

## STOCK RECOMMENDATION - AUGUST 17, 2020

**MARKET REVIEW**
*For the week ended August 14, 2020.*

- The local bourse closed in the positive zone for the fourth consecutive week as the NSEASI gained 0.63% WoW to close at 25,199.84pts. Thus, the YtD return settled at -6.12%.
- All sectoral indices closed in the positive zone except for the **NSE-IND** and **NSE-B10** which lost 2.71% and 0.03% respectively.
- **CADBURY** emerged as the highest gainer having advanced by 12.88%, while **CHAMPION** lost 25.26% to emerge as biggest loser.
- **Bargain hunting activities by investors, as well as a largely positive mood has sustained the bullish momentum in the market. Although the momentum slowed slightly this week, more earnings releases and corporate actions have continued to spur positive sentiment in the market.**

**MARKET *P*REVIEW**
*For the week commencing August 17, 2020*

- After trading well above USD45pb per barrel last week, there is increased optimism in global oil markets as OPEC reported that Nigeria, as well others, showed improved adherence to the April agreements.
- This week, we see more room for bargain hunting in the Nigerian bourse, given that prices are still at relatively low levels. Also, with dividend stalwarts like **UBA** and **ZENITHBANK** set to release their results soon, we expect to see bargain hunting activities from investors ahead of their releases.
- **Thus, we expect these factors to sustain the bullish momentum this week, with the market closing in the positive region as a result.**

## THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NSEASI	25,199.84	25,041.89
Market Cap [NGN'tr]	13.15	13.06
Market Cap [USD 'bn]	34.06	33.84
Volume Traded [bn]	1.06	0.42
Value Traded [NGN'bn]	10.76	5.34

  

NSEASI & Sectoral Indices [Return Profile]					
	WtD	MtD	QtD	YtD	
NSEASI	0.63%	2.05%	2.94%	-6.12%	
NSE-30	-0.31%	1.34%	1.44%	-9.39%	
NSE-B10	-0.03%	4.91%	3.66%	-18.09%	
NSE-FB10	2.25%	2.98%	-6.17%	-30.09%	
NSE-OG5	5.92%	11.01%	-3.75%	-27.97%	
NSE-INS10	1.12%	0.84%	-4.90%	-1.95%	
NSE-IND	-2.71%	-2.61%	1.17%	3.83%	

  

Value (NGN)		Volume	
GUARANTY	3,965,072,085	GUARANTY	159,808,011
ZENITHBANK	2,033,022,327	TRANSCORP	138,224,684
UNILEVER	1,088,939,122	ZENITHBANK	121,422,742
MTNN	816,869,478	ACCESS	110,835,255
ACCESS	721,793,840	WAPIC	108,270,148

  

Highest Gainers		Highest Losers	
	%		%
CADBURY	12.88%	CHAMPION	-25.26%
NB	12.50%	IKEJAHOTEL	-25.00%
UNILEVER	11.61%	CORNERST	-10.91%
CILEASING	10.00%	NNFM	-10.00%
SEPLAT	10.00%	CHIPLC	-9.76%

	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	0.10	19.1%	15.2%	1.3%	11.5	2.71	17.88	2.4x	0.4x	11.60	5.40	-36.00%	2.81	2.64	7.42	6.40	+16%	BUY
ETI	0.09	12.4%	11.9%	0.9%	12.6	3.60	30.20	1.1x	0.1x	8.00	3.90	-37.69%	-	-	-	4.05	-	UR
FCMB	0.10	9.9%	9.1%	1.0%	9.2	0.99	10.83	2.1x	0.2x	2.09	1.45	+9.19%	0.98	2.01	1.97	2.02	-2%	HOLD
FIDELITYBK	0.10	11.5%	11.7%	1.3%	9.3	0.98	8.37	1.8x	0.2x	2.37	1.53	-12.20%	2.27	0.89	2.02	1.80	+12%	BUY
FBNH	0.09	16.7%	13.0%	1.3%	10.1	2.55	19.62	2.0x	0.3x	7.70	3.70	-18.70%	2.43	2.87	6.97	5.00	+39%	BUY
GUARANTY	0.11	44.4%	29.9%	4.9%	6.1	6.71	22.46	3.7x	1.1x	34.00	16.75	-16.16%	3.76	6.77	25.46	24.90	+2%	HOLD
STANBIC	0.10	33.5%	23.8%	3.2%	7.6	7.47	31.33	4.5x	1.1x	42.50	23.85	-17.32%	5.91	6.71	39.66	33.90	+17%	BUY
STERLNBANK	0.11	7.7%	8.0%	0.8%	10.1	0.36	4.47	3.3x	0.3x	2.04	0.99	-40.70%	3.97	0.36	1.43	1.18	+21%	BUY
UBA	0.09	20.5%	14.8%	1.4%	10.4	2.65	17.91	2.5x	0.4x	8.90	4.40	-9.09%	2.80	2.65	7.42	6.50	+14%	BUY
UBN	0.08	13.1%	7.3%	0.8%	8.6	0.64	8.88	8.4x	0.6x	7.60	5.35	-10.00%	-	-	-	5.40	-	UR
WEMABANK	0.11	3.9%	8.1%	0.5%	15.0	0.12	1.43	4.3x	0.3x	0.79	0.44	-32.43%	4.15	0.11	0.46	0.50	-9%	HOLD
ZENITHBANK	0.09	30.3%	22.6%	2.9%	7.7	6.66	29.49	2.5x	0.6x	22.75	10.70	-10.22%	2.86	6.57	18.79	16.70	+13%	BUY
<b>Insurance</b>																		
AIICO	0.25	9.6%	19.2%	2.7%	7.2	0.84	4.41	1.1x	0.2x	0.99	0.56	+27.78%	3.60	0.54	1.94	0.92	+111%	BUY
LASACO	0.48	6.7%	3.5%	1.6%	2.2	0.04	1.15	6.4x	0.2x	0.29	0.20	+4.00%	3.80	0.10	0.38	0.26	+46%	BUY
LAWUNION	0.36	8.2%	12.1%	6.6%	1.8	0.21	1.71	4.8x	0.6x	1.22	0.50	+100.00%	-	-	-	1.00	-	UR
LINKASSURE	0.22	14.6%	6.1%	4.4%	1.4	0.18	2.95	2.2x	0.1x	0.62	0.35	-26.42%	-	-	-	0.39	-	UR
MANSARD	0.44	15.9%	17.1%	5.0%	3.4	0.49	2.89	3.2x	0.5x	2.14	1.44	-19.70%	6.68	0.39	2.61	1.59	+64%	BUY
NEM	0.69	13.9%	15.6%	8.0%	2.0	0.44	2.81	4.3x	0.7x	2.42	1.44	-22.73%	3.11	0.61	1.90	1.87	+1%	HOLD
WAPIC	0.40	35.9%	5.1%	3.0%	1.7	0.09	1.80	3.6x	0.2x	0.38	0.21	-2.94%	-	-	-	0.33	-	UR
CUSTODIAN	0.46	12.9%	13.7%	4.5%	3.0	1.10	8.04	4.6x	0.6x	6.30	4.80	-16.67%	-	-	-	5.00	-	UR

Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.78	1.4%	3.0%	1.6%	1.8	1.18	39.76	13.0x	0.4x	30.20	13.00	-48.75%	19.08	1.06	20.22	15.40	+31%	BUY
NB	0.66	3.7%	5.2%	1.8%	2.9	1.05	20.12	34.4x	1.8x	59.00	22.00	-38.98%	35.00	0.87	30.45	36.00	-15%	SELL
INTBREW	0.35	-15.4%	-20.0%	-8.5%	2.3	-1.13	5.65	-2.5x	0.5x	9.50	2.85	-70.00%	-	-	2.90	2.85	+2%	HOLD
Packaged Foods & Meats																		
CADBURY	1.09	3.4%	7.1%	2.9%	2.5	0.50	7.02	14.9x	1.1x	10.85	4.95	-29.38%	-	-	-	7.45	-	UR
DANGSUGAR	0.80	11.2%	19.2%	10.0%	1.9	1.91	9.98	6.2x	1.2x	15.05	8.90	-12.50%	8.00	1.67	13.36	11.90	+12%	BUY
HONYFLOUR	0.57	0.8%	1.2%	0.5%	2.5	0.09	7.22	11.0x	0.1x	1.18	0.83	-4.04%	-	-	-	0.95	-	UR
FLOURMILL	1.33	2.0%	7.3%	2.6%	2.8	2.77	38.00	7.1x	0.5x	24.00	17.00	0.00%	-	-	-	19.70	-	UR
NASCON	0.19	10.2%	15.0%	4.3%	3.5	0.71	4.75	14.1x	2.1x	15.70	8.50	-22.78%	10.00	1.12	11.20	10.00	+12%	BUY
NESTLE	1.46	15.5%	130.3%	21.3%	6.1	52.06	39.95	22.6x	29.4x	1,469.90	764.90	-20.06%	20.00	60.00	1,200.00	1,175.00	+2%	HOLD
UACN	0.77	3.2%	-18.1%	-10.9%	1.7	-3.71	20.51	-1.6x	0.3x	11.05	6.00	-30.23%	-	-	8.08	6.00	+35%	BUY
Agricultural Products																		
OKOMUOIL	0.48	29.6%	20.9%	13.2%	1.6	6.84	32.79	11.7x	2.4x	80.00	55.05	+43.88%	9.50	7.76	73.72	80.00	-8%	HOLD
PRESCO	0.32	32.6%	17.5%	8.1%	2.2	5.65	32.28	9.1x	1.6x	57.05	36.45	+8.42%	-	-	-	51.50	-	UR
Household & Personal Products																		
PZ	0.93	-4.7%	-3.8%	-2.1%	1.8	-0.41	11.02	-10.3x	0.4x	5.85	3.75	-24.78%	-	-	4.58	4.25	+8%	HOLD
VITAFOAM	1.16	13.1%	44.5%	18.3%	2.4	2.68	6.03	2.1x	1.0x	6.00	3.95	+30.68%	2.30	2.32	5.34	5.75	-7%	HOLD
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.71	10.8%	14.7%	7.6%	1.9	0.50	3.40	6.1x	0.9x	3.39	1.79	+56.99%	8.00	0.44	3.52	3.03	+16%	BUY
FIDSON	0.61	6.1%	6.2%	2.6%	2.4	0.30	4.85	12.2x	0.8x	3.70	2.21	+19.35%	7.40	0.54	4.00	3.70	+8%	HOLD
GLAXOSMITH	1.03	2.9%	9.0%	4.1%	2.2	0.71	7.91	7.3x	0.7x	8.45	3.45	-14.75%	9.00	0.79	7.11	5.20	+37%	BUY
NEIMETH	0.46	11.8%	5.2%	1.1%	4.8	0.04	0.75	45.6x	2.4x	2.57	0.40	+187.10%	5.00	0.29	1.45	1.78	-19%	SELL
Materials																		
Construction Materials																		

<b>BUACEMENT</b>	0.36	34.4%	16.2%	12.4%	1.3	4.91	30.32	7.9x	1.3x	44.00	29.40	+11.14%	-	-	30.88	38.90	-21%	<b>SELL</b>
<b>DANGCEM</b>	0.50	26.5%	28.1%	11.5%	2.4	12.17	43.39	11.2x	3.1x	179.90	116.80	-4.23%	-	-	171.80	136.00	+26%	<b>BUY</b>
<b>WAPCO</b>	0.43	19.4%	36.8%	26.1%	1.4	8.03	21.86	1.5x	0.5x	17.60	8.95	-23.20%	-	-	17.53	11.75	+49%	<b>BUY</b>
<b>Specialty Chemicals</b>																		
<b>CAP</b>	1.04	17.4%	47.3%	19.3%	2.4	2.12	4.47	8.0x	3.8x	27.50	17.00	+61.14%	9.50	2.52	23.94	17.00	+41%	<b>BUY</b>
<b>BERGER</b>	0.74	2.2%	11.3%	6.6%	1.7	1.19	10.50	5.1x	0.6x	7.70	5.50	-10.37%	5.10	1.17	5.97	6.05	-1%	<b>HOLD</b>
<b>Energy</b>																		
<b>CONOIL</b>	2.33	0.6%	6.5%	2.4%	2.7	1.86	28.54	9.1x	0.6x	21.00	13.15	-8.65%	-	-	-	16.90	-	<b>UR</b>
<b>ETERNA</b>	3.33	-0.2%	-0.8%	-0.3%	2.5	-0.07	9.46	-26.6x	0.2x	3.60	1.80	-47.22%	-	-	-	1.90	-	<b>UR</b>
<b>ARDOVA</b>	3.99	1.2%	-3.0%	-1.2%	2.6	-0.40	13.10	-31.9x	1.0x	20.60	9.55	-29.56%	-	-	-	12.75	-	<b>UR</b>
<b>MOBIL</b>	1.90	3.1%	17.1%	7.6%	2.2	19.97	117.03	8.8x	1.5x	213.90	133.20	+18.32%	-	-	-	175.00	-	<b>UR</b>
<b>MRS</b>	1.52	-1.4%	-8.8%	-4.2%	2.1	-5.40	61.61	-2.3x	0.2x	15.30	12.45	-18.63%	-	-	-	12.45	-	<b>UR</b>
<b>SEPLAT</b>	0.17	-47.2%	1.8%	1.0%	1.8	18.21	1,024.16	21.1x	0.4x	605.00	282.00	-41.47%	-	-	-	385.00	-	<b>UR</b>
<b>TOTAL</b>	1.97	-0.5%	6.3%	1.3%	4.9	4.75	75.13	16.9x	1.1x	117.00	80.00	-27.86%	-	-	-	80.00	-	<b>UR</b>
<b>Telecommunications</b>																		
<b>MTNN</b>	0.71	14.9%	141.7%	11.4%	12.5	9.70	6.85	12.3x	17.4x	128.50	90.00	+13.33%	-	-	-	119.00	-	<b>UR</b>
<b>AIRTELAFRI</b>	0.33	6.7%	11.0%	3.7%	2.9	36.16	329.80	10.5x	1.2x	380.00	298.90	+27.13%	-	-	-	380.00	-	<b>UR</b>

\*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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