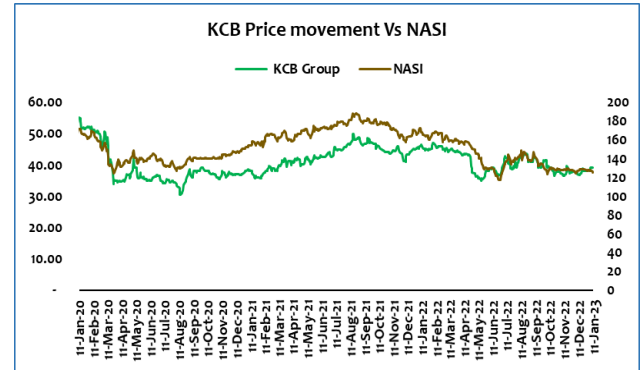


WEEKLY STOCK PICKS SELECTION

As the earnings season for full year 2022 (FY-2022) draws closure, we have identified the following stocks for your investment.

KCB Group – BUY: Trading at KES 38.95 on 11th January 2023, the counter has shed 7.5% and 16.0% in the last 6 and 12 months while averaging at KES 39.42 and KES 40.64 in the same period respectively. The Lender traded its highest price of KES 47.00 on 3rd and 4th February 2022, and a lowest price of KES 35.00 on 18th May 2022.

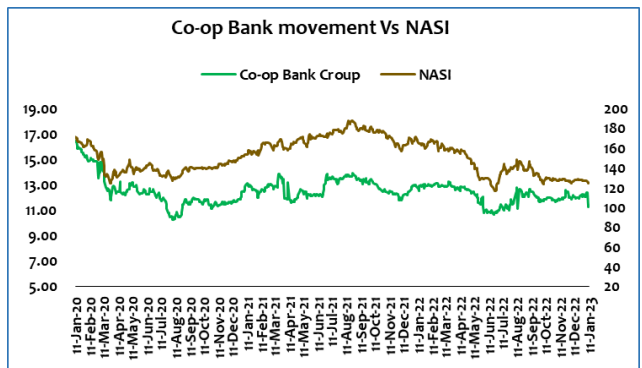
The Group posted a stellar financial performance in the first three quarters of 2022. Its profits after tax (PAT) jumped 21.4% Y/Y to KES 30.59Bn in Q3-2022. Its Board declared a KES 1.00 interim dividend, due for payment on 13th January 2022 (Book Closure was on 8th Dec. 2022). Following the better performance, we expect the Lender to retain a final dividend of KES 2.00 on its FY-2022 results to give a total of KES 3.00 that was paid in 2021. This will rally the price upwards to levels of above KES 45.00, giving a total return of 20.4% and therefore retain our BUY recommendation on the counter.



Co-op Bank – BUY: Trading at KES 12.50 as of 11th January 2022, the Bank's share price has gained 3.6% and 7.2% in the last 3 and 6 months recording a high of KES 13.30 and a low of 10.70 in the last one year. Its highest prices in 2021 and 2020 were KES 13.95 and KES 16.55 and lows of KES 11.60 and KES 10.30 respectively.

The Lender's PAT expanded by 37.3% Y/Y from KES 11.623Bn in Q3-2021 to KES 17.10Bn in Q3-2022 signaling of a better and return on investment performance on its FY-2022.

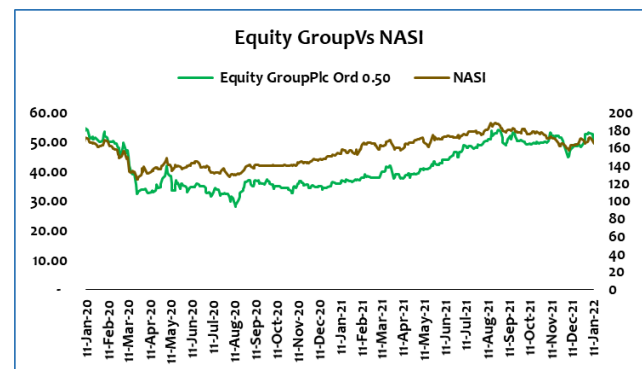
The Largest Co-operatives bank has been consistent in rewarding its investors, paying dividends of KES 1.00 in the last 4-years. In view of this, we anticipate the Group to issue a final dividend of KES 1.00 in FY-2022 which will push its price upwards. We therefore retain our BUY recommendation on the Group's shares with a price target of KES 13.90, giving an expected total return of KES 21.1%.



Equity – BUY: Currently trading at KES 46.05 (11-Jan-2022), the Bank has lost 1.0% and 13.5% in the last 6 and 12 months. Its last 3, 6- and 12-months average prices are KES 45.45, KES 46.45 and 47.31 respectively. Its highest and lowest prices traded in the last 12 months are KES 53.50 and KES 39.00 traded on 14th Feb-2022 and 29-apr-2022 respectively.

The Group's Q3-2022 net income jumped 27.9% to KES 34.38Bn from that of KES 26.87Bn of Q3-2021. This remained boosted by the Bank's growing interest and non-funded incomes. This saw the company's earnings per share 26.6% Y/Y up from 6.98 to 8.84.

In the FY-2021, the Lender resumes to dividend payment after two years, issuing a final dividend of KES 3.00. We fathom that the Bank will

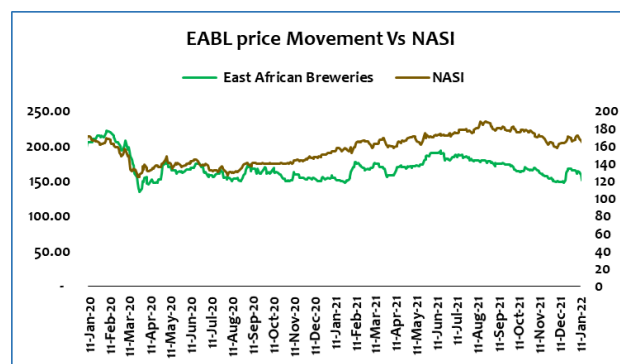


replicate its dividends in FY-2022 following its better financial performance, which will in return push the price upwards. We therefore recommend a BUY recommendation on the Group's share with a price target of 50.00 per share.

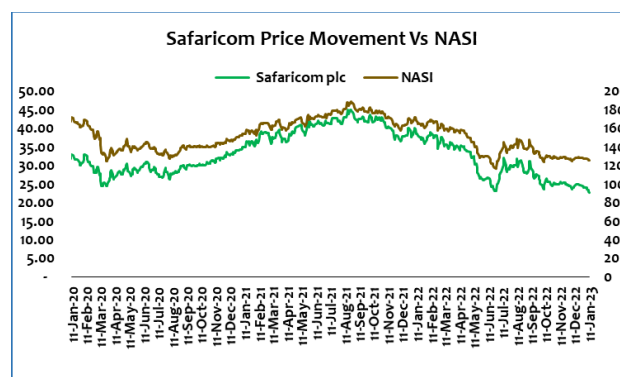
EABL – BUY: The East African Breweries Plc is currently trading at KES 171.50 as of 11th January 2023 and is expected to rise to a high KES 192.00, upon Diageo's acquisition of 14.97% of the company's state. Diageo had in October 2022, proposed to buy the shares in an aim to increase its holding to 65.0% while maintaining that the listing of the bear maker in the Nairobi Securities Exchange will remain.

The proposed offer will be start on 30th January (9.00am) and close on 16th February 2023. If the proposed target won't be attained, the second phase will reopen on 20th February and close on 10th March 2023.

In our opinion, we advise our clients to buy EABL stock at a share price of below KES 170.00 and later sell at the proposed price of KES 192.00 for a return of > 12.9% and wait for a comeback after the acquisition period.



Safaricom – BUY: Trading at KES 22.65 (11th-Jan-2023), the counter has dropped 18.6% and 40.4% in the last 6- and 12-months being affected by heavy foreign exits occasioned by interest rate hikes in advanced economies and geopolitical fear sentiments. The higher interest rates in these economies has seen a recall of cash from emerging economies and thereby affecting foreign dominated stocks both locally and globally.



Fundamentally, Safaricom remains strong posting a PAT of KES 30.23Bn, an 18.4% Y/Y drop which is all attributed to the infrastructure and operational cost towards its Ethiopia subsidiary, that went live in August 2022.

We fathom that as global inflations recede, the equities' prices will recover. This will see the Telco's giant Safaricom regain its prices. This will further be elevated by the Ethiopia Subsidiary incomes.

KINGDOM SECURITIES

LOOK PICKS
KSL Stock Meter

	52 wk high	52 wk low	Vwap 11/1/2023	Vwap 31/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
AGRICULTURE														
Eaagads Ltd	13.90	10.00	11.35	10.50	8.1%	0.05	-	31.40	227.00	0.36	-	-	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	104.25	113.25	-7.9%	0.90	10.00	202.45	115.83	0.51	9.59%	1111.11%	2.80%	1.96%
The Limuru Tea Co. Plc	510.00	320.00	420.00	420.00	0.0%	0.79	0.70	79.18	531.65	5.30	0.17%	88.61%	-0.63%	-0.58%
Sasino Plc	24.00	0.00	21.90	22.45	-2.4%	2.49	0.50	58.95	8.80	0.37	2.28%	20.08%	4.26%	3.79%
Williamson Tea Kenya Plc	168.75	120.00	156.25	160.00	-2.3%	-8.31	10.00	338.08	-	0.46	6.40%	-	-3.17%	-2.29%
Industry Average									13.39	0.37			4.5%	3.7%
AUTOMOBILES & ACCESSORIES														
Car & General (K) Ltd	76.00	0.00	48.00	47.45	1.2%	22.43	3.20	121.04	2.14	0.40	6.67%	14.27%	18.28%	12.53%
Industry Average									2.14	0.40			18.3%	12.5%
BANKING														
ABSA Bank Kenya Plc	12.70	9.70	12.25	12.30	-0.4%	1.90	1.00	10.39	6.45	1.18	8.16%	52.63%	20.54%	2704.08%
BK Group Plc	32.75	0.00	30.00	31.50	-4.8%	4.66	-	28.45	6.44	1.05	-	-	16.90%	3.66%
Diamond Trust Bank Kenya Ltd	60.00	46.00	54.00	50.00	8.0%	10.89	3.00	240.68	4.96	0.22	5.56%	27.55%	6.56%	0.97%
Equity Group Holdings Plc	53.50	39.00	46.05	44.50	3.5%	10.38	3.00	46.69	4.44	0.99	6.51%	28.90%	22.74%	3.07%
HF Group Plc	3.84	2.86	3.11	3.19	-2.5%	-4.44	-	17.79	-	0.17	-	-	-20.63%	-2.72%
I&M Holdings Plc	21.50	16.50	17.00	17.00	0.0%	9.77	2.25	43.14	1.70	0.39	13.24%	23.03%	13.28%	2.37%
KCB Group Plc	47.00	35.00	38.95	38.10	2.2%	10.64	3.00	55.74	3.66	0.70	7.70%	28.20%	21.44%	3.70%
NCBA Group Plc	40.00	23.00	39.55	39.35	0.5%	2.77	1.50	47.34	14.28	0.84	3.79%	54.15%	13.11%	1.73%
Stanbic Holdings Plc	108.00	87.00	105.00	102.00	6.4%	18.23	9.00	142.80	5.95	0.76	8.29%	49.37%	12.77%	2.19%
Standard Chartered Bank Kenya Ltd	153.75	123.75	159.00	142.75	11.4%	23.49	19.00	138.89	6.77	1.14	11.95%	80.89%	17.23%	2.70%
The Co-operative Bank of Kenya Ltd	13.30	10.70	12.50	12.30	1.6%	2.66	1.00	16.49	4.70	0.76	8.00%	37.59%	21.35%	3.42%
Industry Average									4.60	0.78			17.8%	2.9%
COMMERCIAL AND SERVICES														
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	1.03	0.68	0.71	0.69	2.9%	-0.33	-	0.03	-	23.67	-	-	-550.65%	-495.80%
Express Kenya Plc	5.00	0.00	5.10	4.71	8.3%	-1.97	-	-2.87	-	-1.78	-	-	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	3.00	3.00	0.0%	0.68	-	2.75	4.41	1.09	-	-	4.03%	1.39%
Nairobi Business Ventures Ltd	5.46	2.73	4.74	3.77	25.7%	-3.20	-	0.11	-	43.09	-	-	22.12%	18.52%
Nation Media Group Plc	23.20	15.15	15.95	15.95	0.0%	0.20	-	42.51	79.75	0.38	-	-	6.10%	5.77%
Sameer Africa Plc	4.35	0.00	2.38	2.10	13.3%	0.16	-	1.38	14.88	1.73	-	-	66.97%	21.33%
Standard Group Plc	16.15	0.00	9.60	10.45	-8.1%	-3.79	-	13.00	-	0.74	-	-	-5.34%	-1.41%
TPS Eastern Africa Ltd	17.50	10.85	12.00	13.35	-10.1%	-6.32	-	39.35	-	0.30	-	-	-15.71%	-8.16%
Uchumi Supermarket Plc	0.28	0.16	0.22	0.23	-4.3%	-4.60	-	-5.75	-	-0.04	-	-	135.25%	-56.71%
WPP Scangroup Plc	4.41	2.84	3.00	3.01	-0.3%	1.00	-	12.19	3.00	0.25	-	-	-32.89%	-19.82%
Industry Average									(0.88)	-0.71			32.9%	-8.7%
CONSTRUCTION & ALLIED														
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	39.00	29.90	30.55	31.50	-3.0%	2.89	3.00	93.81	10.57	0.33	9.82%	103.81%	3.47%	2.39%
Crown Paints Kenya Plc	44.00	0.00	38.35	41.85	-8.4%	8.42	-	17.22	4.55	2.23	-	-	27.98%	10.25%
E.A.Cables Ltd	1.26	0.78	1.04	0.84	23.8%	-2.15	-	10.10	-	0.10	-	-	-22.79%	-7.72%
E.A.Portland Cement Co. Ltd	8.80	6.30	8.00	6.80	17.6%	20.97	-	187.68	0.38	0.04	-	-	-8.71%	-5.38%
Average									-7.71	0.27			-3.6%	-2.1%
ENERGY & PETROLEUM														
KenGen Co. Plc	4.18	3.18	3.19	3.22	-0.9%	0.18	0.30	32.04	17.72	0.10	9.40%	166.67%	8.70%	4.45%
Kenya Power & Lighting Co Plc	2.08	1.31	1.64	1.56	5.1%	0.76	-	28.81	2.16	0.06	-	-	0.47%	0.08%
Total Kenya Ltd	25.85	21.75	22.90	4.11	457.2%	5.24	1.57	129.47	4.37	0.18	6.86%	29.96%	10.20%	5.89%
Umeme Ltd	8.30	0.00	8.00	6.00	33.3%	0.81	0.37	14.19	9.88	0.56	4.63%	45.68%	16.69%	5.47%
Industry Average									8.41	0.13			7.9%	2.9%
INSURANCE														
Britam Holdings Plc	7.50	4.97	5.36	0.00	#DIV/0!	-3.62	-	6.76	-	0.79	-	-	53.39%	7.28%
CIC Insurance Group Ltd	2.29	1.72	1.94	0.00	#DIV/0!	0.23	-	3.05	8.43	0.64	-	-	8.37%	1.61%
Jubilee Holdings Ltd	310.25	187.75	199.50	5.20	3736.5%	50.06	9.00	490.33	3.99	0.41	4.51%	17.98%	11.50%	2.80%
Kenya Re Insurance Corporation Ltd	2.32	1.74	1.86	1.95	-4.6%	2.55	0.10	11.41	0.73	0.16	5.38%	3.92%	12.41%	7.88%
Liberty Kenya Holdings Ltd	7.48	0.00	5.04	198.75	-97.5%	0.15	-	16.45	33.60	0.31	-	-	0.93%	0.20%
Sanlam Kenya Plc	15.00	0.00	9.04	1.83	394.0%	0.81	-	12.05	11.16	0.75	-	-	6.59%	0.39%
Sector PE								11.18361464	17.39	0.41			17.5%	4.2%
INVESTMENT														
Centum Investment Co Plc	14.95	7.90	8.56	0.00	#DIV/0!	-0.93	0.33	79.08	-	0.11	3.86%	-	8.80%	4.54%
Home Afrika Ltd	0.41	0.30	0.32	0.00	#DIV/0!	-0.60	-	-4.79	-	-0.07	-	-	-45.79%	-20.44%
Kurwitu Ventures Ltd	1500.00	0.00	1500.00	8.36	17842.6%	-36.00	-	592.46	-	2.53	-	-	-8.90%	-3.90%
Olympia Capital Holdings Ltd	3.10	0.00	2.98	0.32	831.3%	-0.14	-	31.63	-	0.09	-	-	1.38%	1.18%
Trans-Century Plc	1.47	0.00	1.11	1500.00	-99.9%	-7.95	-	9.45	-	0.12	-	-	-56.07%	-9.11%
Industry Average									-1.69	0.12			3.2%	1.4%
INVESTMENT SERVICES														
Nairobi Securities Exchange Plc	8.40	6.60	7.00	0.00	#DIV/0!	0.65	1.03	8.04	10.77	0.87	14.7%	158.5%	3.8%	3.6%
Industry Average									10.77	0.87			3.8%	3.6%
MANUFACTURING & ALLIED														
B.O.C Kenya Plc	93.25	0.00	72.00	0.00	#DIV/0!	5.21	4.15	78.03	13.82	0.92	5.76%	79.65%	4.57%	3.24%
British American Tobacco Kenya Plc	509.00	404.00	455.25	0.00	#DIV/0!	53.50	64.83	118.56	8.51	3.84	14.24%	121.18%	46.54%	25.42%
Carbacid Investments Plc	14.15	10.35	12.40	70.75	-82.5%	1.63	1.60	8.38	7.61	1.48	12.90%	98.16%	12.39%	7.93%
East African Breweries Ltd	174.25	110.00	171.50	460.00	-62.7%	5.51	-	17.70	31.13	9.69	-	-	50.17%	5.84%
Flame Tree Group Holdings Ltd	1.38	0.99	1.10	12.00	-90.8%	0.42	-	4.57	2.62	0.24	-	-	4.16%	1.84%
Kenya Orchards Ltd	10.40	0.00	10.40	167.50	-93.8%	0.69	-	1.88	15.07	5.52	-	-	36.65%	7.76%
Mumias Sugar Co. Ltd	0.27	0.00	0.27	1.08	-75.0%	-9.90	-	-9.40	-	-0.03	-	-	105.26%	-96.22%
Unga Group Ltd	36.25	0.00	31.00	10.40	198.1%	0.45	-	74.09	68.89	0.42	-	-	1.18%	0.55%
Industry Average									-39.29	8.75			-10.0%	-1.2%
TELECOMMUNICATION & TECHNOLOGY														
Safaricom Plc	38.90	23.10	22.65	0.00	#DIV/0!	1.71	1.37	4.66	13.25	4.86	6.0%	80.1%	32.5%	16.0%
Industry Average									13.25	4.86			32.5%	16.0%
REAL ESTATE INVESTMENT TRUST														
STANLIB FAHARI I-REIT	7.20	5.30	6.50	0.00	#DIV/0!	0.82	0.60	20.86	7.93	0.31	9.2%	73.2%	3.9%	3.8%
Industry Average									7.93	0.31			3.9%	3.8%

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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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