

### AFRICAN MARKET WATCH

INDEX	COUNTRY	CLOSE	Weekly Chg	YTD
NSE-20 Index	Kenya	3,606.46	0.2%	11.1%
NASI All Share	Kenya	79.06	-1.2%	10.4%
AIG-27 Index	Kenya	471.99	-1.0%	9.4%
ALSI	Uganda	809.13	-0.5%	9.9%
DSEI	Tanzania	1,185.95	-0.7%	-1.2%
LUSE All Share	Zambia	2,583.70	-1.2%	-8.6%
MASI	Malawi	5,154.95	0.0%	0.0%
ZSE Industrial	Zimbabwe	152.08	-1.4%	0.1%

Source: Respective Exchange Websites; YTD = Year to Date (i.e., 31<sup>st</sup> December 2009)

### WEEKLY STATISTICS

	05-02-10	12-02-10	Change
Market Cap (Ksh bn)	931	921	-1.1%
Traded Volume (mn)	143	64	-54.9%
Weekly Turnover (Ksh mn)			
Equity	1,356	1,047	-22.8%
Bonds	10,544	13,484	27.9%
Weekly Deals			
Equity	9,411	8,840	-6.1%
Bonds	131	266	103.1%

Source: NSE

### MARKET MOVERS

Weekly Price Gainers		
Sasini Limited	8.00	6.0%
Kakuzi Limited	37.00	5.7%
Crown Berger	25.00	4.2%
Weekly Price Losers		
Marshalls East Africa	19.00	-12.6%
Standard Newspapers Group	35.00	-7.3%
East African Portland Cement	80.00	-5.9%
Weekly Volume Movers		
Safaricom Limited	22,596,200	-76.3%
Kenya Commercial Bank	15,146,400	985.8%
Co-Operative Bank	7,294,000	-50.8%

Source: NSE

### RECOMMENDED BUYS

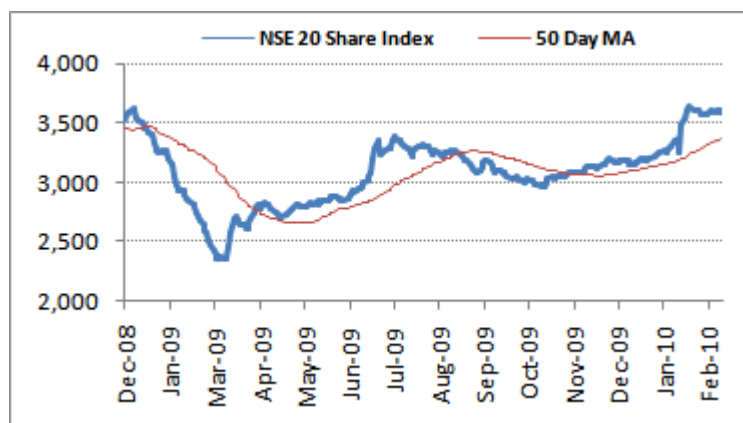
Company	Duration	Price	PE	Div Yld
Standard Chart. Bank	Long Term	173.00	15.3x	5.78%
Bamburi Cement	Long Term	163.00	18.6x	3.68%
BAT Kenya	Long Term	188.00	11.1x	9.04%
K.C.B.	Short Term	21.50	10.9x	4.65%
Mumias Sugar	Short Term	10.30	9.8x	3.88%

### IN THE NEWS

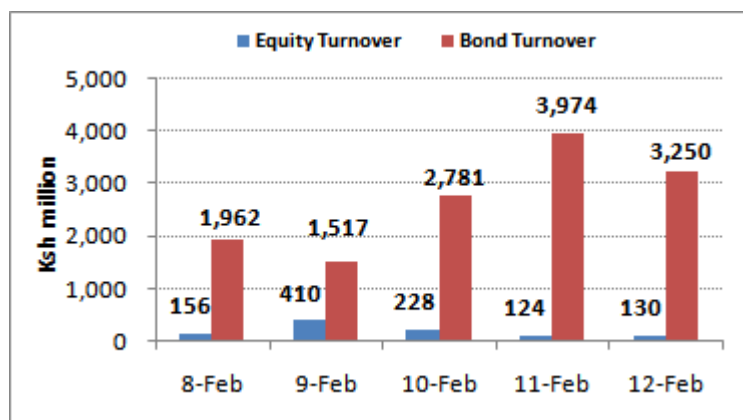
Last week the NSE blue chips closed the week higher, but the overall market was down during the week. The decline was witnessed in neighbouring markets in Sub-Saharan Africa. Volumes on the NSE equity board realized declines in volumes and turnover. The NSE 20 Index seems to have settled on the 3,600 plateau and trading sideways, but firmly above the 50 and 200 moving averages.

The most improved stock by volume was KCB, particularly in light of the trading environment that was largely devoid of foreign investors. The NSE may witness high volatility as investors realign portfolios based on profit announcements.

Bond turnover continued to dominate secondary market trading higher volumes and more deals last week. Investors' appetite for key benchmark bonds 5, 10, 15 and 20 year continued to be high and there was significant lowering of the NSE yield curve on the long end maturity level.



Source: NSE



Source: NSE

## **Expected dates for corporate actions and other important announcements to April 2010**

<b>COMPANY</b>	<b>EXPECTED EVENT</b>	<b>DATE</b>
East African Cables	Full Year Earnings	15-Feb-2010
Unga Group	6 Month Earnings	15-Feb-2010
Equity Bank	Full Year Earnings	15-Feb-2010
Barclays Bank Kenya	Full Year Earnings	18-Feb-2010
East African Breweries	6 Month Earnings	19-Feb-2010
NIC Bank	Full Year Earnings	20-Feb-2010
BOC Kenya	Full Year Earnings	21-Feb-2010
E. A Portland Cement	6 Month Earnings	24-Feb-2010
Bamburi Cement	Full Year Earnings	26-Feb-2010
BAT Kenya	Full Year Earnings	26-Feb-2010
KenGen	6 Month Earnings	26-Feb-2010
KPLC	6 Month Earnings	28-Feb-2010
Kenya Commercial Bank	Full Year Earnings	2-Mar-2010
Housing Finance	Full Year Earnings	3-Mar-2010
Standard Chartered Bank	Full Year Earnings	3-Mar-2010
Kakuzi Limited	Full Year Earnings	5-Mar-2010
Co-Operative Bank	Full Year Earnings	6-Mar-2010
Diamond Trust Bank	Full Year Earnings	10-Mar-2010
Carbacid Investments	6 Month Earnings	12-Mar-2010
Standard Group	Full Year Earnings	13-Mar-2010
Access Kenya	Full Year Earnings	15-Mar-2010
National Bank	Full Year Earnings	17-Mar-2010
Pan African Insurance	Full Year Earnings	17-Mar-2010
Nation Media Group	Full Year Earnings	26-Mar-2010
Rea Vipingo Plantations	AGM	26-Mar-2010
TPS (Serena)	Full Year Earnings	30-Mar-2010
Athi River Mining	Full Year Earnings	31-Mar-2010
Total Kenya	Full Year Earnings	2-Apr-2010
Kenol Kobil	Full Year Earnings	3-Apr-2010
Jubilee Holdings	Full Year Earnings	6-Apr-2010
CFC Stanbic Holdings	Full Year Earnings	7-Apr-2010
City Trust	6 Month Earnings	14-Apr-2010
Scangroup	Full Year Earnings	15-Apr-2010
Limuru Tea	Full Year Earnings	16-Apr-2010
Bamburi Cement	AGM	21-Apr-2010
Eveready East Africa	6 Month Earnings	24-Apr-2010
Kenya Reinsurance	Full Year Earnings	28-Apr-2010
BOC Kenya	AGM	29-Apr-2010
Housing Finance	AGM	29-Apr-2010
NIC Bank	AGM	29-Apr-2010
Sasini Limited	6 Month Earnings	29-Apr-2010
BAT Kenya	AGM	30-Apr-2010
Crown Berger	Full Year Earnings	30-Apr-2010
Express Kenya	Full Year Earnings	30-Apr-2010
Kenya Commercial Bank	1st Qtr Earnings	30-Apr-2010

## COMPANY PROFILE: EAST AFRICAN CABLES

<i>Ksh million</i>	Year Ended 31-Dec-07	Year Ended 31-Dec-08	Change	5 Year CAGR	9 months to 30-Sep-09	Change
Turnover	3,462	3,929	13%	37%	2,411	-18%
Gross Profit	1,127	1,348	20%	34%	-	-
Operating Profit	660	777	18%	34%	-	-
Per-Tax Profit	597	670	12%	30%	500	-14%
Net Profit	374	392	5%	26%	346	-12%
Earnings Per Share	1.85	1.94	5%		1.71	
Dividend Per Share	0.90	1.00	11%		0.50	
Dividend Payout	48.6%	51.5%				
RoCE	16.0%	14.3%				
Return on Assets	14.6%	12.5%				
Gearing Ratio	56.6%	39.2%				
Interest Coverage	10.2x	9.4x				

Source: Company data

The share price has had trouble crossing the Ksh24 mark and volumes have steady. EA Cables activities include the manufacture and sale of electrical cables and conductors as well as distribution of telecom, structured, fibre optic cables & accessories

Expected Notices	
FY 2010	16-Feb-10
Cum Div	13-Mar-10
Q1 2011	14-Apr-10
HY 2011	14-Jul-10

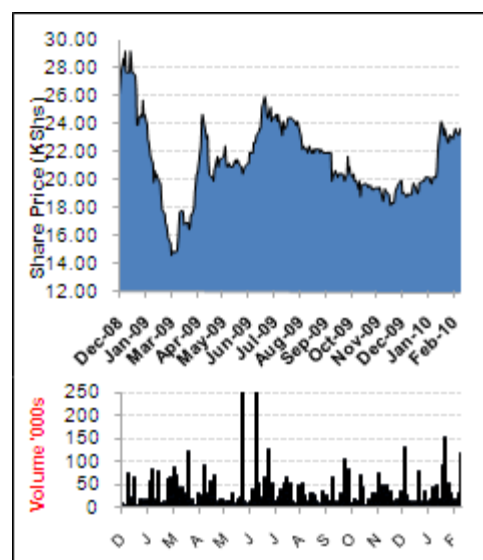
### Performance Highlights

- The growth firm still has high gearing (but few competitors) & recorded high profit CAGR from its two key markets:- Kenya & Tanzania.
- The management had cautioned that the operating environment in Tanzania might worsen profit margins; however, capex key upgrades on plant machinery are expected to be completed in Q4 of 2009 and result in greater capacity, efficiency and new production capabilities
- The fluctuation in turnover growth of the past two years has been attributed to volatility in metal prices (LME). We expect turnover in Q4 (2009) to pick up due to price hikes on aluminum and copper. We estimate the cash mean settlement for copper and aluminum rose by 20% and 15% respectively to \$7,450 and \$1,950 in Q4 of 2009
- We believe regional power utility firms will continue to offer steady cable demand and the dynamic transformation of the local telecoms & internet space augurs well for revenue diversification & risk exposure

Exchange Rate - US\$ 1 = Kes 76.5042

Year Ended 31st Dec.	2004	2005	2006	2007	2008
Turnover - Ksh mn	825	1,162	2,041	3,462	3,929
Net Profit - Ksh mn	124	211	284	374	392
Net Margin	15.0%	18.1%	13.9%	10.8%	10.0%
Earnings Per Share (Ksh)	0.61	1.04	1.40	1.85	1.94
Interim Div Per Share (Ksh)	0.18	0.15	0.20	0.00	0.00
Final Div Per Share (Ksh)	0.18	0.35	0.50	0.90	1.00

## TRADING HIGHLIGHTS



Source: NSE Pricelists

### Top Four Shareholders

Shareholder	Holdings
Cable Holdings (K) Ltd	67.33%
Stanbic Nom Ac13631	1.96%
Ali Mohamed Adam	0.82%
Ali Mohamed Adam	0.70%

### Key Share Information

Sector	Cabling
Latest Share Price	Ksh 23.50
52 Week Low – High	14.70-26.0
Market Capitalization	Ksh 4.8 bn
Shares Issued	202.5 mn
Foreign Shareholding	N/A
Book Value/Share	Ksh 7.02
Market (P/E)	16.5x
Industrial (P/E)	14.0x
Company (P/E)	12.1x
Price/Book	3.3x
Free Float	32.67%
Earnings Yield	7.38%
Div. Yield	3.81%
Div. Yield 5 yr Avg.	3.58%
Div. Growth 5 yr Avg.	23.4%
Div. Payout 5 yr Avg.	51.1%
Consecutive Div. Rise	6 Years
Total Return-12 Mnth	-19.0%
Total Return-3 Years	-52.8%
Total Return-5 Years	361.3%
Avg. Return-5 Years	28.2%

## NSE STOCK MARKET WATCH – 12<sup>TH</sup> FEBRUARY 2010

### LARGE TO MEDIUM CAP STOCKS

Ordinary Shares	Average prices Last Fri	Average prices This Fri	Weekly Price Change	Traded Shares	Shares Issued (mn)	Market Capitalization KSh mn	Market Capitalization USD mn	Weekly Turnover KSh mn	EPS KSh	P / E	2009 1st Qtr EPS	2009 Half Year EPS	2009 9 month EPS	DPS KSh	Div Cover (times)
Safaricom Limited	5.65	5.35	-5.3%	22,596,200	40,000	214,000.0	2,797.2	122.9	0.27	20.2	-	0.17	-	0.10	2.7
E. A. Breweries	150.00	154.00	2.7%	593,000	791	121,779.3	1,591.8	90.6	9.09	16.9	-	-	-	8.05	1.1
Barclays Bank Kenya	48.75	49.50	1.5%	1,137,000	1,358	67,215.3	878.6	56.1	4.07	12.2	1.11	2.30	3.36	2.00	2.0
Equity Bank	16.50	16.05	-2.7%	2,393,600	3,703	59,429.6	776.8	38.2	1.07	15.0	0.25	0.57	0.91	0.30	3.6
Bamburi Cement	161.00	163.00	1.2%	10,000	363	59,162.4	773.3	1.6	8.78	18.6	-	8.19	-	6.00	1.5
K.C.B.	22.00	21.50	-2.3%	15,146,400	2,218	47,682.2	623.3	333.0	2.02	10.6	0.54	1.09	1.58	1.00	2.0
Standard Chartered Bank Kenya	170.00	173.00	1.8%	50,900	272	47,050.4	615.0	8.6	11.34	15.3	3.81	8.60	13.52	10.00	1.1
Co-Operative Bank	9.65	9.70	0.5%	7,294,000	3,636	35,273.3	461.1	70.5	0.80	12.1	0.21	0.40	0.59	0.10	8.0
KenGen	14.00	13.95	-0.4%	2,146,900	2,198	30,667.1	400.9	30.0	0.94	14.8	-	-	-	0.50	1.9
Kenya Airways	52.00	49.25	-5.3%	422,500	462	22,734.6	297.2	20.8	(8.85)	-5.6	-	1.84	-	1.00	(8.9)
Nation Media Group	125.00	124.00	-0.8%	99,000	143	17,683.7	231.1	12.3	9.03	13.7	-	2.71	-	5.50	1.6
Mumias Sugar	10.55	10.30	-2.4%	5,253,900	1,530	15,759.0	206.0	54.8	1.05	9.8	-	0.68	-	0.40	2.6
K.P.L.C	149.00	152.00	2.0%	132,800	79	12,027.5	157.2	19.9	40.78	3.7	-	-	-	8.00	5.1
B.A.T. Kenya	182.00	188.00	3.3%	75,300	100	18,800.0	245.7	14.1	17.01	11.1	-	8.58	-	17.00	1.0
NIC Bank	35.50	35.00	-1.4%	1,100,900	326	11,422.7	149.3	38.6	3.49	10.0	0.77	1.62	2.51	0.50	7.0
Holdings	45.00	43.25	-3.9%	104,400	274	11,836.7	154.7	4.6	3.35	12.9	-	1.75	-	1.00	3.4
Diamond Trust Bank	71.00	72.50	2.1%	125,700	163	11,820.2	154.5	9.0	6.28	11.5	1.56	3.21	4.96	1.40	4.5
Kenol Kobil Group	65.00	65.00	0.0%	68,400	147	9,566.4	125.0	4.5	8.37	7.8	-	(2.93)	-	8.59	1.0
Kenya Reinsurance	13.00	13.10	0.8%	767,000	600	7,860.0	102.7	10.1	1.97	6.6	-	0.95	1.40	0.50	3.9
National Bank	37.75	37.25	-1.3%	74,800	200	7,450.0	97.4	2.9	4.50	8.3	1.11	2.66	3.59	0.00	-
East African Portland Cement	85.00	80.00	-5.9%	6,500	90	7,200.0	94.1	0.6	20.38	3.9	-	-	-	1.30	15.7
CMC Holdings	11.25	11.40	1.3%	776,500	583	6,642.9	86.8	1.8	0.93	12.3	-	-	-	0.35	2.7
Athi River Mining	107.00	108.00	0.9%	14,100	99	10,697.9	139.8	1.5	5.08	21.3	-	3.03	4.57	1.25	4.1
Centum Investments	13.45	12.90	-4.1%	343,600	550	7,094.4	92.7	4.5	0.57	22.6	-	0.13	-	0.00	-

Source: Nairobi Stock Exchange \*Exchange rate as at 12<sup>TH</sup> February, 2010 was US\$ 1 Dollar = Ksh 76.5042

## SMALL CAP STOCKS

Ordinary Shares	Average prices Last Fri	Average prices This Fri	Weekly Price Change	Traded Shares	Shares Issued (mn)	Market Capitalization KSh mn	Market Capitalization USD mn	Weekly Turnover KSh mn	EPS KSh	P / E	2009 1st Qtr EPS	2009 Half Year EPS	2009 9 month EPS	DPS KSh	Div Cover (times)
Jubilee Holdings	133.00	138.00	3.8%	7,700	45	6,210.0	81.2	1.1	14.14	9.8	-	5.38	-	3.25	4.4
East African Cables	23.50	23.50	0.0%	206,500	203	4,758.8	62.2	4.9	1.94	12.1	0.56	1.23	1.71	1.00	1.9
TPS Eastern Africa	47.50	49.00	3.2%	163,500	106	5,187.4	67.8	7.9	2.10	23.3	-	0.67	-	1.25	1.7
Total Kenya	30.00	30.50	1.7%	74,500	175	5,339.5	69.8	2.2	4.02	7.6	(0.62)	0.21	1.30	2.50	1.6
Scangroup Limited	26.50	26.75	0.9%	73,700	221	5,903.4	77.2	1.9	1.79	14.9	-	0.66	-	0.62	2.9
Access Kenya	22.00	21.75	-1.1%	1,402,400	200	4,347.5	56.8	31.0	0.99	22.0	-	0.37	-	0.40	2.5
Housing Finance	17.80	17.50	-1.7%	268,900	230	4,025.0	52.6	4.8	0.77	22.9	0.21	0.40	0.60	0.30	2.6
Carbacid Investments	100.00	100.00	0.0%	33,700	34	3,398.0	44.4	0.3	7.54	13.3	-	-	-	5.00	1.5
BOC (Gases) Kenya	149.00	149.00	0.0%	9,500	20	2,909.3	38.0	7.9	10.26	14.5	-	5.27	-	6.80	1.5
Standard Group	37.75	35.00	-7.3%	7,100	73	2,564.6	33.5	0.3	3.57	9.8	-	1.24	-	1.10	3.2
Pan African Holdings	45.50	45.50	0.0%	113,400	48	2,184.0	28.5	5.1	(2.00)	-22.8	-	0.37	-	0.00	-
Sasini Limited	7.55	8.00	6.0%	221,200	228	1,824.4	23.8	1.8	2.30	3.5	-	-	-	0.40	5.8
Sameer Africa Group	6.65	6.45	-3.0%	172,000	278	1,795.3	23.5	1.1	0.54	11.9	-	0.17	-	0.00	-
Williamson Tea	130.00	130.00	0.0%	3,800	9	1,138.3	14.9	0.5	12.62	10.3	-	24.18	-	4.00	3.2
Eveready East Africa	3.60	3.70	2.8%	235,300	210	777.0	10.2	0.9	0.14	27.4	-	-	-	0.00	-
Rea Vipingo Plantations	12.60	12.70	0.8%	17,400	60	762.0	10.0	0.2	2.48	5.1	-	-	-	0.50	5.0
Car & General	33.50	33.50	0.0%	1,000	22	746.4	9.8	0.0	8.80	3.8	-	4.33	-	0.67	13.1
Crown Berger	24.00	25.00	4.2%	656,300	24	593.2	7.8	15.8	1.20	20.8	-	1.75	-	1.00	1.2
Unga Group	9.15	9.10	-0.5%	16,100	76	689.0	9.0	0.1	1.55	5.9	-	-	-	0.00	-
Kakuzi Limited	35.00	37.00	5.7%	9,400	20	725.2	9.5	0.3	13.12	2.8	-	1.19	-	1.00	13.1
Express Kenya	8.75	8.90	1.7%	3,100	35	315.1	4.1	0.0	(1.24)	-7.2	-	0.72	-	0.00	-
City Trust	95.00	95.00	0.0%	2,200	5	494.7	6.5	0.2	5.13	18.5	-	-	-	1.00	5.1
<b>Total NSE Market</b>				<b>64,481,600</b>	<b>62,481</b>	<b>921,831.6</b>	<b>12,049.4</b>	<b>1,044.2</b>							

Source: Nairobi Stock Exchange \*Exchange rate as at 12<sup>TH</sup> February, 2010 was US\$ 1 Dollar = Ksh 76.5042

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