BRITISH AMERICA TOBACCO KENYA PLC | EQUITIES RESEARCH REPORT

We initiate coverage with a **BUY** recommendation based on a target price of **KES 501.25**, reflecting an upside of 19.8% from the volume weighted average price of **KES 418.25, on 31st July 2023**. We estimate a total upside of 33.4% including our forward dividend yield estimate of 13.6%.

Our recommendation is based on the resilience of the company's earnings in the midst of a tough macroeconomic environment forecasting a 4.1% y-o-y growth in profits to KES 6.8Bn in FY23F.

An attractive current low entry price coupled with a lucrative dividend yield in 2023 and the subsequent years further advises our view.

Share Data	BAT Kenya
Ticker	BAT KN
RECOMMENDATION	BUY
Current Price (KES)	418.25
Target Price (KES)	501.25
Upside	19.8%
52WK High (KES)	490.00
52WK Low (KES)	400.00
Market Cap (KES Bn)	41.85
Free Float	40.0%
EPS (FY'22)	KES 68.92
DPS (FY'22)	KES 57.00
Trailing dividend yield	13.63%
Current Price = as of 31st July 2023	

INVESTMENT CASE

Resilient earnings supported by reduction in costs: We project a 4.1% y-o-y increase in profits to KES 6.8 Bn in FY23F on the back of increased domestic and export cigarette sales as well as additional income from oral nicotine products.

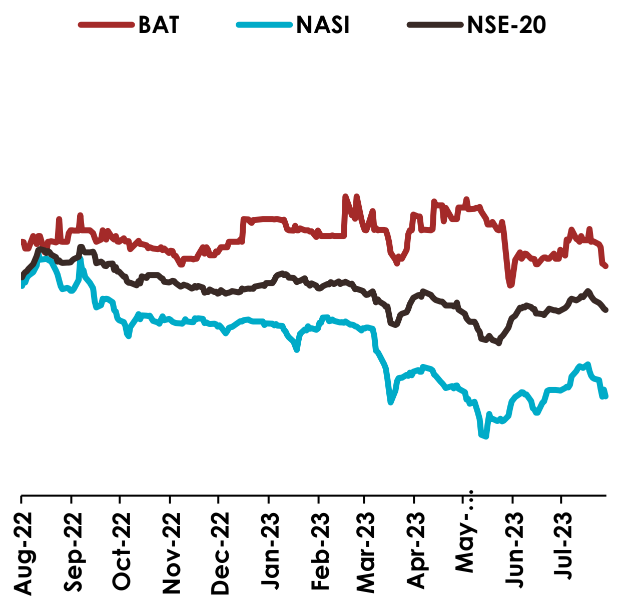
Velo to boost revenues: We expect BAT Kenya to prosper with the launch of a portfolio of tobacco-free nicotine products which will boost its top-line.

Growth in exports: We expect net export revenues to grow by 8.5% y-o-y to KES 14.0Bn in FY23F shoring up our forecast. Local sales are expected to slow down to KES 13.3Bn on account of a shrinking market due to infiltration of counterfeits.

Current price offers an attractive entry point: Current multiples offer attractive entry points for investors. On a trailing basis, BAT Kenya is trading at a P/E multiple of 6.07x against a peer median of 23.7x.

High dividend yield prospects: Keeping a dividend payout ratio at 84.4%, we estimate a final DPS of KES 52.00 placing total dividend at KES 57.00 (a forward dividend yield of 12.8%) in FY23F.

Share price performance

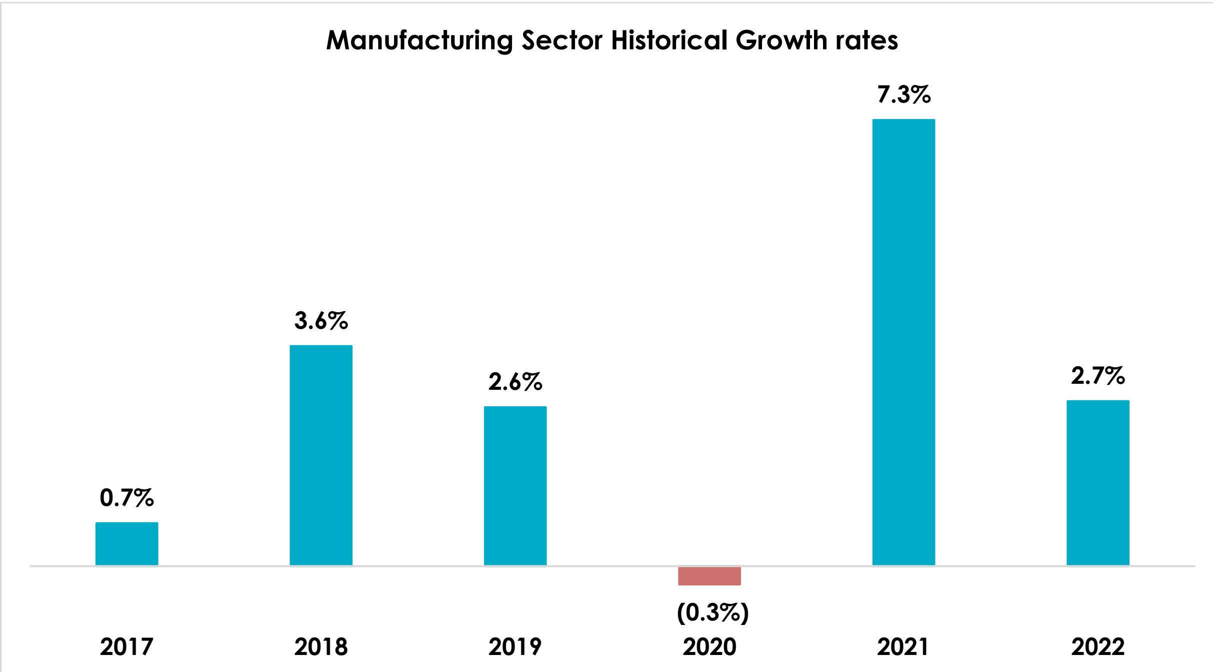


Source: NSE, NCBA IB Research

Manufacturing Sector Overview

Growth Holding Up, But Macro Risks persist

The manufacturing sector has demonstrated continued resilience following the slowdown witnessed in 2020. The sector grew by 2.7% in 2022 compared to 7.3% recorded in the previous year and its contribution to GDP was 7.8%. The subdued growth was partly attributed to low agricultural production of food crops which are the main inputs in agro-processing.



Source: KNBS Economic Survey, NCBAIB Research

In the Q12023, the sector is estimated to have expanded by 2.0% compared to 3.8% growth in Q12022. This year's slowdown is largely attributable to a challenging operating environment impacted by macro-economic volatility, sustained inflationary pressures harsh weather conditions.

Additionally, foreign exchange implications on the sector through increased import costs have led to a rise in inputs per unit of production and subsequent decline in volumes produced.

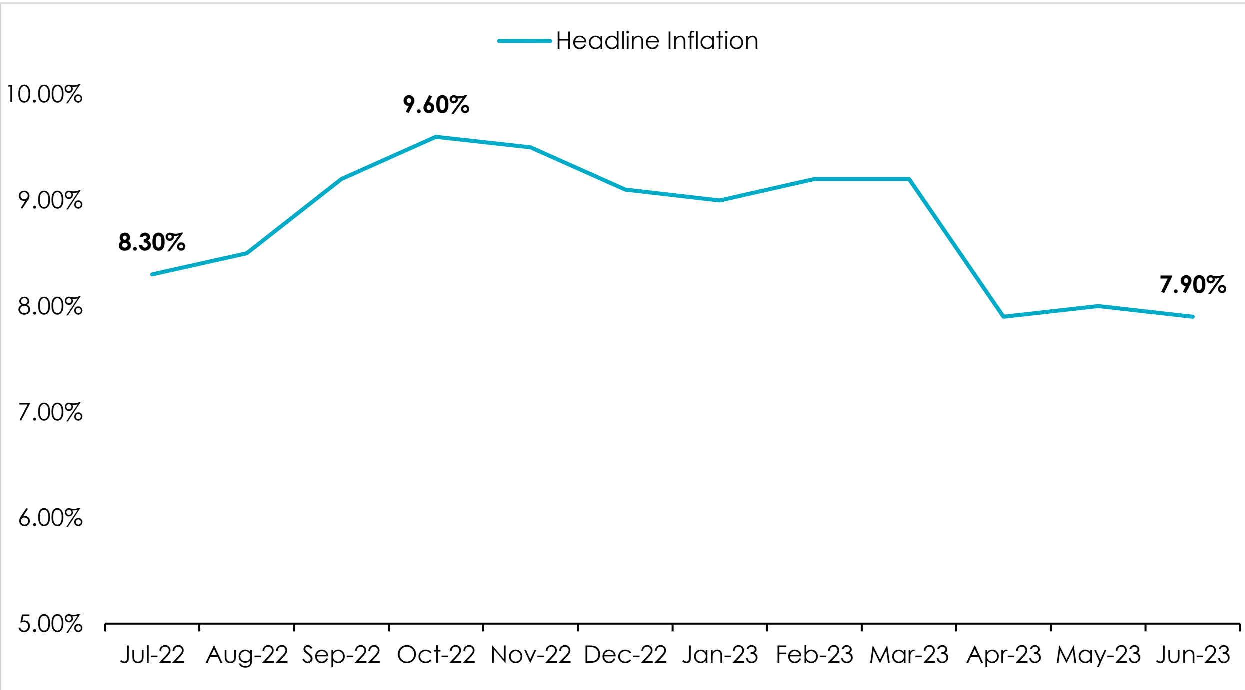
According to the Purchasing Managers' Index (PMI), the index has remained below 50% mark in the 1H2023, currently at approximately 48%. The PMI measures the prevailing direction of economic trends in the manufacturing and service sectors. The index is a number from the scale 0 to 100. A PMI of above 50% indicates expansion of the manufacturing sector while one below 50% indicates contraction.

Indicatively, production is declining. This can be seen by dropping output and a reduction in new orders which signals deterioration in the country's manufacturing sector.

We expect growth in the manufacturing sector for the remaining part of the year to remain muted on the back of tighter monetary and fiscal policies.

High inflation will squeeze profits…

Persistent high energy costs, food and other commodities remain at the heart of Kenya's macro-economic challenges. Notably, inflation remains above the target band of 2.5% - 7.5%. Manufacturers continue to grapple with high cost of inputs and imports which are necessary in the production process.



Source: KNBS, NCBAIB Research

Supply Chain Pressures…

Supply chain pressures have eased back to pre-pandemic levels with an improvement in global shipping conditions.

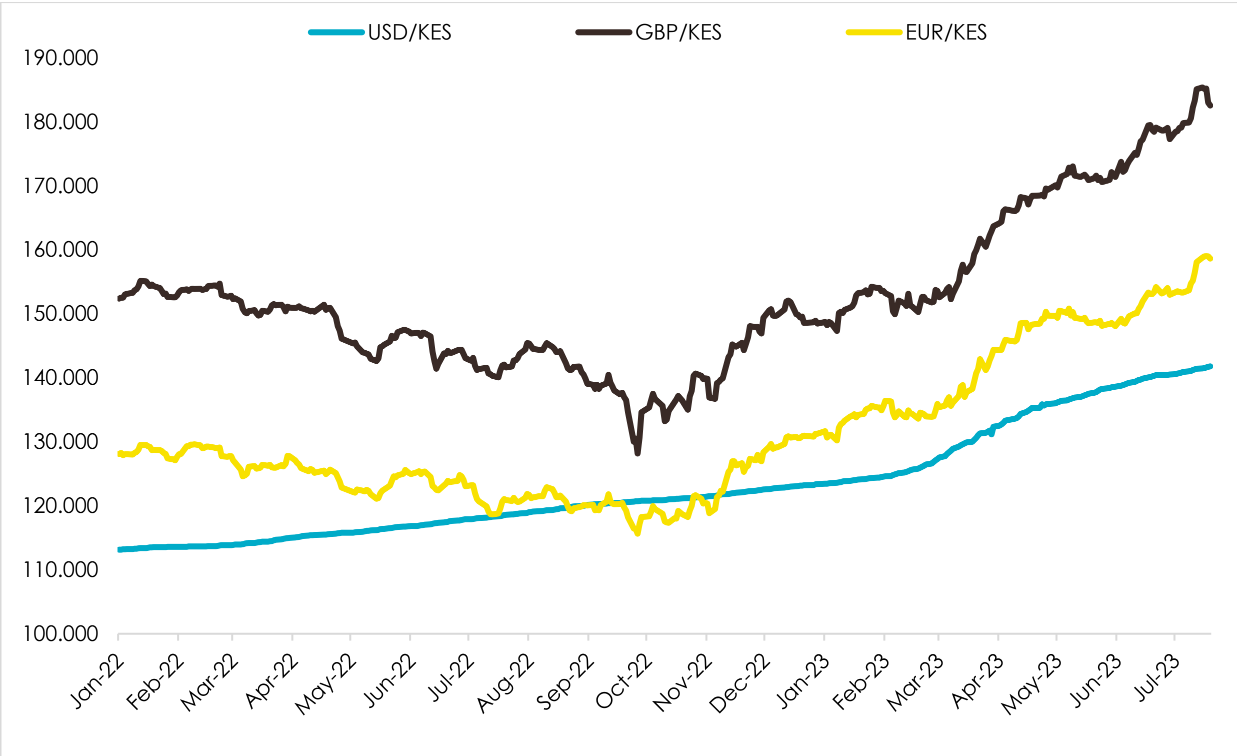
Barring any eventualities, supply chain disruptions are expected to remain low. That being said, possible risks to this stability include; weaker-than-expected demand, tighter global fiscal conditions, worsening trade tensions between major economies, and a further rise in geopolitical uncertainty.

Access to Credit…

Increase in lending rates by commercial banks following monetary policy tightening by major central banks has led to increased cost of financing. We expect this financial conditions to exacerbate the slowdown in the manufacturing sector.

Foreign exchange woes…

The US dollar has continued to strengthen against all regional currencies. The KES has depreciated by approximately 13% year to date and is expected to record a 26% decline for the full year.



Source: CBK, NCBA IB Research

The implication has been increased cost of imports. A significant amount of inputs in the production process are imported leading to an increase in production costs.

Dollar supply-demand imbalances have further aggravated the situation. We believe the forex volatility will persist and continue impact both the sector and the economy.

BAT KENYA: COMPANY OVERVIEW

British American Tobacco Kenya Plc is listed on the Nairobi Securities Exchange. The Kenyan enterprise is a subsidiary of the world's most prestigious international tobacco business, parent company British American Tobacco Group.

BAT Kenya was founded in 1907 and formerly known as BAT Kenya Limited. It changed its name to British American Tobacco Kenya Limited in 1998.

Shareholding Summary

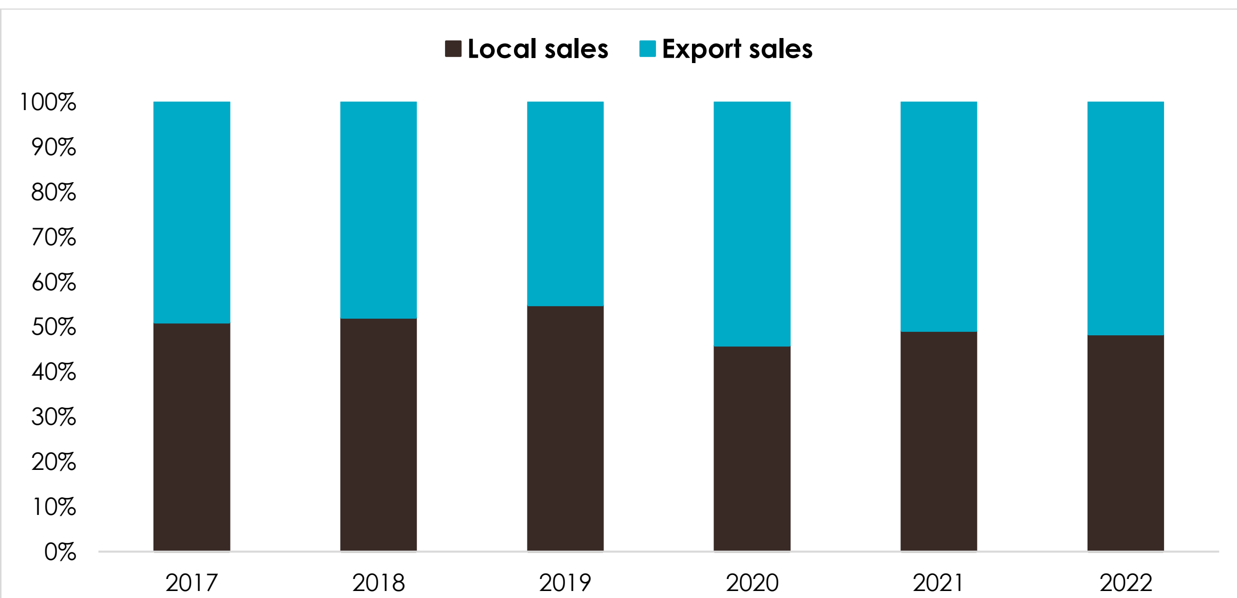
The company's majority shareholding is foreign with British American Tobacco PLC owning 60% through Molensteegh Invest BV.

Investor Pool	Shares	%
Foreign Investors	79,353,115	79.35%
Local Institutions	13,642,136	13.64%
Local Individuals	7,004,749	7.01%
Total	**100,000,000**	**100.00%**

Source: NSE, NCBAIB Research

BAT Kenya products

BAT (K) locally manufactures and sells tobacco products in both Kenya and external markets. The company exports to 15 countries. The main exports from the Kenyan plant are cigarettes and cut rag. The company has two manufacturing plants, a cigarette manufacturing plant in Nairobi and a green leaf threshing (GLT) plant in Thika.



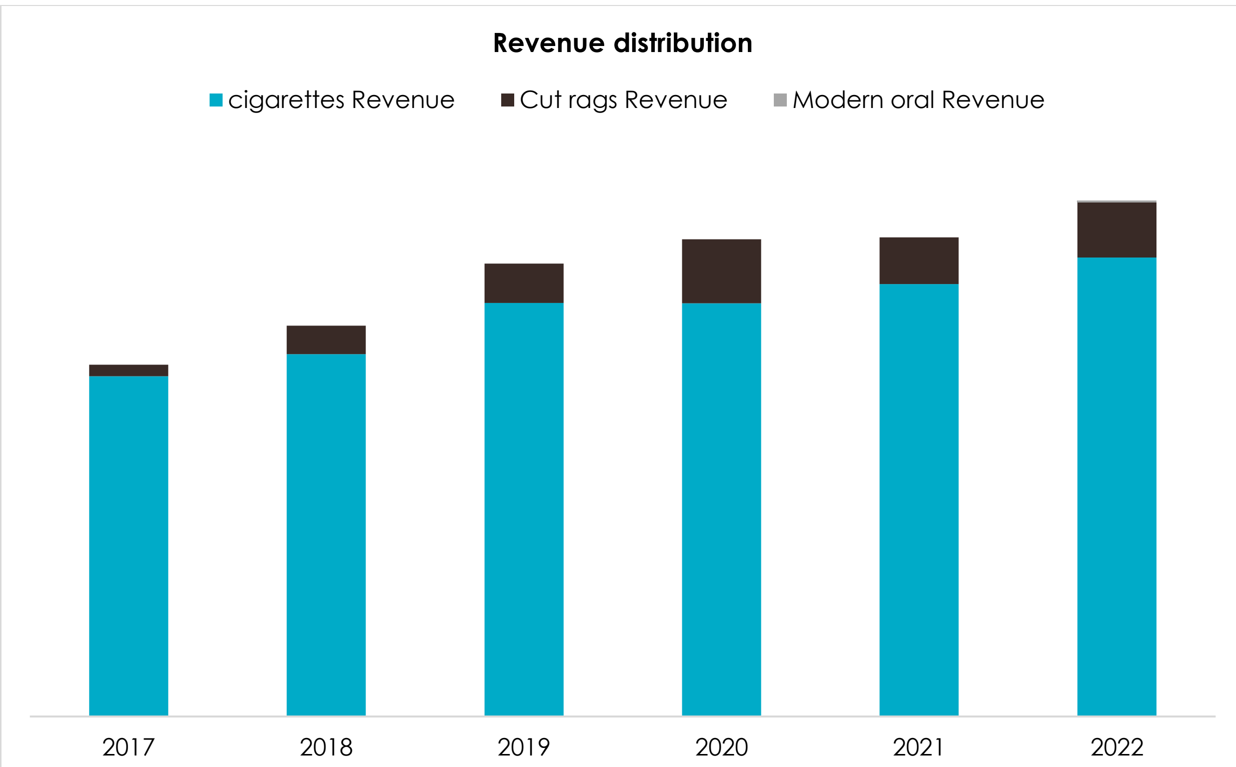
Source: NSE, NCBAIB Research

BAT products are grouped into three main categories;

- **Combustibles category:** Combustible product range include Dunhill, Rothmans, Embassy, Sportsman, SM, Safari and Rooster. The local cigarette brand produced for the Kenyan market is Embassy.

- **Unprocessed tobacco:** Comprises of semi-processed tobacco products known as cut rag.

- **New categories portfolio:** Modern Oral Nicotine pouches without tobacco make up BAT's portfolio of non-combustibles. These are considered as being potentially reduced-risk products inside its Strategic Product Portfolio. The company's new categories portfolio comprises of:
  i. Vapor products such as e-cigarettes,
  ii. Tobacco heating products (THPs),
  iii. Modern oral products, including tobacco-free nicotine pouches, and
  iv. Traditional oral products, including moist snuff and snus.



Source: Company financials, NCBA IB Research

We expect BAT to flourish as a result of the release of new portfolio of tobacco-free nicotine products. These products portend less risk to health and prepare the ground for prospective revenue growth.

KEY INVESTMENT THEMES

Product Innovation

Market trends continue to be influenced by a dynamic change in consumer tastes. This is affected by economic and regulatory trends hence the need for the company to remain innovative. It is on the back of this that BAT introduced tobacco-free oral nicotine products.

Lyft, which is classified as a nicotine pouch was offered as an alternative to cigarettes, in 2019. The latter are regarded as being more harmful tobacco products.

There were public health concerns that the attractive flavors of the pouches make them an ideal nicotine starter for teenagers and young adults trapping them into life-long addiction.
Heavy lobbying from the Kenya Tobacco Control Alliance (KETCA) combined with a major distress from the Ministry of Health (MoH) led to a ban of the products effective October 2020 as new regulations were considered.

The category was reinstated and regulated under the Tobacco Control Act and BAT(K) reintroduced the product as Velo in 2022. Velo is the name given to the product in other countries.

In its first year, the product contributed KES 92.5Mn in revenue and is expected to continue on a positive growth trajectory. It holds a large threshold of potential revenue for the company as its unique characteristics conform to the changing consumption patterns of the traditional tobacco consumer base. We anticipate a surge in demand for Velo.

We however remain cautious given the ambiguous legislative structure of the product and potential excise tax increases. These would have a negative impact on its projected growth.

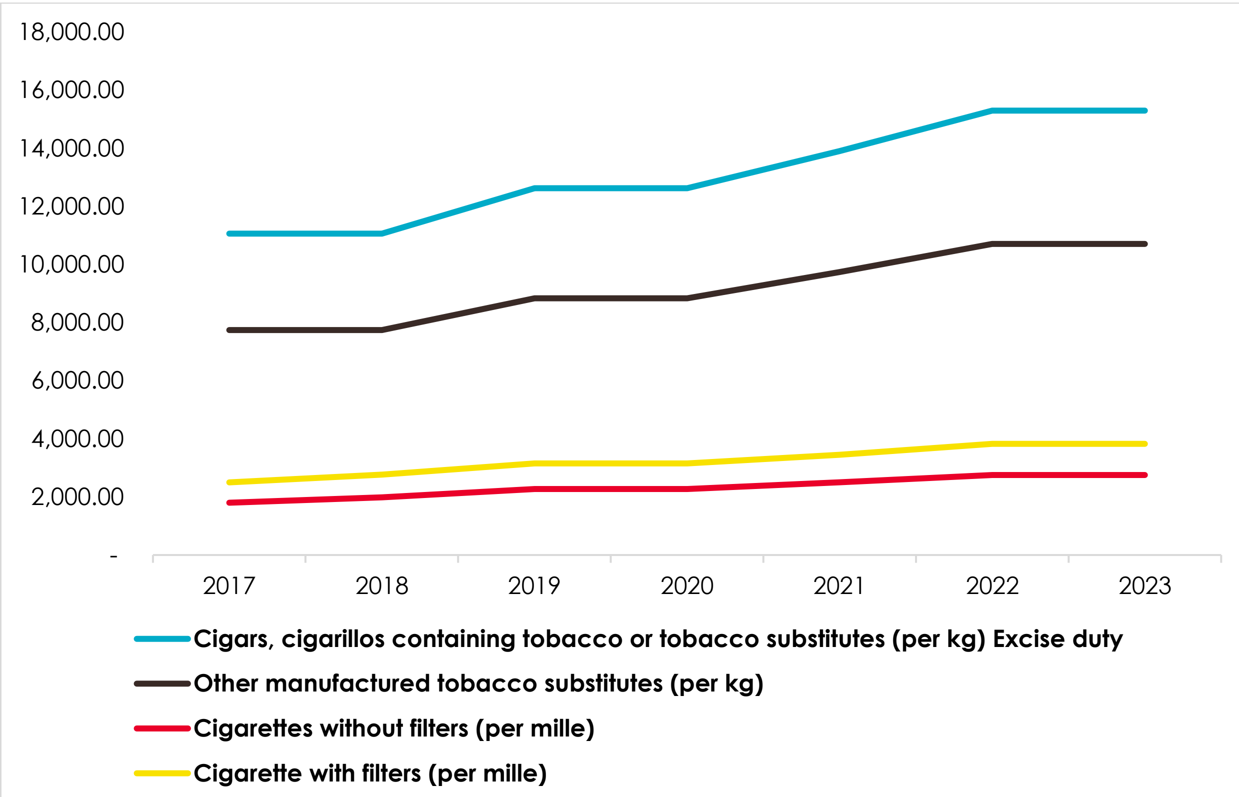
BAT Kenya is expanding its manufacturing plant to incorporate production of Velo, set for launch in second 2H2023. The factory will specifically focus on production of Velo for both domestic and external markets.

The capex outlay of KES2.5Bn is to be funded through internally generated funds and there are no additional capital investments expected in the short-run.

Regulatory environment/ taxation

The punitive nature of tobacco sector regulation is hindering BAT Kenya's development. Increases in excise taxes have been the primary focus of regulation. This has further widened the excise tax differentials between Kenya and its neighboring EAC partner states. Excise tax payable in Kenya is double that of Uganda and almost triple that of Tanzania.

Below are the various excise increments in Kenya in the past five years;



Source: The Finance Acts, NCBA IB Research

Over the past five years, taxes have increased by an average of 45.64%, and we believe that this will continue to have a significant impact on BAT Kenya's revenue growth. The increase in prices has an impact on demand for cigarettes as it has led to down-trading from premium to low-end brands.

A predictable and proportionate tax regime will allow legitimate industry players such as BAT Kenya and rival Mastermind Tobacco Kenya to recoup lost industry and reduce the level of illicit trade.

Tough guidelines on the marketing and distribution of tobacco products implemented by the government and further pushed for by lobby groups such as the Tobacco Control Board have also impacted the growth BAT Kenya's topline.

Advertising of Velo is still prohibited pending approval by the regulator and this impacts on the uptake of the product. We expect resolution on the matter with a consensus on branding and packaging later in 2023.

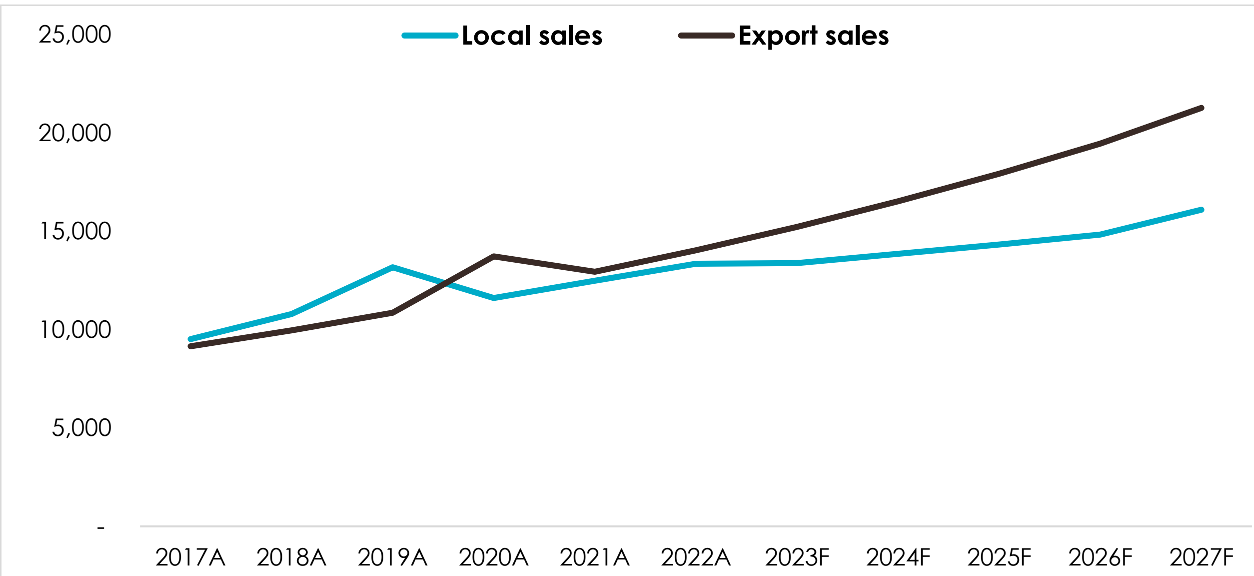
Export Markets

BAT Kenya serves as a manufacturing hub for Kenya's domestic market and its export markets across Eastern, Central and Southern Africa.

In 2020 the local sales dropped by 13.8% to KES 11.6 Bn on reduced consumption of cigarettes in the wake of regulatory curbs and rising prices following the hike in excise duty taxes in 2019.

We project a gradual increase of 3.5% y-o-y in local sales to KES 13.3 Bn in FY23F due to the impact of the challenging macroeconomic environment and the ongoing hikes in excise taxes forcing consumers to seek cheaper alternatives. We however project export revenues to expand by 8.5% y-o-y to KES 14.0 Bn in FY23F.

We further expect a 33.0% y-o-y growth in cut rag in key export markets, South Sudan, Madagascar, Djibouti, and Nigeria, supporting export revenues.



Source; Company financials, NCBA IB research

Affordability concerns amid a tough macro-economic environment

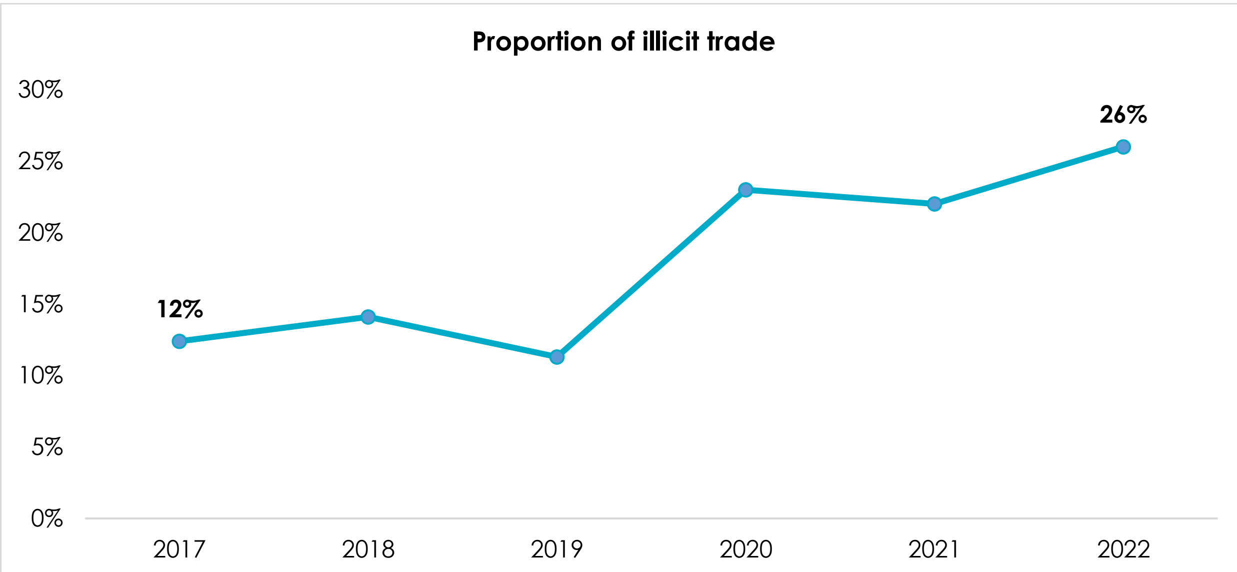
Disposable income has been under pressure due to the tough macroeconomic environment, which has led to both an increase in down trading and a decrease in consumption. The fact that we project a 5% increase in gross revenues in FY232F, we are cognizant of a possible drop in sales volumes owing to affordability pressures. We are of the view that it will take time for the economy to fully recover, even though the global economy will be crucial to the restoration of normalcy.

On the back of these fiscal challenges, the illicit trade in tax-evaded cigarettes persisted during the FY2022, remaining at an estimated 26%, driven by consumers downgrading in their search for cheaper products. As a result, we believe that down trade to illegal and cheaper products will continue to be a major trend over our early forecast period (FY23F). While some of these risks will be covered by BAT Kenya's well-balanced portfolio, we remain cautious of the impact of the resultant drop in sales volume on revenue growth.

Illicit trade continues to weigh down on growth

Unpredictable excise increases continue to adversely impact consumer affordability, leading to a higher incidence of illicit trade at the expense of the legitimate industry and tobacco-related Government revenues. The illicit market in tobacco is a growing issue which involves production of counterfeit cigarettes and smuggling across borders. A major component of this is cross-border tax-evaded cigarettes come from neighboring Uganda and South Sudan.

According to third party research seconded by BAT Kenya, illicit trade stood at 26% as at December 2022 and more than 90% of illegal cigarettes sold in Kenya are smuggled across the Ugandan border.



Source: Company annual reports, NCBA IB Research

The following are measures undertaken by BAT Kenya to mitigate the risk of illicit trade:

- **Controls on manufacturing processes**
- **Monitoring of export volumes**
- **Enhanced supply chain due diligence requirements**
- **Border controls-** given that smuggled cigarettes from neighboring countries constitute the bigger percentage of illicit cigarettes sold in Kenya,

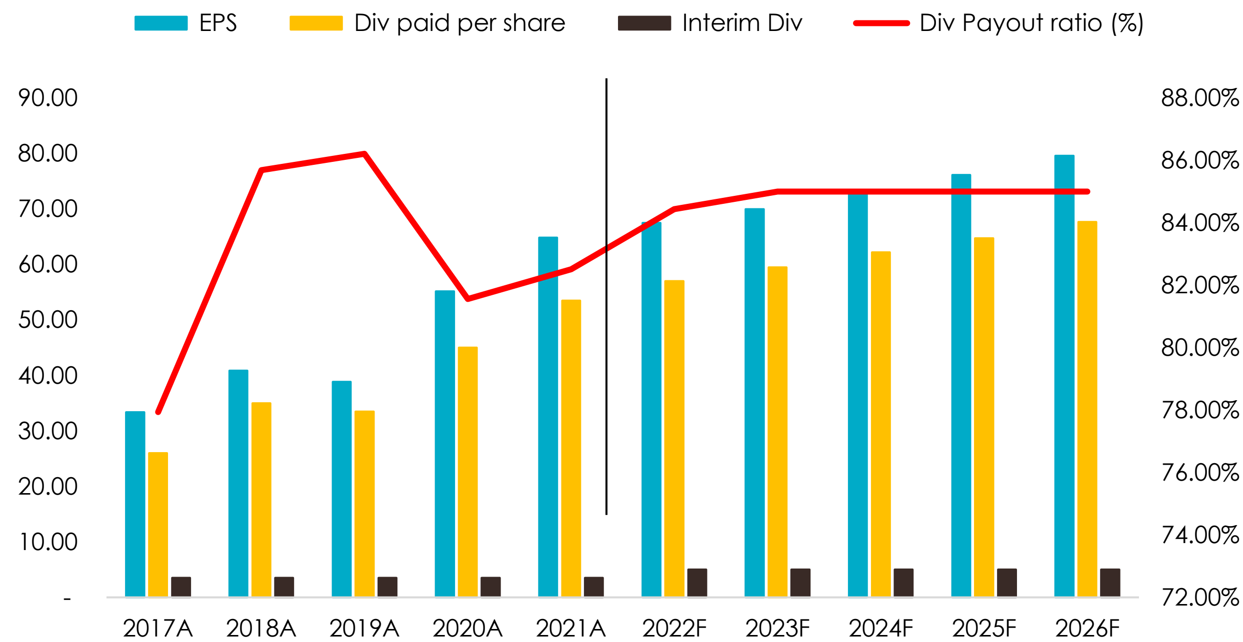
Attractive Dividend yield

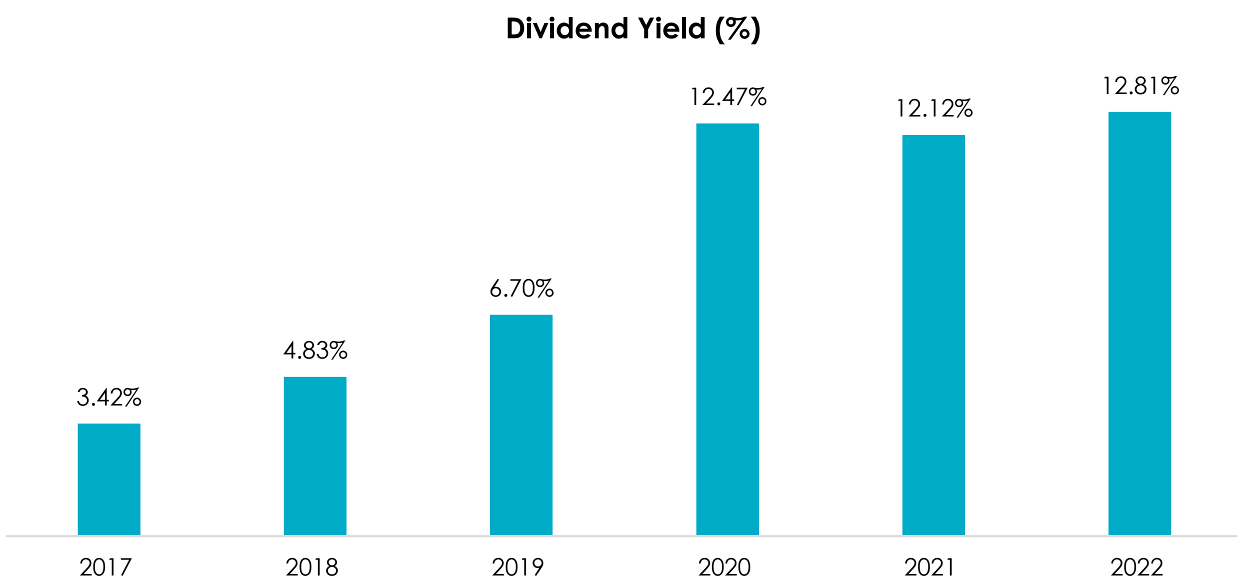
We expect that BAT Kenya will retain its generous dividend policy, holding the average dividend payout ratio at 85.0%.

In its 1HY2023 financial results, the company announced an interim dividend of KES5.00 per share. This is similar to what was issued in 1H2022.

We estimate a final DPS of KES 52.00 placing total dividend at KES 57.00. Given the current stock price of -4% year to date, this translates to a forward dividend yield of 12.6%.

We underscore the significance of an attractive dividend yield in a period likely to be characterized by a drought of the same and market volatility. The latter is being driven by a continued capital flight by foreign investors occasioned by uncertainties in the Kenyan macro-economic environment.





Source; Company financials, NCBA IB research

INVESTMENT RISKS

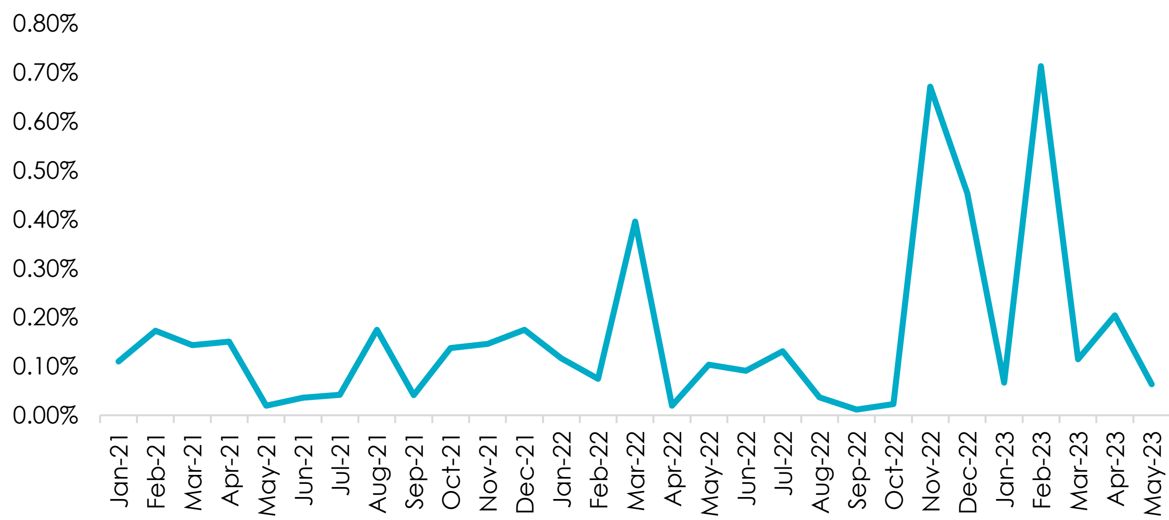
Tough macro-economic operating environment: For the course of our forecast period, illicit and cheap products will continue to be a major issue. Although some of the down trading consumers will be accommodated by BAT Kenya's well-balanced portfolio, we are cautious of how the consequent drop in volume sales will affect revenue growth.

Unfavorable regulatory environment: We observe that the punitive nature of tobacco sector regulation continues to stall BAT Kenya’s growth. These regulatory measures (Excise duty Act and the Tobacco Control Regulation Act) are meant to slow down the growth of demand for tobacco products and will continue to have a negative impact on BAT Kenya’s top line.

Geo-political tensions in export markets: Turmoil in export markets disrupts cigarette export sales as demonstrated in DRC Congo and Sudan. We remain optimistic on the political stability in these countries. On the flip side, further escalation would disrupt cigarette sales in these regions.

Illiquidity of the stock suppresses realization of value: Even though the company's fundamentals remain strong, we remain of the opinion that price discovery may be hindered by the stock's illiquidity.

BAT Trading volumes as a proportion of Market (%)



We believe that the company's shareholding structure, in which BAT Group holds 60.0% of the company as of FY22 further exacerbates this concern.

1H2023 Financial performance and Outlook

BAT posted a resilient performance whereby EPS shrunk by 3.5% y-o-y to KES 28.22 as profit before tax declined by 3.9% y-o-y to KES 2.82Bn.

- **Revenue:** In 1HY23, net revenue declined by 6.9% y-o-y to KES 13.12Bn driven by a decline in gross sales, (4% y-o-y to KES 20.99Bn). This was mainly driven by low sales volumes in the domestic market as well as a decline in cigarette and cut rag exports.

  The adoption of excise-led pricing has continued to impact product affordability negatively leading to lower cigarette sales volumes and a higher incidence of illicit sales. The increases in excise tax in 2022 in the Kenyan market were implemented in July 2022 and October 2022 for the 10% and 6% increments, respectively. This led to increase in price for tobacco products subsequently affecting sales volumes as well as the 4% y-o-y rise in illicit trade.

  Turmoil in BAT Kenya's key export markets such as DRC Congo and Somalia, led to lower cigarette export sales. There was a significant decline of 7% in cigarette exports to Somalia, driven by political instability in the country. Cut rag exports to Sudan also saw a decline brought about by political instability.

  Going forward, we expect the increase in demand for the Velo product to support revenue in the 2H2023 as well improvement in export sales following favorable supply chain conditions.

- **Operating expenses:** Following effective cost management, operating expenses declined by 7.02% y-o-y to close at KES 9.24Bn. This was largely attributable to a decline in total volumes produced as well as reduced power costs as the company leveraged on sustainable cost management through use of solar power for operations. Currently, solar accounts for approximately 30% of power used by BAT Kenya.

- **Finance costs:** During the period, there was significant improvement in finance income to KES 145Mn from KES 20Mn in 1HY2022. This was derived from the volatility experienced in the exchange rates and the generation of forex income from export markets which creates a natural hedge from foreign currency implications.

Valuation

From our estimates and assumptions based on 5-year financial forecasts, we completed a comprehensive analysis to arrive at our fair value of the stock.

We arrived at a target price of **KES 501.25**, which implies a significant upside potential and maintain our **BUY** recommendation. The target price implies an upside of 19.8% to the current trading price of KES 418.50 as of 31st July 2023.

We have used four valuation methodologies to arrive at our fair value estimate:

1. Discounted Cash flow
2. EV/EBITDA
3. Price to Book Valuation
4. Price to earnings Valuation

Assumptions

- Risk free rate of 14% based on the 10-year Treasury bond yields.
- Tax rate of 30%
- Equity risk premium of 15.4%
- Adjusted Beta of 0.73 on stock's relative volatility on the index.
- Long term growth rate of 5% based on average GDP forecast.

Valuation Methodology	Implied Price	Weighting	Weighted Value
DCF Approach	543.21	40%	217.28
EV/ EBITDA Approach	495.53	30%	148.66
DDM Approach	466.29	20%	93.26
P/E Approach	420.41	10%	42.04
Fair Value		**100%**	**501.25**
Current Price (at 31.07.2023)			**418.50**
Upside/(Downside)			19.8%

Peer Comparison

Company	Country	Mkt Cap (KES Bn)	P/E	P/B	Dividend Yield
EASTERN CO SAE	Egypt	166.25	10.40		8.82%
BRITISH AMERICA TOBACCO UGANDA	Uganda	25.20	36.89		1.39%
TANZANIA CIGARETTE CO LTD	Tanzania	91.40	47.32		
BRITISH AMERICA TOBACCO KENYA	Kenya	41.85	6.13	2.95	13.62%
AVERAGE		**81.18**	**25.19**	**2.95**	**7.94%**

Source: Bloomberg, NCBA IB Research estimates

APPENDIX: Historical Financial Statements (KES Mn)

	2017	2018	2019	2020	2021	2022
Property, plant and equipment	9,133.89	9,097.41	10,097.87	10,481.82	12,115.01	11,935.49
Deferred income tax	6.44	25.27	587.21	432.40	190.05	160.34
Inventories	5,674.77	6,183.92	5,396.46	3,703.97	3,859.64	3,631.74
Receivables and prepayments	2,803.04	2,824.41	3,623.56	4,715.93	4,367.08	5,034.08
Derivative financial instruments	17.90	16.99	42.80	5.04	23.14	2.77
Current income tax	140.67		377.03	482.30	535.16	512.96
Assets held for sale						301.67
Cash and cash equivalents	28.87	190.26	1,811.44	1,884.39	3,028.76	2,368.00
Total Assets Actuals	**17,805.59**	**18,338.26**	**21,936.36**	**21,705.85**	**24,118.82**	**23,947.04**
Share capital	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Share premium	0.02	0.02	0.02	0.02	0.02	0.02
Other reserves	7.43	6.33	26.64		(15.38)	0.20
Revaluation surplus	1,861.44	1,820.73	1,755.59	1,726.98	2,837.18	2,799.71
Retained earnings	2,721.34	3,332.17	3,932.96	4,979.07	6,152.55	7,382.01
Proposed dividend	2,250.00	3,150.00	3,000.00	4,150.00	5,000.00	5,200.00
Total equity Actuals	**7,840.22**	**9,309.25**	**9,715.21**	**11,856.07**	**14,974.37**	**16,381.95**
Borrowings	2,919.72	1,222.30	188.60	67.56	39.98	36.26
Deferred income tax	2,151.72	2,014.78	1,698.21	1,528.23	1,919.08	2,070.57
Payables and accrued expenses	4,757.92	5,440.92	7,875.45	6,235.91	5,770.30	5,064.16
Derivative financial instruments	7.29	7.95	4.75	15.52	32.50	4.85
Current income tax	41.33	297.40	716.84	223.41	703.13	-
Provisions for liabilities and charges	87.38	45.65	1,737.30	1,779.16	679.47	389.26
Total Liabilities Actuals	**9,965.37**	**9,029.00**	**12,221.15**	**9,849.79**	**9,144.45**	**7,565.10**
Total Equity and Liabilities Actuals	**17,805.59**	**18,338.26**	**21,936.36**	**21,705.85**	**24,118.82**	**23,947.04**

Source: Company Financials, NCBA IB Research

APPENDIX: Historical Financial Statements (KES Mn)

	2017	2018	2019	2020	2021	2022
Gross sales Actuals	34,467.70	36,495.76	39,827.48	38,845.05	40,048.52	42,246.71
VAT Actuals	(15,794.41)	(15,745.62)	(15,787.86)	(13,505.82)	(14,621.15)	(14,868.79)
Net Revenue Actuals	**18,673.30**	**20,750.14**	**24,039.62**	**25,339.24**	**25,427.37**	**27,377.92**
Local sales Actuals	9,518.06	10,790.61	13,177.10	11,607.68	12,491.30	13,230.24
Export sales Actuals	9,155.24	9,959.53	10,862.52	13,731.55	12,936.07	14,147.68
Total Revenue Actuals	**18,673.30**	**20,750.14**	**24,039.62**	**25,339.24**	**25,427.37**	**27,377.92**
Sale of cigarettes Actuals	18,059.82	19,230.76	21,957.49	21,933.48	22,952.05	24,370.31
Sale of cut rags Actuals	613.48	1,519.38	2,082.13	3,405.76	2,475.32	2,915.15
Sale of modern oral Actuals						92.46
Total Revenue Actuals	**18,673.30**	**20,750.14**	**24,039.62**	**25,339.24**	**25,427.37**	**27,377.92**
Raw materials, consumables and other manufacturing costs	8,907.65	9,794.74	12,964.63	12,793.77	11,223.87	12,251.75
Employment expenses	1,198.94	1,108.73	1,189.42	1,084.66	1,340.96	1,491.51
Depreciation of property, plant and equipment	624.47	413.21	437.19	407.61	453.11	467.29
Impairment of property, plant and equipment				320.36	(22.08)	22.14
Cost of Sales Actuals	**(10,731.06)**	**(11,316.68)**	**(14,591.25)**	**(14,606.40)**	**(12,995.85)**	**(14,232.69)**
Gross Profit Actuals	**7,942.23**	**9,433.45**	**9,448.37**	**10,732.83**	**12,431.52**	**13,145.23**
Employment expenses	414.70	466.68	481.99	475.48	393.54	325.68
Depreciation				25.15	29.61	40.04
Freight and other expenses	934.71	1,461.49	1,426.97	1,237.68	893.96	800.69
Marketing and distribution costs Actuals	**(1,349.41)**	**(1,928.16)**	**(1,908.96)**	**(1,738.31)**	**(1,317.11)**	**(1,166.41)**
Employment expenses	566.12	733.43	759.31	749.05	738.93	136.92
Recharges and other expenses	751.00	780.76	898.56	487.83	888.30	1,635.41
Depreciation		103.30	109.30	101.90	107.81	122.36
Employee reorganisation costs	391.52	29.85	385.90	198.36	164.26	323.90
Administration costs Actuals	**(1,708.64)**	**(1,647.33)**	**(2,153.06)**	**(1,537.15)**	**(1,899.30)**	**(2,218.59)**
Total Operating Expenses Actuals	**(3,058.05)**	**(3,575.49)**	**(4,062.02)**	**(3,275.46)**	**(3,216.41)**	**(3,384.99)**
Other income Actuals	476.82	361.10	340.34	131.54	154.53	120.11
Operating Profit Actuals	**5,361.01**	**6,219.06**	**5,726.69**	**7,588.92**	**9,369.63**	**9,880.35**
Interest income Actuals	1.80	0.52	0.44	3.57	3.79	20.49
Interest expense Actuals	(491.83)	(352.40)	(159.01)	(177.83)	(105.36)	(79.45)
Interest on lease liabilities Actuals			(29.31)	(14.21)	(4.43)	(3.62)
Net FX Gains/(losses) Actuals	(4.04)	13.57	(5.30)	15.27	24.38	95.10
Net Finance income/(costs) Actuals	**(494.07)**	**(338.31)**	**(193.18)**	**(173.19)**	**(81.62)**	**32.52**
Profit before income tax Actuals	**4,866.94**	**5,880.75**	**5,533.51**	**7,415.73**	**9,288.02**	**9,912.87**
Income tax (expense)/ credit Actuals	(1,530.94)	(1,796.22)	(1,647.86)	(1,898.24)	(2,804.64)	(3,020.88)
Total Net Profit After Tax Actuals	**3,336.01**	**4,084.52**	**3,885.65**	**5,517.49**	**6,483.38**	**6,891.99**

Source: Company financials, NCBA IB Research

About NCBA Investment Bank

NCBA Investment Bank is a subsidiary of NCBA Group. The services offered by the brokerage department include equities trading for listed securities, fixed income trading for both corporate and government bonds, Over the Counter (OTC) equity transactions as well as execution of equities transactions across the East African countries. Additionally, NCBA Investment Bank backs these activities with solid advice from the research team to enable investors meet their return objectives. NCBA Investment Bank deploys simple and convenient client driven technologies, robust risk management, highly competent and experienced staff and has the backing of robust research capabilities to differentiate itself from other players in the market.

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Certification

The following analyst(s) who prepared this research report: Victoria Mututu hereby certify that: (i) all of the views and opinions expressed in this research report accurately reflect the research analyst's(s') personal views about the subject investment(s) and companies (y) and (ii) no part of the analyst's(s') compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the analyst(s) in this research report.

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