

Stock Pick Recommendations- September 2025

The month of September presents a mix of attractive opportunities across the equities market, with several listed companies demonstrating strong earnings momentum, resilient balance sheets, and consistent dividend policies. Our recommendations are grounded in recent financial performance, sectoral outlook, and market positioning, balancing both growth and income potential. Investors can consider a combination of **BUY, HOLD, SELL and ACCUMULATE** strategies across select counters, as outlined in the following analysis.

KCB Group Plc-BUY

The company has experienced consistent growth and stable performance for the past five years both in revenue generation and cost management. Interim dividend payouts of Kes. 1.50 per share in H1 2024 and Kes. 2.00 (interim) and Kes. 2.00(special) per share in H1 2025 are promising and a clear indicator that the group is on a growth trajectory. Book closure will be 3rd September 2025 to be paid on 11th November 2025. We therefore recommend a BUY for long-term and dividend prospects.

ABSA Group Plc-BUY

The Absa Kenya Group Plc delivered a solid performance in the first half of 2025, with profit after tax (PAT) rising by 9.06% from Kes. 10.71Bn in H1 2024 to Kes. 11.68Bn in H1 2025. The Group declared an interim dividend per share of Kes. 0.20 (DPS H1 2024, Kes. 0.20) reflecting strong earnings momentum and the Group's consistent commitment to delivering shareholder returns. We recommend BUY for long-term returns.

EABL Plc-HOLD

East African Breweries Plc (EABL) delivered a strong set of results posting a profit after tax (PAT) 12.22% to Kes. 12.2Bn in 2025 buoyed by reduced financial costs and foreign gains. Earnings per share (EPS) have increased by 16.21% from Kes. 10.30 to Kes. 11.97 in 2024 and 2025 respectively. The Board of Directors recommended a final dividend payment of Kes. 5.50 in addition an interim dividend payment of Kes. 2.50 per share summing the total dividend for FY 2025 to Kes. 8.00 per share subject to withholding tax (FY 2024- Kes. 7.00). The company has managed to navigate external pressures, including proliferation of illicit alcohol, sustained input cost inflation and declining consumer spending driven by reduced disposable income.

HF Group-BUY

HF Group Plc posted a Kes. 702.89Mn profit before tax (PBT) in their earnings update for the first half of 2025. This is a 148.41% increase in PBT from Kes. 282.95Mn that was posted in the first half of 2024. The lenders profit after tax (PAT) increased by 134.48% from Kes. 266.27Mn in H1 2024 to Kes. 624.34Mn in H1 2025. We recommend a BUY as the company's performance continues to improve demonstrated by its consistent PAT growth for the last three years.

Co-op Bank Group-BUY

The strong performance by Co-operative Bank Group Plc in H1 2025 aligns with its strategic focus of attaining resiliency, agility and sustainable growth. With top-notch digital momentum and bottom-line stable growth for the past five years, the lender has been consistent in annual dividend payment to shareholders. In addition, the bank's stock price has been steady for the first half of 2025 buoying between Kes. 10.10 to Kes. 18.35 per share. We recommend a BUY on the stock.

Kenya Re-ACCUMULATE

Kenya Re reported a 50.00% jump in profit after tax to Kes. 1.58Bn in H1 2025, up from Kes. 1.06Bn a year earlier, supported by higher investment income of Kes. 2.77Bn, a 97.00% drop in forex losses to Kes. 0.02Bn, and lower operating costs, which offset weaker insurance revenue that declined 15.00% to Kes. 6.32Bn. Profit before tax rose 48.00% to Kes. 2.24Bn, while total comprehensive income surged to Kes. 2.26Bn from Kes. 0.18Bn in H1 2024, boosted by valuation gains and positive currency effects. Despite pressure on core insurance operations, net investment and insurance results climbed 51.00% to Kes. 2.74Bn. An accumulation recommendation is based on the insurer's robust capital and liquidity, and diversification into new income generating vehicles.

Safaricom Plc-ACCUMULATE

Safaricom Plc delivered a strong performance reporting a 7.27% increase in PAT from Kes. 42.66Bn in FY 2024 to Kes. 45.76Bn in FY 2025. The company has retained a consistent annual dividend payout of Kes. 1.2 per share from FY 2023 with a positive historical share performance making it a good buy for both in the short-term and long-term. The company's high stock liquidity has commanded a strong demand from both local and foreign investors. Safaricom Ethiopia is advancing with renewed commitment, solid operational foundations, and a clear mandate to establish itself as a reliable and transformative player in Ethiopia's digital economy. This strategic progress underscores Safaricom's long-term growth potential, strengthening the investment case for an ACCUMULATION on the stock.

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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 of both capital appreciation and the dividend yield

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