

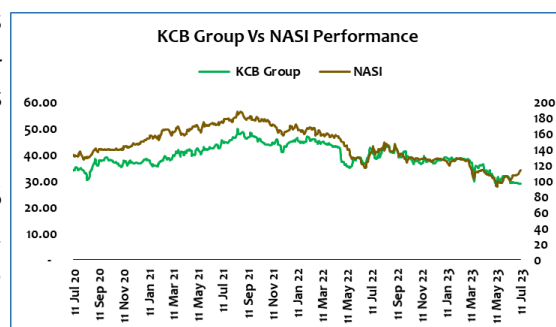
WEEKLY STOCK PICKS SELECTION

Below are our stock pick recommendations for the week:

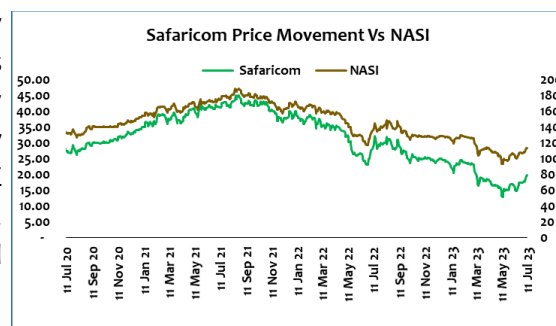
KCB Group – Long-Term Buy: Trading at KES 29.00, the lender’s price has shed 17.5%, 23.0% and 20.3% in the last 3, 6 and 12 months. Year-to-date (y-t-d), the Group has shed 24.3%. Its average price in the last 3, 6 and 12-months stands at KES 31.21, KES 34.35 and KES 36.84 per share.

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 respectively.

On its Q1-2023 earnings, the lender’s Earnings per share declined 0.3% y-y to 12.14, on what we attribute to increased expenses from its 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.



Safaricom - Long-Term Buy: The Telco giant was the most affected by geopolitical risks and interest rate hikes aimed at cooling inflation. This resulted to capital flights especially from the counter’s shares held by foreigners leading to price declines on the counter’s share price. This saw Safaricom record a lowest price of KES 13.00 from a high of KES 32.05 IN THE LAST 12-months. while recording highs of KES 40.00 and KES 44.95 in 2022 and 2021 respectively. Lowest and highest prices in 2022 were KES 23.10 and KES 40.00 per share.



The company’s PBT declined 13.6% from KES 102.21Bn in FY 2022 to KES 88.35Bn in FY 2023 on a higher operating expense that accelerated at 34.6% from KES 55.19Bn to KES 74.09Bn upon the set-up of its subsidiary in Ethiopia. In view of a foregoing, 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), Safaricom’s share price has gained 11.3% from KES 17.75 to KES 19.75 on 11th July, on what we attribute to its KES 0.62 final dividend whose book closure will happen on 28th July for a payment on 31st August 2023.

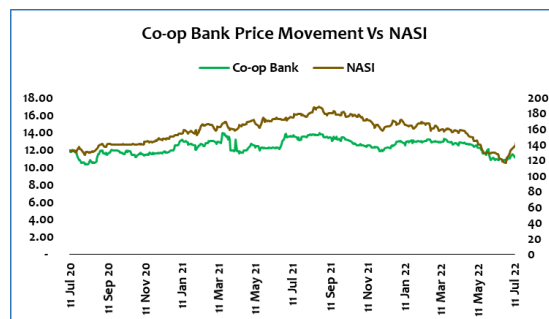
KINGDOM SECURITIES

Equity Stock Picks 11th July 2023

Co-op Bank Group – Buy: Currently trading at KES 12.00, 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.

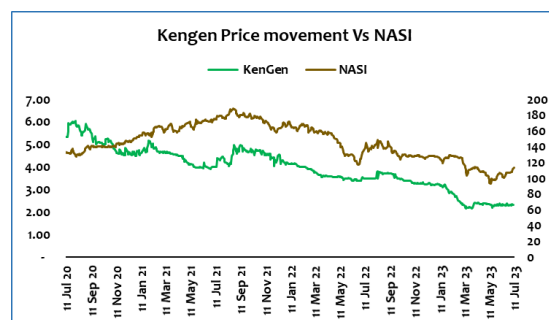
The Group paid a dividend of KES 1.50 in FY 2022 giving a dividend yield of 12.3%, representing a 50.0% spike from that of KES 1.00 in FY 2021. We therefore retain our BUY recommendation on the Bank’s share for dividend income.



Kengen – Buy: Trading at KES 2.33, the electric generating company has lost 2.1%, 27.0% and 33.4% in the last 3, 6 and 12 months while averaging at KES 2.33, KES 2.49 and KES 2.96 for the same period.

The company is expected to release its FY 2023 financials in September 2023 where we expect the company to retain its first and final dividend of KES 0.20, an 8.6% dividend yield on the current price. We expect this to push the counter’s price to levels of above KES 2.60, giving a total return of 20.2%.

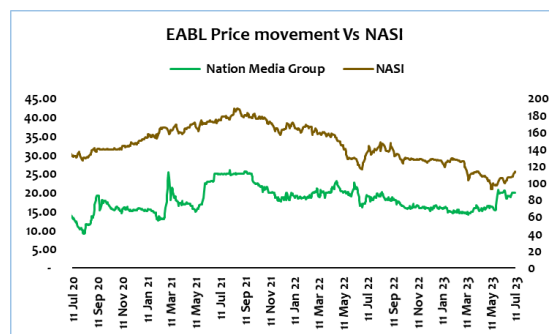
On its half year performance, Kengen’s revenue went up 11.0% from KES 24.74Bn in H1 2022 to KES 27.46Bn in H1 2023. Profit before tax (PBT) however, dropped 4.5% from KES 4.97Bn to KES 4.75Bn on a higher expense during the period.



Nation Media Group – Sell: Trading at KES 20.00, the media Group’s price as gained 25.8%, 25.4% and 5.3% in the last 3, 6 and 12 months having recorded a low price of KES 14.15 and a high of KES 20.85 in the last one year. The Group’s price short up upon the dividend announcement of KES 1.50 whose book closure happened on 16th and payment date scheduled for 31st July 2023.

The company’s Board announced second shares buy back at a price KES 20.00 effective 3rd July 2023 to 2nd July 2024. This further elevated the counter’s share price from KES 15.60 on 24th May to the current price, having gained 26.6% year to date.

We retain our SELL recommendation on the Group’s share price as the company’s financial performance remain affected with the rise of stiff competition from digital media. This has seen NMG’s revenue drop in the last 8-years.



	52 wk high	52 wk low	Vwap 11/Jul/2023	Vwap 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	13.00	10.50	23.8%	0.26	-	31.40	50.00	0.41	-	-	17.61%	15.93%
Kakuzi Plc	430.00	240.00	0.00	385.00	-100.0%	43.15	24.00	259.37	0.00	0.00	#DIV/0!	55.62%	12.24%	9.36%
Kapchorua Tea Kenya Plc Ord 5.00	218.00	91.00	225.00	113.25	98.7%	27.35	10.00	202.45	8.23	1.11	4.44%	36.56%	2.80%	1.96%
The Limuru Tea Co. Plc	510.00	320.00	0.00	420.00	-100.0%	4.73	2.50	79.18	0.00	0.00	#DIV/0!	52.85%	-0.63%	-0.58%
Sasini Plc	31.40	19.50	29.15	22.45	29.8%	2.49	0.50	58.95	11.71	0.49	1.72%	20.08%	4.26%	3.79%
Williamson Tea Kenya Plc	247.75	137.00	236.75	160.00	48.0%	29.73	20.00	338.08	7.96	0.70	8.45%	67.27%	-3.17%	-2.29%
Industry Average									5.98	0.48			4.5%	3.7%
AUTOMOBILES & ACCESSORIES														
Car & General (K) Ltd	49.00	25.00	29.45	47.45	-37.9%	8.55	0.80	60.52	3.44	0.49	2.72%	9.36%	18.28%	12.53%
Industry Average									3.44	0.49			18.3%	12.5%
BANKING														
ABSA Bank Kenya Plc	12.95	10.10	12.15	12.30	-1.2%	2.55	1.35	11.71	4.76	1.04	11.11%	52.94%	22.93%	3.06%
BK Group Plc	37.00	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	55.25	44.00	49.00	50.00	-2.0%	16.16	5.00	240.68	3.03	0.20	10.20%	30.94%	6.56%	0.97%
Equity Group Holdings Plc	53.25	35.80	41.55	44.50	-6.6%	11.90	4.00	48.28	3.49	0.86	9.63%	33.61%	24.64%	3.10%
HF Group Plc	5.08	2.86	4.85	3.19	52.0%	0.92	-	22.80	5.27	0.21	-	-	3.03%	0.47%
I&M Holdings Plc	21.00	15.85	18.50	17.00	8.8%	6.77	2.25	46.27	2.73	0.40	12.16%	33.23%	15.14%	2.65%
KCB Group Plc	43.50	28.50	29.00	38.10	-23.9%	12.71	2.00	62.30	2.28	0.47	6.90%	15.74%	20.40%	2.63%
NCBA Group Plc	40.90	23.95	39.00	39.35	0.1%	2.77	1.50	47.34	14.22	0.83	3.81%	54.15%	13.11%	1.73%
Stanbic Holdings Plc	120.00	90.00	120.00	102.00	17.6%	22.92	12.60	157.34	5.24	0.76	10.50%	54.97%	14.57%	2.27%
Standard Chartered Bank Kenya Ltd	171.00	130.00	161.50	142.75	13.1%	31.47	22.00	148.56	5.13	1.09	13.62%	69.91%	30.47%	4.49%
The Co-operative Bank of Kenya Ltd	13.35	11.00	12.05	12.30	-2.0%	3.35	1.50	18.35	3.60	0.66	12.45%	44.78%	20.47%	3.63%
Industry Average									3.62	0.68			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	1.58	0.69	129.0%	-0.33	-	0.03	-	52.67	-	-	-550.65%	-495.80%
Express Kenya Plc	5.40	2.70	3.69	4.71	-21.7%	-1.97	-	-2.87	-	-1.29	-	-	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	2.01	2.42	3.00	-19.3%	0.68	-	2.75	3.56	0.88	-	-	4.03%	1.39%
Nairobi Business Ventures Ltd	4.77	2.51	3.20	3.77	-15.1%	-3.20	-	0.11	-	29.09	-	-	22.12%	18.52%
Nation Media Group Plc	20.85	14.15	20.00	15.95	25.4%	1.70	1.50	43.48	11.76	0.46	7.50%	88.24%	3.85%	3.69%
Sameer Africa Plc	4.04	1.84	2.30	2.10	9.5%	0.16	-	1.38	14.38	1.67	-	-	66.97%	21.33%
Standard Group Plc	14.75	8.16	9.16	10.45	-12.3%	-3.79	-	13.00	-	0.70	-	-	-5.34%	-1.41%
TPS Eastern Africa Ltd	17.50	10.85	12.50	13.35	-6.4%	-3.40	-	39.35	-	0.32	-	-	-15.71%	-8.16%
Uchumi Supermarket Plc	0.28	0.17	0.26	0.23	13.0%	-4.60	-	-5.75	-	-0.05	-	-	135.25%	-56.71%
WPP Scan Group Plc	3.95	2.57	2.91	3.01	-3.3%	-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	25.60	31.50	-18.7%	3.58	3.58	93.81	7.15	0.27	13.98%	100.00%	3.47%	2.39%
Crown Paints Kenya Plc	44.80	0.00	44.80	41.85	7.0%	6.85	4.00	17.22	6.54	2.60	8.93%	58.39%	27.98%	10.25%
E.A.Cables Ltd	1.26	0.73	0.98	0.84	16.7%	-2.15	-	10.10	-	0.10	-	-	-22.79%	-7.72%
E.A.Portland Cement Co. Ltd	8.40	5.32	6.50	6.80	-4.4%	6.02	-	187.68	1.08	0.03	-	-	-8.71%	-5.38%
Average									-5.10	0.26			-3.6%	-2.1%
ENERGY & PETROLEUM														
KenGen Co. Plc	3.81	2.15	2.33	3.22	-27.6%	0.72	0.20	32.04	3.24	0.07	8.58%	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	6.62	10.95	7.42	47.6%	3.18	2.23	14.19	3.44	0.77	20.37%	70.13%	16.69%	5.47%
Industry Average									2.80	0.13			7.9%	2.9%
INSURANCE														
Britam Holdings Plc	6.94	4.05	5.08	5.20	-2.3%	0.63	-	6.76	8.06	0.75	-	-	53.39%	7.28%
CIC Insurance Group Ltd	2.15	1.68	1.97	1.95	1.0%	0.40	0.13	3.05	4.93	0.65	6.60%	32.50%	8.37%	1.61%
Jubilee Holdings Ltd	265.00	148.25	189.50	198.75	-4.7%	89.88	13.00	490.33	2.11	0.39	6.86%	14.46%	11.50%	2.80%
Kenya Re Insurance Corporation Ltd	2.17	1.54	1.85	1.83	1.1%	1.08	0.20	11.41	1.71	0.16	10.81%	18.52%	12.41%	7.88%
Liberty Kenya Holdings Ltd	7.48	3.60	4.20	5.60	-25.0%	0.15	-	16.45	28.00	0.26	-	-	0.93%	0.20%
Sanlam Kenya Plc	12.00	7.02	8.00	9.58	-16.5%	-2.79	-	12.05	-	0.66	-	-	6.59%	0.39%
Sector PE								11.18361464	3.40	0.39			17.5%	4.2%
INVESTMENT														
Centum Investment Co Plc	10.00	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	0.34	0.32	6.3%	-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	5.18	2.10	5.10	2.96	72.3%	0.28	-	31.63	18.21	0.16	-	-	1.38%	1.18%
Trans-Century Plc	1.30	0.61	0.66	0.93	-29.0%	-7.95	-	9.45	-	0.07	-	-	-56.07%	-9.11%
Industry Average									-1.73	0.12			3.2%	1.4%
INVESTMENT SERVICES														
Nairobi Securities Exchange Plc	8.02	5.62	6.48	6.78	-4.4%	0.05	0.20	8.04	129.60	0.81	3.1%	400.0%	3.8%	3.6%
Industry Average									129.60	0.81			3.8%	3.6%
MANUFACTURING & ALLIED														
B.O.C Kenya Plc	90.25	65.00	78.00	70.75	10.2%	5.55	4.40	78.03	14.05	1.00	5.64%	79.28%	4.57%	3.24%
British American Tobacco Kenya Plc	479.75	401.50	441.50	460.00	-4.0%	68.92	57.00	118.56	6.41	3.72	12.91%	82.70%	46.54%	25.42%
Carbaid Investments Plc	15.25	10.70	15.10	12.00	25.8%	2.78	1.70	8.38	5.43	1.80	11.26%	61.15%	12.39%	7.93%
East African Breweries Ltd	187.00	137.00	160.00	167.50	-4.5%	15.00	11.00	17.70	10.67	9.04	6.88%	73.33%	50.17%	5.84%
Flame Tree Group Holdings Ltd	1.43	0.92	1.32	1.08	22.2%	0.58	-	4.57	2.28	0.29	-	-	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	18.60	32.00	-41.9%	2.48	-	74.09	7.50	0.25	-	-	1.18%	0.55%
Industry Average									37.80	8.27			-10.0%	-1.2%
TELECOMMUNICATION & TECHNOLOGY														
Safaricom Plc	32.05	13.00	19.70	24.15	-18.4%	1.74	1.39	4.66	11.32	4.23	7.1%	79.9%	32.5%	16.0%
Industry Average									11.32	4.23			32.5%	16.0%
REAL ESTATE INVESTMENT TRUST														
STANLIB FAHARI I-REIT	7.20	5.54	6.34	6.52	-2.8%	-0.16	0.78	20.86	-	0.30	12.3%	-	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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