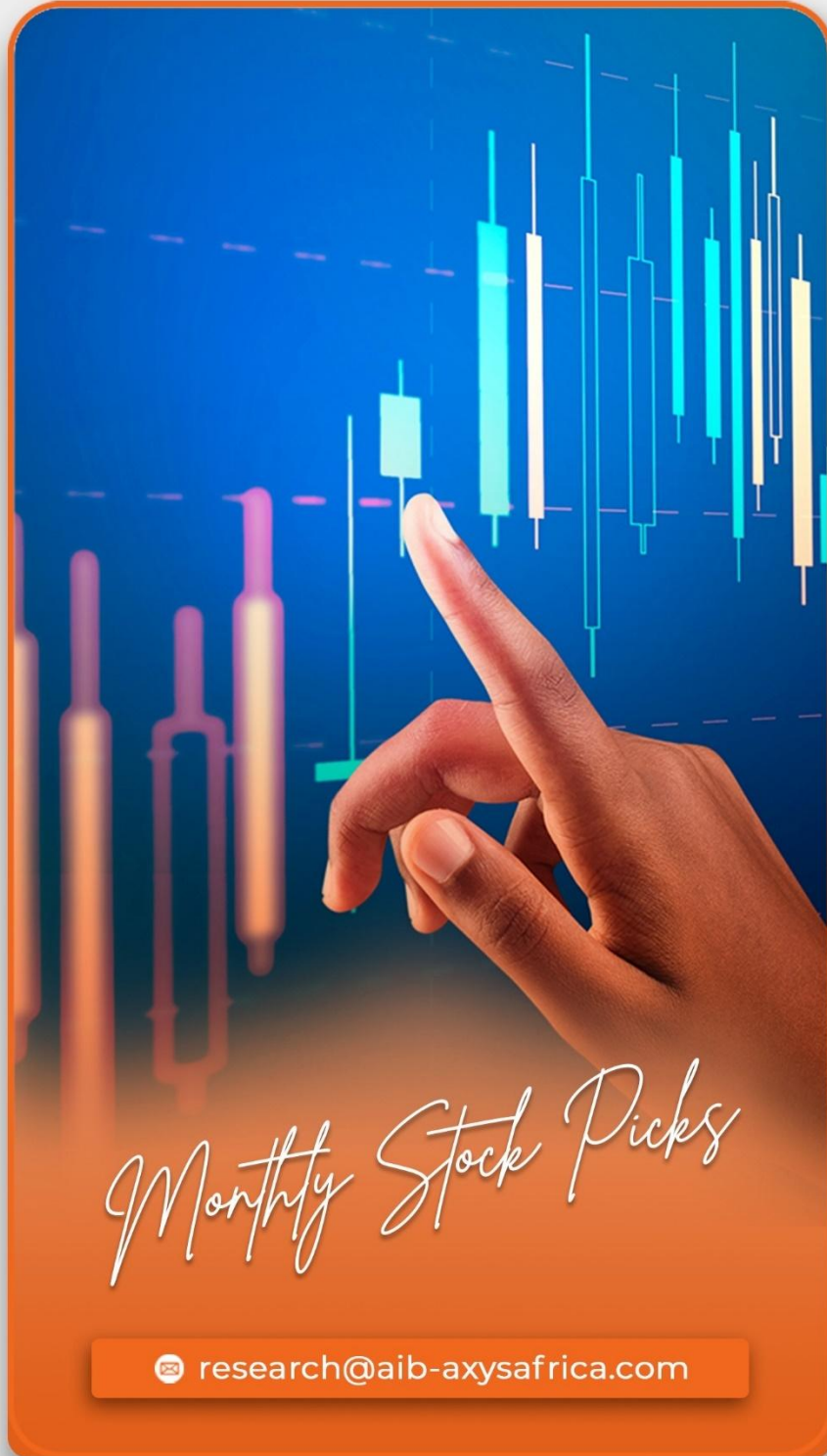


MONTHLY



*Monthly Stock Picks*

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STOCK PICKS



## AIB-AXYS February 2025 Stock Recommendations

### January 2025 Highlights

- **Resumption of Trading for Kenya Airways shares** – Kenya Airways Plc shares that were initially suspended from trading in July 2020, resumed trading as of January 6<sup>th</sup> with the Capital Markets Authority denying the airlines request to extend share suspension into 2025. The authority's decision was prompted by the limited progress made in the airline's nationalization bid with the government withdrawing the National Aviation Management Bill of 2020. Additionally, Kenya Airways registered an uptick in financial performance in half year 2024, with the airline posting its first profit in 11 years. Since its resumption of trading, the stock has realized a 43.1% YTD gain, with the share price currently trading at KES 5.48. At this point, we remain cautious on the stock's long-term prospects, as we adopt a wait and see approach on whether the airline will be able to sustain its current earnings momentum.
- **Kenya Orchards Changes its name after sale of its majority stake** - Kenya Orchards Limited, changed its name to Africa Mega Agricorp Plc, following a private transaction that saw the Africa Mega Agricorp Plc acquire an 84% stake in the business. A notice was served to investors in the latter part of the month signaling the conclusion of the buyout that had been approved by shareholder in August 2024. At the time, Kenya Orchard Limited shares were trading at KES 19.50, which would have seen the transaction valued at KES 210Mn, however, the stock witnessed significant appreciation following the announcement, with Kenya Orchard shares closing 2024 at KES 70. To date, neither party has disclosed the transaction price, however, Africa Mega Agricorp has signaled their intention to not buyout the remaining shareholders. Similarly, the stock is expected to remain listed on the Nairobi bourse.
- **Earnings Season-** During the month, we witnessed half year earnings releases from Transcentury Plc, Kenya Power and East African Breweries Limited, with each registering an improvement in net earnings performance driven by foreign exchange gains as the Kenya shilling strengthened against major currencies throughout 2024. In the upcoming months, we could see this trend emulated in other upcoming earnings releases, however, the upside potential for most firms could be limited by the depressed consumer spending that characterized majority of 2024.
- **Marginal Increase in Price pressures-** Latest statistics from the Kenya National Bureau of Statistics (KNBS) that the headline inflation rate as measured by the consumer price index (CPI) accelerated to 3.3% in January 2025 from 3.0% in December 2024. This uptick was driven by food inflation, which registered a significant rise of 130bps to 6.1% from 4.8% in December 2024. On the other, both fuel inflation and core inflation witnessed a decline of 30bps and 20bps respectively, with fuel inflation coming in at 0.7% whilst core inflation came at 2.0%.

### What does February 2025 Hold?

- **February MPC Meeting-** The next meeting of the Monetary Policy Committee (MPC) is scheduled for 5<sup>th</sup> February 2025. We anticipate that the Central Bank will proceed with its rate cutting cycle, in a bid to further stimulate private sector lending growth through the reduction of borrowing costs. However, uncertainty in the adoption of the global policy agenda—potentially leading to a 'trade war' and reigniting global inflationary pressures—could limit the Central Bank's ability to ease its policy outlook, prompting a more cautious approach moving forward.

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

	Company	Comment
1.	<b>ABSA Bank</b>	Net earnings increased by 19.8% y/y to KES 14.75Bn underpinned by a 17.7% y/y growth in net interest income and a notable 13.0% y/y rise in non-funded income. Credit impairment provisions increased 18.7% y/y while the loan book contracted by 5.9% y/y.
2.	<b>Co-operative Bank</b>	Net earnings increased by 4.4% y/y to KES 19.21Bn underpinned by a 12.3% y/y increase in net interest income and an 8.2% y/y increase in non-funded income. Credit impairment provisions increased 32.5% y/y.
3.	<b>Diamond Trust Bank</b>	Net earnings increased by 12.6% y/y to KES 7.44Bn underpinned by a 6.1% y/y increase in net interest income and a 5.7% y/y increase in non-funded income. Credit impairment provisions declined 12.3% y/y while the loan book contracted by 4.9% y/y.
4.	<b>E.A Breweries Limited</b>	EABL Group posted a 20% uptick in its earnings translating to KES 8.1Bn for the period under review. This growth was driven by effective cost management offsetting inflation, enhanced operational efficiencies and currency appreciation. An interim dividend of KES 2.50 per share was declared.
5.	<b>E.A Portland Cement</b>	Net earnings improved to a profit of KES 1.07Bn from a loss of KES 1.36Bn. This return to profitability was anchored on fair value gains on investment properties. A first and final dividend of KES 1.00 per share was declared.
6.	<b>Equity Group</b>	Net earnings increased by 13.1% y/y to KES 40.94Bn underpinned by an 11.0% y/y increase in net interest income and a 5.8% y/y increase in non-funded income. Credit impairment provisions declined by 33.2% while the loan book contracted by 5.4% y/y.
7.	<b>I&amp;M Group</b>	Net earnings increased by 21.3% y/y to KES 9.95Bn underpinned by a 37.4% y/y increase in net interest income. Non-funded income decreased by 11.5% y/y. Credit impairment provisions increased by 18.9% y/y while the loan book contracted by 2.1% y/y.
8.	<b>Kapchorua Tea</b>	Net earnings plunged by 91.6% y/y to KES 18.23Mn from KES 218.10Mn. The decline was driven by persistent oversupply in the global tea market, which continued to suppress demand and prices.
9.	<b>KCB Group</b>	Net earnings increased by 49.0% y/y to KES 45.76Bn underpinned by a 23.9% y/y increase in net interest income and an 18.3% y/y increase in non-funded income. Credit impairment provisions increased 12.2% y/y.
10.	<b>KPLC</b>	KPLC maintained its earnings momentum witnessed in the second half of FY24, as net earnings recorded a 3025.39% y/y growth to KES 9.97 Bn up from KES 0.32 Bn recorded a year prior. An interim dividend of KES 0.20 per share was declared.

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

	Company	Comment
11.	<b>NCBA Group</b>	Net earnings increased by 3.1% y/y to KES 15.10Bn underpinned by a 5.2% y/y increase in non-funded income. Net interest income declined by 3.1% y/y. Credit impairment provisions decreased by 32.8% y/y while the loan book contracted 1.7% y/y.
12.	<b>Safaricom</b>	Shareholder net earnings declined by 17.7% y/y to KES 28.12Bn primarily prompted by foreign exchange reforms in Ethiopia. Group revenues grew 15.1% y/y to KES 189.42Bn driven largely from value driven double digit growth in M-Pesa and Mobile Data.
13.	<b>Stanbic</b>	Net earnings increased by 9.3% y/y to KES 10.14Bn underpinned by a 4.8% y/y increase in net interest income. Non-funded income declined 17.8% y/y. Credit impairment provisions declined by 40.2% y/y while the loan book contracted 12.8% y/y.
14.	<b>NCBA Group</b>	Net earnings increased by 3.1% y/y to KES 15.10Bn underpinned by a 5.2% y/y increase in non-funded income. Net interest income declined by 3.1% y/y. Credit impairment provisions decreased by 32.8% y/y while the loan book contracted 1.7% y/y.
15.	<b>Standard Chartered Bank Kenya</b>	Net earnings increased by 62.7% y/y to KES 15.85Bn underpinned by a 17.0% y/y growth in net interest income and a 73.5% y/y growth in non-funded income. Credit impairment provisions increased by 7.4% y/y.
16.	<b>Williamson Tea</b>	Net earnings declined to a loss of KES 122.39Mn from a profit of KES 477.11Mn. Revenue declined 11.9% y/y driven by oversupply in the global tea market, which pressured prices and demand.

## January 2025 Equities Market Highlights

- On a monthly perspective, the market indices registered bullish sentiments with the **Nairobi All Share Index** increasing by **3.9% m/m**, NSE-20 increasing **7.6% m/m** and NSE-10 decreasing **0.8% m/m**.
- Equities market turnover dwindled by 66.9% m/m to KES 9.57Bn in January 2025 from KES 28.95Bn in December 2024. On a yearly perspective, turnover surged by 256.7% from KES 2.68Bn.** Market capitalization expanded by 2.3% m/m to KES 1.98Tn, signaling an improvement in investor wealth. Looking ahead, we anticipate a bullish outlook on Kenyan Equities market in the short term. Consequently, we expect an upbeat in the listed sector earnings growth in 2025 attributable to declining interest rate environment coupled with currency appreciation and an improved business environment.
- Foreigners' participation expanded to 46.2% of the total market activity.** Foreign sentiment remained bearish, resulting in net outflows of KES 1,045.9Mn.

Table 2: Equity Market Statistics

Statistic	Jan-24	Dec-24	Jan-25	m/m change	y/y change
Equity Turnover (KES Mn)	2,683.0	28,947.5	9,570.1	▼ (66.9%)	▲ 256.7%
Market Cap (KES Bn)	1,440.1	1,939.7	1,983.7	▲ 2.3%	▲ 37.7%
NSE All share Index (RHS)	92.2	123.5	128.3	▲ 3.9%	▲ 39.2%
NSE 10 Index	917.1	1,302.3	1,312.6	▲ 0.8%	▲ 43.1%
NSE 20 Index	1,508.7	2,010.7	2,162.6	▲ 7.6%	▲ 43.3%
NSE 25 Index	2,409.3	3,402.8	3,436.0	▲ 1.0%	▲ 42.6%
Foreign buys	1,723.3	2,730.7	3,897.2	▲ 42.7%	▲ 126.1%
Foreign sales	1,651.0	4,014.5	4,943.0	▲ 23.1%	▲ 199.4%
Net F. Flows	(106.7)	(1,283.8)	(1,045.9)	▼ (18.5%)	▲ 880.2%
Total Volume Traded (Mn)	<b>151.5</b>	<b>473.6</b>	<b>631.4</b>	▲ 33.3%	▲ 316.8%

Source: NSE, AIB-AXYS Africa Research

- TransCentury Plc** was the top gainer in January 2025 clocking a 237.5% m/m valuation gain to KES 1.35. **E.A. Cables** was the second largest gainer rising 133.0% m/m to KES 2.47. **Home Afrika Limited** was the third, climbing 86.5% m/m to KES 0.69. **Flame Tree Group** was fourth climbing 84.4% m/m to KES 1.77 and **Uchumi Supermarket** was fifth gaining 75.0% m/m to KES 0.28.
- Africa Mega Agricornp** was the top capital loser shedding 10.0% m/m to KES 63.00. **Car & General** was second trimming 7.8% m/m to KES 23.05 while **Crown Paints Kenya** was third trimming 7.2% m/m to KES 31.45. **E.A Portland Cement** was fourth trimming 7.1% to KES 27.00 while **I&M Holdings** was fifth trimming 6.4% m/m to KES 33.70.

**Table 3: Top Gainers and Losers January 2025**

Top Gainers January	Closing Price	% Change	Top Losers January	Closing Price	% Change
Trans-Century Plc	KES 1.35	▲ 237.5%	Africa Mega Agricorp	KES 63.00	▼ (10.0%)
E.A. Cables	KES 2.47	▲ 133.0%	Car & General	KES 23.05	▼ (7.8%)
Home Afrika Ltd	KES 0.69	▲ 86.5%	Crown Paints Kenya	KES 31.45	▼ (7.2%)
Flame Tree Group Holdings	KES 1.77	▲ 84.4%	E.A. Portland Cement	KES 27.00	▼ (7.1%)
Uchumi Supermarket	KES 0.28	▲ 75.0%	I&M Holdings	KES 33.70	▼ (6.4%)
Kenya Power & Lighting Co	KES 7.56	▲ 45.9%	Limuru Tea	KES 330.00	▼ (5.7%)
HF Group Plc	KES 6.70	▲ 45.7%	Co-operative Bank of Kenya	KES 16.55	▼ (5.2%)
Sanlam Kenya Plc	KES 7.08	▲ 43.0%	NCBA Group	KES 48.50	▼ (4.9%)
Kenya Airways Ltd	KES 5.40	▲ 41.0%	Absa Bank Kenya	KES 17.95	▼ (4.8%)
Unga Group	KES 19.85	▲ 32.3%	TPS Eastern Africa	KES 15.10	▼ (4.7%)

Source: NSE, AIB-AXYS Africa Research

- Safaricom Plc** recorded the highest turnover in January 2025, with aggregate turnover clocking KES 3,151.7Mn. **KCB Group** was second, with turnover amounting to KES 1,364.8Mn. **East African Breweries** stood third, with total turnover clocking KES 904.5Mn. Foreigners accounted for the larger share of trading activity in **Safaricom**, **East African Breweries** and **KCB Group**.

**Table 4: Top Movers January 2025**

Top Movers November	Turnover (KES Mn)	Turnover (USD Mn)	Foreigners' Participation	Closing Price	% Change (YTD)
Safaricom Plc	KES 3,151.7	\$24.39	69.4%	KES 17.20	-
KCB Group	KES 1,364.8	\$10.56	37.8%	KES 42.75	▲ 0.8%
East African Breweries	KES 904.5	\$7.00	78.2%	KES 180.50	▲ 2.8%
Equity Group Holdings	KES 726.8	\$5.63	64.8%	KES 47.20	▼ (1.7%)
HF Group Plc	KES 466.8	\$3.61	0.0%	KES 6.70	▲ 45.7%
Absa Bank Kenya	KES 432.3	\$3.35	0.5%	KES 17.95	▼ (4.8%)
Stanbic Holdings	KES 396.6	\$3.07	64.7%	KES 139.00	▼ (0.5%)
Kenya Power & Lighting Co	KES 325.6	\$2.52	6.5%	KES 7.56	▲ 45.9%
Standard Chartered Bank	KES 320.7	\$2.48	9.5%	KES 278.50	▼ (2.4%)
KenGen Co.	KES 210.8	\$1.63	6.2%	KES 4.21	▲ 12.3%
Co-operative Bank of Kenya	KES 181.2	\$1.40	2.8%	KES 16.55	▼ (5.2%)
Kenya Re Insurance Corporation	KES 167.1	\$1.29	0.8%	KES 1.67	▲ 23.7%
Diamond Trust Bank	KES 122.5	\$0.95	30.1%	KES 70.00	▲ 4.9%
British American Tobacco Kenya	KES 97.9	\$0.76	43.0%	KES 362.50	▼ (3.7%)
Kenya Airways Ltd	KES 95.5	\$0.74	6.5%	KES 5.40	▲ 41.0%



**AIB-AXYS Africa Equities Coverage Universe**

Stock	Strengths	Risks	Recommendation
<b>ABSA Bank Kenya</b> Current Price: KES 18.00 Target Price: KES 20.31 Upside: 12.8%	<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 12.6%</li> <li>Slower-than-expected market penetration.</li> </ul>	<b>BUY</b>
<b>Co-operative Bank</b> Current Price: KES 16.50 Target Price: KES 18.00 Upside: 9.1%	<ul style="list-style-type: none"> <li>Rising yield on interest-earning assets signals an improvement in reinvestment returns.</li> <li>Non-funded income grew 8.2% y/y to KES 22.28Bn as of Q3'24- primarily bolstered by increased forex trading income.</li> </ul>	<ul style="list-style-type: none"> <li>An acceleration in the NPL ratio to 16.7%.</li> <li>Elevated stock of non-performing loans recorded by Q3'24.</li> </ul>	<b>HOLD</b>
<b>Equity Group</b> Current Price: KES 48.00 Target Price: KES 52.00 Upside: 8.3%	<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>Operating efficiency eroded as reflected by the cost-to-income ratio increasing to 55.1%.</li> <li>Elevated stock of non-performing loans recorded by Q3'24.</li> </ul>	<b>HOLD</b>
<b>Diamond Trust Bank (DTB-K)</b> Current Price: KES 69.50 Target Price: KES 75.50 Upside: 8.6%	<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>Operating efficiency eroded as reflected by the cost-to-income increasing to 50.9%.</li> </ul>	<b>HOLD</b>
<b>KCB Group</b> Current Price: KES 43.45 Target Price: KES 46.25 Upside: 6.4%	<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> </ul>	<ul style="list-style-type: none"> <li>Moderating yet elevated NPL ratio remains above the industry average.</li> <li>Elevated stock of non-performing loans recorded by Q3'24.</li> </ul>	<b>BUY</b>
<b>Stanbic Kenya</b> Current Price: KES 140.75 Target Price: KES 159.96 Upside: 13.6%	<ul style="list-style-type: none"> <li>Rising yield on interest-earning assets signals an improvement in reinvestment returns.</li> <li>Net Non-Performing Loans (NPL's) decreased by 28.0% y/y as of Q3'24.</li> </ul>	<ul style="list-style-type: none"> <li>Non-Funded income declined significantly attributable to reduced trading revenue, resulting from narrowing margins.</li> </ul>	<b>BUY</b>

**AIB-AXYS Africa Equities Coverage Universe**

Stock	Strengths	Risks	Recommendation
<b>NCBA Group</b> Current Price: KES 48.35 Target Price: KES 54.81 Upside: 13.4%	<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>Declining provisions in a deteriorating credit risk landscape.</li> </ul>	<b>BUY</b>
<b>Standard Chartered Bank</b> Current Price: KES 277.25 Target Price: KES 322.57 Upside: 16.3%	<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>Gross Non-Performing Loans (NPLs) decreased markedly by 48.4% y/y as of Q3'24.</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 179.25 Target Price: KES 203.76 Upside: 13.7%	<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>BUY</b>
<b>Safaricom Plc</b> Current Price: KES 17.60 Target Price: KES 18.80 Upside: 6.8%	<ul style="list-style-type: none"> <li>Customer Value Management initiatives unlock 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>HOLD</b>



**AIB-AXYS Africa Equities Coverage Universe**

Stock	Strengths	Risks	Recommendation
<b>Jubilee Holdings</b> Current Price: KES 200.00 Target Price: KES 214.30 Upside: 7.1%	<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 HY'24.</li> <li>Industry-wide increase in claims ratio.</li> </ul>	HOLD
<b>I&amp;M Group</b> Current Price: 35.00 Target Price: 37.55 Upside: 7.3%	<ul style="list-style-type: none"> <li>Rebounded performance of regional subsidiaries driving strong double-digit profit margins. Resilient net interest margins on account of effective reinvestment yields.</li> </ul>	<ul style="list-style-type: none"> <li>Non-Funded income declined significantly by 11.5% y/y as of Q3'24.</li> </ul>	HOLD
<b>Kapchorua Tea</b> Current Price: KES 238.75 Target Price: KES 283.64 Upside: 18.8%	<ul style="list-style-type: none"> <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>	BUY
<b>CIC Insurance</b> Current Price: KES 2.76 Target Price: KES 2.89 Upside: 4.7%	<ul style="list-style-type: none"> <li>Resilient market share in general insurance business, in a competitive landscape.</li> <li>Agile growth in pre-tax earnings and attractive contract service margins (CSM) recorded in HY'24.</li> </ul>	<ul style="list-style-type: none"> <li>Shrinking market share in the life insurance business noted by FY'24.</li> <li>Industry-wide rise in claims ratio.</li> </ul>	HOLD
<b>Williamson Tea</b> Current Price: KES 215.00 Target Price: KES 240.00 Upside: 11.6%	<ul style="list-style-type: none"> <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>	HOLD

**AIB-AXYS Africa Equities Coverage Universe**

Stock	Strengths	Risks	Recommendation
<b>KenGen Plc</b> Current Price: KES 4.48 Target Price: KES 5.13 Upside: 14.5%	<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. Existing thermal power operations remains expensive owing to rising fuel costs.</li> </ul>	<i>HOLD</i>
<b>KPLC</b> Current Price: KES 7.08 Target Price: KES 7.78 Upside: 9.9%	<ul style="list-style-type: none"> <li>Working capital continued to witness significant improvement during the half year, coming in at negative KES 18.99 Bn from negative KES 42.46 Bn registered at 2024, signaling a 55.3% y/y rise. This improvement was buoyed by the continued optimization of business operations, with KPLC scaling down investments to only core and high impact engagements.</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure constraints and elevated price level could hinder the potential upside for investors, with many manufactures and high consumption clients opting to use their own power sources in a bid to tame cost pressures.</li> </ul>	<i>HOLD</i>
<b>Umeme Energy</b> Current Price: KES 16.80 Target Price: KES 19.91 Upside: 18.5%	<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>HOLD</i>
<b>BAT Kenya</b> Current Price: KES 361.75 Target Price: KES 501.88 Upside: 38.7%	<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>BUY</b>

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

Stock	Strengths	Risks	Recommendation
<b>Williamson Tea</b> Current Price: KES 215.00 Target Price: KES 240.00 Upside: 11.6%	<ul style="list-style-type: none"> <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 238.75 Target Price: KES 283.64 Upside: 18.8%	<ul style="list-style-type: none"> <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>BUY</i>
<b>KenGen Plc</b> Current Price: KES 4.48 Target Price: KES 5.13 Upside: 14.5%	<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>HOLD</i>
<b>Umeme Energy</b> Current Price: KES 16.80 Target Price: KES 19.91 Upside: 18.5%	<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>HOLD</i>
<b>Safaricom Plc</b> Current Price: KES 17.60 Target Price: KES 18.80 Upside: 6.8%	<ul style="list-style-type: none"> <li>Customer Value Management initiatives unlock 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</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</li> </ul>	<i>HOLD</i>



**Upcoming Dividend Dates**

Company	Interim/Special Dividend	Final Dividend	Book Closure	Dividend Payment
EABL Plc	KES 2.50		21-Feb-25	30-Apr-25
KPLC	KES 0.20		28-Feb-25	11-Apr-25
E.A Portland Cement		KES 1.00	31-Dec-24	28-Feb-25
KenGen Plc		KES 0.65	28-Nov-24	13-Feb-25

Source: NSE, AIB-AXYS Africa Research



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