

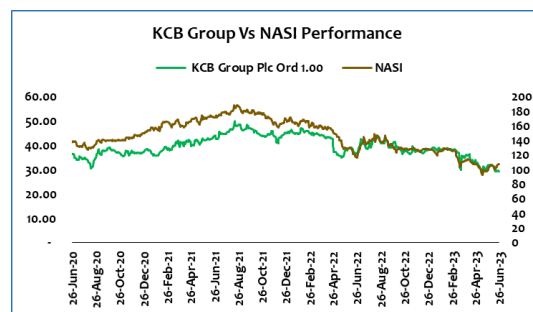
WEEKLY STOCK PICKS SELECTION

Stock prices have recorded lows in the recent few weeks exacerbated by high inflations both locally and globally necessitating many central banks to hike their lending rates and thereby impacting investments in general while making investment in government securities more attractive. Locally, the Central Bank of Kenya raised its lending rate by 100bps from 9.5% to 10.5% to cool the already high inflation. In view of this we selected the following stocks for investment considerations:

KCB Group – Long-Term Buy: Trading at KES 29.30, the lender’s price has shed 17.5%, 23.0% and 20.3% in the last 3, 6 and 12 months. Year-to-date (y-t-D), the Group has shed 23.6%. Its average price in the last 3, 6 and 12-months stands at KES 32.14, KES 34.98 and KES 37.23 per share.

The Bank’s highest and lowest prices in the last 12-months stands at KES 43.50 and KES 28.50 respectively. The highest prices in 2020, 2021 and 2022 stood at KES 55.00, KES 49.90 and KES 47.00 with lows of KES 30.55, KES 35.70 and KES 35.00.

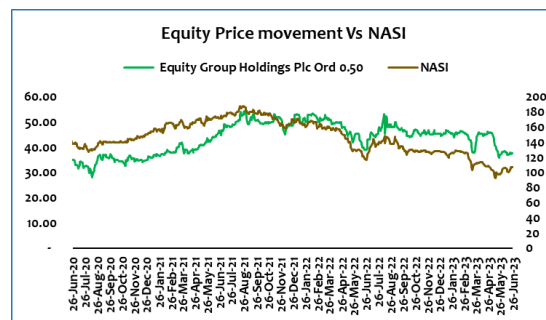
Earnings per share for the lender stands at 12.14 as of Q1-2023, a 0.3% year-on-year drop on what we attribute to its expenses on the regional expansion with the recent being the acquisition of Trust Merchant Bank in Congo. Estimates on TMB’s market share in Congo stands at 11.0%. In line with this, we retain our BUY recommendation on the counter with a target price of KES 40.00, a 36.5% upside.



Equity Group – Buy: Currently trading at KES 37.50, the Group’s price has shrunk 10.6% and 17.1% in the last 3 and 6-months and 16.8% year to date. Its average price for the last 3, 6 and 12-months stands at KES 41.37, KES 44.95 and KES 42.91 respectively.

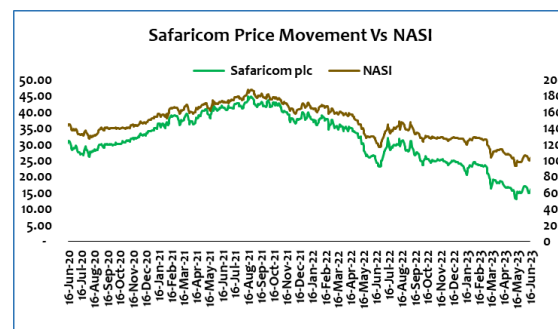
The Group’s financial performance has remained steady growing by 10.5% in profits before tax (PBT) to KES 16.88Bn in Q1-2023. Subsidiary contribution to total PBT rising from 29.7% in Q1 2022 to 44.3% in Q1-2023.

The Group’s Board revised its dividend from KES 3.00 in 2021 to KES 4.00 per share in 2022 from an Earnings per share of 11.90 for FY-2022. The dividend book closure happened on 9th May for a payment on 30th June.



Safaricom - Long-Term Buy: The Telco giant Telco was the most affected by geopolitical risks and interest rate hikes. This saw many foreigners exit the counter leading to a price loses to a 7-year low of KES 13.00 recorded in mid-May 2023. Its highest price for the last 12-months is 32.05 while recording highs of KES 40.00 and KES 44.95 in 2022 and 2021 respectively. Lowest prices in 2022 and 2021 were KES 23.10 and KES 34.25 in 2022 and 2021 respectively.

The company’s PBT declined 13.6% from KES 102.21Bn to KES 88.35Bn on a higher operating expense that accelerated 1t 34.6% from KES 55.19Bn to KES 74.09Bn upon the set-up of its subsidiary in Ethiopia. In view of a foregoing,



KINGDOM SECURITIES

Equity Stock Picks

27th June 2023

we expect renewed synergies on its revenue in the long run from its the subsidiary which will aid in the price recoveries.

Month to date (m-t-d) and month-on-month (m-o-m), the Telco has gained 3.2% and 16.3% improvements in the foreign participation on Safaricom in the last two weeks.

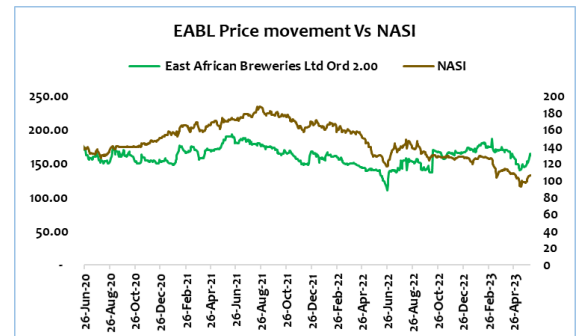
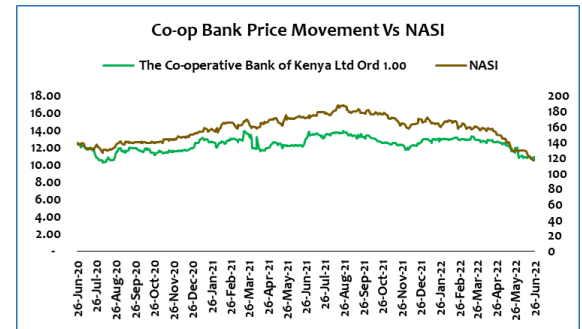
Co-op Bank Group – Buy: Currently trading at KES 12.20, the Group remains among the few stocks that have remained stable. The Lender recorded a low of KES 10.80 and a high of KES 13.35 in the last one year. In 2022 and 2021, the Group’s lowest prices were KES 10.70 and KES 11.60 and while hitting highs of KES 13.30 and KES 13.95 respectively.

The Bank’s return on investment has remained on an up-trend with its PBT for Q1-2023 rising by 5.1% from KES 7.76Bn to KES 8.06Bn of an EPS of 1.04 compared to that of 0.99 in Q1-2022.

The Group paid a dividend of KES 1.50 in FY 2022 giving a dividend yield of 12.3%, representing a 50.0% spike from that of KES 1.00 in FY 2021. We therefore retain our BUY recommendation on the Bank’s share to for dividend income.

EABL – Buy: Trading at KES 154.00 as of 26th June, the brewing manufacture has lost 9.8% and 7.8% in the last 3 and 6-months while gaining 40.0% y-t-d. Its average price in the last 3, 6 and 12 months are KES 157.74, KES 165.62 and KES 159.49 respectively.

The manufacturing company is set to release its FY-2023 financials in July for the year ending Jun-2023 where we expect a final dividend of above KES 7.25 on an expectation of a better H2-2023 financials. On its H1-2023 results, EABL’s profits remained flat at KES 8.70Bn on pressure from inflation. To gain on the expected dividend and capital gains, we recommend a buy on the counter with a target price of KES 170.00.



	52 wk high		Vwap		Vwap		Performance YTD (%)		Trailing EPS		DPS		BVPS		P/E		P/B		Div Yield (%)		Div Payout (%)		ROE		ROA	
	52 wk high	52 wk low	26/Jun/2023	30/12/2022	26/Jun/2023	30/12/2022	Performance YTD (%)	Trailing EPS	DPS	BVPS	P/E	P/B	Div Yield (%)	Div Payout (%)	ROE	ROA										
AGRICULTURE																										
Eaagads 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	418.00	385.00	8.6%	43.15	24.00	259.37	9.69	1.61	5.74%	55.62%	12.24%	9.36%												
Kapchorua Tea Kenya Plc Ord 5.00	155.00	89.00	153.00	113.25	35.1%	27.35	18.00	202.45	5.59	0.76	6.54%	36.56%	2.80%	1.96%												
The Limuru Tea Co. Plc	510.00	320.00	430.00	420.00	2.4%	4.73	2.50	79.18	90.91	5.43	0.58%	52.85%	-0.63%	-0.58%												
Sasini Plc	31.40	19.00	30.80	22.45	37.2%	2.49	0.50	58.95	12.37	0.52	1.62%	20.08%	4.26%	3.79%												
Williamson Tea Kenya Plc	210.00	124.00	210.00	160.00	31.3%	29.73	20.00	338.08	7.06	0.62	9.52%	67.27%	-3.17%	-2.29%												
Industry Average											9.92	0.79			4.5%	3.7%										
AUTOMOBILES & ACCESSORIES																										
Car & General (K) Ltd	49.00	25.00	26.65	47.45	-43.8%	8.55	0.80	60.52	3.12	0.44	3.00%	9.36%	18.28%	12.53%												
Industry Average											3.12	0.44			18.3%	12.5%										
BANKING																										
ABSA Bank Kenya Plc	12.95	10.10	11.75	12.30	-4.5%	2.55	1.35	11.71	4.61	1.00	11.49%	52.94%	22.93%	3.06%												
BK Group Plc	37.00	27.00	36.70	31.50	16.5%	7.47	3.74	28.45	4.91	1.29	10.19%	50.07%	16.90%	3.66%												
Diamond Trust Bank Kenya Ltd	55.25	44.00	49.50	50.00	-1.0%	16.16	5.00	240.68	3.06	0.21	10.10%	30.94%	6.56%	0.97%												
Equity Group Holdings Plc	53.25	35.80	37.50	44.50	-15.7%	11.90	4.00	48.28	3.15	0.78	10.67%	33.61%	24.64%	3.10%												
HF Group Plc	5.08	2.86	5.08	3.19	59.2%	0.92	-	22.80	5.52	0.22	-	-	3.03%	0.47%												
I&M Holdings Plc	21.00	15.85	16.95	17.00	-0.3%	6.77	2.25	46.27	2.50	0.37	13.27%	33.23%	15.14%	2.65%												
KCB Group Plc	43.50	28.50	29.30	38.10	-23.1%	12.71	2.00	62.30	2.31	0.47	6.83%	15.74%	20.40%	2.63%												
NCBA Group Plc	40.90	23.60	39.10	39.35	-0.6%	2.77	1.50	47.34	14.12	0.83	3.84%	54.15%	13.11%	1.73%												
Stanbic Holdings Plc	117.75	90.00	112.00	102.00	9.8%	22.92	12.60	157.34	4.89	0.71	11.25%	54.97%	14.57%	2.27%												
Standard Chartered Bank Kenya Ltd	171.00	124.00	161.25	142.75	13.0%	31.47	22.00	148.56	5.12	1.09	13.64%	69.11%	30.47%	4.49%												
The Co-operative Bank of Kenya Ltd	13.35	10.80	12.20	12.30	-0.8%	3.35	1.50	18.35	3.64	0.66	12.30%	44.78%	20.47%	3.63%												
Industry Average											3.49	0.67			19.3%	2.7%										
COMMERCIAL AND SERVICES																										
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	1.85	0.61	1.32	0.69	91.3%	-0.33	-	0.03	-	44.00	-	-	-550.65%	-495.80%												
Express Kenya Plc	5.40	2.70	3.60	4.71	-23.6%	-1.97	-	-2.87	-	-1.26	-	-	50.92%	-21.71%												
Homeboyz 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	2.01	2.41	3.00	-19.7%	0.68	-	2.75	3.54	0.88	-	-	4.03%	1.39%												
Nairobi Business Ventures Ltd	4.77	2.51	3.30	3.77	-12.5%	-3.20	-	0.11	-	30.00	-	-	22.12%	18.52%												
Nation Media Group Plc	20.85	14.15	19.00	15.95	19.1%	1.70	1.50	43.48	11.18	0.44	7.89%	88.24%	3.85%	3.69%												
Sameer Africa Plc	4.35	1.84	2.50	2.10	19.0%	0.16	-	1.38	15.63	1.82	-	-	66.97%	21.33%												
Standard Group Plc	14.75	8.16	8.66	10.45	-17.1%	-3.79	-	13.00	-	0.67	-	-	-5.34%	-1.41%												
TPS Eastern Africa Ltd	17.50	10.85	11.80	13.35	-11.6%	-3.40	-	39.35	-	0.30	-	-	-15.71%	-8.16%												
Uchumi Supermarket Plc	0.28	0.17	0.23	0.23	0.0%	-4.60	-	-5.75	-	-0.04	-	-	135.25%	-56.71%												
WPP Scangroup Plc	3.95	2.57	2.90	3.01	-3.7%	-0.04	-	12.19	-	0.24	-	-	-32.89%	-19.82%												
Industry Average											(0.81)	-0.69			33.4%	-8.8%										
CONSTRUCTION & ALLIED																										
ARM Cement Plc	5.55	5.55	5.55	5.55	0.0%	-6.83	-	28.95	-	0.19	-	-	-10.08%	-5.48%												
Bamburi Cement Ltd	38.35	23.25	26.40	31.50	-16.2%	3.58	3.58	93.81	7.37	0.28	13.56%	100.00%	3.47%	2.39%												
Crown Paints Kenya Plc	44.75	0.00	44.75	41.85	6.9%	6.85	4.00	17.22	6.53	2.60	8.94%	58.39%	27.98%	10.25%												
E.A.Cables Ltd	1.26	0.75	0.79	0.84	-6.0%	-2.15	-	10.10	-	0.08	-	-	-22.79%	-7.72%												
E.A.Portland Cement Co. Ltd	8.76	5.32	6.50	6.80	-4.4%	6.02	-	187.68	1.08	0.03	-	-	-8.71%	-5.38%												
Average											-5.15	0.26			-3.6%	-2.1%										
ENERGY & PETROLEUM																										
KenGen Co. Plc	3.81	2.15	2.30	3.22	-28.6%	0.72	0.20	32.04	3.19	0.07	8.70%	27.78%	8.70%	4.45%												
Kenya Power & Lighting Co Plc	2.08	1.38	1.56	1.56	0.0%	1.80	-	28.81	0.87	0.05	-	-	0.47%	0.08%												
Total Kenya Ltd	25.85	18.25	20.00	23.85	-16.1%	4.35	1.31	129.47	4.60	0.15	6.55%	30.11%	10.20%	5.89%												
Umeme Ltd	17.75	6.58	17.10	7.42	130.5%	3.18	2.23	14.19	5.38	1.20	13.04%	70.13%	16.69%	5.47%												
Industry Average											3.49	0.16			7.9%	2.9%										
INSURANCE																										
Britam Holdings Plc	6.94	4.05	5.02	5.20	-3.5%	0.63	-	6.75	7.97	0.74	-	-	53.39%	7.28%												
CIC Insurance Group Ltd	2.15	1.68	1.87	1.95	-4.1%	0.40	0.13	3.06	4.68	0.61	6.95%	32.50%	8.77%	1.61%												
Jubilee Holdings Ltd	265.00	148.25	180.00	198.75	-9.4%	89.88	13.00	490.33	2.00	0.37	7.22%	14.46%	11.50%	2.80%												
Kenya Re Insurance Corporation Ltd	2.17	1.54	1.82	1.83	-0.5%	1.08	0.20	11.41	1.69	0.16	10.99%	18.52%	12.41%	7.88%												
Liberty Kenya Holdings Ltd	7.48	3.60	3.70	5.60	-33.9%	0.15	-	16.45	24.67	0.22	-	-	0.93%	0.20%												
Sanlam Kenya Plc	12.00	7.02	7.98	9.58	-16.7%	-2.79	-	12.05	-	0.66	-	-	6.59%	0.39%												
Sector PE											11.18361464	3.28	0.38		17.5%	4.2%										
INVESTMENT																										
Centum Investment Co Plc	10.30	7.90	8.98	8.36	7.4%	-0.93	0.33	79.08	-	0.11	3.67%	-	8.80%	4.54%												
Home Afrika Ltd	0.41	0.28	0.35	0.32	9.4%	-0.72	-	-4.79	-	-0.07	-	-	-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	3.70	2.10	3.25	2.96	9.8%	0.28	-	31.63	11.61	0.10	-	-	1.38%	1.18%												
Trans-Century Plc	1.30	0.72	0.73	0.93	-21.5%	-7.95	-	9.45	-	0.08	-	-	-56.07%	-9.11%												
Industry Average											-1.72	0.12			3.2%	1.4%										
INVESTMENT SERVICES																										
Nairobi Securities Exchange Plc	8.02	5.62	6.02	6.78	-11.2%	0.05	0.20	8.04	120.40	0.75	3.3%	400.0%	3.8%	3.6%												
Industry Average											120.40	0.75			3.8%	3.6%										
MANUFACTURING & ALLIED																										
B.O.C Kenya Plc	90.25	65.00	89.00	70.75	25.8%	5.55	4.40	78.03	16.04	1.14	4.94%	79.28%	4.57%	3.24%												
British American Tobacco Kenya Plc	479.75	401.50	429.50	460.00	-6.6%	68.92	57.00	118.56	6.23	3.62	13.27%	82.70%	46.54%	25.42%												
Carbaid Investments Plc	14.15	10.55	13.55	12.00	12.9%	2.78	1.70	8.38	4.87	1.62	12.55%	61.15%	12.39%	7.93%												
East African Breweries Ltd	187.00	110.00	154.00	167.50	-8.1%	15.00	11.00	17.70	10.27	8.70	7.14%	73.33%	50.17%	5.84%												
Flame Tree Group Holdings Ltd	1.43	0.92	1.24	1.08	14.8%	0.58	-	4.57	2.14	0.27	-	-	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	17.00	32.00	-46.9%	2.48	-	74.09	6.85	0.23	-	-	1.18%	0.55%												
Industry Average											36.47	7.98			-10.0%	-1.2%										
TELECOMMUNICATION & TECHNOLOGY																										
Safaricom Plc	32.05	13.00	17.50	24.15	-27.5%	1.74	1.39	4.66	10.06	3.75	7.9%	79.9%	32.5%	16.0%												
Industry Average											10.06	3.75			32.5%	16.0%										
REAL ESTATE INVESTMENT TRUST																										
STANLIB FAHARI I-REIT	7.20	5.54	6.18	6.52	-5.2%	-0.16	0.78	20.86	-	0.30	12.6%	-	3.9%	3.8%												
LAPTRUST IMARA I-REIT Ord.20.00	20.00	0.00	20.00	0.00	-	0.00	-	-	-	-	-	-	-	-												
Industry Average											#DIV/0!	0.30														

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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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