Pergamon
INVESTMENT BANK

KENYA PIPELINE COMPANY IPO LISTING

Market Update

20 January 2026

Kenya Pipeline Company IPO Listing

The Republic of Kenya is divesting its 65% stake in Kenya Pipeline Company (KPC) through an Initial Public Offer of 11,812,644,350 ordinary shares, priced at **KES 9.00 per share** (par value of KES 0.02). The Government will retain a holding of 35.0% out of the 18.17 billion issued shares.

The offer period runs from 9:00 a.m. on January 19, 2026, to 5:00 p.m. on February 19, 2026, with a minimum purchase requirement of 100 shares.

The sale aligns with the Government's ongoing divestiture policy geared towards:

a. Supporting broader fiscal strategy
b. Advancing Capital Markets Development
c. Alignment with the National Reform Agenda on State Enterprises.

Offer Statistics	
Offer Price per Share	KES 9.00
Par value of each Offer Share	KES 0.02
Authorized share capital of the Company	KES 387,391,600
Total number of issued ordinary shares of the Company	18,173,299,000
Total number of Offer Shares	11,812,644,350
Dividend per share (DPS) for the 12-month ended 30-Jun-2025	KES 324.7 (Post Share split DPS is KES 0.347)
Earnings per share (EPS) for the 12-month ended 30-Jun-2025	KES 412.2 (Post share split EPS is KES 0.4122)
Reported EBITDA for the period ended 30 June 2025	KES 18,593,941,000
Implied EV/EBITDA multiple	8.1 X

Offer Timelines

Transaction	Date
Offer Period Opens	19-Jan-26
Offer Closes	19-Feb-26
Announcement of Allocation Results	04-Mar-26
Final Date of Payment on Guarantees (Domestic and International)	05-Mar-26
Electronic Crediting of Shares	06-Mar-26
Processing of Refunds	06-Mar-26
Trading of KPC shares commences at NSE	09-Mar-26

Our View and Recommendation:

The offer comes at a defining moment when equity markets are experiencing a bull rally, fronted by a positive economic outlook, expected better earnings, easing interest rates, and low inflation levels. All these have resulted in improved disposable income for investment, while returns from other investments like Government securities have generally declined.

This resulted in a competitive pricing of KES 9.00 per share.

We recommend early positioning in the primary sale as we anticipate heavy uptake by both Institutional and Retail investors. Our BUY recommendation is informed by:

i. The recognition of profits and availability of cash for distribution in the form of dividends. According to its dividend policy, KPC is expected to pay 50% of its profits as dividends. Historically, KPC has had a dividend payout ratio of above 80%, which the Company intends to maintain.

ii. High liquidity levels are provided by the number of shares floated by KPC.

iii. The Company has a stable working capital with little liquidity demand for infrastructure development. This makes it a good cash cow for investors who are looking for dividend-paying stocks.

iv. KPC divestiture gives room for KPC's business diversification to fibre optic upscale, LPG business expansion (storage & bottling) and diversification to new fuels and energies.

v. Further, the sale gives it the capacity to leverage on established infrastructure and grow its market share to most of the region's landlocked countries, such as Uganda, Rwanda, South Sudan and Burundi, among others.

Projected Shareholding Structure After the IPO

Investor Category	Number of Offer Shares	% of total Offer Shares
Kenyan Investors Pool - Retail	2,362,528,870	20%
Kenyan Investors Pool - Institutional	2,362,528,870	20%
KPC Employees	590,632,217	5%
Investors from the EAC	2,362,528,870	20%
OMCs	1,771,896,653	15%
Foreign investors	2,362,528,870	20%
Total	11,812,644,350	100%

How to Apply for the Offer

Investors can apply for the offer shares through two avenues:

a) USSD
b) Online application

Note: The minimum number of shares to be applied is 100 shares.

a) USSD code *483*816#

This option is only available to Individual Investors with an **active registered Kenyan mobile number** and a v**alid CDS Account**.

i. Ensure you have a valid CDS account and sufficient balance on your Mobile Money wallet to facilitate payment.
ii. An applicant will dial the USSD code ***483*816#** and choose to Read Terms and Conditions of the Offer
iii. Agree to the terms, then choose the **"New Application"** option and thereafter follow the prompts to complete the process.
iv. Enter the first three letters of **PERGAMON INVESTMENT BANK** i.e **PER** and the USSD will bring your preferred broker PERGAMON INVESTMENT BANK.
v. In case an applicant is unable to pay immediately, they will receive an email and/or SMS providing them with instructions on how to pay for the offer shares that have been applied for.
vi. During the Offer Period, an applicant will be able to increase the number of shares they have already applied for, by dialling the code ***483*816#** and choosing the Add Shares Option. The applicant will then be prompted to make payment for the additional shares.
vii. Applicants will be allowed to make partial payments for applied shares until the payable amount is fully paid up, **provided that full payment is completed on or before the offer closes**. Once the applicant dials the code ***483*816#**, they will select the "Add Payment" option and proceed to follow the prompts.

Note: In case you do not have a Central Depository and Settlement Account (CDS account), use the link below to open one with ***Pergamon Investment Bank***:

https://pfs.co.ke/TradeWeb/#!/new-trading-account

b) Online Application Process

To accept the offer on the application portal **https://kpcipo.e-offer.app**, the following steps will be followed:

i. Select Apply Now, MUST have a Valid CDS Account
ii. Select New application,
iii. Select Agent – **PERGAMON INVESTMENT BANK**, and fill in the rest of the details.

iv. Applicants will then fill out the electronic application form, providing the mandatory information before proceeding through the various steps. Applicants will choose their appropriate applicant type on the dropdown menu, that is, Institutional; Selling Agent (on behalf of Institution); Individual; Selling Agent (on behalf of Individual); KPC Employee; or Oil Marketing Company.

v. Once you have duly completed and submitted the Application Form, you will be required to make payment and upload proof of payment documents **(EFT or Bank Transfers)**. This will be verified by the Data Processing Agent. Please look out for updates on the status of your application, which will be sent to your registered email address or through text message to the mobile number you indicated in the electronic application. For applicants wishing to pay via Mobile Money, you may also choose to be prompted to pay, by providing your M-Pesa registered mobile number.

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An IPO application may be rejected for the following reasons:

a. Incomplete application.
b. Missing financing bank details in case of financed applications
c. Missing or illegible name of primary applicant/ joint applicant/corporate applicant in any physical application.
d. Missing or illegible copy of identification document, or for institutions, missing or illegible company registration number, and certificate.
e. Missing account number or name for nominee applications.
f. Insufficient documentation.
g. Missing or illegible postal address and postal code.
h. Missing bank details and verification documents where the mode of refund is indicated as EFT
i. Missing or inappropriately signed physical Application Form (institutional investors only), i.e.: Primary signature missing from signature box, Joint signature missing from signature box, one or more required signatories has/have not signed in the case of a corporate application, Application bears company stamps from two different Agents.

Why choose Pergamon Investment Bank: *We have Proven Financial Expertise, Bespoke Investment Solutions, Precision in Execution, Insight-led Strategies, Integrity at Every Step, and a visionary market approach.*

Kenya Pipeline Company Performance and Outlook

Kenya Pipeline Company is a state-owned enterprise, established in 1973, responsible for the safe and efficient transportation and storage of refined petroleum products such as petrol, diesel, jet fuel, among others, from the port of Mombasa to the rest of the country and the East African Region.

Operating in the midstream of the Oil and Gas Industry, the Company operates a National Pipeline Network of approximately 1,342 Kilometres (833.88 miles) and has a storage capacity of 1.14 million cubic meters (1,140 million litres).

The Company is the backbone of Kenya's petroleum Industry, managing both coastal and inland storage facilities while supplying petroleum products domestically as well as to neighbouring landlocked countries.

Why KPC Matters

Kenya heavily relies on petrol energy to drive the transport, manufacturing and power sectors, making it a key contributor to overall economic growth. This makes KPC a key entity in:

a. Energy Security and Supply – KPC supplies over 80% of the petroleum products used in Kenya via pipeline, thus reducing risks of road transport. This significantly reduces costs of fuel while reducing accident risks, fuel adulteration and dumping.
b. A regional hub for oil supply – KPC remains a key player and a strategic asset for the East African Region by supplying oil to some landlocked countries such as Uganda, Rwanda, Burundi and parts of the Democratic Republic of Congo.
c. An Infrastructure Revenue – KPC operates a high-capacity and extensive distribution network, making it a revenue-generating and profitable entity.
d. Diversification and Growth Opportunity– the Company is presently planning to diversify into the fibre optic cable network, along its pipelines for telecommunications.

Financial Performance

KPC is financially sound with a robust balance sheet of KES 139.01Bn in total assets, of which KES 98.39Bn is shareholders' equity by the end of June 2025 financial results.

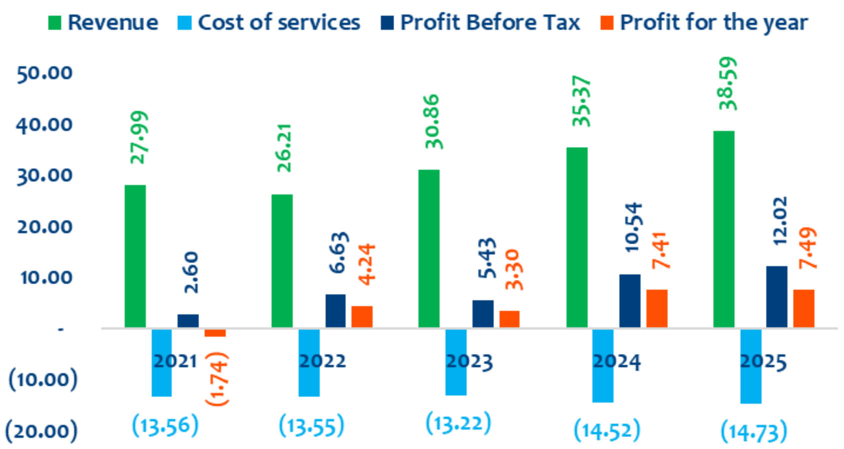
On its financial year ending 30-Jun-2025, the company's profits before tax (PBT) jumped 14.0% year on year (y-y) to KES 12.02Bn from KES 10.54Bn in the full year 2024 (FY2024). This was supported by a 9.1% revenue growth from KES 38.59Bn, driven by an 8.5% increase in petrol throughput, due to strong regional export demand.

The Company's revenue remains resilient, reporting an average growth rate of 13.8% in the last 3-years, supported by an ever-rising oil demand in the region. In the last 5-years, KPC's revenues have grown by 37.9% from KES 27.98Bn to KES 38.59Bn while its operating profits jumped from KES 3.48Bn in 2021 to KES 11.93Bn in 2025, depicting higher gross margins and an improving consolidated asset utilization.

KPC is a dividend-paying company with a proven history of about 80% dividend payout ratio. In 2025, KPC paid KES 324.70 dividend per share (DPS) against an earnings per share (EPS) of KES 412.00 per share (2024: DPS – KES 385.20, EPS – KES 408.00).

Post listing projections place the 2025 EPS at KES 0.42 and DPS at KES 0.35 per share using the 84.2% dividend payout ratio reflected in FY2025 financials.

KPC Financial Performance Summary



Kenya Pipeline Balance Sheet

As at 30th June	2021	2022	2023	2024	2025
	KES "Millions"	KES "Millions"	KES "Millions"	KES "Millions"	KES "Millions"
Shareholder's Funds	87,786	79,984	80,976	91,988	98,395
Total Assets	129,769	118,046	119,006	133,060	139,008
Total Liabilities	41,983	38,062	38,031	41,071	40,613
Net Assets	87,786	79,984	80,976	91,988	98,395

Revenue Projections:

Financial Projections

Item	2021	2022	2023	2024	2025	2026F	2027F	2028F	2029F	2030F
Revenue	28.0	26.2	30.9	35.4	38.6	41.3	44.8	52.3	57.1	68.0
Cost of services	(13.6)	(13.5)	(13.2)	(14.5)	(14.7)	(16.5)	(17.9)	(20.9)	(22.8)	(27.2)
Operating Profit	3,484.2	6,645.0	5,514.5	10,129.7	11,931.0	13.2	14.6	19.1	20.3	26.3
Profit After Tax	(1.7)	4.2	3.3	7.4	7.5	9.6	10.7	13.8	14.7	17.0

Historical Performance:

Historical Income Statement

Years Ended 30th June	2021 KES "Millions"	2022 KES "Millions"	2023 KES "Millions"	2024 KES "Millions"	2025 KES "Millions"
Revenue	27,987	26,213	30,857	35,369	38,594
Cost of services	(13,563)	(13,545)	(13,218)	(14,518)	(14,732)
Gross profit	14,424	12,668	17,639	20,851	23,862
Administrative Expenses	(10,140)	(5,962)	(9,880)	(8,490)	(14,098)
Impairment losses on financial	(589)	(1,067)	(714)	(757)	(212)
Assets	-	-	-	-	-
Impairment losses on non-financial	-	-	(3,618)	(76)	-
Assets	-	-	-	-	-
Fair Value losses on unquoted	(29)	(2)	(2)	-	-
investments	-	-	-	-	-
Other Income	471	635	978	832	2,472
Other Gains/(Losses) - Net	(654)	373	1,111	(2,231)	(92)
Operating Profit	3,484	6,645	5,515	10,130	11,931
Finance Income	349	823	883	888	478
Finance Costs	(1,234)	(837)	(970)	(479)	(391)
Finance Income/(Costs) – Net	(845)	(14)	(87)	409	87
Profit Before Tax	2,599	6,631	5,427	10,539	12,018
Income Tax Expense	(4,337)	(2,394)	(2,130)	(3,133)	(4,527)
Profit for the year	(1,738)	4,237	3,297	7,406	7,491
Total Dividends Paid	2,700	8,000	-	7,000	5,900
Basic & Diluted Earnings per share (EPS)	**(96)**	**233**	**181**	**408**	**412**
Post Listing EPS* (Assumption for 2025 financials)					**KES 0.4122**
Dividend Per Share	149	440	-	385	325
Post Listing DPS* (Assumption for 2025 financials)					**KES 0.347**

Sector Comparison

The current issuance/listing price of KES 9.00 gives a price-to-earnings (PE) ratio of 21.83 when computed against post-listing earnings per share (EPS) of KES 0.4122 (when computed from the 2025 financials).

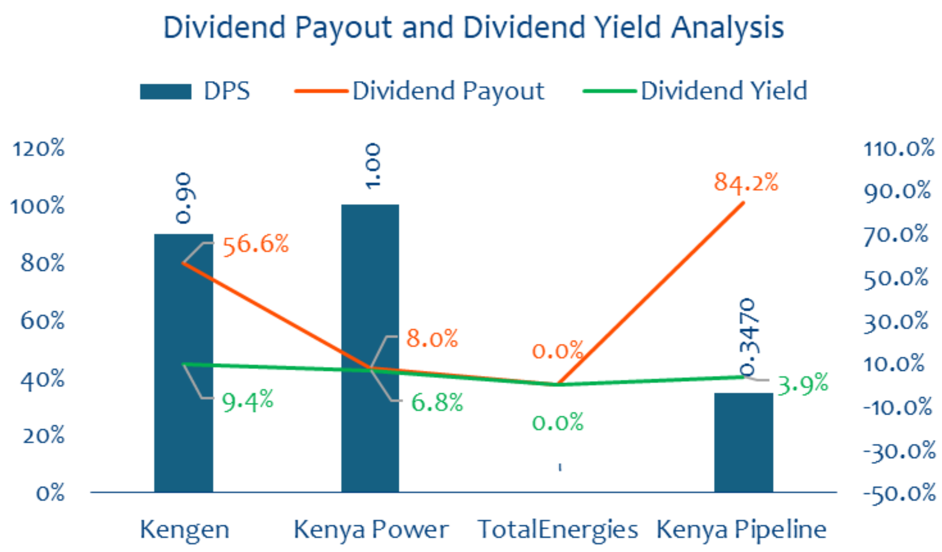
A PE of 21.83 implies a high pricing relative to the company's current earnings, meaning that for every 1 shilling generated, an investor will be willing to pay KES 21.83.

- On a positive side, the high PE ratio denotes significant future growth prospects in the Company, which we can attribute to the current diversification opportunities that can deliver high investor returns.
- On a relative valuation approach, an implied EV/EBITDA of 8.1x suggests fair pricing, considering that the broader oil sector companies have slightly higher multiples, ranging from 10x to 15x.

- In relation to Kenya's listed Energy sector, the sector has a PE of 3.17, with Kenya Power having better returns of 12.54, followed by TotalEnergies and Kengen, with earnings per share of 2.36 and 1.59, respectively.
- Returns on investment from the sector have recently been suppressed owing to a surge in market prices.

Sector Analysis Including KPC

Company	PBT KES Mn	PAT KES Mn	NO. Of Shares	EPS	DPS	Price	Dividend Payout	Dividend Yield
Kengen	15,473.00	10,481.00	6,594.52	1.59	0.90	9.62	56.6%	9.4%
Kenya Power	35,375.00	24,467.00	1,951.47	12.54	1.00	14.7	8.0%	6.8%
TotalEnergies	1,413.86	1,100.70	175.07	1.75	-	39.3	-	0.0%
Kenya Pipeline	12,018.37	7,491	18,173	0.4122	0.3470	9.00	84.2%	3.9%



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