

## SASINI | EQUITIES RESEARCH REPORT

We initiate coverage with a **HOLD** recommendation on the counter based on a target price of **KES 18.10**, reflecting an upside of 7.4% from the volume weighted average price of **KES 16.85**.

Our recommendation is based on the resilience of the company's earnings even in the midst of the adverse macroeconomic and climatic conditions.

Sasini's diversified revenue streams and improved cost management have positioned the company for growth in the medium to long-term.

Sasini's expanding presence in avocado and macadamia production provides a buffer against agricultural sector-specific risks.

The company's efforts in cost management, evidenced by the significant reduction in general charges and other operating expenses, alongside prudent financial management, indicate a promising outlook.

### Investment Case

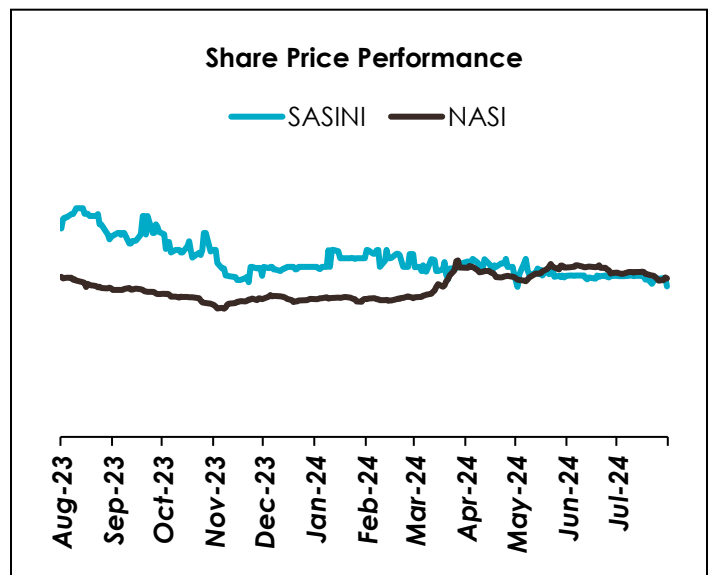
We expect Sasini to deliver profitability based on its strategic focus on revenue diversification in high-margin segments such as avocado and macadamia, coupled with improving operational efficiency.

### Investment Risk

Challenges remain in fluctuations in revenue from key segments, i.e. tea and coffee which are impacted by weather conditions affecting production volumes. Global prices also portend risk due to periodic fluctuations.

Sasini PLC is well-placed to enhance shareholder value over the long term by strategically managing its diversified portfolio and focusing on operational efficiencies.

Share Data	Sasini Plc
<b>Ticker</b>	<b>STCL KN</b>
<b>Recommendation</b>	<b>HOLD</b>
<b>Current Price (KES)</b>	<b>16.85</b>
<b>Target Price (KES)</b>	<b>18.10</b>
<b>Upside</b>	<b>7.4%</b>
<b>52WK High (KES)</b>	<b>32.60</b>
<b>52WK Low (KES)</b>	<b>16.50</b>
<b>No. of shares issued (Mn)</b>	<b>228.06</b>
<b>Market Cap (KES Bn)</b>	<b>3.84</b>
<b>EPS (FY'23)</b>	<b>KES 2.41</b>
<b>DPS (FY'23)</b>	<b>KES 1.50</b>
<b>P/E</b>	<b>7.0x</b>
<b>P/B</b>	<b>0.3X</b>
<b>Trailing Dividend yield</b>	<b>8.9%</b>
<b>Current Price = VWAP as at 27<sup>th</sup> Aug 2024</b>	



### Analyst:

Victoria Mututu

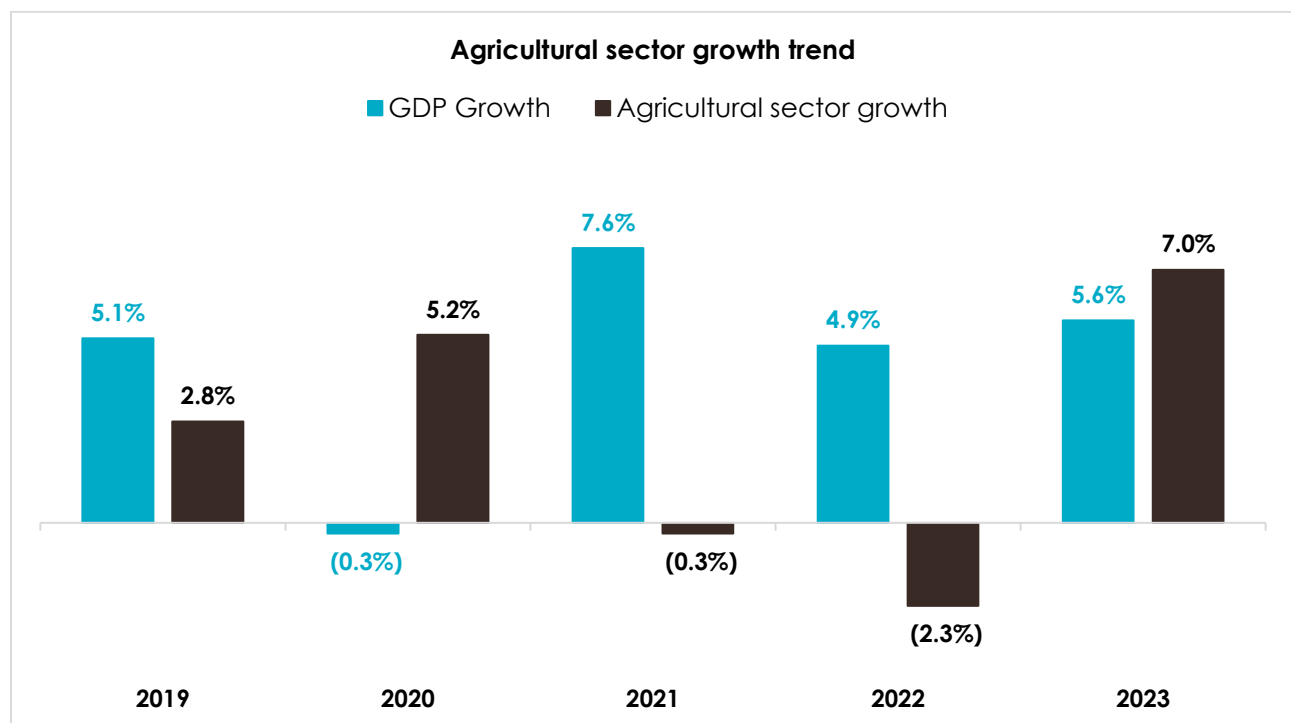
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### Kenya Agricultural Sector Overview

Agriculture is key to Kenya's economy, contributing approximately 33% of the Gross Domestic Product (GDP). Indirectly, it contributes a further 27% through linkages with other sectors. Approximately 82% of Kenya's agriculture is rain-fed and the arable land (% of land area) was reported at 10.19 % in 2021, according to the World Bank.

Performance of the sector plays a critical role in stabilizing prices of food commodities, which account for 33% of the overall consumer price index (CPI) basket.

In 2023, the sector performed well as a result of favorable weather conditions coupled with the government's fertilizer subsidy program.



*Source: KNBS, NCBAIB Research*

The sector plays a vital role in the Kenyan economy through international trade. It accounts for 65% of the country's exports and employs more than 40% of the population.

Key agricultural exports include tea, coffee and horticultural products. Tea is the leading export commodity earning the country approximately KES 180.57Bn per annum.

Relatedly, the sector is a driver of the non-agricultural economy which includes manufacturing, building & construction, transport, tourism, education and other social services.

Agriculture is a fully devolved function underscoring the importance of regional county governments in ensuring food security.

## Challenges in the Agricultural Sector

### Climate Change

- **Unpredictable Weather Patterns:** Approximately 82% of Kenya's agriculture is rain-fed. Adverse weather conditions as well as unpredictable weather patterns impact the sector's performance.
- **Slow Adoption of Efficient Water Management:** A lack of adoption of a circular economy impacts food security as the country relies on two seasons per annum for food production. There is need for water conservation through construction of dams, water pans and boreholes.
- **Flooding:** Above normal rainfall and floods negatively impact crop production cycles, volumes as well as quality. The long-rains season of April-May 2024 which were 23% above normal rainfall impacted crop yield and destroyed infrastructure.

### Infrastructural Deficiencies

- **Transportation:** Farmers cite transport as a key challenge affecting agricultural production. A poor road network and inadequate rural roads hinder access to markets, logistics costs leading to significant post-harvest losses. Cost of fuel impacts has an impact on the operation cost of production through cost of running farm machinery & equipment, further exacerbating production output.
- **Farm Inputs:** High cost of farm machinery such as tractors are a disincentive to farm expansion. Agro-processing remains subdued as a result of prohibitive cost of mechanization.
- **Value addition:** Value addition determines the competitiveness of the country's produce in the global market. Kenya's mainstay export comprises semi-processed, low-value produce, which accounts for approximately 85% of total agriculture-related exports. Subsequently, the country's exports do not fetch optimal prices.
- **Storage Facilities:** Inefficiencies in the supply chain are further exacerbated by limited storage capacity. Insufficient cold storage and warehousing facilities have resulted in up to 40% post-harvest losses, particularly for perishable produce.
- **Market Infrastructure:** Trade barriers, high tariffs, and information asymmetry between the traders and farmers impedes trade. There is need for modern market infrastructure to support efficient trade, stabilize prices, and reduce transaction costs. This infrastructure should include advanced communication systems and reliable market information platforms.

## Access to Finance

- **Access to credit:** Small-scale farmers face difficulties in accessing credit due to a lack of collateral and high interest rates. Farmers are averse to acquiring any form of credit citing the risky nature of the activity and significant output price fluctuations which makes their incomes unpredictable.
- **Insurance:** Limited agricultural insurance products to cover risks such as crop failure, pests, and diseases. The cost of insurance and the limited number of insurance companies in rural areas are deterrents to insurance access by farmers.

## Pest and Disease Management

- **Pest Outbreaks:** Infestation by armyworms and locust invasion affects quality and volume of crop production. Post-harvest pathogens such as aflatoxins have been reported with catastrophic effects. High cost of pesticides and herbicides continue to adversely impact the sector.
- **Livestock Diseases:** Prevalence of diseases like foot-and-mouth disease, East Coast fever, and avian flu impacts livestock health and productivity. There is need for country wide extension services to provide farmers with timely and accurate information on pest and disease management.

## Key Developments in the Agricultural Sector

### Policy and Investment

- **Agriculture Sector Transformation and Growth Strategy (ASTGS) 2019-2029:** Aims to steer agricultural transformation by focusing on boosting productivity, enhancing food security ultimately increasing small-scale farmer incomes. It has focus on the modernization of production as well as value addition.
- **Public-Private Partnerships (PPPs):** Aims to drive collaborations between the government, private sector, and development partners in agro-processing, research, and capacity building. Implementation has been done through the Kenya Private Sector Alliance (KEPSA) and the Kenya National Federation of Agricultural Producers (KENFAP).
- **Investment in Irrigation:** Development of large-scale irrigation schemes like the Galana-Kulalu Food Security Project to mitigate the impacts of unpredictable rainfall patterns with a view to improve food production. Water harvesting for use in irrigation as well as manage the effects of flooding.

## Technological Advancements

- **Digital Farming:** Use of mobile applications like iCow and DigiFarm to provide farmers with information on weather forecasts, market prices, and farming techniques.
- **Precision Agriculture:** Adoption of technologies like drones and satellite imagery for crop monitoring, soil health assessment, and precision application of inputs.
- **Mechanization:** Investment in infrastructure such as the increased use of tractors, planters, and harvesters to improve efficiency and productivity.

## Market Access and Trade

- **Regional Trade Agreements:** Kenya is part of the East African Community (EAC) and the African Continental Free Trade Area (AfCFTA), which open up larger markets for agricultural products.
- **Value Chain Development:** Efforts to develop agricultural value chains to enhance market linkages, reduce post-harvest losses, and increase value addition.
- **Export Market Expansion:** Targeting new markets for horticultural products and exploring opportunities in emerging markets like Asia and the Middle East.

## Initiatives on Sustainability

- **Climate-Smart Agriculture:** Promotion of sustainable farming practices to adapt to and mitigate the negative effects of climate change. This includes conservation agriculture, agroforestry, and integrated pest management.
- **Soil and Water Conservation:** Programs to promote soil conservation through techniques such as terracing, cover cropping, and the use of organic fertilizers.
- **Sustainable Fisheries:** Efforts to promote sustainable fishing practices and aquaculture to ensure the long-term viability of fish stocks.

## Outlook

The sector has immense potential for growth by addressing the challenges of climate change, infrastructure deficiencies, financial access, and by leveraging opportunities in technology, value addition, and public-private partnerships.

The sector can significantly enhance its performance and contribution to the economy. The focus on empowering youth, promoting sustainable practices, and expanding market access will be crucial in driving the transformation of Kenya's agriculture.

## SASINI: COMPANY OVERVIEW

Sasini PLC, is a leading player in the agricultural sector, well known for the production, processing, and marketing of tea and coffee.

Established in 1952, Sasini is a public limited liability company affiliated to the Sameer Group of Companies.

Sasini PLC has the following subsidiary companies:

1. Kipkebe Limited
2. Keritor Limited
3. Mweiga Estate Limited
4. Aristocrats Coffee & Tea Exporters Limited
5. Sasini Avocado Limited
6. Sasini Avocado EPZ Limited
7. Sasini Fruits and Nuts EPZ Kenya Limited
8. Sasini EPZ Park Limited

## Shareholding List

Sasini is listed on the Nairobi Securities Exchange. Below is a summary of the shareholding as of 31<sup>st</sup> July 2024.

Major shareholders	No. of shares held	Percentage
Legend Investments Limited	95,417,345	41.84%
Yana Towers Limited	30,225,240	13.25%
East Africa Batteries Limited	25,135,700	11.02%
Ismail Gulamali	18,064,800	7.92%
Tropical Veterinary Services Limited	10,343,500	4.54%
NIC Custodial Services a/c 077	9,921,700	4.35%
Jamal Karim	4,587,841	2.01%
Schwartzman Joseph	1,972,100	0.86%
Morjaria Shardaben Vithaldas	1,901,400	0.83%
Merali Sameer Naushad	1,403,600	0.62%
Others	29,082,274	12.75%
<b>Total</b>	<b>228,055,500</b>	<b>100.00%</b>

Source: NSE, NCBA IB Research

## Products and Operations

### Coffee production

Coffee is grown in six independent estates, covering a total of 775 hectares, situated in Kiambu County. Collectively, the plantations can produce an average of 1,200 metric tonnes of coffee annually.

Sasini's coffee undergoes processing and 90% of it is directly exported to overseas roasters and trade houses across Europe, Asia, and America. The balance is sold through the Nairobi Coffee Exchange (NCE).

### Tea production

Tea is one of Sasini's core products, contributing an average of 50% of its topline. Sasini has four large tea estates in Kericho and Nyamira counties within the highlands west of the Rift Valley, covering 1,463 hectares.

Sasini operates two crush, tear, and curl (CTC) tea factories, namely, Kipkebe and Keritor with a combined annual capacity of up to 15,000 metric tonnes of black CTC tea.

The tea factories receive green tea leaves from the resident farms as well as selected out-growers in the region. The latter provide approximately 60% of the total intake.

The company packages and distributes its tea in various forms, including loose leaf, tea bags, and specialty blends. About 99% of the produce is exported to the United Kingdom, Europe and Middle Eastern countries.

### Macadamia Nuts production

Macadamia nuts are another key product in Sasini's diversified portfolio. Sasini Fruits & Nuts EPZ Kenya Ltd, a subsidiary of Sasini PLC, runs the Group's macadamia nuts business. The business is in the EPZ in Kiambu County, which is run by Sasini EPZ Park Limited.

The company launched the macadamia commercial processing and trading in 2019, having completed the construction of the factory in 2018.

Sasini has invested in macadamia plantations in Central Kenya, where the climate and soil conditions are favorable for macadamia cultivation. Sasini has also intercropped macadamia trees with coffee bushes in most of its coffee estates to enhance the nut supply.

Sasini also sources mature, unprocessed macadamia nuts in shell from well managed farms in the region. The macadamia nuts are then processed in its factory and packaged for both domestic consumption and export, meeting the high standards required by international markets.

## Avocado farming

In response to growing demand, Sasini expanded its operations into avocado farming. The Avocado business is operated through its subsidiaries, Sasini Avocado EPZ Ltd and Sasini Avocado Ltd.

The avocado business was launched in 2018 and has maintained a steady and profitable performance. Sasini produces both Hass and Fuerte avocado varieties, which are exported to markets in Europe, the Middle East, and Asia.

The company's avocado orchards are primarily located in Murang'a County, Mweiga in Nyeri, Kiambu and Kipkebe in Nyamira County which provide an ideal climate for avocado cultivation.

## Livestock & dairy production

Sasini's dairy farming operations are centered on modern dairy facilities, which house high-yielding dairy cattle. The company's dairy products include fresh milk, yogurt, and cheese, which are distributed through local retail channels.

## Retail Value Added Products

The retail division packs the best and finest blends of tea and coffee from the Group's estates for distribution into the local market, catering to the different beverage tastes of customers in both external and local markets.

The blends include:

- Sasini Gold and Sasini Classic Tea – packed loose in pouches and enveloped tea bags
- Sasini Premium tea – packed in sachets
- Sasini Instant Coffee
- Sasini Kahawa Kamili – ground and packed in pouches
- Sasini Kahawa No.1"

Sasini's broad product portfolio, its commitment to sustainable farming practices, community engagement, and quality production has cemented its reputation as a key contributor to Kenya's agricultural economy.

## Market Presence and Distribution

- **Domestic Market:** Sasini's products are distributed in the Kenyan market in both retail and wholesale outlets.
- **International Market:** Sasini exports its tea, coffee, avocado, and macadamia products to Europe, North America, the Middle East, and Asia.

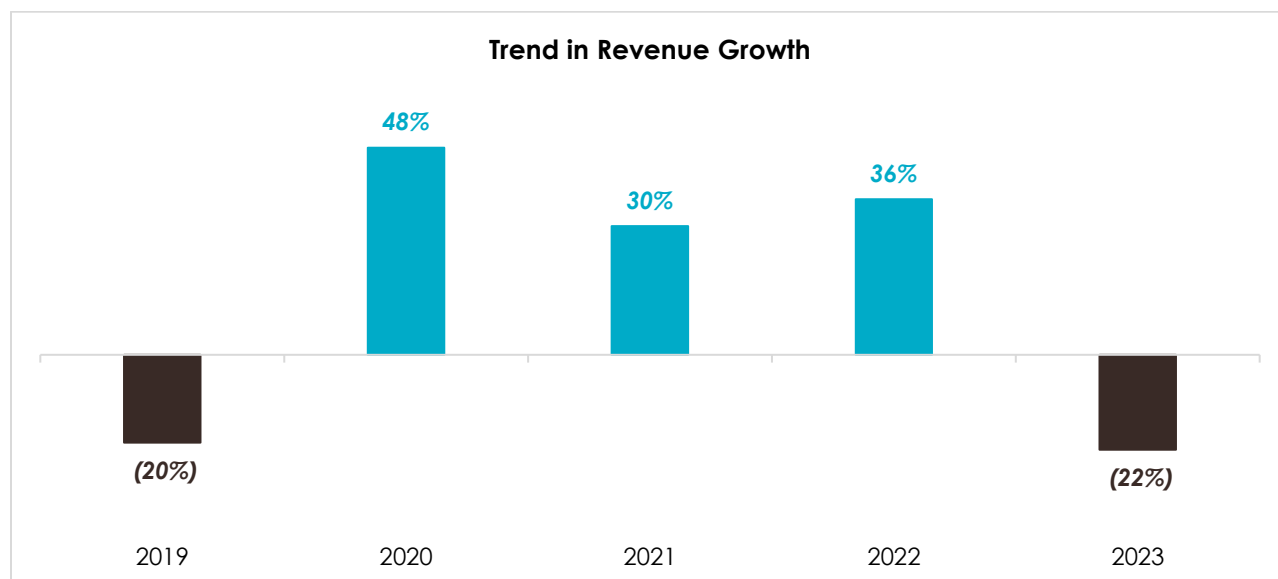


## KEY INVESTMENT THEMES

### Volatile Revenue Growth

Sasini's revenue has fluctuated over the last five period impacted by several challenges ranging from weather related production failures to increases in production costs compounded by drops in global prices for both tea and coffee.

Strong growth was experienced from 2020 to 2022 attributable to strategic initiatives, product diversification and favorable weather conditions. This significant drop in 2023 was driven by lower global coffee prices and lower production volumes.



Source: Company financials, NCBA IB Research

### Key Drivers of Sasini's Revenue Trends

- **Market Demand:** Changes in consumer demand for tea and coffee have significantly impacted revenue growth. The increases in 2020 to 2022 reflect strong market recovery and demand.
- **Operational Efficiency:** Improvements in production processes and cost management have contributed to revenue growth, specifically evident in the substantial increase in 2020.
- **Strategic Initiatives:** Expansion into new markets, product diversification and effective marketing strategies have driven revenue growth.
- **External Factors:** Unfavorable macro-economic conditions, fluctuating weather patterns, and global market prices have played a crucial role. The decline in 2023 was due to lower global coffee prices impacting revenue.
- **Product Mix:** The balance between tea and coffee production and sales impacts overall revenue. Shifts in focus or changes in the performance of each segment affect total revenue.

## Revenue Diversification

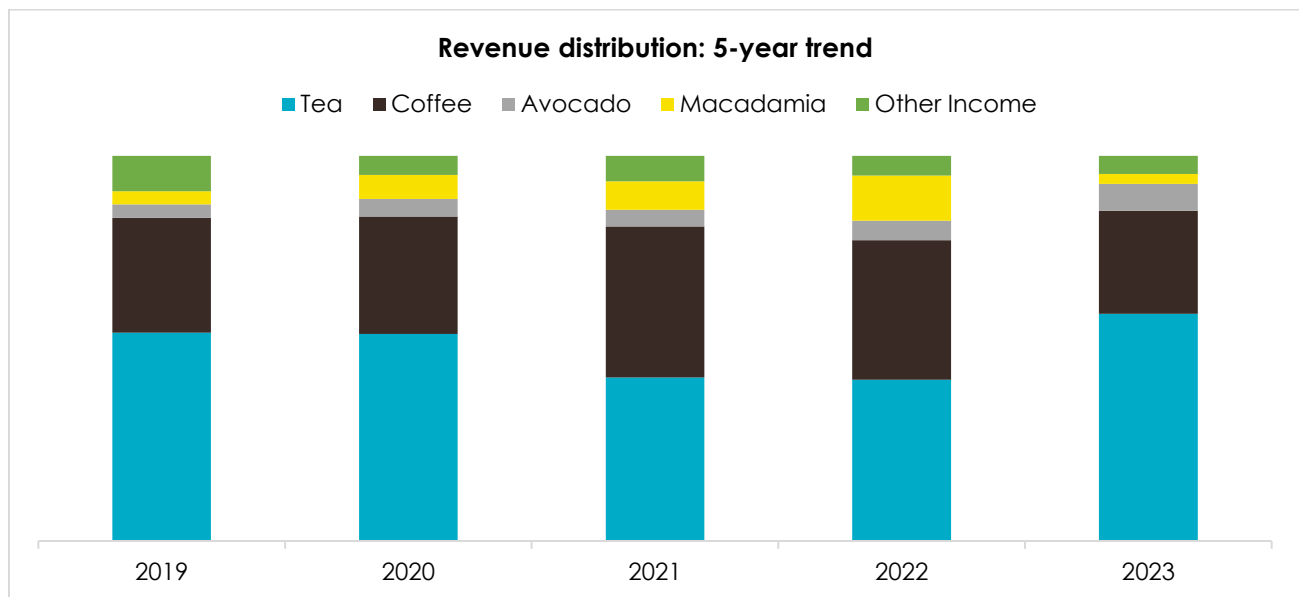
Tea remains the largest revenue contributor, accounting for 59.0% of total revenue in 2023, up from 54.8% in 2019. Revenue from tea has shown a steady increase from KES 1.5Bn in 2019 to KES 3.38Bn in 2023, reflecting an annual growth rate of approximately 22.3%.

Coffee is the second largest, contributing 27% in 2023. Revenue has experienced significant volatility, peaking at KES 2.66Bn in 2022 before dropping to KES 1.53Bn in 2023. This is attributable to fluctuating coffee prices and market demand.

Domestic coffee consumption in Kenya has historically been subdued, primarily due to a cultural preference for tea and the economic constraints faced by the larger population, limiting their purchasing power for coffee.

Recent trends however indicate a shift to a growing culture in coffee consumption, among middle-income demographics. The proliferation of coffee houses in shopping malls and urban centers has played a crucial role in stimulating this increase in local coffee consumption.

The outlook for coffee remains promising, reflecting the competitive nature and increasing global demand from key export markets.

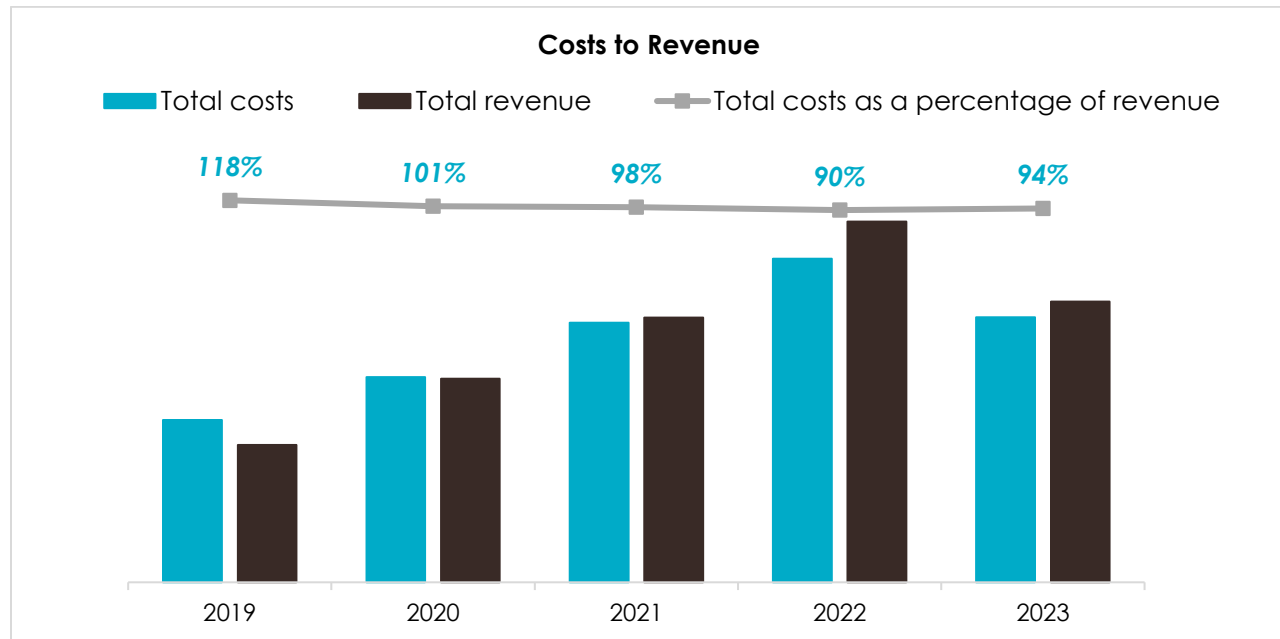


Source: Company financials, NCBA IB Research

The company has diversified into avocados and macadamia nuts. This diversification strategy is crucial for mitigating the risk associated with over-reliance on traditional crops and capitalizing on the growing global demand for avocados and macadamia nuts.

## High Cost of Production

Sasini's rising costs, particularly in coffee and green leaf purchases pose a risk to maintaining profit margins.



Source: Company financials, NCBA IB Research

Cost of sales has remained relatively high, with notable improvement from 84% in 2019 to 76% in 2023.

	2019	2020	2021	2022	2023
<b>% of cost of sales to total revenue</b>	84%	80%	83%	75%	76%
<b>% of coffee and green leaf purchases to total revenue</b>	38%	34%	43%	40%	32%
<b>% of operating expenses to total revenue</b>	34%	20%	15%	14%	18%

Source: Company financials, NCBA IB Research

Coffee and Green Leaf Purchases constitute the largest portion of the cost of sales, approximately 30-45% of total revenue. The fluctuation suggests variability in input costs as seen with the volatility in coffee and tea prices driven by global demand and geopolitical supply chain shocks.

Operating expenses as a percentage of total revenue have decreased significantly over the period, indicating improved efficiency in managing overheads and other operating costs.

Effective cost management strategies are essential to mitigate this risk. The company has made a conscious choice to supplement its energy requirements by commissioning a 1.5MW generation station that will save 25-30% of power consumption from the national grid in their tea factories.

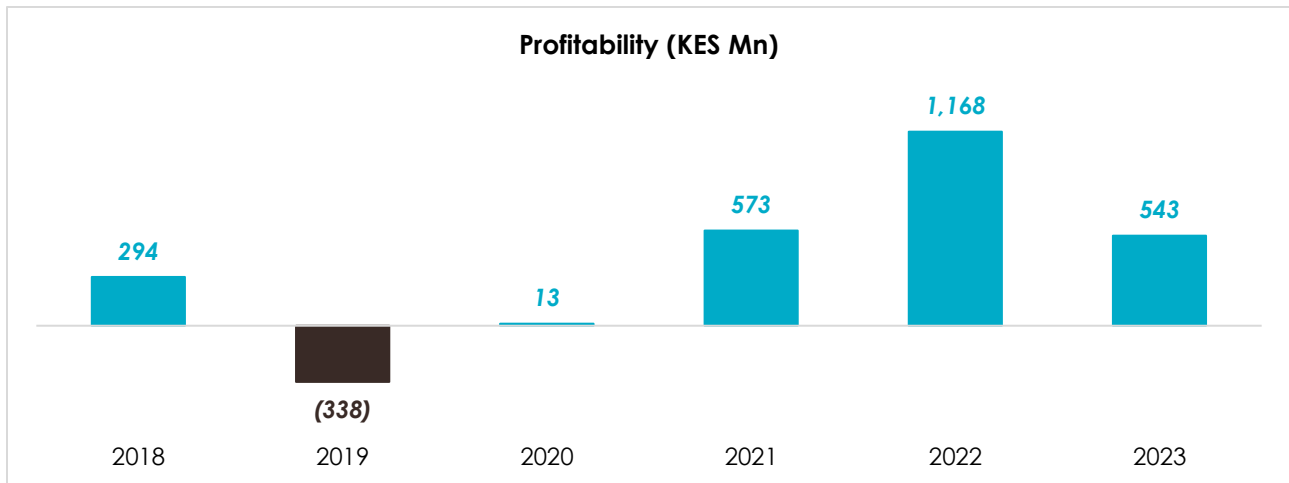
### Profitability

Sasini's profitability has shown significant volatility over the past six years. The company experienced a substantial loss in 2019 but posted a remarkable recovery, peaking in 2022.

The performance in 2019 was impacted by the decline in tea and coffee prices and severe weather conditions experienced during the year which led to lower production volumes.

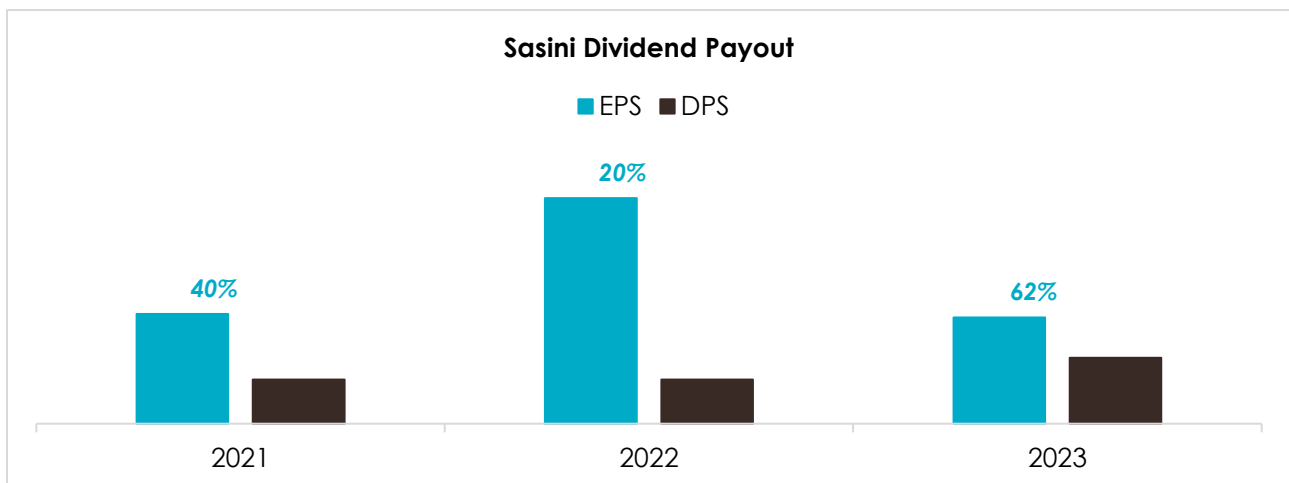
The company had a stellar year in 2022 doubling the previous year's profit to a record high of KES 1.2Bn on the back of higher coffee price realization and increased production volumes following favorable weather conditions. A favorable exchange rate substantially boosted proceeds from exports.

Profitability declined in 2023 driven by the drop in coffee prices coupled with prolonged adverse weather conditions impacting production volumes.



Source: Company Financials, NCBA IB Research

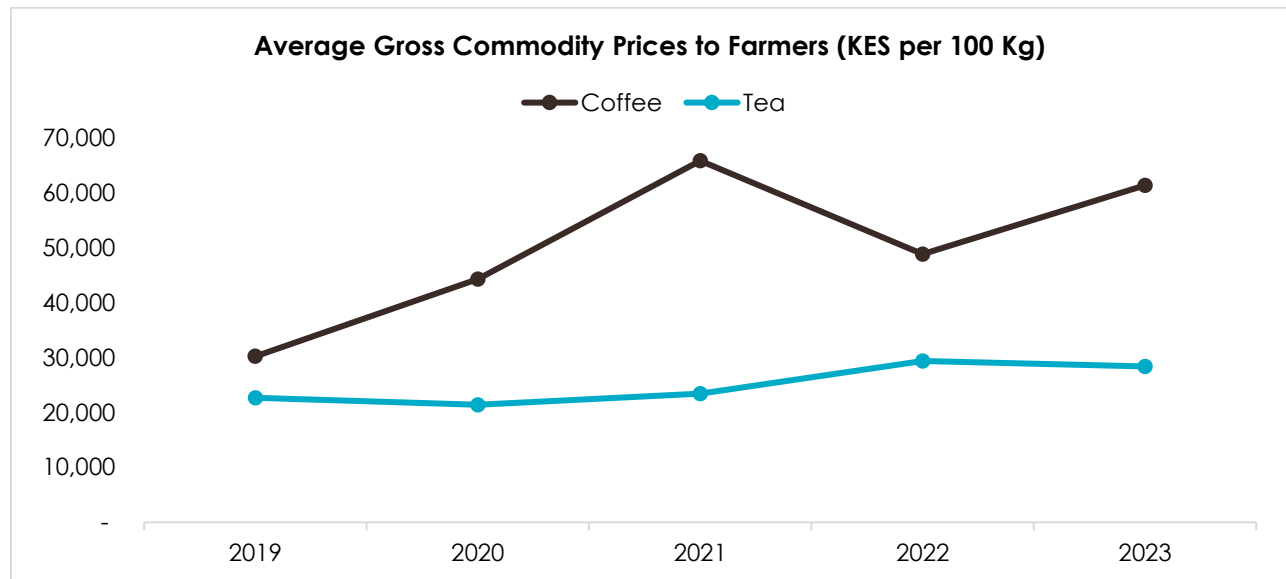
Sasini's consistent dividend payments, increasing from KES 0.50 in 2019 to KES 1.50 in 2023, reflect confidence in its long-term profitability and commitment to shareholder returns.



Source: Company Financials, NCBA IB Research

### Volatility in commodity prices

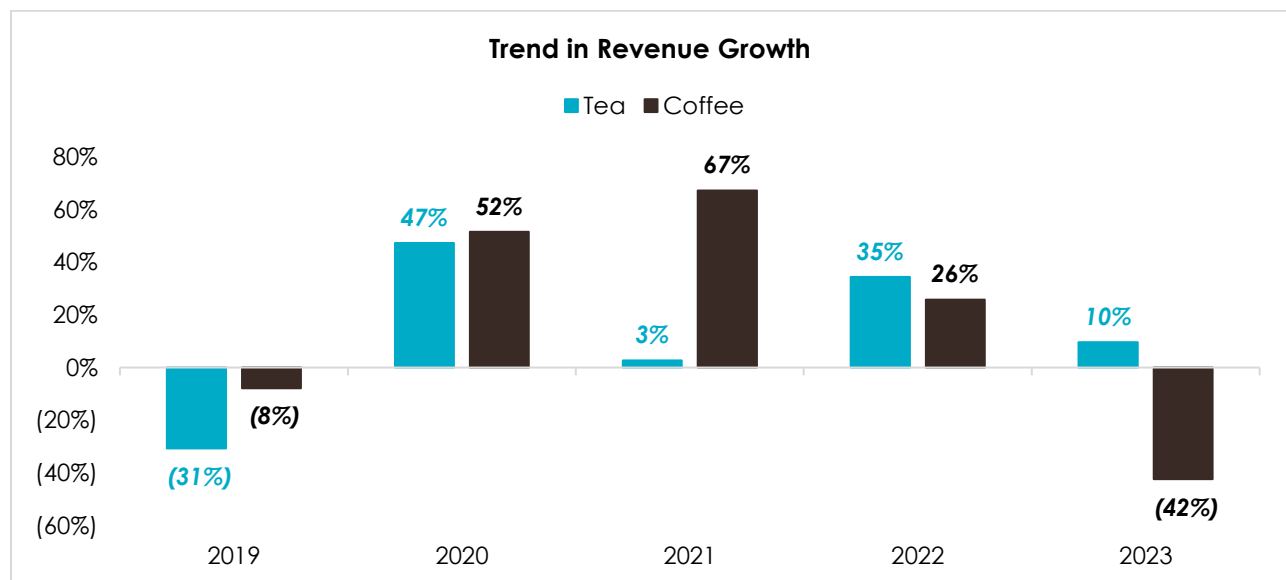
The volatility in coffee prices, as seen in recent years, poses a significant risk. Additionally, changes in global demand for tea, coffee, and other produce could affect revenue streams.



Source: KNBS, NCBA IB Research

\*\*Prices refer to the calendar year and may differ from those based on crop years. Tea and coffee prices are for black tea and coffee beans.

The volatility has caused significant fluctuations in revenue trends for tea and coffee. The tea segment has generally performed well, with strong recoveries after declines, while the coffee segment has experienced severe volatility, including a significant decline in 2023.



Source: Company Financials, NCBA IB Research

## Agricultural Risks

Agricultural risk is the risk of direct or indirect loss arising from adverse agricultural conditions such as disease outbreaks, floods, droughts and other adverse weather events caused by climatic changes.

Sasini's operations are highly dependent on agricultural production, which is subject to climatic conditions, pest infestations, and price volatility in global markets. Adverse weather conditions or significant pest outbreaks severely impact production volume and profitability.

The company has adopted strategies to mitigate agricultural risk by adopting product and process diversification.

## Competitive Landscape

Sasini operates in a highly competitive agricultural market with both local and international players.

Key competitors include other major tea and coffee producers in Kenya such as Kakuzi, Eaagads, Kapchorua Tea, Limuru Tea, and Williamson Tea. Sasini is the largest independent Kenyan tea exporter.

These firms collectively dominate the tea and coffee export landscape in Kenya, each contributing to the sector through various strategies and market focuses.

The company's diversification into high-margin products like avocados and macadamia gives it a competitive edge.

The table below shows the listed agricultural companies:

### Peer Comparison

Company	Market Cap (KES Mn)	EPS	P/E	P/B	Dividend Yield
Eaagads Ltd	415	0.26	44.81	0.4x	-
Kakuzi Plc	7,448	23.14	16.42	1.2x	6.32%
Kapchorua Tea	1,753	51.04	4.39	0.7x	11.16%
The Limuru Tea	876	3.38	107.99	4.7x	0.27%
Sasini Plc	3,843	2.49	6.77	0.3x	5.93%
Williamson Tea	3,765	28.41	7.57	0.6x	11.63%

\*\*Market Capitalization calculated as at 27<sup>th</sup> August 2024.

Source: Bloomberg, NSE, NCBA IB Research

## Valuation and Investment Recommendation

Valuation Methodology	Implied Price	Weighting	Weighted Value
Discounted cash Flow Approach	14.95	40%	5.98
EV/EBITDA Approach	21.04	30%	6.31
P/E Approach	19.37	30%	5.81
<b>Fair Value</b>		<b>100%</b>	<b>18.10</b>
<b>Current Price (at 28.08.2024)</b>			<b>16.85</b>
Upside/(Downside)			7.4%

Source: NCBA IB Research

### \*\*Rating Definitions

- **BUY** – Total expected 12-month return (incl. dividends) greater than 20%
- **ACCUMULATE** - Total expected 12-month return (incl. dividends) between 10% - 20%
- **HOLD** – Total expected 12-month return (incl. dividends) between 0% -10%
- **SELL** – Total expected 12-month return (incl. dividends) less than 0%

## Investment recommendation

The stock price has declined to favorable levels which presents an attractive entry point for an opportunity to earn capital gains and a long-term dividend play.

Market Performance	YTD performance (27 <sup>th</sup> August 2024)
Sasini	(15.75%)
NASI	13.31%

For investors with a long-term horizon, Sasini's growth potential in avocados and macadamia warrants a buy recommendation, given the expected revenue and profit growth.

**APPENDIX: Historical Financial Statements (KES '000)**

STATEMENT OF COMPREHENSIVE INCOME KES '000					
	2019	2020	2021	2022	2023
<b>Revenue</b>					
Tea	1,512,753	2,228,776	2,288,852	3,078,525	3,375,674
Coffee	833,213	1,262,854	2,112,652	2,659,138	1,529,188
Avocado	96,112	189,868	231,237	372,818	395,270
Macadamia	95,601	259,491	402,283	858,572	151,367
Other Income	257,151	204,419	354,939	376,252	266,938
<b>Total Revenue</b>	<b>2,794,830</b>	<b>4,145,408</b>	<b>5,389,963</b>	<b>7,345,305</b>	<b>5,718,437</b>
<b>Cost of Sales</b>					
Coffee purchases and other charges	562,707	730,851	1,492,728	1,773,182	913,611
Green leaf purchases	503,840	670,509	829,079	1,135,032	890,816
Production expenses	413,341	434,491	462,555	512,310	635,127
Other Expenses	880,219	1,499,817	1,713,052	2,124,135	1,905,815
<b>Total cost of Sales</b>	<b>2,360,107</b>	<b>3,335,668</b>	<b>4,497,414</b>	<b>5,544,659</b>	<b>4,345,369</b>
<b>Gross profit</b>	<b>434,723</b>	<b>809,740</b>	<b>892,549</b>	<b>1,800,646</b>	<b>1,373,068</b>
<b>Other Income</b>					
Fair value changes on biological assets	(5,843)	(47,375)	514,157	543,413	223,541
Other income	123,681	114,695	101,234	144,684	115,427
<b>Total other income</b>	<b>117,838</b>	<b>67,320</b>	<b>615,391</b>	<b>688,097</b>	<b>338,968</b>
<b>Total operating Income</b>	<b>552,561</b>	<b>877,060</b>	<b>1,507,940</b>	<b>2,488,743</b>	<b>1,712,036</b>
<b>Operating Expenses</b>					
Administration and establishment expenses	912,764	791,156	738,660	997,739	1,004,187
Selling and distribution expenses	31,906	51,580	48,211	44,372	46,511
<b>Total Operating Expenses</b>	<b>944,670</b>	<b>842,736</b>	<b>786,871</b>	<b>1,042,111</b>	<b>1,050,698</b>
<b>Finance Income</b>					
Finance income	51,736	24,462	63,524	134,573	267,313
Finance costs	(20,926)	(17,294)	(16,497)	(28,252)	(55,653)
<b>Net Finance Income</b>	<b>30,810</b>	<b>7,168</b>	<b>47,027</b>	<b>106,321</b>	<b>211,660</b>
<b>Profit before Income Tax</b>	<b>(361,299)</b>	<b>41,492</b>	<b>768,096</b>	<b>1,552,953</b>	<b>872,998</b>
Income tax charge /credit	23,562	(28,887)	(194,896)	(384,941)	(330,442)
<b>Profit for the year</b>	<b>(337,737)</b>	<b>12,605</b>	<b>573,200</b>	<b>1,168,012</b>	<b>542,556</b>

Source: Company financials, NCBA IB Research



**APPENDIX: Historical Financial Statements (KES '000)**

<b>STATEMENT OF FINANCIAL POSITION KES '000</b>					
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Non-Current Assets</b>					
Property, plant and equipment	11,455,879	11,386,598	11,268,638	11,132,410	11,151,429
Biological assets	1,211,030	1,012,880	1,136,449	1,346,829	1,217,362
Capital work-in-progress	89,103	127,243	152,704	203,594	200,955
Intangible assets	12,192	18,944	21,845	14,526	8,895
Right of use assets	10,408	41,314	25,709	69,133	59,193
Other assets	8,865	7,582	3	277,691	247,806
<b>Total non-current assets</b>	<b>12,787,477</b>	<b>12,594,561</b>	<b>12,605,348</b>	<b>13,044,183</b>	<b>12,885,640</b>
<b>Current Assets</b>					
Inventories	800,789	567,663	484,901	739,051	1,216,682
Trade and other receivables	450,610	531,110	909,217	812,426	1,065,898
Cash and bank balances	429,264	593,689	821,973	1,088,406	871,119
Biological assets	112,101	196,819	309,760	197,094	223,174
Other current assets	94,118	93,913	11,540	474,557	36,295
<b>Total current assets</b>	<b>1,886,882</b>	<b>1,983,194</b>	<b>2,537,391</b>	<b>3,311,534</b>	<b>3,413,168</b>
<b>Total Assets</b>	<b>14,674,359</b>	<b>14,577,755</b>	<b>15,142,739</b>	<b>16,355,717</b>	<b>16,298,808</b>
<b>Non-Current liabilities</b>					
Deferred tax liability	1,036,173	964,177	1,155,508	1,166,212	1,175,772
Other non-current liabilities	309,534	214,799	145,555	179,279	164,388
<b>Total non-current liabilities</b>	<b>1,345,707</b>	<b>1,178,976</b>	<b>1,301,063</b>	<b>1,345,491</b>	<b>1,340,160</b>
<b>Current Liabilities</b>					
Trade and other payables	296,808	317,693	371,457	510,020	368,990
Other non-current liabilities	146,789	28,021	26,228	258,918	50,390
<b>Total current liabilities</b>	<b>443,597</b>	<b>345,714</b>	<b>397,685</b>	<b>768,938</b>	<b>419,380</b>
<b>Total liabilities</b>	<b>1,789,304</b>	<b>1,524,690</b>	<b>1,698,748</b>	<b>2,114,429</b>	<b>1,759,540</b>
<b>Equity</b>					
Non-distributable reserves	10,087,551	10,204,430	10,268,165	10,292,018	10,175,308
Distributable reserves	2,264,204	2,316,442	2,640,480	3,421,197	3,842,787
Share capital	228,055	228,055	228,055	228,055	228,055
Non-controlling interest	305,245	304,138	307,291	300,018	293,118
<b>Total Equity</b>	<b>12,885,055</b>	<b>13,053,065</b>	<b>13,443,991</b>	<b>14,241,288</b>	<b>14,539,268</b>
<b>Total liabilities and equity</b>	<b>14,674,359</b>	<b>14,577,755</b>	<b>15,142,739</b>	<b>16,355,717</b>	<b>16,298,808</b>

Source: Company Financials, NCBA IB Research

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