

The Mwango Weekly for 13th October 2025

Kenya Power Raises Dividend Despite Lower Profit

In this week's newsletter, we look at Kenya Power's higher dividend despite weaker earnings, growing challenges for Safaricom's Ethiopia unit, and the Central Bank's rate cut to 9.25%

Kenya Power Profit Falls 18.7% as Lower Tariffs and Forex Gains Weigh on Margins

Kenya Power's profit after tax dropped 18.7% to KES 24.5B in FY 2024/25, down from KES 30.1B the year before, as tariff reductions and a stronger shilling eroded margins. Total revenue declined 5.1% to KES 219.3B, with electricity sales revenue falling 7.3% to KES 188.3B following the July 2023 tariff review that lowered end-user charges by an average of 9%. The appreciation of the shilling against the dollar also reduced foreign exchange recoveries, which had boosted earnings in the previous year. Nonetheless, electricity demand remained firm, with units sold rising 8.0% to 11,403 GWh from 10,560 GWh, driven by increased uptake from large commercial and industrial consumers. Energy purchased increased 787 GWh to 14,470 GWh, maintaining Kenya's renewable dominance with hydro and geothermal accounting for

over 80% of total generation.

Kenya Power Full Year Net Profit (KES)

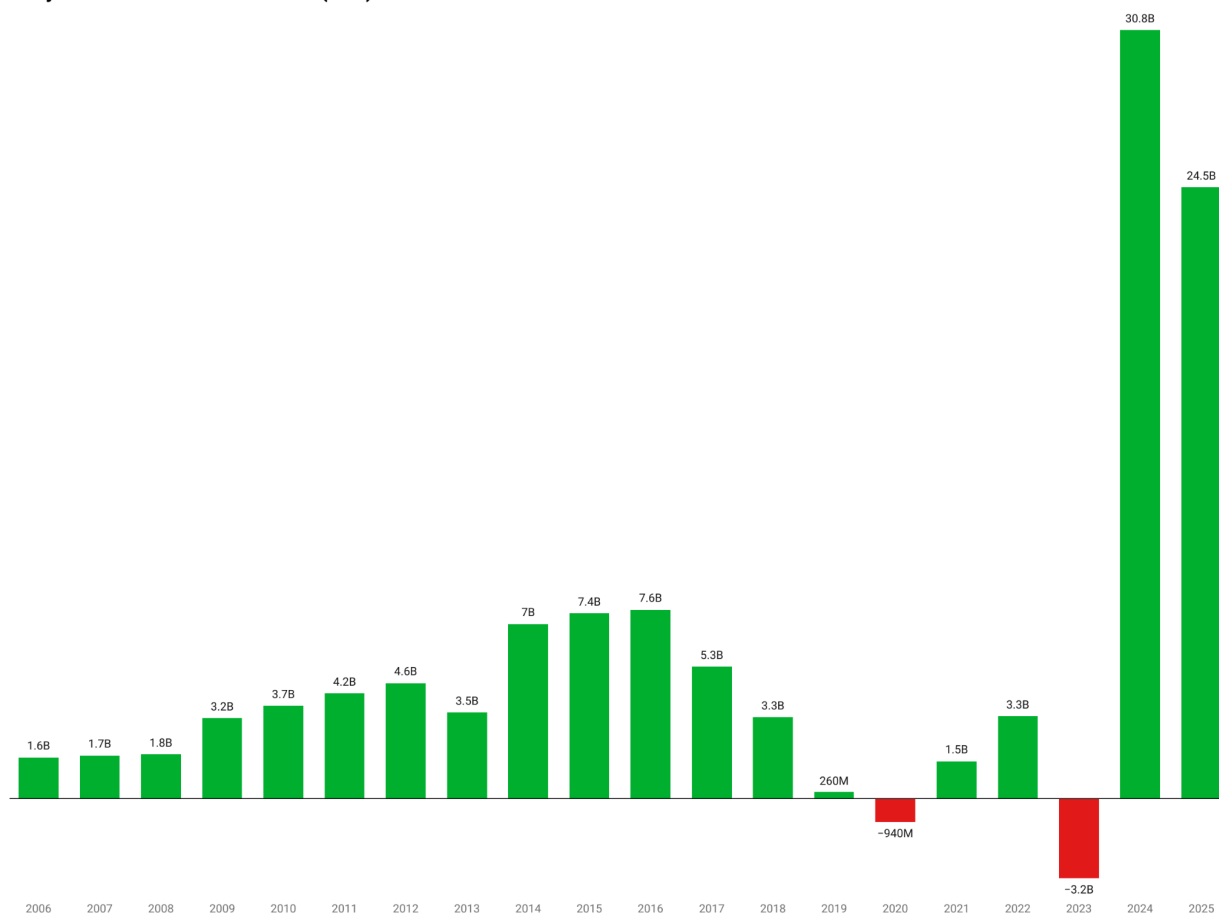
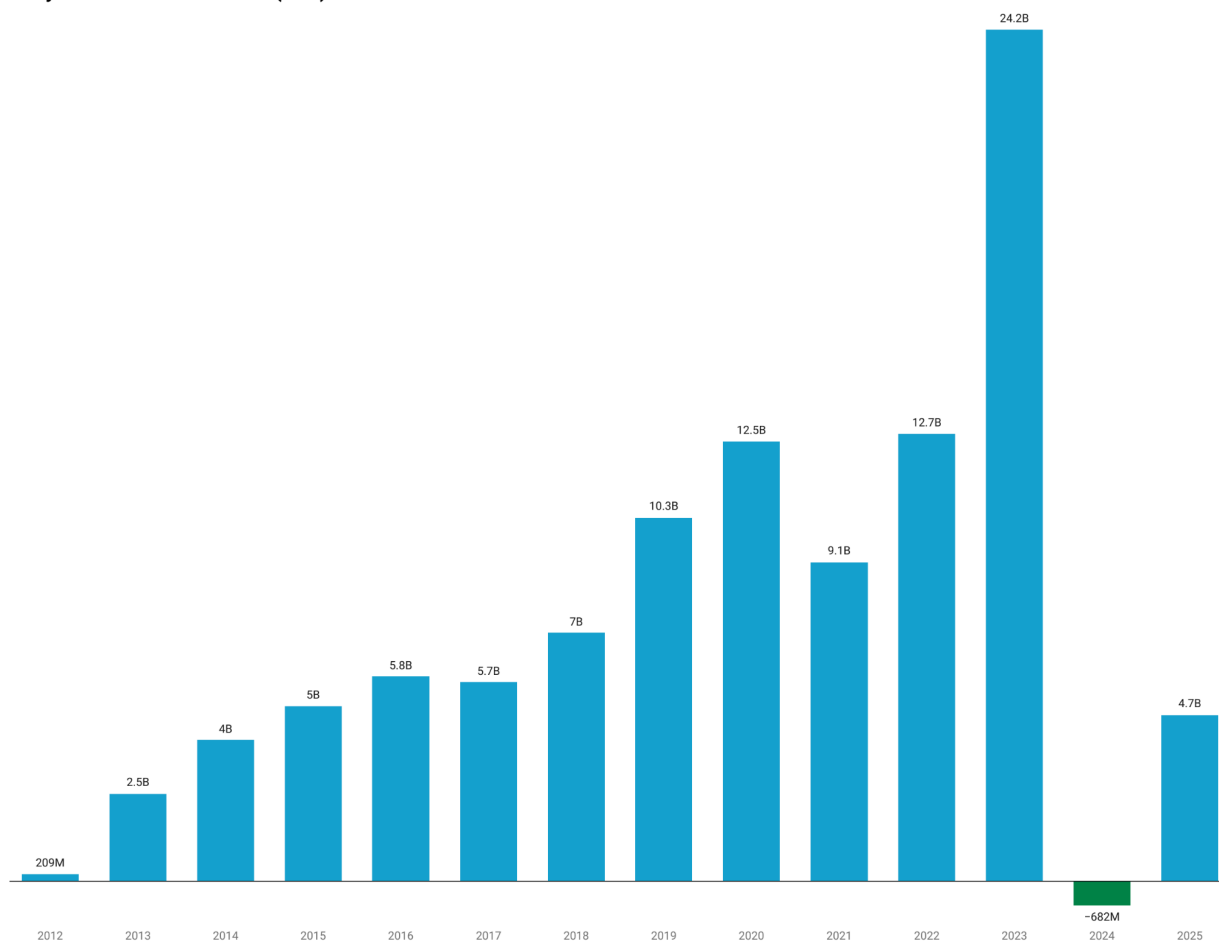


Chart: Mwangi Capital - Source: KPLC - Created with Datawrapper

Expense Cuts and Lower Debt Cushion Earnings: Cost of sales fell 3.9% to KES 144.7B, reflecting reduced power purchase costs after a 5% decline in the average bulk tariff and increased reliance on cheaper hydro generation. Operating expenses dropped 8.3% to KES 42.4B, supported by tighter cost controls and improved receivables management, while provisions for expected credit losses declined following recovery of overdue bills from government agencies. However, finance costs swung to a loss of KES 4.7B from a gain of KES 682M, reversing the prior year's foreign exchange gains as the shilling strengthened. Kenya Power reduced its outstanding loan book by 11% to KES 87.6B, lowering interest expenses and easing liquidity pressures. The company also cut commercial debt exposure through partial repayments of on-lent government loans, freeing up cash for network investment and

system upgrades.

Kenya Power Finance Costs (KES)

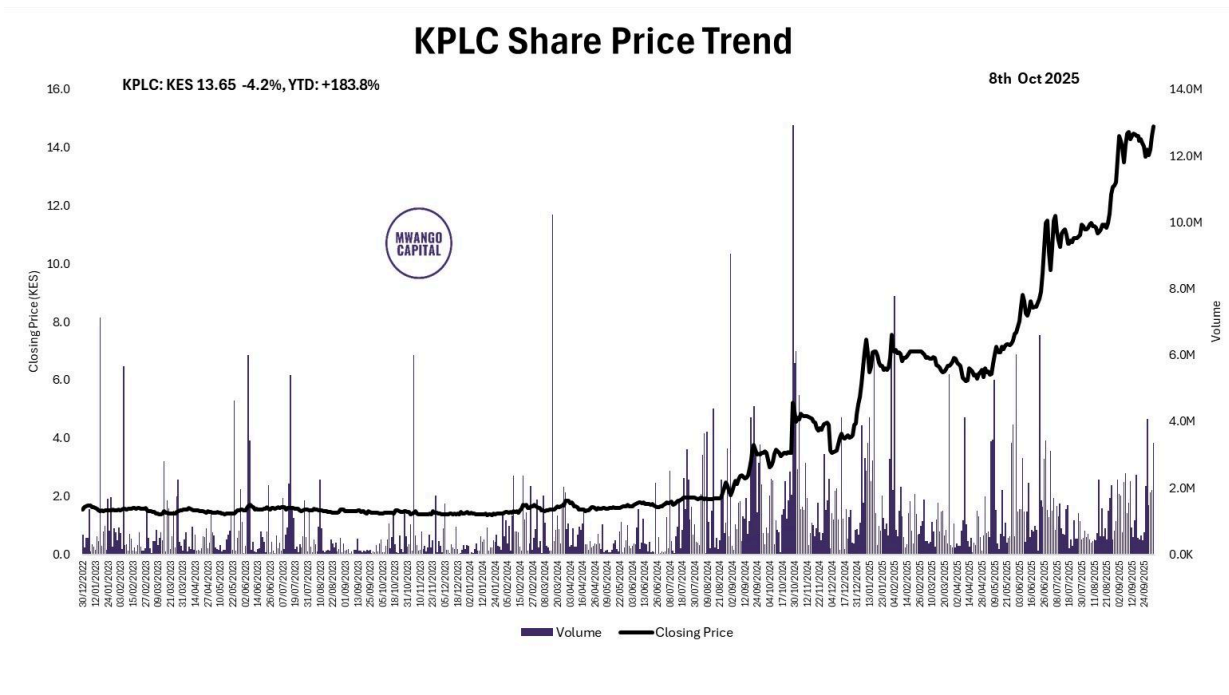


higher bars = higher finance costs

Chart: Mwangi Capital - Source: Company Financials - Created with Datawrapper

Dividend Raised as Stock Corrects After Strong Rally: Kenya Power's Board declared a final dividend of KES 0.80 per share, bringing the total payout to KES 1.00, including an interim KES 0.20, higher than the KES 0.70 distributed last year. Operating cash flow rose 40% to KES 39.8B, while shareholders' funds grew 25.2% to KES 109.3B. Customer connections crossed the 10M mark, while system efficiency improved to 78.8% from 76.8% as distribution losses fell below 21%. Despite the solid operational recovery, Kenya Power's share price declined 13.6% during the week to close at KES 13.40, as investors took profits after a steep rally. The counter remains among the NSE's top gainers, up 179% year-to-date and more than 900% since December 2023. Management expects continued performance gains supported by tariff reforms, network modernization, and digital initiatives aimed at improving customer service and

grid reliability.



Safaricom Ethiopia Faces Mounting Pressure

A new World Bank report paints a mixed picture of Safaricom's expansion in Ethiopia, three years after its market entry in 2022. Backed by a USD 850M license and over USD 3B in planned investments, the Kenyan operator entered Ethiopia's liberalized telecom sector aiming to replicate its dominance at home. But despite strong user growth, the report warns that regulatory hurdles, infrastructure constraints, and uneven competition with state-owned Ethio Telecom are eroding the investment case.

Rapid Rollout, Rising Costs: By mid-2025, Safaricom Ethiopia had over 7M mobile subscribers and extended 4G coverage to nearly half the population, well ahead of license targets. Its mobile money platform, M-Pesa, also grew rapidly to more than 8M users. However, the rollout has come at a significant cost. Safaricom has built 60% of its 3,800 towers independently after limited access to EthioTel's sites, while paying more than USD 3M annually in leasing fees. These dollar-based costs, coupled with heavy capital expenditure, have sharply strained margins.

Uneven Competition: The World Bank highlights deep structural imbalances between the two operators. Ethio Telecom, which was exempt from similar license costs, benefits from existing infrastructure and reportedly sells voice services below cost, undercutting Safaricom, which must match prices and pay termination fees. As a result,

Safaricom's Ethiopia unit posted a USD 325M loss in FY2024, more than six times its annual revenue. Average revenue per user has fallen to USD 1.19 per month, raising sustainability concerns amid a weakening birr. The report also cites incidents where EthioTel blocked access to M-Pesa apps and bundles, suggesting possible anti-competitive behavior.

Stalled Liberalization: While Ethiopia's telecom reforms have delivered some gains—data prices have dropped nearly 70% since 2017 and subscriptions have doubled to 87.6M, the reform drive has slowed. A planned auction for a third operator license has failed, while EthioTel's public share sale in 2025 attracted only 1% subscription. The report warns that without independent infrastructure providers such as TowerCos and a clear legal framework for private investment, the sector could face persistent inefficiencies. Ethiopia still needs an estimated 10,000 to 15,000 additional towers to meet rising demand.

Find the full report [here](#).

Safaricom Revenue Contribution in Ethiopia (KES)

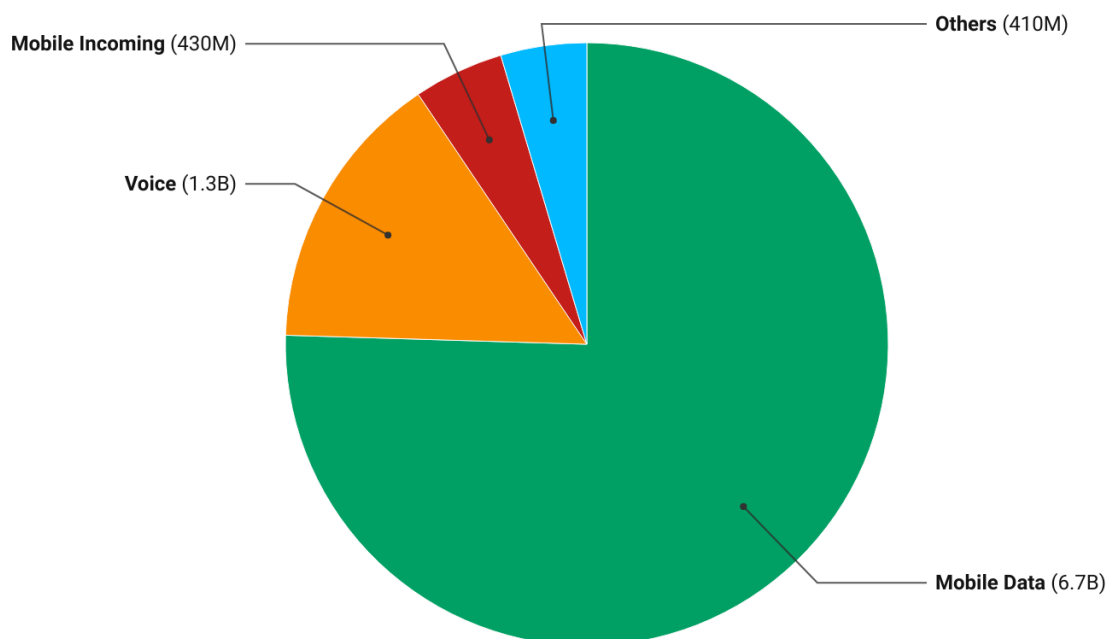
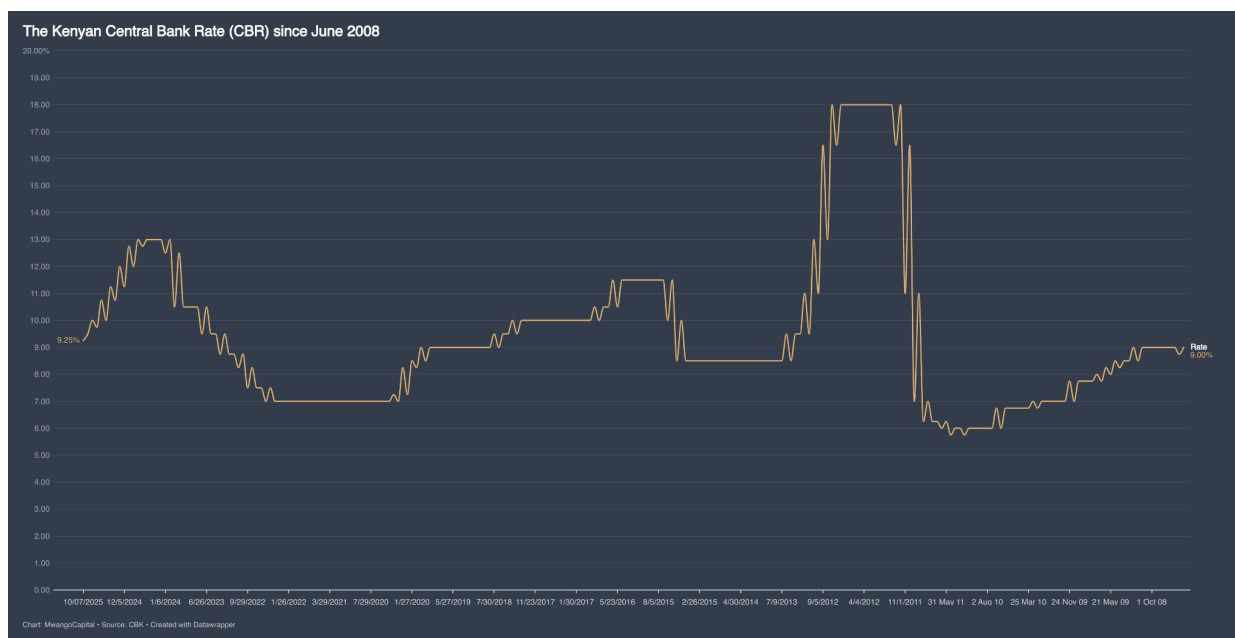


Chart: @MwangoCapital • Source: Company Financials • Created with Datawrapper

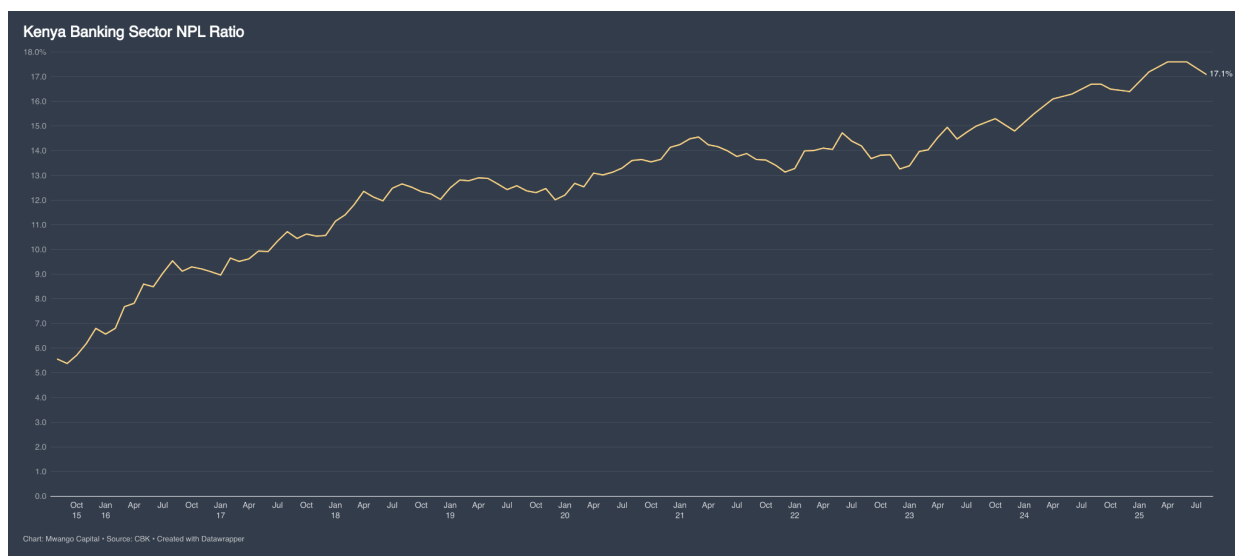
CBK Lowers Policy Rate to 9.25%

The Monetary Policy Committee lowered the Central Bank Rate (CBR) by 25 basis points to 9.25% during its October 7 meeting, citing stable inflation and a resilient growth outlook. Headline inflation stood at 4.6% in September, within the target range of $5 \pm 2.5\%$, while core inflation eased slightly to 2.9% from 3.0% in August. The Committee noted that food inflation pressures were mainly seasonal, driven by higher vegetable prices, but overall inflation is expected to remain below the midpoint of the target range, supported by stable energy prices and a stronger shilling. GDP grew by 5.0% in Q2 2025, up from 4.6% in Q2 2024, on improved activity in agriculture and industry and steady gains in services such as transport, finance, and ICT. The CBK projects GDP growth at 5.2% in 2025 and 5.5% in 2026, though global trade tensions and geopolitical risks remain downside factors.



Credit Growth and Liquidity Conditions Improve: Private sector credit growth rose to 5.0% in September from 3.3% in August and -2.9% in January, reflecting increased lending to manufacturing, construction, and consumer segments. Average lending rates declined to 15.1% from 17.2% in November 2024, supporting improved credit uptake. The ratio of non-performing loans fell to 17.1% in September from 17.6% in June, mainly in the trade, building, and hospitality sectors. The current account deficit widened modestly to 2.1% of GDP in the 12 months to August from 1.6% a year earlier due to higher imports of capital goods, though it remained fully financed by financial inflows. CBK expects a balance of payments surplus in 2025, with reserves

projected to rise by USD 674M.



Other Key Points from the briefing:

- There are currently no active liability management operations involving external loans such as those from the Trade and Development Bank (TDB), though liability management remains part of the government’s strategy to smooth debt service and reduce liquidity risks.
 - CBK clarified that it is not procuring a new retail bond system, the M-Akiba retail bond will operate on the upgraded DhowCSD platform, which now supports mobile money and retail investor access.
 - One commercial bank has already submitted its framework for approval under the new KENSONIA-based credit pricing model. Banks have up to four months to implement the framework for new loans and until March 2026 for existing variable-rate loans.
 - CBK said the risk-based pricing model should lower borrowing costs for SMEs without increasing non-performing loans by aligning loan pricing with each borrower’s risk profile.
 - The decline in core inflation to 2.9% in September partly reflects reduced excess demand and improved supply conditions, supported by 5.0% GDP growth in Q2 2025.
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Kenya Pipeline IPO Moves Forward as Advisory Bids Open

The Privatization Commission has approved the initial public offering (IPO) of Kenya Pipeline Company (KPC) shares on the Nairobi Securities Exchange, targeting completion by March 31, 2026. Tenders have been opened for key transaction advisory roles, including legal, financial, reporting accountants, advertising, and stockbroker services, with proposals due by October 21, 2025. The government expects the IPO to raise funds for the FY 2025/26 budget, improve operational efficiency, and allow Kenyans to acquire ownership in one of the country's largest state enterprises. The sale is projected to raise about KES 100B from the planned disposal of up to 65% of the state's stake, implying a KPC valuation of roughly KES 154B. Based on its 2024 financials, this values the company at 22.4 times earnings and 4.4 times revenue, when revenue grew 15% to KES 35.4B, net profit climbed 53% to KES 6.87B, and throughput rose 6% to 9.1B litres.

Parliament Endorses Privatization Framework with Safeguards

Last week, Parliament approved Sessional Paper No. 2 of 2025, formally endorsing the privatization of Kenya Pipeline Company and setting out binding resolutions to guide the transaction. Lawmakers directed that the government retain at least a 35% stake, ensure transparent valuation, and include employees in an ownership plan. The Auditor-General will audit the IPO within six months to verify value for money, while MPs emphasized accountability in how proceeds are utilized. If completed, the KPC IPO would mark Kenya's largest state offering since Safaricom's 2008 listing, which raised KES 51.75B, underscoring the government's renewed drive to unlock value from strategic parastatals while deepening domestic capital markets.

Kenya Pipeline Financials

Year	Revenue (KES)	Net Income (KES)	Net Income Margin (%)
2017	25.1B	8B	31.9%
2018	27.7B	8.6B	31.1%
2019	31.5B	2B	6.4%
2020	26.1B	4B	15.3%
2021	28B	1.7B	6.1%
2022	26.2B	3.8B	14.5%
2023	30.9B	4.5B	14.6%
2024	35.4B	6.9B	19.5%

Table: Mwango Capital • Source: Company Financials • Created with Datawrapper

Markets Wrap

NSE Week 41 Highlights

Market Performance

The Nairobi Securities Exchange ended lower in Week 41, with the NASI declining 3.32% to 172.6. The NSE 20 and NSE 25 also fell 2.93% and 1.79%, respectively. Market capitalization dropped 3.31% to KES 2.71T. Equity turnover decreased 17.1% to KES 1.74B, while bond turnover declined 27.3% to KES 30.8B. Foreign investor participation accounted for 36.2% of total turnover (KES 630M), posting a net outflow of KES 87.8M, driven by selective mid-week profit taking.

Car and General led the gainers, up 13.7% to KES 51.75, while KPLC was the biggest loser, dropping 13.5% to KES 13.40.

The Mwango Capital Weekly Market Wrap

Week 41 (3 to 9 October 2025)

NSE Top Gainers & Losers in Week 41

Top Gainers	Ticker	3 Oct	9 Oct	Change (%)	YTD %
Car and General Kenya	CGEN	45.50	51.75	13.7%	127.47%
Unga Group Limited	UNGA	22.90	24.95	9.0%	66.33%
Absa NewGold ETF	GLD	4,680.00	4,900.00	4.7%	50.31%
Nation Media Group	NMG	13.25	13.75	3.8%	-4.51%
Total Kenya Limited	TOTL	33.80	34.70	2.7%	73.50%

Top Losers	Ticker	3 Oct	9 Oct	Change (%)	YTD %
Kenya Power	KPLC	15.50	13.40	-13.5%	178.59%
Umeme Limited	UMME	8.92	8.04	-9.9%	-52.00%
Home Afrika Limited	HAFR	1.28	1.16	-9.4%	213.51%
Longhorn Publishers	LKL	3.22	2.94	-8.7%	27.83%
Crown Paints Kenya	CRWN	60.25	55.50	-7.9%	68.69%

The NSE This Week

		Week 40	Week 41	Change (%)	YTD %
NSE All Share Index	NASI	178.5	172.6	-3.32%	33.76%
NSE 20 Share Index	NSE 20	3,031.0	2,942.0	-2.93%	46.32%
NSE 10 Share Index	NSE 10	1,790.2	1,758.0	-1.79%	34.99%
NSE 25 Share Index	NSE 25	4,669.0	4,585.4	-1.79%	34.75%
Market Cap (KES B)	CAP	2,812.2	2,719.0	-3.31%	40.17%
Volume (M)		100.6	84.6		-15.8%
Equity Turnover (Kes. Mn)		2,102.00	1,742.00		-17.1%
Bond Turnover (Kes. Mn)		42,335.55	30,759.15		-27.3%

Domestic Debt

8 Oct Offering (KES B)	Offered	Bids Received	Accepted	% Accepted	% performance
91-Day	4.00	3.60	3.59	99.68%	90.01%
182-Day	10.00	2.85	2.85	99.89%	28.49%
364-Day	10.00	19.20	19.15	99.76%	191.95%

T-Bill Yield (%)	3 Oct	8 Oct	Change (bps)
91-Day	7.92	7.89	-3.3
182-Day	7.98	7.93	-5.5
364-Day	9.54	9.39	-15.0

NSE Upcoming Corporate Actions

Date	Corporate	Corporate Action
13 October 2025	Williamson Tea	Bonus Issue Book Closure
13 October 2025	Kapchorua Tea	Bonus Issue Book Closure
14 October 2025	BOC	Interim Div. Payment (KES 2.50 Per Share)
15 October 2025	Absa	Interim Div Payment (KES 0.20 Per Share)
27 October 2025	Family Bank	EGM
28 October 2025	EABL	Interim Div. Payment (KES 5.50 Per Share)
29 October 2025	EABL	Interest payment to the Noteholders
6 November 2025	Safaricom	HY 26 Earnings Release
11 November 2025	KCB Group	Interim Div Payment (KES 4.00 Per Share)
2 December 2025	KPLC	Final Dividend Books Closure (KES 0.80)

NSE Foreign Participation in Week 41

KES (M)	Buys	Sales	Net
Mon, 6 Oct 2025	36.8	115.4	-78.5
Tue, 7 Oct 2025	234.7	181.9	52.8
Wed, 8 Oct 2025	202.4	242.5	-40.1
Thu, 9 Oct 2025	112.3	134.4	-22.0
Fri, 10 Oct 2025	0.0	0.0	0.0
Totals	586.3	674.1	-87.8

Week 41	AMOUNT (KES M)	%
Total Foreign Turnover	630.17	36.18%
Total Local Turnover	1,111.83	63.82%

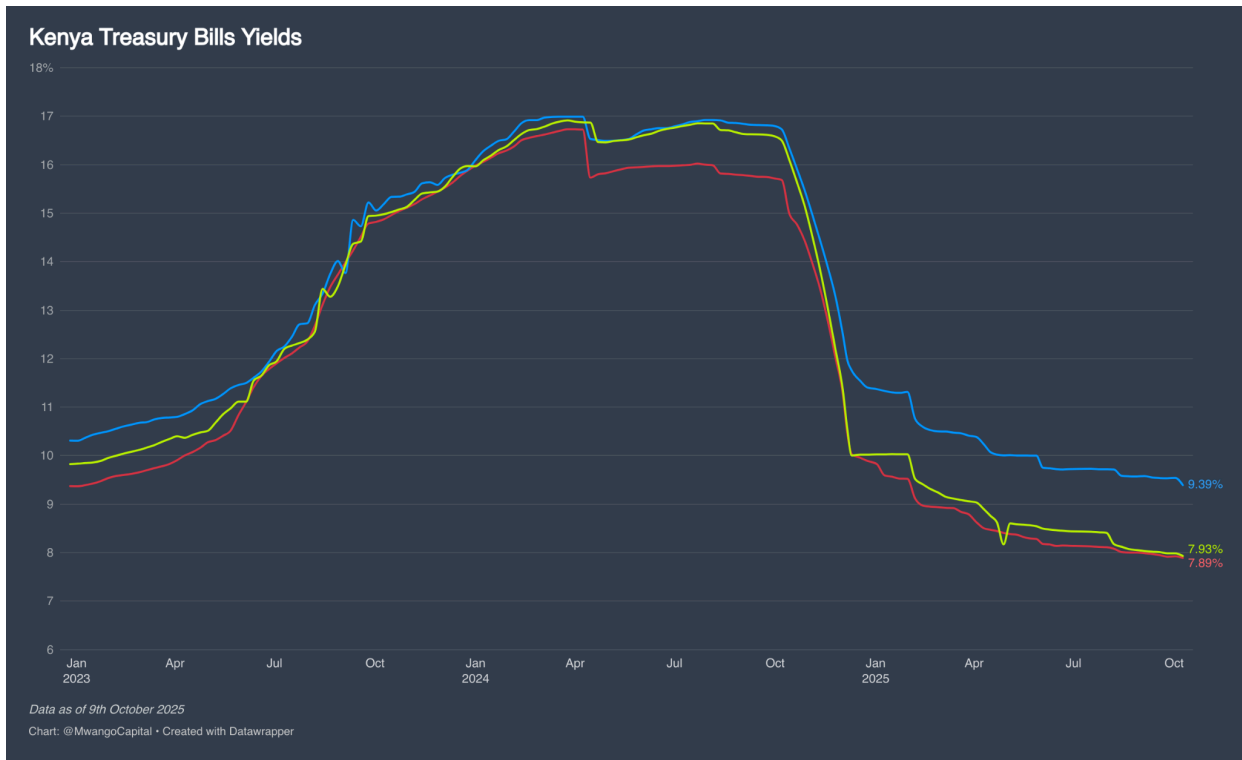
Eurobond Yields

KES (M)	3-Oct	9-Oct	7D Change (bps)
10-Year 2028	5.83%	5.87%	4.5
6-Year 2031	7.91%	8.07%	16.0
12-Year 2032	8.11%	8.25%	14.3
13-Year 2034	8.41%	8.61%	19.8
30-Year 2048	9.26%	9.44%	17.5

Sources: NSE, Central Bank of Kenya

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Treasury Bills: Treasury bills were oversubscribed last week, with a subscription rate of 106.9%, up from 63.1% the previous week. Investors submitted bids totaling KES 25.6B, and the Central Bank of Kenya (CBK) accepted KES 25.5B out of the KES 24B on offer. Yields on the 91-day, 182-day, and 364-day T-bills fell by 3.3, 5.5 and 15 basis points to 7.8911%, 7.9301% and 9.3904% respectively.




Eurobonds: Kenya's Eurobond curve surged in the week ending **10 October 2025**, posting an average gain of **199.13 bps**. The biggest movers were **KENINT 2038** and **KENINT 2033**, which jumped **949.7 bps** and **860.1 bps** to **9.497%** and **8.601%**, respectively. Other notable increases included **KENINT 2034** (+47.8 bps to 8.708%) and **KENINT 2036** (+38.0 bps to 9.492%). Short-dated papers also rose modestly, with **KENINT 2027** and **KENINT 2028** up **3.7 bps** and **6.1 bps** to **5.564%** and **5.798%**.


Market Gleanings

💰 | **Kenya Completes USD 628M Buyback of 2028 Eurobond** | Kenya repurchased [USD 628.4M](#) of its 7.25% Eurobond due 2028 following a successful tender offer that closed on October 9, 2025, as part of a broader liability management operation linked to its new dual-tranche bond issuance. The tender, launched on October 2, was fully accepted with no proration, offering investors a purchase price of USD 1,037.50 per USD 1,000 in principal plus accrued interest. Settlement is scheduled for October 14, 2025, after which all repurchased notes will be cancelled. The buyback was financed through proceeds from Kenya's USD 1.5B new Eurobond issuance completed earlier in the month.


“The low amount tendered despite the relatively high price underlines market participants optimism regarding Kenya’s outlook in the short term. However, this contrasts with the below par prices in the auction for the new Eurobond which is reflectively of a more negative outlook on the medium term, indicating that Kenya’s Eurobond prices are likely to sell off more sharply than those of peer countries in a risk-off environment. By sharply reducing the Eurobond maturities from now to the first USD 500m repayment in February 2029 of the USD 1.5bn 2031 bond, the government has bought itself significantly leeway to continue to run an expansive fiscal policy up to the 2027 elections, without having to pay a high price for it in the form of rolling over Eurobonds at high yields. It also does give time for a more forcible treatment of domestic debt, which accounts for around three quarters of total interest costs, or potentially a frontloading of payments on of a new loan from Chinese creditor to finance the second leg of the standard gauge railway, potentially by securitizing a 2% levy on imports, estimated to yield around USD 400m annually.” Mark Bohlund - Senior Credit Research Analyst, REDD Intelligence


 **IMF Concludes Kenya Mission Ahead of Potential New Program** | An IMF mission team led by Haimanot Teferra [concluded](#) its visit to Kenya on October 9, following two weeks of discussions with government officials, including President William Ruto, Treasury Cabinet Secretary John Mbadi Ng’ongo, and CBK Governor Kamau Thugge. The mission assessed Kenya’s macroeconomic and financial sector developments and initiated talks on policy reforms that could underpin a new IMF-supported program. The IMF team will continue technical work in Washington, with further engagement expected during the upcoming Annual Meetings.


 **Kenya Converts Chinese Railway Loans to Yuan** | Kenya has converted USD 5B in standard gauge railway (SGR) loans from dollars to yuan, cutting annual debt-servicing costs by about USD 215M. The agreement with China’s Exim Bank covers roughly USD 3.5B in outstanding balances and aims to reduce Kenya’s reliance on dollar-denominated debt. Treasury Secretary John Mbadi said the shift is part of efforts to diversify currency exposure, while analysts described it as a major debt management milestone that could encourage other African nations to explore yuan financing. Source: [Bloomberg](#)

 **CAK Clears Batian’s Full Acquisition of Riverside Towers** | The Competition Authority of Kenya has [approved](#) the proposed acquisition of 100% of Riverside Towers Ltd by Batian Income Properties LLP. Batian, a Kenya-based real estate fund

with investors active across Nairobi and Machakos counties, will now control about 8% of Nairobi's property market following the transaction. Riverside Towers, which owns and manages The Cube commercial complex in Westlands, had faced growth constraints due to limited shareholder capital. The sale allows existing owners to reallocate resources to other ventures while supporting the company's planned operational expansion under Batian's ownership.

 | **Customs Taxes Hit Record KES 85B in September** | Kenya Revenue Authority reported a record [KES 85.1B](#) in customs revenue for September 2025, surpassing its KES 81.3B target and marking the highest monthly collection in its history. The amount exceeded the previous record of KES 82.6B set in January and represented an 18.8% year-on-year rise. The performance was supported by strong trade tax receipts, which grew 22.1% to KES 51.7B, and petroleum taxes that reached KES 33.4B, 109.2% of the target.

 | **CIC Asset Management Introduces Global Multi-Asset Fund** | CIC Asset Management has [launched](#) the CIC Global Balanced Special Fund, a medium to high-risk investment vehicle targeting long-term capital growth through diversified exposure to global markets. The fund invests in equities, bonds, money market instruments, and ETFs across multiple regions, including Kenya. Minimum investment is set at USD 1,000 with a USD 100 top-up, while the annual management fee stands at 2.5%. The fund has a six-month lock-in period, during which initial and top-up investments cannot be withdrawn.

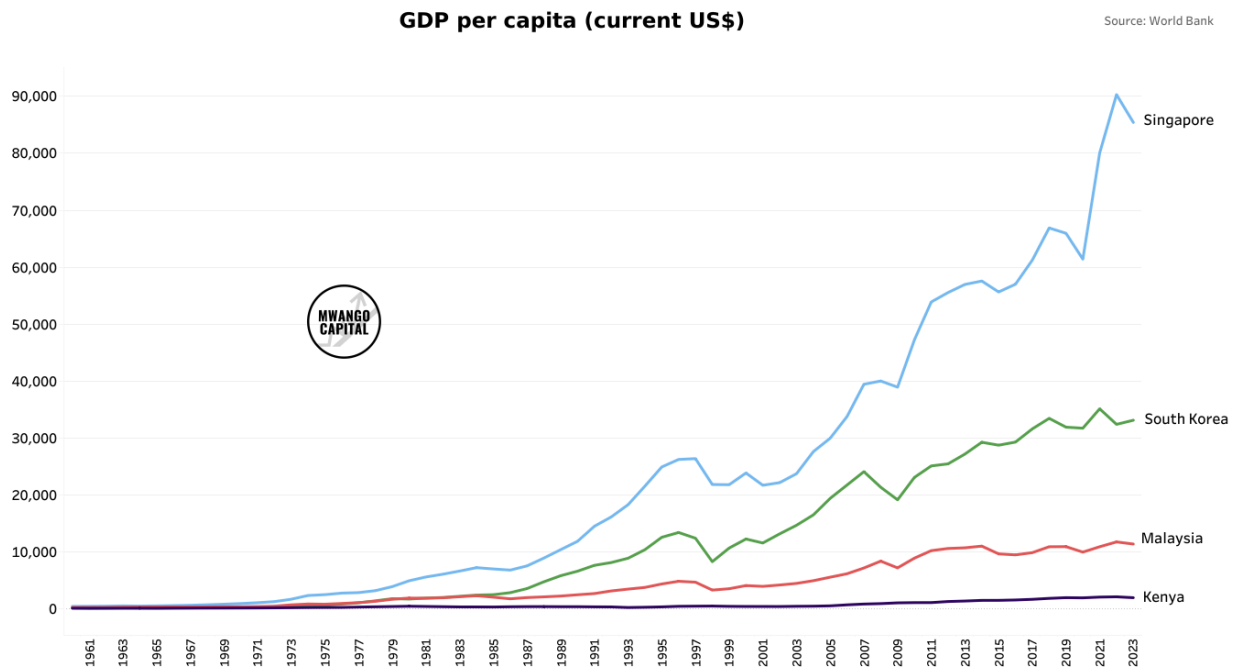
 | **Kestrel Capital Completes Management Buyout** | Kestrel Capital East Africa has completed a management [buyout](#) through Theo Capital Holdings Ltd, marking the first such transaction in Kenya's capital markets. The transaction transfers ownership to a team led by CEO Francis Mwangi and Chairman Eric Ruenji. Founded in 1994, Kestrel Capital has advised on over 30 corporate transactions in the past decade, including equity raisings for KCB, DTB, and the NSE IPO. The firm also structured a USD 60M private equity secondary trade of a listed bank and advised on Kenya Airways' financial restructuring.

| **Leadership Changes** |

- Naivas Supermarkets has appointed Andreas von Paleske as CEO, succeeding David Kimani, marking a transition from founder-family leadership.

- Nairobi Securities Exchange (NSE) has appointed Nancy Angano Noreh, Acting CEO of Sterling REIT Asset Management, as a Non-Executive Director representing trading participants

Chart of the Week



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