

## *Proposed Title: Kenya Re-enters the Eurobond Market*

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In this week's newsletter, we cover Kenya's USD 500 million buyback and USD 2.25 billion Eurobond raise, BAT Uganda's 18% profit decline as illicit cigarettes capture half the market, and the Kenya Pipeline IPO timeline extension.

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## **Kenya's USD 500M Buyback and USD 2.25B Eurobond Raise**

**Buyback + New Issue:** Last week, Kenya priced a dual tranche USD 2.25B Eurobond, attracting strong institutional demand with the order book materially oversubscribed. The transaction comprised USD 900M 7.875% notes due 2034 with a 7-year weighted average life and USD 1.35B 8.700% notes due 2039 with a 12-year weighted average life, both structured to amortise over their final three years rather than repay via bullet maturities. Proceeds are earmarked primarily for external debt refinancing, including a capped USD 500M tender offer targeting the 7.250% February 2028s and 8.000% May 2032s, with settlement scheduled for early March. The structure meaningfully smooths the 2028 and 2032 redemption profile and extends duration into the 2034 to 2039 window through staggered amortisation. However, only about 22% of the USD 2.25B raised is allocated to buybacks, with the balance constituting incremental external financing. In effect, the transaction blends liability management with budget support, repositioning the maturity curve while expanding gross external funding. Issuing longer-dated paper at roughly 8.1% and 8.95% reoffer yields to retire smaller portions of debt priced at 7.25% and 8.00% extends tenor and improves cash flow visibility, but locks in a structurally higher cost of capital over a longer horizon.

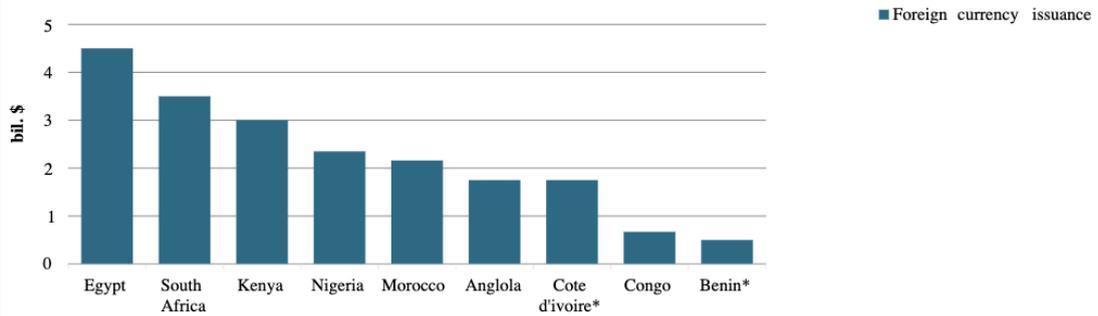
**Maturity Smoothing:** This tender marks Kenya's third major repurchase operation in the past 12 months and the second targeting the 2028s, underscoring a systematic effort to flatten the redemption tower. In October 2025, the Treasury accepted USD 628.4M in valid tenders at 103.75%, funded through a USD 1.5B dual tranche Eurobond split between 7-year notes at 8.2% and 12 year notes at 9.2%, which drew USD 7.3B in orders and was ~4X oversubscribed. Earlier, in February 2025, authorities retired USD 900M of the 2027 note ahead of the final review of the previous IMF programme. Taken together, these operations reflect a deliberate shift away from large bullet maturities toward amortising structures, as also evidenced by the 2033 and 2038 bonds issued last October. The strategy reduces near term refinancing risk,

smooths the sovereign maturity curve, and enhances medium term cash flow predictability, albeit at a higher long term funding cost.

**Ratings Tailwinds:** The timing is tactically aligned with an improving rating environment, following Moody's upgrade to B3 with a Stable outlook and Fitch's affirmation at B Stable, with an S&P review imminent. The transaction also precedes an IMF mission expected later this month, reinforcing a pattern of demonstrating proactive debt management ahead of programme engagement. Repurchased bonds will be cancelled, reducing the stock of external commercial debt and extending the weighted average maturity of the portfolio. Looking ahead, the National Treasury has signalled an intention to diversify funding sources further, including plans to access markets through a proposed USD 500M Sustainability-Linked Bond in March 2026, underscoring a broader pivot toward thematic and performance-linked financing instruments.

**It's the Season:** Kenya's operation also aligns with a broader frontier market liability management trend. The Republic of Congo last week completed a USD 354.3 million buyback of its 9.875% amortising 2032 notes at USD 947.50 per USD 1,000, for total cash consideration of USD 346.0 million including accrued interest, reducing the outstanding amount to USD 575 million from USD 930 million. Funded following a USD 700 million 2035 bond issuance at a 9.5% coupon, the transaction eliminates roughly USD 214 million in principal repayments due between 2026 and 2030. Ivory Coast raised USD 1.3 billion in a 14-year Eurobond priced to yield 7.125%, attracting over USD 4.2 billion in demand, with proceeds earmarked for general budget purposes. USD-denominated sovereign issuance dominated Africa's international capital markets in 2025, with sovereigns raising approximately USD 18 billion and €2 billion, up from USD 12.85 billion in 2024, as improved global credit conditions lowered average funding costs to approximately 7.7% after swaps despite wide dispersion across issuers.

### Foreign currency denominated issuance in 2025 in Africa



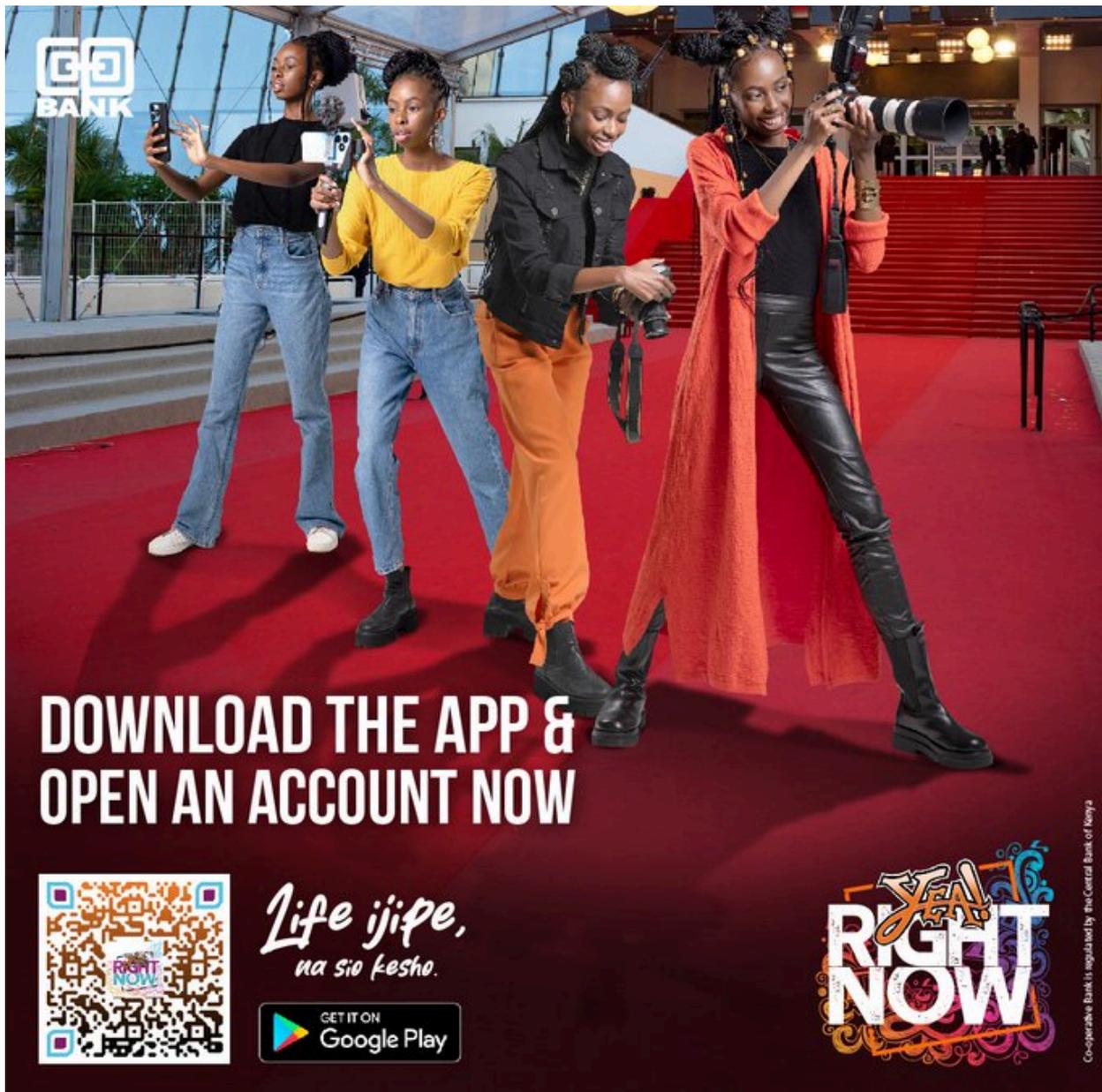
\*For Benin and Côte d'Ivoire, the coupon rate excludes the FX currency swaps. Morocco issuance estimated in USD,  
Source: Bloomberg  
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Source: [S&P](#)

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## BAT Uganda Profit Falls 18% as Illicit Cigarettes Capture Half the Market

British American Tobacco Uganda reported an 18% decline in profit before tax to UGX 12.4 billion for the year ended 31 December 2025, with gross revenue falling 18% to UGX 67.0 billion and net revenue dropping 20% to UGX 36.3 billion, primarily driven by lower sales volumes. Total cost of operations decreased 21% to UGX 24.0 billion, reflecting the impact of lower sales volume and cost management, while taxes in the

form of excise duty, VAT, and income tax increased 5% to UGX 46.4 billion, driven by capital gains tax on the sale of non-strategic assets. The Board proposed a final dividend of UGX 199 per ordinary share, down 5% from the prior year, subject to shareholder approval at the Annual General Meeting on 2 July 2026, with payment expected on or around 31 July 2026.

### BAT Uganda Full Year Net Profit (UGX)

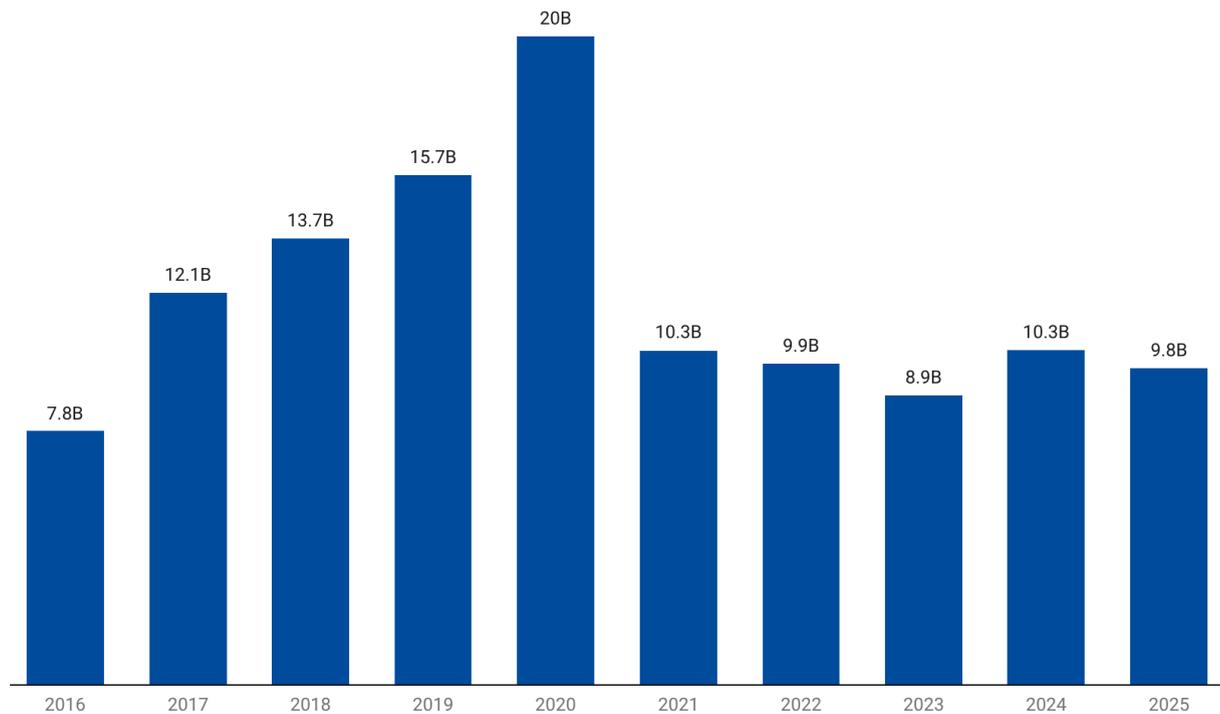


Chart: Mwangi Capital • Source: Company Financial Statements • Created with Datawrapper

**Illicit Trade Crisis:** The company attributed its performance decline to soaring prevalence of illicit tax-evaded cigarettes, with third-party research indicating illicit cigarette incidence grew to 48% by the end of December 2025 from 34% in the previous year, meaning an estimated 1 in every 2 cigarettes smoked in Uganda is illicit and tax-evaded. BAT Uganda stated the shrinkage translates to an estimated annual loss of government excise revenue of UGX 43 billion, with illicit products characterized by a lack of digital tax stamps, absent or altered graphic health warnings, flavor features, and significantly lower prices, reinforcing their market penetration.

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## Markets in Brief

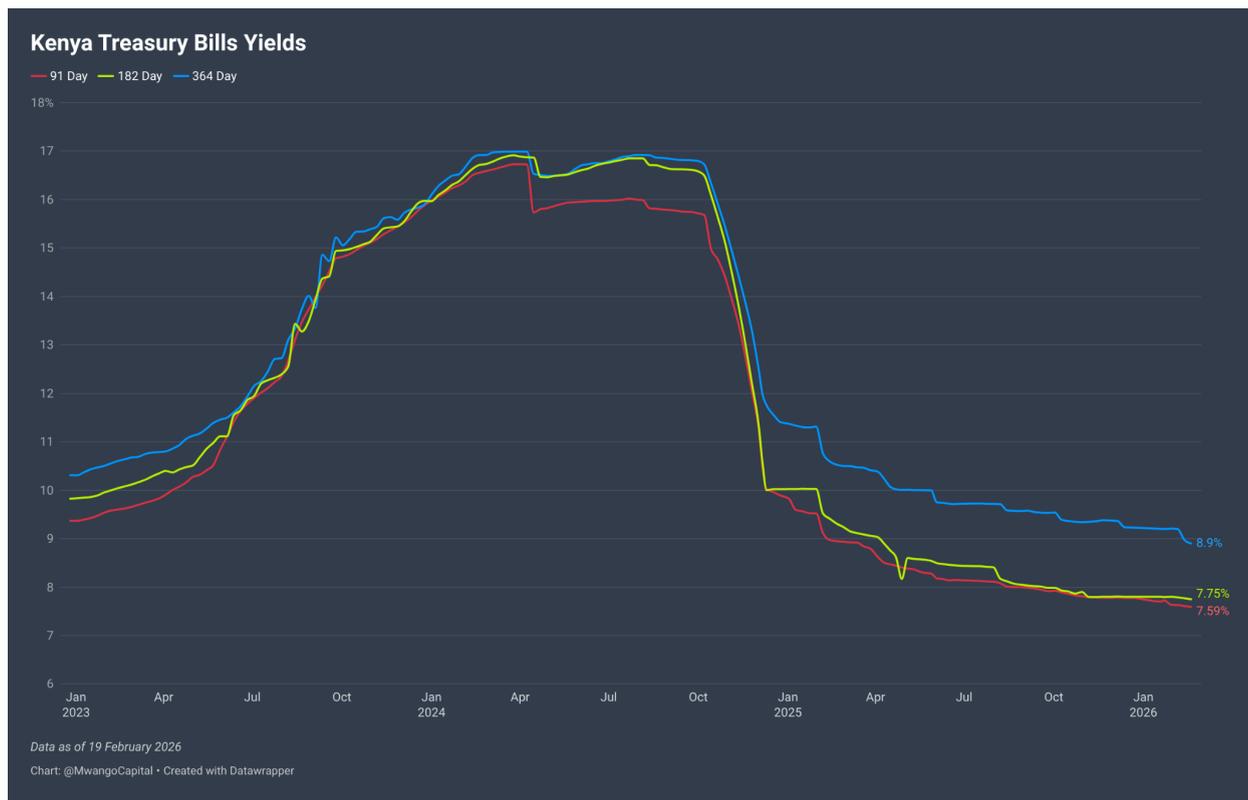
**NSE Week 8 Highlights:** The Nairobi Securities Exchange retreated in Week 8, with the NSE All Share Index (NASI) falling 3.14% to close at 209.9, reversing the prior

week's strong gains. Uchumi Supermarket led the top gainers with a 37.3% rally to KES 1.84, while Eveready East Africa recorded the steepest decline, falling 19.2% to KES 1.35. Equity turnover declined 21.0% to KES 5.81B, while bond turnover surged 52.0% to KES 113.44B, reflecting a shift in activity toward fixed income segments. The market's total capitalization contracted 3.14% to KES 3.31T, with local investor participation at 64.1% (KES 3.72B) compared to foreign investors at 35.9% (KES 2.08B). Foreign investors posted a net outflow of KES 855.4M for the week.

The Mwango Capital Weekly Market Wrap						
Week 08 (13 to 20 February 2026)						
NSE Top Gainers & Losers in Week 8						
Top Gainers		Ticker	13 Feb	20 Feb	Change (%)	YTD %
Uchumi Supermarket		UCHM	1.34	1.84	37.3%	78.64%
Shri Krishana Overseas Ltd		SKL	8.28	11.00	32.9%	34.80%
Eaagads Limited		EGAD	26.85	31.95	19.0%	55.85%
CIC Insurance		CIC	5.52	6.20	12.3%	35.67%
Flame Tree Group Holdings		FTGH	1.80	2.02	12.2%	28.66%
Top Losers		Ticker	13 Feb	20 Feb	Change (%)	YTD %
Eveready East Africa		EVRD	1.67	1.35	-19.2%	-1.46%
Sasini Tea and Coffee		SASN	30.95	27.10	-12.4%	51.82%
Nation Media Group		NMG	15.70	14.65	-6.7%	26.84%
Express Kenya Limited		XPRS	8.36	7.82	-6.5%	5.68%
Kenya Airways Limited		KQ	5.48	5.16	-5.8%	46.18%
NSE Upcoming Corporate Actions						
Date	Corporate	Corporate Action				
25 February 2026	Safaricom	Interim Div. Book Closure (KES 0.85)				
5 March 2026	Sasini	AGM				
5 March 2026	Absa	FY 2025 Results				
11 March 2026	KCB	FY 2025 Results				
11 March 2026	Stanbic	FY 2025 Results				
17 March 2026	Equity	FY 2025 Results				
18 March 2026	Stanchart	FY 2025 Results				
20 March 2026	Co-op	FY 2025 Results				
26 March 2026	NCBA	FY 2025 Results				
26 March 2026	I&M	FY 2025 Results				
31 March 2026	Safaricom	Interim Div. Payment (KES 0.85)				
The NSE This Week						
		Week 07	Week 08	Change (%)	YTD %	
NSE All Share Index		NASI	216.7	209.9	-3.14%	12.49%
NSE 20 Share Index		NSE 20	3,633.1	3,622.6	-0.29%	15.40%
NSE 10 Share Index		NSE 10	2,252.0	2,173.0	-3.51%	10.57%
NSE 25 Share Index		NSE 25	5,855.4	5,701.8	-2.62%	11.87%
Banking Sector Index		Banking Index	237.12	232.53	-1.94%	14.18%
Market Cap (KES B)		CAP	3,419.6	3,312.2	-3.14%	12.49%
Volume (M)			225.8	181.6		-19.6%
Equity Turnover (Kes. Mn)			7,348.00	5,808.00		-21.0%
Bond Turnover (Kes. Mn)			74,626.25	113,439.05		52.0%
NSE Foreign Participation in Week 8						
KES (M)	Buys	Sales	Net			
Mon, 16 Feb 2026	105.3	444.1	-338.8			
Tue, 17 Feb 2026	1,296.6	1,328.6	-32.0			
Wed, 18 Feb 2026	52.1	284.7	-232.6			
Thu, 19 Feb 2026	60.9	108.3	-47.4			
Fri, 20 Feb 2026	140.5	345.0	-204.5			
<b>Totals</b>	<b>1,655.4</b>	<b>2,510.8</b>	<b>-855.4</b>			
Week 08						
	AMOUNT (KES M)	%				
Total Foreign Turnover	2,083.06	35.87%				
Total Local Turnover	3,724.94	64.13%				
Domestic Debt						
19 Feb Offering (KES B)	Offered	Bids Received	Accepted	% Accepted	% performance	
91-Day	4.00	13.05	12.98	99.45%	326.20%	
182-Day	10.00	11.36	11.36	100.00%	113.55%	
364-Day	10.00	46.54	24.74	53.16%	465.41%	
Eurobond Yields						
KES (M)	13-Feb	19-Feb	7D Change (bps)			
10-Year 2028	6.18%	6.05%	-13.0			
6-Year 2031	6.80%	6.82%	2.0			
12-Year 2032	7.01%	7.04%	3.0			
13-Year 2034	7.85%	8.05%	20.0			
30-Year 2048	8.71%	8.79%	8.0			
Sources: NSE, Central Bank of Kenya						
@MwangoCapital						

**Treasury Bills:** Treasury bills were oversubscribed last week, with a subscription rate of 295.6%, down from 308.8% the previous week. Investors submitted bids totaling KES 70.1B, and the Central Bank of Kenya (CBK) accepted KES 49B out of the KES 24B on offer. Yields fell by 1.9, 2 and 7.5 bps on the 91-day, 182-day and 364-day T-bills

to 7.5899%, 7.75% and 8.901%, respectively.

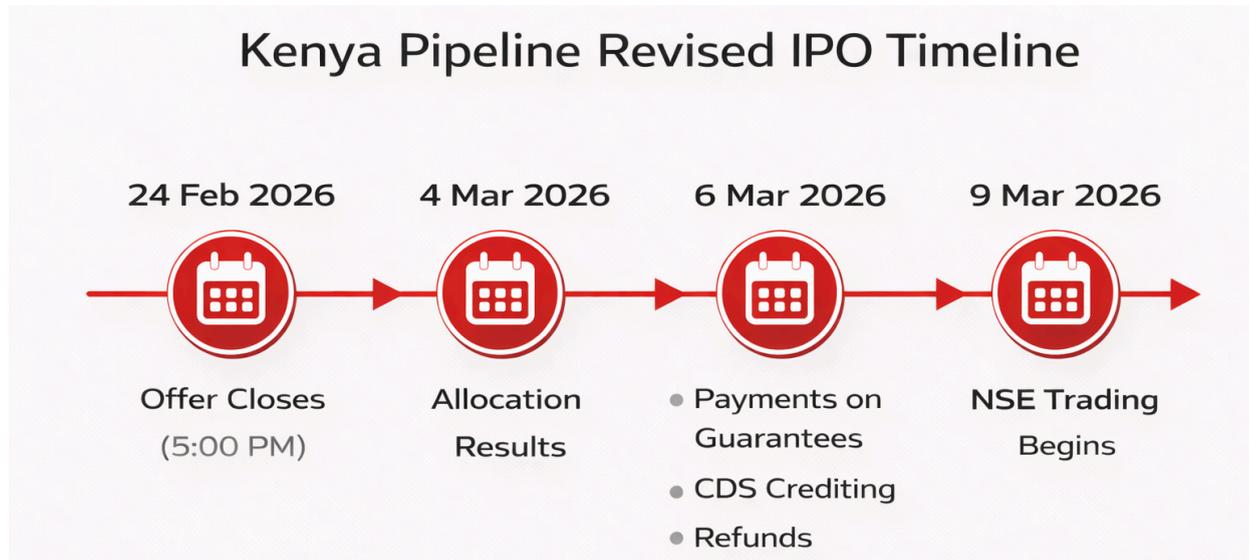


**Eurobonds:** Kenya's Eurobond yield curve recorded an average week-on-week increase of 8.9 bps in the week ending 20 February 2026. The largest increases were at KENINT 2034, which rose 25.10 bps to 7.998%, KENINT 2038, up 24.20 bps to 8.879%, and KENINT 2036, up 23.10 bps to 8.667%. The steepest decline was at KENINT 2028, which fell 27.00 bps to 5.711%, while KENINT 2027 declined 4.40 bps to 5.890%.

## Market Gleanings

 | **Kenya Pipeline IPO Timeline Extended** | The Kenya Pipeline IPO closing date has been [extended](#) by three working days, from 19 February to 24 February 2026 at 5pm, following CMA approval aimed at allowing additional retail participation. Allocation results are scheduled for 4 March, refunds by 6 March, and listing at the NSE on 9 March 2026. Market talk indicates the offer closed at roughly 30% subscription, with nominee accounts reportedly accounting for a significant share of demand. Separately, reports suggest Uganda has withdrawn part of its application and is pressing for tougher participation terms, including a long-term tariff freeze and increased board

representation in exchange for taking up a larger stake. Here is the revised timeline of events:



Meanwhile, Kenya Pipeline also filed a Supplementary Information Memorandum last week with some interesting updates. The Articles of Association have now been amended to grant the Government of Uganda (GoU) nomination rights to appoint at least 2 directors, provided it holds  $\geq 20\%$  of the issued share capital. Regional investors were initially allocated 20% of the 65% stake on offer via the IPO, and it appears Uganda's take alone could significantly exceed that regional bucket, materially reshaping the governance balance in the company. Certain reserved matters in respect of the company (likely to include tariff setting) will now require an affirmative vote from a Uganda-appointed director, entrenching GoU influence at the board level and positioning KPC as a Kenya–Uganda strategic regional asset.

**Koko Networks Administrators Invite Bids for Assets and Business | PwC**, acting as joint administrators for Koko Networks Limited, has [invited](#) expressions of interest for either a going concern acquisition of the business and assets or the acquisition of specific assets, with submissions due by 26 February 2026. The key assets include a nationwide fuel distribution and retail network comprising KOKO Points (smart fuel dispensing machines), smart tanker systems, smart depot systems, motor vehicles, software and intellectual property essential to operational functions, and office equipment. Koko Networks entered administration on 1 February 2026 after shutting down operations following its inability to monetize carbon credits amid delays in government approval of letters of authorization needed to sell credits in compliance markets, ending services to thousands of households relying on its ethanol-based fuel

 | **World Bank Scales Back Kenya Housing Funding** | The World Bank has reduced by almost two-thirds the amount of money it planned to help Kenya mobilize from commercial lenders for the nation's housing and land reform programs, with commercial lenders now expected to provide [USD 360 million](#) down from an earlier USD 900 million target. In total, the lender will now help Kenya raise USD 910.3 million compared to an initially expected USD 1.35 billion, with the World Bank increasing its concessional funding under the program to USD 475 million from an initial USD 375 million while the OPEC Fund will provide another USD 75 million. Isfandyar Khan, lead financial sector specialist at World Bank Kenya, stated the change represents a reduction in estimated private capital mobilization rather than project cost, noting all amounts remain subject to change until the World Bank Board approves the project, tentatively scheduled for 19 March 2026.

 | **Kenya Targets May 2026 Exit from FATF Grey List** | Kenya aims to [exit](#) the global money laundering "grey list" by May 2026, with Principal Secretary Chris Kiptoo convening a meeting with implementing agencies to review progress under the International Cooperation Review Group process and agree on next steps. Key progress includes enactment of the Anti Money Laundering and Combating of Terrorism Financing Laws (Amendment) Act, 2025, and the Virtual Asset Service Providers Act, 2025, alongside strengthened institutional coordination, enhanced risk-based customer due diligence, and improved suspicious transaction reporting.

 | **StanChart Moves to Exit Botswana** | Standard Chartered has initiated a sale process for its Botswana business, including its corporate and investment bank as well as retail and wealth operations, with first bids expected by mid-year and potential completion by year-end. The business has drawn early interest from South African lenders including Nedbank Group, Absa Group, Standard Bank Group, and FirstRand's First National Bank unit, according to people familiar with the matter, though the proposal remains in its early phase with no guarantees a deal will be concluded. The sale aligns with Standard Chartered's strategy to exit smaller African markets and focus on larger economies including South Africa, Nigeria, and Kenya, having already exited five African countries and partly sold units in Zambia and Uganda, with most transactions completed during 2024 and 2025.

Source: [Bloomberg](#)

 | **IFC Considers USD 5 Million Equity Investment in Arc Ride** | The International Finance Corporation is considering an equity investment of up to [USD 5M](#) in Arc Ride Limited, a Kenyan e-mobility startup that sells IoT-enabled electric two-wheelers and

operates a Battery-as-a-Service model through battery swap facilities. Launched in 2020, Arc Ride targets traditional two-wheel drivers for whom fuel expenses account for a significant share of daily income, offering a network of battery-swapping stations that reduce upfront battery acquisition costs. IFC states the project aims to improve access to EV batteries for two-wheel drivers in Kenya and East Africa while supporting greenhouse gas emissions avoidance through substitution of internal combustion engine motorcycles, though electric two-wheeler penetration in the region remains limited despite claimed economic advantages.

 | **Gulf Energy Secures USD 15 Million Oil Rig** | Gulf Energy E&P BV has secured the GW70 onshore oil rig valued at over [USD 15M](#) from Great Wall Drilling Company in the United Arab Emirates on a long-term lease arrangement, with plans to ship the rig from Abu Dhabi to Mombasa before the end of March ahead of first oil production from the South Lokichar Basin targeted before year-end. Chairman Francis Njogu stated the firm has reached a contractual arrangement with GWDC to deliver, commission, and operate the rig under a performance-based model that includes active skills transfer, while a high-level technical delegation from the government and Turkana County Government recently completed a familiarisation and inspection tour of the rig in the Al Dhafra region of Abu Dhabi.

 | **Starlink Users Face Disconnection Without ID Verification** | Starlink has [notified](#) Kenyan subscribers that their internet service may be disconnected if they fail to complete mandatory identity verification by April 30, 2026, following compliance requirements issued by the Kenyan government requiring submission of national ID card details, postal address, and phone number. Subscribers must visit an authorized Starlink retailer with a valid government-issued ID and provide account details for confirmation using the Starlink mobile app, bringing the satellite internet provider in line with Know Your Customer regulations enforced by the Communications Authority of Kenya that already apply to mobile network operators and traditional internet service providers. Starlink reported 19,460 active users in Kenya as of September 2025, its highest subscriber base in the country since entering the market in 2023

 | **Standard Bank Issues Africa's First FLAC Notes** | Standard Bank Group, parent of Stanbic Kenya, has raised [ZAR 2 billion](#) (USD 123.76M) through Africa's first issuance of safety-buffer bonds known as FLAC notes, instruments designed to absorb losses during periods of financial stress and strengthen bank resolution frameworks without relying on taxpayer-funded bailouts. The deal attracted bids exceeding ZAR 10 billion from more than 30 institutional investors, highlighting strong demand for regulatory

capital instruments as South Africa advances a framework aimed at improving financial system resilience and enabling banks to manage crises through internal loss absorption rather than public support.

 | **MTN Group to Acquire IHS Towers for USD 8.50 Per Share** | MTN Group has [announced](#) a proposed acquisition of 100% of IHS Towers at USD 8.50 per share following board acceptance, with MTN planning to take the company private through a cash merger that values the remaining shares it does not already own at approximately USD 2.2 billion. The transaction, subject to various approvals and the delisting of IHS from the New York Stock Exchange, will be funded through approximately USD 1.1 billion in cash on IHS's balance sheet along with available liquidity and debt from MTN. IHS Towers operates nearly 29,000 high-quality towers in Africa serving various mobile network operators across five key MTN markets, with the acquisition expected to follow IHS's announced disposals of its Latin American assets on 11 and 17 February 2026. MTN, which currently holds approximately 24.7% of IHS, stated the reintegration of tower assets will enable it to internalize the margin currently paid to IHS.

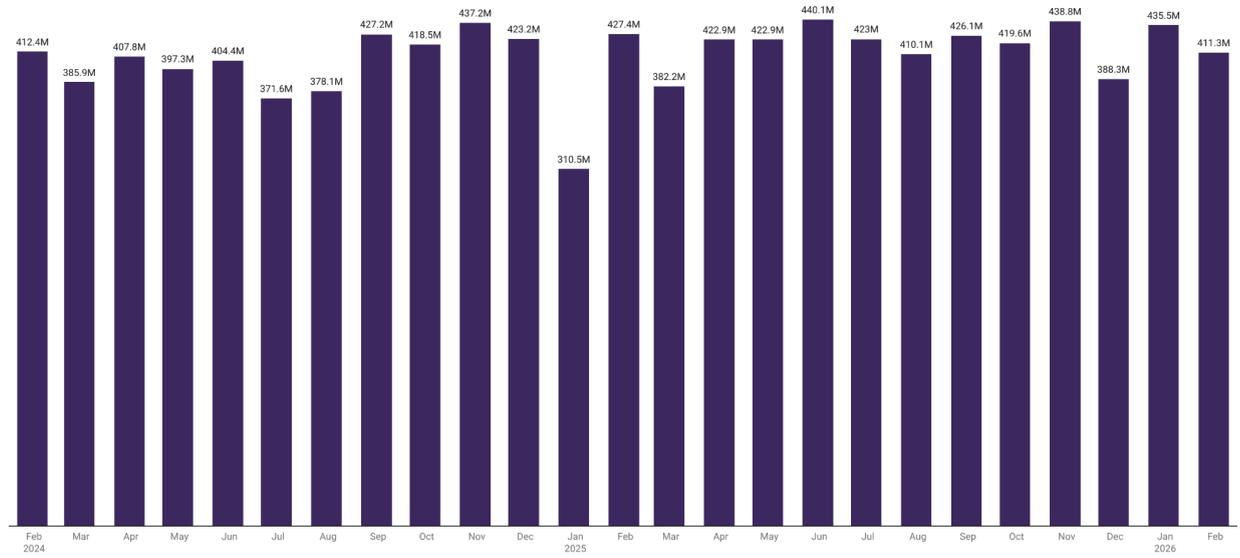
 | **Ethiopian Securities Exchange to Add Listings** | The Ethiopian Securities Exchange (ESX) has [approved](#) six banks for listing on its Main Market: Awash Bank, Dashen Bank, Bank of Abyssinia, Abay Bank, Anbesa Bank, and Amhara Bank. Dashen Bank and Bank of Abyssinia have already completed securities registration and published prospectuses, marking early progress in building domestic equity market depth. As of February 2026, ESX has three officially listed companies: Wegagen Bank (the inaugural listing in January 2025), Gadaa Bank, and Ethio Telecom, which joined in late 2025. The Ethiopian Capital Market Authority (ECMA) is currently reviewing a pipeline of more than 70 applications, targeting nine listings by the end of the July 2026 fiscal year and an ambitious 90–100 listings within the exchange's first decade.

 | **Ethio Telecom Seeks External Funding** | Safaricom's Ethiopian competitor Ethio Telecom has opened discussions with the Africa Finance Corporation (AFC) to explore external financing for its "Next Horizon: Digital & Beyond 2028" strategy, as the operator looks to fund large-scale network upgrades and technology rollouts. The company has indicated that its foreign currency requirements exceed [USD 1B](#), driven by equipment imports and infrastructure expansion, while domestic FX availability remains constrained following Ethiopia's shift to a market-based exchange regime.

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# Chart of the Week

## Diaspora Remittances (USD)



2024 - Jan 2026

Chart: Mwango Capital • Source: Central Bank of Kenya • Created with Datawrapper