

KINGDOM SECURITIES

Stock Picks



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Investment Playbook

As dividend book closures pass and the market shifts focus toward first quarter results, particularly within the banking sector, below are our recommendations:

Long – term Buy:

Safaricom

- Market leadership remains intact for Safaricom Plc, anchoring resilient revenues and stable cash flow generation.
- The share price is likely to receive a near-term boost ahead of the full-year results expected from 7th May 2026, as investors position for strong performance and potential positive surprises.
- The Ethiopian expansion is gradually de-risking, with expectations that the business could break even by 2027, unlocking a new growth and profitability frontier as mobile penetration deepens.
- Over the medium term, Ethiopia presents a significant upside lever, given its large, underpenetrated telecoms market.
- However, mobile money adoption in Ethiopia may be slower than expected, as the economy remains largely cash-driven and financial transactions are still heavily concentrated within the banking system.
- As a result, M-PESA-led monetization may take longer to scale, potentially delaying the full realization of returns from the Ethiopian venture.

Speculative Buy:

Equity Group

- Among the most liquid counters at the bourse
- Strong depth on both demand and supply sides enhances tradability and reduces execution risk.
- Residual upside remains, albeit with volatility → suitable for short- to medium-term positioning
- Book closures are still pending

KCB Group

Kapchorua Tea

- The company more than quadrupled its half-year profits y/y, signaling a strong operational rebound and improved sector dynamics.
- This performance sets the stage for potentially superb full-year results expected this month, reinforcing positive earnings momentum.
- The recent 1:1 bonus issue has doubled the share count, expanding investor exposure to future earnings.

- While the dividend per share may decline mechanically due to the increased number of shares, this is largely a technical adjustment rather than a weakening of fundamentals.
- Stronger profitability implies that total dividend payout is likely to increase, supporting overall shareholder returns.
- Investors should focus on total dividend value (post-bonus shares) rather than just dividend per share.

Merger Arbitrage Lite:

The Ned Bank—NCBA acquisition is now open for investors who wish to participate and the offer closes on 10th July 2026. We maintain our previous buy recommendation on the following basis:

NCBA

- NCBA presents a compelling merger-arbitrage opportunity relative to the implied offer price of Kes 105 by Nedbank, representing an upside of approximately 21% subject to successful completion.
- Under the transaction terms, only 66% of an investor's holdings will be acquired, with consideration structured as 80% in Nedbank shares and 20% in cash.
- Investors whose accepted 66% stake translates into fewer than 200 Nedbank shares will instead receive full cash consideration, effectively crystallizing the arbitrage spread. By our calculations, a minimum of 5,000 NCBA shares will translate to 200 or more Nedbank shares.
- Conversely, those exceeding the 200-share threshold will receive a blended outcome of cash and Nedbank shares, gaining partial liquidity alongside exposure to the South African banking market.
- Importantly, the remaining 34% of NCBA shares will continue trading on the NSE, preserving ongoing participation in a proven dividend counter that has demonstrated a consistent payout growth trajectory, aside from isolated outlier periods. NCBA paid a Kes 7.10 dividend for 2025.
- If historical trends persist, the final dividend is likely to go up.

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Find below the dividend schedule:

Counter	Dividend Type	Dividend per Share	Book Closure	Payment Date	AGM Dates
<i>Absa</i>	Final	1.85	30-Apr-26	19-May-26	19-May-26
<i>I&M</i>		2.25	16-Apr-26	21-May-26	21-May-26
<i>SCBK</i>		23.00	30-Apr-26	21-May-26	
<i>NCBA</i>		4.60	30-Apr-26	26-May-26	26-May-26
<i>Co-op</i>		1.50	30-Apr-26	05-Jun-26	15-May-26
<i>CIC</i>		0.13	23-Apr-26	09-Jun-26	08-May-26
<i>BAT</i>		60.00	08-May-26	12-Jun-26	
<i>Kakuzi</i>		16.00	29-May-26	15-Jun-26	20-May-26
<i>BK Group</i>		3.73	15-May-26	19-Jun-26	
<i>DTB-K</i>		9.00	22-May-26	26-Jun-26	
<i>BOC</i>		10.35	31-May-26	21-Jul-26	
<i>Jubilee</i>		13.00	11-Jun-26	24-Jul-26	21-May-26
<i>TPS Serena</i>		0.35	26-Jun-26	30-Jul-26	
<i>NSE</i>		1.00	21-May-26	31-Jul-26	21-May-26
<i>Stanbic</i>		18.55	15-May-26	Pending Approval	14-May-26
<i>Equity</i>		5.75	22-May-26		
<i>KCB</i>		3.00	02-Apr-26	Pending Approval	21-May-26
<i>Liberty</i>		0.50			
<i>Kenya Re</i>		0.15			

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