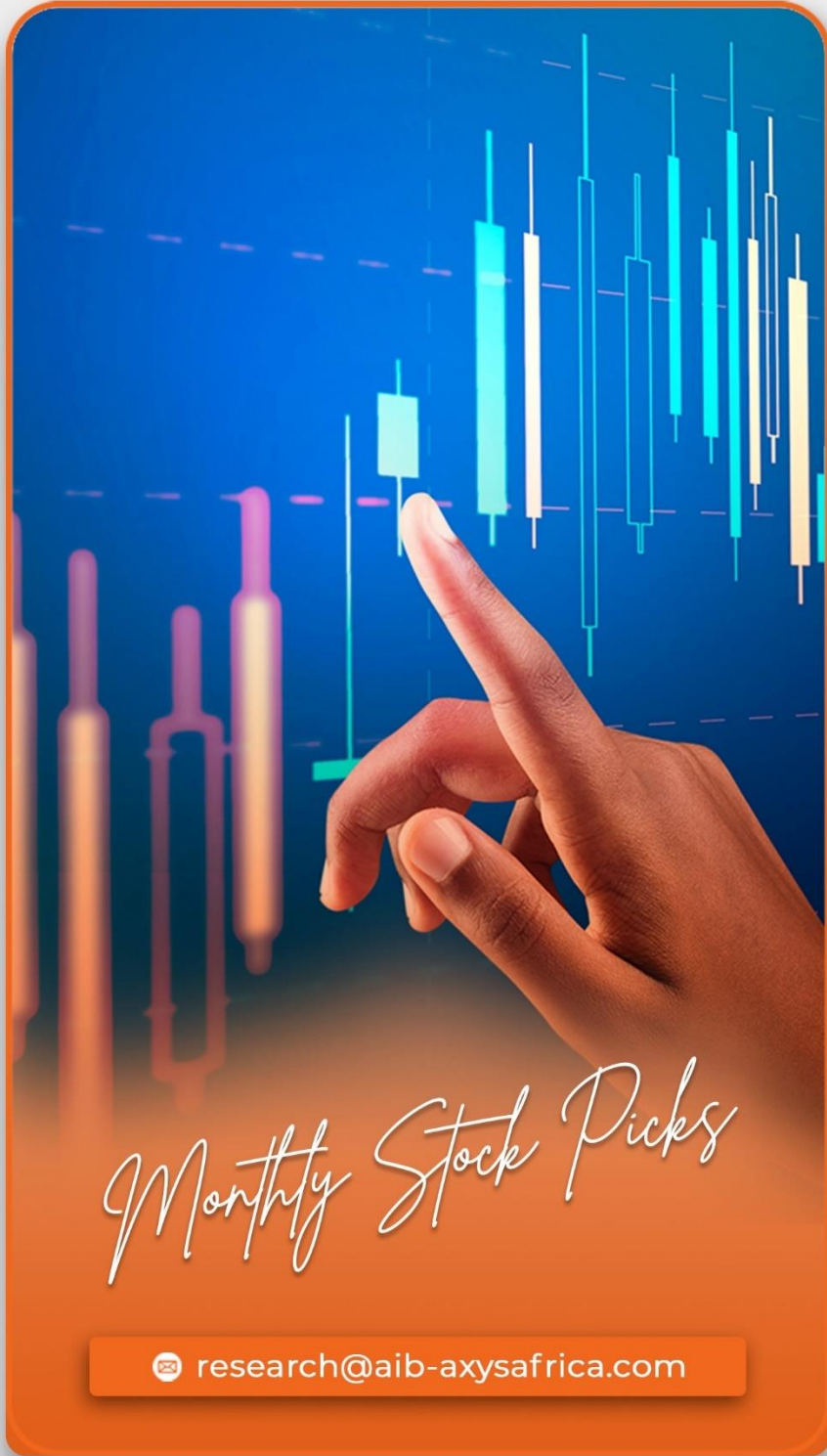


MONTHLY



*Monthly Stock Picks*

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STOCK PICKS



## AIB-AXYS August 2024 Stock Recommendations

### July 2024 Highlights

- **NCBA Acquisition of 66.7% of AIG Share Capital** – **NCBA Group PLC announced the successful completion of the acquisition of a 66.67% stake in AIG Kenya Insurance Company Limited from AIG MEA Limited.** As a result of this acquisition, AIG Kenya, an insurer licensed by the Insurance Regulatory Authority, has become a wholly owned subsidiary of NCBA Group PLC. This strategic move is likely to strengthen NCBA Group's position in the financial services industry, further diversifying its non-banking services portfolio.
- **Amsons Industries Intention to Acquire Bamburi Plc** – **Amsons Industries (T), through its Kenyan investment vehicle Amsons Industries (K), issued a notice of intention to acquire up to 100% of the ordinary shares of Bamburi Cement PLC.** The proposed acquisition offers a cash consideration of KES 65.00 per share. If the offeror achieves acceptances of 75% or more of the offered shares, it may seek approval from the Capital Markets Authority to de-list Bamburi from the Nairobi Securities Exchange.
- **Earnings Season** – **More firms such as East African Breweries Limited, Centum, Nairobi Business Ventures, Eaagads, British American Tobacco, Olympia Capital Holdings, Eveready East Africa and Standard Group released their financial year earnings reports.** The results highlighted a diverse landscape, reflecting varying performances amidst a challenging operating environment.
- **Easing Price Pressures** – **Latest statistics from the Kenya National Bureau of Statistics (KNBS) indicate that the headline inflation rate as measured by the consumer price index (CPI) decelerated to 4.3% in July 2024 from 4.6% in June 2024.** Fuel inflation decelerated 190bps to 4.5% from 6.4% in June 2024 while food inflation held at 5.6% in June 2024. Core inflation (Non-Food-Non-Fuel) however softened marginally to 3.3% over the period under review.
- **Kenyan Shilling Resilient** - **The Kenya shilling depreciated marginally against the USD to close at KES 129.93 versus KES 129.53 at the end of June 2024.** We expect sustained stationarity of the Kenya shilling - owing to narrowing current account balance. We further expect portfolio dollar inflows and a recovery in Kenya's key exports to support a stable shilling. However, rising external debt-service commitments poses downside risks for the shilling.

### What does August 2024 Hold?

- **August MPC Meeting** – The next meeting of the Monetary Policy Committee (MPC) was held on 6<sup>th</sup> August 2024. The Monetary Policy Committee elected to lower the benchmark rate by 25bps to 12.75%
- **HY'24 Earnings Season** - In the month of August, we await the release of HY'24 results from the banking sector where we anticipate a strong performance from banks, driven by an increase in Interest Income and Non-Funded Income.

**Table 1: Summary of Latest Net Earnings Results**

	Company	Dividend Yield	Comment
1.	<b>British America Tobacco Kenya</b>	14.1%	Net earnings declined 24.3% y/y to KES 2.14Bn attributable to a slump in net revenues and surge in foreign exchange losses. Revenue declined 10.7% y/y on account of reduced export volumes, consumer downtrading in the domestic market and suspension of modern oral nicotine pouch sales. An interim dividend of KES 5.00 was declared.
2.	<b>Centum Plc</b>	6.7%	Net earnings demonstrated a turnaround registering a 135.6% y/y surge to KES 2.60Bn up from a loss of KES 7.31Bn. This improvement is primarily attributable to the generation of operating profit from the Two Rivers Special Economic Zone. Investment operations recorded pared losses whereas the real estate portfolio recorded improved profitability. A final dividend of KES 0.32 was declared.
3.	<b>Eaagads Plc</b>	-	Net earnings declined 15.8% y/y to KES 9.16Mn primarily due to reduced production volumes stemming from adverse weather conditions experienced in the early part of the financial year. We observed a steeper rise in finance costs as the company increased borrowing to sustain operations.
4.	<b>East Africa Breweries Limited</b>	4.6%	Net earnings fell 11.8% y/y to KES 10.87Bn despite a 13.2% increase in revenue. The decline in profit was primarily driven by escalating net finance costs, elevated operating expenses and heightened foreign exchange losses. The company's upward pricing actions and moderate volume expansion underpinned the revenue growth. A final dividend of KES 6.00 was declared.
5.	<b>Eveready East Africa</b>	-	Net losses declined by 26.9% y/y to KES (12.96Mn). We witnessed a moderate decline in revenue which was mitigated decline in both administrative expenses and finance costs.
6.	<b>Nairobi Business Ventures</b>	-	Net earnings surged 107.0% y/y to KES 17.88Mn attributable to robust sales in sodium silicate products and enhanced income from the aviation division. We saw a decline in income from the automobile division attributable to a decrease in sales. We noted a decline in finance costs and administrative expenses which further bolstered the performance.
7.	<b>Olympia Capital Holdings</b>	-	Net earnings declined marginally by 0.3% y/y to KES 35.21Mn from KES 35.31Mn a year prior. Revenue increased 10.4% y/y however this performance was offset by an increase in finance costs and operating expenses.
8.	<b>Standard Group</b>	-	Net losses deepened by 22.7% y/y to KES (1.26)Bn primarily due a significant decline in advertising revenue. This downturn in business was compounded by a surge in operating costs driven by rising newsprint prices, fuel and electricity costs.

## July 2024 Equities Market Highlights

- On a monthly perspective, the market indices recorded a mixed trend with the **Nairobi All Share Index** declining by **3.4% m/m**, NSE-20 increasing **0.8% m/m** and NSE-10 declining **2.1% m/m**.
- Equities market turnover increased 16.8% m/m to KES 5.86Bn in July 2024 from KES 5.02Bn recorded in June 2024. However, on a yearly perspective, turnover declined 23.1% from KES 7.63Bn.** Market capitalization contracted by 3.4% m/m to KES 1.65Tn indicating mild investor wealth erosion. We expect moderate market activity over coming months as rising portfolio rebalancing activity meets with varied sociopolitical headwinds. **Nevertheless, the current discounted valuations of key blue-chip stocks are likely to attract significant trading activity.**
- Foreigners' participation dropped substantially to 39.3% of the total market activity with trading turnover declining similarly in absolute terms.** Additionally, foreign sentiment turned bearish to clock net outflows amounting to KES 653.8Mn. This, in our view, was occasioned by dampened investor confidence following the widespread political unrest experienced throughout July 2024.

Table 2: Equity Market Statistics

Statistic	Jul-23	Jun-24	Jul-24	m/m change	y/y change
Equity Turnover (KES Mn)	7,625.3	5,016.5	5,861.5	▲ 16.8%	▼ (23.1%)
Market Cap (KES Bn)	1,642.7	1,710.6	1,651.8	▼ (3.4%)	▲ 0.6%
NSE All Share Index	105.5	109.5	105.7	▼ (3.4%)	▲ 0.2%
NSE 10 Index	0.0	1,117.4	1,093.9	▼ (2.1%)	-
NSE 20 Index	1,577.3	1,656.5	1,669.7	▲ 0.8%	▲ 5.9%
NSE 25 Index	2,729.1	2,861.0	2,806.5	▼ (1.9%)	▲ 2.8%
Foreign buys	2,167.9	2,373.0	1,976.7	▼ (16.7%)	▼ (8.8%)
Foreign sales	5,186.8	1,953.5	2,630.4	▲ 34.7%	▼ (49.3%)
Net F. Flows	(3,018.0)	419.5	(653.8)	▼ (255.8%)	▼ (78.3%)
Total Volume Traded (Mn)	416.2	279.1	294.3	▲ 5.5%	▼ (29.3%)

Source: NSE, AIB-AXYS Africa Research

- Bamburi Cement** was the top gainer in July 2024 clocking a 48.3% m/m valuation gain to KES 62.0. **E.A Portland Cement** was the second largest gainer rising 47.5% m/m to KES 7.36. **Longhorn** was the third, climbing 19.1% m/m to KES 2.49. **Kenya Power & Lighting Company** was fourth climbing 16.9% m/m to KES 1.94 and **Express Kenya** was fifth gaining 11.8% m/m to KES 3.60.
- Flame Tree Group** was the top capital loser shedding 20.3% m/m to KES 1.02. **Total** was second trimming 19.5% m/m to KES 17.30 while **TPS East Africa** was third trimming 16.1% m/m to KES 11.75. **Car & General** was fourth trimming 13.5% to KES 19.50 while **Tran-Century** was fifth trimming 12.2% m/m to KES 0.36.

**Table 3: Top Gainers and Losers July 2024**

Top Gainers July 2024				Top Losers July 2024			
	Closing Price		% Change		Closing Price		% Change
Bamburi Cement	KES 62.00		▲ 48.3%	Flame Tree Group Holdings	KES 1.02		▼ (20.3%)
E.A. Portland Cement	KES 7.36		▲ 47.5%	Total Kenya	KES 17.30		▼ (19.5%)
Longhorn Publishers	KES 2.49		▲ 19.1%	TPS Eastern Africa	KES 11.75		▼ (16.1%)
Kenya Power & Lighting Co	KES 1.94		▲ 16.9%	Car & General	KES 19.50		▼ (13.5%)
Express Kenya Ltd	KES 3.60		▲ 11.8%	Trans-Century Plc	KES 0.36		▼ (12.2%)
Sanlam Kenya Plc	KES 6.40		▲ 7.7%	Williamson Tea Kenya	KES 243.00		▼ (10.3%)
East African Breweries	KES 158.00		▲ 7.7%	BK Group	KES 32.30		▼ (10.3%)
Unga Group	KES 13.50		▲ 7.6%	Britam Holdings	KES 5.52		▼ (8.6%)
Nairobi Business Ventures	KES 2.34		▲ 6.8%	Safaricom Plc	KES 15.90		▼ (8.1%)
HF Group Plc	KES 4.29		▲ 6.5%	Jubilee Holdings	KES 165.00		▼ (7.8%)

Source: NSE, AIB-AXYS Africa Research

- Safaricom Plc** recorded the highest turnover in July 2024, with aggregate turnover clocking KES 2,136.2Mn. **Equity Group** was second, with turnover amounting to KES 925.3Mn. **Bamburi Cement** stood third, with total turnover clocking KES 628.2Mn. Foreigners accounted for the larger share of trading activity in **Equity Group** and **East African Breweries**.

**Table 4: Top Movers July 2024**

Top Movers 2024	Turnover (KES Mn)	Turnover (USD Mn)	Foreigners' Participation	Closing Price	% Change (YTD)
Safaricom Plc	KES 2,136.2	\$16.60	49.1%	KES 15.90	▼ (8.1%)
Equity Group Holdings	KES 925.3	\$7.19	54.1%	KES 40.50	▼ (4.1%)
Bamburi Cement	KES 628.2	\$4.88	0.3%	KES 62.00	▲ 48.3%
East African Breweries	KES 561.4	\$4.36	83.4%	KES 158.00	▲ 7.7%
Co-operative Bank of Kenya	KES 413.0	\$3.21	0.3%	KES 12.70	-
KCB Group	KES 298.2	\$2.32	22.8%	KES 30.50	▼ (2.4%)
Absa Bank Kenya	KES 170.7	\$1.33	28.0%	KES 14.05	▲ 0.4%
British American Tobacco Kenya	KES 115.3	\$0.90	40.9%	KES 355.00	▲ 0.4%
Stanbic Holdings	KES 110.4	\$0.86	43.6%	KES 116.00	▲ 1.5%
NCBA Group	KES 106.5	\$0.83	0.4%	KES 40.00	▼ (2.7%)
Standard Chartered Bank	KES 106.5	\$0.83	18.5%	KES 188.25	▼ (3.0%)
Kenya Power & Lighting Co	KES 41.8	\$0.32	3.9%	KES 1.94	▲ 16.9%
Diamond Trust Bank	KES 35.5	\$0.28	5.5%	KES 46.30	▼ (0.4%)
Jubilee Holdings	KES 30.5	\$0.24	47.8%	KES 165.00	▼ (7.8%)
Centum Investment	KES 29.5	\$0.23	29.4%	KES 8.90	▲ 2.1%

Source: NSE, AIB-AXYS Africa Research

**AIB-AXYS Africa Equities Coverage Universe**

Stock	Strengths	Risks	Recommendation
<b>ABSA Bank Kenya</b> Current Price: KES 14.10 Target Price: KES 15.15 Upside: 7.4%	<ul style="list-style-type: none"> <li>Above-average return on equity momentum on the back of effective strategy implementation.</li> <li>Industry-leading efficiency indicators support further scope for capital investment spending.</li> </ul>	<ul style="list-style-type: none"> <li>A notable acceleration in the NPL ratio to 11.1% - albeit lower than the industry average of 15.7% in Q1 2024.</li> <li>Slower-than-expected market penetration.</li> </ul>	<i>HOLD</i>
<b>Co-operative Bank</b> Current Price: KES 12.70 Target Price: KES 14.10 Upside: 11.0%	<ul style="list-style-type: none"> <li>Slower growth in operating expenses signals internal efficiency and productivity.</li> <li>Co-op Group's loan portfolio quality remains attractive due to its conservative risk distribution.</li> </ul>	<ul style="list-style-type: none"> <li>Comparatively faster surge in cost of funds trimming down on net interest margins.</li> <li>Stagnant dividend yield.</li> </ul>	<i>HOLD</i>
<b>Equity Group</b> Current Price: KES 40.00 Target Price: KES 49.35 Upside: 23.4%	<ul style="list-style-type: none"> <li>Robust commercial momentum across regional subsidiaries, notably Equity BCDC and Equity Rwanda units, supported by demographic dividends, ecosystem lending and insurance cross-selling.</li> <li>Adequate coverage against protracted market risks.</li> </ul>	<ul style="list-style-type: none"> <li>Slowing performance of Kenyan Banking unit as well as elevated costs in Equity BCDC and Equity Uganda</li> <li>Elevated stock of non-performing loans recorded by Q1'24.</li> </ul>	<i>BUY</i>
<b>Diamond Trust Bank (DTB-K)</b> Current Price: KES 44.65 Target Price: KES 52.30 Upside: 17.1%	<ul style="list-style-type: none"> <li>Rising yield on interest-earning assets signals an improvement in reinvestment returns.</li> <li>Large disparity between prevailing market price and book value presents ample room for long-term price discovery.</li> </ul>	<ul style="list-style-type: none"> <li>Rising brick-and-mortar expenses raising operating expenses.</li> <li>Shrinking capital adequacy buffers observed by Q1'24.</li> </ul>	<i>BUY</i>
<b>KCB Group</b> Current Price: KES 30.00 Target Price: KES 42.45 Upside: 41.5%	<ul style="list-style-type: none"> <li>Strategic restructuring to restore capital buffers in Kenya well above regulatory minimum coupled with the sale of National Bank of Kenya set to position Group on stable growth trajectory.</li> <li>Deepening digital capabilities to support volume-driven growth in operating incomes.</li> <li>Agile performance of regional subsidiaries to drive long-term growth.</li> </ul>	<ul style="list-style-type: none"> <li>Moderating yet elevated NPL ratio remains above the industry average.</li> <li>Rising pre-provision cost-to-income ratio momentum signals pressure on operating efficiency.</li> <li>Counter trading at below historical and industry-average P/B ratio, yet with an industry-leading ROE.</li> </ul>	<i>BUY</i>
<b>Stanbic Kenya</b> Current Price: KES 117.00 Target Price: KES 134.10 Upside: 14.6%	<ul style="list-style-type: none"> <li>Expanding trade finance corridors and recovery in corporate franchises present runway for growth in operating incomes and stronger asset quality.</li> <li>Robust Return on Equity momentum.</li> </ul>	<ul style="list-style-type: none"> <li>Progressive decline in capital buffers observed by Q1'24.</li> </ul>	<i>BUY</i>
<b>NCBA Group</b> Current Price: KES 38.55 Target Price: KES 46.75 Upside: 21.3%	<ul style="list-style-type: none"> <li>Increasing returns to scale from an expanding digital presence in East and West Africa.</li> <li>The completed acquisition of AIG Insurance Kenya to ramp up overall earnings from increased risk underwriting margins and cross-selling onto existing product lines.</li> <li>Resilient asset quality despite macro headwinds.</li> </ul>	<ul style="list-style-type: none"> <li>Sustained upsurge in operating expenses may undermine capacity for capital spending for accelerated growth.</li> <li>Declining provisions in a deteriorating credit risk landscape.</li> </ul>	<i>BUY</i>

**AIB-AXYS Africa Equities Coverage Universe**

Stock	Strengths	Risks	Recommendation
<b>Standard Chartered Bank</b> Current Price: KES 187.50 Target Price: KES 217.10 Upside: 15.8%	<ul style="list-style-type: none"> <li>Balanced demand growth for personalized wealth management and mass retail propositions unlocking 'last mile' growth frontiers.</li> <li>Widest net interest margins on account of stable cost of funds despite rising rate environment.</li> <li>Progressive dividend policy.</li> </ul>	<ul style="list-style-type: none"> <li>Suboptimal deployment of investable assets, despite its inexpensive funding base.</li> </ul>	<b>BUY</b>
<b>EABL Group</b> Current Price: KES 152.00 Target Price: KES 172.50 Upside: 13.5%	<ul style="list-style-type: none"> <li>Resilient demand levels across its portfolio brand offerings.</li> <li>Nimble growth across subsidiaries to support steady long-term growth.</li> <li>Current ratio moved into safety territory while cost indicators point to increased efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>Declining return on equity grounded by slower-than-expected net sales growth.</li> <li>Elevated finance costs likely to weigh on profitability over the medium-term.</li> </ul>	<b>HOLD</b>
<b>Safaricom Plc</b> Current Price: KES 14.85 Target Price: KES 21.05 Upside: 41.7%	<ul style="list-style-type: none"> <li>Customer Value Management initiatives unlocks new pockets of revenue growth for mature revenue lines like Voice and SMS.</li> <li>Strong commercial traction in Ethiopia - led by M-Pesa and Mobile Data propositions - propelling overall group earnings growth.</li> <li>Increased third-party platforming and utilization on M-Pesa App.</li> </ul>	<ul style="list-style-type: none"> <li>Rising finance costs likely to weigh on profitability margins and compress the dividend payout ratio.</li> <li>Competition from State-backed telco competitor likely to lengthen break-even projections in the Ethiopia unit.</li> </ul>	<b>BUY</b>
<b>Jubilee Holdings</b> Current Price: KES 160.00 Target Price: KES 176.55 Upside: 8.7%	<ul style="list-style-type: none"> <li>Promising growth in general insurance market share complemented by the roll-out of bancassurance partnerships.</li> <li>Progressive dividend policy</li> <li>Large disparity between market price and book value per share offers ample room for price discovery.</li> </ul>	<ul style="list-style-type: none"> <li>Slowing earnings momentum by FY'23.</li> <li>Shrinking market share in life insurance segment by Q3'23.</li> <li>Industry-wide increase in claims ratio.</li> </ul>	<b>HOLD</b>
<b>Bamburi Cement</b> Current Price: KES 62.00 Target Price: KES 65.00 Upside: 4.8%	<ul style="list-style-type: none"> <li>Expected long-term growth mainly driven by rebounded real estate activity and key state infrastructure projects.</li> <li>Decent exit multiple in Hima Cement offers scope to reward shareholders with a special dividend.</li> </ul>	<ul style="list-style-type: none"> <li>The receipt of 75% or more acceptances of the offer shares would entitle Amsons Group (K) to apply for complete delisting of Bamburi Plc from the NSE.</li> </ul>	<b>BUY</b>
<b>I&amp;M Group</b> Current Price: 20.20 Target Price: 24.15 Upside: 22.5%	<ul style="list-style-type: none"> <li>Rebounded performance of regional subsidiaries driving strong double-digit profit margins.</li> <li>Resilient net interest margins on account of effective reinvestment yields.</li> </ul>	<ul style="list-style-type: none"> <li>Rising cost-to-income ratio signals pressure on operating efficiency.</li> </ul>	<b>BUY</b>

**AIB-AXYS Africa Equities Coverage Universe**

Stock	Strengths	Risks	Recommendation
<b>CIC Insurance</b> Current Price: KES 2.02 Target Price: KES 2.35  Upside: 16.3%	<ul style="list-style-type: none"> <li>Resilient market share in general insurance business, in a competitive landscape.</li> <li>Agile triple-digit growth in pre-tax earnings and attractive contract service margins (CSM) recorded in FY'23.</li> </ul>	<ul style="list-style-type: none"> <li>Shrinking market share in the life insurance business noted by FY'23.</li> <li>Industry-wide rise in claims ratio.</li> </ul>	<b>BUY</b>
<b>Williamson Tea</b> Current Price: KES 250.00 Target Price: KES 282. Upside: 10.2%	<ul style="list-style-type: none"> <li>Modest revenue growth tail winded by replenished tea volumes.</li> <li>Growing demand for diverse tea blends offer new growth frontiers.</li> </ul>	<ul style="list-style-type: none"> <li>Escalation of geopolitical tensions risk disrupting key export market destinations.</li> <li>Strengthening shilling presents downside risks for offshore sales.</li> </ul>	<b>HOLD</b>
<b>Kapchorua Tea</b> Current Price: KES 225.00 Target Price: KES 250.00 Upside: 11.1%	<ul style="list-style-type: none"> <li>Modest revenue growth tail winded by replenished tea volumes and devalued exchange rate.</li> <li>Efficient cost management supports agile return on equity.</li> </ul>	<ul style="list-style-type: none"> <li>Escalation of geopolitical tensions risk disrupting key export market destinations.</li> <li>Strengthening shilling presents downside risks for offshore sales.</li> <li>Torrential rains risks destroying biological assets.</li> </ul>	<b>HOLD</b>
<b>KenGen Plc</b> Current Price: KES 2.26 Target Price: KES 2.65 Upside: 17.2%	<ul style="list-style-type: none"> <li>Shifting weather patterns supporting an acceleration in geothermal energy production.</li> <li>Ongoing expansion of Olkaria I and IV plants to step up energy capacity by an extra 58MW by 2025.</li> </ul>	<ul style="list-style-type: none"> <li>Adverse changes in weather patterns may lead to a decline in geothermal energy production.</li> <li>Existing thermal power operations remains expensive owing to rising fuel costs.</li> </ul>	<b>BUY</b>
<b>Umeme Energy</b> Current Price: KES 16.50 Target Price: KES 21.75 Upside: 31.8%	<ul style="list-style-type: none"> <li>Organic customer growth and pricing power in Uganda, supporting sustainable revenue growth.</li> <li>Strong pricing power and effective cost management has supported agile free cash flows generation by the business.</li> </ul>	<ul style="list-style-type: none"> <li>Lapse of Electricity Distribution Concession leading to a shareholder buyout at lower than prevailing Price to Book Multiple.</li> </ul>	<b>BUY</b>
<b>BAT Kenya</b> Current Price: KES 332.50 Target Price: KES 379.05 Upside: 39.1%	<ul style="list-style-type: none"> <li>Organic consumer growth, driving consistent revenue expansion.</li> <li>Stabilizing cost pressures may raise gross margins.</li> <li>Progressive dividend policy.</li> </ul>	<ul style="list-style-type: none"> <li>Declining earnings momentum noted by HY'23.</li> <li>Strengthening shilling presents upside benefits for offshore sales.</li> </ul>	<b>HOLD</b>



**AIB-AXYS Africa Shari'ah Equities Portfolio Recommendation**

Stock	Strengths	Risks	Recommendation
<b>Williamson Tea</b> Current Price: KES 250.00 Target Price: KES 282. Upside: 10.2%	<ul style="list-style-type: none"> <li>Modest revenue growth tail winded by replenished tea volumes.</li> <li>Growing demand for diverse tea blends offer new growth frontiers.</li> </ul>	<ul style="list-style-type: none"> <li>Escalation of geopolitical tensions risk disrupting key export market destinations.</li> <li>Strengthening shilling presents downside risks for offshore sales.</li> </ul>	<i>HOLD</i>
<b>Kapchorua Tea</b> Current Price: KES 225.00 Target Price: KES 250.00 Upside: 11.1%	<ul style="list-style-type: none"> <li>Modest revenue growth tail winded by replenished tea volumes and devalued exchange rate.</li> <li>Efficient cost management supports agile return on equity.</li> </ul>	<ul style="list-style-type: none"> <li>Escalation of geopolitical tensions risk disrupting key export market destinations.</li> <li>Strengthening shilling presents downside risks for offshore sales.</li> <li>Torrential rains risks destroying biological assets.</li> </ul>	<i>HOLD</i>
<b>KenGen Plc</b> Current Price: KES 2.26 Target Price: KES 2.65 Upside: 17.2%	<ul style="list-style-type: none"> <li>Shifting weather patterns supporting an acceleration in geothermal energy production.</li> <li>Ongoing expansion of Olkaria I and IV plants to step up energy capacity by an extra 58MW by 2025.</li> </ul>	<ul style="list-style-type: none"> <li>Adverse changes in weather patterns may lead to a decline in geothermal energy production.</li> <li>Existing thermal power operations remains expensive owing to rising fuel costs.</li> </ul>	<i>BUY</i>
<b>Umeme Energy</b> Current Price: KES 16.50 Target Price: KES 21.75 Upside: 31.8%	<ul style="list-style-type: none"> <li>Organic customer growth and pricing power in Uganda, supporting sustainable revenue growth.</li> <li>Strong pricing power and effective cost management has supported agile free cash flows generation by the business.</li> </ul>	<ul style="list-style-type: none"> <li>Lapse of Electricity Distribution Concession leading to a shareholder buyout at lower than prevailing Price to Book Multiple.</li> </ul>	<i>BUY</i>
<b>Safaricom Plc</b> Current Price: KES 14.85 Target Price: KES 21.05 Upside: 41.7%	<ul style="list-style-type: none"> <li>Customer Value Management initiatives unlocks new pockets of revenue growth for mature revenue lines like Voice and SMS.</li> <li>Strong commercial traction in Ethiopia - led by M-Pesa and Mobile Data propositions - propelling overall group earnings growth.</li> <li>Increased third-party platforming and utilization on M-Pesa App.</li> </ul>	<ul style="list-style-type: none"> <li>Rising finance costs likely to weigh on profitability margins and compress the dividend payout ratio.</li> <li>Competition from State-backed telco competitor likely to lengthen break-even projections in the Ethiopia unit.</li> </ul>	<i>BUY</i>
<b>Bamburi Cement</b> Current Price: KES 62.00 Target Price: KES 65.00 Upside: 4.8%	<ul style="list-style-type: none"> <li>Expected long-term growth mainly driven by rebounded real estate activity and key state infrastructure projects.</li> <li>Decent exit multiple in Hima Cement offers scope to reward shareholders with a special dividend.</li> </ul>	<ul style="list-style-type: none"> <li>The receipt of 75% or more acceptances of the offer shares would entitle Amsons Group (K) to apply for complete delisting of Bamburi Plc from the NSE.</li> </ul>	<i>BUY</i>



### Earnings Calendar

#### August 2024

**ABSA Bank Kenya (Trailing EPS Estimate KES 3.25 - 3.45)**

**BK Group (Trailing EPS Estimate KES 10.90 - 11.10)**

**Co-operative Bank (Trailing EPS Estimate KES 3.90 - KES 4.00)**

**DTB Kenya (Trailing EPS Estimate KES 24.00 - KES 24.50)**

**Equity Group (Trailing EPS Estimate KES 11.90 - KES 12.10)**

**I&M Group (Trailing EPS Estimate KES 8.15 - KES 8.45)**

**KCB Group (Trailing EPS Estimate KES 19.50 - KES 20.00)**

**NCBA Group (Trailing EPS Estimate KES 13.20 - KES 13.60)**

**Stanbic Holdings (Trailing EPS Estimate KES 31.30 - KES 31.60)**

**Standard Chartered Kenya (Trailing EPS Estimate KES 40.00 - KES 41.00)**

### Upcoming Dividend Dates

#### Corporate Actions

Company	Interim Dividend	Final Dividend	Book Closure	Dividend Payment
Liberty Kenya Holdings		KES 0.373	14-Jun-24	24-Aug-24
Kenya Re		KES 0.30	25-Jun-24	09-Aug-24
Kenya Re (1:1 Bonus Share Issue)			25-Jun-24	09-Aug-24
Safaricom Plc		KES 0.65	31-Jul-24	31-Aug-24
Williamson Tea Kenya		KES 15.00	31-Jul-24	02-Sep-24
Kapchorua Tea		KES 15.00	31-Jul-24	02-Sep-24
Laptrust Imara I-REIT		KES 0.57	21-Aug-24	30-Sep-24
British American Tobacco	KES 5.00		30-Aug-24	27-Sep-24
East African Breweries Plc		KES 6.00	16-Sep-24	16-Oct-24
Centum Investment Company Plc		KES 0.32	TBA	TBA

Source: NSE, AIB-AXYS Research



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