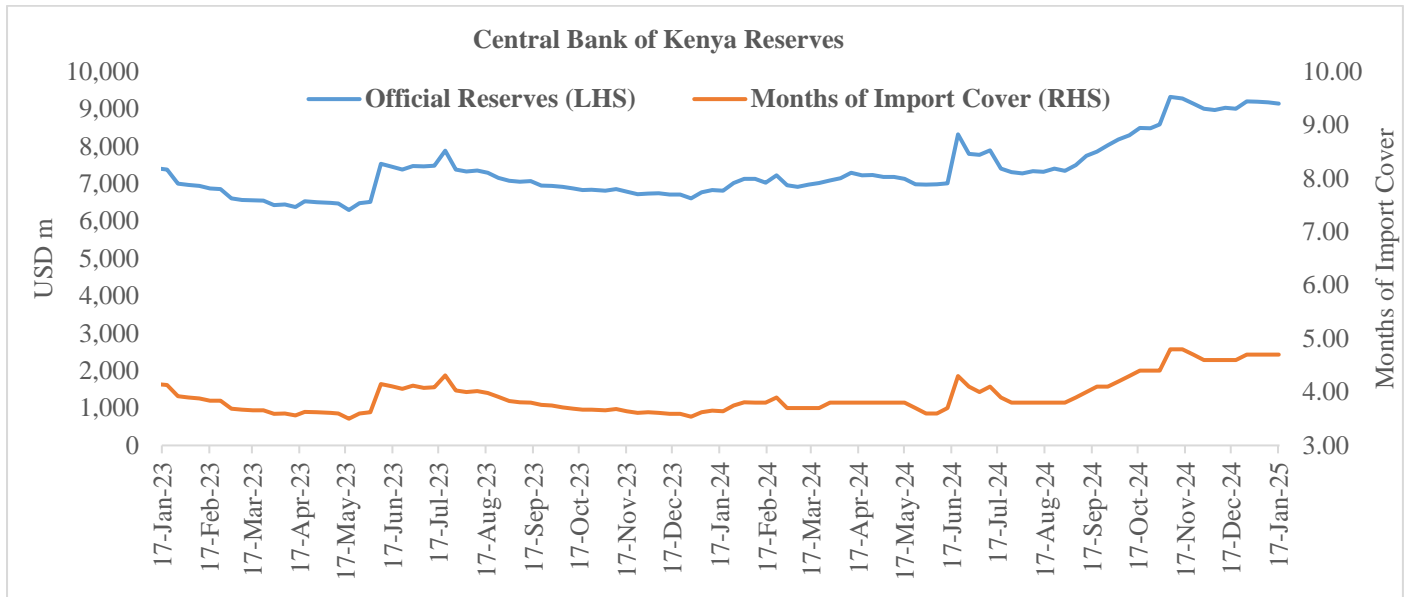
Source: CBK

Interbank spreads widen for the second week.



Source: CBK

Months of import cover and CBK FX remain steady.

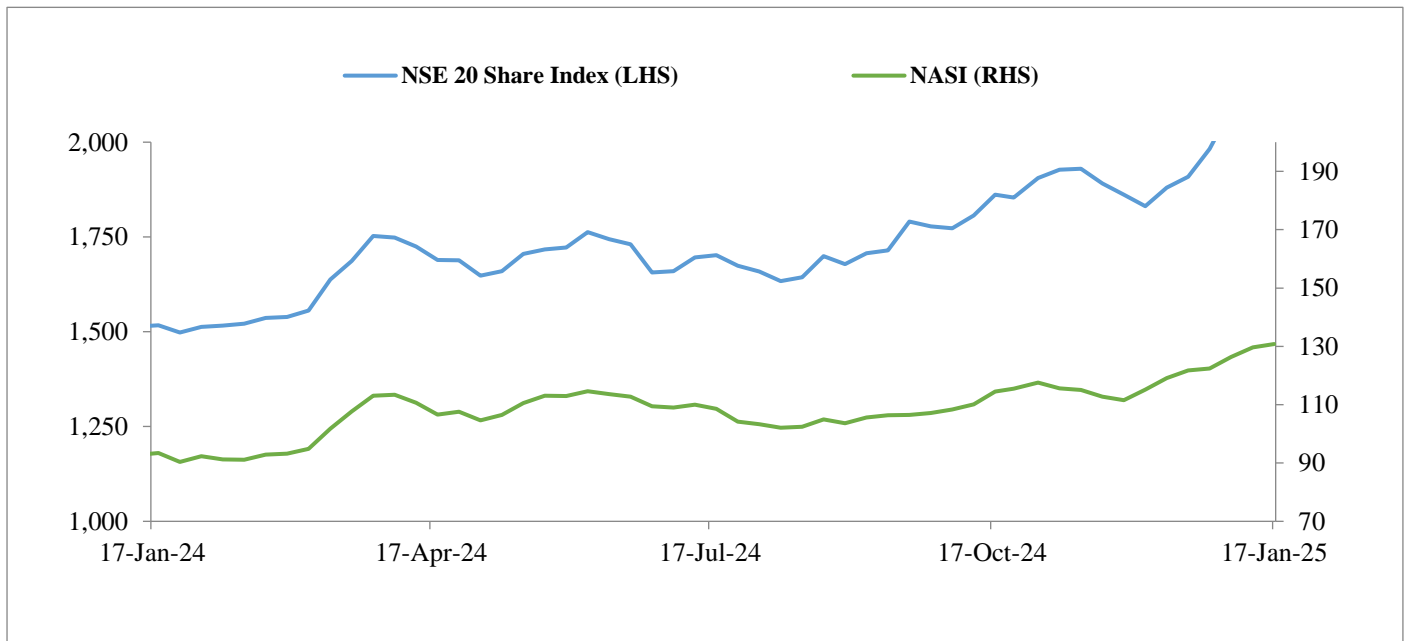


Source: CBK

Equity market trading commentary

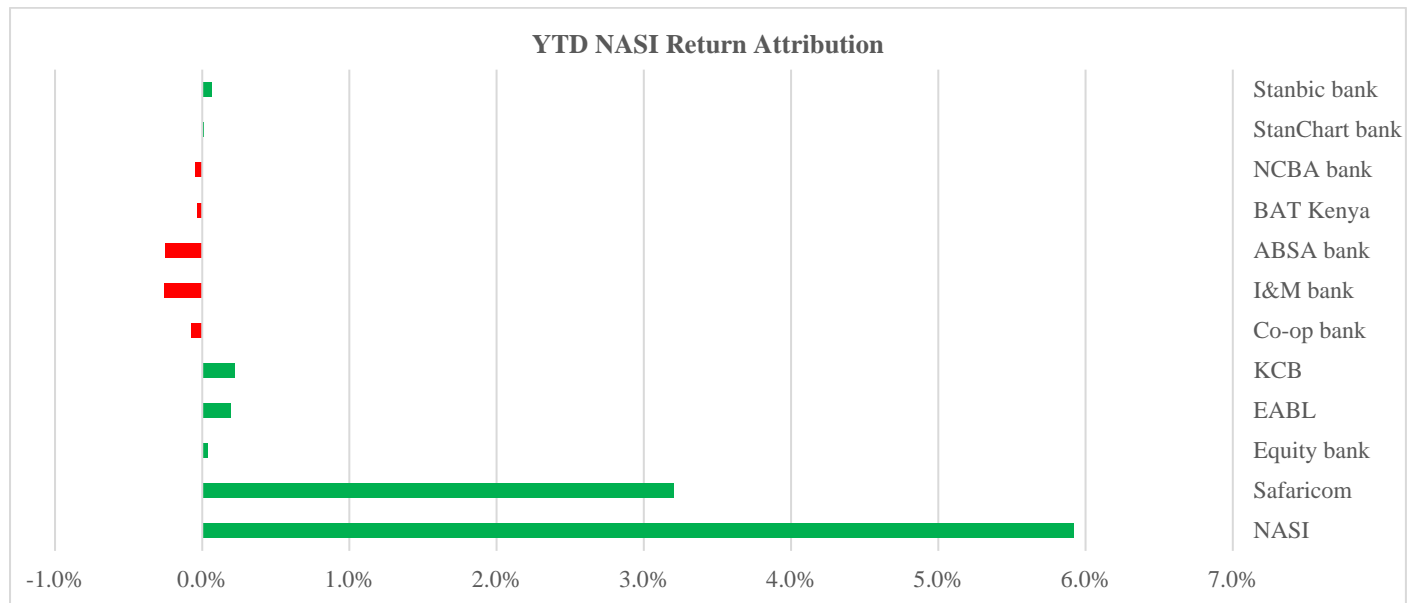
Total market turnover settled at USD 14.2m (KES 1.8bn), reducing by 34.0% from the previous week. The NASI notched up by 0.9% to conclude at 130.79 maintaining a seven-week climbing streak. The NSE 20 climbed by 0.1% to end at 2,146.86, rising for the sixth week repeatedly. Foreign investors led trading for the week at 56.4% of trading activity. Foreign investors remained as net sellers at USD 2.0m (KES 254.0m). Safaricom registered the highest net foreign outflows at USD 2.1m (KES 269.1m), while EABL marked the highest net foreign inflows at USD 0.3m (KES 45.1m).

Market performance over the past 12 months



Source: NSE

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



Source: Kestrel Research

Debt market trading commentary

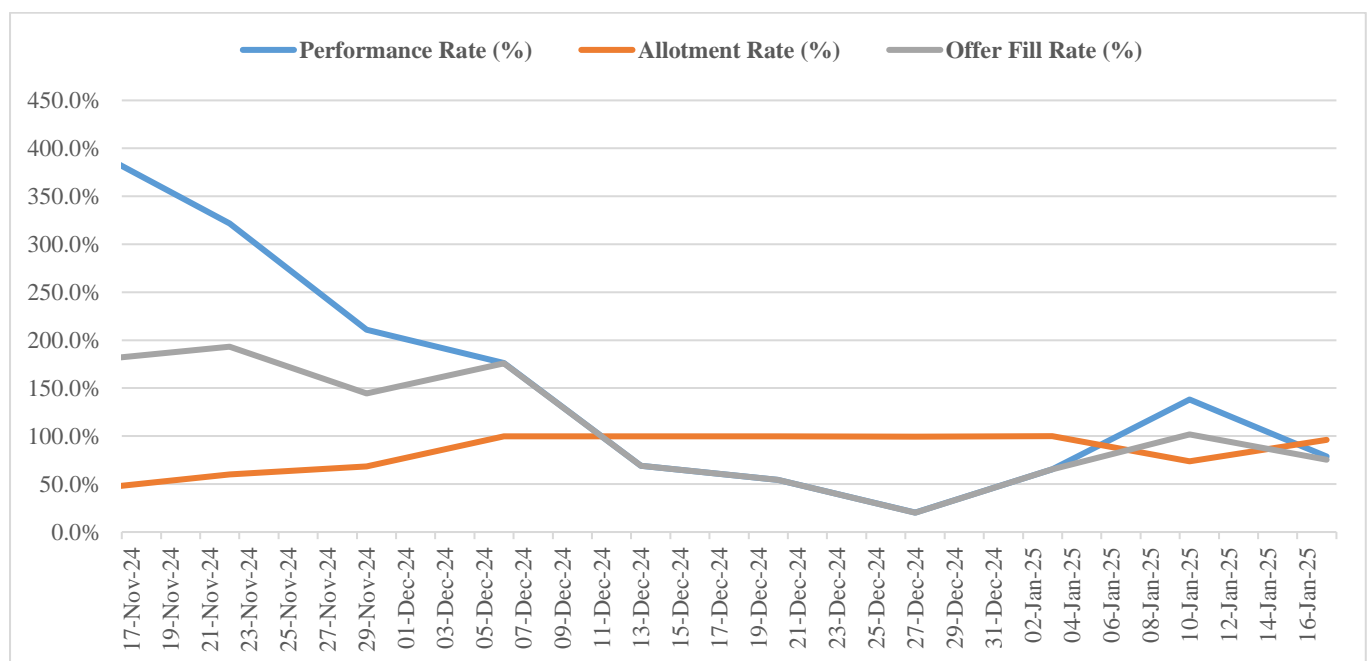
Overall subscription rates declined to 78.6% from 138.1% the preceding week. Investors remained skewed on the 364-Day T-Bill. Activity improved for the 364-Day T-Bill but fell for the 91-Day and 182-Day T-Bills. The yield on the 91-Day and 364-Day T-Bills fell while that on the 182-Day T-Bill rose slightly. The yield on the 91-Day T-Bill declined for the twenty-sixth week and that of the 364-Day T-Bill fell for the twenty-fifth 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 3.4bn for the 91-Day T-Bill, implying a subscription rate of 84.57%. It accepted bids worth KES 2.7bn at an average yield of 9.565% (-2.8 bps w/w).

The 182-Day T-Bill received bids worth KES 5.4bn, implying a performance rate of 54.47%. It accepted bids worth KES 5.4bn at an average yield of 10.030% (+0.5bps w/w).

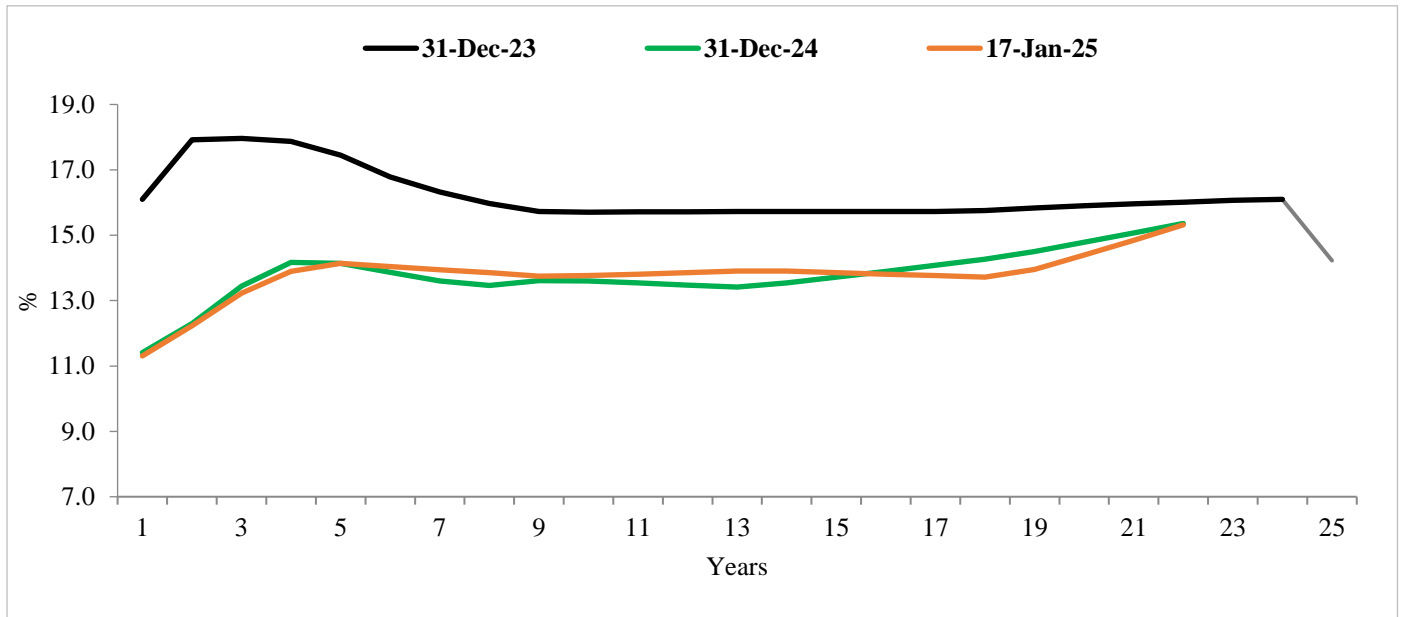
The 364-Day T-Bill received bids worth KES 10.0bn, implying a performance rate of 100.31%. It accepted bids worth KES 10.0bn at an average yield of 11.304% (-3.0bps w/w).

T-Bills Performance rates



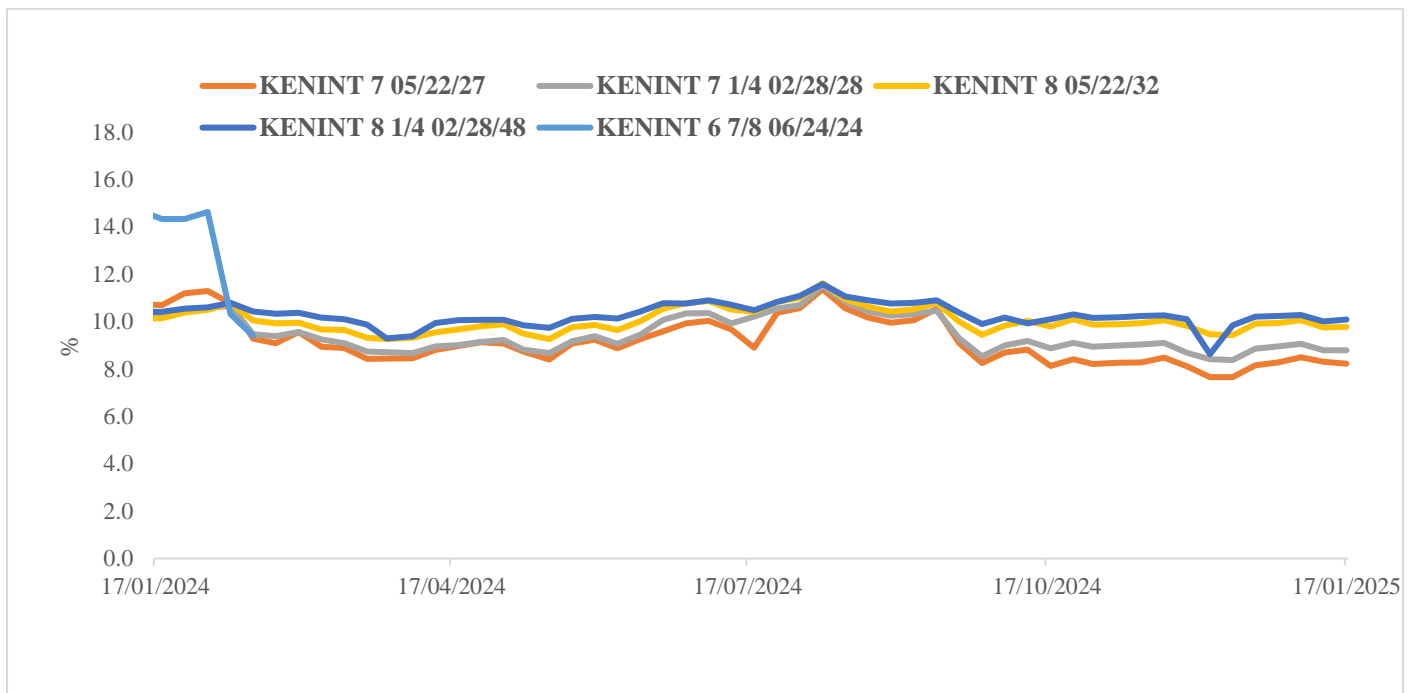
Source: CBK

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 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	18.60	9.1	5,751	36.1%	1.06	1.20	4.7	17.5	6.5	4.0	22.7	991,969
Equity Bank	Banking	Dec	50.00	36.00	48.50	0.4	1,413	8.9%	20.58	4.00	48.7	2.4	8.2	1.0	42.2	353,107
EA Breweries	Breweries	Jun	199.75	100.00	180.25	2.7	1,100	6.9%	11.38	6.00	27.1	15.8	3.3	6.7	42.0	253,297
Co-op Bank	Banking	Dec	17.80	11.30	16.20	-1.5	734	4.6%	6.91	1.50	18.4	2.3	9.3	0.9	37.5	53,494
NCBA Bank	Banking	Dec	51.00	36.30	47.65	-1.1	606	3.8%	13.30	3.00	53.7	3.6	6.3	0.9	24.8	30,663
Absa Bank	Banking	Dec	19.10	11.50	17.15	-5.0	719	4.5%	3.46	1.55	12.0	5.0	9.0	1.4	28.8	70,193
KCB Bank	Banking	Dec	43.45	19.00	42.95	3.2	1,065	6.7%	15.79	1.50	68.1	2.7	3.5	0.6	23.2	302,036
StanChart Bank	Banking	Dec	302.50	160.00	280.25	0.2	817	5.1%	38.05	37.00	158.0	7.4	13.2	1.8	24.1	48,993
Stanbic Bank	Banking	Dec	157.00	107.00	140.25	2.2	428	2.7%	31.16	15.00	140.8	4.5	10.7	1.0	22.1	33,831
BAT Kenya	Tobacco	Dec	425.75	331.75	370.00	-1.6	286	1.8%	48.82	54.02	163.8	7.6	14.6	2.3	29.8	45,653
BK Group	Banking	Dec	37.00	30.15	34.95	7.4	242	1.5%	10.26	3.28	46.8	3.4	9.4	0.7	21.9	11,188
I&M Holdings	Banking	Dec	36.55	17.15	33.20	-8.4	446	2.8%	8.06	3.85	45.5	4.1	11.6	0.7	17.7	31,506
Umeme Ltd.	Power	Dec	17.45	13.35	17.10	2.1	214	1.3%	0.26	0.92	22.0	65.4	5.4	0.8	1.2	2,748
Kenya Airways	Airlines	Dec	8.50	3.83	8.50	121.9	373	2.3%	2.63	-	(14.7)	3.2	-	-	-	7,885
Bamburi Cement	Cement	Dec	82.00	35.35	57.00	3.6	160	1.0%	(0.28)	5.47	82.1	-	98.6	0.1	(0.3)	2,333,721
KenGen	Power	Jun	4.32	1.96	4.14	13.7	211	1.3%	1.03	0.65	41.6	4.0	15.7	0.1	2.5	57,180
Jubilee Insurance	Insurance	Dec	200.00	150.00	194.25	12.0	109	0.7%	67.32	12.00	613.8	2.9	6.2	0.3	11.0	11,268
DTB Bank	Banking	Dec	70.00	43.25	66.25	-4.0	143	0.9%	29.76	6.00	256.8	2.2	9.1	0.3	11.6	33,546
Britam	Insurance	Dec	7.46	4.48	7.46	28.6	145	0.9%	1.45	-	9.2	5.2	-	0.8	15.6	25,020
Total Oil	Oil	Dec	23.75	16.50	21.95	9.8	107	0.7%	5.12	1.92	48.0	4.3	8.7	0.5	10.7	1,105
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	1,799
CIC Insurance	Insurance	Dec	2.53	1.98	2.53	17.7	51	0.3%	0.55	-	3.3	4.6	-	0.8	16.9	2,465
Centum Investment	Finance	Mar	11.20	7.88	10.90	10.3	56	0.4%	(8.95)	0.32	55.8	-	2.9	0.2	(16.1)	12,308
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	-	7.0	2.4	(2.0)	315
Kenya Re	Insurance	Dec	2.87	1.04	1.66	29.7	36	0.2%	1.78	0.30	13.4	0.9	18.1	0.1	13.2	54,536
Sasini Tea & Coffee	Agric	Sept	22.00	14.40	15.10	0.7	27	0.2%	3.11	0.50	61.7	4.9	3.3	0.2	5.0	1,385
Carbacid	Gases	July	24.10	15.00	19.05	-9.1	37	0.2%	4.01	1.70	13.6	4.8	8.9	1.4	29.4	6,325
Nation Media	Media	Dec	22.00	11.75	13.55	-5.9	20	0.1%	(5.09)	-	43.1	-	-	0.3	(11.8)	2,375
Kenya Power	Power	Jun	7.40	1.35	6.98	45.1	105	0.7%	15.41	0.70	29.1	0.5	10.0	0.2	52.9	75,444
TPSEA Serena	Tourism	Dec	20.05	11.75	15.05	1.0	21	0.1%	8.08	-	33.3	1.9	-	0.5	24.3	240
Liberty K. Holdings	Insurance	Dec	8.00	4.80	7.20	7.8	30	0.2%	2.04	0.37	15.9	3.5	5.1	0.5	12.8	3,618
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	11,033
NSE	Finance	Dec	6.84	5.44	6.72	12.0	13	0.1%	0.21	0.16	7.1	31.9	2.4	0.9	3.0	11,566
Housing Finance	Banking	Dec	8.98	3.52	8.98	99.1	131	0.8%	0.25	-	4.2	35.8	-	2.2	6.0	25,808
Unga Ltd	Food	Jun	17.70	11.45	17.00	13.3	10	0.1%	(18.92)	-	58.3	-	-	0.3	(32.4)	334
Sanlam Kenya	Insurance	Dec	7.60	3.90	6.10	23.2	7	0.0%	2.27	-	3.9	2.7	-	1.6	58.6	480
Car & Gen	Motors	Sept	30.40	18.85	24.10	5.9	7	0.0%	(7.68)	-	135.8	-	-	0.2	(5.7)	264
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	2.89	1.90	2.81	13.3	9	0.1%	0.06	-	11.9	44.2	-	0.2	0.5	1,048
EA Portland	Cement	Jun	50.75	4.46	27.90	-8.8	19	0.1%	(14.13)	-	239.8	-	-	0.0	(5.9)	1,651
Standard Newspapers	Media	Dec	7.86	4.51	5.00	-0.4	3	0.0%	(10.05)	-	0.4	-	-	11.4	(2,284)	117
Longhorn	Publishing	Jun	2.6	2.02	2.32	0.9	5	0.0%	(2.45)	-	2.8	-	-	0.8	(88.1)	86
TransCentury	Finance	Dec	0.71	0.32	0.50	28.2	1	0.0%	(6.72)	-	(9.5)	-	-	-	-	403
Average												13.6	8.0	2.5	24.0	4,922,526

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