

KINGDOM SECURITIES

STOCK PICKS



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Summary Highlights

a.)

Sector	Stock	Current Price (10 TH Feb 2026)	Trailing Dividend	Sector Sentiment	Fair Value
		(Kes.)	Yield		Estimate (Kes.)
LONG-TERM BUY RECOMMENDATIONS					
Manufacturing	EABL	249.25	3.21%	<p>Upside:</p> <ul style="list-style-type: none"> The company recorded a 38% increase in earnings for the six months to December 2025, reaching Kes. 11.2Bn, underscoring the resilience of its profitability. Diageo's exit and the entry of Asahi Group enhance EABL's strategic appeal, positioning the business as an attractive platform for a player seeking to expand its footprint across Africa. New product launches and fresh strategic leadership are expected to further support growth momentum. <p>Downside:</p> <ul style="list-style-type: none"> Regulatory uncertainty linked to new and evolving policies could impact revenues 	324.18
Agriculture	Sasini	22.15	-	<p>Upside:</p> <ul style="list-style-type: none"> The firm returned to profitability in the year ended 30 September 2025, recording a net profit of KES 188Mn, after a loss in the prior year partly driven by logistical disruptions. The recovery is expected to be supported by a continued rebound in tea prices and broad-based operational stability. Overall, the firm remains fundamentally strong, underpinned by a proven track record of profitability. 	28.35

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				Downside: <ul style="list-style-type: none"> Elevated production costs and potential logistical challenges in accessing key export markets. 	
Telco	Safaricom	29.70	3.74%	Upside: <ul style="list-style-type: none"> Ethiopia expansion supports long-term regional growth through rising mobile and M-Pesa adoption. Strong domestic market leadership across core segments sustains a robust competitive moat. The telco business is well positioned to benefit from rising data usage, supported by continued smartphone adoption and population growth in Kenya. The financial services arm is entering its next phase of growth, with Ziidi Trader expected to drive incremental revenues by evolving the platform into a comprehensive financial hub for money transfers, savings, investing, and trading. The planned ownership restructuring, in which the Government of Kenya is expected to offload a 15% stake, granting Vodafone Kenya controlling ownership, is likely to boost foreign investor participation. Reduced government involvement and greater operational independence are expected to enhance investor confidence and improve strategic flexibility. The company increased its dividend payout in its interim dividend payment from Kes 0.55 in 1H25 to Kes 0.85 in 1H26, signaling a positive earnings outlook Downside: <ul style="list-style-type: none"> Locally, voice and SMS remain mature segments with limited medium-term growth prospects. 	34.04

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				<ul style="list-style-type: none"> Increasing substitution by internet-based communication services constrains long-term revenue growth despite retention-focused pricing strategies. 	
SPECULATIVE BUY RECOMMENDATIONS					
Banking	Equity	68.00	6.16%	<ul style="list-style-type: none"> The bank exhibits strong fundamentals and a robust earnings trajectory, with scope for a higher dividend payout should historical trends persist. Profit after tax (PAT) grew 32.2% y/y to KES 54.12Bn in 3Q25, up from KES 40.94Bn in 3Q24. Based on current earnings momentum, the lender is well positioned to exceed KES 60Bn in full-year PAT. Despite the positive outlook, current price levels limit attractiveness for long-term entry, although the stock still offers near-term upside potential. 	75.0
	Co-operative	28.65	8.73%	<ul style="list-style-type: none"> Co-operative Bank broke tradition and paid an interim dividend of Kes 1.00 in 3Q25 signaling earnings resilience. Earnings per share rose 12.3% to Kes 3.68, up from Kes 3.27 as of Q3 2024, powered by a surge in profit after tax to Kes 21.56Bn from Kes 19.21Bn. If the bank holds to its long-standing dividend rhythm, the year could close with a total payout of roughly Kes 2.50; consistent with its pattern of stepping up returns every three years 	30.21
	KCB Bank	68.75	8.73%	<ul style="list-style-type: none"> The counter is a strong player in the banking sector. Long-term profitability is supported by: profitable subsidiaries, aggressive lending strategy and broad-based revenue diversification Benefits from strong foreign visibility and participation. Creates opportunities for speculative investors at current price levels. 	72.1

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				<ul style="list-style-type: none"> Price momentum is expected to persist ahead of: <ul style="list-style-type: none"> Full-year results announcement Subsequent dividend declaration 	
HOLD RECOMMENDATIONS					
Banking	Standard Chartered	321.50	14.59%	<ul style="list-style-type: none"> StanChart remains a notable dividend-paying stock despite earnings pressure from the pension case. 2025 dividend per share may decline by 45%–55% if historical payout patterns persist. Long-term dividend track record and story remain intact. 	320.0
Energy	Umeme	8.84	-	<ul style="list-style-type: none"> Focus remains on resolving the buyout claim. Partial payment of USD 118Mn received; USD 292Mn remains in dispute. Investment perspective: <ul style="list-style-type: none"> Risk-tolerant investors: Opportunity exists, as management appears strong on the buyout interpretation. Conservative investors: Uncertainty around the final buyout price makes Umeme less suitable. 	-
Manufacturing	BAT	502.00	10.96%	<ul style="list-style-type: none"> High and reliable dividend yield which could drive further price appreciation if management increases final dividend per share. Resilient Earnings with the resumption of Velo sales expected to increase revenues going forward. Hold for income and value ahead of the full year results. Downsides include erratic weather conditions that would impact tobacco harvest 	530.20
SELL RECOMMENDATION					
Commercial & Services	Kenya Airways	5.02	-	<ul style="list-style-type: none"> Fundamentals remain broken with no evidence for recovery. High-risk distress play unsuitable for most portfolios. 	
	Uchumi	1.31	-	<ul style="list-style-type: none"> The firm lacks strong fundamentals for long-term stability. 	-

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				<ul style="list-style-type: none">• Dividends: Unlikely, as the company is operating with negative equity.• Restructuring: Still ongoing.• Investor caution: Holding or buying the stock may tie up capital without near-term returns.	
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