Equity Stock Picks 15Th November 2022

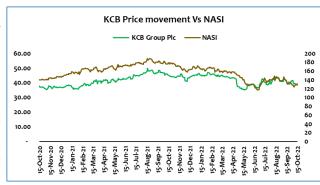
WEEKLY STOCK PICKS SELECTION

As economies gobble with soaring inflations globally, we have selected the following stocks for your investment considerations:

KCB Group – Buy: Trading at KES 37.05, the lender has shed 4.5% m-m, 10.6% Q-t-d, 18.7% y-t-d and 16.7% y-y. Its highest and lowest price this year were at KES 47.00 and KES 35.00 traded in the first week of January and the third week of May 2022. Its highest price in 2021 and 2020 were KES 49.90 and KES 55.00 while trading at lows of KES 35.70 and KES 30.55 same time respectively.

The Group has been reliable in dividend payment, issuing dividends of KES 3.00, KES 2.00, KES 3.50, KES 3.00 and KES 3.00 for the FY-2021, FY-2020, FY-2019, FY-2018 and FY-2017 respectively, an average payout of 35.8% against the Group's policy payout of 50%. Owing to this and following a better H1-2022 performance where profits after tax (PAT) spiked 27.7% up to KES 19.52Bn, an annualized EPS of 12.15. We forecast a total FY-2023 dividend of KES 3.50 which result to a dividend yield of 9.4% on the current price of KES 37.05 and thereby push the price upwards to levels of above KES 45.00

It's in line with this that we retain a BUY on the counter to both longterm and short-term investors.

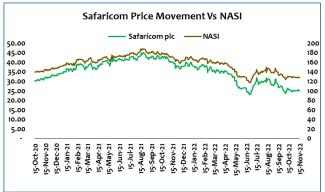


Safaricom Group – Long-Term Buy: The Telecommunications giant declared an 18.4% drop to KES 30.23Bn on its H1-2023PAT on heavy cost injections to its Ethiopia subsidiary. The counter however remains strong recording a 4.6% uptick in total revenues to KES 153.53Bn on its H1-2023. Safaricom Ethiopia is project to break-even in year four at an expected 40% EBITDA margin.

Currently trading at KES 25.05, the counter's price has sunk by 16.9% in the last 6-months, 34.2% y-t-d and 37.6% y-y. Its highest and lowest price in the last one year are KES 40.05 and KES 23.10 respectively.

We view the counter's price discounted, weighed down by heavy foreign outflows in search of better returns aroused by the recent/ongoing interest rate hikes. This has triggered heavy foreign capital exits of which we perceive to reverse considering that Kenya is an emerging market with great interest by many foreigners.

We value the Group's price at KES 32.29, a 28.9% upside and therefore retain our BUY recommendation.

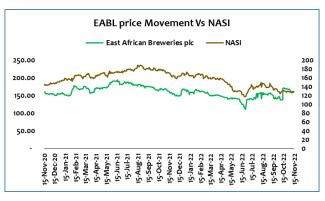


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East African Breweries (EABL) – **BUY:** The counter continues trading at discount, a 18.9% lower at the current price of KES 161.50 compared to the proposed acquisition price of KES 192.00 announced by Diageo on 14th October 2022. Upon the declaration, EABL's price surged 23.2% from KES 138.00 to KES 170.00 per share.

On its Information to the public, Diageo Kenya intends to acquire an additional 118.39Mn shares in two phases, starting from 30th January 2023 to 16th February and thereafter from 20th February to 10th march, 2022, if the target would not have been achieved in the first round.

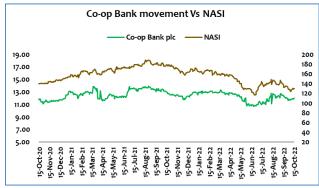
It is with this information; we advise our short-term clients to take position/BUY at the current price and afterwards **SELL** at the proposed price.



Co-op Bank Group – Long-Term Buy: Trading at KES 12.00, the largest Co-operatives Bank has dropped 3.3%, 8.8% and 5.6% in the last 6 months, y-t-d and y-y respectively. Its 12 and 6-months average price stands at KES 12.21 and 11.7% respectively while recording a high a low price of KES 13.30 and KES 10.70 respectively in the last one year.

The lender has been consistent on its dividend payment, issuing an average of KES 1.00 per share in the las four year,n an average payout of 42.9%.

In its H1 financials, Co-op Bank posted a 60.6% jump in profits after tax from KES 7.37Bn to KES 11.83Bn signaling of a better FY-2023 performance. In view of this we project a superior return on investment which will push the price upwards, and therefore to gain on both dividend income and capital gains we retain our BUY recommendation on the counter.



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AGRICULTURE	52 wk high	52 wk low (1	Vwap 15/11/2022)	Vwap (31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%) Di	v Pavout (%)	ROE	RO
Eaagads Ltd	52 WK nigh 14.00	10.95	11.80	13.50	-12.6%	0.05	- DPS	31.40	236.00	0.38	Div Field (%) Di	v Payout (%)	17.61%	15.93
Kakuzi Plc	441.25	0.00	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	124.00	81.00	115.00	95.50	20.4%	0.90	10.00	202.45	127.78	0.57	8.70%	1111.11%	2.80%	1.96
The Limuru Tea Co. Plc	510.00	297.00	420.00	320.00	31.3%	0.79	0.70	79.18	531.65	5.30	0.17%	88.61%	-0.63%	-0.589
Sasini Plc Williamson Tea Kenya Plc	24.00 168.75	0.00 120.00	21.00 151.00	18.70 130.00	12.3% 16.2%	2.49 -8.31	0.50 10.00	58.95 338.08	8.43	0.36 0.45	2.38% 6.62%	20.08%	4.26% -3.17%	3.799 -2.299
Industry Average	100.75	120.00	131.00	130.00	10.270	-0.51	10.00	330.00	13.13	0.36	0.02%		4.5%	3.79
, ,			Vwap	Vwap										
AUTOMOBILES & ACCESSORIES	52 wk high	52 wk low (1		(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E		Div Yield (%) Di		ROE	RO
Car & General (K) Ltd	76.00	0.00	39.00	33.95	14.9%	22.43	3.20	121.04	1.74 1.74	0.32	8.21%	14.27%	18.28%	12.539
Industry Average			Vwap	Vwap					1./4	0.32			18.3%	12.5%
BANKING	52 wk high	52 wk low (1	15/11/2022)	(31/12/2020)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%) Di	v Payout (%)	ROE	RO
ABSA Bank Kenya Plc	12.70	9.70	11.65	11.85	-1.7%	1.90	1.00	10.39	6.13	1.12	8.58%	52.63%	20.54%	2704.089
BK Group Plc	32.75	0.00	29.50	29.00	1.7%	4.66	-	28.45	6.33	1.04	-	-	16.90%	3.669
Diamond Trust Bank Kenya Ltd Equity Group Holdings Plc	60.00 53.50	47.50 39.00	47.30 45.55	59.50 52.75	-20.5%	10.89 10.38	3.00 3.00	240.68	4.34	0.20 0.98	6.34% 6.59%	27.55% 28.90%	6.56% 22.74%	0.979 3.079
HF Group Pic	4.90	2.86	3.01	3.90	-13.6% -22.8%	-4.44	3.00	46.69 17.79	4.39	0.58	0.39%	20.30%	-20.63%	-2.729
I&M Holdings Plc	21.65	16.50	16.85	21.10	-20.1%	9.77	2.25	43.14	1.72	0.39	13.35%	23.03%	13.28%	2.379
KCB Group Plc	47.00	35.00	37.65	45.45	-17.2%	10.64	3.00	55.74	3.54	0.68	7.97%	28.20%	21.44%	3.709
NCBA Group Plc	33.10	23.00	30.40	25.20	20.6%	2.77	1.50	47.34	10.97	0.64	4.93%	54.15%	13.11%	1.739
Stanbic Holdings Plc Standard Chartered Bank Kenya Ltd	108.00	86.75 123.75	97.50 138.25	87.25 128.25	11.7%	18.23 23.49	9.00 19.00	142.80 138.89	5.35 5.89	0.68 1.00	9.23% 13.74%	49.37% 80.89%	12.77% 17.23%	2.199 2.709
The Co-operative Bank of Kenya Ltd	146.25 13.30	10.70	138.25	128.25	7.8% -7.3%	23.49	1.00	16.49	4.51	0.73	8.33%	80.89% 37.59%	21.35%	3.429
Industry Average	13.50	10.70	12.00	12.55	-7.570	2.00	1.00	10.45	4.31	0.73	0.55%	37.3370	17.8%	2.99
,			Vwap	Vwap										
COMMERCIAL AND SERVICES	52 wk high	52 wk low (1		(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E		Div Yield (%) Di	v Payout (%)	ROE	RO
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 Express Kenya Plc	1.05 4.17	0.68 0.00	0.77 3.28	0.98 4.10	-21.4% -20.0%	-0.33 -1.97	-	0.03 -2.87	-	25.67 -1.14	-	-	-550.65% 50.92%	-495.809 -21.719
Homeboyz Entertainment Plc	4.17	0.00	3.28 4.66	4.10	0.0%	-0.51	-	-2.87 0.46	-	-1.14 10.15	-	-	-77.47%	-21.717
Kenya Airways Ltd	3.83	0.00	3.83	3.83	0.0%	-6.22	-	-13.00	-	-0.29	-	-	15.55%	-7.499
Longhorn Publishers Plc	4.40	2.74	3.59	4.00	-10.3%	0.68	-	2.75	5.28	1.30	-	-	4.03%	1.399
Nairobi Business Ventures Ltd	6.48	2.73	3.41	6.06	-43.7%	-3.20	-	0.11		31.00	-	-	22.12%	18.529
Nation Media Group Plc Sameer Africa Plc	23.20 4.35	15.70 0.00	15.90 2.68	18.45 2.86	-13.8% -6.3%	0.20 0.16	-	42.51 1.38	79.50 16.75	0.37 1.95	-	-	6.10% 66.97%	5.77% 21.33%
Standard Group Plc	4.35 16.15	0.00	10.30	13.55	-6.3% -24.0%	-3.79	-	13.00	16./5	0.79	-		-5.34%	-1.419
TPS Eastern Africa Ltd	17.50	11.50	14.00	15.25	-8.2%	-6.32	-	39.35	-	0.36	-	-	-15.71%	-8.169
Uchumi Supermarket Plc	#N/A	#N/A	0.26	0.24	8.3%	-4.60	-	-5.75	-	-0.05	-	-	135.25%	-56.719
WPP Scangroup Plc	4.50	2.86	3.01	4.14	-27.3%	1.00	-	12.19	3.01	0.25		-	-32.89%	-19.82%
Industry Average			16	Marian					(0.85)	-0.69			32.9%	-8.7%
CONSTRUCTION & ALLIED	52 wk high	52 wk low (1	Vwap 15/11/2022)	Vwap (31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%) Di	v Pavout (%)	ROE	ROA
ARM Cement Pic	5.55	0.00	5.55	5.55	0.0%	-6.83	-	28.95		0.19	- DIV FICIA (70) DI	- ayout (70)	-10.08%	-5.48%
Bamburi Cement Ltd	39.00	32.10	34.10	38.00	-10.3%	2.89	3.00	93.81	11.80	0.36	8.80%	103.81%	3.47%	2.39%
Crown Paints Kenya Plc	44.00	0.00	39.85	30.50	30.7%	8.42	-	17.22	4.73	2.31	-	-	27.98%	10.25%
E.A.Cables Ltd E.A.Portland Cement Co. Ltd	1.30 8.80	0.81 6.06	0.94 7.50	1.20 6.66	-21.7% 12.6%	-2.15 20.97	-	10.10 187.68	0.36	0.09 0.04	-	•	-22.79% -8.71%	-7.72% -5.38%
Average	0.00	0.00	7.50	0.00	12.070	20.57		107.00	-8.19	0.29			-3.6%	-2.1%
			Vwap	Vwap										
ENERGY & PETROLEUM	52 wk high		15/11/2022)	(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E		Div Yield (%) Di		ROE	ROA
KenGen Co. Plc Kenya Power & Lighting Co Plc	4.60 2.08	3.27 1.31	3.26 1.66	4.19 1.75	-22.2% -5.1%	0.18 0.76	0.30	32.04 28.81	18.11 2.18	0.10 0.06	9.20%	166.67%	8.70% 0.47%	4.45% 0.08%
Total Kenya Ltd	25.85	21.75	24.55	25.00	-1.8%	5.24	1.57	129.47	4.69	0.19	6.40%	29.96%	10.20%	5.89%
Umeme Ltd	8.30	0.00	7.00	6.74	3.9%	0.81	0.37	14.19	8.64	0.49	5.29%	45.68%	16.69%	5.47%
Industry Average									8.24	0.13			7.9%	2.9%
INC. IDANICE		52 wk low (1	Vwap	Vwap (31/12/2021)	D ()/TD (0/)	Trailing EPS	222	21.125	2/5	2/2	5: N: 11(0) 5:	(o/)	205	20.
INSURANCE Britam Holdings Plc	52 wk high 7.68	52 WK IOW (.	5.80	7.50	Performance YTD (%) -22.7%	-3.62	DPS -	6.76	P/E	P/B 0.86	Div Yield (%) Di	v Payout (%)	FOE 53.39%	7.28%
CIC Insurance Group Ltd	2.33	1.83	1.96	2.21	-11.3%	0.23	-	3.05	8.52	0.64	-	-	8.37%	1.619
Jubilee Holdings Ltd	349.00	208.50	205.25	316.75	-35.2%	50.06	9.00	490.33	4.10	0.42	4.38%	17.98%	11.50%	2.80%
Kenya Re Insurance Corporation Ltd	2.37	1.82	1.88	2.30	-18.3%	2.55	0.10	11.41	0.74	0.16	5.32%	3.92%	12.41%	7.88%
Liberty Kenya Holdings Ltd Sanlam Kenya Plc	7.60 15.00	0.00 0.00	5.00 9.02	7.00 11.55	-28.6% -21.9%	0.15 0.81	-	16.45 12.05	33.33 11.14	0.30 0.75	-	-	0.93% 6.59%	0.209 0.399
Saniam Kenya Pic	15.00	0.00	9.02	11.55	-21.9%		Sector PE	11.18361464	18.05	0.75			17.5%	4.29
			Vwap	Vwap			2000. 1 2	11110001101	10.03	00			17.570	-1.27
INVESTMENT	52 wk high		15/11/2022)	(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E		Div Yield (%) Di	v Payout (%)	ROE	ROA
Centum Investment Co Plc	15.55	8.00	8.40	14.10	-40.4%	-0.93	0.33	79.08	-	0.11	3.93%	-	8.80%	4.549
Home Afrika Ltd Kurwitu Ventures Ltd	0.41 1500.00	0.30 0.00	0.36 1500.00	0.40 1500.00	-10.0% 0.0%	-0.60 -36.00	-	-4.79 592.46	-	-0.08 2.53	-	-	-45.79% -8.90%	-20.449 -3.909
Olympia Capital Holdings Ltd	3.00	0.00	2.99	2.00	0.0% 49.5%	-36.00 -0.14	-	31.63	-	0.09	-	-	-8.90% 1.38%	-3.909 1.189
Trans-Century Plc	1.47	0.00	1.11	1.17	-5.1%	-7.95		9.45		0.12			-56.07%	-9.119
Industry Average									-1.67	0.12			3.2%	1.49
			Vwap	Vwap										
INVESTMENT SERVICES	52 wk high	52 wk low (1 6.60	15/11/2022) 7.04	(31/12/2021)	Performance YTD (%) -12.0%	Trailing EPS	DPS 1.02	8.04	P/E	P/B 0.88	Div Yield (%) Di	v Payout (%) 158.5%	ROE 3.8%	ROA
Nairobi Securities Exchange Plc Industry Average	8.70	0.60	7.04	8.00	-12.0%	0.65	1.03	8.04	10.83 10.83	0.88	14.6%	158.5%	3.8%	3.6% 3.6%
, riverage			Vwap	Vwap					10.03	0.00			5.076	3.07
MANUFACTURING & ALLIED	52 wk high	52 wk low (1	15/11/2022)	(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E		Div Yield (%) Di		ROE	ROA
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%	3.249
British American Tobacco Kenya Plc	509.00	404.00	424.50	441.50	-3.9%	53.50	64.83	118.56	7.93	3.58	15.27%	121.18%	46.54%	25.429
Carbacid Investments Plc East African Breweries Ltd	14.15 170.75	10.35 110.00	13.90 161.50	11.00 165.00	26.4% -2.1%	1.63 5.51	1.60	8.38 17.70	8.53 29.31	1.66 9.13	11.51%	98.16%	12.39% 50.17%	7.93% 5.84%
Flame Tree Group Holdings Ltd	1.38	1.07	1.13	1.26	-10.3%	0.42	-	4.57	2.69	0.25		-	4.16%	1.849
Kenya Orchards Ltd	10.40	0.00	10.40	10.40	0.0%	0.69	-	1.88	15.07	5.52	-	-	36.65%	7.769
Mumias Sugar Co. Ltd	0.27	0.00	0.27	0.27	0.0%	-9.90	-	-9.40	-	-0.03	-	-	105.26%	-96.229
Unga Group Ltd	36.25	0.00	29.00	27.65	4.9%	0.45	-	74.09	64.44	0.39			1.18%	0.559
Industry Average			Vwap	Vwap					-37.09	8.26			-10.0%	-1.29
TELECOMMUNICATION & TECHNOLOGY	52 wk high	52 wk low (1		(31/12/2021)	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%) Di	v Payout (%)	ROE	RO
Safaricom Plc	40.05	23.10	25.05	37.95	-34.0%	1.71	1.37	4.66	14.65	5.37	5.5%	80.1%	32.5%	16.09
Industry Average									14.65	5.37			32.5%	16.0%
REAL ESTATE INVESTMENT TRUST	52 wk high	52 wk low (1	Vwap	Vwap (31/12/2021)	Porformance VTD (a)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%) Di	v Paveut (84)	ROE	ROA
STANLIB FAHARI I-REIT	7.20	52 WK low (1	6.52	6.26	Performance YTD (%) 4.2%	0.82	0.60	20.86	7.95	0.31	9.2%	73.2%	3.9%	3.8%
Industry Average					/			,	7.95	0.31				

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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%.

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^{*}Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.