

### Diageo Kenya Acquisition of 15.0% of EABL Shares

Diageo Kenya Limited, today (14<sup>th</sup> October 2022) announced an additional acquisition of 118,394,897 (14.97%) ordinary shares of East African Breweries (EABL) from the market. The acquisition will propel Diageo's shareholding to 65.00% from the current holding of 50.03%.

- The proposed tender price is KES 192.00 per share, a 39.1% upside from that of KES 138.00 of Thursday, 13<sup>th</sup> October 2022.
- On its information to the public, Diageo intends to maintain EABL's listing in the Nairobi Securities Exchange (NSE) and does not intend to make a take-over over EABL within the meaning of Take-over regulations, which allows up to 90.0% acquisition by way of squeezing out dissenting shareholders. The company will also maintain the remaining domestic shareholding for strategic reasons and thereby help in serving public interests better.

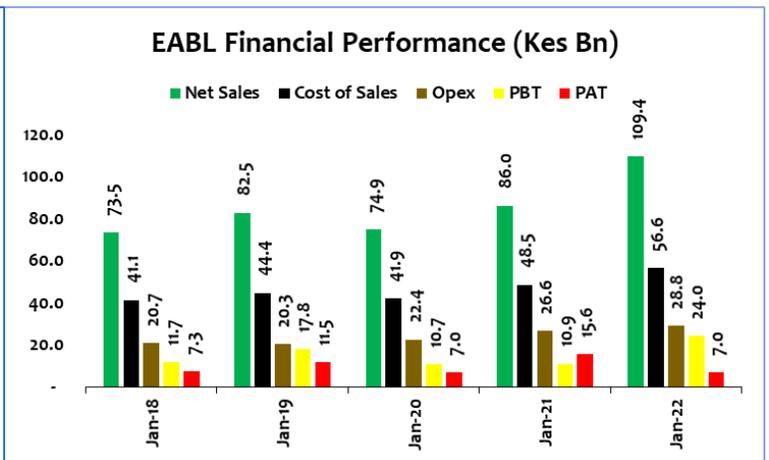
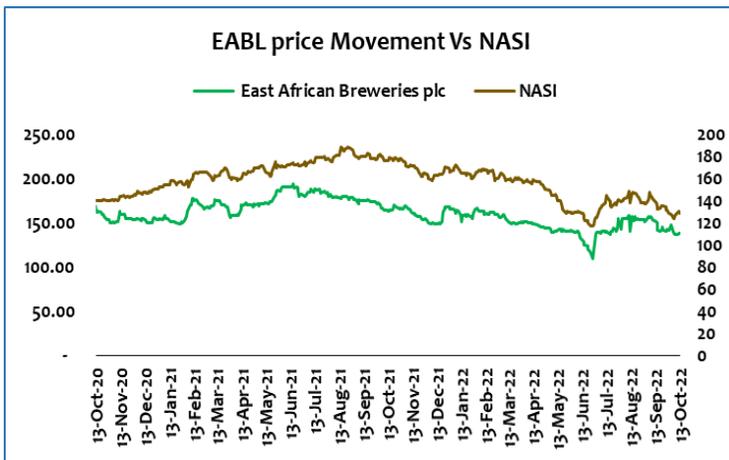
The proposed offer will be in two phases but subject to change:

1. The first phase of acquisition starts on 30<sup>th</sup> January (9.00am) and close on 16<sup>th</sup> February 2023 (5.00pm)
2. 2<sup>nd</sup> phase will open on 20<sup>th</sup> February and close on 10<sup>th</sup> March 2023 if the proposed target will not have been achieved in the 1<sup>st</sup> phase.

In our opinion, we advise our clients who bought EABL stock at a share price of below KES 170.00 to sell at the proposed price of KES 192.00 for a return of > 12.9% and wait for a come back after the acquisition period. We retain our valuation price on the counter at KES 170.00, a 23.2% upside from that of KES 138.00 recorded on 13<sup>th</sup> October 2022.

EABL issued a final dividend of KES 7.25 whose book closure happened on 15<sup>th</sup> September with payments due on 30<sup>th</sup> October 2022.

Diageo Kenya is a fully owned indirect subsidiary of Diageo plc primarily listed in the London Stock Exchange and a secondary listing in the New York Stock Exchange. Diageo is the world's leader in beverage alcohol with outstanding collection of brands across beer and spirits



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

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