

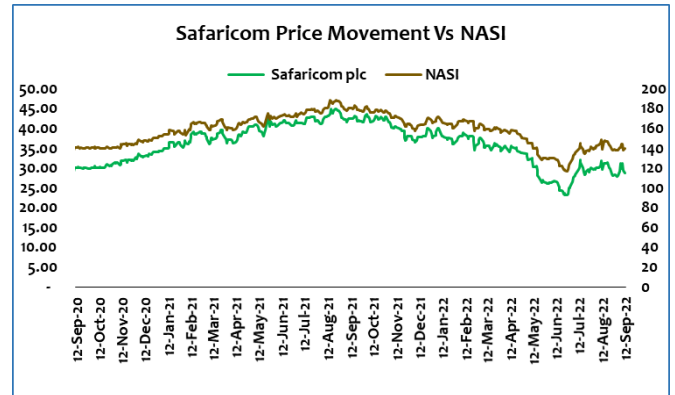
WEEKLY STOCK PICKS SELECTION

As business operations return to normal after closure of elections and assumption new government, we have selected the following stocks for your investment:

Safaricom - Long-Term Buy: Currently trading at KES 28.20 per share, the counter has shed 2.9% month on month (M-o-M), 24.9% in the last 6-months and 32.5% Year on year (Y-o-Y). Its last 12, 6 and 3-months average price stands at KES 34.75, KES 30.12, and KES 28.25 respectively.

In 2022, Safaricom recorded low and high prices of KES 32.35 and KES 34.25, in comparison to those of 2021 which stood at KES 34.25 and KES 44.95 respectively. The counter has experienced a value loss has largely been impacted by the devaluation of the Kenya shilling which has kept foreign investors partly out of the market.

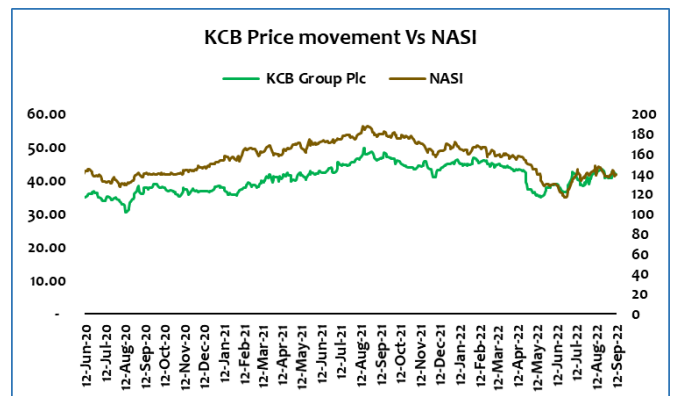
Foreigners command the counter's market activity at over 60.0%, and with the closure of the electioneering period fevers, we fathom stabilization of the shilling and return foreign activity. We expect this to be accelerated by expected increased business activity and the start of Safaricom operations in Ethiopia scheduled for April 2022. We therefore advise and recommend a BUY on the counter to take advantage of the discounted share price.



KCB Group – Long-term Buy: Trading at KES 40.90, the counter has gained 2.0% month to date (MTD) and 7.2% in the last 3-months while easing 7.2%, 8.2% and 10.7% in the last 6-months, YTD and Y-o-Y respectively. The group's price averages at KES 40.38, KES 40.38, and KES 42.76 in the last 3, 6 and 12-months while recording highs of KES 55.00, 49.90 and KES 47.00 and lows of KES 30.55, KES 35.70 and 35.00 in 2020, 2021 and 2022 (8.5-months of 2022) respectively.

The Group continues up-scaling its regional muscles with the recent Proposed Acquisition of Trust Merchant Bank in the Democratic Republic of Congo with an aim of increasing its market share. This will see the lender become the largest bank in East and Central Africa.

So far, the acquisitions have set the group record the largest loan book of KES 703.34Bn in H1-2022 in the region. We anticipate the counter to issues a total dividend of >KES 3.00 in FY-2022, and in line with this retain our BUY recommendation at the current price.



ABSA – Buy: The Bank announced an interim dividend of KES 0.20 whose book closure is on 21st September for a payment on 12th October 2022, signaling a return of its > 50% dividend payout. In 2021 its payout ratio was 55.0% while that of 2019 and 2018 stood at 80.0 and 80.3% respectively. The lender skipped paying dividends in 2020 on the effect of Covid-19.

The counter's H1-22 earnings per share stood at 1.16, a 12.6% Y-o-Y uptick, of which we project a final dividend of KES 0.90 in FY-2022.

The pushing of the share price of +4.4% M-o-M to the current price of KES 11.70 is pegged on the forecasted total dividend of KES 1.10 which gives a dividend yield of 9.2% and therefore retain our BUY recommendation to for income seeking investors.

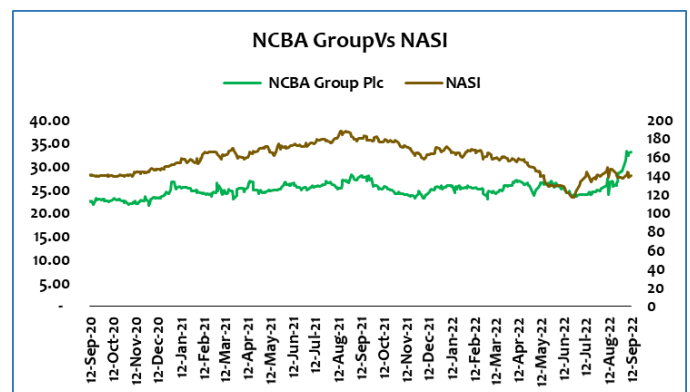
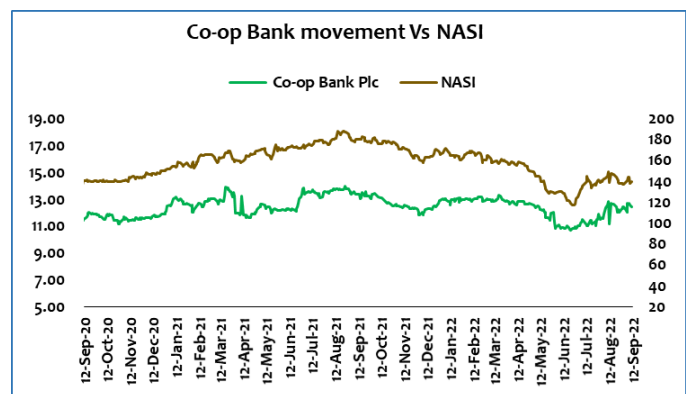
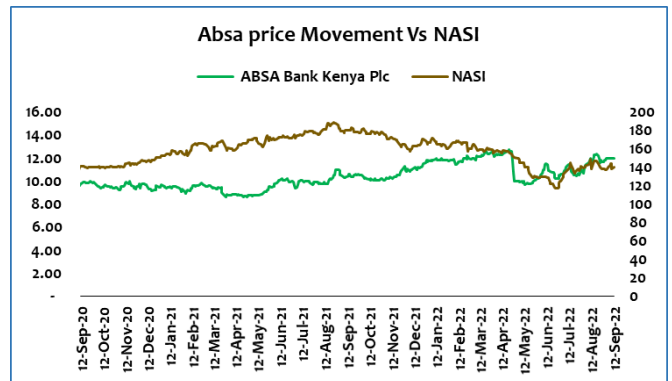
Co-op Bank Group – Long-Term Buy: Trading at KES 12.45, the Group has recorded high and low prices of KES 13.55 and KES 10.70 in the last 12-months respectively. Its 6- and 12-months average are KES 11.97 and 12.38 respectively with price drops of 3.5% and 7.1% for the same period.

The Group's net income grew by 60.6% to KES 11.83Bn giving an EPS of 1.95 for H1-2022 supported by better utilization of non-funded income, loan book growth and drops in loan loss provisions

The Group's dividend payouts ratios for 2021, 2020 and 2019 stood at 35.1%, 50.5% and 45.9% of KES 1.00 each year. As the lender remains consistent in dividend payment, we project a KES 1.10 dividend for FY-2022 on a better financial performance. In line with this we retain our Buy recommendation on the counter to gain on dividend income.

NCBA Group – SELL: Currently trading at KES 33.10 after announcing a KES 2.00 interim dividend, whose book closure is on September 15th, Thursday, for a payment on 30th September 2022.

The Group hit a high of KES 33.10 after recording a high of KES 33.10 last week and a low of KES 23.10 in late June 2022. We therefore advise our clients who entered at the price of below KES 30.00 to sell and gain on capital gains of >10.0% as we forecast a price decline immediately after book closure.



KINGDOM SECURITIES

Equity Stock Picks

September 14, 2022

	VWAP 14-Aug-22	VWAP 14-Sept-22	% Δ	Total Shares Issued	Mkt Cap. KES Mn	EPS	DPS	P/E	Dividend Yield
AGRICULTURAL									
Eaagads Ltd	13.70	13.15	-4.01%	32,157,000	422.86	0.26	0.00	50.58	0.00%
Kakuzi Plc	368.25	390.00	5.91%	19,599,999	7,644.00	16.31	22.00	23.91	5.64%
Kapchorua Tea Kenya Plc	100.75	102.25	1.49%	7,824,000	800.00	27.35	10.00	3.74	9.78%
The Limuru Tea Co. Plc	507.00	510.00	0.59%	2,400,000	1,224.00	0.79	0.70	645.57	0.14%
Sasini Plc	20.80	23.60	13.46%	228,055,500	5,382.11	2.49	1.00	9.48	4.24%
Williamson Tea Kenya Plc	153.25	157.00	2.45%	17,512,640	2,749.48	29.73	20.00	5.28	12.74%
							Sector PE	11.16	
AUTOMOBILES & ACCESSORIES									
Car & General (K) Ltd	44.00	44.70	1.59%	80,206,616	3,585.24	22.43	3.20	1.99	7.16%
							Sector PE	1.99	
BANKING									
ABSA Bank Kenya Plc	12.00	11.70	-2.50%	5,431,536,000	63,548.97	1.90	1.10	6.16	9.40%
BK Group Plc	30.55	30.20	-1.15%	896,759,222	27,082.13	6.49	3.24	4.65	10.73%
Diamond Trust Bank Kenya Ltd	50.75	51.00	0.49%	279,602,220	14,259.71	10.60	3.00	4.81	5.88%
Equity Group Holdings Plc	50.50	47.55	-5.84%	3,773,674,802	179,438.24	10.38	3.00	4.58	6.31%
HF Group Plc	3.50	3.37	-3.71%	384,614,168	1,296.15	(1.54)	0.00	(2.19)	0.00%
I&M Holdings Plc	17.00	17.00	0.00%	1,653,621,476	28,111.57	4.92	1.50	3.46	8.82%
KCB Group Plc	43.05	40.90	-4.99%	3,213,462,815	131,430.63	10.64	3.00	3.84	7.33%
NCBA Group Plc	26.20	32.85	25.38%	1,647,519,532	54,121.02	6.21	3.00	5.29	9.13%
Stanbic Holdings Plc	98.75	93.50	-5.32%	395,321,638	36,962.57	18.23	9.00	5.13	9.63%
Standard Chartered Bank Kenya Ltd	139.25	139.25	0.00%	377,861,629	52,617.23	23.49	19.00	5.93	13.64%
The Co-operative Bank of Kenya Ltd	12.80	12.45	-2.73%	5,867,174,695	73,046.32	2.66	1.00	4.68	8.03%
							Sector PE	4.66	
COMMERCIAL AND SERVICES									
Deacons (East Africa) Plc	0.45	0.45	0.00%	123,558,228	55.60	(6.82)	0.00	(0.07)	0.00%
Eveready East Africa Ltd	0.80	0.81	1.25%	210,000,000	170.10	(0.33)	0.00	(2.45)	0.00%
Express Kenya Plc	3.65	3.77	3.29%	47,711,481	179.87	(1.97)	0.00	(1.91)	0.00%
Homeboyz Entertainment Plc	4.66	4.66	0.00%	63,200,000	294.51	(0.51)	0.00	(9.14)	0.00%
Kenya Airways Ltd	3.83	3.83	0.00%	5,681,738,063	21,761.06	(2.73)	0.00	(1.40)	0.00%
Longhorn Publishers Plc	3.51	4.00	13.96%	272,440,473	1,089.76	0.68	0.00	5.88	0.00%
Nairobi Business Ventures Ltd	3.47	3.23	-6.92%	1,353,711,934	4,372.49	(3.20)	0.00	(1.01)	0.00%
Nation Media Group Plc	20.00	18.40	-8.00%	190,295,163	3,501.43	2.50	1.50	7.36	8.15%
Sameer Africa Plc	3.55	3.50	-1.41%	278,342,393	974.20	0.16	0.00	21.88	0.00%
Standard Group Plc	13.25	12.90	-2.64%	81,731,808	1,054.34	(3.79)	0.00	(3.40)	0.00%
TPS Eastern Africa Ltd	16.95	16.40	-3.24%	182,174,108	2,987.66	(3.40)	0.00	(4.82)	0.00%
Uchumi Supermarket Plc	0.27	0.26	-3.70%	364,959,616	94.89	(4.60)	0.00	(0.06)	0.00%
WPP Scangroup Plc	3.91	3.52	-9.97%	432,155,985	1,521.19	(0.04)	0.00	(88.00)	0.00%
							Sector PE	(1.67)	
CONSTRUCTION & ALLIED									
ARM Cement Plc	5.55	5.55	0.00%	959,940,200	5,327.67	(6.83)	0.00	(0.81)	0.00%
Bamburi Cement Ltd	37.40	33.95	-9.22%	362,959,275	12,322.47	3.58	3.58	9.48	10.54%
Crown Paints Kenya Plc	43.65	43.60	-0.11%	142,362,000	6,206.98	6.85	4.00	6.36	9.17%
E.A.Cables Ltd	1.20	1.17	-2.50%	253,125,000	296.16	(2.15)	0.00	(0.54)	0.00%
E.A.Portland Cement Co. Ltd	7.64	7.60	-0.52%	90,000,000	684.00	20.97	0.00	0.36	0.00%
							Sector PE	(8.45)	
ENERGY & PETROLEUM									
KenGen Co. Plc	3.79	3.71	-2.11%	6,594,522,339	24,465.68	0.18	0.30	20.61	8.09%
Kenya Power & Lighting Co Plc	1.50	1.92	28.00%	1,951,467,045	3,746.82	0.76	0.00	2.53	0.00%
Total Kenya Ltd	24.00	22.90	-4.58%	175,065,000	4,008.99	4.35	1.31	5.26	5.72%
Umeme Ltd	7.70	7.94	3.12%	1,623,878,005	12,893.59	2.76	1.74	2.88	21.91%
							Sector PE	5.70	
INSURANCE									
Britam Holdings Plc	6.28	6.64	5.73%	2,523,486,816	16,755.95	0.02	0.00	332.00	0.00%
CIC Insurance Group Ltd	2.00	2.01	0.50%	2,615,538,528	5,257.23	0.23	0.00	8.74	0.00%
Jubilee Holdings Ltd	252.50	245.25	-2.87%	72,472,950	17,773.99	89.88	13.00	2.73	5.30%
Kenya Re Insurance Corporation Ltd	2.09	2.17	3.83%	2,799,796,272	6,075.56	2.55	0.10	0.85	4.61%
Liberty Kenya Holdings Ltd	6.00	7.00	16.67%	535,707,499	3,749.95	0.15	0.00	46.67	0.00%
Sanlam Kenya Plc	11.65	11.65	0.00%	144,000,000	1,677.60	(2.79)	0.00	(4.18)	0.00%
							Sector PE	3.67	

KINGDOM SECURITIES

Equity Stock Picks

September 14, 2022

INVESTMENT	VWAP 14-Aug-22	VWAP 14-Sept-22	% Δ	Total Shares Issued	Mkt Cap. KES Mn	EPS	DPS	P/E	Dividend Yield
Centum Investment Co Plc	9.98	9.80	-1.80%	665,441,714	6,521.33	(0.93)	0.33	(10.54)	3.37%
Home Afrika Ltd	0.37	0.38	2.70%	405,255,320	154.00	(0.72)	0.00	(0.53)	0.00%
Kurwitu Ventures Ltd	1500.00	1500.00	0.00%	102,272	153.41	(36.00)	0.00	(41.67)	0.00%
Olympia Capital Holdings Ltd	2.39	2.78	16.32%	40,000,000	111.20	0.28	0.00	9.93	0.00%
Trans-Century Plc	1.30	1.16	-10.77%	375,202,766	435.24	(7.95)	0.00	(0.15)	0.00%
							Sector PE	(1.90)	
INVESTMENT SERVICES	VWAP 14-Aug-22	VWAP 14-Sept-22	% Δ	Total Shares Issued	Mkt Cap. KES Mn	EPS	DPS	P/E	Dividend Yield
Nairobi Securities Exchange Plc	8.00	8.00	0.00%	259,500,791	2,076.01	0.51	1.40	15.69	17.50%
							Sector PE	15.69	
MANUFACTURING & ALLIED	VWAP 14-Aug-22	VWAP 14-Sept-22	% Δ	Total Shares Issued	Mkt Cap. KES Mn	EPS	DPS	P/E	Dividend Yield
B.O.C Kenya Plc	71.25	78.00	9.47%	19,525,446	1,522.98	5.55	4.40	14.05	5.64%
British American Tobacco Kenya Plc	445.00	447.50	0.56%	100,000,000	44,750.00	64.83	53.50	6.90	11.96%
Carbacid Investments Plc	12.00	11.85	-1.25%	254,851,985	3,020.00	1.63	1.60	7.27	13.50%
East African Breweries Ltd	157.25	151.25	-3.82%	790,774,356	119,604.62	15.00	11.00	10.08	7.27%
Flame Tree Group Holdings Ltd	1.32	1.22	-7.58%	178,053,486	217.23	0.58	0.00	2.10	0.00%
Kenya Orchards Ltd	10.40	10.40	0.00%	12,868,124	133.83	0.28	0.00	37.14	0.00%
Mumias Sugar Co. Ltd	0.27	0.27	0.00%	1,530,000,000	413.10	(9.90)	0.00	(0.03)	0.00%
Unga Group Ltd	29.50	28.95	-1.86%	75,708,873	2,191.77	2.39	0.00	12.11	0.00%
							Sector PE	42.86	
TELECOMMUNICATION	VWAP 14-Aug-22	VWAP 14-Sept-22	% Δ	Total Shares Issued	Mkt Cap. KES Mn	EPS	DPS	P/E	Dividend Yield
Safaricom Plc	31.15	28.20	-9.47%	40,065,428,000	1,129,845.07	1.74	1.39	16.21	4.93%
							Sector PE	16.21	
REAL ESTATE INVESTMENT TRUST	VWAP 14-Aug-22	VWAP 14-Sept-22	% Δ	Total Shares Issued	Mkt Cap. KES Mn	EPS	DPS	P/E	Dividend Yield
ILAM FAHARI I-REIT	7.10	6.76	-4.79%	180,972,300	1,223.37	(0.68)	0.56	(9.94)	8.28%
EXCHANGE TRADED FUNDS	VWAP 14-Aug-22	VWAP 14-Sept-22	% Δ	Total Shares Issued	Mkt Cap. KES Mn	EPS	DPS	P/E	Dividend Yield
ABSA New Gold ETF	2015.00	2049.00	1.69%	400,000	819.60	-	0.00	-	0.00%

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 certifies 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 report 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 affiliates or 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' judgment 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 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.

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

Willis Nalweng wnalenge@co-opbank.co.ke
Shadrack Manyinsa smanyinsa@co-opbank.co.ke

Equities Dealing

Justus Ogalo jogalo@co-opbank.co.ke
Andrew Karanja amkaranja@co-opbank.co.ke