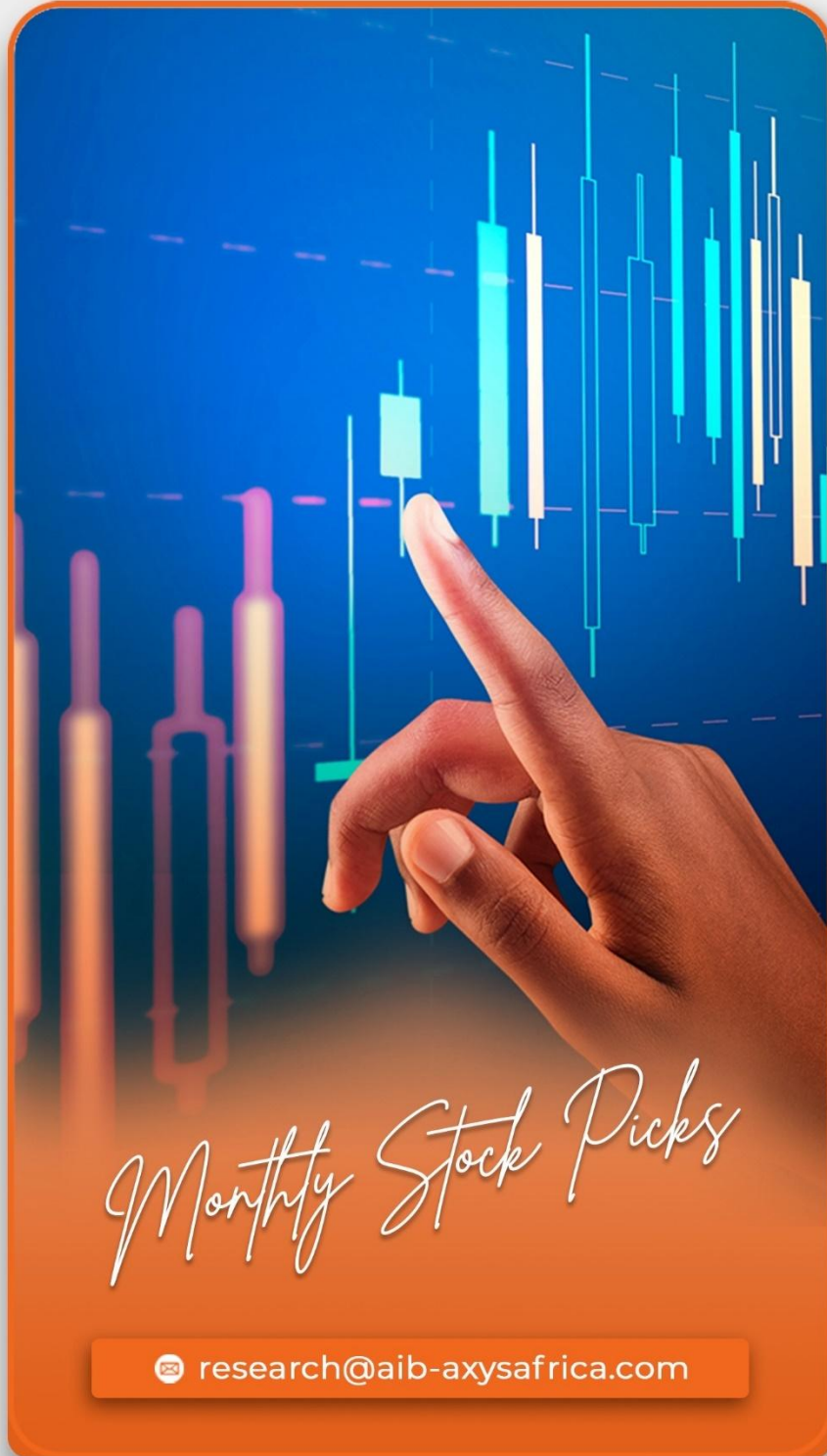


MONTHLY



*Monthly Stock Picks*

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STOCK PICKS



## AIB-AXYS March 2025 Stock Recommendations

### February 2025 Highlights

- **Announcement of share squeeze out on Bamburi shares** – Share trading on Bamburi shares was suspended as of February 27th following the announcement by Amsons – the Tanzanian conglomerate – to initiate its squeeze-out clause on the remaining shareholders of Bamburi. Amsons which initially proposed to acquire Bamburi shares at a price of KES 65 per share, acquired 350.4Mn shares of the company, representing 96.54% of the company-issued shares at the transaction closing date in December. This saw the remaining shareholders who held out from the offer, holding 12.55Mn shares. Under the offer terms, Amsons would acquire the outstanding shares at either the prevailing market price or the offer price, whichever is higher. With the current share price closing at KES 56.50, existing shareholders are expected to be bought out at a premium. In addition to acquiring the remaining shares, Amsons is also set to delist Bamburi from the NSE, a move that is expected to further lower the available stock counters in the market at a time when the NSE is seeking to attract new listings.
- **February Monetary Policy Committee Meeting** - The Central Bank held its 1st Monetary Policy Committee (MPC) meeting of 2025 and elected to ease the benchmark rate even further to 10.75% in a bid to stimulate private sector credit lending that continued to contract in December. Additionally, the committee decided to lower the Cash Reserve Ratio by 100 basis points to inject more liquidity into banks, encouraging lending rate reductions and supporting lending recovery. Going forward, we expect the MPC to adopt a more cautious stance in its easing stance as global trade policy uncertainties rise, however, further rate cuts do remain on the table as inflationary and exchange rate stability persist.
- **Earnings Season**- During the month, we witnessed earnings releases from Longhorn Plc, British American Tobacco, Carbacid, Unga Plc, and East African Portland Cement each registering mixed fortunes on the back of a challenging macroeconomic environment. The appreciation of the Kenyan shilling remained a key focus, with some businesses reporting a drop-in export sale due to the stronger currency, while others benefited from reduced import costs, leading to increased revenue. Looking ahead, we anticipate earnings outcomes to be influenced by shifting consumer sentiment as moderate inflation supports spending recovery, however, unpredictable tax measures continue to limit the upside potential.
- **Continued Marginal Increase in Price Pressure** - The 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 3.5% in February 2025 from 3.3% in January 2025. This uptick was driven by food inflation which registered a 30bps rise to 6.4% from 6.1% in January 2025. On the other hand, both fuel inflation and core inflation remained constant at 0.7% and 2.0% respectively. We expect headline inflation to continue to be driven by rising food costs as unfavorable weather conditions continue to impact food supplies.

### What does March 2025 Hold?

- **FY24 Earnings Season** - We anticipate the release of FY'24 results from the banking and select insurance sector players, with overall performance expected to be driven by strong interest income, as industry players benefited from higher yields on government securities. In line with this, we expect a wave of dividend announcements.

**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 35.1Mn from a loss of KES 720.7Mn. This return to profitability was anchored on improving sales volume driven by strategic pricing. Additionally, improved plant utilization helped minimize operational costs, improving retained earnings in the period.
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.

## February 2025 Equities Market Highlights

- On a monthly perspective, the market indices maintained bullish sentiments with the **Nairobi All Share Index** increasing by **3.0% m/m**, NSE-20 increasing **6.4% m/m** and NSE-10 increasing **4.1% m/m**.
- Equities market turnover dwindled by 10.9% m/m to KES 8.53Bn in February 2025 from KES 9.57Bn in January 2025. On a yearly perspective, turnover surged by 85.4% from KES 4.60Bn.** Market capitalization expanded by 4.7% m/m to KES 2.08Tn, signaling continued 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 improving business sentiment.
- Foreigners' participation contracted to 37.6% of the total market activity.** Foreign sentiment remained bearish, resulting in net outflows of KES 1,283.6Mn.

Table 2: Equity Market Statistics

Statistic	Feb-24	Jan-25	Feb-25	m/m change	y/y change
Equity Turnover (KES Mn)	4,600.8	9,570.1	8,528.7	▼ (10.9%)	▲ 85.4%
Market Cap (KES Bn)	1,445.1	1,983.7	2,076.8	▲ 4.7%	▲ 43.7%
NSE All share Index (RHS)	92.5	128.3	132.1	▲ 3.0%	▲ 42.9%
NSE 10 Index	948.7	1,312.6	1,366.9	▲ 4.1%	▲ 44.1%
NSE 20 Index	1,535.9	2,162.6	2,300.2	▲ 6.4%	▲ 49.8%
NSE 25 Index	2,475.0	3,436.0	3,595.1	▲ 4.6%	▲ 45.3%
Foreign buys	2,302.7	3,897.2	2,568.1	▼ (34.1%)	▲ 11.5%
Foreign sales	3,221.0	4,943.0	3,851.7	▼ (22.1%)	▲ 19.6%
Net F. Flows	(918.2)	(1,045.9)	(1,283.6)	▲ 22.7%	▲ 39.8%
<b>Total Volume Traded (Mn)</b>	<b>276.2</b>	<b>631.4</b>	<b>470.7</b>	<b>▼ (25.5%)</b>	<b>▲ 70.4%</b>

Source: NSE, AIB-AXYS Africa Research

- Centum Investments** was the top gainer in February 2025 clocking a 34.1% m/m valuation gain to KES 14.95. **Uchumi Supermarket** was the second largest gainer rising 23.3% m/m to KES 0.37. **Standard Group** was the third, climbing 21.2% m/m to KES 6.52. **E.A Portland Cement** was fourth climbing 19.9% m/m to KES 33.50 and **Liberty Kenya Holdings** was fifth gaining 17.9% m/m to KES 7.78.
- Africa Mega Agricornp** was the top capital loser shedding 46.8% m/m to KES 33.50. **Flame Tree Group Holdings** was second trimming 34.2% m/m to KES 1.27 while **E.A Cables** was third trimming 18.5% m/m to KES 2.21. **Trans-century Plc** was fourth trimming 10.1% to KES 1.33 while **Limuru Tea** was fifth trimming 9.1% m/m to KES 300.00.

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

Top Gainers February	Closing Price	% Change	Top Losers February	Closing Price	% Change
Centum Investment	KES 14.95	▲ 34.1%	Africa Mega Agricorp	KES 33.50	▼ (46.8%)
Uchumi Supermarket	KES 0.37	▲ 23.3%	Flame Tree Group Holdings	KES 1.27	▼ (34.2%)
Standard Group	KES 6.52	▲ 21.2%	E.A.Cables	KES 2.21	▼ (18.5%)
E.A. Portland Cement	KES 33.50	▲ 19.9%	Trans-Century Plc	KES 1.33	▼ (10.1%)
Liberty Kenya Holdings	KES 7.78	▲ 17.9%	Limuru Tea	KES 300.00	▼ (9.1%)
Unga Group	KES 23.70	▲ 17.6%	Umeme Ltd	KES 16.00	▼ (4.8%)
Britam Holdings	KES 7.78	▲ 17.2%	Kakuzi Plc	KES 410.00	▼ (4.7%)
Express Kenya Ltd	KES 4.03	▲ 15.1%	Kapchorua Tea Kenya	KES 230.00	▼ (3.7%)
Sanlam Kenya Plc	KES 7.42	▲ 13.5%	WPP Scangroup	KES 3.27	▼ (3.3%)
Home Afrika Ltd	KES 0.85	▲ 13.3%	Olympia Capital Holdings	KES 3.48	▼ (2.8%)

Source: NSE, AIB-AXYS Africa Research

- **Safaricom Plc** recorded the highest turnover in February 2025, with aggregate turnover clocking KES 2,760.8Mn. **KCB Group** was second, with turnover amounting to KES 2,185.0Mn. **East African Breweries** stood third, with total turnover clocking KES 933.1Mn. Foreigners accounted for the larger share of trading activity in **Safaricom**, **East African Breweries** and **KCB Group**.

**Table 4: Top Movers February 2025**

Top Movers November	Turnover (KES Mn)	Turnover (USD Mn)	Foreigners' Participation	Closing Price	% Change (YTD)
Safaricom Plc	KES 2,760.8	\$21.37	70.9%	KES 17.95	▲ 2.0%
KCB Group	KES 2,185.0	\$16.91	21.7%	KES 44.95	▲ 3.5%
Equity Group Holdings	KES 933.1	\$7.22	34.9%	KES 48.70	▲ 1.5%
Absa Bank Kenya	KES 302.1	\$2.34	6.7%	KES 19.00	▲ 5.6%
British American Tobacco Kenya	KES 263.5	\$2.04	40.2%	KES 380.00	▲ 5.0%
East African Breweries	KES 262.9	\$2.03	34.8%	KES 185.00	▲ 3.2%
Co-operative Bank of Kenya	KES 195.0	\$1.51	4.0%	KES 16.85	▲ 2.1%
Kenya Power & Lighting Co	KES 185.7	\$1.44	3.7%	KES 6.94	▼ (2.0%)
Standard Chartered Bank	KES 181.1	\$1.40	15.2%	KES 300.25	▲ 8.3%
HF Group Plc	KES 170.2	\$1.32	0.1%	KES 8.00	▲ 9.3%
KenGen Co.	KES 162.8	\$1.26	3.6%	KES 4.96	▲ 10.7%
I&M Holdings	KES 158.1	\$1.22	0.6%	KES 35.95	▲ 2.7%
Jubilee Holdings	KES 149.8	\$1.16	81.8%	KES 205.25	▲ 2.6%
Kenya Re Insurance Corporation	KES 92.8	\$0.72	3.9%	KES 1.81	▲ 12.4%
Stanbic Holdings	KES 83.6	\$0.65	39.0%	KES 152.25	▲ 8.2%



**AIB-AXYS Africa Equities Coverage Universe**

Stock	Strengths	Risks	Recommendation
<b>ABSA Bank Kenya</b> Current Price: KES 19.05 Target Price: KES 21.40 Upside: 12.3%	<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 16.90 Target Price: KES 18.40 Upside: 8.9%	<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 48.65 Target Price: KES 56.25 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 78.00 Target Price: KES 84.00 Upside: 8.2%	<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 44.60 Target Price: KES 47.43 Upside: 6.3%	<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 158.25 Target Price: KES 177.86 Upside: 12.4%	<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
<p><b>NCBA Group</b></p> <p>Current Price: KES 50.75 Target Price: KES 57.29 Upside: 12.9%</p>	<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>
<p><b>Standard Chartered Bank</b></p> <p>Current Price: KES 300.25 Target Price: KES 346.80 Upside: 15.5%</p>	<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>
<p><b>EABL Group</b></p> <p>Current Price: KES 186.75 Target Price: KES 205.12 Upside: 9.8%</p>	<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>
<p><b>Safaricom Plc</b></p> <p>Current Price: KES 18.10 Target Price: KES 19.30 Upside: 6.6%</p>	<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 214.25 Target Price: KES 228.55 Upside: 6.7%	<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 HY'24.</li> <li>Industry-wide increase in claims ratio.</li> </ul>	HOLD
<b>I&amp;M Group</b> Current Price: 36.00 Target Price: 38.55 Upside: 7.1%	<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 230.00 Target Price: KES 274.23 Upside: 19.2%	<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 3.02 Target Price: KES 3.15 Upside: 4.3%	<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 217.00 Target Price: KES 242.00 Upside: 11.5%	<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 4.97 Target Price: KES 5.62 Upside: 13.1%	<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> <li>Cost optimization initiatives continue to actualize improved cost to revenue performance</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 6.88 Target Price: KES 7.58 Upside: 10.2%	<ul style="list-style-type: none"> <li>Continued optimization of business operations has seen working capital improvement during the half year, coming in at negative KES 18.99 Bn from negative KES 42.46 Bn registered at 2024</li> <li>Finance costs continue to decline due to the strengthening of the shilling, with retained earnings surging</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 16.20 Target Price: KES 19.31 Upside: 19.2%	<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 376.75 Target Price: KES 436.25 Upside: 15.0%	<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 FY'24.</li> <li>Strengthening shilling presents downside risks for offshore sales.</li> <li>Potential risks due to ongoing tax review</li> </ul>	<i>BUY</i>

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

Stock	Strengths	Risks	Recommendation
<b>Williamson Tea</b> Current Price: KES 217.00 Target Price: KES 242.00 Upside: 11.5%	<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 230.00 Target Price: KES 274.23 Upside: 19.2%	<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 4.97 Target Price: KES 5.62 Upside: 13.1%	<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>KPLC</b> Current Price: KES 6.88 Target Price: KES 7.58 Upside: 10.2%	<ul style="list-style-type: none"> <li>Continued optimization of business operations has seen working capital improvement during the half year, coming in at negative KES 18.99 Bn from negative KES 42.46 Bn registered at 2024</li> <li>Finance costs continue to decline due to strengthening of the shilling, with retained earnings surging</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>Safaricom Plc</b> Current Price: KES 18.10 Target Price: KES 19.30 Upside: 6.6%	<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>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>lengthened break-even projections in the Ethiopia unit.</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
Safaricom Plc	KES 0.55		3-Mar-25	31-Mar-25
E.A Portlands Plc		KES 1.00	31-Dec-24	31-Mar-25
BAT Plc		KES 50.00	23-May-25	25-Jun-25

Source: NSE, AIB-AXYS Africa Research



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