

### Bamburi plc Acquisition Offers by Amsons Group (KES 65.00) Or Savanna Clinker (KES 76.55)

Bamburi plc acquisition attracted a competing offer by Savanna Clinker (K) to acquire 100% (all its listed shares) by way of a cash offer price of KES 76.55 per share, to Compete with Amsons Industries (K) at a price of KES 65.00 per share.

The two offers opened on 24<sup>th</sup> October and close on 5<sup>th</sup> December 2024. Before the end of the two offers, Bamburi investors may withdraw or amend the acceptance provided that the requests are submitted by latest 5<sup>th</sup> December 2024 at 5.00 pm.

If the proposed Amsons acquisition achieves 75% acceptance or more, then the offeror will evaluate the efficacy of the Bamburi plc remaining listed and therefore subject to approval from the CMA, apply for delisting from the NSE market.

Savannah Clinker does not intend to delist Bamburi plc from the NSE market. However, if Savanna achieves 90% or more of the listed shares, then it will squeeze out the remaining shareholding as per the CMA regulations, otherwise it will remain listed.

We advise our clients to ACCEPT the Savanna offer at a price of KES 76.55 per share, 16.0% premium from the current price of KES 66.00 as of 7<sup>th</sup> November 2024. The independent valuation of the company gives a fair value of KES 74.30 per share, 3.0% down from Savanna's offer price. This is even as the valuation price stands 17.8% higher than the offer from Amsons

#### Basis for Our Recommendation – Technical Analysis

Bamburi plc traded at a high of KES 82.00 on 16<sup>th</sup> September 2024, just before its KES 18.25 special dividend book closure that was scheduled for 20<sup>th</sup> September and paid for on 27<sup>th</sup> September.

Immediately after the book closure, Bamburi's market price plunged to KES 62.50 and has so far averaged at KES 60.97 per share between 21<sup>st</sup> September and 7<sup>th</sup> November 2024.

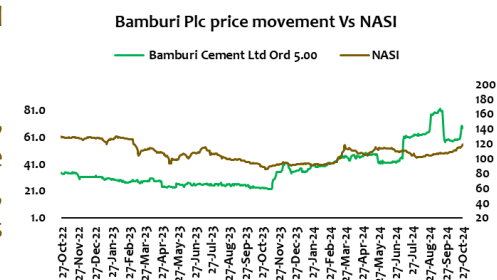
In the last four years, Bamburi hit a high 80.00 in early 2020 from a to a low of KES 19.90 per share on effects of the covid-19. Since then, the price remained down with highs of 46.35, KES 39.00 and KES 42.00 in 2021, 2022 and 2023 while touching lows of KES 33.55, KES 29.90 and KES 22.50 per shares in the same period respectively.

On average, the counter's price averaged at KES 39.54 in 2020, KES 38.09 in 2021, KES 27.45 in 2022 and KES 27.40 per share in 2023.

The drop from highs of KES 80.00 was mainly occasioned by low construction activities in the country and completion of the standard gauge railway (SGR) which had boosted its financials in a big way.

Elevated by the acquisition offer of KES 65.00, the stock jumped from KES 45.00 on 10<sup>th</sup> July 2024 to 57.75 on 11<sup>th</sup> July and to KES 61.50 on 12<sup>th</sup> July 2024 following the Amsons to an average of KES 51.39 per share in 2024.

Recommendation:	SELL
Bloomberg Ticker:	BAMB
Share Statistics	
Current Price - 8th Nov. 2024	65.50
Offer price (Amsons)	65
Amsons Upside/downside	-0.8%
Offer Price (Savanna)	76.55
Savanna Upside/Upside	16.87%
52 Week High - Low	57.75 – 22.50
3-Month Average	66.17307692
6 Month Average	56.42181208
52 Week Average	49.0554
3mtd PriceΔ(%ge)	5.6%
6mtd PriceΔ(%ge)	40.3%
YTD Δ(%ge)	81.9%
Y/Y Δ(%ge)	191.1%
Issued shares Mn	362.96
Market Capitalization (KES Mn)	23,773.83



Year\Counter	Bamburi Cement plc Price
2020	Lowest 19.90
	Highest 80.00
2021	Lowest 33.55
	Highest 46.35
2022	Lowest 29.90
	Highest 39.00
2023	Lowest 22.50
	Highest 42.00
2024	Lowest 22.50
	Highest 82.00
<b>Price (08-Nov-24) 65.50</b>	
<b>FY-2023 Dividend 0.75</b>	
<b>FY 203 Dividend 5.47</b>	
<b>Special Dividend 18.25 (2024)</b>	

Between July 11<sup>th</sup> and to date (7<sup>th</sup> November 2024), the counter's price averaged higher at KES 65.05 per share, further supported by the Savanna offer and the special dividend payment.

**Bamburi's KES 18.25 special dividend** beat its six-year payout on returns from sale of its 70% or KES 10.83Bn stake in its former Uganda subsidiary to Sarrai Group and Rwimi consortium, received in late August 2024.

The dividend payout represented 61% of the KES 10.83 sale received from the sale of the Uganda subsidiary, Hima Cement.

### Acquisition Undertakings

The competitive bidding fronted by Savanna Clinker saw Larger Holcim, a Switzerland based construction company that owns the top two Bamburi shareholders with the largest stake of 58.6% in Bamburi plc, terminate its irrevocable undertaking to sell its shares to Amsons Group. Immediately after the offer termination, Savanna grew its offer from KES 70.00 to the current offering of KES 76.55 per share.

Holcim's two investment vehicles in Bamburi are Fincem Holding Limited and Kencem Holding Limited with 29.3% shareholding each in Bamburi Cement.

In the current pricing offers, we expect Savanna Clinker to woo more shareholding in the market leader's shareholding.

Shareholder	No. of Shares	% of shareholding
Fincem Holding Limited	106,360,798	29.30%
Kencem Holding Limited	106,360,797	29.30%
Standard Chartered Nominees	56,906,640	15.68%
Aksaya Investment Holdings	14,956,990	4.12%
Standard Chartered Nominees	6,659,900	1.83%
Standard Chartered Kenya Nominees	4,080,337	1.12%
Standard Chartered Nom Non resident	2,768,400	0.76%
Standard Chartered Nom	2,607,700	0.72%
Standard Chartered Kenya Nominees	2,187,900	0.60%
ICEA Lion Life Assurance Company	2,055,663	0.57%
<b>Others (4,599 Shareholders)</b>	<b>58,014,150</b>	<b>15.98%</b>
Total Shares Issued	362,959,275	100.00%

Event	Date
Record Date for purposes of issuance of the Offer Documents	15-Oct-24
Circulation of the Offer Documents	24-Oct-24
Closing Date of the Offers	05-Dec-24
Suspension of trading in Bamburi Shares to facilitate reconciliation	6 December 2024 for such period as CMA and NSE shall determine
Announcement of the results of the Offers	No later than 20 December 2024
Commencement of Transfer of Bamburi Shares to Offerors	With respect to Amsons Offer, within 14 days from the date on which the Amsons Offer becomes unconditional in all respects and with respect to the Savannah Clinker Offer, by 28 February 2025
Dispatch of payments to Shareholders who have accepted an Offer	With respect to the Amsons Offer, within 14 days from the date on which the Amsons Offer become unconditional in all respects and with respect to the Savannah Clinker Offer, by 28 February 2025

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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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