## Week 46 2026 Strategy

Following the recent market correction, we maintain a selective accumulation strategy, focusing on quality counters where earnings resilience, cash generation and shareholder returns remain supportive. Banking-sector earnings are expected to be a key near-term catalyst, while recent price weakness across selected blue chips continues to provide opportunities for disciplined accumulation. We favour Safaricom and KCB Group as core long-term ideas, while NCBA, BAT Kenya and KenGen offer attractive tactical, income and sector-diversification opportunities. EABL remains on our watchlist, although we prefer a more attractive entry point rather than chasing the counter at current levels.

## Week 46 2026 at a Glance

| Counter | View | Preferred Action/Entry | Conviction |
|---|---|---|---|
| Safaricom | Long-Term Buy | Kes. 33.00–35.00 | High |
| KCB Group | Long-Term Buy / Accumulate | Kes. 87.00–89.50 | High |
| NCBA Group | Tactical Buy / Accumulate | Kes. 87.00–90.00 | Medium/High |
| BAT Kenya | Hold / Income Accumulate | Kes. 540.00–550.00 | Medium/High |
| KenGen | Buy / Accumulate | Kes. 9.70–10.00 | Medium/High |
| EABL | Hold / Wait | Kes. 265.00–274.00 | Medium |

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## CORE LONG-TERM IDEAS

### 1. Safaricom | LONG-TERM BUY

**Preferred entry:** Kes. 33.00-35.00

**Strategy:** Accumulate on weakness

**Catalysts:** M-PESA monetisation | Ethiopia expansion | Dividend proposition| Strong cash generation

**Risk:** Ethiopia execution risk and increased competition

Safaricom remains our preferred long-term telecommunications exposure following its strong HY2027 performance. Group service revenue increased 13.1% y/y to Kes. 226.06Bn, while PBT rose 47.2% to Kes. 81.33Bn,

supported by resilient domestic operations and continued improvement in Ethiopia. We favour gradual accumulation during periods of price weakness rather than chasing short-term rallies.

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### 2. KCB Group | LONG-TERM BUY / ACCUMULATE

**Preferred entry:** Kes. 87.00–89.50

**Strategy:** Accumulate selectively

**Catalysts:** Q3 earnings | Regional banking franchise | Earnings resilience | Dividend prospects

**Risk:** Asset-quality deterioration and regional macroeconomic pressures

KCB remains one of our preferred banking-sector names, supported by its broad regional footprint, earnings resilience and improving credit environment. With Q3 banking results approaching, profitability, asset quality and shareholder distributions will remain key catalysts. We maintain a constructive long-term view and favour progressive accumulation around our preferred entry range.

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## TACTICAL / ACCUMULATION IDEAS

### 3. NCBA Group | TACTICAL BUY / ACCUMULATE

**Preferred entry:** Kes. 87.00–90.00

**Strategy:** Accumulate on weakness

**Catalysts:** Nedbank transaction | Reduced free float | Strong banking franchise | Earnings growth

**Risk:** Reduced secondary-market liquidity and banking-sector re-rating risk

NCBA remains attractive following completion of the Nedbank transaction, which materially reduced the number of freely tradable shares on the NSE. This creates an interesting liquidity and price-discovery dynamic, although the reduced free float should not itself be considered a guarantee of price appreciation. Our investment thesis remains supported by NCBA's underlying banking franchise and diversified revenue streams.

### 4. BAT Kenya | HOLD / INCOME ACCUMULATE

**Preferred entry:** Kes. 540.00–550.00

**Strategy:** Accumulate selectively for income

**Catalysts:** Strong cash generation | Dividend profile | Defensive earnings characteristics

**Risk:** Taxation, regulation and structural industry pressures

BAT Kenya remains primarily an income-oriented opportunity, supported by its established cash-generative business and consistent shareholder distributions. The counter is suitable for investors prioritising dividend income, although accumulation should remain valuation-sensitive given the regulatory and taxation risks facing the tobacco industry.

### 5. KenGen | BUY / ACCUMULATE

**Preferred entry:** Kes. 9.70–10.00

**Strategy:** Accumulate gradually

**Catalysts:** Strategic generation assets | Renewable-energy exposure | Dividend income | Capacity expansion

**Risk:** Project-execution delays and hydrology-related variability

KenGen remains an attractive medium-to-long-term energy exposure, supported by its strategic position within Kenya's power-generation sector and diversified renewable-generation portfolio. Its income characteristics and longer-term capacity-expansion potential remain supportive of the investment case. We favour gradual accumulation around our preferred entry levels.

## WATCH / WAIT

### 6. EABL | HOLD / WAIT FOR BETTER ENTRY

**Preferred entry:** Kes. 265.00–274.00

**Strategy:** Wait for attractive entry levels

**Catalysts:** Strong consumer franchise | Cash generation | Brand strength | Dividend potential

**Risk:** Consumer-spending weakness, taxation and input-cost pressures

EABL remains a quality long-term consumer-sector counter supported by its leading beverages franchise and strong cash-generating characteristics. However, following the significant rerating witnessed during the year, we prefer valuation discipline and would favour accumulation nearer the lower end of our preferred range rather than chasing price strength.

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