

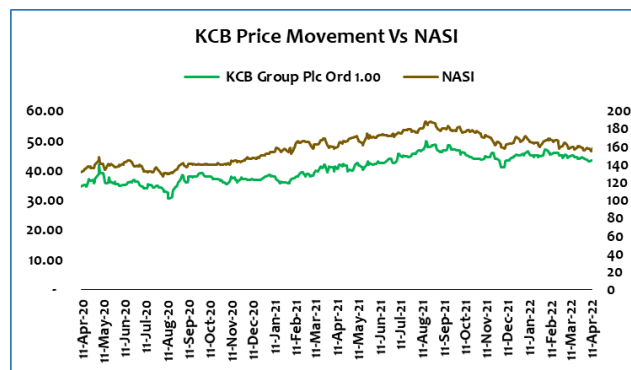
### WEEKLY STOCK PICKS SELECTION

The recent interest rate hike by CBK continue impacting investment in equities leaving many stocks heavily discounted amid appetizing dividends from several listed companies whose financial year ended on 31<sup>st</sup> December 2022. Below are some of our selections for your review and investment considerations.

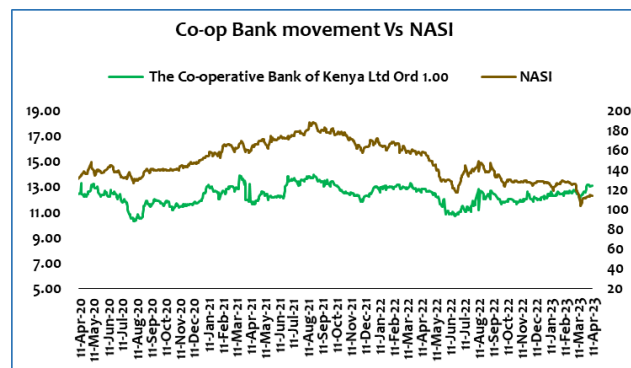
**KCB Group – Long-Term BUY:** Trading at KES 36.35 on 11<sup>th</sup> April, the lender’s price declined after declaring a final dividend of KES 1.00 against a market expectation of >KES 2.00 compared to a final dividend of KES 2.00 in FY-2021. The Final dividend book closure and payments dates are 6<sup>th</sup> April and 26<sup>th</sup> May respectively.

In our view, the Group cut on dividend to conserve cash to support the lender’s fast-growing asset book. Its loan book for full year (FY) 2022 expanded by 27.8% or KES 187.79Bn from KES 675.48Bn to KES 863.27Bn.

As the company remains fundamentally strong, we retain our Buy commendation at the current price of KES 35.90 with a price target of KES 45.00, a 25.3% upside.



**Co-op Bank – Accumulate:** Currently trading at KES 13.10 as of 11<sup>th</sup> April, the Group has gained 5.2% and 11.1% in the last 3 and 6 months respectively. This came after declaring a KES 1.50 final dividend whose book closure and payment dates are 24<sup>th</sup> May and 9<sup>th</sup> June 2023 respectively. The Bank’s profits after tax (PAT) for FY-2022 enlarged by 33.2% year on year (y-y) from KES 16.54Bn in Q3-2021 to KES 22.04Bn, riding on a strong loan book and non-funded income channels.

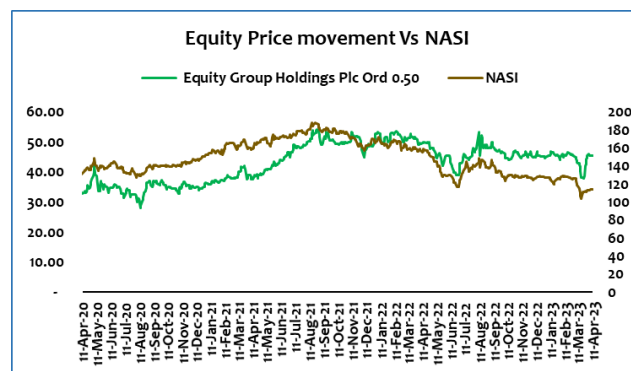


The lending Group remains among the best in dividend yield at 11.5% as of 11<sup>th</sup> April 2023. Its payout ratio stands at 40.3% from an earnings per share of 3.72 for FY-2022.

In view of this and to gain on dividends and expected price gains, we retain our buy recommendation and advise existing shareholders to accumulate more.

**Equity – BUY:** Trading at KES 45.50, the group has gained 17.7% from our last recommendation issued on 27<sup>th</sup> march. Its last 3, 6- and 12-months average prices are KES 44.46, KES 44.93 and KES 45.57 respectively. Its highest and lowest prices in the last one year are KES 53.25 and KES 37.90 respectively.

The Group declared KES 4.00 dividend per share for FY 2022, a 33.3% rise from that of that of KES 3.00 for FY 2021. This followed a 12.0% growth in PAT from KES 40.07Bn to KES 44.89Bn in FY 2022. Its profits before tax (PBT) were 15.3% up year on year from KES 51.88Bn to KES 59.84Bn in FY 2022.



We expect the issued dividend to continue rallying the price upwards to above KES 50.00 towards book closure on 19<sup>th</sup> May and therefore retain our BUY recommendation on the stock.

**Safaricom – Long-Term BUY:** Trading at KES 18.45 as of 11<sup>th</sup> March 2023, the Telco’s price has shrunk 22.7%, 35.9% and 46.8% in the last 3, 6 and 12- months respectively. Safaricom was most affected by the global interest rate hikes and geopolitical tension sentiments. This saw recall of cash from emerging economies and thereby affecting the foreign dominated stocks, especially Safaricom.

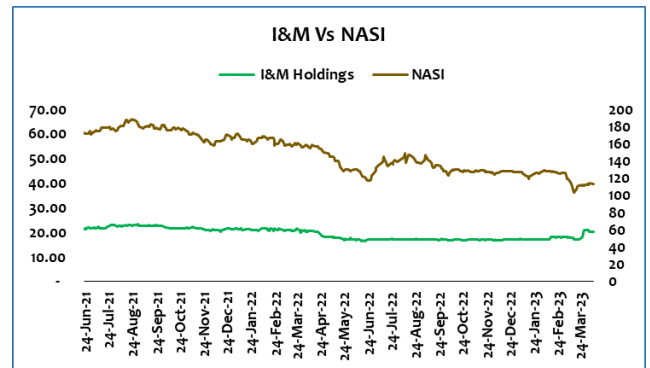
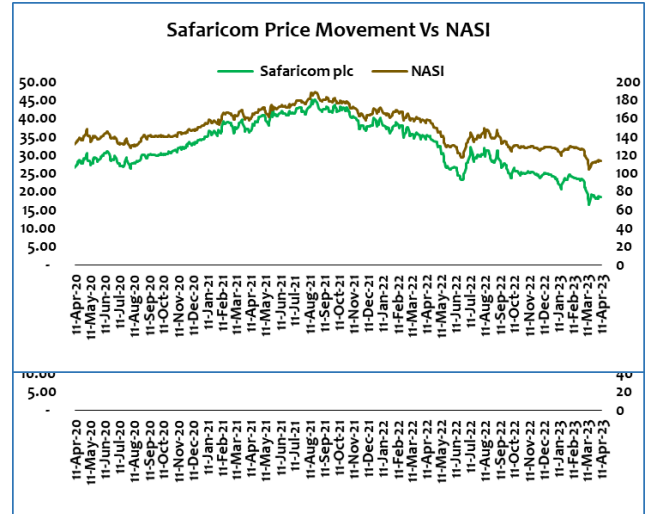
Fundamentally, Safaricom remains strong posting a PAT of KES 30.23Bn in HY-2023, an 18.4% Y/Y drop on effect of the infrastructure and operational cost towards its Ethiopia subsidiary, that went live in August 2022.

With the global economy expected to recover, we expect a general recovery of equity prices. This will see the Telco’s price recover furthered by the Ethiopia Subsidiary incomes and therefore retain a LONG-TERM BUY on the counter.

**I&M Holdings – BUY:** Trading at KES 20.35 as of 11<sup>th</sup> April, the lender has gained 17.0% y-t-d after announcing a KES 2.25 final dividend whose book closure and payment dates are 20<sup>th</sup> April and 25<sup>th</sup> May respectively. Its dividend yield and payout ratios are 10.8% and 33.2% respectively.

The lending Group recorded a 34.3% spike in PAT from KES 8.62Bn inn FY 2021 to KES 11.58Bn in FY 2022. Its PBT was 20.8% up to KES 14.33Bn rallied by a 191.3% surge in forex trading income to KES 5.04Bn and a 12.9% rise in interest income to KES 37.35Bn.

With the bank’s new proposition of deepening in the retail, we view that this will further grow investor returns in the long run, and to gain on the issued dividends and the expected long-run price gains, we issue a BUY recommendation on the bank’s stock.



AGRICULTURE	52 wk high	52 wk low	Vwap 11/Apr/2023	Vwap 30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
Eagads Ltd	13.80	10.00	12.00	10.50	14.3%	0.26	-	31.40	46.15	0.38	-	-	17.61%	15.93%
Kakuzi Plc	441.25	240.00	264.00	385.00	-31.4%	43.15	24.00	259.37	6.12	1.02	9.09%	55.62%	12.24%	9.96%
Kapchorua Tea Kenya Plc Ord 5.00	137.00	81.00	115.00	113.25	1.5%	27.35	10.00	202.45	4.20	0.57	8.70%	36.56%	2.80%	1.96%
The Limuru Tea Co. Plc	510.00	320.00	400.00	420.00	-4.8%	4.73	2.50	79.18	84.57	5.05	0.63%	52.85%	-0.63%	-0.58%
Sasini Plc	29.00	18.60	29.00	22.45	29.2%	2.49	0.50	58.95	11.65	0.49	1.72%	20.08%	4.26%	3.79%
Williamson Tea Kenya Plc	179.00	120.00	174.00	160.00	8.7%	29.73	20.00	338.08	5.85	0.51	11.49%	67.27%	-3.17%	-2.29%
Industry Average									7.88	0.63			4.5%	3.7%
AUTOMOBILES & ACCESSORIES	52 wk high	52 wk low	Vwap 11/Apr/2023	Vwap 30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
Car & General (K) Ltd	62.00	28.10	30.55	47.45	-35.6%	8.55	0.80	60.52	3.57	0.50	2.62%	9.36%	18.28%	12.53%
Industry Average									3.57	0.50			18.3%	12.5%
BANKING	52 wk high	52 wk low	Vwap 11/Apr/2023	Vwap 30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
ABSA Bank Kenya Plc	12.95	9.70	12.75	12.30	3.7%	2.55	1.35	11.71	5.00	1.09	10.59%	52.94%	22.93%	3.06%
BK Group Plc	33.00	27.00	30.75	31.50	-2.4%	7.47	3.74	28.45	4.12	1.08	12.16%	50.07%	16.90%	3.66%
Diamond Trust Bank Kenya Ltd	57.75	44.00	52.75	50.00	5.5%	16.16	5.00	240.68	3.26	0.22	9.48%	30.94%	6.56%	0.97%
Equity Group Holdings Plc	53.25	37.90	45.45	44.50	2.1%	11.90	4.00	48.28	3.82	0.94	8.80%	33.61%	24.64%	3.10%
IF Group Plc	4.18	2.86	3.99	3.19	25.1%	-0.92	-	17.79	-	0.22	-	-	-20.63%	-2.72%
I&M Holdings Plc	21.00	16.50	20.35	17.00	19.7%	6.77	2.25	46.27	3.01	0.44	11.06%	33.23%	15.14%	2.65%
KCB Group Plc	43.50	30.00	36.35	38.10	-4.6%	12.71	2.00	62.30	2.86	0.58	5.50%	15.74%	20.40%	2.63%
NCBA Group Plc	40.00	23.60	36.65	39.35	-6.9%	2.77	1.50	47.34	13.23	0.77	4.09%	54.15%	13.11%	1.73%
Stanbic Holdings Plc	114.00	90.00	108.00	102.00	5.9%	22.92	12.60	157.34	4.71	0.69	11.67%	54.97%	14.57%	2.27%
Standard Chartered Bank Kenya Ltd	170.00	123.75	170.25	142.75	19.3%	31.47	22.00	148.56	5.41	1.15	12.92%	69.91%	30.47%	4.49%
The Co-operative Bank of Kenya Ltd	13.15	10.70	13.10	12.30	6.5%	3.35	1.50	18.35	3.91	0.71	11.45%	44.78%	20.47%	3.63%
Industry Average									3.91	0.73			19.2%	2.7%
COMMERCIAL AND SERVICES	52 wk high	52 wk low	Vwap 11/Apr/2023	Vwap 30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
Deacons (East Africa) Plc	0.45	0.45	0.45	0.45	0.0%	-6.82	-	2.67	-	0.17	-	-	-254.96%	-54.19%
Eveready East Africa Ltd	0.89	0.61	0.66	0.69	-4.3%	-0.33	-	0.03	-	22.00	-	-	-550.65%	-495.80%
Express Kenya Plc	5.40	2.70	5.28	4.71	12.1%	-1.97	-	-2.87	-	-1.84	-	-	50.92%	-21.71%
Homeboy Entertainment Plc	4.66	4.66	4.66	4.66	0.0%	-0.51	-	0.46	-	10.15	-	-	-77.47%	-24.29%
Kenya Airways Ltd	3.83	3.83	3.83	3.83	0.0%	-6.57	-	-13.00	-	-0.29	-	-	15.55%	-7.49%
Longhorn Publishers Plc	4.07	2.51	2.50	3.00	-16.7%	0.68	-	2.75	3.68	0.91	-	-	4.03%	1.39%
Nairobi Business Ventures Ltd	5.00	2.73	3.13	3.77	-17.0%	-3.20	-	0.11	-	28.45	-	-	22.12%	18.52%
Nation Media Group Plc	23.20	14.15	15.90	15.95	-0.3%	1.70	1.50	43.48	9.35	0.37	9.43%	88.24%	3.85%	3.69%
Sameer Africa Plc	4.35	0.00	2.30	2.10	9.5%	0.16	-	1.38	14.38	1.67	-	-	66.97%	21.33%
Standard Group Plc	14.75	8.52	9.02	10.45	-13.7%	-3.79	-	13.00	-	0.69	-	-	-5.34%	-1.41%
TPS Eastern Africa Ltd	17.50	10.85	14.95	13.35	12.0%	-3.40	-	39.35	-	0.38	-	-	-15.71%	-8.16%
Uchumi Supermarket Plc	0.28	0.16	0.20	0.23	-13.0%	-4.60	-	-5.75	-	-0.03	-	-	135.25%	-56.71%
WPP Scangroup Plc	4.32	2.77	2.85	3.01	-5.3%	-0.04	-	12.19	-	0.23	-	-	-32.89%	-19.82%
Industry Average									(0.80)	-0.68			33.4%	-8.8%
CONSTRUCTION & ALLIED	52 wk high	52 wk low	Vwap 11/Apr/2023	Vwap 30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
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	38.35	26.75	30.40	31.50	-3.5%	3.58	3.58	93.81	8.49	0.32	11.78%	100.00%	3.47%	2.39%
Crown Paints Kenya Plc	44.00	0.00	35.50	41.85	-15.2%	6.85	4.00	17.22	5.18	2.06	11.27%	58.39%	27.98%	10.25%
E.A.Cables Ltd	1.26	0.75	0.90	0.84	7.1%	-2.15	-	10.10	-	0.09	-	-	-22.79%	-7.72%
E.A.Portland Cement Co. Ltd	8.80	5.94	6.58	6.80	-3.2%	6.02	-	187.68	1.09	0.04	-	-	-8.71%	-5.38%
Average									-5.19	0.27			-3.6%	-2.1%
ENERGY & PETROLEUM	52 wk high	52 wk low	Vwap 11/Apr/2023	Vwap 30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
KenGen Co. Plc	3.81	2.15	2.38	3.22	-26.1%	0.72	0.20	32.04	3.31	0.07	8.40%	27.78%	8.70%	4.45%
Kenya Power & Lighting Co Plc	2.08	1.38	1.57	1.56	0.6%	1.80	-	28.81	0.87	0.05	-	-	0.47%	0.08%
Total Kenya Ltd	25.85	18.25	22.05	23.85	-7.5%	4.35	1.31	129.47	5.07	0.17	5.94%	30.11%	10.20%	5.89%
Umeme Ltd	12.45	6.58	12.65	7.42	70.5%	3.18	2.23	14.19	3.98	0.89	17.63%	70.13%	16.69%	5.47%
Industry Average									3.04	0.14			7.9%	2.9%
INSURANCE	52 wk high	52 wk low	Vwap 11/Apr/2023	Vwap 30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
Britam Holdings Plc	6.94	4.34	4.44	5.20	-14.6%	0.63	-	6.76	7.05	0.66	-	-	53.39%	7.28%
CIC Insurance Group Ltd	2.18	1.72	1.87	1.95	-4.1%	0.40	0.13	3.05	4.68	0.61	6.95%	32.50%	8.37%	1.61%
Jubilee Holdings Ltd	274.00	148.25	154.00	198.75	-22.5%	89.88	13.00	490.33	1.71	0.31	8.44%	14.46%	11.50%	2.80%
Kenya Re Insurance Corporation Ltd	2.25	1.54	1.89	1.83	3.3%	1.08	0.20	11.41	1.75	0.17	10.58%	18.52%	12.41%	7.88%
Liberty Kenya Holdings Ltd	7.48	4.28	4.03	5.60	-28.0%	0.15	-	16.45	26.87	0.24	-	-	0.93%	0.20%
Sanlam Kenya Plc	14.90	7.86	8.20	9.58	-14.4%	-2.79	-	12.05	-	0.68	-	-	6.59%	0.39%
Sector PE								11.18361464	3.03	0.35			17.5%	4.2%
INVESTMENT	52 wk high	52 wk low	Vwap 11/Apr/2023	Vwap 30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
Centum Investment Co Plc	12.25	7.90	8.54	8.36	2.2%	-0.93	0.33	79.08	-	0.11	3.86%	-	8.80%	4.54%
Home Afrika Ltd	0.41	0.28	0.31	0.32	-3.1%	-0.72	-	-4.79	-	-0.06	-	-	-45.79%	-20.44%
Kurwitu Ventures Ltd	1500.00	1500.00	1500.00	1500.00	0.0%	-36.00	-	592.46	-	2.53	-	-	-8.90%	-3.90%
Olympia Capital Holdings Ltd	3.10	2.00	2.64	2.96	-10.8%	0.28	-	31.63	9.43	0.08	-	-	1.38%	1.18%
Trans-Century Plc	1.30	0.79	0.87	0.93	-6.5%	-7.95	-	9.45	-	0.09	-	-	-56.07%	-9.11%
Industry Average									-1.65	0.12			3.2%	1.4%
INVESTMENT SERVICES	52 wk high	52 wk low	Vwap 11/Apr/2023	Vwap 30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
Nairobi Securities Exchange Plc	8.38	6.02	6.46	6.78	-4.7%	0.05	0.20	8.04	129.20	0.80	3.1%	400.0%	3.8%	3.6%
Industry Average									129.20	0.80			3.8%	3.6%
MANUFACTURING & ALLIED	52 wk high	52 wk low	Vwap 11/Apr/2023	Vwap 30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
B.O.C Kenya Plc	85.00	65.00	77.00	70.75	8.8%	5.55	4.40	78.03	13.87	0.99	5.71%	79.28%	4.57%	3.24%
British American Tobacco Kenya Plc	494.50	404.00	450.00	460.00	-2.2%	68.92	57.00	118.56	6.53	3.80	12.67%	82.70%	46.54%	25.42%
Carbacid Investments Plc	14.15	10.55	12.25	12.00	2.1%	2.78	1.70	8.38	4.41	1.46	13.88%	61.15%	12.39%	7.93%
East African Breweries Ltd	187.00	110.00	170.00	167.50	1.5%	15.00	11.00	17.70	11.33	9.61	6.47%	73.33%	50.17%	5.84%
Flame Tree Group Holdings Ltd	1.36	0.92	1.29	1.08	19.4%	0.58	-	4.57	2.22	0.28	-	-	4.16%	1.84%
Kenya Orchards Ltd	15.00	10.40	15.00	10.40	44.2%	0.17	-	1.88	88.24	7.96	-	-	36.65%	7.76%
Mumias Sugar Co. Ltd	0.27	0.27	0.27	0.27	0.0%	-9.90	-	-9.40	-	-0.03	-	-	105.26%	-96.22%
Unga Group Ltd	34.75	15.00	18.50	32.00	-42.2%	2.48	-	74.09	7.46	0.25	-	-	1.18%	0.55%
Industry Average									39.50	8.64			-10.0%	-1.2%
TELECOMMUNICATION & TECHNOLOGY	52 wk high	52 wk low	Vwap 11/Apr/2023	Vwap 30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA
Safaricom Plc	35.45	16.35	18.45	24.15	-23.6%	1								

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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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