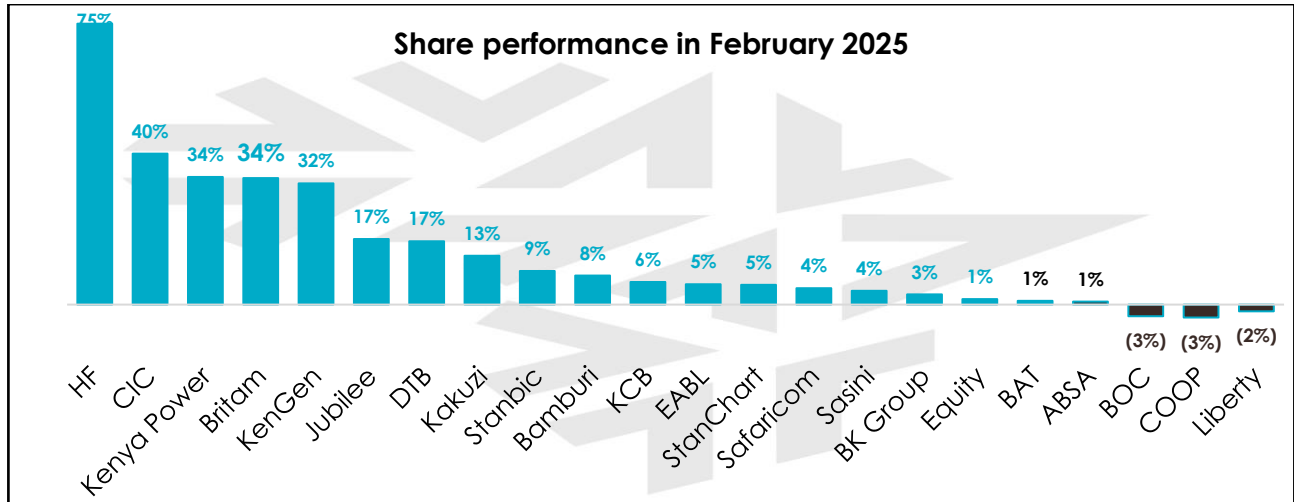


Stock's market Summary



Source: NSE, NCBA IB Research

Since the start of the year, the bourse has maintained its upward momentum, with the NASI gaining 5.42%. This performance was driven by broad-based price appreciation, reflecting strong investor confidence, improved corporate earnings, and favorable macroeconomic conditions.

Banking stocks have shown steady performance YTD after rallying on the back of positive Q3 2024 earnings. We anticipate continued momentum in the sector as investors await the release of full-year earnings in March 2025.

Insurance stocks, including CIC, Britam, and Jubilee, posted strong gains in 2025, likely driven by increased financial stability and improved investor confidence, whereas Liberty posted a decline of 2%.

The resilience of the **energy sector**, led by Kenya Power and KenGen, reflects a positive investor outlook despite high operational costs. This optimism is partly driven by a stabilizing macroeconomic environment and Kenya Power's strong H1 2025 results.

Outlook

The equities market presents an investment opportunity. We believe that investors should position towards value stocks that are trading at discounts to their respective intrinsic values. Looking ahead, we expect equity market strength to persist, fueled by declining global interest rates and a shift by retail investors from government securities to stocks.

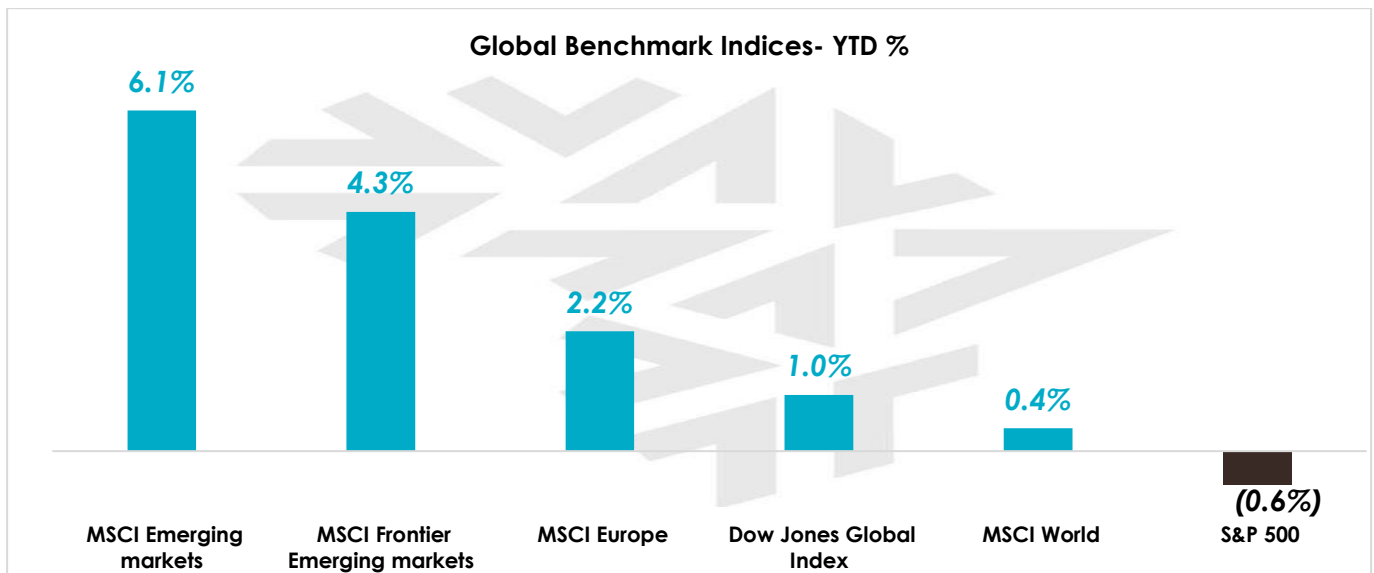
Opportunities

- **Re-balancing of portfolios:** Diversification of a portfolio seeks to mitigate concentration risk, prioritizing investment in companies with strong and well-capitalized balance sheets.
- **Dividend stocks:** Dividend-paying stocks are an efficient way to hedge the effects of a bear market by providing a steady stream of income to investors.

Threat

- **Macro-economic environment:** This has been characterized by slow growth as a result of high interest rates and significantly reduced disposable income, impacting consumption.

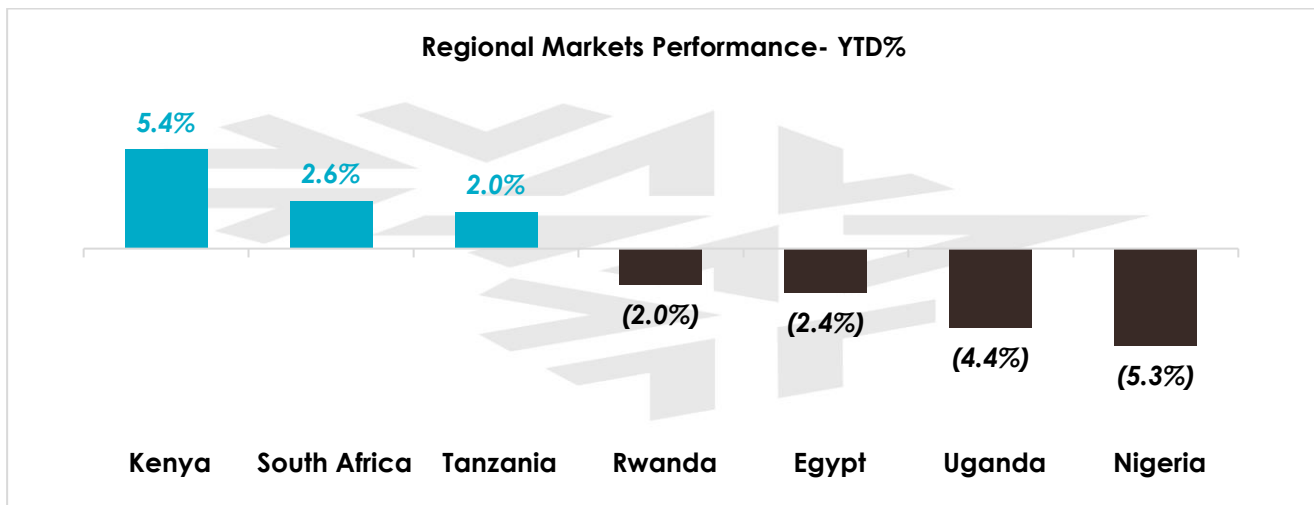
Global stock markets are expected to continue climbing in 2025, However February 2025 was characterized by mixed performances, influenced by geopolitical events, trade policies, and sector-specific developments



Source: Bloomberg, NCBA IB Research

Regional Markets Performance

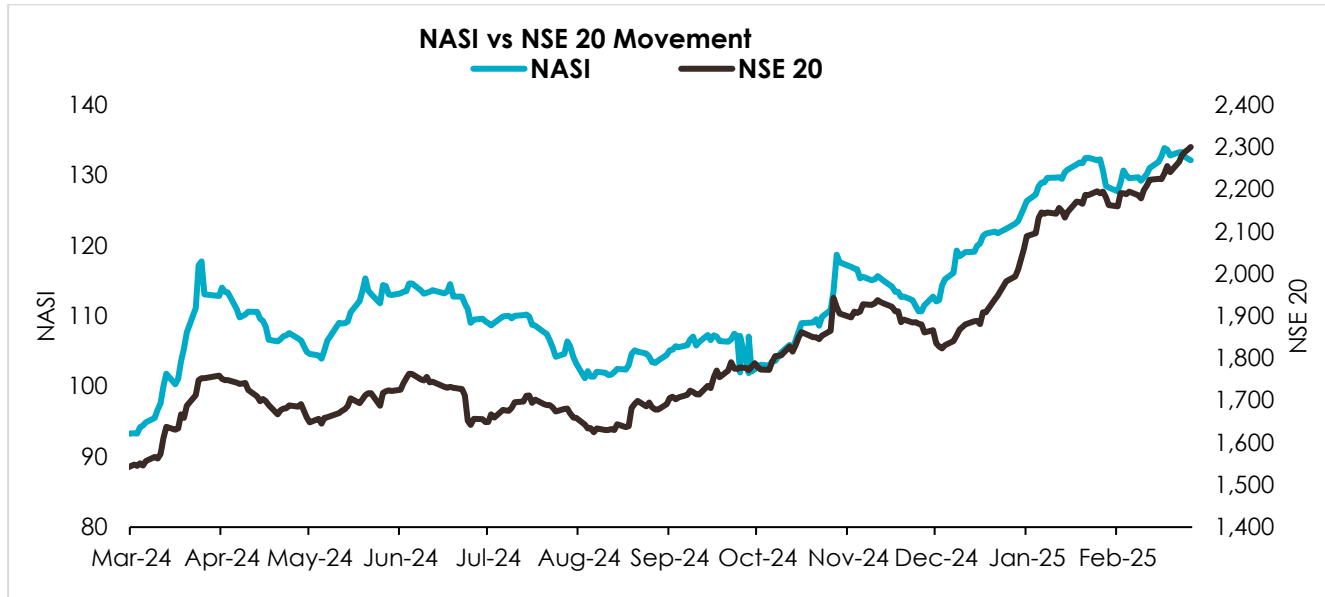
The regional indices recorded mixed performance with the Kenyan Market recording the highest YTD gain.



Source: Bloomberg, NCBA IB Research

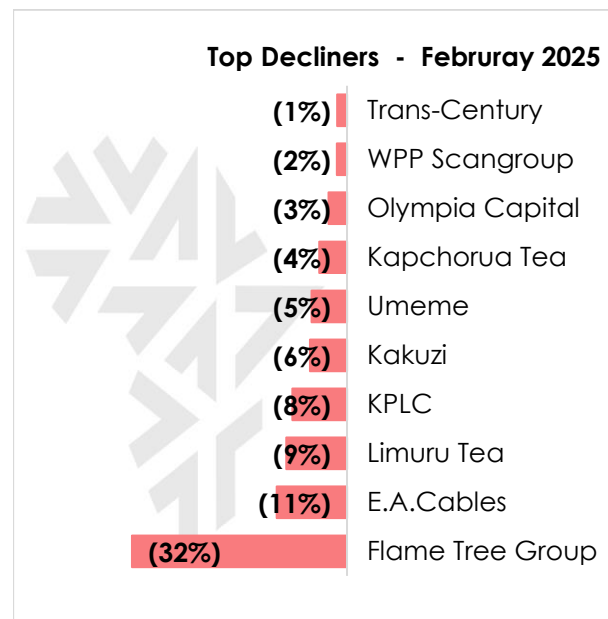
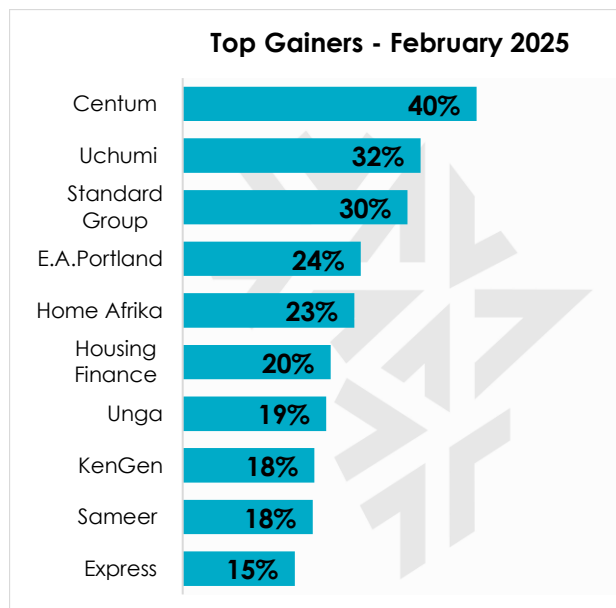
Local Market Performance

The stock market recorded increased activity locally, with a decent number of counters posting positive price appreciation, amidst the global uncertainty – reflecting greater optimism.



Source: Bloomberg, NCBA IB Research

NSE Stock Performance



Source: NSE, NCBA IB Research

Foreign Investors Participation

Rate cuts are on the table for most central banks, albeit at a potentially slower pace, with some considering pauses as guided by prevailing economic data. Subsequently, we expect foreign inflows into the equities markets, in the short to medium term.

Macros in a Snippet

- **Fed Meeting-** The Federal Reserve kept its key interest rate steady at 4.25%–4.5%, halting its recent policy easing. This decision marks a shift after three consecutive rate cuts since September 2024. The Fed is set to meet on 19th March.
- **ECB Meeting-** Euro zone inflation dipped a bit less than expected last month but its most closely watched component also dropped, sealing the case for another ECB interest rate cut on 6th March 2025 and solidifying bets for further policy easing in the coming months.
- **Trade Tensions and Tariffs-** China responded to the latest round of U.S. tariffs by imposing import duties of 10%-15% on a range of American agricultural and food products. The move intensifies trade tensions between the world's two largest economies, bringing them closer to a full-scale trade war. Meanwhile, the United States has implemented a 25% tariff on most imports from Mexico and Canada, with Canadian energy products specifically facing a 10% levy. These measures mark a significant escalation in trade policies, with potential global economic ramifications.

Currency

The Kenyan Shilling has remained stable against the US Dollar in 2025, with a marginal YTD appreciation of 0.06%. This stability is expected to be sustained by the Central Bank of Kenya's interventions through Open Market Operations, along with support from diaspora remittances, tourism inflows, and funding from multilateral lenders.

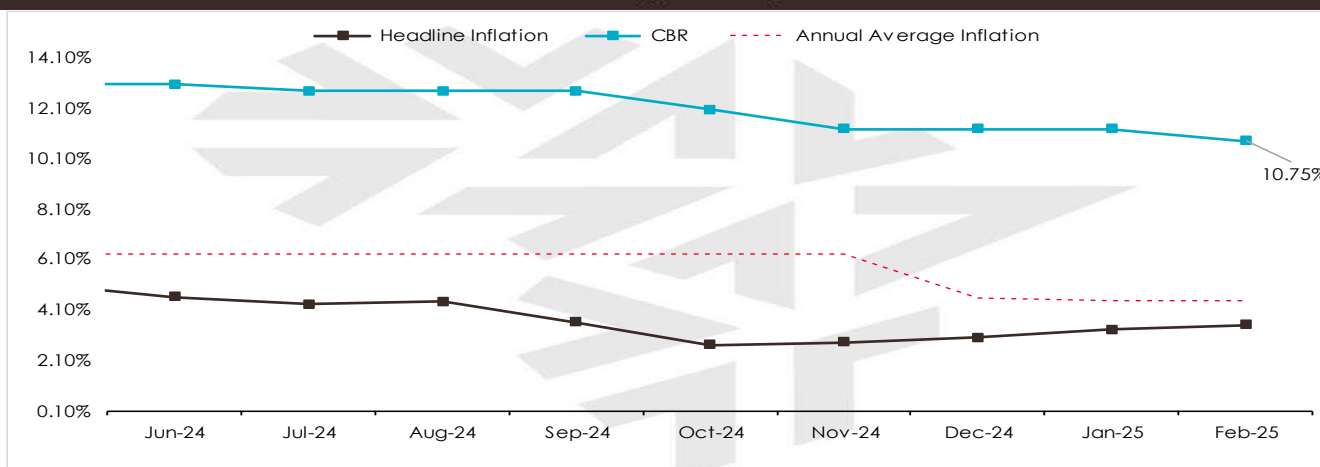
Currency Performance			
Period	USD/KES	GBP/KES	EURO/KES
Feb-25	129.226	162.611	134.227
Year to date	(0.06%)	(0.26%)	(0.36%)

Source: CBK, NCBA IB Research

Inflation

The annual headline inflation rate measured by the Consumer Price Index (CPI) rose to **3.5%** in **February 2025** from 3.3% in January 2025 largely on account of increases in non-core inflation. Notably, Core inflation for the month remained constant at 2.0%, while non-core inflation increased to 8.2% from 7.1% in January 2025. The increase in non-core inflation was mainly driven by prices of vegetables.

Despite the marginal increase, we anticipate annual inflation rate to remain stable and within the midpoint of CBK's target range supported by stability in food prices and aided by declining global fuel prices.



Source: CBK, KNBS, NCBA IB Research

Liquidity conditions

Liquidity conditions eased during the month. Indicatively, the overnight interbank rate declined by 55.73bps month on month to close at 10.70%

The average daily traded volumes declined to KES 15.94Bn from KES 27.14Bn recorded the previous month.

Statistic	Feb-25	Jan-25	Change (bps)
CBR	10.75%	11.25%	(50.00)
Average Interbank Rate	10.70%	11.26%	(55.73)

Source: CBK, KNBS, NCBA IB Research

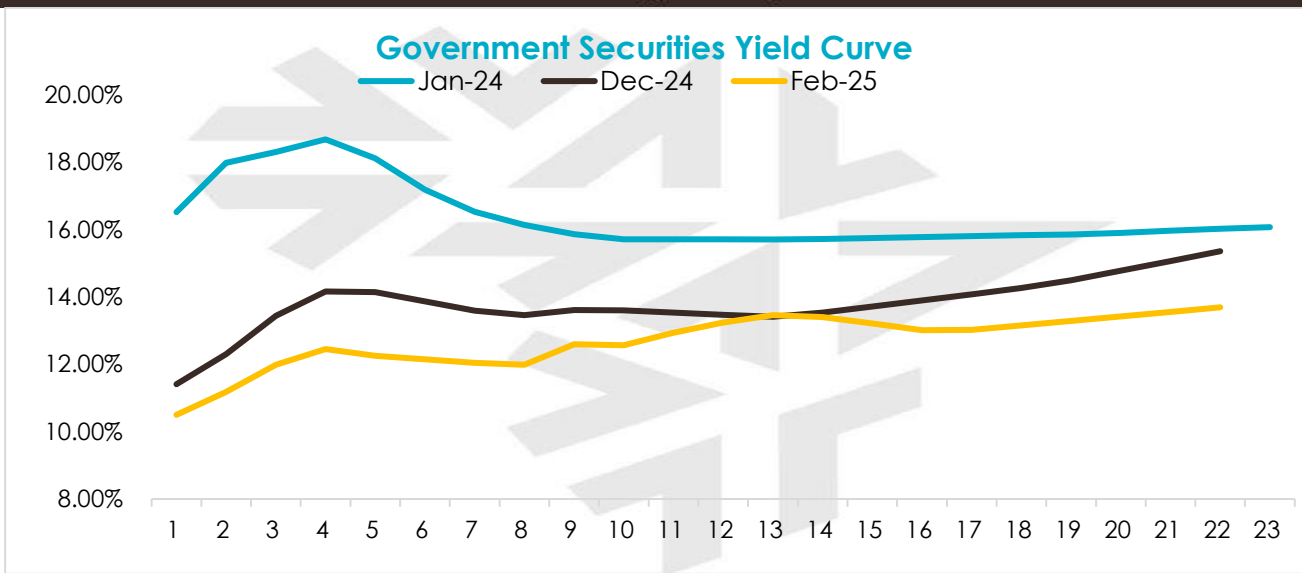
Interest rates

The downward trend in short-term Treasury bill yields has persisted into 2025, with the 91-day, 182-day 364-day papers declining m/m. However, the pace of decline is expected to be more gradual compared to the aggressive easing observed in 2024.

Prevailing rates	Feb-25	Jan-25	M/M change (bps)
91 Day	8.94%	9.59%	(65.35)
182 Day	9.24%	10.03%	(78.53)
364 Day	10.50%	11.33%	(83.42)

Source: CBK, NCBA IB Research

Yields on government securities are on a downward trajectory. Overall, we anticipate a continued downward trend in the yield curve, driven by the transmission of recent rate cuts into the market. This movement was further supported by the injection of liquidity by the Central Bank through treasury buybacks.



Source: CBK, NCBA IB Research

March 2025 Stock Picks

Counter	Current Price *28th February 2025	Target price	Upside	Trailing Dividend	Trailing Div. Yield	Recommendation
<u>Banking</u>						
ABSA	19.00	19.40	2.11%	1.55	8.16%	NEUTRAL
BK Group	35.95	46.80	30.18%	3.02	8.40%	BUY
COOP	16.85	19.86	17.86%	1.50	8.90%	NEUTRAL
DTB	78.00	67.21	(13.83%)	6.00	7.69%	SELL
Equity	48.70	55.21	13.37%	4.00	8.21%	NEUTRAL
I&M	35.95	40.50	12.66%	2.55	7.09%	NEUTRAL
KCB	44.95	53.03	17.98%	-	-	BUY
Stanbic	152.25	163.70	7.52%	20.74	13.62%	NEUTRAL
StanChart	300.25	261.57	(12.88%)	29.00	9.66%	SELL
<u>Telecommunication</u>						
Safaricom	17.95	22.35	24.51%	1.20	6.69%	BUY
<u>Manufacturing & Allied</u>						
BAT Kenya	380.00	493.57	29.89%	50.00	13.16%	BUY
BOC Kenya	86.00	90.06	4.72%	6.05	7.03%	NEUTRAL
Carbacid	20.25	22.3	10.12%	1.70	8.40%	NEUTRAL
EABL	185.00	182.78	(1.20%)	7.00	3.78%	SELL
<u>Energy</u>						
KenGen	4.96	5.22	5.24%	0.30	6.05%	NEUTRAL
<u>Agricultural</u>						
Kakuzi	433.75	438.41	1.07%	-	-	NEUTRAL
Sasini	15.55	18.10	16.40%	1.50	9.65%	BUY

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

Earnings Calendar for Banks.

Bank	Tentative release date	Action
ABSA	18 March 2025	Financial Results Release
CO-OP	20 March 2025	Financial Results Release
Equity	25 March 2025	Financial Results Release
I&M	25 March 2025	Financial Results Release
KCB	12 March 2025	Financial Results Release
NCBA	26 March 2025	Financial Results Release
Stanbic	5 March 2025	Financial Results Release
Standard Chartered	19 March 2025	Financial Results Release

Source: NSE, NCBA IB Research

FY24 Outlook for Banks.

The banking sector has demonstrated strong resilience despite challenging macroeconomic conditions. Financial institutions under our coverage have reported profit growth, albeit to varying degrees, despite the persistently high-interest rate environment. This growth underscores the sector's robustness amid challenges such as rising loan defaults and reduced borrowing demand.

In a snapshot:

- **Steady growth:** We expect the banking Sector to record steady growth boosted by loan portfolios, higher interest rates and non-interest income driven by foreign exchange trading.
- **Stable capital and liquidity positions:** Banks have ample liquidity in their balance sheets to facilitate expansion.
- **Elevated Interest rate risk:** With the declining interest rates, banks might need to adjust their funding strategies to manage interest expenses.
- **Increased credit risk:** Banks' asset quality has been deteriorating. Banks are likely to see their NPLs remain elevated driven by the adverse macro-economic environment.
- **Strained Net interest Margins:** With challenges in the cost of funds, NIM's will likely be strained.

We see significant potential for capital gains in banking stocks, as many publicly traded banks are demonstrating strong earnings prospects and growth potential. T

In summary, despite facing challenges such as increased NPLs and fluctuating interest rates, we expect Kenyan listed banks to showcase robust performance in FY2024. The sector's adaptability and strategic responses to economic shifts have positioned it for continued growth in the coming years.

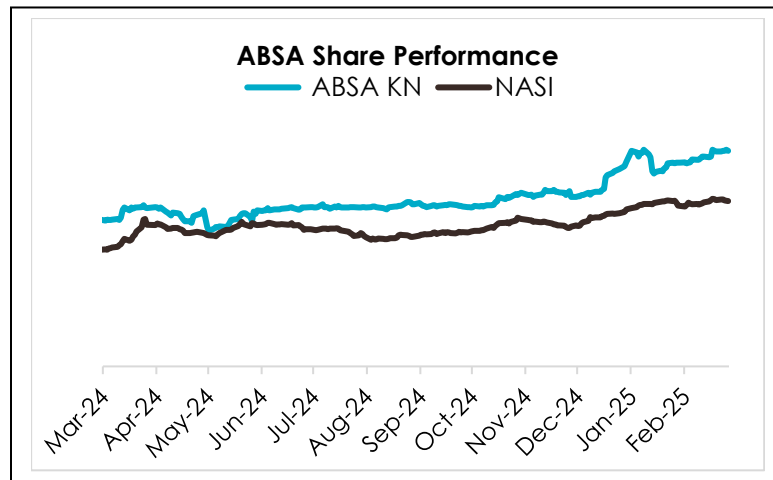
****Note: We are in the process of reviewing our models in light of the FY24 results to ensure enhanced projections and insights**

INVESTMENT CONSIDERATION

ABSA Bank Kenya: NEUTRAL with a Target Price of KES 19.40

Share Data	
BIC	ABSA KN
Recommendation	NEUTRAL
Last Price	19.00
Target Price	19.40
Upside (Excl. Div Yield)	2.11%
Market Cap (KES'Bn)	97.50
52- week high	19.50
52- week low	10.00

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** ABSA Bank released Q32024 results posting a 19.8% growth in PAT. This was attributable to a 17.7% and 13.0% growth in gross interest & non-interest income, respectively.
- **Balance Sheet Growth:** The bank's loans and advances in the period declined by 5.9% to KES 311.46Bn while overall assets declined by 4.1% to KES 484.35Bn. Consequently, the loan to deposit ratio declined to 88.53% from 93.40% in the previous year. This mirrors the industry's trend as a result of the prevailing macroeconomic conditions.
- **Asset Quality:** NPL ratio increased to 12.1% driven by the prevailing adverse macro conditions in Kenya. Total loan provisions grew by 18.7% reflecting credit risk in the economy.

Outlook

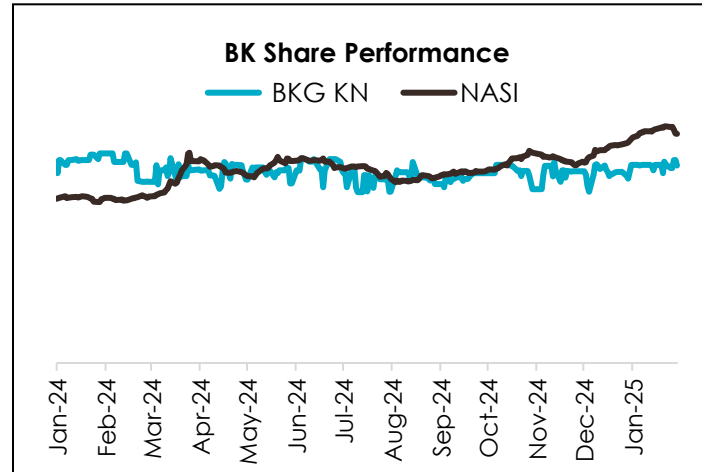
Going forward the bank will leverage on technology to scale up retail business. The lender will continue to focus on executing its strategy to build a consumer banking business that is digitally enabled to increase reach and invest in areas of competitive strength.

We expect ABSA Bank to deliver long-term profitability based on its strong customer base and focus on digital transformation.

BK Group: BUY with a target price of KES 46.80

Share Data	
BIC	BKG KN
Recommendation	BUY
Last Price	34.85
Target Price	46.80
Upside (Excl. Div Yield)	34.29%
Market Cap (KES'Bn)	31.25
52 weeks high	37.00
52 weeks low	26.50

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** Net Income of RWF 69.7Bn (KES 6.7Bn), an increase of 26.1% y-o-y on the back of substantial growth across all its subsidiaries. This performance strengthens BK Group's position as a resilient and leading player across diverse sectors in the Rwanda market.
- **Balance Sheet Growth:** Total assets increased by 14.6% y-o-y to RWF 2.4Tn (KES 239.4Bn). Net loans & advances increased by 15.4% y-o-y to RWF 1.4Tn, (KES 141.6Bn) while deposits increased by 12.2% to RWF 1.5Tn (KES 152Bn).
- **Asset Quality:** The Group's loan loss provisions increased y-o-y by 51.9% to RWF 23.2Bn aligned with the loan book growth and the adoption of new IFRS 9 model assumptions. Asset quality metrics however remained stable, with the NPL ratio at 4.8% and the annualized Cost of Risk at 2.2%.

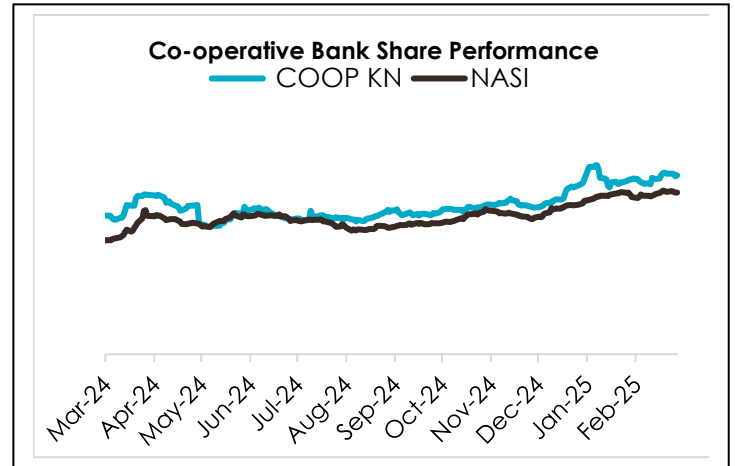
Outlook

BK Group has put in strategies to improve its loan book by expanding the customer base. It is also offering a comprehensive approach that prioritizes the growth and diversification of its business operations. The Group continues to optimize its digitalization process to streamline operations and enhance customer experience.

Co-operative Bank of Kenya: NEUTRAL with a target price of KES 19.86

Share Data	
BIC	COOP KN
Recommendation	NEUTRAL
Last Price	16.85
Target Price	19.86
Upside (Excl. Div Yield)	17.86%
Market Cap (KES'Bn)	97.10
52 weeks high	18.00
52 weeks low	10.10

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** Co-operative bank released Q32024 financial results posting a 4.4% rise in PAT to KES 19.20Bn. This was attributable to a 12.3% and 8.2% growth in net interest & non-interest income, respectively, y-o-y.
- **Balance Sheet Growth:** Loans and advances grew by 0.9% to KES 381.34Bn slower than an 18.7% growth in deposits. The loan to deposit ratio dropped to 74.19% from 87.35% y-o-y.
- **Asset Quality:** Gross NPLs increased by 13.1% to KES 70.0Bn. Loan loss provisions increased by 32.5% to KES 5.56Bn driven by implementation of risk management initiatives. The NPL ratio deteriorated to 15.51% in Q32024 from 14.07% y-o-y, indicative of worsening credit quality.

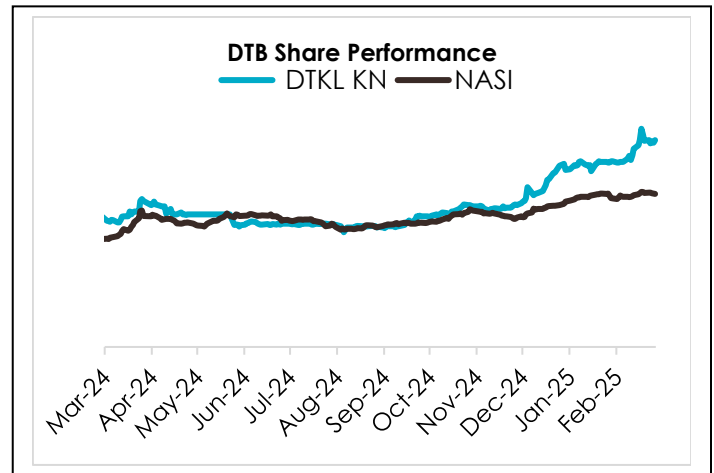
Outlook

The Bank continues to execute a proactive growth strategy anchored on a strong enterprise risk management framework and deepening market dominance. The bank is also expected to open more branches for improved service delivery and expansion of its customer base. Riding on its unique synergies, it will continue to pursue strategic initiatives that focus on resilience and growth in the various sectors of the economy.

Diamond Trust Bank: SELL with a target price of KES 67.21

Share Data	
BIC	DTKL KN
Recommendation	SELL
Last Price	78.00
Target Price	67.21
Upside (Excl. Div Yield)	(13.83%)
Market Cap (KES'Bn)	14.96
52- week high	73.00
52- week low	43.05

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** DTB Bank released its Q32024 financial results posting an 8.5% rise in PAT to KES 6.51Bn. This was attributable to a 6.1% and 5.7% growth in net interest & non-interest income, respectively.
- **Balance Sheet Growth:** The bank's loans and advances dropped by 4.9% to KES 275.03Bn partly attributable to high interest environment reflected in the drop of asset growth by 1.2% to KES 590.6Bn. The loan to deposit ratio declined to 62.24% from 63.17% y-o-y.
- **Asset Quality:** The NPL ratio increased to 12.5% from 11.8% y-o-y but still below the industry average of 16.0%. Loan loss provisions also increased by 12.3% to KES 5.3Bn from KES 6.0Bn y-o-y.

Outlook

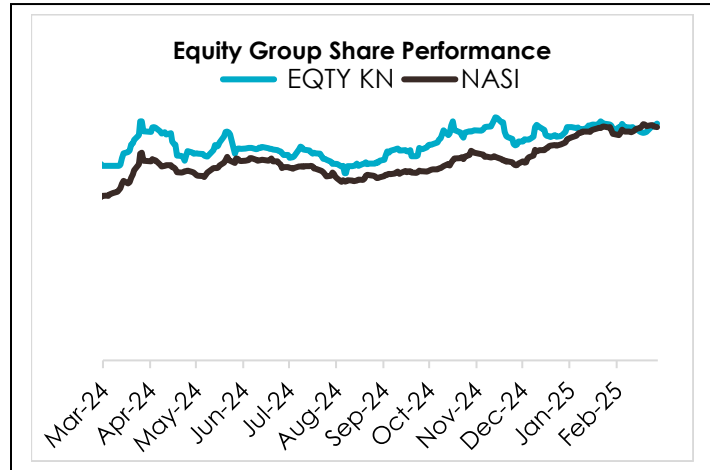
Going forward the bank will continue to leverage on technology with platforms such as 'Astra' and 'Infiniti Pay' which support the small and medium enterprises. The initiative is expected to increase trade flows.

The lender will pursue its business growth strategy of customer base expansion as well as adopting an ecosystem approach of servicing customers who operate across East Africa's key economic sectors. In regard to value propositions, the lender will leverage both traditional channels and digital platforms.

Equity Group: Neutral with a target price of KES 55.21

Share Data	
BIC	EQTY KN
Recommendation	Neutral
Last Price	48.70
Target Price	55.21
Upside (Excl. Div Yield)	13.37%
Market Cap (KES'Bn)	169.82
52- week high	51.00
52- week low	33.70

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** Equity Group released Q32024 financial results posting a 13.6% rise in PAT to KES 39.3Bn. The rise was attributable to a 11.0% and 5.8% growth in net interest & non-interest income, respectively, as well as rapid growth in the insurance business.
- **Balance Sheet Growth:** The Group's loans and advances declined by 5.4% to KES 800.1Bn compared to a 9.04% growth in customer deposits. This led to a decline in the loan to deposit ratio to 60.8% from 70.0% y-o-y.
- **Asset Quality:** The Group's Gross Non-performing loans increased by 0.7% to KES 125.3Bn from KES 124.5Bn. Consequently, the NPL ratio grew to 13.5% from 12.8% y-o-y.

Outlook

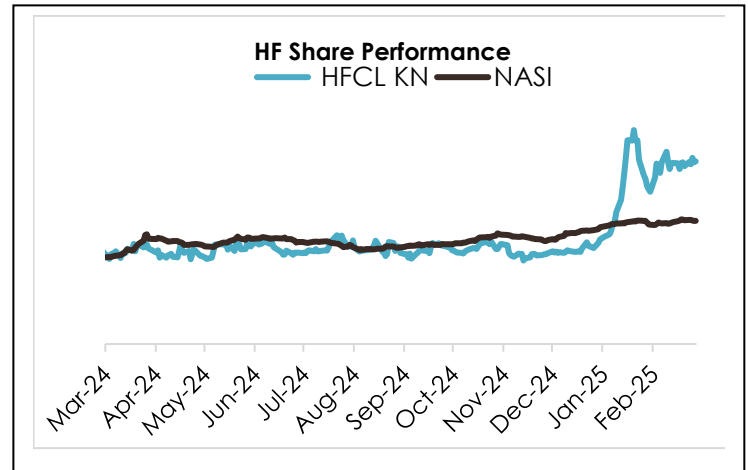
The Group's growth momentum, high buffer in provisions and capital, position the institution well to unleash its offensive growth strategy. This could either be pursued opportunistically through mergers and acquisitions or via organic growth fueled by its strong brand and digital capabilities. Relatedly, the Group's entrepreneurial and managerial depth anchors its reputation of execution capabilities.

We believe that the Group's current price aptly captures the expansion strategies in the near term. Consequently, the counter has potential for a modest upside.

HF Group

Share Data	
BIC	HFCL KN
Recommendation	BUY
Last Price	4.00
Target Price	5.30
Upside (Excl. Div Yield)	32.50%
Market Cap (KES'Bn)	1.54
52- week high	5.20
52- week low	2.80

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** HF Group released its Q3 2024 results posting a 104.6% growth in PAT to KES 483.47Mn attributable to a 2.6% and 10.9% growth in net interest income and non-interest income, respectively. The EPS rose to KES 1.68.
- **Balance Sheet Growth:** Loans and advances in the period declined by 0.7% to KES 38.2Bn while overall assets grew by 8.0% to KES 65.6Bn. Consequently, the loan to deposit ratio declined to 84.7% from 87.8% y-o-y.

Rights Issue

HF Group's recent rights issue concluded with remarkable success, achieving a subscription rate of **138.32%** and surpassing its target of KES 4.6Bn.

The offering attracted applications totaling KES 6.38Bn, showcasing strong investor confidence in the company.

Priced at KES 4.00 per share, the issue aimed to raise KES 5.99Bn through the issuance of 1.5Bn new ordinary shares. Structured as a two-for-one offer, the rights issue's uptake was further boosted by a greenshoe option, enabling the issuance of an additional 384 million shares to accommodate the heightened demand. This outcome highlights HF Group's solid market standing and investor trust.

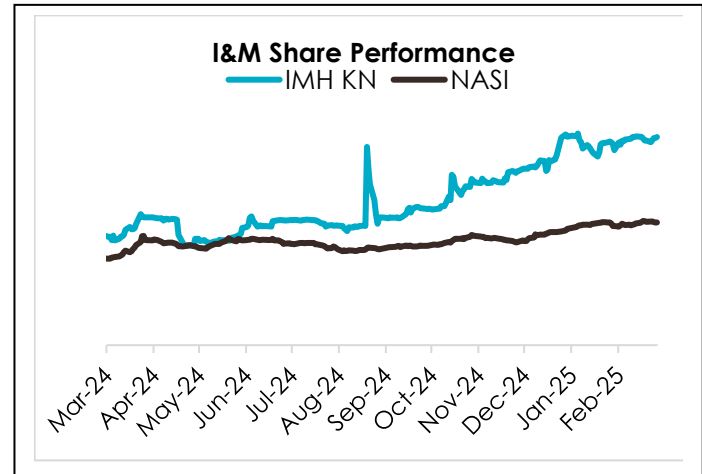
The funds will support the Group's growth across expanded business segments and reinforce its capital base, ensuring regulatory compliance and financial stability. The capital will also be directed toward enhancing the Group's digital capabilities aligning with industry trends toward digital transformation.

Find our Comprehensive Report [here](#).

I&M Group: NEUTRAL with a target price of KES 40.50

Share Data	
BIC	IMH KN
Recommendation	NEUTRAL
Last Price	35.95
Target Price	40.50
Upside (Excl. Div Yield)	12.66%
Market Cap (KES'Bn)	55.73
52- week high	39.00
52- week low	15.80

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** I&M Bank released its Q32024 results posting a 21.3% rise in PAT to KES 9.95Bn. This was attributable to a 43.5% and 19.8% growth in net interest & operating income, respectively.
- **Balance Sheet Growth:** Loans and advances dropped by 2.1% to KES 281.3Bn while the overall assets grew by 12.1% to KES 567.7Bn. The loan to deposit ratio declined to 67.99% from 71.4% y-o-y attributable to faster growth in customer deposits.
- **Asset Quality:** The NPL ratio increased marginally to 11.25% from 11.17% y-o-y but it is still below the industry average. Loan loss provisions however increased by 18.9% to KES 5.5Bn from KES 4.6Bn y-o-y.

Outlook

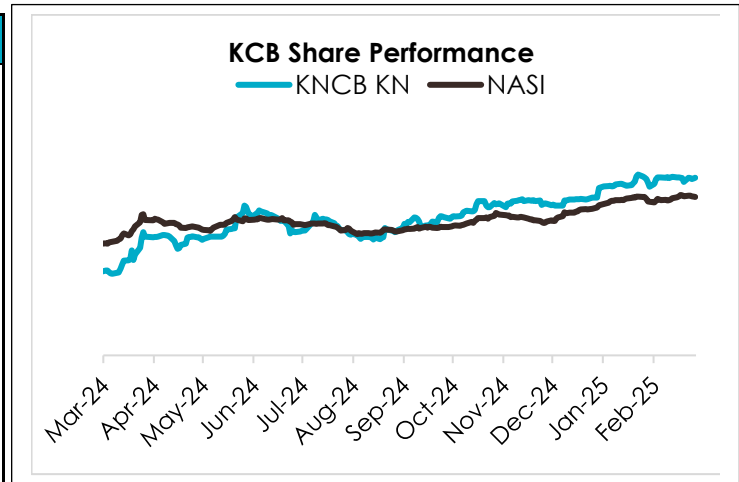
The Bank continues to execute the proactive Imara 3.0 2024-2026 strategy anchored on accelerating growth in key segments and digitalization. Deposit mobilization is expected to be driven by an increased branch network.

At the current market price, we believe the stock presents an opportunity for long-term investors.

KCB Group: BUY with a target price of KES 53.03

Share Data	
BIC	KNCB KN
Recommendation	BUY
Last Price	44.95
Target Price	53.03
Upside (Excl. Div. Yield)	17.98%
Market Cap (KES'Bn)	137.35
52- week high	47.00
52- week low	15.80

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** KCB Group released its Q3 2024 results posting a 49% rise in PAT to KES 45.8Bn supported by a 30.8% and 18.3% growth in net interest & non-interest income, respectively.
- **Balance Sheet Growth:** Loans and advances grew by 0.5% to KES 1,053.20Bn while overall total assets declined by 5.1% to KES 1,993.3Bn, y-o-y.
- **Asset Quality:** The NPL ratio rose to 16.97% hence a worsening credit quality.

Outlook

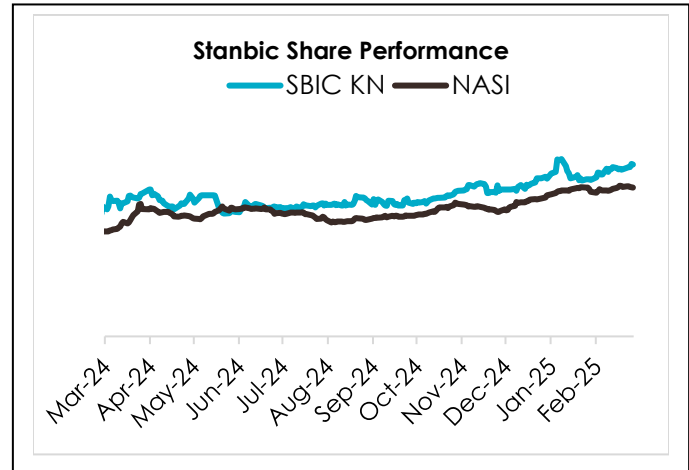
KCB'S wide regional footprint along with its well diversified portfolios of business and capital buffers position the lender to gain significant momentum in balance sheet growth across all its subsidiaries.

We expect the bank to continue generating long-term profitability supported by an aggressive lending strategy, growing subsidiaries' performance, and regional diversification.

Stanbic Bank: NEUTRAL with a target price of KES 163.70

Share Data	
BIC	SBIC KN
Recommendation	NEUTRAL
Current Price	152.25
Target Price	163.70
Upside	7.52%
Market Cap (KES'Bn)	46.35
52 week high	162.00
52 week low	90.00

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** Stanbic Bank Kenya released its Q3 2024 results posting a 9.3% rise in PAT to KES 10.14Bn supported by a 48% growth in interest income. The performance was however weighed down by a 17.8% decline in non-interest income during the period.
- **Balance Sheet Growth:** The bank's loans and advances declined by 12.8% to KES 218.76Bn while the overall assets grew by 11.7% to KES 462.6Bn. Deposits grew by 7.3% and the loan to deposit ratio declined to 66.7% from 82.1% y-o-y.
- **Asset Quality:** The credit impairment charges declined by 40.2% to KES 2.7Bn indicative of the lender's proactive credit risk management using risk-based pricing. NPL ratio increased to 10.18% from 8.74%.

Outlook

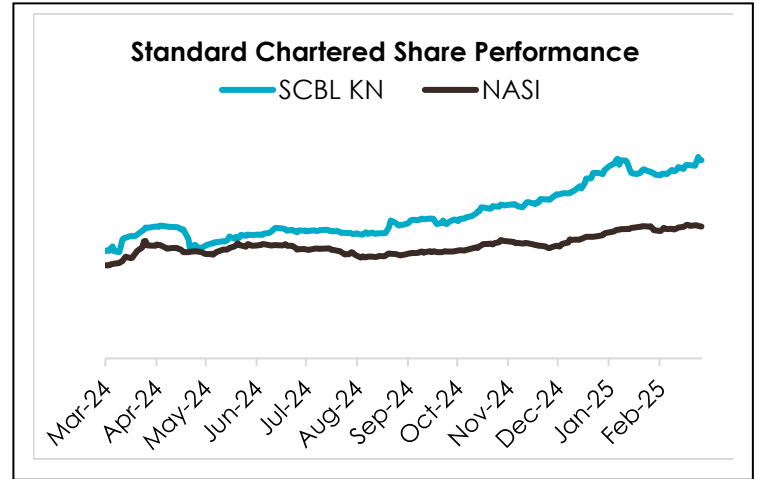
The lender's NPL ratio is commendable compared to an industry average of 16%. Proactive data driven risk analysis with credit risk pricing models in the mainstream loans will boost credit loss and cost of risk ratios.

Revenue diversification from regional subsidiaries such as South Sudan will continue to anchor the bank's profitability. Relatedly, Group synergies that enhance its forex offering together with continued digitization initiatives, will support growth in non-interest income.

Standard Chartered Bank Kenya: SELL at a target price of KES 261.57

Share Data	
BIC	SCBK KN
Recommendation	SELL
Last Price	300.25
Target Price	261.57
Upside	(12.88%)
Market Cap (KES'Bn)	91.91
52 week high	303.00
52 week low	134.00

Source: Bloomberg, NCBA IB Research, NSE



Q3 2024 Financial Performance

- **Profitability:** Standard Chartered released Q32024 results posting a 62.7% rise in PAT to KES 15.84Bn. This was attributable to a 17.0% and 73.5% growth in net interest & non-interest income, respectively.
- **Balance Sheet Growth:** Loans and advances grew by 5.4% to KES 151.3Bn. The overall assets however declined by 0.3% to KES 369.7Bn. The loan to deposit ratio rose to 53.2% from 48.0% y-o-y.
- **Asset Quality:** Gross NPLs decreased by 48.4% to KES 12.14Bn. An NPL ratio of 7.4% remains below the industry average of 16.00%. Loan provisions however increased by 7.4% to KES 1.96Bn from KES 1.82Bn.

Outlook

Going forward the bank will leverage on technology to scale up mass retail business. The lender will continue to focus on executing its strategy and invest in areas of competitive strength such as their wealth management unit.

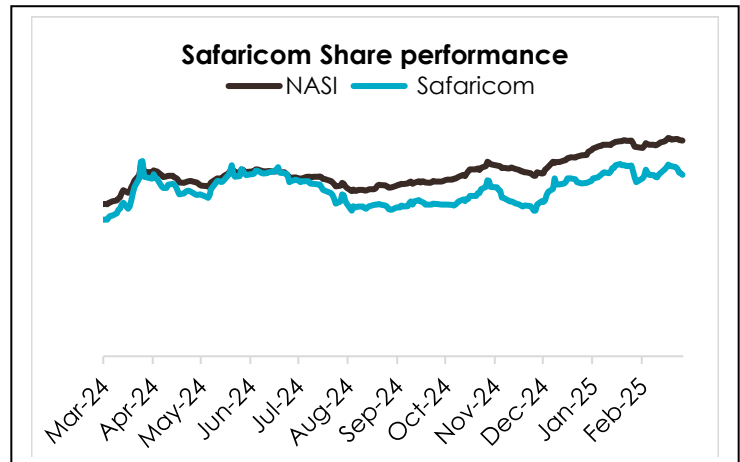
The bank, accelerating its Sustainable Finance offering to clients through product innovation and enabling transition to a low carbon future, will further scale the aggressive lending strategy.

We expect the bank to register long-term profitability based on revenue diversification and steady topline growth.

Safaricom: BUY with a target price of KES 22.35

Share Data	
BIC	SAFCOM KN
Recommendation	BUY
Last Price	17.95
Target Price	22.35
Upside (Excl. Div Yield)	24.51%
Market Cap (KES'Bn)	600.98
52 week high	24.95
52 week low	11.50

Source: Bloomberg, NCBA IB Research, NSE



1H 2025 Financial Performance

- **M-PESA was the key driver of growth:** Grew by 16.6% y/y to KES 77.22Bn driven by ongoing digital expansion and the heavy reliance on mobile financial services in Kenya. M-PESA now accounts for 43% of service revenue. We estimate M-pesa contribution at the end of FY25 will stand at ~44% of service revenue
- **Capital expenditure weighs down on the business:** Capex saw an increase of 93.1% to KES 96.1Bn driven by accelerated spending on investment in Ethiopia. Capex in Ethiopia was undertaken to support site & infrastructure installations.
- **Profitability:** For the Group declined by 63.2% to KES 10.01Bn attributable to increase in operating expenses and subdued performance in Ethiopia. Net income for Kenya, which includes the company performance and Kenyan based subsidiaries grew 14.1% y/y to KES 47.50Bn supported by robust performance across all service lines which was driven by sustained growth in customers and usage.

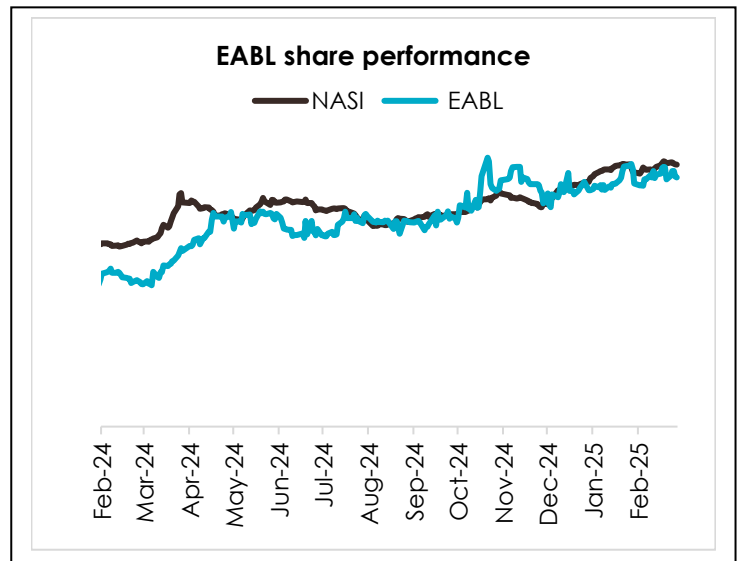
Outlook

We expect increased revenue from M-Pesa, and mobile data revenue streams. Operations in Ethiopia could help achieve revenue expansion above consensus and entrench the company's presence in the region. We however maintain a cautiously optimistic stance on this diversification venture.

East African Breweries: SELL with a target price of KES 182.78

Share Data	
BIC	EABL KN
Recommendation	SELL
Last Price	185.00
Target Price	182.78
Upside (Excl. Div Yield)	(1.20%)
Market Cap (KES'Bn)	131.07
52 week high	204.00
52 week low	100.00

Source: Bloomberg, NCBA IB Research, NSE



HY 2025 Financial Performance

- Profitability:** PAT increased by 19.6%, rebounding from the previous period's decline, driven by efficient cost management that offset inflationary pressures. Operational efficiencies and currency appreciation further contributed to revenue growth.
- Revenue:** Net sales increased by 2.1% to KES 67.9Bn, driven by 8% overall organic growth, excluding currency fluctuations with sales volume growing by 1%. The performance was supported by strategic pricing, an improved product mix, a strong portfolio, and innovation launches like *New Frontiers*.
- Regional subsidiaries support growth:** In Tanzania, organic sales grew by 16%, driven primarily by Serengeti Breweries' numerous innovations. In Uganda, sales increased by 3%, supported by demand for mainstream spirits and value beer.

Meanwhile, sales in Kenya rose by 9%, benefiting from a stable regulatory environment and favorable excise conditions. Kenya remains EABL's largest revenue contributor, accounting for over 60% of total revenue, followed by Uganda and Tanzania.

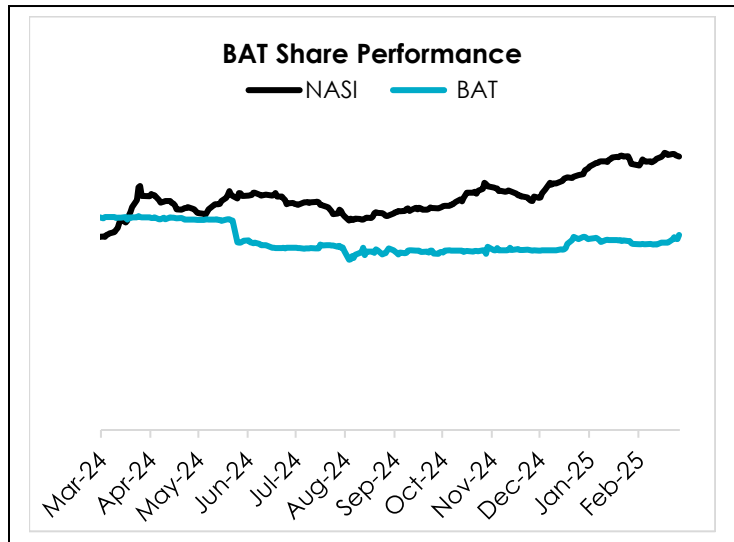
Outlook

The challenging macro-economic environment continues to weigh heavily on the Brewer. The region's exposure to macroeconomic risks will continue to negatively impact on the company's earnings and our short to medium term financial forecasts. Relatedly, the company continues to suffer from a punitive tax policy that has impacted on their financing costs.

British American Tobacco: BUY with a target price of KES 493.57

Share Data	
BIC	BAT KN
Recommendation	BUY
Last Price	380.0
Target Price	493.57
Upside	29.89%
Market Cap (KES'Bn)	35.00
52 week high	495.00
52 week low	325.00

Source: Bloomberg, NCBA IB Research, NSE



FY 2024 Financial Performance

- **Profitability:** PAT declined by 19.5% to KES 4.5Bn, primarily due to higher finance costs and slower sales growth. This was driven by cost inflation, which increased operational expenses, lower consumer purchasing power, leading to downtrading toward lower-priced brands and supply disruptions of modern oral nicotine pouches
- **Cost of Operations:** Increased by 4.37% to KES 18.4BnBn attributable to higher input costs which were partially offset by cost savings from productivity initiatives, as well as lower sales volume.
- **Gross Sales & Net Revenue:** Gross sales, including indirect taxes, declined by 0.4% to KES 41.0Bn, while net revenue edged up by 0.6% to KES 25.7Bn. The marginal increase was driven by a strategic pricing benefit though this was partially offset by the impact of foreign exchange losses on the export sales
- **Dividend:** BAT Kenya maintained its total dividend per share at **KES 50** for FY2024, representing a dividend yield of **13%**

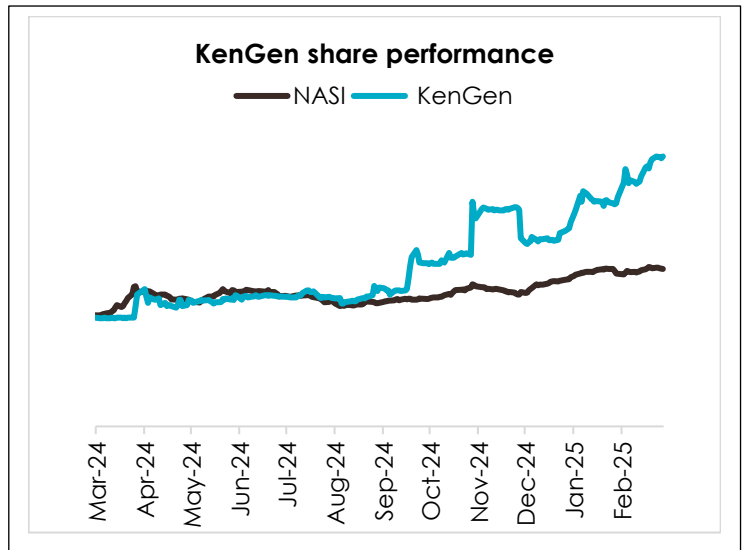
Outlook

The company remains focused on reducing negative health impacts of its business by offering alternative innovative products, including tobacco-free oral nicotine pouches.

Its commitment to sustainably deliver shareholder value is expected to be delivered through geographical diversity, prudent execution of strategies, investment in world class human capital as well as incorporating effective business partners.

KenGen: Neutral with a target price of KES 5.22

Share Data	
BIC	KEGC KN
Recommendation	Neutral
Last Price	4.96
Target Price	5.22
Upside	5.24%
Market Cap (KES'Bn)	22.82
52- week high	4.64
52- week low	1.94



Source: Bloomberg, NCBA IB Research, NSE

FY 2024 Financial Performance

- **Revenue:** Net revenue increased by 5.3% to KES 48.3Bn from KES 45.8Bn y-o-y, driven by a strong growth in revenues from its geothermal and hydroelectric power plants.
- **Dividend:** Up 117% to KES 0.65 in 2024 from KES 0.30 y-o-y.
- **Profitability:** Reported a 35% surge in PAT to KES 6.8Bn from KES 5Bn.

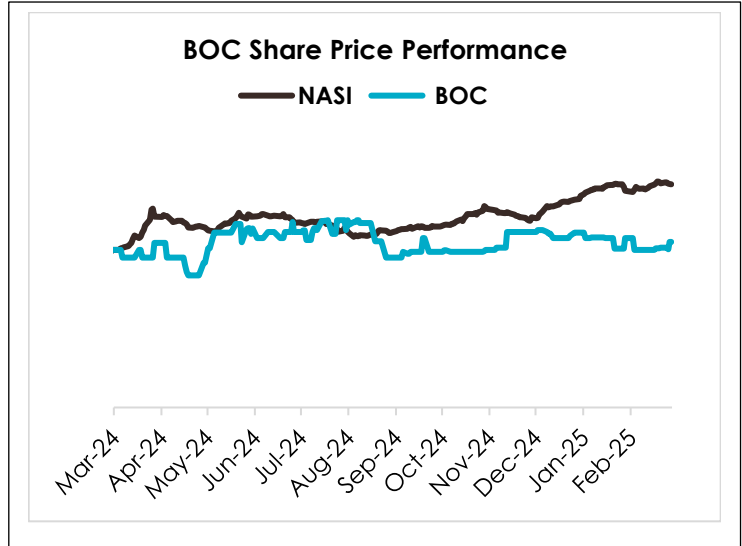
Outlook

We expect the business to have a positive outlook based on the following factors.

- **Capacity increase:** The rehabilitation of the Olkaria I geothermal power plant, aimed at giving it a new lease of life and increasing its capacity to 63MW, is progressing well. Additionally, the implementation of the Olkaria I Additional Units 4 and 5, along with the Olkaria IV Upgrading Project, has begun. This project aims to boost their combined capacity from the current 300MW to 340MW and is expected to be completed by December 2026.
- **Economic outlook and electricity demand:** We maintain a positive outlook as the national demand for clean electric energy continues to rise.
- Looking ahead, KenGen says it plans to focus on revenue diversification through projects such as the establishment of a Green Energy Park at Olkaria, which will provide industries with a platform to operate sustainably.

B.O.C Kenya: HOLD with a target price of KES 90.06

Share Data	
BIC	BOCK KN
Recommendation	HOLD
Last Price	86.00
Target Price	90.06
Upside	4.72%
Market Cap (KES'Bn)	1.74
52- week high	95.00
52-week low	65.00



Source: Bloomberg, NCBA IB Research, NSE

HY 2024 Financial Performance

BOC PLC announced their 1H2024 results recording a 23% increase in PAT.

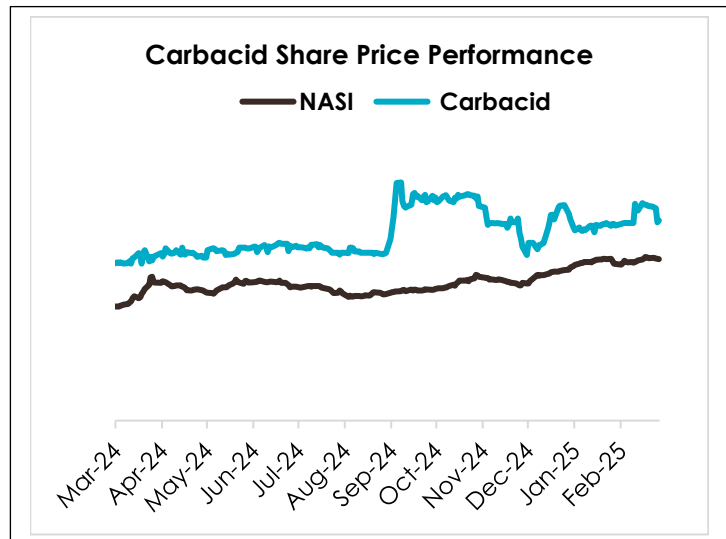
Outlook

Despite a substantial uptick in the cost of doing business arising from higher input costs, we believe the company will deliver a relatively strong performance. The performance will be pegged on;

- **Value addition:** The Group is adopting agile and optimal business processes. It has elevated the quality of its production capacity and has continued to upgrade its assets and capabilities to differentiate its services from its competitors. We remain cognizant of the fact that global disruptions on the supply chain of raw materials may persist.
- **Strong presence in the healthcare sector:** Ongoing improvements in oxygen infrastructure in the healthcare sector post- Covid is leading to increased demand for medical oxygen. In 2021 and 2022, the company installed a large portion of this infrastructure, primarily bulk oxygen storage tanks and the related gas pipelines. The company is expected to reap the benefits of the installed infrastructure by ensuring that the equipment remains in serviceable condition and that medical grade oxygen is available.

Carbacid Investments Plc: NEUTRAL with a target price of KES 21.24

Share Data	
BIC	CBIL KN
Recommendation	NEUTRAL
Last Price	20.25
Target Price	21.24
Upside	10.12%
Market Cap (KES'Bn)	4.56
52- week high	23.90
52- week low	11.00



Source: Bloomberg, NCBA IB Research, NSE

HY 2025 Financial Performance.

Carbacid PLC announced their HY25 financial results recording a 13% decrease in profit after tax, largely attributed to a stronger shilling versus the US dollar and softer demand for carbon dioxide in various exports markets.

- **Turnover:** The company recorded a turnover of KES 940.6Mn, down from KES 1.08Bn, reflecting an 12% decrease primarily driven by a stronger shilling versus the US Dollar, given that major part of its business is in export markets. The decrease is also attributable to softer demand in various markets.
- **Profitability:** Profit after tax decreased by 10.35% to KES 434Mn from KES 485Mn recorded in 2024. Despite rising costs across the entire supply chain, gross margin improved due to reduced input costs, savings from solar installation and cost management initiatives.
- **Government securities:** The investment portfolio comprising government bonds, deposits, and shares in various listed entities, continued to grow and generate returns in line with coupons and market rates. As a result, Equity Investment were up 8.85% to KES 439.1Mn. There were gains on revaluation of equity investments due to the recovery of the NSE market leading to better valuations.

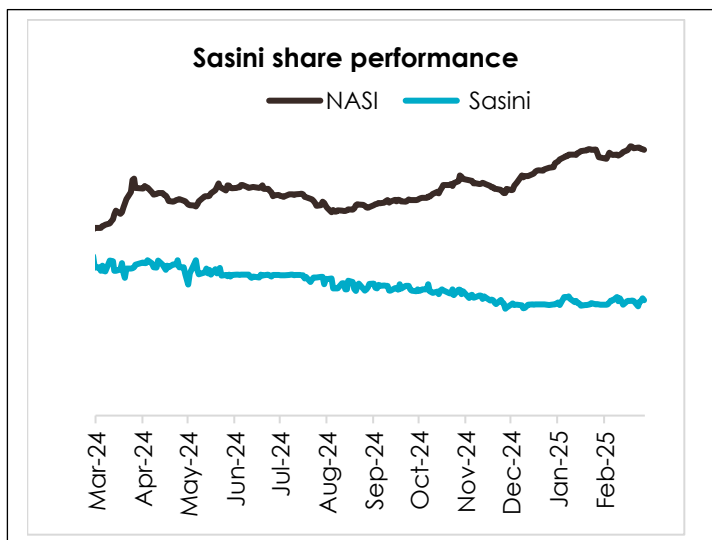
Outlook

Carbacid continues to focus on maintaining a flexible and adaptive business strategy, investing in innovation and technology, diversifying its customer base and geographic presence, and enhancing resilience in its supply chain and operations.

Additionally, staying abreast of regulatory developments and market trends will be crucial for anticipating and responding to changes in the business environment.

Sasini Plc: BUY with a target price of KES 18.10

Share Data	
BIC	STCL KN
Recommendation	BUY
Last Price	15.55
Target Price	18.10
Upside	16.40%
Market Cap (KES'Bn)	3.28
52- week high	32.60
52- week low	16.50



Source: Bloomberg, NCBA IB Research, NSE

HY 2024 Financial Performance

- **Revenue:** Revenue rose by 32.07% to KES 3.0Bn driven by increased production volumes, global coffee and tea prices supplemented by foreign exchange volatility.
- **Operating costs:** The cost of sales increased by 54.1% on account of volume and cost increases. The rising costs, particularly in coffee and green leaf purchases pose a risk to maintaining profit margins.
- **PAT:** Consequently, the Group reported a **loss** after tax for the period of KES 37.6Mn.

Outlook

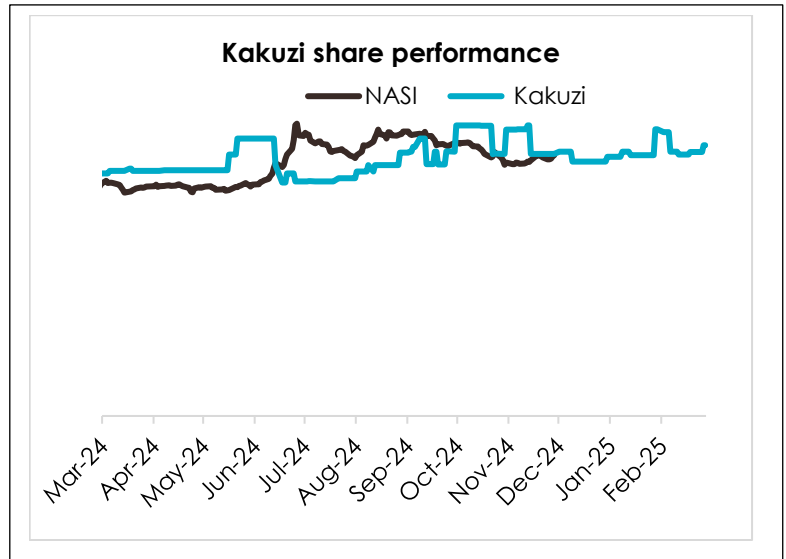
Sasini's diversified revenue streams have positioned the company for growth in the medium to long-term. We expect Sasini to deliver profitability based on its strategic focus on revenue diversification in high-margin segments such as avocado and macadamia.

Efforts in cost management, evidenced by the significant reduction in general charges and other operating expenses, alongside prudent financial management, indicate a promising outlook.

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.

Kakuzi Plc: HOLD with a target price of KES 438.41

Share Data	
BIC	KKNZ
Recommendation	HOLD
Last Price	433.75
Target Price	438.41
Upside	1.07%
Market Cap (KES'Bn)	7.78
52- week high	440.00
52- week low	240.00



Source: Bloomberg, NCBA IB Research, NSE

Kakuzi is set to deliver strong performance by expanding into high-margin products like macadamia oil, enhancing its domestic and international market reach. With strategic moves into India and Malaysia, and the successful launch of value-added offerings, Kakuzi is poised for resilient growth. A focus on sustainability and local supplier integration further strengthens its competitive edge.

Anticipated future cash flows from Kakuzi's development projects such as Macadamia nut production and commercial blueberry will boost its revenue levels.

Kakuzi is an ideal stock for investors with long-term investment horizons. Profits are expected fluctuate causing some volatility in the stock price since the industry is cyclical in nature.

To access the comprehensive report, please follow the link below:

[Kakuzi PLC Report](#)

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