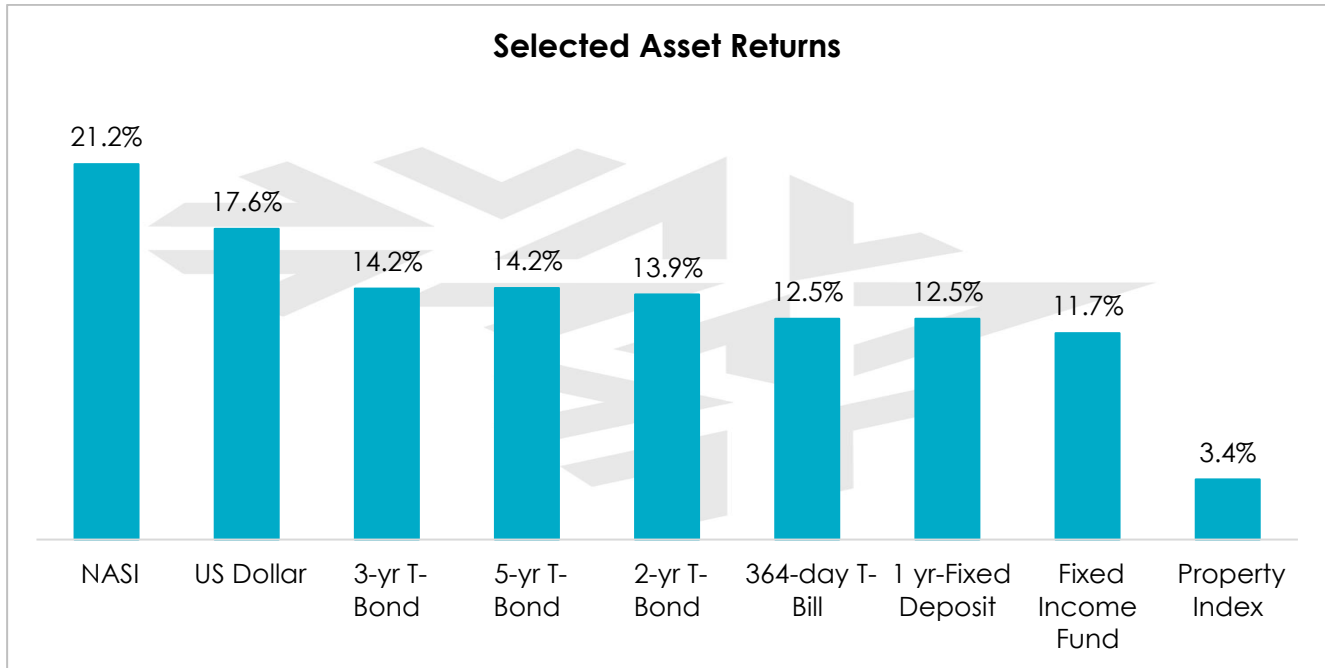


Asset Class Performance



Source: CBK, Hass Consult, NSE, NCBA IB Research

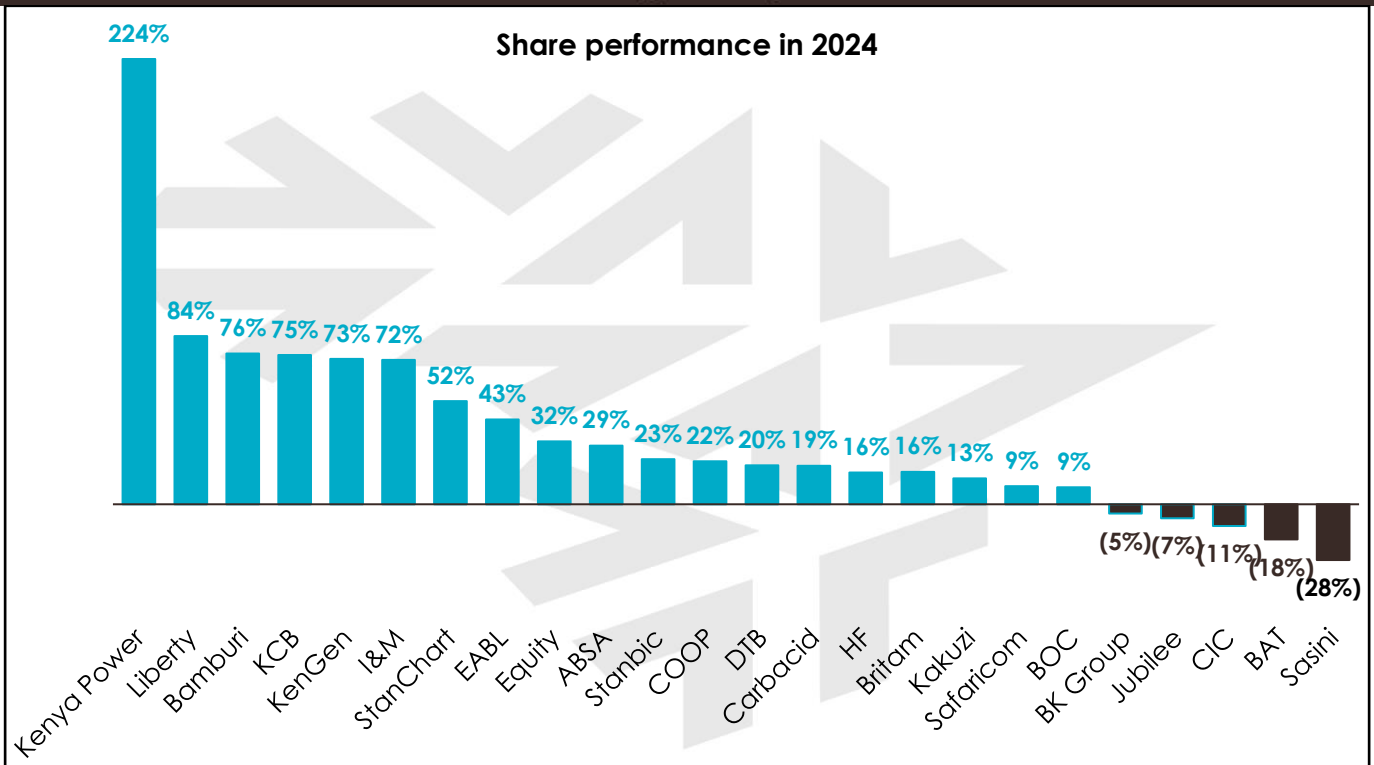
Government securities have recorded high returns this year. With the interest rates on a decline, we expect this trend to correct.

NASI has delivered an YTD return on 21.2%. In November however, the index recorded a 5.17% month-month decline.

We anticipate moderate corporate earnings for FY2024, on the back of the prevailing macroeconomic conditions. The confluence of high interest rates and elevated sovereign debt has stifled growth.

KES has however shown improvement against the greenback and inflation is well within the target range.

The banking sector remained resilient posting strong Q32024 earnings on the back of high interest rates, risk-based pricing, and revenue diversification efforts.



Source: NSE, NCBA IB Research

Outlook

The equities market presents an investment opportunity. We believe that investors should position towards value stocks that are trading at discounts to their respective intrinsic values. Looking ahead, we are cautiously optimistic about the potential return of foreign investors. Their return would be spurred by a semblance of stability across the globe and improvement in the local macro-economic environment.

Opportunities

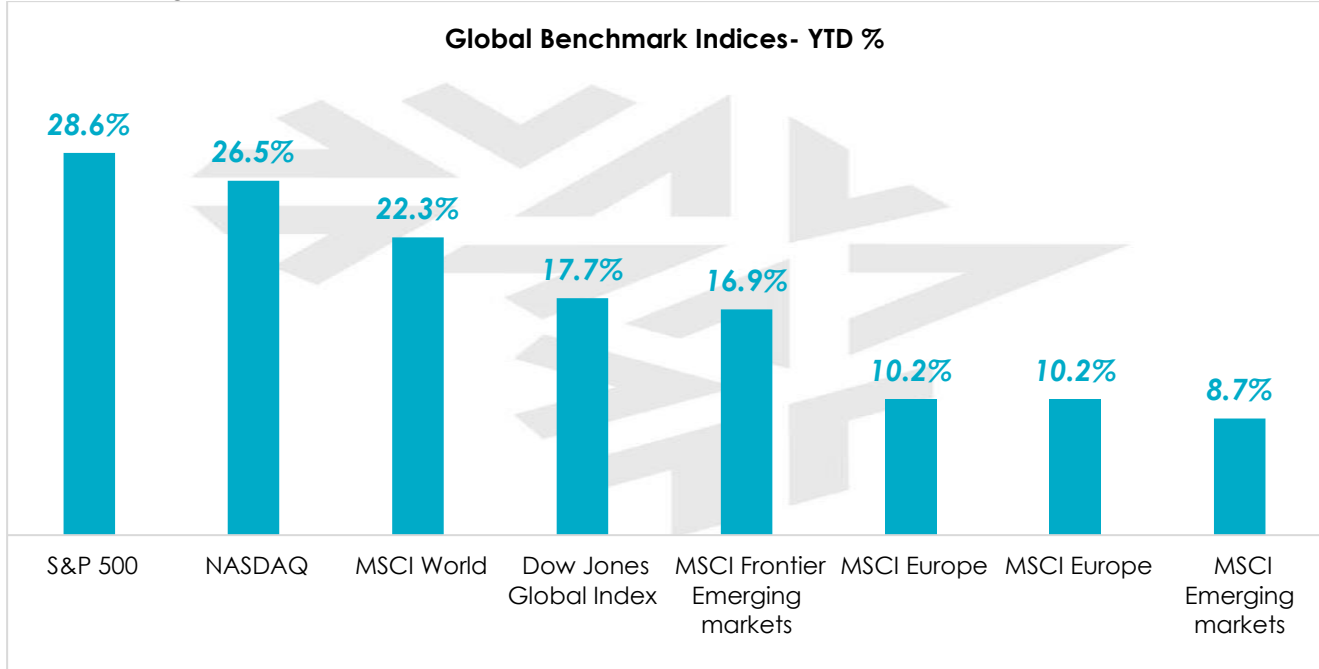
- **Re-balancing of portfolios:** Diversification of a portfolio seeks to mitigate concentration risk, prioritizing investment in companies with strong and well-capitalized balance sheets.
- **Dividend stocks:** Dividend-paying stocks are an efficient way to hedge the effects of a bear market by providing a steady stream of income to investors.

Threat

Macro-economic environment: This has been characterized by slow growth as a result of high interest rates and significantly reduced disposable income, impacting consumption.

Global Markets Performance

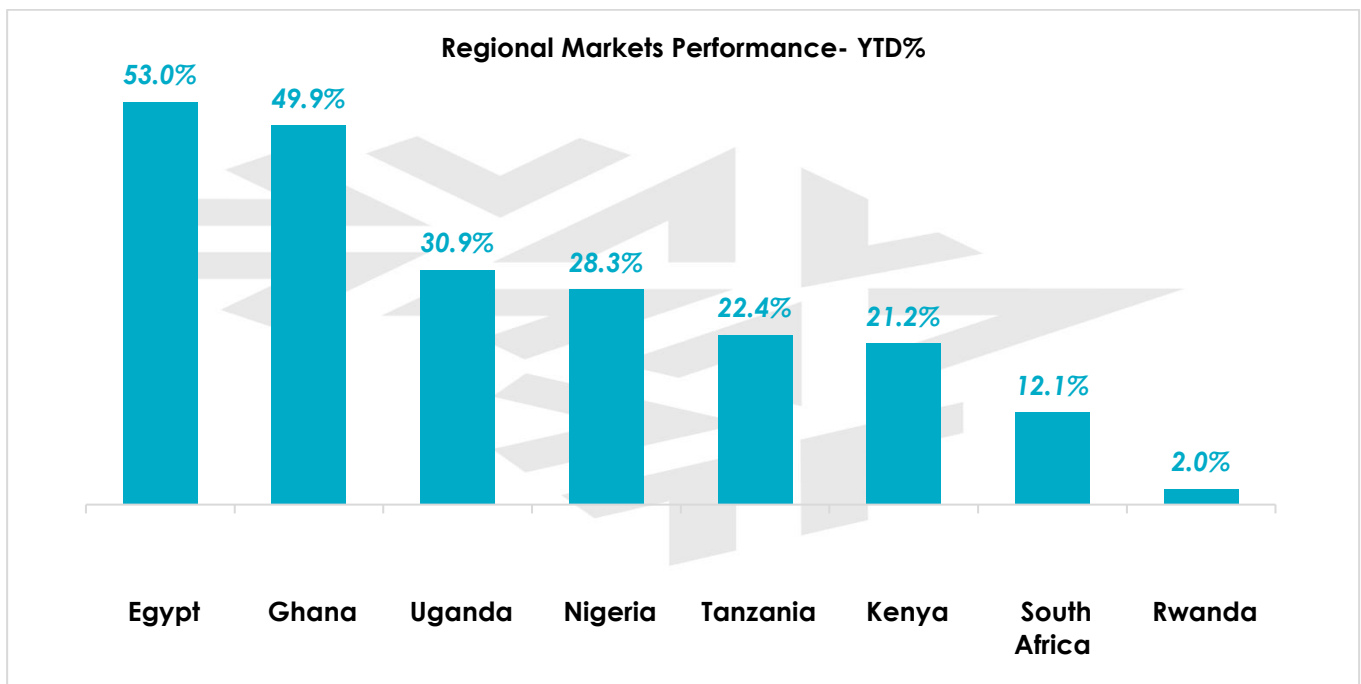
YTD performance remains in positive territory supported by supported by stable economic conditions and declining interest rates.



Source: Bloomberg, NCBA IB Research

Regional Markets Performance

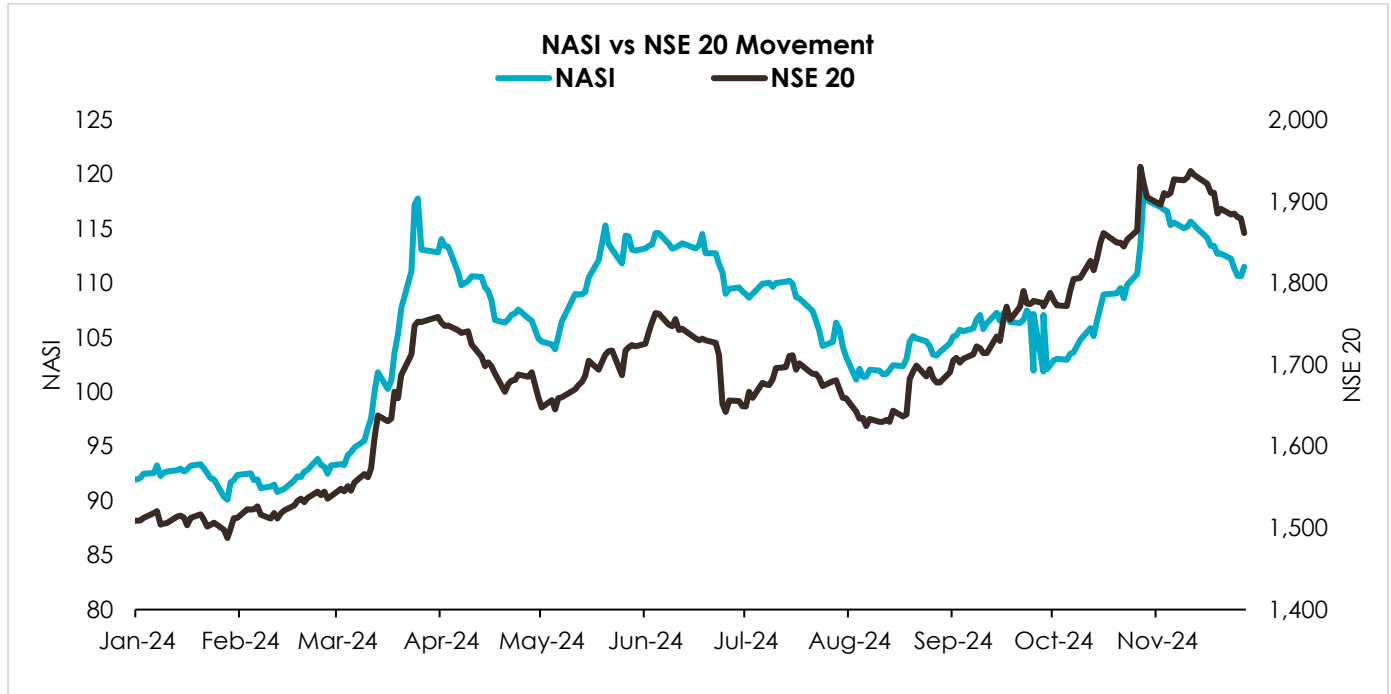
The regional indices are in positive territory with strong YTD gains.



Source: Bloomberg, NCBA IB Research

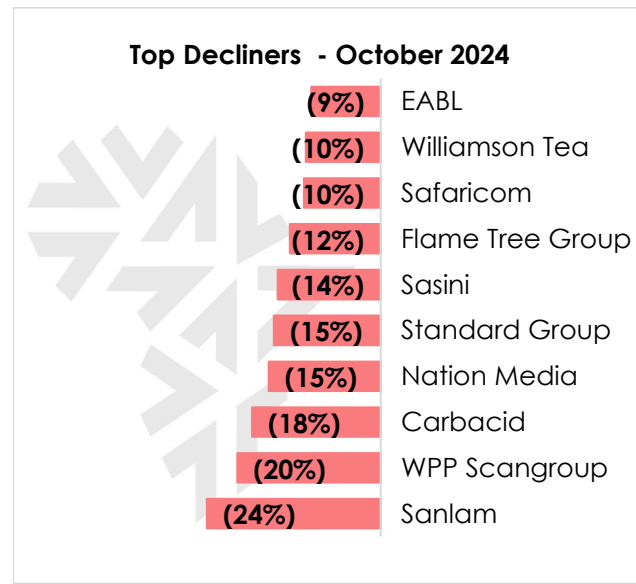
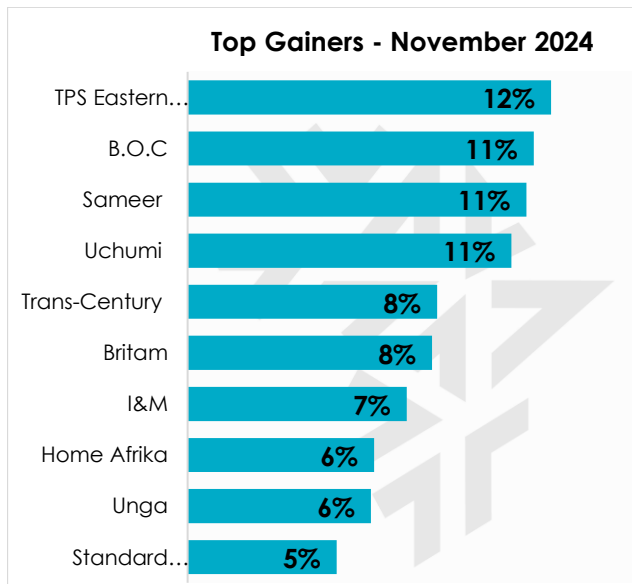
Local Market Performance

The stock market recorded increased activity, with a decent number of counters posting significant price appreciation, amidst the global uncertainty – reflecting greater optimism.



Source; Bloomberg, NCBA IB Research

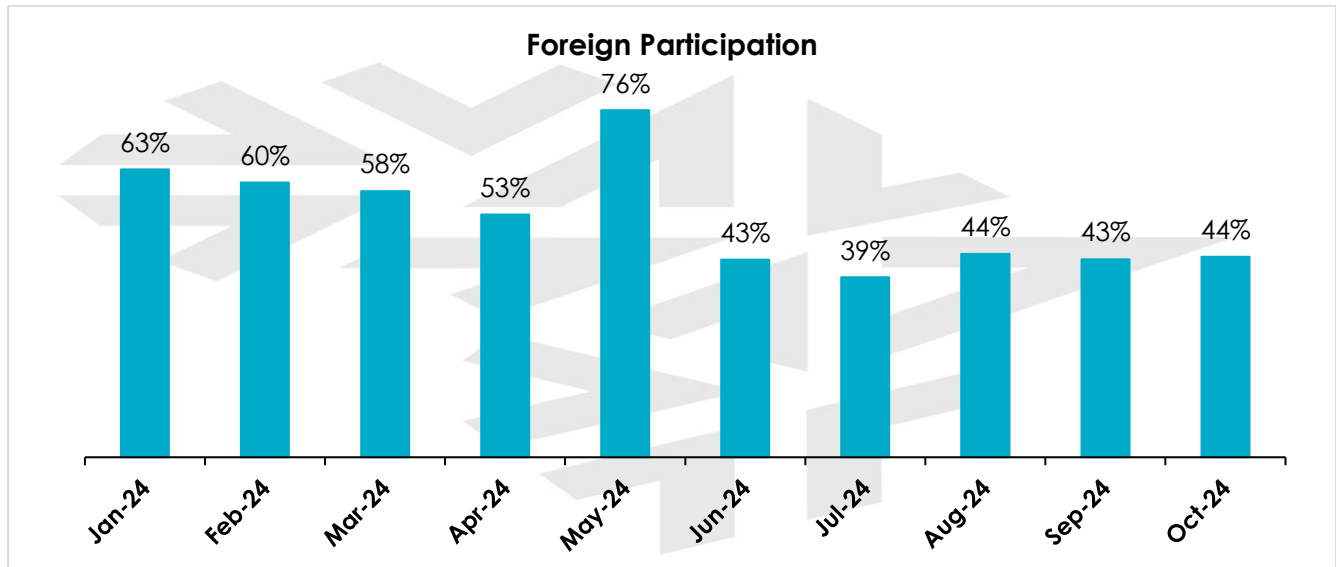
NSE Stock Performance



Source; NSE, NCBA IB Research

Foreign Investors Participation

Rate cuts are on the table for most central banks, albeit at a potentially slower pace, with some considering pauses as guided by prevailing economic data. Subsequently, we expect foreign inflows into the equities markets, in the short to medium term.



Source: NSE, NCBA IB Research

Corporate Actions: Upcoming Dividend payments

Corporate Actions	Dividend	Book Closure	Payment
Kenya Power & Lighting	KES 0.70	2-Dec-24	31-Jan-25
EA Portland	KES 1.00	31-Dec-24	28-Feb-25
KenGen	KES 0.65	29-Nov-24	13-Feb-25
Centum	KES 0.32	11-Oct-24	13-Dec-24
Carbacid	KES 1.70	26-Nov-24	18-Dec-24
I&M	KES 1.35	16-Dec-24	14-Jan-25
BK Group	FRW 10.32	2-Dec-24	20-Dec-24

Source: NCBA IB Research, NSE

Currency

KES has maintained a gradual appreciation against the USD with a YTD return of 17.6% which signals stability. This stability is expected to be supported by continued intervention by Central Bank of Kenya, through Open Market Operations, diaspora remittances, inflows from tourism and multilateral lenders.

Currency Performance			
Period	USD/KES	GBP/KES	EURO/KES
Nov-24	129.68	164.82	137.09
Year to date	(17.57%)	(17.21%)	(20.56%)

Source: CBK, NCBA IB Research

Inflation

Annual consumer prices at the headline level increased marginally to 2.80% in November from 2.70% in October 2024. This was on the back of increases in the Food and Non-Alcoholic Beverage Index, Housing, Water, Electricity, Gas and other fuels index, and Transport Index. We anticipate annual inflation rate to remain stable and within the midpoint of CBK's target range supported by stability in food prices and aided by declining global fuel prices.

Statistic	Nov-24	Oct-24	Change (bps)
Inflation	2.80%	2.70%	10.00
CPI	140.81	140.44	26.35

Source: CBK, KNBS, NCBA IB Research

Liquidity conditions

Liquidity conditions eased during the month. Indicatively, the overnight interbank rate declined by 18.80bps month on month to close at 11.96%. The average daily traded volumes declined to KES 31.99Bn from KES 34.10Bn recorded the previous month. The MPC will meet in early December with an expectation of a rate cut attributable to low inflation.

Statistic	Nov-24	Oct-24	Change (bps)
CBR	12.00%	12.00%	-
Average Interbank Rate	11.96%	12.15%	(18.80)

Source: CBK, KNBS, NCBA IB Research

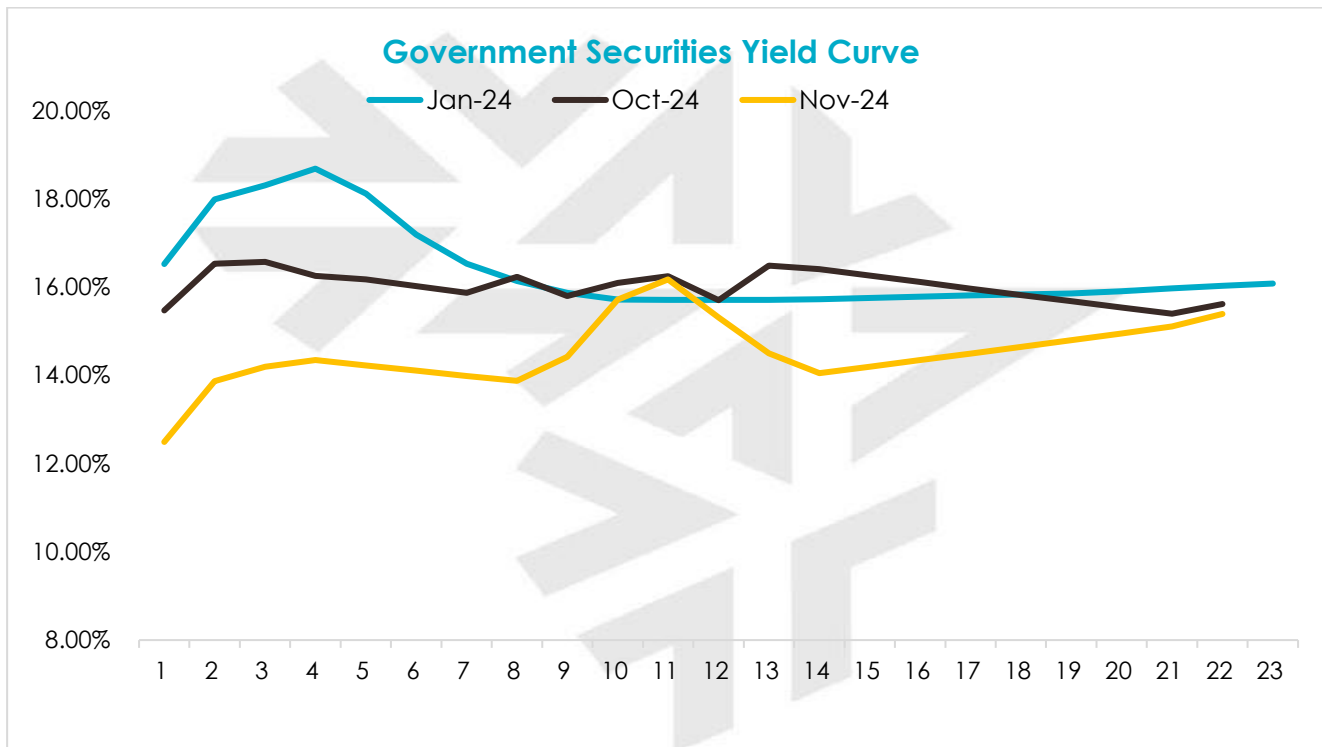
Interest rates

There was sharp decline in short term rates, with the 91-day rate declining by 318.21bps, the 182-day by 380.90bps 364-day by 297.88bps.

Prevailing rates	Nov-24	Oct-24	M/M change (bps)
91 Day	11.250%	14.432%	(318.21)
182 Day	11.338%	15.147%	(380.90)
364 Day	12.490%	15.469%	(297.88)

Source: CBK, NCBA IB Research

Yields on government securities are on a downward trajectory. We expect this trend to persist as CBK continues with monetary easing measures.



Source: CBK, NCBA IB Research

November 2024 Stock Picks

Counter	Current Price *29th November 2024	Target price	Upside	Trailing Dividend	Trailing Div. Yield	Recommendation
<u>Banking</u>						
ABSA	14.95	15.80	5.69%	1.55	10.37%	HOLD
BK Group	33.85	46.80	38.26%	3.02	8.92%	BUY
COOP	13.80	14.91	8.04%	1.50	10.87%	HOLD
DTB	53.50	56.01	4.69%	6.00	11.21%	HOLD
Equity	45.00	55.21	22.69%	4.00	8.89%	BUY
I&M	30.10	30.59	1.61%	2.55	8.47%	HOLD
KCB	38.40	47.50	23.70%	-	-	BUY
Stanbic	130.00	141.25	8.65%	15.35	11.81%	HOLD
StanChart	243.25	199.00	(18.19%)	29.00	11.92%	SELL
<u>Telecommunication</u>						
Safaricom	15.00	22.35	49.00%	1.20	8.00%	BUY
<u>Manufacturing & Allied</u>						
BAT Kenya	350.00	493.57	41.02%	50.00	14.29%	BUY
BOC Kenya	89.00	90.06	1.19%	6.05	6.80%	HOLD
Carbacid	17.90	22.3	24.58%	1.70	9.50%	BUY
EABL	165.75	171.90	3.71%	7.00	4.22%	HOLD
<u>Energy</u>						
KenGen	3.46	4.14	19.65%	0.30	8.67%	ACCUMULATE
<u>Agricultural</u>						
Kakuzi	433.75	438.41	1.07%	-	-	HOLD
Sasini	14.40	18.10	25.69%	1.50	10.42%	BUY

***BUY –** Total expected 12-month return (incl. dividends) greater than 20%

***ACCUMULATE –** Total expected 12-month return (incl. dividends) between 10%- 20%

***HOLD –** Total expected 12-month return (incl. dividends) between 0%-10%

***SELL –** Total expected 12-month return (incl. dividends) less than 0%

* **Bamburi** is undergoing an acquisition by two competing offerors, i.e., Amsons Industries & Savannah Clinker Ltd. The former has offered a price of KES 65.00 while the latter has offered a price of KES 76.55 per share.

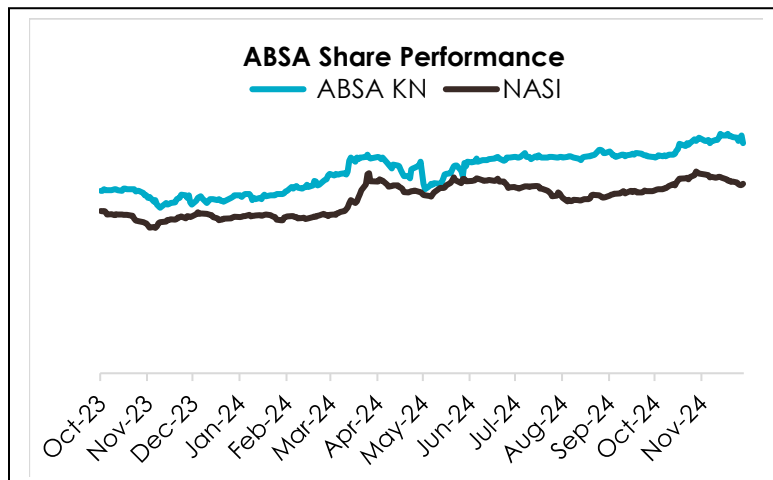
* We are reviewing our valuations on the **insurance** sector as a result of the adoption of IFRS 17 reporting standard.

***HF Group** is running a rights issue of 2:1, which will have a dilution effect on the shareholding,

INVESTMENT CONSIDERATION
ABSA Bank Kenya: HOLD with a Target Price of KES 15.80

Share Data	
BIC	ABSA KN
Recommendation	HOLD
Last Price	14.95
Target Price	15.80
Upside (Excl. Div Yield)	5.69%
Market Cap (KES'Bn)	81.20
52- week high	16.70
52- week low	10.00

Source: Bloomberg, NCBA IB Research, NSE


Q3 2024 Financial Performance

- **Profitability:** ABSA Bank released Q32024 results posting a 19.8% growth in PAT. This was attributable to a 17.7% and 13.0% growth in gross interest & non-interest income, respectively.
- **Balance Sheet Growth:** The bank's loans and advances in the period declined by 5.9% to KES 311.46Bn while overall assets declined by 4.1% to KES 484.35Bn. Consequently, the loan to deposit ratio declined to 88.53% from 93.40% in the previous year. This mirrors the industry's trend as a result of the prevailing macroeconomic conditions.
- **Asset Quality:** NPL ratio increased to 12.1% driven by the prevailing adverse macro conditions in Kenya. Total loan provisions grew by 18.7% reflecting credit risk in the economy.

Outlook

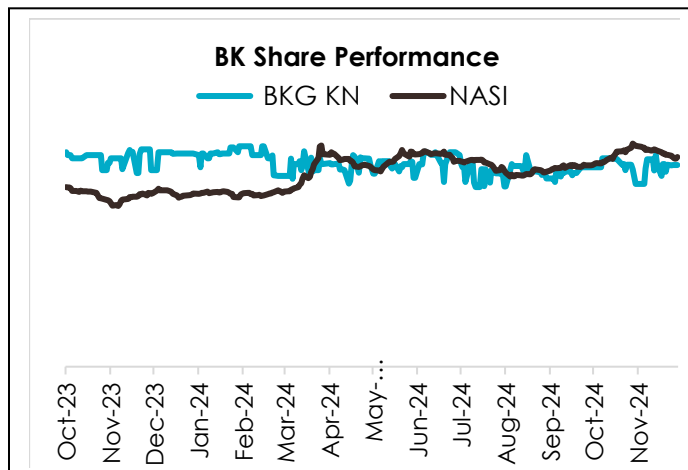
Going forward the bank will leverage on technology to scale up retail business. The lender will continue to focus on executing its strategy to build a consumer banking business that is digitally enabled to increase reach and invest in areas of competitive strength.

We expect ABSA Bank to deliver long-term profitability based on its strong customer base and focus on digital transformation.

BK Group: BUY with a target price of KES 46.80

Share Data	
BIC	BKG KN
Recommendation	BUY
Last Price	33.85
Target Price	46.80
Upside (Excl. Div Yield)	38.26%
Market Cap (KES'Bn)	30.36
52 weeks high	37.00
52 weeks low	26.50

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** Net Income of RWF 69.7Bn (KES 6.7Bn), an increase of 26.1% y-o-y on the back of substantial growth across all its subsidiaries. This performance strengthens BK Group's position as a resilient and leading player across diverse sectors in the Rwanda market.
- **Balance Sheet Growth:** Total assets increased by 14.6% y-o-y to RWF 2.4Tn (KES 239.4Bn). Net loans & advances increased by 15.4% y-o-y to RWF 1.4Tn, (KES 141.6Bn) while deposits increased by 12.2% to RWF 1.5Tn (KES 152Bn).
- **Asset Quality:** The Group's loan loss provisions increased y-o-y by 51.9% to RWF 23.2Bn aligned with the loan book growth and the adoption of new IFRS 9 model assumptions. Asset quality metrics however remained stable, with the NPL ratio at 4.8% and the annualized Cost of Risk at 2.2%.

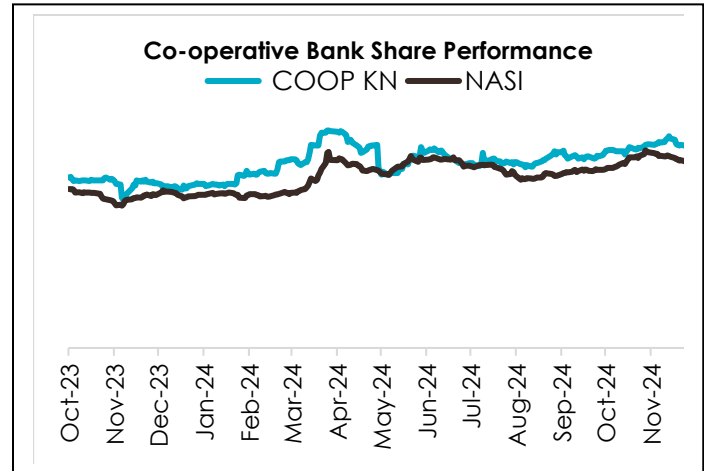
Outlook

BK Group has put in strategies to improve its loan book by expanding the customer base. It is also offering a comprehensive approach that prioritizes the growth and diversification of its business operations. The Group continues to optimize its digitalization process to streamline operations and enhance customer experience.

Co-operative Bank of Kenya: HOLD with a target price of KES 14.91

Share Data	
BIC	COOP KN
Recommendation	HOLD
Last Price	13.80
Target Price	14.91
Upside (Excl. Div Yield)	8.04%
Market Cap (KES'Bn)	80.97
52 weeks high	15.20
52 weeks low	10.10

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** Co-operative bank released Q32024 financial results posting a 4.4% rise in PAT to KES 19.20Bn. This was attributable to a 12.3% and 8.2% growth in net interest & non-interest income, respectively, y-o-y.
- **Balance Sheet Growth:** Loans and advances grew by 0.9% to KES 381.34Bn slower than an 18.7% growth in deposits. The loan to deposit ratio dropped to 74.19% from 87.35% y-o-y.
- **Asset Quality:** Gross NPLs increased by 13.1% to KES 70.0Bn. Loan loss provisions increased by 32.5% to KES 5.56Bn driven by implementation of risk management initiatives. The NPL ratio deteriorated to 15.51% in Q32024 from 14.07% y-o-y, indicative of worsening credit quality.

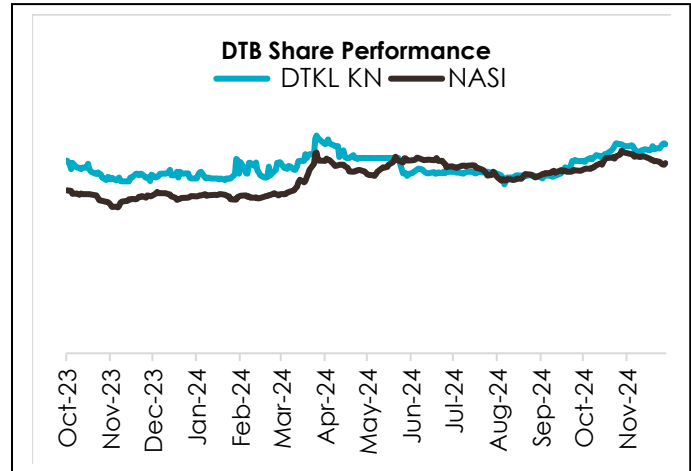
Outlook

The Bank continues to execute a proactive growth strategy anchored on a strong enterprise risk management framework and deepening market dominance. The bank is also expected to open more branches for improved service delivery and expansion of its customer base. Riding on its unique synergies, it will continue to pursue strategic initiatives that focus on resilience and growth in the various sectors of the economy.

Diamond Trust Bank: HOLD with a target price of KES 56.01

Share Data	
BIC	DTKL KN
Recommendation	HOLD
Last Price	53.50
Target Price	56.01
Upside (Excl. Div Yield)	4.69%
Market Cap (KES'Bn)	14.96
52- week high	56.00
52- week low	43.05

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** DTB Bank released its Q32024 financial results posting an 8.5% rise in PAT to KES 6.51Bn. This was attributable to a 6.1% and 5.7% growth in net interest & non-interest income, respectively.
- **Balance Sheet Growth:** The bank's loans and advances dropped by 4.9% to KES 275.03Bn partly attributable to high interest environment reflected in the drop of asset growth by 1.2% to KES 590.6Bn. The loan to deposit ratio declined to 62.24% from 63.17% y-o-y.
- **Asset Quality:** The NPL ratio increased to 12.5% from 11.8% y-o-y but still below the industry average of 16.0%. Loan loss provisions also increased by 12.3% to KES 5.3Bn from KES 6.0Bn y-o-y.

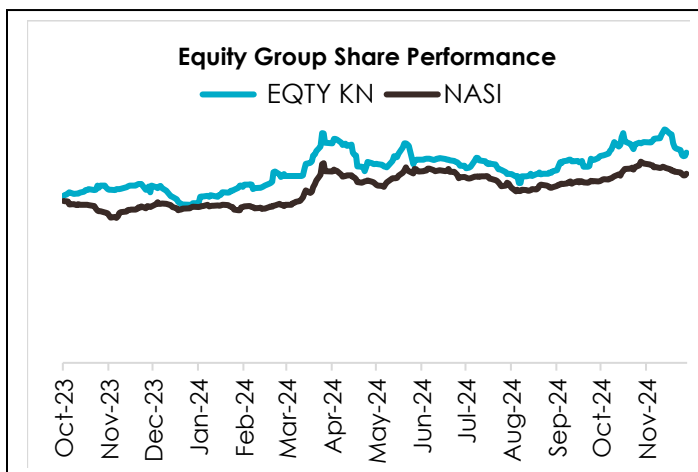
Outlook

Going forward the bank will continue to leverage on technology with platforms such as 'Astra' and 'Infiniti Pay' which support the small and medium enterprises. The initiative is expected to increase trade flows.

The lender will pursue its business growth strategy of customer base expansion as well as adopting an ecosystem approach of servicing customers who operate across East Africa's key economic sectors. In regard to value propositions, the lender will leverage both traditional channels and digital platforms.

Equity Group: BUY with a target price of KES 55.21

Share Data	
BIC	EQTY KN
Recommendation	BUY
Last Price	45.00
Target Price	55.21
Upside (Excl. Div Yield)	22.69%
Market Cap (KES'Bn)	169.82
52- week high	51.00
52- week low	33.70



Source: Bloomberg, NCBA IB Research, NSE

Q3 2024 Financial Performance

- **Profitability:** Equity Group released Q32024 financial results posting a 13.6% rise in PAT to KES 39.3Bn. The rise was attributable to a 11.0% and 5.8% growth in net interest & non-interest income, respectively, as well as rapid growth in the insurance business.
- **Balance Sheet Growth:** The Group's loans and advances declined by 5.4% to KES 800.1Bn compared to a 9.04% growth in customer deposits. This led to a decline in the loan to deposit ratio to 60.8% from 70.0% y-o-y.
- **Asset Quality:** The Group's Gross Non-performing loans increased by 0.7% to KES 125.3Bn from KES 124.5Bn. Consequently, the NPL ratio grew to 13.5% from 12.8% y-o-y.

Outlook

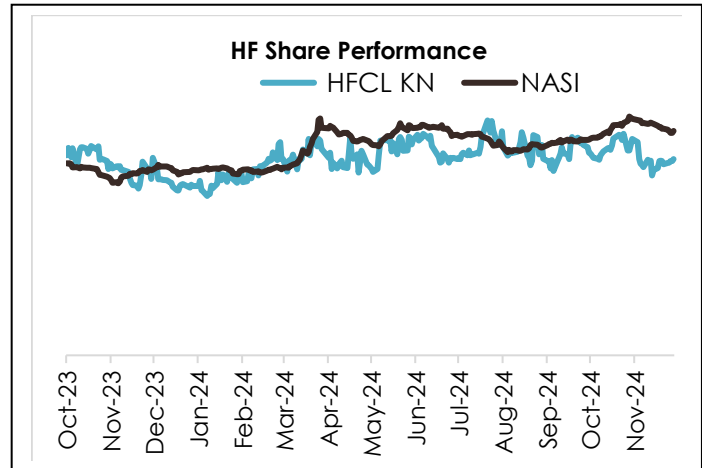
The Group's growth momentum, high buffer in provisions and capital, position the institution well to unleash its offensive growth strategy. This could either be pursued opportunistically through mergers and acquisitions or via organic growth fueled by its strong brand and digital capabilities. Relatedly, the Group's entrepreneurial and managerial depth anchors its reputation of execution capabilities.

We believe that the Group's current price aptly captures the expansion strategies in the near term. Consequently, the counter has potential for a modest upside.

HF Group

Share Data	
BIC	HFCL KN
Recommendation	BUY
Last Price	4.00
Target Price	5.30
Upside (Excl. Div Yield)	32.50%
Market Cap (KES'Bn)	1.54
52- week high	5.20
52- week low	2.80

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** HF Group released its Q32024 results posting a 104.6% growth in PAT to KES 483.47Mn attributable to a 2.6% and 10.9% growth in net interest income and non-interest income, respectively. The EPS rose to KES 1.68.
- **Balance Sheet Growth:** Loans and advances in the period declined by 0.7% to KES 38.2Bn while overall assets grew by 8.0% to KES 65.6Bn. Consequently, the loan to deposit ratio declined to 84.7% from 87.8% y-o-y.

Rights Issue

HF Group is offering up to **1,153,842,504** new ordinary shares at the offer price of **KES 4.00** per share seeking to raise KES 4.62Bn.

The offer comprises of:

- **Rights Issue:** HF Group is offering a **2:1** entitlement issue priced at KES 4.00 per share. Existing shareholders receive an entitlement of 2 shares for every 1 share as at the record date 1st November 2024. The entitlement shares amount to a total of 769,228,336.
- **Additional Shares:** Shareholders may opt for additional shares (one or more additional shares for every 1 ordinary share held) at the offer price. The additional shares will amount to a total of **384,614,168**.
- **Green Shoe Option:** There is a 30% green shoe option (346,152,751 shares), which could raise an additional ~KES 1.38Bn, to address potential oversubscription. The Entitlement Shares are renounceable, which means that shareholders who do not wish to take up all or part of their entitlement can choose to abandon, sell or transfer them.

The New Shares will rank **pari passu** in all respects with the existing ordinary shares of the Group, ensuring equal rights and privileges, which should maintain shareholder value and minimize agency conflicts between new and existing shares.

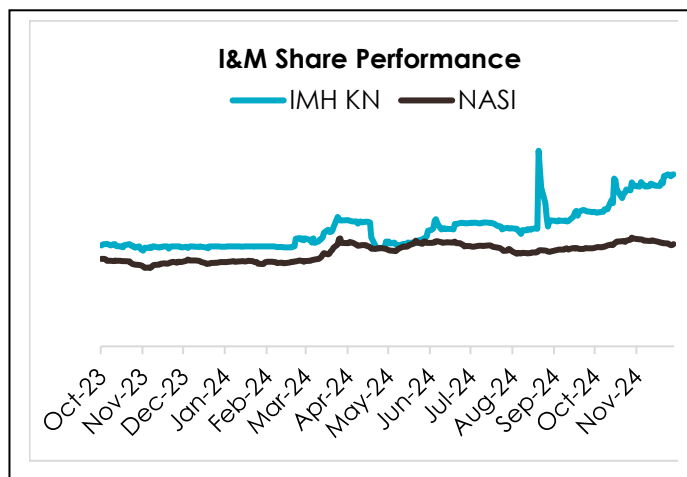
The funds will support the Group's growth across expanded business segments and reinforce its capital base, ensuring regulatory compliance and financial stability. The capital will also be directed toward enhancing the Group's digital capabilities aligning with industry trends toward digital transformation.

Find our Comprehensive Report [here](#)

I&M Group: HOLD with a target price of KES 30.10

Share Data	
BIC	IMH KN
Recommendation	HOLD
Last Price	30.10
Target Price	30.59
Upside (Excl. Div Yield)	1.61%
Market Cap (KES'Bn)	49.77
52- week high	35.00
52- week low	15.80

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** I&M Bank released its Q32024 results posting a 21.3% rise in PAT to KES 9.95Bn. This was attributable to a 43.5% and 19.8% growth in net interest & operating income, respectively.
- **Balance Sheet Growth:** Loans and advances dropped by 2.1% to KES 281.3Bn while the overall assets grew by 12.1% to KES 567.7Bn. The loan to deposit ratio declined to 67.99% from 71.4% y-o-y attributable to faster growth in customer deposits.
- **Asset Quality:** The NPL ratio increased marginally to 11.25% from 11.17% y-o-y but it is still below the industry average. Loan loss provisions however increased by 18.9% to KES 5.5Bn from KES 4.6Bn y-o-y.

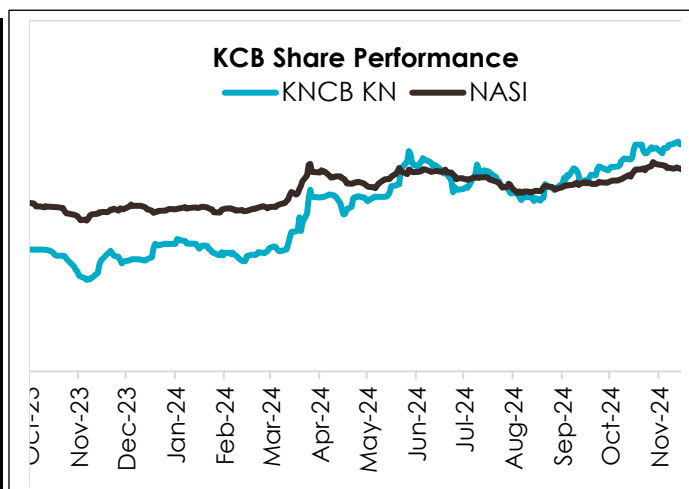
Outlook

The Bank continues to execute the proactive Imara 3.0 2024-2026 strategy anchored on accelerating growth in key segments and digitalization. Deposit mobilization is expected to be driven by an increased branch network.

At the current market price, we believe the stock presents an opportunity for long-term investors.

KCB Group: BUY with a target price of KES 47.50

Share Data	
BIC	KNCB KN
Recommendation	BUY
Last Price	38.40
Target Price	47.50
Upside (Excl. Div. Yield)	23.70%
Market Cap (KES'Bn)	123.39
52- week high	35.50
52- week low	15.80



Source: Bloomberg, NCBA IB Research, NSE

Q3 2024 Financial Performance

- **Profitability:** KCB Group released its Q3 2024 results posting a 49% rise in PAT to KES 45.8Bn supported by a 30.8% and 18.3% growth in net interest & non-interest income, respectively.
- **Balance Sheet Growth:** Loans and advances grew by 0.5% to KES 1,053.20Bn while overall total assets declined by 5.1% to KES 1,993.3Bn, y-o-y.
- **Asset Quality:** The NPL ratio rose to 16.97% hence a worsening credit quality.

Outlook

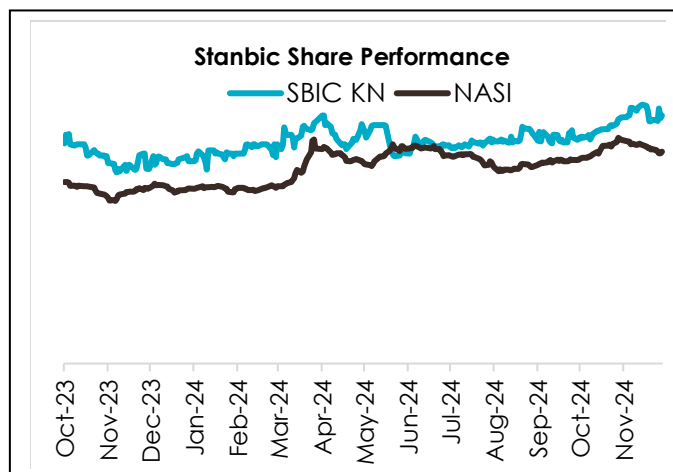
KCB'S wide regional footprint along with its well diversified portfolios of business and capital buffers position the lender to gain significant momentum in balance sheet growth across all its subsidiaries.

We expect the bank to continue generating long-term profitability supported by an aggressive lending strategy, growing subsidiaries' performance, and regional diversification.

Stanbic Bank: HOLD with a target price of KES 141.25

Share Data	
BIC	SBIC KN
Recommendation	HOLD
Current Price	130.00
Target Price	141.25
Upside	8.65%
Market Cap (KES'Bn)	46.35
52 week high	136.00
52 week low	90.00

Source: Bloomberg, NCBA IB Research, NSE


Q3 2024 Financial Performance

- **Profitability:** Stanbic Bank Kenya released its Q3 2024 results posting a 9.3% rise in PAT to KES 10.14Bn supported by a 48% growth in interest income. The performance was however weighed down by a 17.8% decline in non-interest income during the period.
- **Balance Sheet Growth:** The bank's loans and advances declined by 12.8% to KES 218.76Bn while the overall assets grew by 11.7% to KES 462.6Bn. Deposits grew by 7.3% and the loan to deposit ratio declined to 66.7% from 82.1% y-o-y.
- **Asset Quality:** The credit impairment charges declined by 40.2% to KES 2.7Bn indicative of the lender's proactive credit risk management using risk-based pricing. NPL ratio increased to 10.18% from 8.74%.

Outlook

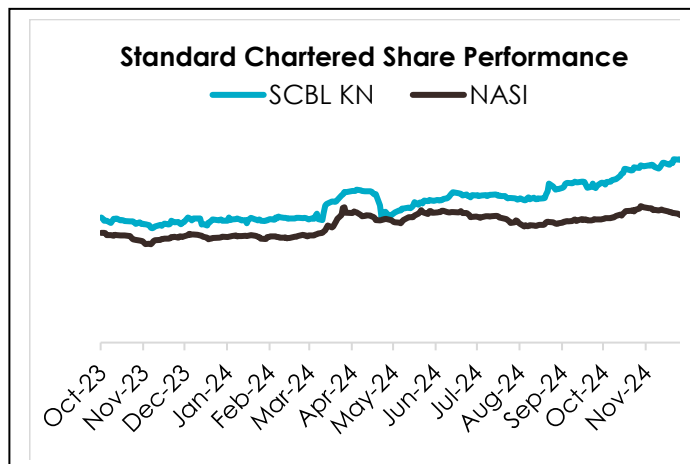
The lender's NPL ratio is commendable compared to an industry average of 16%. Proactive data driven risk analysis with credit risk pricing models in the mainstream loans will boost credit loss and cost of risk ratios.

Revenue diversification from regional subsidiaries such as South Sudan will continue to anchor the bank's profitability. Relatedly, Group synergies that enhance its forex offering together with continued digitization initiatives, will support growth in non-interest income.

Standard Chartered Bank Kenya: SELL at a target price of KES 199.00

Share Data	
BIC	SCBK KN
Recommendation	SELL
Last Price	243.25
Target Price	199.00
Upside	(18.19%)
Market Cap (KES'Bn)	91.91
52 week high	249.00
52 week low	134.00

Source: Bloomberg, NCBA IB Research, NSE


Q3 2024 Financial Performance

- **Profitability:** Standard Chartered released Q32024 results posting a 62.7% rise in PAT to KES 15.84Bn. This was attributable to a 17.0% and 73.5% growth in net interest & non-interest income, respectively.
- **Balance Sheet Growth:** Loans and advances grew by 5.4% to KES 151.3Bn. The overall assets however declined by 0.3% to KES 369.7Bn. The loan to deposit ratio rose to 53.2% from 48.0% y-o-y.
- **Asset Quality:** Gross NPLs decreased by 48.4% to KES 12.14Bn. An NPL ratio of 7.4% remains below the industry average of 16.00%. Loan provisions however increased by 7.4% to KES 1.96Bn from KES 1.82Bn.

Outlook

Going forward the bank will leverage on technology to scale up mass retail business. The lender will continue to focus on executing its strategy and invest in areas of competitive strength such as their wealth management unit.

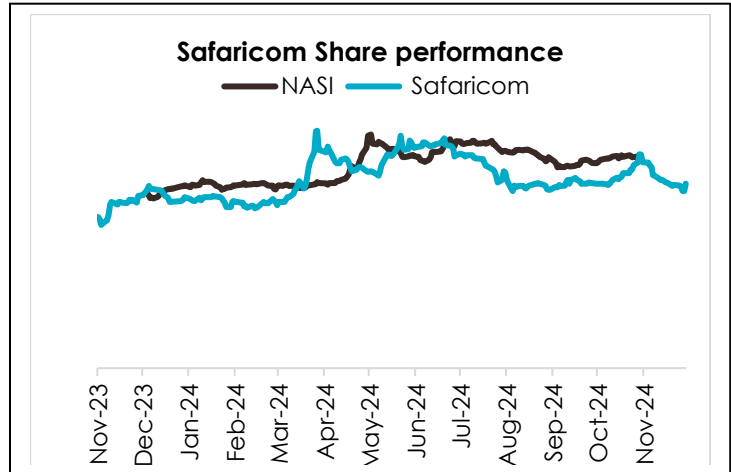
The bank, accelerating its Sustainable Finance offering to clients through product innovation and enabling transition to a low carbon future, will further scale the aggressive lending strategy.

We expect the bank to register long-term profitability based on revenue diversification and steady topline growth.

Safaricom: BUY with a target price of KES 22.35

Share Data	
BIC	SAFCOM KN
Recommendation	BUY
Last Price	15.00
Target Price	22.35
Upside (Excl. Div Yield)	49.00%
Market Cap (KES'Bn)	600.98
52 week high	24.95
52 week low	11.50

Source: Bloomberg, NCBA IB Research, NSE



1H 2025 Financial Performance

- **M-PESA was the key driver of growth:** Grew by 16.6% y/y to KES 77.22Bn driven by ongoing digital expansion and the heavy reliance on mobile financial services in Kenya. M-PESA now accounts for 43% of service revenue. We estimate M-pesa contribution at the end of FY25 will stand at ~44% of service revenue
- **Capital expenditure weighs down on the business:** Capex saw an increase of 93.1% to KES 96.1Bn driven by accelerated spending on investment in Ethiopia. Capex in Ethiopia was undertaken to support site & infrastructure installations.
- **Profitability:** For the Group declined by 63.2% to KES 10.01Bn attributable to increase in operating expenses and subdued performance in Ethiopia. Net income for Kenya, which includes the company performance and Kenyan based subsidiaries grew 14.1% y/y to KES 47.50Bn supported by robust performance across all service lines which was driven by sustained growth in customers and usage.

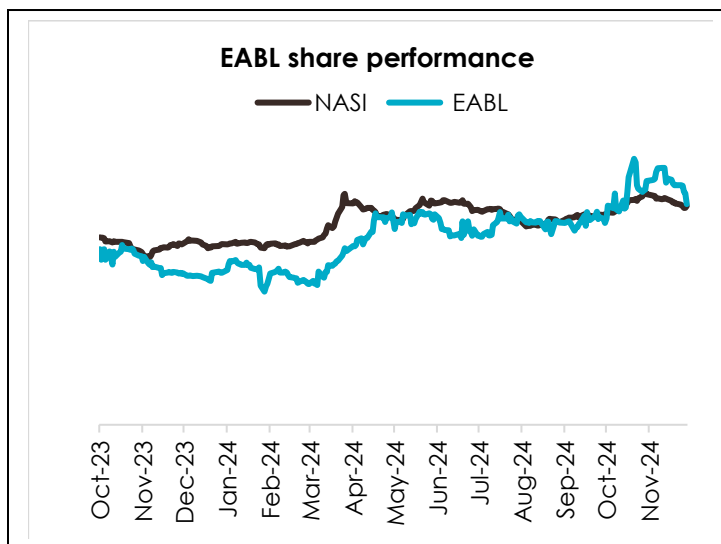
Outlook

We expect increased revenue from M-Pesa, and mobile data revenue streams. Operations in Ethiopia could help achieve revenue expansion above consensus and entrench the company's presence in the region. We however maintain a cautiously optimistic stance on this diversification venture.

East African Breweries: HOLD with a target price of KES 171.90

Share Data	
BIC	EABL KN
Recommendation	HOLD
Last Price	165.75
Target Price	171.90
Upside (Excl. Div Yield)	3.71%
Market Cap (KES'Bn)	131.07
52 week high	204.00
52 week low	100.00

Source: Bloomberg, NCBA IB Research, NSE


FY 2024 Financial Performance

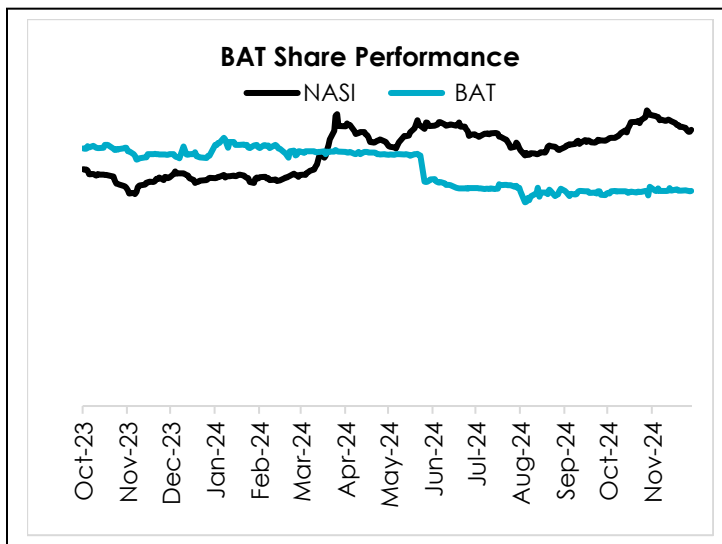
- **Profitability:** Profits declined because revenue gains were offset by an increase in cost of sales largely due to significant inflationary pressures on the cost of inputs. Further, FY2024 performance was undermined by weaker revenue growth in the region.
- **Regional subsidiaries support growth:** In Uganda, net sales grew by 9% largely supported by mainstream spirits and value beer consumption, while in Tanzania net sales grew by 12% supported by Serengeti breweries. Kenya grew by 15% driven by 1% rise in volumes as well as currency appreciation. EABL's current revenue contribution has Kenya, Uganda and Tanzania contributing 65%, 21%, and 14%, respectively.
- **Dividend yield:** EABL declared a total dividend of KES 7.00 for FY2024 (KES 1.00 interim dividend and 6.00 final dividend) which is a payout of 68%, significantly higher than the 44% payout ratio in FY2023.

Outlook

The challenging macro-economic environment continues to weigh heavily on the Brewer. The region's exposure to macroeconomic risks will continue to negatively impact on the company's earnings and our short to medium term financial forecasts. Relatedly, the company continues to suffer from a punitive tax policy that has impacted on their financing costs.

British American Tobacco: BUY with a target price of KES 493.57

Share Data	
BIC	BAT KN
Recommendation	BUY
Last Price	350.00
Target Price	493.57
Upside	41.02%
Market Cap (KES'Bn)	35.00
52 week high	495.00
52 week low	325.00



Source: Bloomberg, NCBA IB Research, NSE

HY 2024 Financial Performance

- **Profitability:** PBT declined by 24.3% to KES 3.05Bn mainly driven by increased finance costs. The business' underlying performance however remains solid and will be supported by the implementation of strategic initiatives to mitigate the impact of foreign exchange losses.
- **Cost of Sales:** Cost of sales declined by 14.0% to KES 7.94Bn attributable to lower sales volume, prudent cost management, and the benefits of productivity initiatives implemented to mitigate cost increases.
- **Revenue:** Net revenue declined by 6.5% to KES 19.64Bn, primarily due to lower sales volume, consumer down-trading in the domestic market and suspension of oral nicotine pouch sales.
- **Dividend:** BAT declared an interim dividend per share of **KES 5.00** for HY2024, similar to what was offered in the same period last year.

Outlook

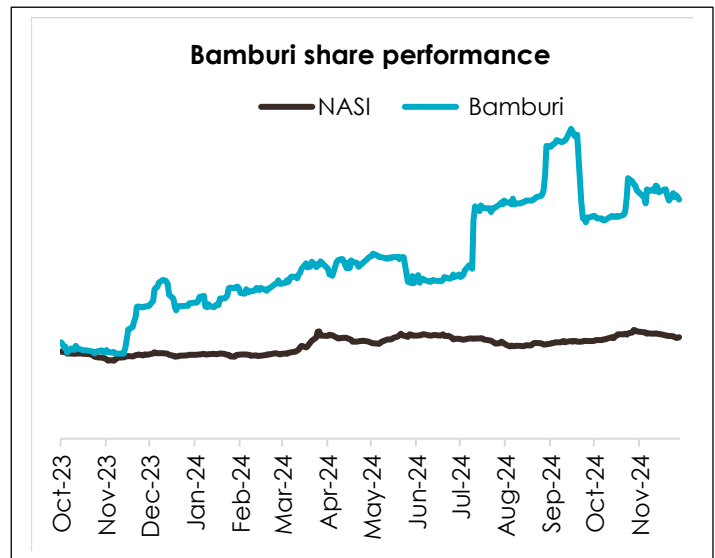
The company remains focused on reducing negative health impacts of its business by offering alternative innovative products, including tobacco-free oral nicotine pouches.

Its commitment to sustainably deliver shareholder value is expected to be delivered through geographical diversity, prudent execution of strategies, investment in world class human capital as well as incorporating effective business partners.

Bamburi Cement:

Share Data	
BIC	BAMB
Last Price	63.25
Market Cap (KES'Bn)	22.96
52-week high	84.00
52-week low	21.30

Source: Bloomberg, NCBA IB Research, NSE

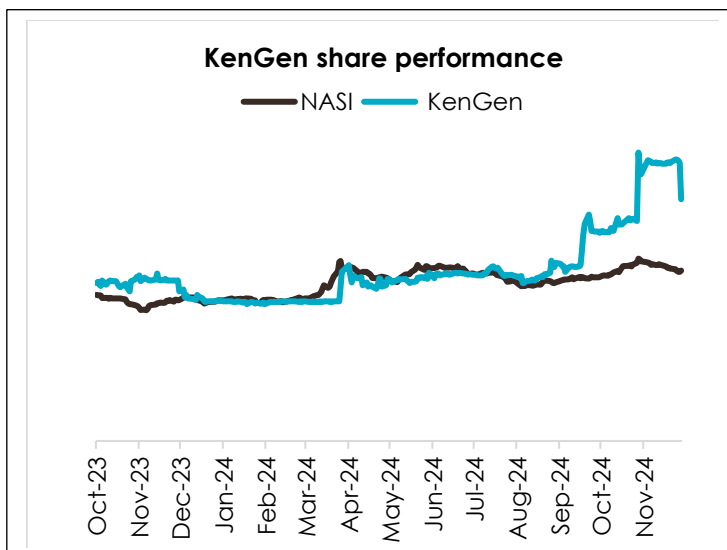

Bamburi Sale Proposal

The table below represents some of the notable differences between the two offers:

	Savannah Clinker	Amsons Industries (K)
Offer Price/share	KES 76.55	KES 65.00
Long stop date for completion	28th February	28th November
Conditions of the offers	<ul style="list-style-type: none"> Approval of the transfer of mining licenses Approval by the CMA Subject to acceptance of at least 60% of the shares issued 	<ul style="list-style-type: none"> Approval by COMESA Competition Authority and the East African Competition Commission Subject to delivery of the acceptances set out in the offer document

KenGen: ACCUMULATE with a target price of KES 4.14

Share Data	
BIC	KEGC KN
Recommendation	ACCUMULATE
Last Price	3.46
Target Price	4.14
Upside	19.65%
Market Cap (KES'Bn)	22.82
52- week high	4.64
52- week low	1.94



Source: Bloomberg, NCBA IB Research, NSE

FY 2024 Financial Performance

- **Revenue:** Net revenue increased by 5.3% to KES 48.3Bn from KES 45.8Bn y-o-y, driven by a strong growth in revenues from its geothermal and hydroelectric power plants.
- **Dividend:** Up 117% to KES 0.65 in 2024 from KES 0.30 y-o-y.
- **Profitability:** Reported a 35% surge in PAT to KES 6.8Bn from KES 5Bn.

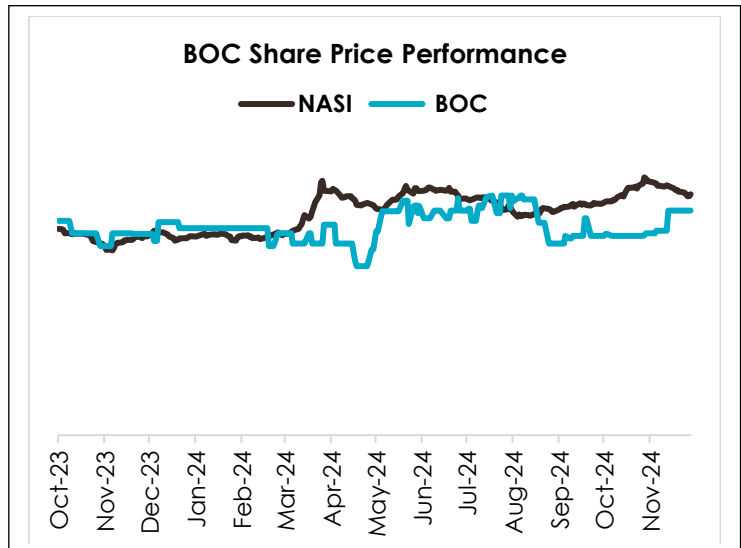
Outlook

We expect the business to have a positive outlook based on the following factors.

- **Capacity increase:** The rehabilitation of the Olkaria I geothermal power plant, aimed at giving it a new lease of life and increasing its capacity to 63MW, is progressing well. Additionally, the implementation of the Olkaria I Additional Units 4 and 5, along with the Olkaria IV Upgrading Project, has begun. This project aims to boost their combined capacity from the current 300MW to 340MW and is expected to be completed by December 2026.
- **Economic outlook and electricity demand:** We maintain a positive outlook as the national demand for clean electric energy continues to rise.
- Looking ahead, KenGen says it plans to focus on revenue diversification through projects such as the establishment of a Green Energy Park at Olkaria, which will provide industries with a platform to operate sustainably.

B.O.C Kenya: HOLD with a target price of KES 90.06

Share Data	
BIC	BOCK KN
Recommendation	HOLD
Last Price	89.00
Target Price	90.06
Upside	1.19%
Market Cap (KES'Bn)	1.74
52- week high	95.00
52-week low	65.00



Source: Bloomberg, NCBA IB Research, NSE

HY 2024 Financial Performance

BOC PLC announced their 1H2024 results recording a 23% increase in PAT.

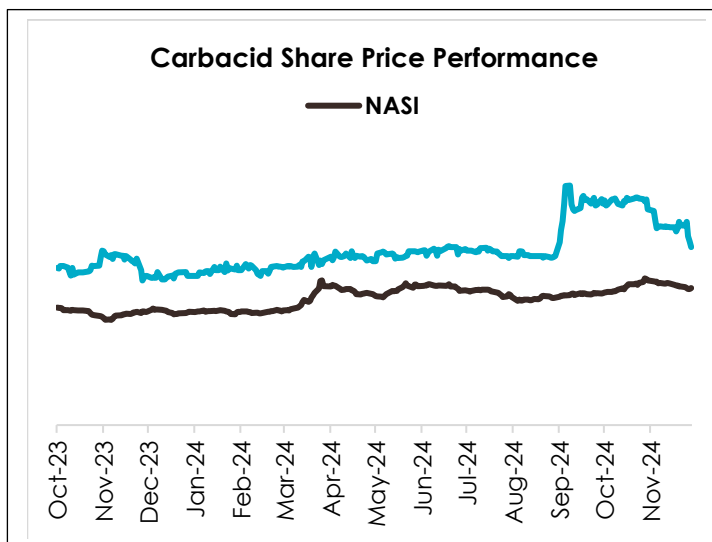
Outlook

Despite a substantial uptick in the cost of doing business arising from higher input costs, we believe the company will deliver a relatively strong performance. The performance will be pegged on;

- **Value addition:** The Group is adopting agile and optimal business processes. It has elevated the quality of its production capacity and has continued to upgrade its assets and capabilities to differentiate its services from its competitors. We remain cognizant of the fact that global disruptions on the supply chain of raw materials may persist.
- **Strong presence in the healthcare sector:** Ongoing improvements in oxygen infrastructure in the healthcare sector post- Covid is leading to increased demand for medical oxygen. In 2021 and 2022, the company installed a large portion of this infrastructure, primarily bulk oxygen storage tanks and the related gas pipelines. The company is expected to reap the benefits of the installed infrastructure by ensuring that the equipment remains in serviceable condition and that medical grade oxygen is available.

Carbacid Investments Plc: BUY with a target price of KES 21.24

Share Data	
BIC	CBIL KN
Recommendation	BUY
Last Price	17.90
Target Price	22.30
Upside	24.58%
Market Cap (KES'Bn)	4.56
52- week high	23.90
52- week low	11.00



Source: Bloomberg, NCBA IB Research, NSE

FY 2024 Financial Performance

Carbacid PLC announced their FY2024 financial results recording a 3.44% increase in PAT. The performance was on the back of positive topline despite the challenging macro-economic environment.

- **Turnover** - The company recorded a turnover of KES 2.07Bn, up from KES 1.72Bn y-o-y, reflecting a 20% increase. The growth was primarily driven by regional demand for carbon dioxide and entry into new markets.
- **Profit**- PAT increased by 3.34% to KES 0.84Bn in FY2024 from KES 0.82Bn y-o-y. Consequently, EPS grew to KES 3.31 from KES 3.20 y-o-y.

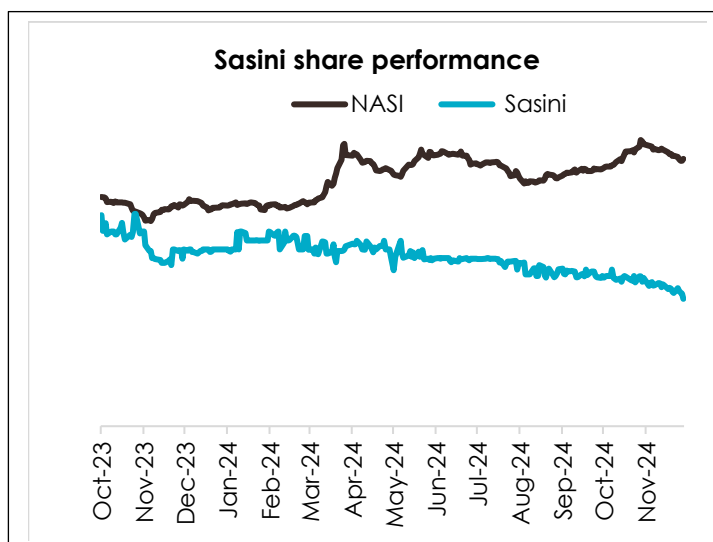
Outlook

Carbacid continues to focus on maintaining a flexible and adaptive business strategy, investing in innovation and technology, diversifying its customer base and geographic presence, and enhancing resilience in its supply chain and operations.

Additionally, staying abreast of regulatory developments and market trends will be crucial for anticipating and responding to changes in the business environment.

Sasini Plc: BUY with a target price of KES 18.10

Share Data	
BIC	STCL KN
Recommendation	BUY
Last Price	14.40
Target Price	18.10
Upside	25.69%
Market Cap (KES'Bn)	3.28
52- week high	32.60
52- week low	16.50



Source: Bloomberg, NCBA IB Research, NSE

HY 2024 Financial Performance

- **Revenue:** Revenue rose by 32.07% to KES 3.0Bn driven by increased production volumes, global coffee and tea prices supplemented by foreign exchange volatility.
- **Operating costs:** The cost of sales increased by 54.1% on account of volume and cost increases. The rising costs, particularly in coffee and green leaf purchases pose a risk to maintaining profit margins.
- **PAT:** Consequently, the Group reported a **loss** after tax for the period of KES 37.6Mn.

Outlook

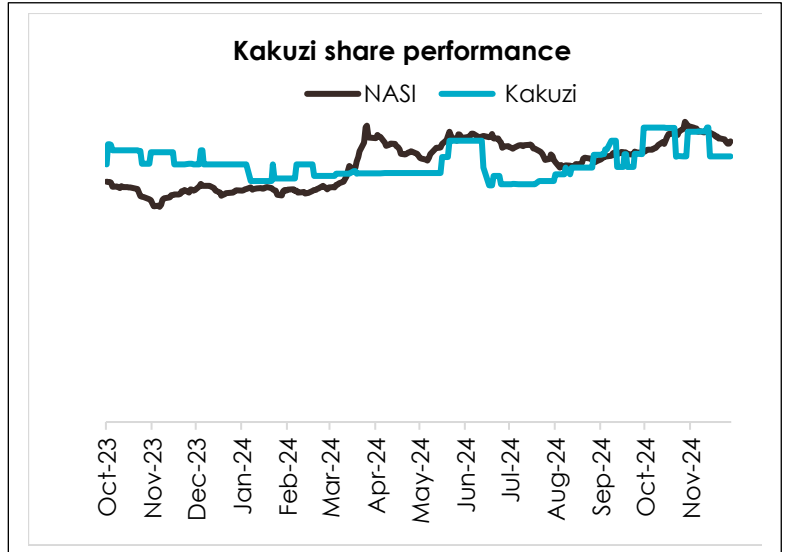
Sasini's diversified revenue streams have positioned the company for growth in the medium to long-term. We expect Sasini to deliver profitability based on its strategic focus on revenue diversification in high-margin segments such as avocado and macadamia.

Efforts in cost management, evidenced by the significant reduction in general charges and other operating expenses, alongside prudent financial management, indicate a promising outlook.

Challenges remain in fluctuations in revenue from key segments, i.e. tea and coffee which are impacted by weather conditions affecting production volumes. Global prices also portend risk due to periodic fluctuations.

Kakuzi Plc: HOLD with a target price of KES 438.41

Share Data	
BIC	KKNZ
Recommendation	HOLD
Last Price	433.75
Target Price	438.41
Upside	1.07%
Market Cap (KES'Bn)	7.78
52- week high	440.00
52- week low	240.00



Source: Bloomberg, NCBA IB Research, NSE

Kakuzi is set to deliver strong performance by expanding into high-margin products like macadamia oil, enhancing its domestic and international market reach. With strategic moves into India and Malaysia, and the successful launch of value-added offerings, Kakuzi is poised for resilient growth. A focus on sustainability and local supplier integration further strengthens its competitive edge.

Anticipated future cash flows from Kakuzi's development projects such as Macadamia nut production and commercial blueberry will boost its revenue levels.

Kakuzi is an ideal stock for investors with long-term investment horizons. Profits are expected fluctuate causing some volatility in the stock price since the industry is cyclical in nature.

To access the comprehensive report, please follow the link below:

[Kakuzi PLC Report](#)

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