KINGDOM SECURITIES
A Subsidiary of the Co-operative Bank of Kenya Ltd

# Week 39 – 2026 Watchlist

As we begin Week 39, we have identified a selection of counters worth watching based on recent price action and key technical levels. The watchlist highlights areas where investors may consider accumulating gradually on weakness, while monitoring confirmation from subsequent price movements

As we approach the end of Q3 2026, **Co-op Bank** remains a long-term Buy option, with a fair value estimate of Kes. 40.95 per share, implying potential upside from the current price. Investor sentiment could receive an additional boost if the bank maintains its interim dividend payout, as seen last year, particularly around the release of its Q3 2026 financial results. This could provide a catalyst for renewed investor interest and potential price appreciation.

**KCB Group** remains an attractive Buy option on accumulation. Recent price fluctuations have been supported by strong buying interest, partly reflecting the counter's improved dividend yield, which stood at 8.31% as at 18 September 2026. However, investors may consider accumulating around the Kes. 83–85 range rather than chasing a sharp price rebound.

**Equity Group** remains a Buy or accumulation option for long-term investors, supported by its strong H1 2026 financial performance and growing regional presence. Although the Group does not pay an interim dividend, its earnings performance, regional diversification and growth prospects continue to position the counter as one to watch for long-term shareholder returns.

**Kenya Re** presents a combination of speculative and long-term investment potential, particularly on price weakness. The company's expansion into Tanzania, Rwanda and India, alongside its growing presence in international life reinsurance and asset management, continues to broaden its earnings base. With existing regional hubs in Uganda, Zambia and Côte d'Ivoire, the Group's expansion strategy, dividend policy and growth prospects provide potential catalysts for both price appreciation and long-term returns, although execution risks should be considered.

**KenGen** remains well positioned to benefit from Kenya's long-term energy transition, with geothermal generation providing reliable baseload power as hydropower increasingly serves a peaking role. FY2026 PBT remained resilient at Kes. 15.05Bn, down 2.7% YoY, while increased capital investment of Kes. 15.5Bn contributed to a lower final DPS of Kes. 0.75. Following the recent pullback, the counter closed at Kes. 10.70 on 18 September, offering a gross dividend yield of approximately 7.01%. Long-term growth prospects are supported by planned investments, including the proposed 2,000MW nuclear project and 700MW hydropower development. While the stock offers defensive, infrastructure-backed exposure to Kenya's energy sector, investors should remain mindful of execution and capital-investment risks.

**Safaricom** remains our preferred long-term Buy, with a fair value estimate of Kes. 38.50 per share, supported by its dominant and cash-generative Kenyan business, continued M-PESA monetisation and strong growth prospects in Ethiopia. Ethiopia is scaling rapidly, with 90-day active customers increasing 54.2% and M-PESA customers more than doubling. Meanwhile, Kenya M-PESA revenue grew 13.4% YoY to Kes. 182.73Bn, reinforcing the Group's resilient earnings and cash-flow base. The introduction of an interim dividend in FY2026 further strengthens the shareholder-return proposition. Going forward, continued customer and M-PESA penetration in Ethiopia, narrowing losses in the market, sustained M-PESA monetisation in Kenya and strong cash generation remain key catalysts for earnings growth and shareholder returns. Safaricom's strong liquidity and market depth also enhance its appeal to institutional investors, providing flexibility for efficient entry and exit from positions.

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