

## STOCK RECOMMENDATION – APRIL 20, 2020

**MARKET REVIEW**
*For the week ended April 17, 2020*

- The bulls tightened their grip on equities last week, as the Nigerian bourse closed up on all five trading days. This drove the All-Share Index up by 7.19% to settle at 22,921.59pts.
- Market activities were driven primarily by bargain hunting activities on large cap stocks such as **NESTLE** (+16.48%) and **DANGCEM** (+16.24).
- The **NSEFBT10** and the **NSEIND** outperformed other indices, ticking up by 15.57% and 5.16% respectively, while the market breadth settled at 2.00x.
- **NB** emerged best performer, advancing by 45.72%. In contrast, **NAHCO** topped the losers' chart, shedding 11.25%.
- **Investors sought to take opportunities in the market last week given the cheap valuations across counters.**

**MARKET P REVIEW**
*For the week commencing April 20, 2020*

- For the first time since the COVID-19 outbreak, the equities market enjoyed bullish investor sentiment during each trading session.
- This week however, we expect to see a reversal, as investors take profit from last week's rally, dragging the market to a negative close.
- Nonetheless, we do not rule out the possibility of bargain hunting activities, particularly on low-priced and fundamentally sound counters.
- **Against this backdrop, we expect a negative close to the market this week, although marginally, as we expect profit taking on counters that closed up last week.**

## THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NSEASI	22,921.59	21,384.03
Market Cap [NGN'tr]	11.95	11.14
Market Cap [USD 'bn]	32.55	30.86
Volume Traded [bn]	1.49	2.44
Value Traded [NGN'bn]	12.89	19.93

  

NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
<b>NSEASI</b>	7.19%	7.61%	7.61%	-14.61%
<b>NSE-30</b>	8.18%	8.94%	8.94%	-16.54%
<b>NSE-B10</b>	4.73%	17.01%	17.01%	-22.66%
<b>NSE-FB10</b>	15.57%	18.80%	18.80%	-34.78%
<b>NSE-OG5</b>	1.47%	-2.84%	-2.84%	-20.34%
<b>NSE-INS10</b>	0.83%	-0.37%	-0.37%	-5.45%
<b>NSE-IND</b>	5.16%	-2.90%	-2.90%	-6.08%

  

Value		Volume	
<b>ZENITHBANK</b>	3,298,027,336	<b>ZENITHBANK</b>	222,153,668
<b>GUARANTY</b>	1,724,503,696	<b>FBNH</b>	196,966,123
<b>NESTLE</b>	1,087,167,628	<b>UBA</b>	87,734,518
<b>FBNH</b>	913,010,912	<b>GUARANTY</b>	82,714,353
<b>GSPECPLC</b>	686,878,583	<b>FIDELITYBK</b>	67,459,285

  

Highest Gainers		Highest Losers	
	%		%
<b>NB</b>	45.72%	<b>NAHCO</b>	-11.25%
<b>CHAMPION</b>	20.00%	<b>ARDOVA</b>	-10.22%
<b>MAYBAKER</b>	18.64%	<b>ARBICO</b>	-9.82%
<b>NESTLE</b>	16.48%	<b>JOHNHOLT</b>	-8.93%
<b>DANGCEM</b>	16.24%	<b>CADBURY</b>	-8.70%

	Fundamentals					Trailing				Market Performance			Valuation					
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Yr Hi	Yr Lo	YtD Return	Target PE	Exp. EPS	2020 TP	Last Wk. Pr	UPP	RT
<b>Financial Services</b>																		
<b>Banks</b>																		
ACCESS	0.09	14.60%	16.00%	1.40%	11.7	2.74	17.17	2.3x	0.4x	11.6	5.4	-33.00%	2.80x	3.36	9.41	6.70	40%	BUY
ETI	0.1	12.90%	15.90%	1.30%	12.4	3.4	21.35	1.3x	0.2x	8	3.9	-23.08%	1.50x	3.50	5.25	5.00	5%	HOLD
FCMB	0.12	8.00%	7.70%	1.00%	8.1	0.73	9.49	2.1x	0.2x	2.09	1.45	-13.51%	1.91x	0.84	1.60	1.60	0%	HOLD
FIDELITYBK	0.1	13.20%	13.30%	1.30%	9	0.98	8.08	1.8x	0.2x	2.37	1.53	-0.49%	2.27x	0.89	2.02	2.04	-1%	HOLD
FBNH	0.1	10.10%	9.60%	1.00%	9.6	1.73	17.9	2.3x	0.2x	7.7	3.7	-23.58%	-	-	-	4.70	-	UR
GUARANTY	0.12	45.20%	28.60%	5.20%	5.5	6.69	23.35	2.8x	0.8x	34	16.75	-29.97%	4.60x	6.99	32.15	20.80	55%	BUY
STANBIC	0.12	32.10%	24.80%	4.00%	6.2	7.33	29.51	3.3x	0.8x	42.5	23.85	-32.93%	5.50x	7.58	41.69	27.50	52%	BUY
STERLNBANK	0.13	7.10%	9.80%	0.90%	11	0.37	4.15	3.0x	0.3x	2.04	0.99	-32.16%	4.71x	0.39	1.84	1.35	36%	BUY
UBA	0.1	15.90%	14.90%	1.60%	9.4	2.6	17.49	2.1x	0.3x	8.9	4.4	-16.08%	2.80x	3.37	9.44	6.00	57%	BUY
UBN	0.09	14.60%	9.70%	1.30%	7.4	0.84	8.67	7.9x	0.8x	7.6	5.7	10.00%	10.20x	0.69	7.04	6.60	7%	HOLD
WEMABANK	2.14	7.40%	27.90%	15.70%	1.8	0.12	0.44	4.2x	1.2x	0.79	0.44	-24.32%	5.20x	0.14	0.73	0.56	30%	BUY
ZENITHBANK	0.1	31.50%	22.20%	3.30%	6.7	6.65	30	1.9x	0.4x	22.75	10.7	-19.35%	3.10x	7.50	23.25	15.00	55%	BUY
<b>Insurance</b>																		
AIICO	0.33	12.90%	32.30%	4.20%	7.6	0.87	2.69	0.9x	0.3x	1.01	0.67	11.11%	1.10x	0.85	0.94	0.80	17%	BUY
CORNERST	0.43	41.70%	50.70%	18.00%	2.8	0.35	0.69	1.7x	0.8x	0.69	0.45	31.11%	3.50x	0.21	0.74	0.59	25%	BUY
LASACO	0.85	12.20%	16.70%	10.30%	1.6	0.16	0.93	1.4x	0.2x	0.29	0.2	-4.00%	3.80x	0.10	0.38	0.24	58%	BUY
LAWUNION	0.51	-12.90%	-10.70%	-6.50%	1.6	-0.17	1.55	-5.7x	0.6x	1.22	0.5	100.00%	4.00x	0.18	0.72	1.00	-28%	SELL
LINKASSURE	0.24	3.70%	1.20%	0.90%	1.3	0.03	2.31	15.1x	0.2x	0.62	0.38	-5.66%	5.00x	0.12	0.60	0.50	20%	BUY
MANSARD	0.45	7.30%	9.60%	3.20%	3	0.24	2.53	7.2x	0.7x	2.14	1.51	-20.20%	9.30x	0.31	2.88	1.58	82%	BUY
NEM	0.69	13.70%	17.20%	9.50%	1.8	0.4	2.35	4.7x	0.8x	2.42	1.44	-17.36%	-	-	-	2.00	-	UR
WAPIC	0.51	0.10%	0.10%	0.10%	1.8	0	1.28	179.7x	0.2x	0.38	0.21	-20.59%	2.50x	0.23	0.58	0.27	113%	BUY
CUSTODIAN	0.41	16.00%	16.70%	6.60%	2.5	1.26	7.55	4.7x	0.8x	6.05	4.95	-4.17%	4.90x	1.45	7.11	5.75	24%	BUY

	Fundamentals					Trailing				Market Performance			Valuation					
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/BV	Yr Hi	Yr Lo	YtD Return	Target PE	Exp. EPS	2020 TP	Last Wk. Pr	UPP	RT
<b>Consumer Staples &amp; Discretionary</b>																		
<b>Breweries</b>																		
GUINNESS	0.86	2.90%	5.30%	2.50%	2.1	1.92	36.09	13.1x	0.7x	30.2	22.4	-25.46%	17.00x	1.87	31.79	22.40	42%	BUY
NB	0.84	5.00%	9.60%	4.20%	2.3	2.01	20.98	12.7x	1.2x	59	22	-45.17%	25.00x	1.88	47.00	32.35	45%	BUY
<b>Packaged Foods &amp; Meats</b>																		
CADBURY	1.31	3.40%	10.10%	4.50%	2.2	0.69	6.84	9.0x	0.9x	10.85	4.95	-40.28%	18.50x	0.61	11.29	6.30	79%	BUY
DANGSUGAR	0.89	13.20%	19.90%	11.80%	1.7	1.66	8.37	5.4x	1.1x	15.05	8.9	-9.19%	8.30x	1.58	13.11	12.35	6%	HOLD
HONYFLOUR	0.59	-1.30%	-1.30%	-0.70%	1.7	-0.12	9.6	-7.9x	0.1x	1.18	0.83	1.01%	2.50x	0.38	0.95	1.00	-5%	HOLD
FLOURMILL	1.05	1.90%	5.30%	2.00%	2.6	1.99	37.61	10.5x	0.6x	24	19.15	7.61%	8.50x	2.62	22.27	21.20	5%	HOLD
NASCON	0.92	9.50%	23.50%	8.70%	2.7	1	4.25	8.5x	2.0x	15.7	8.5	-27.80%	10.00x	1.36	13.60	9.35	45%	BUY
NESTLE	1.47	16.10%	100.30%	23.60%	4.2	57.63	57.47	13.3x	13.3x	1469.9	764.9	-34.21%	20x	60	1,200	967	24%	BUY
UACN	0.76	-25.00%	-36.50%	-18.90%	1.9	-7.41	20.29	-1.0x	0.4x	11.05	6.5	-12.79%	-	-	-	7.50	-	UR
<b>Agricultural Products</b>																		
OKOMUOIL	0.42	28.10%	18.00%	11.90%	1.5	5.63	31.2	9.8x	1.8x	68	55.05	-0.99%	9.50x	7.76	73.72	55.05	34%	BUY
PRESCO	0.31	12.90%	10.30%	4.00%	2.6	2.65	25.82	13.7x	1.4x	57.05	36.45	-23.26%	11.00x	4.50	49.50	36.45	36%	BUY
<b>Household &amp; Personal Products</b>																		
PZ	0.93	-2.20%	-3.80%	-2.10%	1.8	-0.41	11.02	-10.6x	0.4x	5.85	3.75	-22.12%	10.00x	0.45	4.50	4.40	2%	HOLD
<b>Healthcare</b>																		
<b>Pharmaceuticals</b>																		
MAYBAKER	0.83	4.10%	5.80%	3.40%	1.7	0.19	3.21	10.4x	0.6x	2.61	1.79	35.23%	10.50x	0.23	2.42	2.61	-7%	HOLD
FIDSON	0.71	-4.00%	-6.50%	-2.80%	2.3	-0.27	4.2	-9.0x	0.6x	2.8	2.21	-20.97%	7.00x	0.44	3.08	2.45	26%	BUY
GLAXOSMITH	1.23	3.40%	8.00%	4.20%	1.9	0.58	7.24	6.6x	0.5x	6	3.45	-11.48%	5.20x	0.97	5.04	5.40	-7%	HOLD
NEIMETH	0.2	13.60%	7.20%	2.80%	2.6	0.04	0.61	11.0x	0.8x	0.62	0.4	-3.23%	3.60x	0.21	0.76	0.60	26%	BUY

Materials																		
<b>Construction Materials</b>																		
BUACEMENT	0.27	39.80%	976.00%	10.80%	90.7	4.88	0.5	7.2x	70.6x	41	29.4	-9.00%	6.50x	4.95	32.18	31.85	1%	HOLD
DANGCEM	0.51	22.50%	22.30%	11.50%	1.9	11.77	52.69	11.0x	2.5x	179.9	116.8	-4.23%	0.0x	0	171.8	136.00	26%	BUY
WAPCO	0.48	9.70%	6.50%	4.70%	1.4	1.42	21.72	6.5x	0.4x	17.6	8.95	-24.18%	0.0x	0	16.27	11.60	40%	BUY
<b>Specialty Chemicals</b>																		
CAP	1.33	20.00%	74.80%	26.60%	2.8	2.14	2.87	10.8x	8.1x	27.5	18	-3.33%	0.0x	0	23.87	23.20	3%	HOLD
BERGER	0.73	10.30%	12.50%	7.50%	1.7	1.22	9.8	5.0x	0.6x	6.75	6.1	-0.74%	0.0x	0	4.87	6.70	-27%	SELL
<b>Energy</b>																		
CONOIL	2.95	1.20%	10.20%	3.50%	2.9	2.75	26.82	4.8x	0.5x	20.85	13.15	-5.95%	5.60x	4.53	25.37	17.40	46%	BUY
ETERNA	5.01	0.00%	-0.20%	0.00%	4.1	-0.02	9.74	-148.4x	0.2x	3.6	1.99	-33.61%	5.50x	0.70	3.85	2.39	61%	BUY
ARDOVA	3.05	8.10%	75.70%	24.70%	3.1	10.18	13.44	1.4x	1.0x	20.6	10.1	-44.20%	8.00x	2.13	17.04	10.10	69%	BUY
MOBIL	2.31	4.30%	21.00%	10.00%	2.1	21.64	103	6.8x	1.4x	160.9	133.2	8.79%	6.50x	24.88	161.72	160.90	1%	HOLD
MRS	1.43	-3.20%	-10.00%	-4.60%	2.2	-6.43	64.27	-2.1x	0.2x	15.3	13.8	-9.80%	498.00x	0.03	14.94	13.80	8%	HOLD
SEPLAT	0.26	35.60%	13.60%	9.40%	1.4	124.99	921.34	4.4x	0.6x	605	490.1	-24.75%	5.50x	127.68	702.24	495.00	42%	BUY
TOTAL	2.09	0.00%	0.40%	0.10%	5.6	0.27	76.01	361.9x	1.3x	117	96.3	-13.17%	21.10x	6.17	130.19	96.30	35%	BUY
<b>Telecommunications</b>																		
MTNN	0.77	17.30%	139.70%	13.20%	10.5	9.93	7.11	10.1x	14.1x	128.5	90	-3.33%	14.00x	11.37	159.18	101.50	57%	BUY

\*TP=Target Price, Last Wk. Pr= Last Week Price, CP= Current Price, UPP=Upside Potential, RT= Rating, Exp. EPS= 2020Dec Expected EPS, BVP= Book Value Per Share, P/E=P/E, AT=Asset Turnover, OM=Operating Margin, NM= Net Margin, Lev=Leverage, UR=Under Review. Data in the Fundamental columns are based on trailing performance.

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We estimate stock's fair value by computing a weighted average of projected prices derived from discounted cash flow and relative valuation methodologies. The choice of relative valuation methodology (ies) usually depends on the firm's peculiar business model and what in the opinion of our analyst is considered as a key driver of the stock's value from a firm specific as well as an industry perspective. However, we attach the most weight to discounted cash flow valuation methodology.

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While we believe that the fair value is underpinned by the future benefits stream and growth outlooks, which are primary drivers of value, the market might not align to the fair value estimate within the estimated investment horizon. Thus, we do not derive our target price from the fair value but from a trading perspective using the year projected earnings or book value and the respective target multiples. Notwithstanding, we are of the opinion that the variance between the two should not be too significant.

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**HOLD:** Target Price of the stock ranges between **-10 percent and 10 percent** from the current market price.

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