

KEY MARKET INDICATORS

COUNTRY	INDEX	W-o-w (%)	YTD	MARKET CAPITALIZATION
KENYA	All Share Index(NASI) - 152.91	-0.9%	8.9%	USD Mn – 22,883 KES Bn – 2,289
	NSE 20 Share Index - 2916.19	-2.0%	2.9%	USD Mn – 19,619 KES Bn – 1,963
	NSE 25 Share Index - 3,821.50	-1.8%	7.6%	USD Mn – 21,215 KES Bn – 2,122
UGANDA	UGSINDX – 1,735.16	-1.5%	5.2%	USD Mn – 6,404 UGS Bn – 23,717
TANZANIA	DSEI – 2,082.00	-3.1%	2.0%	USD Mn – 8,767 TZS Bn – 20,068
RWANDA	RSEASI – 130.65	-	-0.4%	USD Mn – 3,316 RWF Bn – 2,937

Source: NSE, UGSE, DSE, RSE

KEY ECONOMIC INDICATORS

EXCHANGE RATE	W-o-w (%)	YTD	INFLATION(MM/YY)	GDP GROWTH
KES/USD –100.04	0.2%	1.8%	4.1%(02/2019)	6.0%(3Q2018)
UGS/USD 3,703.51	-0.9%	0.3%	2.7%(01/2019)	6.4%(3Q17/18)
TZS/USD –2,289.02	-	-0.3%	3.0%(01/2019)	7.1%(FY2017)
RWF/USD – 885.78	-0.1%	-0.8%	1.0%(01/2019)	7.7%(3Q2018)

Source: CBK, BOU, BOT, NBR, KNBS, UBOS, NBS, NISR

Stanbic Group Posts a 45.7% Growth in After Tax Profits for FY2018

Stanbic Group announced its FY2018 results, showing impressive growth. The group's after tax profits for FY2018 edged up by 45.7% y/y to KES 6.3 billion from KES 4.3 billion in FY2017 mainly on account of a 15.9% y/y rise in total income to KES 22.1 billion. Total income was buoyed by an 18.3% y/y and a 14.0% y/y rise in non-funded and net-interest income to KES 10.0 billion and KES 12.1 billion respectively. The growth in net-interest income, was supported by a 22.1% y/y growth in the group's loan book to KES 175.0 billion (FY2017: KES 143.3 billion). Non-funded income growth was backed by robust income from trade finance, advisory services and treasury activities. According to the group, operating expenses climbed marginally by 2.0% y/y to KES 11.1 billion, slowed down by enhanced operational efficiency; the cost-to-income ratio improved to 50.2% (FY2017: 57.2%). Bank and customer deposits advanced by 13.5% y/y to KES 219.5 billion. Borrowings edged up by 77.1% y/y to KES 7.1 billion necessitated by the group's aim to meet its tier 2 capital requirement obligations. We opine that the Group's current strategy (increasing efficiency, client focus and mitigating risks) will continue to boost bottom-line performance in FY2019.

Safaricom Launches 400G Network

Safaricom, in partnership with Huawei, is set to upgrade its data network with the launch of a 400G (400 Gigabits per second) network link from the current 100G (100 Gigabits per second) link. This is in response to increasing data demand as a result of a growing user base and increased use of data intensive applications. This has seen the average monthly mobile data usage per active customer increase from 160MB in 1H2016 to 640MB in 1H2019 (CAGR of +59.0%). Currently, the company's fibre network reaches more than 220,000 homes (as at the end of September 2018, the company had connected 79,000 homes) and 17,000 businesses. The company also stated that the new technology will result in OPEX

savings since it's cheaper to maintain. We see this is as particularly important in lowering OPEX intensity and ultimately preserving margins as mobile data rates (yields) come under downward pressure from increasing competition. We expect the new network technology to improve the overall customer experience. This will enhance customer stickiness and help the company maintain its market leadership position.

IFC Disburses KES 10.0 billion to Equity Bank for SME Lending

Equity Bank (Kenyan Subsidiary) has received KES 10.0 billion in funding from the International Finance Corporation (IFC). The bank will primarily use the long-term loan to provide credit to micro, small and medium sized enterprises (MSME's) in Kenya and boost capital adequacy. Enterprises that are set to benefit are those with 10 to 300 employees or annual sales of between KES 10.0 million and KES 1.5 billion. Borrowers will be able to obtain a minimum of KES 1.0 million and a maximum of KES 200.0 million in funding. Part of the loan will also be used to fund sustainable energy projects. The IFC will additionally provide advisory services to Equity Bank on the MSME lending. We expect the loan to: (i) support Equity's loan book growth (increased loans and advances to customers) and, (ii) enhance the bank's capital adequacy.

KenGen Secures KES 7.6 billion Contract to Provide Drilling Services to Ethiopia

Through a joint bid with a Chinese company Shandong Kerui Group. KenGen has secured a KES 7.6 billion contract to drill geothermal wells for Ethiopian firm, Ethiopian Electric Power (EEP). The project is funded by the World Bank (through a USD 76.8 million loan to Ethiopia) and will be carried out in two phases. The first phase will involve the replacement of EEP's drilling rigs, while the second phase will entail the provision of drilling services. According to management, the project is part of the company's revenue diversification strategy which comprises tapping of new revenue sources such as offering geothermal consultancy and drilling services. We expect the project to enhance KenGen's top-line performance.

Stock Market Performance and Outlook

The overall market sustained the downward trend adopted over the last couple of weeks, easing by 0.9% w/w to close the week at 152.91 (NASI). We continue to attribute the dip in the market to profit-taking activities by investors. In comparison to the previous week, there was an increase in trading activities, particularly from foreign investors (both buy-side and sell-side). We expect the market conditions to remain relatively unchanged in the coming week. Moreover, we expect investor focus to be skewed towards the banking counters as they release FY2018 results.

Equity Market Summary

Banking Sector	Price (KES)	YTD change	% w-o-w Change	Volume Traded	C/I Ratio	P/E (X)	Dividend Yield	P/B (X)	P/B (X)*	ROE
KCB	41.65	11.2%	-0.8%	7,609,000	50.9%	6.48	7.2%	1.21	1.29	19.5%
Equity Bank	40.95	17.5%	-1.0%	5,966,600	53.5%	8.19	4.9%	1.66	1.79	21.6%
NIC Bank	35.90	29.1%	-10.0%	533,900	42.6%	5.54	2.8%	0.66	0.78	12.7%
Stanbic	94.25	3.9%	2.7%	47,300	57.2%	8.65	5.6%	0.87	0.88	10.4%
National Bank	6.00	12.8%	-1.0%	64,700	83.2%	4.95	0.0%	0.28	0.35	4.5%
Barclays Bank	11.30	3.2%	-1.7%	4,039,200	55.5%	8.86	8.8%	1.45	1.50	16.3%
Housing Finance	6.14	10.8%	-2.2%	42,900	78.9%	17.14	5.7%	0.19	0.21	1.1%
Co-operative Bank	14.45	1.0%	-1.0%	3,115,200	52.2%	7.43	5.5%	1.21	1.23	17.4%
Diamond Trust Bank	148.00	-5.4%	-2.0%	158,000	42.3%	6.42	1.8%	0.77	0.75	13.0%
Standard Chartered	197.75	1.7%	-1.1%	162,900	45.7%	9.82	8.6%	1.49	1.52	15.3%
I&M	92.00	8.2%	-1.9%	50,100	36.8%	5.62	3.8%	0.81	1.03	15.6%
Sector Average					54.4%	8.10	5.0%	0.96	1.03	13.4%

*P/B (X) - 1H2018 & P/B (X) - FY2017

Commercial and Services	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E (X)	Dividend Yield	EPS(KES)	ROE
Kenya Airways	6.06	-31.9%	-19.0%	861,000	-7.48	0.0%	-0.81	N/M
Nation Media Group	60.00	-12.4%	-7.0%	361,600	8.70	16.7%	6.9	19.1%
WPP Scangroup	12.00	-14.3%	-7.7%	9,309,700	10.71	4.2%	1.12	5.2%
Uchumi Supermarket	0.61	-23.8%	-6.2%	443,400	-0.13	0.0%	-4.6	N/M
Longhorn Publishers	5.98	29.7%	8.7%	837,300	12.20	6.4%	0.49	13.1%
Eveready	1.00	0.0%	-1.0%	82,500	0.79	100.0%	1.27	-35.3%
Sector Average					4.13	5.4%		0.5%

*N/M - Not Meaningful

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Construction & Allied	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	NPM*	ROE
ARM Cement	5.55	0.0%	0.0%	0	-1.68	0.0%	-21.9%	-12.5%
Bamburi Cement	130.00	-1.9%	-0.8%	30,900	28.63	3.1%	15.5%	6.4%
E.A. Portland Cement	16.60	3.8%	7.1%	800	-1.02	0.0%	19.3%	25.0%
Sector Average					8.65	1.0%		6.3%

*NPM - Net Profit Margin

Energy & Petroleum Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
KenGen	6.58	-6.3%	5.1%	992,200	5.48	6.1%	1.20	4.2%
KenolKobil	22.00	15.5%	0.0%	0	13.17	2.7%	1.67	23.4%
Kenya Power	4.62	13.5%	-3.8%	2,423,100	4.71	0.0%	0.98	3.0%
Total Kenya	30.40	10.5%	1.3%	36,400	6.99	4.3%	4.35	13.4%
Sector Average					7.59	2.9%		10.2%

Insurance Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/B(X)	P/E(X)	Loss Ratio	Expense Ratio
CIC Insurance	4.05	4.9%	-0.2%	483,200	1.39	22.50	65.0%	59.7%
Britam	9.78	-2.2%	0.8%	348,700	0.93	40.75	61.6%	133.1%
Jubilee	421.00	4.0%	-1.2%	25,600	1.21	8.42	102.4%	142.2%
Kenya Re	13.70	-1.8%	-4.2%	2,727,100	0.35	2.68	55.5%	99.6%
Sanlam Kenya	23.50	6.8%	1.1%	13,400	0.84	111.90	83.7%	68.6%
Liberty	11.00	-14.7%	-1.8%	29,200	0.79	6.96	75.8%	77.4%
Sector Average					0.92	9.57	74.0%	96.8%

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Investment Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	P/B(X)	NAVPS**	EPS (KES)	ROE
Centum Investment	32.15	9.9%	-2.0%	216,600	7.66	0.42	73.2	4.20	5.6%
Home Afrika Ltd	0.60	-14.3%	0.0%	242,900	-1.54	-5.83	0.85	-0.39	2.6%
Trans-Century	3.10	342.9%	-0.3%	13,600	-1.99	0.25	40.96	-1.56	4.7%
Sector Average					N/M	-1.72			4.3%

*NPM - Net Profit Margin, **NAVPS - Net Asset Value Per Share

Investment Services	Price (KES)	YTD Change	%w-o-w change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
NSE	14.80	1.7%	1.4%	146,300	17.83	2.0%	0.83	11.2%
Sector Average					17.83	2.0%		

Manufacturing & Allied Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Mumias Sugar	0.55	-5.2%	-9.8%	768,800	-0.12	0.0%	-4.43	-69.4%
EABL	194.00	11.0%	-2.4%	745,100	26.98	3.9%	7.19	61.4%
FTG Holdings	2.50	0.0%	0.0%	7,000	2.94	0.0%	0.85	22.3%
Carbacid	9.20	-8.0%	-3.4%	113,100	6.67	7.6%	1.38	14.6%
BAT	599.00	-17.4%	-1.8%	709,500	17.96	4.3%	33.36	48.0%
Sector Average					10.88	3.2%		

Telecommunication & Technology Sector	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	P/E(X)	Dividend Yield	EPS (KES)	ROE
Safaricom	26.00	17.1%	0.0%	35,359,000	18.57	4.2%	1.40	47.8%
Sector Average					18.57	4.2%		

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Real Estate Investment Trust	Price (KES)	YTD Change	% w-o-w Change	Volume Traded	NAVPS*	Dividend Yield	EPS (KES)
STANLIB FAHARI I-REIT	9.66	-11.8%	1.7%	81,600	NA	NA	NA
Sector Average						NA	

*NAVPS - Net Asset Value Per Share

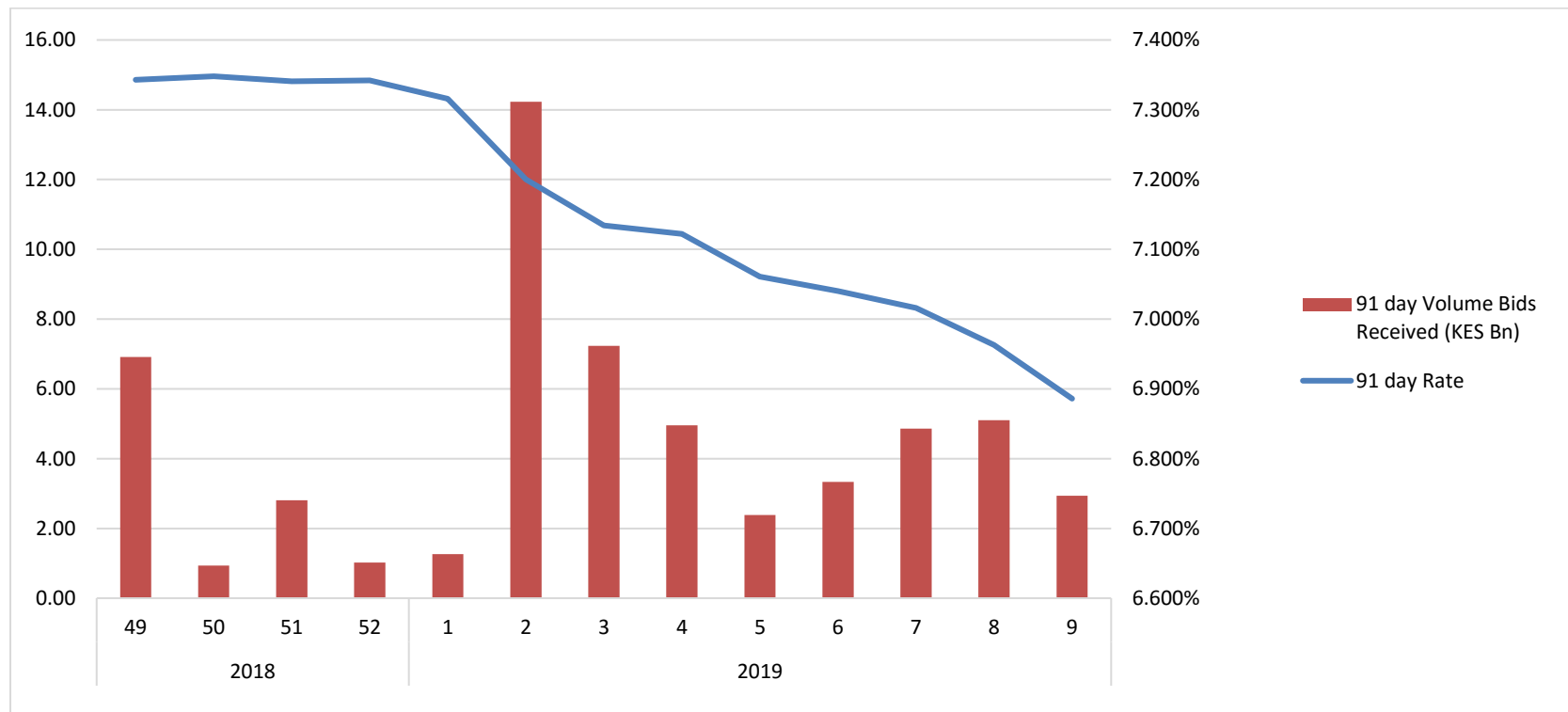
Market Statistics	This Week	Last Week	% Change
Total Volumes	79,304,900	72,528,800	9.3%
Total Turnover (KES)	2,468,312,249	2,318,418,484	6.5%

Fixed Income Market Summary

	Bids Received (KES)	Subscription	Bids Accepted (KES)	Rate	Previous Rate	% Change
91 day T-bill	2.94Bn	73.40%	2.94Bn	6.886%	6.963%	-0.077
182 day T-bill	7.76Bn	77.61%	7.71Bn	8.317%	8.375%	-0.058
364 day T-bill	8.08Bn	80.79%	6.25Bn	9.476%	9.492%	-0.016

Graph showing 91 day T-bill rate and volume

Week No. 9



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Corporate Actions

Counter	Corporate Action	Declared	Date Announced	Books Closure Date	Payment Date
Stanbic Holdings PLC	Final dividend	Kes.3.55	01-Mar-19	10-May-19	Subject to Approval
BAT Kenya PL	Final dividend	Kes.31.50	14-Feb-19	14-Mar-19	10-May-19
East African Breweries Ltd	Interim dividend	Kes.2.50	25-Jan-19	22-Feb-19	11-Apr-19
I&M Holdings Plc	Interim dividend	Kes.3.90	31-Dec-18	28-Feb-19	23-May-19
Car & General Ltd	Final dividend	Kes.0.80	27-Dec-18	18-Feb-19	25-Mar-19

Market Recommendations

Counter	Recommendation	52-Week High	52-Week Low	YTD Change	Price as at 1st March 2019
KCB Group	Long-term Buy	55.00	34.00	11.2%	41.65
Equity Group Holdings	Long-term Buy	57.00	33.40	17.5%	40.95
Bamburi Cement	Hold	190.00	117.00	-1.9%	130.00
Safaricom	Hold	33.50	21.00	17.1%	26.00
EABL	Hold	270.00	160.00	11.0%	194.00
Jubilee Holdings	Buy	550.00	355.25	4.0%	421.00
Barclays Bank of Kenya	Hold	13.50	9.50	3.2%	11.30
Diamond Trust Bank	Hold	220.00	130.00	-5.4%	148.00
Cooperative Bank	Long-term Buy	20.00	12.65	1.0%	14.45
KenGen	Long-term Buy	9.25	5.50	-6.3%	6.58
Britam Holdings	Hold	15.85	9.00	-2.2%	9.78
Centum	Long-term Buy	48.25	22.50	9.9%	32.15
NBK	Sell	9.65	4.05	12.8%	6.00
Mumias	Sell	1.10	0.50	-5.2%	0.55

For more detailed information on the following recommendations, please click [here](#):

For Online Share Trading (OST) via browser, please click [here](#):

For the Faida M-Trader Application, please click [here](#):

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