

KINGDOM SECURITIES

A Subsidiary of the Co-operative Bank of Kenya Ltd

QUICKMART PLC IPO NOTE

Kenya's Second-Largest
Formal Grocery Retailer



KSL VIEW:

PARTICIPATE



72

Stores
Across 16 Counties



5Mn+

Monthly Customer
Transactions



2.5Mn+

Loyalty Members



Kes.50.4Bn

FY2025 Revenue



Kes.1.51Bn

FY2025 Profit
After Tax



6.7%

Implied
Dividend Yield

OFFER SNAPSHOT

Offer Type	Offer for Sale
Shares Offered	2.0Bn Shares
Offer Price	Kes. 7.50
Offer Size	Kes. 15.0Bn
Market Capitalisation	Kes. 30.0Bn
Minimum Application	500 Shares (Kes. 3,750)
Offer Period	5 – 30 October 2026
Expected Listing Date	12 November 2026

*A growing retailer
with strong revenue
growth, improving
profitability, robust
cash generation and
an attractive dividend
proposition.*



kingdomresearch@co-opbank.co.ke

1. Investment Snapshot

Item	Detail
Offer Type	Offer for Sale
Shares Offered	2.0Bn Shares
Offer Price	Kes. 7.50
Offer Size	Kes. 15.0Bn
Implied Market Capitalisation	Kes. 30.0Bn
Minimum Application	500 Shares (Kes. 3,750)
Offer Opened	05-Oct-26
Offer Closes	30-Oct-26
Expected Listing Date	12-Nov-26
Dividend Policy	Target payout ratio of at least 80% of PAT
IFC Participation	Conditional commitment of up to USD 15Mn
Market Share	15% of Formal Grocery Retail Market

Source: Prospectus | Table: KSL

2. Company Overview

Quickmart PLC is Kenya's second-largest formal grocery retailer by store count and turnover, operating 72 stores across 16 counties. The company serves approximately 5 million customer transactions per month and has built a loyalty programme comprising over 2.5 million members, with loyalty-linked customers contributing a significant portion of sales. Following the merger of Quickmart and Tumaini, the company has established a nationally recognized retail brand supported by a multi-format network of hypermarkets, supermarkets and express stores. Between FY2021 and FY2025, revenue increased from Kes. 25.7Bn to Kes. 50.4Bn, demonstrating the scalability of its operating model and customer franchise. Quickmart currently commands approximately 15% of Kenya's formal grocery retail market, making it the country's second-largest formal grocery retailer.

3. Financial Performance

Selected Financial Performance (Kes. Mn)

Metric	FY2021	FY2022	FY2023	FY2024	FY2025	H1 2026
Revenue	25,681	34,781	41,216	46,708	50,428	27,267
Gross Profit	5,406	7,396	8,638	10,275	11,078	6,146
EBITDA	2,216	3,076	3,635	4,612	5,076	2,819
PAT	183	275	450	1,135	1,509	873
EPS (Kes.)	0.05	0.07	0.11	0.28	0.38	0.22

Source: Prospectus | Table: KSL

Quickmart has demonstrated a strong growth trajectory over the last five years, with revenue increasing from Kes. 25.7Bn in FY2021 to Kes. 50.4Bn in FY2025, representing a CAGR of approximately 18.4%. Profit after tax expanded from Kes. 183Mn to Kes. 1.51Bn over the same period, while EBITDA more than doubled to Kes. 5.08Bn, reflecting improving scale and operating leverage. H1 2026 results indicate continued earnings momentum, with revenue reaching Kes. 27.3Bn and PAT of Kes. 873Mn. The company's growth has been supported not only by store expansion but also by increased customer traffic, operational efficiencies and a growing loyalty ecosystem. Importantly, future value creation will depend on management's ability to ensure that each additional store generates returns above its cost of capital rather than expansion for expansion's sake.

4. Investment Case

Strong Revenue and Earnings Growth

Quickmart has delivered consistent growth in both revenue and profitability. The company's ability to double revenue within five years while simultaneously enhancing profitability demonstrates the scalability of its operating model and continued market penetration.

Strong Market Position

With 72 stores across 16 counties, Quickmart remains Kenya's second-largest formal grocery retailer. Its growing customer base and loyalty ecosystem provide a strong competitive advantage in a highly fragmented retail market.

Attractive Dividend Proposition

Following listing, Quickmart intends to maintain a dividend payout ratio of at least 80% of annual profit after tax, subject to business performance and capital requirements. Based on projected FY2026 distributions, the implied dividend yield is approximately 6.7%, offering investors a potentially attractive income stream.

Institutional Validation

The offer has attracted conditional participation from the International Finance Corporation (IFC), providing additional institutional validation of Quickmart's business model, governance standards and long-term growth strategy.

Strong Customer Franchise

A significant proportion of Quickmart's sales are driven by repeat customers through its loyalty programme, supporting revenue stability and customer retention.

Strong Cash Generation

Quickmart continues to generate strong operating cash flows. In FY2025, operating cash flow amounted to approximately Kes. 4.83Bn, significantly exceeding profit after tax of Kes. 1.51Bn. This indicates that earnings are being converted into cash and provides additional support for future expansion, dividend distributions and balance-sheet flexibility.

5. Key Risks**Working Capital Risk**

Quickmart's operating model benefits from supplier financing through trade payables, allowing the business to generate strong operating cash flows. However, investors should continue monitoring working-capital management, inventory turnover, supplier obligations and cash conversion to ensure that future growth remains supported by internally generated cash flows rather than increasing dependence on suppliers.

Competitive Environment

Quickmart operates in a highly competitive retail landscape alongside established players such as Naivas and Carrefour, requiring continued investment in customer experience, pricing and operational efficiency.

Lease Obligations

The company's asset-light operating model depends on leased stores. As such, lease commitments remain an important long-term financial obligation.

Execution Risk

Management intends to continue expanding the store network. Future growth will therefore depend on successful execution of expansion plans and the maintenance of operational efficiency.

6. Valuation

Metric	Value
Offer Price	Kes. 7.50
Market Capitalisation	Kes. 30.0Bn
FY2026F EPS	Kes. 0.58
Implied FY2026 P/E	12.9x
Implied FY2026 EV/EBITDA	5.7x
FY2026F DPS	Kes. 0.50
Implied Dividend Yield	6.70%

Source: Prospectus | Table: KSL

Valuation View

At the offer price of Kes. 7.50, Quickmart is valued at approximately Kes. 30.0Bn, implying a forward FY2026 P/E of 12.9x and an EV/EBITDA multiple of 5.7x. These multiples compare favourably with selected international listed grocery retailers, which trade at higher median valuation levels. While differences in market liquidity, country risk and operating environments justify some discount, the offer appears broadly reasonable relative to Quickmart's growth prospects, profitability profile and dividend proposition. The implied dividend yield of approximately 6.7% further enhances the attractiveness of the offer for long-term investors seeking both income and capital appreciation.

Metric	Quickmart	International Grocery Peer Median
Forward P/E	12.9x	17.7x
EV/EBITDA	5.7x	8.9x

Source: Prospectus | Table: KSL

Quickmart trades at a discount to selected international grocery retailers, although differences in market liquidity, country risk and operating environment justify part of this discount.

7. KSL Investment View

We maintain a positive view on the Quickmart IPO, supported by the company's strong revenue growth, improving profitability, robust customer franchise and attractive dividend proposition. With 72 stores across 16 counties, approximately 5 million monthly customer transactions and a growing loyalty ecosystem, Quickmart has established itself as one of Kenya's leading formal retailers.

However, we encourage investors to approach the offer with a degree of caution. The supermarket sector remains highly competitive and operates on a business model that relies significantly on supplier financing and efficient working-capital management. While Quickmart has demonstrated strong operating cash generation, investors should continue monitoring inventory turnover, supplier obligations, lease commitments and cash-conversion trends to ensure future growth remains sustainable. In addition, the broader Commercial & Services sector has historically produced mixed shareholder outcomes, reinforcing the need for continued focus on execution and financial discipline.

Research Analyst Certification:

The research analyst(s) primarily responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all of the views expressed herein accurately reflect their personal views. Each research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the view(s) expressed by that research analyst in this research report.

Terms of Use- Disclaimer:

This research report has been prepared by Kingdom Securities Limited and is for information purposes only. This research report should not be construed as an offer or solicitation to sell or buy any investment or product. Any opinions expressed herein reflect the analyst's judgment at the date of publication and neither Kingdom Securities Limited nor any of its affiliates or employees accepts any responsibility in respect of the information or recommendations contained herein. Unless otherwise stated, the opinions contained in this material are as of the date indicated and are subject to change at any time without prior notice. Past performance is not a guarantee or indication of future results.

The information and opinions contained in this Material have been derived from sources believed to be reliable and in good faith or constitute Kingdom Securities' judgement as at the date of this research, but no warranty is made as to their accuracy and any opinions are subject to change and may be superseded without notice. In no circumstances will Kingdom Securities or its employees be liable to you for any errors or omissions in this report or for any losses you may incur in following any recommendations in the report. Kingdom Securities is a Subsidiary of Co-operative Bank of Kenya.

Kingdom Securities Ltd – A subsidiary of Co-operative Bank Limited. Co-operative Bank House- 5th floor, P.O Box 48231 - 00100 Nairobi, Kenya

Office: 0711049016 Email: info@kingdomsecurities.co.ke

Research Department

Chrisanthus Lunani	clunani@co-opbank.co.ke	+254711049973
--------------------	-------------------------	---------------

Sales & Dealing Team

Florence Kigera	fkigera@co-opbank.co.ke	+254 711049055
Joab Kiprono	jkiprono@co-opbank.co.ke	+254711049528