



Faida Weekly Report (Week 9)

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International Highlights

Europe

EU Chiefs Pile Pressure on Italy

Italy has been on the receiving end of pressure from European leaders to form a unity government

European Union (EU) President Herman Van Rompuy warned that backsliding on budget discipline and economic reforms would shatter market confidence in the Euro's crisis management. Italy has been on the receiving end of pressure from European leaders to form a unity government committed to budget rigor after a deadlocked election stirred fears of a quagmire that could reignite the Euro debt crisis. The stalemate in Italy shook the European bond markets with investors moving money from crisis-hit Spain, Portugal, Greece and Italy itself to the perceived haven of Germany.

Asia

January 2013 Japan Factory Output Up 1.0%

Factory output in Japan rose in January 2013 by 1.0%

According to the government, the factory output in Japan rose in January 2013 by 1.0% over the previous month, a smaller increase than expected, but still a positive sign of recovery. Expectations stood at 1.5% market expansion over the revised 2.4% increase experienced in December 2012. The January 2013 increase is still down 5.1% from a year earlier. The small monthly increase can be credited to the rising shipments of vehicles, iron, steel, electronics equipment, semiconductors and auto parts. The Japanese Ministry of Economy, Trade, and Industry stated that the second consecutive month of increases suggested that the slump in industrial production had "bottomed out" and that things were picking up.

Economic Highlights

Currency Highlights

| | Previous Week Close | Week High | Week Low | Current Week Close |
|-----------------|---------------------|---------------|---------------|--------------------|
| USD/KES | 87.54 | 87.47 | 86.14 | 86.14 |
| EURO/KES | 115.66 | 115.44 | 112.72 | 112.72 |
| GBP/KES | 133.81 | 132.69 | 130.74 | 130.76 |

The Kenya Shilling strengthened against the USD, Euro and GBP

Last week, the Kenya Shilling strengthened against the USD, Euro and GBP, to close the week at a mean of KES 86.14, KES 112.72 and KES 130.76 respectively.

This was in the backdrop of tight liquidity due to aggressive mopping up of liquidity and the last day of trading before the country held its general elections.

Inflation up 0.78%

February 2013 m-o-m inflation up by 0.78%

The Kenya National Bureau of Statistics (KNBS) released its estimates for the February 2013 month on month inflation which went up by 0.78% to 4.45%.

This was largely driven by the food and nonalcoholic beverage commodity group, which has the highest CPI weight of 36.04%, going up by 1.29% during the month under review. The food stuffs that contributed to this increase are packeted milk which went up by 7.5% and Kale/Sukuma wiki which went up by 8.96% in February 2013.

Going forward, we may see a slow but steady increase in the rate of inflation during the month of March 2013 given that it is the month of the country's general elections.

Company Highlights

E.A. Portland Cement Returns to Profitability

EAPCC posted a KES 327.1 million profit for the six months to December 2012

East Africa Portland Cement (EAPCC) has posted a KES 327.1 million profit for the six months to December 2012 on the back of reduced operating costs. Revenues during the period dropped by 8.1% from KES 4.9 billion during a similar period in 2011 to KES 4.5 billion in 2012. Return to profitability is mainly attributed to a reduction in overall costs with the cost of sales dropping by KES 860 million to KES 3.2 billion during the half year.

East African Cables Profit Up 66%

East African Cables posted a 66% increase in profits after tax to KES 522 million for FY2012

East African Cables posted a 66% increase in profits after tax to KES 522 million for FY2012, as lower costs offset a drop in revenue. The company stated that revenue fell by 12.0% to KES 4.3 billion as a result of lower world metal prices. Finance costs dropped 80% to KES 22.1 million as a result of lower interest rates in 1H2011. The company also stated that growth in earnings was driven by increased export sales, production efficiency, cost reduction, stability in regional currencies and improved profits from the Tanzanian subsidiary.

CMC Shares Soon To Resume Trading

CMC Holdings shareholders have agreed to withdraw cases related to boardroom wrangles

CMC Holdings shareholders have agreed to withdraw cases related to boardroom wrangles in a bid to have the stock resume trading at the Nairobi Securities Exchange. The claim of KES 1.5 billion from Andy Forwarders is among the cases to be withdrawn. Andy Forwarders is owned by the company's top shareholder Peter Muthoka. Mr. Muthoka is to nominate two directors to represent his interests at an annual general meeting expected to be held by April 2013.

Equity market Summary as at 1st March 2013

Top Gainers

| | Price | %ch | EPS | DPS | PE |
|----------------------|-------|-------|-------|------|-------|
| Express Kenya | 3.40 | 11.5% | -6.47 | 0.00 | -0.47 |
| Housing Finance | 19.60 | 10.1% | 2.70 | 1.20 | 6.59 |
| KenGen | 12.05 | 10.0% | 1.28 | 0.60 | 8.55 |
| E.A. Cables | 14.75 | 9.7% | 1.15 | 0.80 | 11.70 |
| E.A. Portland Cement | 50.00 | 7.0% | -9.09 | 0.00 | -5.14 |

Top Losers

| | Price | %ch | EPS | DPS | PE |
|----------------|--------|-------|-------|-------|-------|
| Mumias Sugar | 4.20 | -9.7% | 1.32 | 0.50 | 3.52 |
| Scangroup | 66.00 | -8.3% | 2.55 | 0.70 | 28.24 |
| Bamburi Cement | 203.00 | -5.1% | 14.44 | 10.00 | 14.82 |
| Kapchorua Tea | 115.00 | -4.2% | 19.93 | 7.50 | 6.02 |
| Eaagads | 23.00 | -4.2% | 1.36 | 1.25 | 17.65 |

Top Traders as at 1st March 2013

| | Price | Volume Traded | % Price ch | EPS | PE |
|------------------|-------|---------------|------------|-------|--------|
| KCB | 36.00 | 9,172,100 | -5.9% | 3.72 | 9.67 |
| Safaricom | 5.80 | 6,744,300 | 0.9% | 0.32 | 18.125 |
| Equity Bank | 28.25 | 1,793,800 | 0.0% | 2.79 | 10.13 |
| Mumias Sugar | 4.20 | 1,669,900 | 0.0% | 1.32 | 3.18 |
| British American | 7.05 | 1,491,600 | 1.4% | -1.09 | -6.46 |

On 1st March 2013, the NSE 20 share index dropped 8.12 points to close the week at 4510.47 while the NASI gained 0.27 points to close the week at 107.18 points.



Source: Bloomberg

On 1st March 2013, the FTSE NSE KENYA 15 dropped 0.11 points while the FTSE NSE KENYA 25 indices dropped 0.36 points to close the week at 141.01 points and 143.92 points respectively.

Agricultural Sector

Eaagads dropped by 4.2% w-o-w to close at KES 23.00 as the fifth top loser of the week.

Kapchorua Tea dropped by 4.2% w-o-w

Kapchorua Tea dropped by 4.2% w-o-w to close at KES 115.00 as the fourth top loser of the week, trading a total of 1,000 shares on 1st March 2013.

Banking Sector

Housing Finance gained 10.1% w-o-w to close at KES 19.60 as the second top gainer of the week, trading a total of 138,800 shares on 1st March 2013.

KCB dropped by 1.4% w-o-w to close at KES 36.00

KCB dropped by 1.4% w-o-w to close at KES 36.00, trading a total of 9.1 million shares on 1st March 2013. The bank announced a 13.7% increase in Profit after Tax (PAT) to KES 17.2 billion in FY2012.

Equity Bank gained by 5.6% w-o-w to close at KES 28.25

Equity Bank gained by 5.6% w-o-w to close at KES 28.25, trading a total of 1.8 million shares on 1st March 2013. The bank posted a 36% increase in Profit before Tax (PBT) to KES 17.4 billion in FY2012.

The Co-operative Bank gained 6.5% w-o-w to close at KES 13.95

The Co-operative Bank gained 6.5% w-o-w to close at KES 13.95, trading a total of 697,800 shares on 1st March 2013. The bank recorded a 43.7% increase in Profit after Tax (PAT) to KES 7.7 billion in FY2012.

Commercials and Services Sector.

Express Kenya gained by 11.5% w-o-w to close at KES 3.40 as the top gainer of the week.

Scangroup dropped by 8.3% w-o-w to close the week at KES 66.00, trading a total of 28,600 on 1st March 2013.

Construction & Allied Sector

Athi River Mining remained unchanged w-o-w to close at KES 62.50, trading a total of 360,000 shares on 1st March 2013.

Bamburi Cement dropped by 5.1% w-o-w

Bamburi Cement dropped by 5.1% w-o-w to close at KES 214.00 as the third top loser of the week, trading a total of 7,900 shares on 1st March 2013.

E.A. Cables gained by 9.7% w-o-w to close at KES 14.75 as the fourth top gainer of the week, trading 26,400 shares on 1st March 2013. The company announced a 66% increase in profit after tax to KES 522 million for FY2012.

Energy and Petroleum Sector

KenGen gained by 10.0% w-o-w to close at KES 12.05

KenGen gained by 10.0% w-o-w to close at KES 12.05 as the third top gainer of the week, trading a total of 122,700 shares on 1st March 2013.

KPLC dropped by 2.0% w-o-w to close the week at KES 17.90, trading a total of 22,500 shares on 1st March 2013.

KenolKobil gained by 6.7% w-o-w to close at KES 13.50, trading a total of 18,200 shares on 1st March 2013.

Insurance Sector

Britam Investments gained by 6.8% w-o-w

Britam Investments gained by 6.8% w-o-w to close at KES 7.05, trading a total of 1.5 million shares on 1st March 2013.

CIC Insurance gained by 4.9% w-o-w to close at KES 4.25, trading 990,100 shares on 1st March 2013.

Pan Africa Insurance gained by 4.7% w-o-w to close at KES 50.25, trading a total of 22,900 shares on 1st March 2013. The counter gained by 4.4% w-o-w the previous week.

Investment Sector

Centum Investments gained by 6.5% w-o-w

Centum Investments gained by 6.5% w-o-w to close at KES 14.65, trading a total of 161,600 shares on 1st March 2013.

City Trust dropped by 0.7% w-o-w to close at KES 448.00, trading a total of 6,700 shares 1st March 2013. The counter dropped by 5.3% w-o-w the previous week.

TransCentury gained by 2.8% w-o-w to close at KES 27.25, trading a total of 51,300 shares on 1st March 2013.

Manufacturing & Allied Sector

Mumias Sugar dropped by 9.7% w-o-w to close at KES 4.20

B.O.C Kenya dropped by 7.4% w-o-w to close at KES 100.00, trading a total of 235,200 shares during the week.

Mumias Sugar dropped by 9.7% w-o-w to close at KES 4.20, trading 1.7 million shares on 1st March 2013. The company announced a Loss before Tax of KES 1.6 billion in 1H2013.

Telecommunication & Technology Sector

Access Kenya gained by 5.7% w-o-w to close at KES 6.50, trading a total of 31,100 shares on 1st March 2013.

Safaricom gained 1.8% w-o-w to close at KES 5.80 as the top trader on 1st March 2013, trading a total of 6.7 million shares.

Market Outlook

We expect to see minimal activity in the coming days, especially from foreign investors until the presidential results are announced.