

MONTHLY



*Monthly Stock Picks*

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STOCK PICKS

# JUNE 2023 STOCK PICKS

## May'23 Review

- **FY'23 Earnings Season** - During the month, we had FY'23 earnings release from Safaricom where the telco reported a (22.24%) decline in PAT to KES 52.48Bn driven by a significant increase in operating costs as a result of commencement of full commercial operations in Ethiopia, effects of high inflation and the continued depreciation of the shilling. A final dividend of KES 0.62 was declared bringing the total dividend per share to KES 1.20.
- **Q1'23 Banking Results** - During the month, we had Q1'23 earnings releases from the banking sector. Equity Q1'23 results were a 7.90% increase in PAT to KES 12.80Bn driven by an increase in interest income and non-interest income. KCB Q1'23 results were a (1.50%) decline in PAT to KES 9.75Bn attributed to higher operating expenses and increased impairment provisioning. Standard Chartered results were a 45.65% increase in PAT to KES 4.03Bn driven by higher operating income. I&M Q1'23 results were a (1.96%) decline in PAT to KES 2.66Bn driven by increased operating expenses and higher impairment provisioning. Co-operative Q1'23 results were a 4.72% increase in PAT to KES 6.11Bn driven by an increase in operating income. DTBK Q1'23 results were a 10.78% increase in PAT to KES 2.65Bn driven by higher interest income and non-interest income. Bank of Kigali Q1'23 results were a 16.67% increase in PAT to KES 2.10Bn attributed to higher operating income. NCBA Q1'23 results were 48.15% increase in PAT driven by improved operating income. ABSA Q1'23 results were a 50.75% increase in PAT to KES 4.45Bn driven by increased interest income and non-interest income.
- **Corporate Profit Warning** - The month of May saw the announcement of an expectation of greater than 25% decline in prior year PAT from KPLC. The decline is attributed to increased foreign exchange losses arising from the continued weakening of the shilling as well as a partial impact of 15% reduction of the end user electricity tariff.
- **Local Pump Prices Increase** - EPRA increased the pump prices in all fuel categories following the removal of all the fuel subsidies. Increased fuel prices was largely attributed to an increase in the landing costs, continued shilling depreciation and increased FOB price of Murban crude oil. Petrol will retail at KES 182.70/litre, diesel at KES 168.00/litre and kerosene at KES 161.13/litre.
- **Inflation Increased Marginally in Line With Expectations** - The headline inflation for the month of [May marginally increased to 8.00%](#) from 7.90% in April on the back of increased fuel prices following the removal of all fuel subsidies. Food inflation increased to 10.20% from 10.10% in April and housing utilities and transport increased marginally to 9.70% and 10.10% y/y respectively. Non-Food-Non-Fuel (Core Inflation) increased to 4.30% from 4.10% in April. The CPI increased 90bps to 133.83 from 131.83 in April 2023. We expect headline inflation to remain under pressure and above the CBK's upper target at least until the end of Q2'23.
- **Shilling Continued Losing Streak Against USD** - Kenya shilling continued to depreciate further against the USD to close at **KES 138.49** versus **KES 135.91** at the end of April. We observed a slower decline in the month of May (-1.90%) compared to April (-2.70%). We expect the shilling to remain under pressure due to the increased dollar demand from importers on the back of prevailing high global commodity prices, reduced dollar inflows and dollar strength against frontier currencies.
- **May MPC Meeting** – Central Bank's MPC held the third meeting of 2023 where the Central Bank Rate (CBR) was [maintained at 9.50%](#) in line with our expectations. The committee also noted the banking sector non-performing loans increased to 14.60% in April'23 while private sector credit growth grew to 13.20% from 11.70% in February 2023. Exports grew by 6.60% with imports growing at a slower pace of 1.20%. We expect that the rate will be continue to be maintained as the effects of the hike are still being transmitted.

## What does June Hold?

- **Listed Companies AGM**- In the month of June, several listed companies will be holding their AGM's where we anticipate continued use of virtual meetings. The listed companies that will hold their AGM'S in June are Sanlam (SLAM), BAT Kenya (BAT), Total Kenya (TOTL), Bamburi Cement (BAMB) Kenya Reinsurance (KNRE),BOC Kenya (BOC) and Standard Group (SGL).

Table 1: Summary Corporate Actions in May

Company	Corporate Action and Our Comments
1. KPLC	<ul style="list-style-type: none"> <li>The board of KPLC appointed Dr. Eng. Joseph Siror as the Managing Director and CEO .We believe this move will allow for stability in their top-level management.</li> <li>KPLC announced a profit warning with the expectation of a greater than 25% decline in prior year PAT. The decline is attributed to increased foreign exchange losses arising from the continued weakening of the shilling as well as a partial impact of 15% reduction of the end user electricity tariff. We expect that the announcement will have negative impact on the share price, as investors will be worried about delayed return to dividend payment.</li> </ul>
2. Nation Media Group	<ul style="list-style-type: none"> <li>NMG announced the proposal to its shareholders of the buyback of up to 10% of issued shares. The buyback is subject to regulatory and shareholder approval. We anticipate that this will have a positive impact on share price, as the announcement is expected to excite investors.</li> </ul>
3. Bank of Kigali	<ul style="list-style-type: none"> <li>BK during their 2023 AGM announced the dividend reinvestment plan to shareholders on both RSE and NSE markets at 5% discounted RSE market price. The dividend reinvestment plan is to be voted yearly by shareholders during the AGM. We view this move as positive for investors as it allows them to grow their investment over time.</li> </ul>

Table 2: Upcoming Dividends

Counter	Interim/ Special Dividend	Final Dividend	Book Closure	Dividend Payment
Limuru Tea Plc		KES 2.50	14 <sup>th</sup> April 2023	30 <sup>th</sup> June 2023
NCBA Group Plc		KES 2.25	28 <sup>th</sup> April 2023	31 <sup>st</sup> May 2023
Diamond Trust Bank Kenya Ltd		KES 5.00	12 <sup>th</sup> May 2023	15 <sup>th</sup> June 2023
Stanbic Holdings Plc		KES 12.60	19 <sup>th</sup> May 2023	6 <sup>th</sup> June 2023
Equity Group Holdings Plc		KES 4.00	19 <sup>th</sup> May 2023	30 <sup>th</sup> June 2023
Co-operative Bank of Kenya Plc		KES 1.50	24 <sup>th</sup> May 2023	9 <sup>th</sup> June 2023
B.A.T Kenya Plc		KES 52.00	26 <sup>th</sup> May 2023	15 <sup>th</sup> June 2023
Bamburi Cement Plc		KES 0.75	27 <sup>th</sup> May 2023	27 <sup>th</sup> July 2023
Kakuzi Plc		KES 24.00	31 <sup>st</sup> May 2023	15 <sup>th</sup> June 2023
Nairobi Securities Exchange Plc		KES 0.20	31 <sup>st</sup> May 2023	31 <sup>st</sup> July 2023
BOC Kenya Plc		KES 4.45	31 <sup>st</sup> May 2023	21 <sup>st</sup> July 2023
Sasini Plc	KES 1.00		2 <sup>nd</sup> June 2023	3 <sup>rd</sup> July 2023
Jubilee Holdings Ltd	KES 3.00	KES 8.00	14 <sup>th</sup> June 2023	26 <sup>th</sup> July 2023
Total Energies		KES 1.31	15 <sup>th</sup> June 2023	31 <sup>st</sup> July 2023
Kenya Re Insurance Corporation		KES 0.20	16 <sup>th</sup> June 2023	28 <sup>th</sup> July 2023
Nation Media Group Plc		KES 1.50	16 <sup>th</sup> June 2023	31 <sup>st</sup> July 2023
BK Group Plc		KES 3.96	22 <sup>nd</sup> June 2023	1 <sup>st</sup> July 2023
Umeme Limited		KES 2.31	27 <sup>th</sup> June 2023	20 <sup>th</sup> July 2023
Crown Paints Kenya		KES 4.00	28 <sup>th</sup> June 2023	14 <sup>th</sup> August 2023
Safaricom Plc		KES 0.62	TBA	TBA

Table 3: Summary of Q1'23 Listed Banks Results

Company	Comment
1. ABSA Bank Kenya	<ul style="list-style-type: none"> <li>PAT increased 50.75% y/y to KES 4.45Bn driven by higher interest income and non-interest income attributed to increased interest from loans and government securities as well as an increase in forex trading income. Impairment provisioning increased significantly resulting from the significant increase in gross NPL's.</li> </ul>
2. Bank of Kigali	<ul style="list-style-type: none"> <li>PAT increased 16.67% y/y to KES 2.10Bn driven by increased interest income and non-interest income. Interest expense increased while there was a sharp increase in impairment provisioning. Operating expenses increased while the loan book grew at a faster pace as compared to customer deposits.</li> </ul>
3. Co-operative	<ul style="list-style-type: none"> <li>PAT increased 4.72% y/y to KES 6.11Bn attributed to increased operating income. Interest income increased driven by increased interest from loans. Non-interest income increase was driven by an increase in forex trading income. Interest expense increased resulting from an increase in cost of deposit mobilization.</li> </ul>
4. DTBK	<ul style="list-style-type: none"> <li>PAT increased 10.78% y/y to KES 2.65Bn driven by increased interest income and non-interest income. Impairment provisioning significantly increased while gross NPL'S increased. The loan book grew at a faster rate than customer deposits.</li> </ul>
5. Equity Group	<ul style="list-style-type: none"> <li>PAT increased 7.90% y/y to KES 12.80Bn attributed to an increase in operating income. Interest income increase on the back of increased bond yields and loan repricing. Impairment provisioning increased significantly consequently leading to an increase in operating expenses. An increase in non-performing loans was reported.</li> </ul>
6. I&M Group	<ul style="list-style-type: none"> <li>PAT decreased (1.96%) y/y to KES 2.66Bn driven by increased operating expenses and a sharp increase in impairment provisioning. Interest income increased driven by increased interest from loans and government securities. Gross NPL's increased while the loan book grew at a faster rate than customer deposits.</li> </ul>
7. KCB Group	<ul style="list-style-type: none"> <li>PAT decreased (1.05%) y/y to KES 9.75Bn attributed to an increase in operating expenses resulting from consolidation of it's DRC subsidiary and higher impairment provisioning. Interest income increased driven by increased bond yields. Non-interest income increase was driven by the increase in forex trading income. Gross NPL's increased resulting from difficult macro-economic conditions.</li> </ul>
8. NCBA Group	<ul style="list-style-type: none"> <li>PAT increased 48.51% y/y to KES 5.07Bn attributed by increased operating income but weighed down by an increase in interest expenses and operating expenses. Interest income increased driven by increase in interest from loans and government securities due to higher bond yields. Gross NPL's decreased y/y while the loan book grew at a faster rate compared to customer deposits.</li> </ul>
9. Standard Chartered	<ul style="list-style-type: none"> <li>PAT increased 45.65% y/y to KES 4.03Bn driven by higher operating income. Non-Interest Income increase was driven by increased forex trading income. Impairment Provision increased significantly reflecting the challenging lending environment while interest expense decreased.</li> </ul>

## May'23 Equities Market Performance

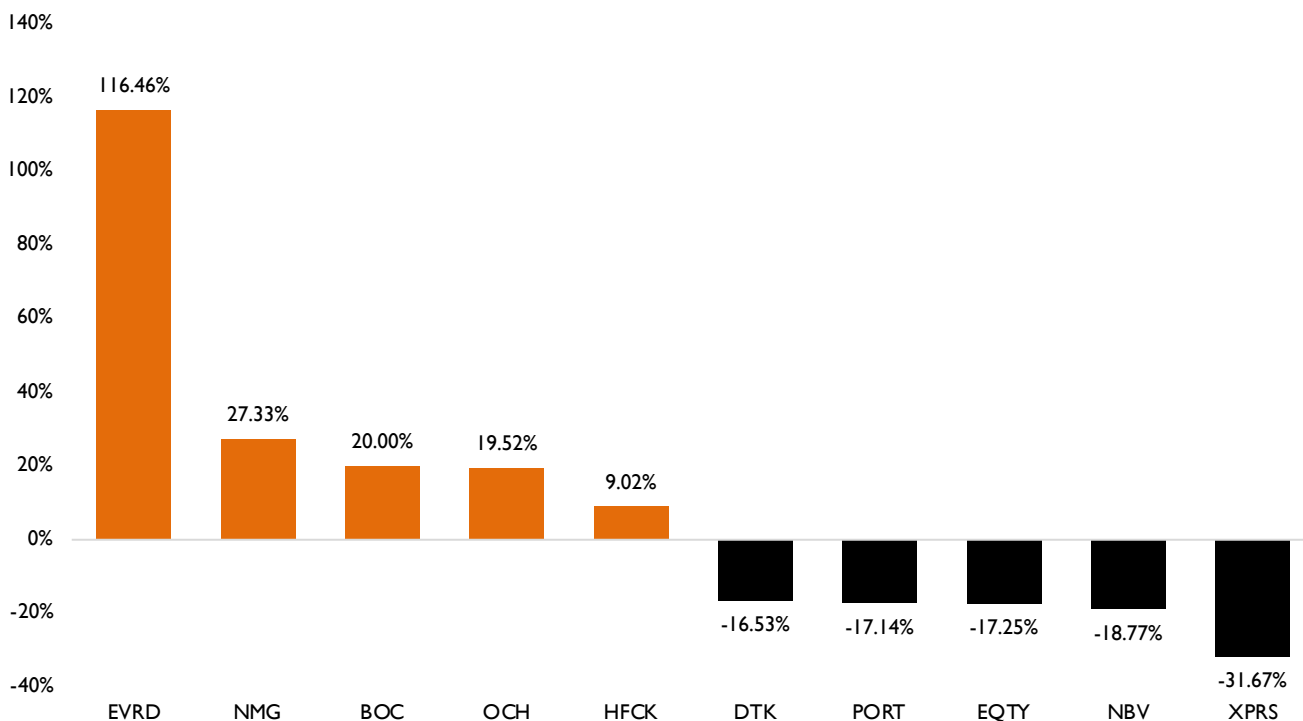
During the month of May, all indicative indices were on a downward trend with NASI and NSE-20 declining by 3.66% and 2.03%, respectively. Foreign investors remained as net sellers with the selling position increasing by 3.64x to **KES 1.31Bn** taking the YTD net selling position to **KES 6.71Bn**. If the same trend continues, the total foreign net selling position for 2023 is likely to close below the **KES 24.04Bn** recorded in 2022.

Equity turnover increased 0.44x m/m to **KES 6.09Bn** from **KES 4.23Bn** in April while volumes traded also increased 79.35% to **KES 355.23Mn**. Market capitalization was down 3.66% m/m to **KES 1,614.55Bn**. We expect market activity to remain above KES 5.00Bn/month, in Q2'2023, owing to the impressive FY'22 earnings season and dividend payment from players in the banking sector.

**Top gainers:** Driven by the ordinary share acquisition by InvestAfrica, Eveready East Africa (EVRD) was the largest gainer in May'23 (+116.46%) jumping to KES 1.71 from KES 0.79. We expect the rally in share price to be reversed once the acquisition is completed. NMG also jumped (+27.33%) m/m to KES 19.80 from KES 15.55 following the announcement of proposed share buyback. Other gainers included: BOC Gases (+20.00%), Olympia Capital Holdings (+19.52%) and HF group (+9.02%) after reporting positive results in Q1'23.

**Top Losers:** Express Kenya was the largest m/m decliner (-31.67%) to KES 3.28 from KES 4.80 driven by an increase in losses in FY'22 results as well as a lack of dividend. Other top losers were: NBV (-18.77%) to KES 2.51 from KES 3.09, Equity Group (-17.25%) following dividend book closure, Portland Cement (-17.14%) and Diamond Trust Kenya (-16.53%) following dividend book closure.

Chart 1: May '23 Top 5 Gainers and Losers



## Our Top Three Picks

### BUY

- a) **British American Tobacco (BAT)**- We recommend a BUY on the tobacco manufacturer driven by positive FY'22 net earnings results. The manufacturer has expanded production of new products such as VELO that will support future revenue growth. The lack of additional sin-tax in the upcoming budget reading is a positive as the manufacturer continues to feel the negative effects of previous taxes. The higher dividend payout in FY'22, KES 57.00 vs KES 53.50 in FY'21 encouraged investors. We see the current low price (KES 402.25) as a good entry-point for a long-term hold as it is 19.27% below the 52-week high of KES 479.75.
- b) **Equity Bank (EQTY)**- We recommend a BUY on the lender driven by positive Q1'23 net earnings results. The lender has been focusing on new growth opportunities in their non-interest income and we maintain a positive growth outlook supported by its subsidiary's performance specifically in DRC. We see long-term value in holding EQTY as the current share price at KES 37.90 is lower than our target price of KES 57.92 representing an upside potential of 52.82%, hence providing an attractive entry point for long term capital gains and expected future dividend payout.

### SELL

- a) **Limuru Tea (LIMT)**- We recommend a SELL as we expect the recent protests in Kericho county to affect the operations of Ekaterra. Limuru Tea is an out-grower (contracted farmer) of Ekaterra who also provide manufacturing, selling and marketing services for LIMT. We expect the effects of replanting of high yielding and drought resistant tea varieties, as well as older fields infilling to be delayed by adverse weather conditions. The delay in completing the Ekaterra tender offer has seen the initial share price rally fizzle out. As such we recommend investors to take profit and monitor the share price for an entry point of below KES 350.00.

Table 4: Top 10 Highest Dividend Yields

Symbol	31-Dec-22	31-May-23	YTD	Total DPS	Div Yield
Umeme	7.42	14.15	90.70%	2.20	15.55%
BAT Kenya	460.00	402.25	-12.55%	57.00	14.17%
Standard Chartered Bank	142.75	159.25	11.56%	22.00	13.81%
I & M Group	17.00	16.90	-0.59%	2.25	13.31%
Carbacid Plc	12.00	13.45	12.08%	1.70	12.64%
COOP Bank	12.30	12.10	-1.63%	1.50	12.40%
Stanbic Holdings	102.00	103.00	0.98%	12.60	12.23%
Nairobi Securities Exchange	6.78	6.28	-7.37%	0.75	11.94%
ABSA	12.30	11.35	-7.72%	1.35	11.89%
NCBA	39.35	36.00	-12.07%	4.25	11.81%



## Portfolio Performance

In May'23, our model portfolio (-4.64%) was outperformed by NASI index (-3.66%) while falling below the NSE-20 (-2.03%). However, our model portfolio has outperformed the NASI index on a YTD basis. On a YTD basis, the NSE-20 lost 7.71% while the NASI lost 18.66% compared to our model portfolio which has lost 9.87%.

The portfolio performance was lifted by m/m gains recorded by **Standard Chartered, Bamburi, Jubilee and Safaricom**. However, huge declines by counters such as **Equity, Diamond Trust Kenya and Stanbic** weighed down on further gains in the overall portfolio performance. We observed foreigners remaining net sellers despite an improvement in the buying position in some trading sessions in Q1'2023. We expect another month of mixed performance largely driven by investors aligning themselves to dividend-paying counters before book closures and foreigners remaining as net sellers. However, trading will remain largely concentrated in the blue-chip counters – SCOM, the Banking sector, and other select counters are driven by the hunt for dividends.

Table 5: Portfolio Performance

May '23 Performance	M/M	YTD
AIB-AXYS Africa Portfolio Performance	-4.64%	-9.87%
NSE-20	-2.03%	-7.71%
NASI	-3.66%	-18.66%

Table 6: Portfolio Constituents

Counter	31-May-2023	Target Price	Upside	Δ YTD	Δ M/M	52 Week High	52 Week Low	Weighted YTD return	Weighted M/M return
SCBK	159.25	168.53	5.83%	11.56%	6.88%	171.00	100.00	1.16%	0.69%
BAMB	25.20	35.28	40.00%	-20.00%	4.78%	38.35	23.25	-1.20%	0.29%
JUB	183.50	235.85	28.53%	-7.67%	1.94%	269.00	148.25	-0.46%	0.12%
SCOM	16.60	23.71	42.83%	-31.26%	0.61%	32.05	13.00	-4.38%	0.08%
IMH	16.90	23.94	41.66%	-0.59%	-2.31%	21.00	15.85	-0.02%	-0.09%
KCB	31.80	48.53	52.61%	-16.54%	-3.20%	43.50	28.50	-0.99%	-0.19%
EABL	151.75	197.51	30.15%	-9.40%	-4.41%	187.00	110.00	-0.94%	-0.44%
ABSA	11.35	14.83	30.66%	-7.72%	-6.58%	12.95	10.10	-0.46%	-0.40%
NCBA	36.00	44.10	22.50%	-8.51%	-8.86%	40.90	23.60	-0.85%	-0.89%
COOP	12.10	15.15	25.21%	-1.63%	-9.02%	13.35	10.70	-0.10%	-0.54%
SBIC	103.00	113.09	9.80%	0.98%	-11.21%	117.75	90.00	0.08%	-0.90%
DTK	45.70	59.21	29.56%	-8.60%	-16.53%	55.25	12.25	-0.52%	-0.99%
EQTY	37.90	57.92	52.82%	-14.83%	-17.25%	53.25	35.80	-1.19%	-1.38%

Source: NSE, AIB-AXYS Research

**Table 7: Recommendation Summary**

Stock	Positives	Negatives	Recomm
<p><b>ABSA Bank Kenya</b></p> <p>Current Price: KES 11.35 Target Price: KES 14.83 Upside: 30.66%</p>	<ul style="list-style-type: none"> <li>Growing loan book in Q1'23 by 27.73% thus improving interest income by 38.29%</li> <li>Implementation of risk-based loan pricing model to lead to growth in interest income.</li> <li>Increased traction of digital channels such as WhatsApp Banking and Timiza loans app expected to drive future growth.</li> <li>Non-funded income grew 49.26% y/y to KES 4.50Bn mainly driven by increased foreign trading income</li> </ul>	<ul style="list-style-type: none"> <li>Gross NPLs grew 59.72% y/y to KES 31.14Bn, raising asset quality concerns.</li> <li>Sharp increase in loan provisioning by 103.20% y/y to KES 2.40Bn</li> </ul>	BUY
<p><b>Co-operative Bank</b></p> <p>Current Price: KES 12.10 Target Price: KES 15.15 Upside: 25.21%</p>	<ul style="list-style-type: none"> <li>10.77% growth in non-funded income in Q1'23 mainly driven by increased forex trading income (+43.91%)</li> <li>Improved performance from kingdom bank with a 28.59% y/y increase in the PAT to KES 256.26Mn</li> <li>Loan loss provisioning declined 0.74% y/y to KES 1.53Bn indicating reduced lending risk</li> </ul>	<ul style="list-style-type: none"> <li>Gross NPLs increased 12.58% y/y to KES 55.68Bn.</li> </ul>	BUY
<p><b>Equity Group</b></p> <p>Current Price: KES 37.90 Target Price: KES 57.92 Upside: 52.82%</p>	<ul style="list-style-type: none"> <li>Non-Funded Income grew 54.30% y/y to KES 18.38Bn mainly driven by trade finance lending and forex trading</li> <li>Investment in Trade finance which is a promising new frontier and increase lending to key economic sectors</li> <li>Implementation of risk-based loan models led to an increase in interest income (+21.61%)</li> </ul>	<ul style="list-style-type: none"> <li>Loan loss provisioning increased 92.52% y/y to KES 3.48Bn indicating increased lending risk.</li> <li>Gross NPLs increased 35.21% y/y to KES 80.29Bn.</li> </ul>	BUY
<p><b>Diamond Trust Bank (DTB-K)</b></p> <p>Current Price: KES 45.70 Target Price: KES 59.21 Upside: 29.56%</p>	<ul style="list-style-type: none"> <li>Enhanced digital transactions increased interest income in Q1'23 by 32.07% y/y</li> <li>Net Interest Income increased 20.66% y/y to KES 6.68Bn mainly driven by the current market uptick in the bond yield of government papers</li> <li>59.08% growth in non-funded income in Q1'23 mainly driven by increased forex trading income</li> </ul>	<ul style="list-style-type: none"> <li>Asset quality concerns persist as Gross NPLs increased by 17.11%</li> <li>Historically low ROE and ROA are a downside to investors' perception</li> <li>Increase in branch network will increase operating expenses</li> </ul>	BUY
<p><b>KCB Group</b></p> <p>Current Price: KES 31.80 Target Price: KES 48.53 Upside: 52.61%</p>	<ul style="list-style-type: none"> <li>Increase in net interest income by 11.75% y/y to KES 22.06Bn following implementation of risk-based loan models and higher interest from government securities.</li> <li>Heavy investment in digital platforms driving double-digit growth in loan book</li> <li>Non-funded income grew 59.18% to KES 14.79Bn mainly driven by forex trading</li> </ul>	<ul style="list-style-type: none"> <li>Increased Gross NPLs by 31.87% to KES 176.47Bn</li> <li>Thin capital buffers point to a need to recapitalize but is not an imminent concern</li> </ul>	BUY
<p><b>Stanbic Kenya</b></p> <p>Current Price: KES 103.00 Target Price: KES 113.09 Upside: 9.80%</p>	<ul style="list-style-type: none"> <li>Double-digit growth (+89.28%) in non-interest income in Q1'23 mainly driven by growth in foreign trading income and growth in digital channels</li> <li>Growth in the loan book by 11.53% y/y steered by a resumption in lending and investments in digital banking.</li> </ul>	<ul style="list-style-type: none"> <li>Increased Gross NPLs by 19.26% y/y to KES 29.29Bn</li> </ul>	HOLD
<p><b>NCBA Group</b></p> <p>Current Price: KES 36.00 Target Price: KES 44.10 Upside: 22.50%</p>	<ul style="list-style-type: none"> <li>Maintained front in digital lending through digital platforms such as M-Shwari and Fuliza to drive loan book growth</li> <li>Improved operational efficiencies to see cost synergies of a merged entity</li> <li>Gross NPLs fell 11.95% y/y to KES 39.75Bn</li> </ul>	<ul style="list-style-type: none"> <li>Increase in branch network will increase operating expenses</li> </ul>	BUY

\*\*\* Current Price is as at 31<sup>st</sup> May 2023



Stock	Positives	Negatives	Recomm
<b>Standard Chartered Bank</b> <b>Current Price: KES 159.25</b> <b>Target Price: KES 168.53</b> <b>Upside: 5.83%</b>	<ul style="list-style-type: none"> <li>Performance from the Wealth Management and financial markets driving non-interest income</li> <li>Non-Funded Income grew 55.54% y/y to KES 3.87Bn mainly driven by trade finance lending and Forex trading (+113.92%)</li> <li>Increased interest income by 34.10% y/y to KES 7.60Bn driven by increased income from loans and government securities.</li> <li>Roll out of mobile lending platform to grow digital channels.</li> </ul>	<ul style="list-style-type: none"> <li>Multiples are trading above sector and market average indicating overvaluation</li> <li>Compared to peers, we have observed a slow balance sheet growth. Loan book grew 7.04% while customer deposits grew by 14.16% in Q1'23</li> </ul>	HOLD
<b>EABL</b> <b>Current Price: KES 151.75</b> <b>Target Price: KES 197.51</b> <b>Upside: 30.15%</b>	<ul style="list-style-type: none"> <li>Strong growth in new frontier and mainstream spirits</li> <li>Expected growth and improved performance from regional subsidiaries</li> <li>Shift to digital channels for B2B and B2C distribution is key in driving sales volumes</li> <li>Diageo share purchase offer points to undervaluation and is a boost of confidence</li> </ul>	<ul style="list-style-type: none"> <li>Proposed tax law on mainstream alcohol may affect gross sales if passed.</li> <li>Current ratio worsened to 0.82 from 0.85 and remains below the recommended 1.00</li> </ul>	BUY
<b>Safaricom Plc</b> <b>Current Price: KES 16.60</b> <b>Target Price: KES 23.71</b> <b>Upside: 42.83%</b>	<ul style="list-style-type: none"> <li>Revenues increased 4.30% y/y to KES 310.90Bn in FY'23 with slowdown in voice revenue following revised MTR rates.</li> <li>License to launch Mpesa in Ethiopia will lead to increased revenue and future growth of telco,</li> <li>Improving 4G subscriber mix, expected growth in both Mpesa and Data and expansion of Ethiopia operations expected to make the telco more attractive.</li> <li>Reintroduction of Bank to Mpesa charges likely to drive Safaricom's bottom line upwards.</li> </ul>	<ul style="list-style-type: none"> <li>Increased CAPEX from entry into Ethiopian market likely to reduce dividends in the short term</li> <li>Increased inflationary environment has led to reduced disposable income and reduced consumer purchasing power</li> </ul>	BUY
<b>Jubilee Holdings</b> <b>Current Price: KES 183.50</b> <b>Target Price: KES 235.85</b> <b>Upside: 28.53%</b>	<ul style="list-style-type: none"> <li>Stable growth in investment income as a result of its diversified portfolio</li> <li>Lower operating due to operational efficiencies and cost control</li> <li>Stable dividend payment to the allure of investors</li> <li>Joint venture operations with Allianz</li> </ul>	<ul style="list-style-type: none"> <li>Decline in consumer disposable income due to a slowdown in economic activity and job losses may see a slowdown in insurance premiums growth while seeing a rise in claims and surrenders</li> </ul>	BUY
<b>Bamburi Cement</b> <b>Current Price: KES 25.20</b> <b>Target Price: KES 35.28</b> <b>Upside: 40.00%</b>	<ul style="list-style-type: none"> <li>Volume growth in Kenya and Uganda has greatly contributed to increased turnover in the year ended December 2021.</li> <li>Expected growth mainly driven by key infrastructure projects in Kenya and Uganda.</li> <li>Admission of DRC to the EAC will open up regional markets</li> </ul>	<ul style="list-style-type: none"> <li>Increasing energy costs, imported clinker and fuel prices are likely to increase operating costs</li> <li>Surging cement prices are likely to slow down consumption</li> </ul>	BUY

\*\*\* Current Price is as at 31<sup>st</sup> May 2023

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