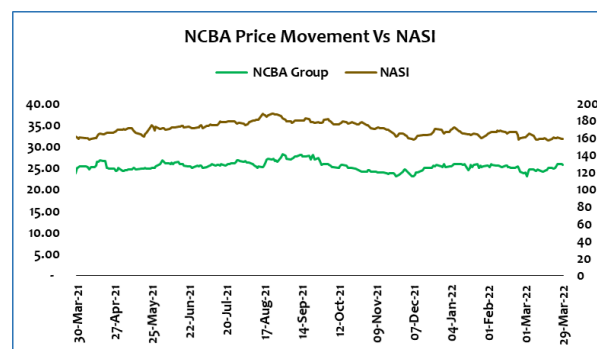


As the earning season winds up, we have evaluated and reviewed the following stocks for investment.

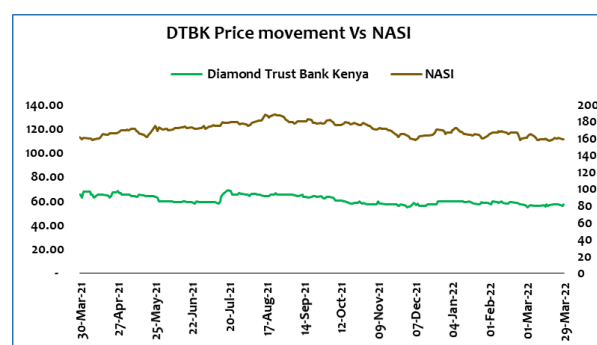
NCBA Group – Long-Term Buy: The Group declared a final dividend of Kes. 2.25 to be paid on 5th May with a book closure of 29th April. This makes a total dividend of KES. 3.00, a 48.3% payout from a FY-2021 Earnings per share (EPS) of 6.21 FY-2021.

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.



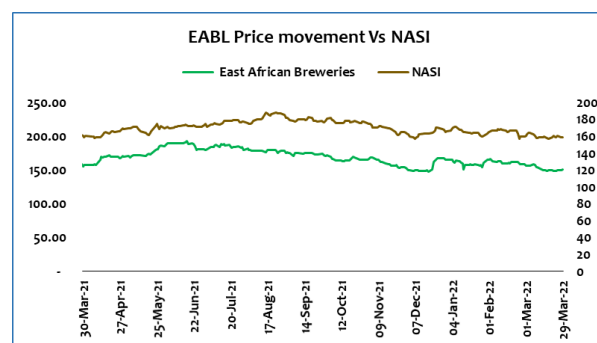
Diamond Trust Bank – Long-Term Buy: The counter issued a KES 3.00 dividend per share (DPS) from an EPS of 13.98, a 21.5% payout. This resulted from a 10.6% growth in the counter's topline, net interest income pushing the overall net income 20.4% up to KES 3.91Bn.

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.



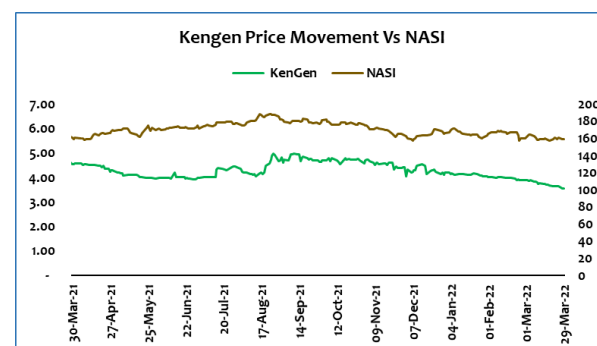
East Africa Breweries – Long-Term Buy: The manufacturing company recorded 130.6% Y/Y growth in profits to KES 8.74Bn on its half year performance ended Dec-2021. This helped the counter issue an interim dividend of KES 3.75 from an EPS of KES 8.45. In view of this, we forecast a stronger FY-2021 performance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



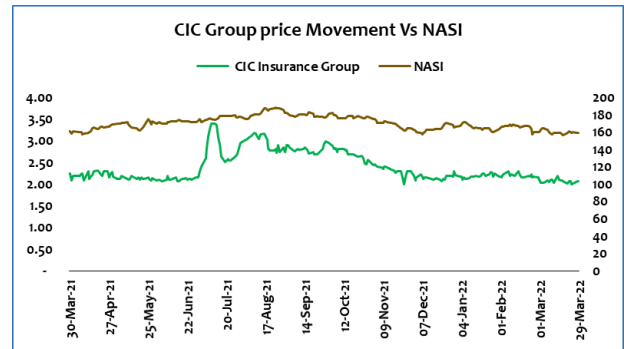
KINGDOM SECURITIES

Equity Stock Picks 30th March 2022

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, 24th March.

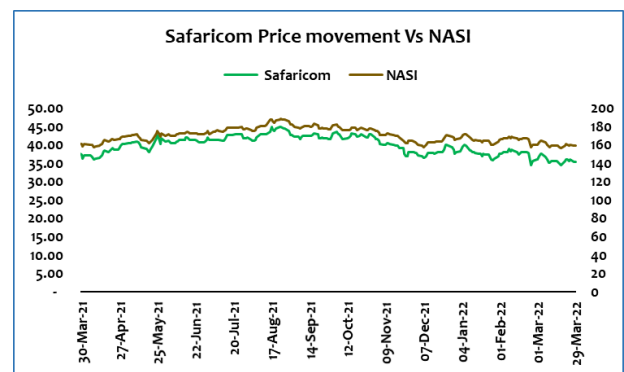
In line with this, we retain our BUY recommendation on the group with a price valuation of KES 2.48, a 19.8% uptick from the current price of KES 2.07 as of 29th March.



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 29th 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 31st 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 31st 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.



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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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