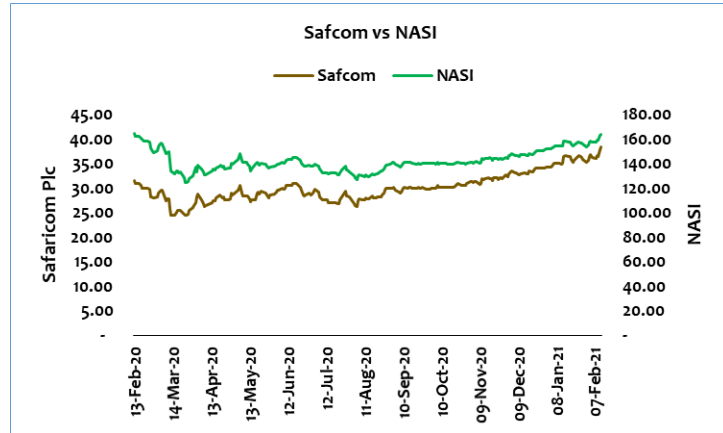


KINGDOM SECURITIES

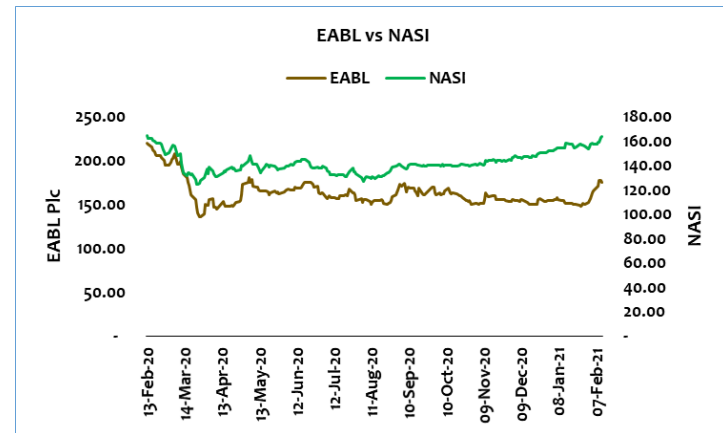
Equity Stock Pick

February 15th, 2021

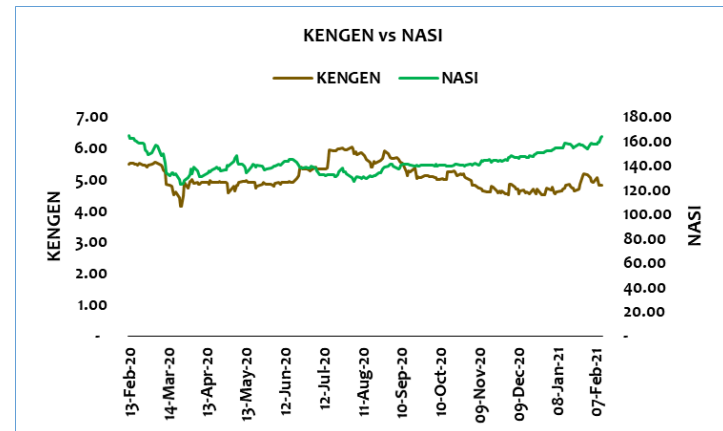
Safaricom – Buy - We retain a buy on the telecommunication company as it continues to see a price surge boosted by foreign investors interest. The management issued an interim dividend of KES 0.45 per share. We expect the firm to pay a final dividend of KES 1.00 on the full year results for a total dividend of KES 1.45, a 3.6% increase on dividend from KE S1.40 in 2020. The counter gained 5.9% w-w and we fathom a further gain boosted by foreign investors entry.



EABL – Short Term Sell – The stock has eased on the HY1-2021 half year announcement momentum. For investors who bought on before the H1-21 result release, we advise a **SELL** for profit taking with the market ease on the pricing of the results. We retain a long term Buy at a valuation of KES 203.61 on the stock pegged on positive performance on H2-21.



Kengen – Sell – The utility company posted 113% growth in profit after tax benefiting from tax breaks on reduction of corporate tax from 30% to 25%. This is an even not expected to recur as profits before tax increased by 18.3% boosted by gain on fair value of financial assets on weakening of the Kenya shilling. The counter reached price resistance at a high of KES 5.18. We foresee a further 7% decline.



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Recommendation Guide:

Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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