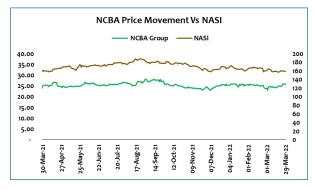
# Equity Stock Picks 30<sup>Th</sup> March 2022

As the earning season winds up, we have evaluated and reviewed the following stocks for investment.

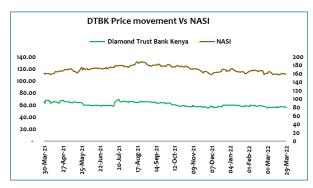
NCBA Group – Long-Term Buy: The Group declared a final dividend of Kes. 2.25 to be paid on 5<sup>th</sup> May with a book closure of 29<sup>th</sup> April. This makes a total dividend of KES. 3.00, a 48.3% payout from a FY-2021 Earnings per share (EPS) of 6.21 FY-2021.

We fathom that the counter is currently under-valued at the current price of Kes. 26.00 from our valuation value of Kes. 39.27, a 56.4% upside. This gives an expected total return of 59.7%. To earn on the dividend payment and the expected price stabilization, we retain our BUY recommendation on the Group.



**Diamond Trust Bank – Long-Term Buy:** The counter issued a KES 3.00 dividend per share (DPS) from an EPS of 13.98, a 21.5% payout. This resulted from a 10.6% growth in the counter's topline, net interest income pushing the overall net income 20.4% up to KES 3.91Bn.

The counter recorded a high of KES 77.50 and allow of KES 54.75 in 2021. We value the counter's price of KES 84.36 from a current price of KES 57.25, 47.4% uptick which gives a total return 52.4%. To gain on both capital gains on the expected price surge and capitalize on dividends, we retain our BUY recommendation on the counter.

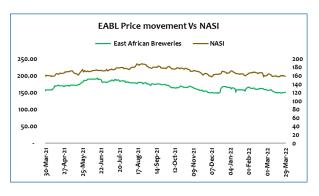


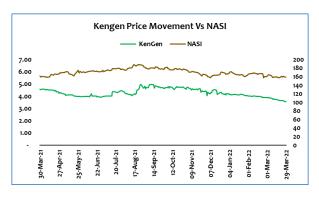
East Africa Breweries – Long-Term Buy: The manufacturing company recorded 130.6% Y/Y growth in profits to KES 8.74Bn on its half year performance ended Dec-2021. This helped the counter issue an interim dividend of KES 3.75 from an EPS of KES 8.45. In view of this, we forecast a stronger FY-2021 performance riding expected heavy spending on the counter's products on the ongoing campaign spending season.

We retain an ENTRY in the counter with a price target of KES 175.00 a 16.0% upside begged on anticipated price recoveries and projected final dividend payment of KES 5.00 for FY-2022, giving a total expected return of 19.2%.

**Kengen – Short-Term BUY:** Currently trading at Kes. 3.56, the electric generating company has shed 15.0%, 23.4% and 22.4% in the last 3, 6 and 12 months respectively. Its highest and lowest prices in the last one year are KES. 4.98 and KES 3.54 respectively. Its last 3 and 6-months average price are KES 4.23 and KES 4.27 respectively.

The company maintained a performance of KES 5.12Bn with a marginal growth of 1.4% having been affected by a 32% effective tax rate compared to that of 26.0% in H1-2020. With a 13.7% uptick on revenue in H1-2022, we expect a further growth in H2-2022 revenues which we fathom to rally the price upwards. It is for this reason we retain our BUY recommendation with a price target of KES 4.25, a 20.1% upside.



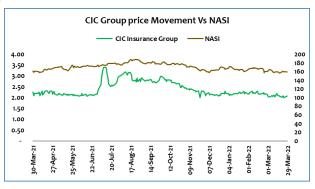


**CIC Group: Short-Term BUY:** The insurance group posted a 397.8% turnaround from a loss of KES 296.83Mn in FY-2020 to a profit of KES 668.44Mn in FY-2021 on the ongoing economic recoveries in general.

Trading at KES 2.07, the risk shouldering company has dropped 30.8% and 8.0% in the 6 and 12 months. Its average price in the last 3, 6 and 12 months are KES. 2.15, KES 2.28 and KES 2.40 with a high of KES 3.39 in July 2021 and a low of KES 2.00 last week Thursday, 24<sup>th</sup> March.

In line with this, we retain our BUY recommendation on the group with a price valuation of KES 2.48, a 19.8% uptick from the current price of KES 2.07 as of  $29^{th}$  March.

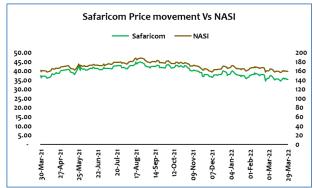
# Equity Stock Picks 30<sup>Th</sup> March 2022



**Safaricom – Long-Term Buy:** The giant Telco has shed 15.0% and 5.9% in the last 6 and 12-months to the current price of KES 35.40 as of 29<sup>th</sup> March on sentimental reaction to the ongoing Russia-Ukraine standoff. In a sign of strong stability, the counter has however stabilized at an average low price of KES 35.83 in the last one month.

At the current price, we fathom that the market has already priced the global sentimental fears and perceive of a price surge which will be rallied by the upcoming full year results for the year ending March 31<sup>st</sup> and the awaited launch of business in Ethiopia.

From the half year results, Safcom recorded a 12.1 growth in profits after tax (PAT) to KES 37.06Bn on return of M-pesa revenue which saw it offer a special dividend of KES 0.64 whose payment is on 31<sup>st</sup> march. In line with this, we expect the counter to offer a final dividend which will help rally its price upwards and therefore retain our BUY recommendation.



### **KSL Stock Meter**

	52 wk high	52 wk low	Vwap (29/3/2022)	Vwap (31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Vield (%)	Div Payout (%)	ROE	RO.
Eaagads Ltd	15.00	10.50	12.95	13.50	-4.1%	0.05	-	31.40	259.00	0.41	Div Field (76)	-	17.61%	15.939
Kakuzi Plc	425.00	351.00	8.00	385.00	-97.9%	16.31	22.00	259.37	0.49	0.03	275.00%	134.89%	12.24%	9.369
Kapchorua Tea Kenya Plc Ord 5.00	101.00	80.00	99.75	95.50	4.5%	0.90	10.00	202.45	110.83	0.49	10.03%	1111.11%	2.80%	1.969
The Limuru Tea Co. Plc	360.00 22.40	263.00 16.85	320.00 18.50	320.00 18.70	0.0%	0.79 2.49	0.70 0.50	79.18 58.95	405.06 7.43	4.04 0.31	0.22% 2.70%	88.61% 20.08%	-0.63% 4.26%	-0.589 3.799
Sasini Plc Williamson Tea Kenya Plc	152.25	126.00	130.50	130.00	-1.1% 0.4%	-8.31	10.00	338.08	7.43	0.31	7.66%	20.08%	-3.17%	-2.299
Industry Average	132.23	120.00	130.50	130.00	0.470	-0.51	10.00	330.00	11.46	0.32	7.00%		4.5%	3.79
			Vwap	Vwap										
AUTOMOBILES & ACCESSORIES	52 wk high	52 wk low	(29/3/2022)	(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E		Div Yield (%)		ROE	RO.
Car & General (K) Ltd	76.00	20.00	69.00	33.95	103.2%	22.43	3.20	121.04	3.08	0.57	4.64%	14.27%	18.28%	12.539
Industry Average			Vwap	Vwap					3.08	0.57			18.3%	12.5%
BANKING	52 wk high	52 wk low	(29/3/2022)	(31/12/2020)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	RO
ABSA Bank Kenya Plc	12.55	8.62	12.50	11.85	5.5%	1.90	1.00	10.39	6.58	1.20	8.00%	52.63%	19.26%	2535.639
BK Group Plc	40.00	20.25	29.70	29.00	2.4%	4.66	-	28.45	6.37	1.04	-	-	16.90%	3.669
Diamond Trust Bank Kenya Ltd	69.00	54.75	57.25	59.50	-3.8%	10.89	3.00	240.68	5.26	0.24	5.24%	27.55%	6.56%	0.979
Equity Group Holdings Plc HF Group Plc	54.25 4.90	37.50 2.91	51.00 3.15	52.75 3.90	-3.3% -19.2%	10.38 -4.44	3.00	46.69 17.79	4.91	1.09 0.18	5.88%	28.90%	22.74% -20.63%	3.079 -2.729
I&M Holdings Plc	50.00	20.25	20.25	21.10	-4.0%	9.77	2.25	43.14	2.07	0.47	11.11%	23.03%	13.28%	2.379
KCB Group Plc	49.90	39.40	44.05	45.45	-3.1%	10.64	3.00	53.44	4.14	0.82	6.81%	28.20%	19.90%	3.299
NCBA Group Plc	28.15	23.00	25.70	25.20	2.0%	2.77	1.50	47.34	9.28	0.54	5.84%	54.15%	13.11%	1.739
Stanbic Holdings Plc	104.25	76.00	103.00	87.25	18.1%	18.23	9.00	142.80	5.65	0.72	8.74%	49.37%	12.77%	2.199
Standard Chartered Bank Kenya Ltd	143.75	124.00	143.75	128.25	12.1%	23.49	19.00	138.89	6.12	1.04	13.22%	80.89%	17.23%	2.709
The Co-operative Bank of Kenya Ltd Industry Average	13.95	11.60	12.90	12.95	-0.4%	2.66	1.00	17.08	4.85 4.70	0.76 0.80	7.75%	37.59%	16.51% 16.8%	2.859
industry Average			Vwap	Vwap					4.70	0.00			10.070	2.0
COMMERCIAL AND SERVICES	52 wk high	52 wk low	(29/3/2022)	(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E		Div Yield (%)	Div Payout (%)	ROE	RO
Deacons (East Africa) Plc	0.45	0.45	0.45	0.45	0.0%	-6.82	-	2.67	-	0.17		-	-254.96%	-54.199
Eveready East Africa Ltd	1.22	0.85	0.87	0.98	-11.2%	-0.33	-	0.03	-	29.00	-	-	-550.65%	-495.809
Express Kenya Plc Homeboyz Entertainment Plc	4.61 4.66	3.37 4.66	3.95 4.66	4.10 4.66	-3.7% 0.0%	-1.97 -0.51	-	-2.87 0.46	-	-1.38 10.15	-	-	50.92% -77.47%	-21.719 -24.299
Kenya Airways Ltd	3.83	3.83	3.83	3.83	0.0%	-6.22		-13.00		-0.29	-	-	15.55%	-7.499
Longhorn Publishers Plc	4.70	3.50	3.50	4.00	-12.5%	0.68	-	2.75	5.15	1.27	-	-	4.03%	1.399
Nairobi Business Ventures Ltd	12.80	3.81	4.60	6.06	-24.1%	-3.20	-	0.11	-	41.81	-	-	22.12%	18.529
Nation Media Group Plc	26.10	14.95	19.70	18.45	6.8%	0.20	-	42.54	98.50	0.46	-	-	8.75%	8.299
Sameer Africa Plc Standard Group Plc	3.88 21.35	2.40 11.90	2.51 12.20	2.86 13.55	-12.2% -10.0%	0.16 -3.79	-	1.38 13.00	15.69	1.82 0.94	-	-	66.97% -5.34%	21.339 -1.419
TPS Eastern Africa Ltd	17.95	11.55	11.75	15.25	-23.0%	-6.32	-	39.35		0.30		-	-5.54% -15.71%	-8.169
Uchumi Supermarket Plc	0.28	0.19	0.20	0.24	-16.7%	-4.60	_	-5.75		-0.03	_	_	135.25%	-56.719
WPP Scangroup Plc	6.24	3.57	4.00	4.14	-3.4%	1.00	-	12.19	4.00	0.33	-	_	-32.89%	-19.829
Industry Average									(0.90)	-0.74			32.5%	-8.6%
			Vwap	Vwap	D ( )/FD (0/)		222	21.00	2/5	2/2	D: 1/2   1   (0/)	n: n . (0/)	225	20
ARM Cement Plc	52 wk high 5.55	52 wk low 5.55	(29/3/2022) 5.55	(31/12/2021) 5.55	Performance YTD (%) 0.0%	Trailing EPS -6.83	DPS	BVPS 28.95	P/E	P/B 0.19	Div Yield (%)	Div Payout (%)	-10.08%	-5.48%
Bamburi Cement Ltd	43.15	33.55	35.90	38.00	-5.5%	2.89	3.00	93.81	12.42	0.19	8.36%	103.81%	3.47%	2.39%
Crown Paints Kenya Plc	42.80	19.65	36.00	30.50	18.0%	8.42	-	17.22	4.28	2.09	-	-	27.98%	10.25%
E.A.Cables Ltd	1.60	1.07	1.11	1.20	-7.5%	-2.15	-	10.10	-	0.11	-	-	-22.79%	-7.72%
E.A.Portland Cement Co. Ltd	9.40	6.06	6.34	6.66	-4.8%	20.97	-	187.68	0.30	0.03	-	-	-8.71%	-5.38%
Average			Vwap	Vwap					-8.21	0.29			-3.6%	-2.1%
ENERGY & PETROLEUM	52 wk high	52 wk low	(29/3/2022)	(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	RO.
KenGen Co. Plc	4.98	3.54	3.56	4.19	-15.0%	0.18	0.30	32.04	19.78	0.11	8.43%	166.67%	8.70%	4.459
Kenya Power & Lighting Co Plc	2.02	1.30	1.37	1.75	-21.7%	0.76	-	28.81	1.80	0.05	-	-	0.47%	0.08%
Total Kenya Ltd	26.30	22.30	24.45	25.00	-2.2%	5.24	1.57	129.47	4.67	0.19	6.42%	29.96%	10.20%	5.89%
Umeme Ltd Industry Average	7.20	0.00	6.96	6.74	3.3%	0.81	0.37	14.19	8.59 8.51	0.49	5.32%	45.68%	16.69% 7.9%	5.47% 2.9%
muusti y Avei age			Vwap	Vwap					0.31	0.13			7.576	2.37
INSURANCE	52 wk high	52 wk low	(29/3/2022)	(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	RO.
Britam Holdings Plc	8.38	6.72	6.86	7.50	-8.5%	-3.62	-	6.76	-	1.01	-	-	53.39%	7.28%
CIC Insurance Group Ltd	3.39	2.00	2.07	2.21	-6.3%	0.23	-	3.05	9.00	0.68	-	-	8.37%	1.61%
Jubilee Holdings Ltd	390.00	267.75	273.25	316.75	-13.7%	50.06	9.00	490.33	5.46	0.56	3.29%	17.98%	11.50%	2.80%
Liberty Kenya Holdings Ltd	2.68 9.98	5.80	2.28 6.14	7.00	-0.9% -12.3%	2.55 0.15	0.10	11.41 16.45	0.89 40.93	0.20	4.39%	3.92%	0.93%	7.88% 0.20%
Sanlam Kenya Pic	15.00	9.16	11.00	11.55	-4.8%	0.13	-	12.05	13.58	0.91	-	-	6.59%	0.39%
							Sector PE	11.18361464	22.12	0.52			17.5%	4.29
			Vwap	Vwap										
Contum Investment Co Ple	52 wk high	52 wk low 12.00	(29/3/2022)	(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS 0.33	BVPS	P/E			Div Payout (%)	8.80%	4.549
Centum Investment Co Plc Home Afrika Ltd	17.85 0.45	12.00 0.34	12.15 0.36	14.10 0.40	-13.8% -10.0%	-0.93 -0.60	0.33	79.08 -4.79	-	0.15 -0.08	2.72%	-	8.80% -45.79%	4.549 -20.449
Kurwitu Ventures Ltd	1500.00	1500.00	1500.00	1500.00	-10.0%	-36.00		-4.79 592.46	-	2.53	-	-	-45.79% -8.90%	-3.90%
Olympia Capital Holdings Ltd	2.29	1.76	2.04	2.00	2.0%	-0.14	-	32.09	-	0.06	-	-	0.45%	0.359
Trans-Century Plc	1.53	1.01	1.16	1.17	-0.9%	-7.95	-	9.45		0.12	-	-	-56.07%	-9.119
Industry Average									-2.31	0.16			3.2%	1.3%
INVESTMENT SERVICES	52 wk high	52 wk low	Vwap (29/3/2022)	Vwap (31/12/2021)	Performance VTD (%)	Trailing EDS	DPS	BVPS	P/E	P/B	Div Viold (%)	Div Payout (%)	ROE	RO.
Nairobi Securities Exchange Plc	52 WK high 10.15	7.00	7.84	8.00	Performance YTD (%) -2.0%	Trailing EPS 0.65	1.03	8.04	12.06	0.98	13.1%	Div Payout (%) 158.5%	3.8%	3.6%
Industry Average		,.50	,,,,,,	2.50					12.06	0.98			3.8%	3.6%
			Vwap	Vwap										
MANUFACTURING & ALLIED	52 wk high	52 wk low		(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E			Div Payout (%)	ROE	ROA
B.O.C Kenya Plc	93.25	60.00	80.00	70.00	14.3%	5.21	4.15	78.03	15.36	1.03	5.19%	79.65%	4.57%	3.249
British American Tobacco Kenya Plc Carbacid Investments Plc	509.00 13.25	420.25 10.00	493.00 11.50	441.50 11.00	11.7% 4.5%	53.50 1.63	64.83 1.60	118.56 8.38	9.21 7.06	4.16 1.37	13.15% 13.91%	121.18% 98.16%	46.54% 12.39%	25.429 7.939
East African Breweries Ltd	193.75	148.25	151.00	165.00	-8.5%	5.51	1.60	8.38 17.70	27.40	8.53	13.7176	-0.10%	50.17%	5.849
Flame Tree Group Holdings Ltd	1.43	1.15	1.27	1.26	0.8%	0.42	-	4.57	3.02	0.28	-	-	4.16%	1.849
Kenya Orchards Ltd	10.40	10.40	10.40	10.40	0.0%	0.69	-	1.88	15.07	5.52	-	-	36.65%	7.769
Mumias Sugar Co. Ltd	0.27	0.27	0.27	0.27	0.0%	-9.90	-	-9.40	-	-0.03	-	-	105.26%	-96.229
	36.25	26.10	27.00	27.65	-2.4%	0.45		74.09	60.00	0.36	-		1.18%	0.559
									-36.63	8.16			-10.0%	-1.29
			Vwan	Vwan										
ndustry Average	52 wk high	52 wk low	Vwap (29/3/2022)	Vwap (31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	RO.
ndustry Average  TELECOMMUNICATION & TECHNOLOGY	52 wk high 44.95	52 wk low 34.50	Vwap (29/3/2022) 35.40		Performance YTD (%) -6.7%	Trailing EPS 1.71	DPS 1.37	BVPS 3.57	P/E 20.70	P/B 9.91	Div Yield (%)   3.9%	Div Payout (%) 80.1%	ROE 51.5%	
TELECOMMUNICATION & TECHNOLOGY Safaricom Plc			(29/3/2022) 35.40	(31/12/2021) 37.95										34.5%
Industry Average  TELECOMMUNICATION & TECHNOLOGY Safaricom Pic Industry Average	44.95	34.50	(29/3/2022) 35.40 Vwap	(31/12/2021) 37.95 Vwap	-6.7%	1.71	1.37	3.57	20.70 20.70	9.91 9.91	3.9%	80.1%	51.5% 51.5%	34.5% 34.5%
Industry Average  TELECOMMUNICATION & TECHNOLOGY Safaricom Pic Industry Average  REAL ESTATE INVESTMENT TRUST	44.95 52 wk high	34.50 52 wk low	(29/3/2022) 35.40 Vwap (29/3/2022)	(31/12/2021) 37.95 Vwap (31/12/2021)	-6.7% Performance YTD (%)	1.71 Trailing EPS	1.37 DPS	3.57 BVPS	20.70 20.70 P/E	9.91 9.91 P/B	3.9% Div Yield (%)	80.1% Div Payout (%)	51.5% 51.5% ROE	34.5% 34.5% ROA
Industry Average  TELECOMMUNICATION & TECHNOLOGY Safaricom Pic Industry Average	44.95	34.50	(29/3/2022) 35.40 Vwap	(31/12/2021) 37.95 Vwap	-6.7%	1.71	1.37	3.57	20.70 20.70	9.91 9.91	3.9%	80.1%	51.5% 51.5%	34.5% 34.5%

### **Equity Stock Picks**

30<sup>Th</sup> March 2022

#### Research analyst certification:

The research analyst(s) primarily responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all of the views expressed herein accurately reflect their personal views. Each research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the view(s) expressed by that research analyst in this research report.

#### Terms of use - Disclaimer:

This research report has been prepared by Kingdom Securities Limited and is for information purposes only. This research fareport should not be construed as an offer or solicitation to sell or buy any investment or product. Any opinions expressed herein reflect the analyst's judgment at the date of publication and neither Kingdom Securities Limited, nor any of its affiliatesor employees accepts any responsibility in respect of the information or recommendations contained herein. Unless otherwise stated, the opinions contained in this material are as of the date indicated and are subject to change at any time without prior notice. Past performance is not a guarantee or indication of future results.

The information and opinions contained in this Material have been derived from sources believed to be reliable and in good faith or constitute Kingdom Securities' judgement as at the date of this research but no warranty is made as to their accuracy and any opinions are subject to change and may be superseded without notice. In no circumstances will Kingdom Securities or its employees be liable to you for any errors or omissions in this report or for any losses you may incur in following any recommendations in the report. Kingdom Securities is a Subsidiary of Co-operative Bank of Kenya.

#### **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 fallsbetween 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 substantiallyhigher 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%.

Kingdom Securities Ltd – A subsidiary of Co-operative Bank Limited.Co-operative Bank House- 5th Floor, P.O Box 48231 - 00100 Nairobi, Kenya
Office: 0711049540

Email: kingdomresearch@co-opbank.co.ke

Research Department Equities Dealing

Willis Nalweng wnalenge@co-opbank.co.ke Justus Ogalo jogalo@co-opbank.co.ke

Shadrack Manyinsa smanyinsa@co-opbank.co.ke Andrew Karanja amkaranja@co-opbank.co.ke

<sup>\*</sup>Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.