

#### WEEKLY STOCK PICKS SELECTION

The market has seen prices reach resistance levels with large caps edging upwards mildly to push the NSE 20 Share Index up by 4.9% while the Market capitalization recaptured KES 126.01Bn week on week to gain 6.9%.

On overall, companies retained strong fundamental valuation with prices continuing to trade at high discounted values to their intrinsic values and year to date average prices.

As the market continues to look forward to half year reporting, we anticipate strong performance from the banking sector and EABL which will be releasing FY-2022 financials on Thursday July 28.

**Safaricom – Long-Term Buy:** Currently trading at KES 27.25, the telecom counter has recovered 17.7% w-w compared to KES 23.15 previous week. The stock remains discounted by 28.6% on year-to-date basis.

The telecom giant is set to hold its AGM on Friday July 29<sup>th</sup>, 2022, with the book closure on the final dividend of KES 0.75 set for the same date. This has signaled signs of price recovery to its current price leading to price stabilization.

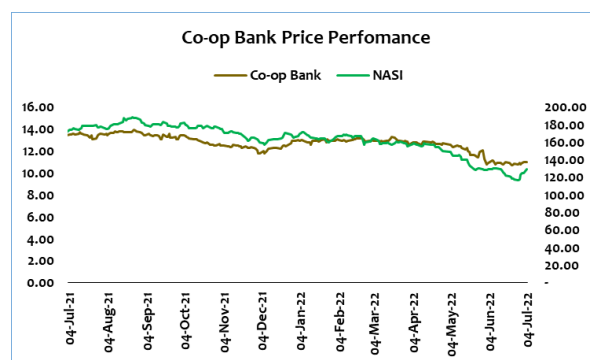
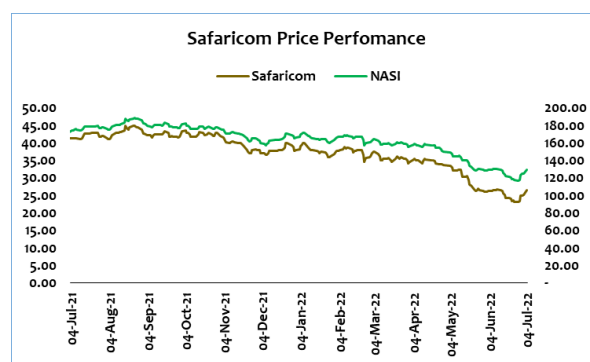
Fundamentally, Safaricom remained strong recording a 22.2% growth on its profits before tax for the year ending March 2022. This was boosted by a 45.8% increase in M-Pesa revenue from KES 35.89Bn to KES 45.80Bn after return of transaction charges on reopened and improved economy.

We forecast a strong H1-2023 results and an interim dividend payable towards the end of 2022.

**Co-op Bank Group – Long-Term BUY:** A w-w upside of 5.6% has seen a slower value recovery compared to its peers. The stock retains a headroom of 12.3% on its beginning of year price and 14.3% on its y-t-d high of KES 13.30. The lenders PE stands at 4.14x against sector PE of 4.26x.

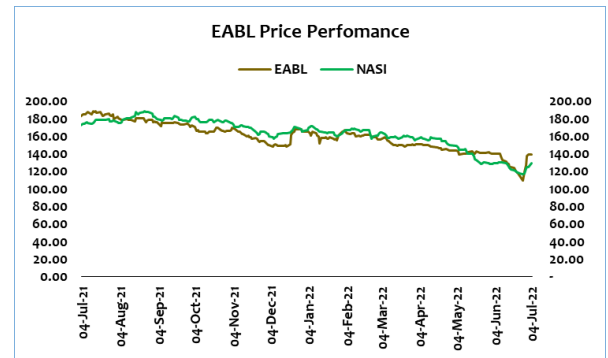
The largest Co-operative banker is expected to retain its dividend strategy of KES 1.00 per share payout. An entry at current price will give investors a total return of 23.1%.

The Bank reported a 56.3% spike in profits before tax (PBT) from KES 4.98Bn to KES 7.79Bn in Q1-2022 supported by strong growths in nonfunded income and interest income at 41.7% and 19.5% Y/Y respectively.



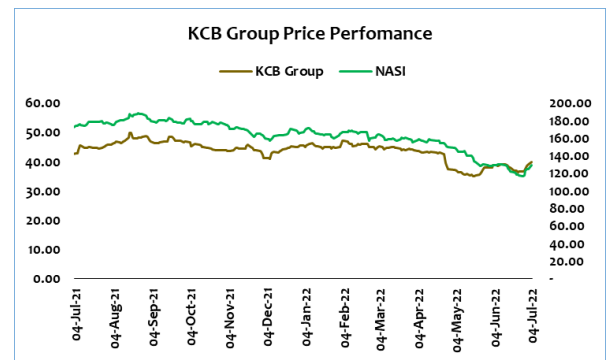
**East African Breweries (EABL) – Buy:** The beer manufacturer has seen a 27.7% recovery week-on-week value to trade at KES 140.50. The counter remains 15.1% under water on y-t-d basis.

The company closed FY-2022 on June 30<sup>th</sup> and it is expected to release results on Thursday July 28<sup>th</sup>, 2022. We anticipate a better financial performance for FY-2022 as evidenced by a 120.7% y/y jump in PBT for H1-2022 from KES 5.36Bn to KES 12.88Bn largely on improved economic environment. We project a final dividend of KES 5.00 for a full dividend of KES 8.75.



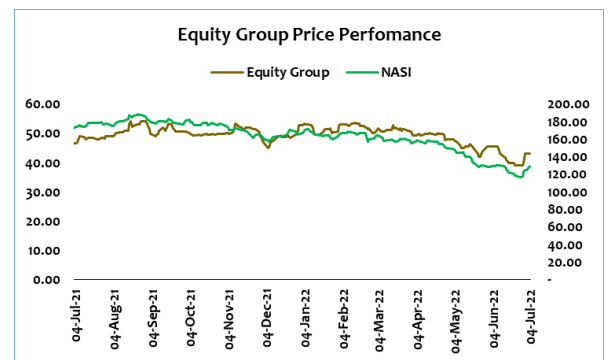
**KCB Group – Long-term Buy:** The largest listed bank in terms of loan book has seen its value increased by 8.8% to KES 40.00. The counter has regained 14.3% after touching a low of KES 35.00. The lender’s PE stood at 3.67x compared to sector index of 4.26x.

The bank is set to release its H1-2022 figures in mid-August, and we project the bank will retain the KES 1.00 interim dividend. This will boost total investors return



**Equity Group – Long-term Buy:** The regional bank has seen a cool off in growth strategy and opted to focus on consolidating operations and growth. The counter has recovered 10.5% w-w though remains 18.3% below the beginning of the year price. The counter’s PE is 4.14x against sector PE of 4.26x.

We do not expect an interim dividend payment. However, we anticipate strong bottom-line performance as per the 30.6% PBT growth indicator in Q1-22 which will lead to board of management to retain the full year dividend of KES 3.00. This will aid with price recovery.



	52 wk high		52 wk low		Vwap	Vwap	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
					(04/06/2022)	(31/12/2021)										
<b>AGRICULTURE</b>																
Eaagads Ltd	14.40	10.80	13.15	13.50			-2.6%	0.05	-	31.40	263.00	0.42	-	-	17.61%	15.93%
Kakuzi Plc	441.25	372.75	8.00	385.00			-97.9%	16.31	22.00	259.37	0.49	0.03	275.00%	134.89%	12.24%	9.36%
Kapchorua Tea Kenya Plc Ord 5.00	108.25	81.00	108.25	95.50			13.4%	0.90	10.00	202.45	120.28	0.53	9.24%	1111.11%	2.80%	1.96%
The Limuru Tea Co. Plc	355.00	263.00	320.00	320.00			0.0%	0.79	0.70	79.18	405.06	4.04	0.22%	88.61%	-0.63%	-0.58%
Sasini Plc	22.40	17.90	19.00	18.70			1.6%	2.49	0.50	58.95	7.63	0.32	2.63%	20.08%	4.26%	3.79%
Williamson Tea Kenya Plc	152.25	0.00	138.00	130.00			6.2%	-8.31	10.00	338.08	-	0.41	7.25%	-	-3.17%	-2.29%
Industry Average											11.89	0.33			4.5%	3.7%
<b>AUTOMOBILES &amp; ACCESSORIES</b>																
Car & General (K) Ltd	76.00	0.00	44.25	33.95			30.3%	22.43	3.20	121.04	1.97	0.37	7.23%	14.27%	18.28%	12.53%
Industry Average											1.97	0.37			18.3%	12.5%
<b>BANKING</b>																
ABSA Bank Kenya Plc	12.70	9.42	10.60	11.85			-10.5%	1.90	1.00	10.39	5.58	1.02	9.43%	52.63%	19.26%	2535.63%
BK Group Plc	40.00	24.30	30.00	29.00			3.4%	4.66	-	28.45	6.44	1.05	-	-	16.90%	3.66%
Diamond Trust Bank Kenya Ltd	69.00	49.00	49.60	59.50			-16.6%	10.89	3.00	240.68	4.55	0.21	6.05%	27.55%	6.56%	0.97%
Equity Group Holdings Plc	54.25	39.00	43.00	52.75			-18.5%	10.38	3.00	46.69	4.14	0.92	6.98%	28.90%	22.74%	3.07%
HF Group Plc	4.90	2.86	3.56	3.90			-8.7%	-4.44	-	17.79	-	0.20	-	-	-20.63%	-2.72%
I&M Holdings Plc	23.25	16.50	17.00	21.10			-19.4%	9.77	2.25	43.14	1.74	0.39	13.24%	23.03%	13.28%	2.37%
KCB Group Plc	49.90	35.00	40.00	45.45			-12.0%	10.64	3.00	53.44	3.76	0.75	7.50%	28.20%	19.90%	3.29%
NCBA Group Plc	28.15	23.00	23.90	25.20			-5.2%	2.77	1.50	47.34	8.63	0.50	6.28%	54.15%	13.11%	1.73%
Stanbic Holdings Plc	108.00	80.00	99.00	87.25			13.5%	18.23	9.00	142.80	5.43	0.69	9.09%	49.37%	12.77%	2.19%
Standard Chartered Bank Kenya Ltd	146.25	123.75	124.00	128.25			-3.3%	23.49	19.00	138.89	5.28	0.89	15.32%	80.89%	17.23%	2.70%
The Co-operative Bank of Kenya Ltd	13.95	10.70	11.00	12.95			-15.1%	2.66	1.00	17.08	4.14	0.64	9.09%	37.59%	16.51%	2.85%
Industry Average											4.11	0.71			16.8%	2.8%
<b>COMMERCIAL AND SERVICES</b>																
Deacons (East Africa) Plc	0.45	0.00	0.45	0.45			0.0%	-6.82	-	2.67	-	0.17	-	-	-254.96%	-54.19%
Eveready East Africa Ltd	1.22	0.70	0.70	0.98			-28.6%	-0.33	-	0.03	-	23.33	-	-	-550.65%	-495.80%
Express Kenya Plc	4.61	2.70	3.28	4.10			-20.0%	-1.97	-	-2.87	-	-1.14	-	-	50.92%	-21.71%
Homeboyz Entertainment Plc	4.66	0.00	4.66	4.66			0.0%	-0.51	-	0.46	-	10.15	-	-	-77.47%	-24.29%
Kenya Airways Ltd	3.83	0.00	3.83	3.83			0.0%	-6.22	-	-13.00	-	-0.29	-	-	15.55%	-7.49%
Longhorn Publishers Plc	4.40	2.74	3.11	4.00			-22.3%	0.68	-	2.75	4.57	1.13	-	-	4.03%	1.39%
Nairobi Business Ventures Ltd	12.80	2.73	3.12	6.06			-48.5%	-3.20	-	0.11	-	28.36	-	-	22.12%	18.52%
Nation Media Group Plc	26.10	16.20	17.10	18.45			-7.3%	0.20	-	42.51	85.50	0.40	-	-	6.10%	5.77%
Sameer Africa Plc	4.35	0.00	3.53	2.86			23.4%	0.16	-	1.38	22.06	2.57	-	-	66.97%	21.33%
Standard Group Plc	20.00	11.55	12.95	13.55			-4.4%	-3.79	-	13.00	-	1.00	-	-	-5.34%	-1.41%
TPS Eastern Africa Ltd	16.95	11.50	13.80	15.25			-9.5%	-6.32	-	39.35	-	0.35	-	-	-15.71%	-8.16%
Uchumi Supermarket Plc	#N/A	#N/A	0.18	0.24			-25.0%	-4.60	-	-5.75	-	-0.03	-	-	135.25%	-56.71%
WPP Scangroup Plc	5.74	2.86	3.30	4.14			-20.3%	1.00	-	12.19	3.30	0.27	-	-	-32.89%	-19.82%
Industry Average											(0.85)	-0.70			32.9%	-8.7%
<b>CONSTRUCTION &amp; ALLIED</b>																
ARM Cement Plc	5.55	0.00	5.55	5.55			0.0%	-6.83	-	28.95	-	0.19	-	-	-10.08%	-5.48%
Bamburi Cement Ltd	39.80	32.15	34.35	38.00			-9.6%	2.89	3.00	93.81	11.89	0.37	8.73%	103.81%	3.47%	2.39%
Crown Paints Kenya Plc	44.00	19.65	38.00	30.50			24.6%	8.42	-	17.22	4.51	2.21	-	-	27.98%	10.25%
E.A.Cables Ltd	1.60	0.81	1.00	1.20			-16.7%	-2.15	-	10.10	-	0.10	-	-	-22.79%	-7.72%
E.A.Portland Cement Co. Ltd	9.40	6.06	8.10	6.66			21.6%	20.97	-	187.68	0.39	0.04	-	-	-8.71%	-5.38%
Average											-8.16	0.29			-3.6%	-2.1%
<b>ENERGY &amp; PETROLEUM</b>																
KenGen Co. Plc	4.98	3.38	3.50	4.19			-16.5%	0.18	0.30	32.04	19.44	0.11	8.57%	166.67%	8.70%	4.45%
Kenya Power & Lighting Co Plc	2.02	1.31	1.47	1.75			-16.0%	0.76	-	28.81	1.93	0.05	-	-	0.47%	0.08%
Total Kenya Ltd	26.00	21.75	23.40	25.00			-6.4%	5.24	1.57	129.47	4.47	0.18	6.71%	29.96%	10.20%	5.89%
Umeme Ltd	8.30	0.00	6.96	6.74			3.3%	0.81	0.37	14.19	8.59	0.49	5.32%	45.68%	16.69%	5.47%
Industry Average											8.43	0.13			7.9%	2.9%
<b>INSURANCE</b>																
Britam Holdings Plc	8.38	5.56	5.58	7.50			-25.6%	-3.62	-	6.76	-	0.83	-	-	53.39%	7.28%
CIC Insurance Group Ltd	3.39	1.87	2.00	2.21			-9.5%	0.23	-	3.05	8.70	0.66	-	-	8.37%	1.61%
Jubilee Holdings Ltd	390.00	245.00	256.25	316.75			-19.1%	50.06	9.00	490.33	5.12	0.52	3.51%	17.98%	11.50%	2.80%
Kenya Re Insurance Corporation Ltd	2.68	1.94	2.07	2.30			-10.0%	2.55	0.10	11.41	0.81	0.18	4.83%	3.92%	12.41%	7.88%
Liberty Kenya Holdings Ltd	9.98	5.02	5.40	7.00			-22.9%	0.15	-	16.45	36.00	0.33	-	-	0.93%	0.20%
Sanlam Kenya Plc	15.00	9.70	12.00	11.55			3.9%	0.81	-	12.05	14.81	1.00	-	-	6.59%	0.39%
Sector PE											11.8361464	19.87	0.47		17.5%	4.2%
<b>INVESTMENT</b>																
Centum Investment Co Plc	17.85	9.02	9.90	14.10			-29.8%	-0.93	0.33	79.08	-	0.13	3.33%	-	8.80%	4.54%
Home Afrika Ltd	0.44	0.30	0.35	0.40			-12.5%	-0.60	-	-4.79	-	-0.07	-	-	-45.79%	-20.44%
Kurwitu Ventures Ltd	1500.00	0.00	1500.00	1500.00			0.0%	-36.00	-	592.46	-	2.53	-	-	-8.90%	-3.90%
Olympia Capital Holdings Ltd	2.50	1.76	2.50	2.00			25.0%	-0.14	-	32.09	-	0.08	-	-	0.45%	0.35%
Trans-Century Plc	1.47	0.00	1.10	1.17			-6.0%	-7.95	-	9.45	-	0.12	-	-	-56.07%	-9.11%
Industry Average											-1.92	0.13			3.2%	1.3%
<b>INVESTMENT SERVICES</b>																
Nairobi Securities Exchange Plc	10.15	6.60	6.98	8.00			-12.8%	0.65	1.03	8.04	10.74	0.87	14.8%	158.5%	3.8%	3.6%
Industry Average											10.74	0.87			3.8%	3.6%
<b>MANUFACTURING &amp; ALLIED</b>																
B.O.C Kenya Plc	93.25	0.00	80.00	70.00			14.3%	5.21	4.15	78.03	15.36	1.03	5.19%	79.65%	4.57%	3.24%
British American Tobacco Kenya Plc	509.00	404.00	420.00	441.50			-4.9%	53.50	64.83	118.56	7.85	3.54	15.44%	121.18%	46.54%	25.42%
Carbacid Investments Plc	13.25	10.35	11.50	11.00			4.5%	1.63	1.60	8.38	7.06	1.37	13.91%	98.16%	12.39%	7.93%
East African Breweries Ltd	188.25	110.00	139.50	165.00			-15.5%	5.51	-	17.70	25.32	7.88	-	-	50.17%	5.84%
Flame Tree Group Holdings Ltd	1.40	1.08	1.29	1.26			2.4%	0.42	-	4.57	3.07	0.28	-	-	4.16%	1.84%
Kenya Orchards Ltd	10.40	0.00	10.40	10.40			0.0%	0.69	-	1.88	15.07	5.52	-	-	36.65%	7.76%
Mumias Sugar Co. Ltd	0.27	0.00	0.27	0.27			0.0%	-9.90	-	-9.40	-	-0.03	-	-	105.26%	-96.22%
Unga Group Ltd	36.25	0.00	29.05	27.65			5.1%	0.45	-	74.09	64.56	0.39	-	-	1.18%	0.55%
Industry Average											-33.25	7.41			-10.0%	-1.2%
<b>TELECOMMUNICATION &amp; TECHNOLOGY</b>																
Safaricom Plc	44.95	23.10	26.55	37.95			-30.0%	1.71	1.37	4.49	15.53	5.92	5.2%	80.1%	37.6%	19.5%
Industry Average											15.53	5.92			37.6%	19.5%
<b>REAL ESTATE INVESTMENT TRUST</b>																
STANLIB FAHARI I-REIT	7.20	5.30	6.46	6.26			3.2%	0.82	0.60	20.86	7.88	0.31	9.3%	73.2%	3.9%	3.8%
Industry Average											7.88	0.31			3.9%	3.8%

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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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