

STOCK RECOMMENDATION - AUGUST 24, 2020

MARKET REVIEW
For the week ended August 21, 2020.

- The local equities market closed up for the fifth consecutive week, as the NSEASI inched up by 0.09% WoW to close at 25,221.87pts. Thus, moderating the YtD return -6.04%
- Apart from the **NSE-OG5 (-0.92%)** and **NSE-IND (-0.41%)** sectors which closed in the negative, all other sectoral indices closed in the positive zone last week
- **LASACO** recorded a 26.92% appreciation in share price to top the gainers' chart, while **ROYALEX** shed 16.13% of its share price to lead the losers'.
- **Last week's market performance was largely driven by gains across counters in the consumer goods, insurance and banking space.**

MARKET *P*REVIEW
For the week commencing August 24, 2020

- The macroeconomic environment remains largely weak, evinced by the newly released Q2:2020 GDP which shows a contraction in output growth by 6.10%. This coupled with the continued rise in headline inflation to 12.82% YoY in July, does not inspire positive investor sentiment.
- While we expect the continued hunt for dividend paying stocks to drive some activities in the market, the possibility of profit taking following a five-week gaining streak is expected to negatively impact market performance this week.
- Ultimately, we expect a reversal in the market performance, as we expect the NSEASI to shed this week..

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NSEASI	25,221.87	25,199.84
Market Cap [NGN'tr]	13.16	13.15
Market Cap [USD 'bn]	34.09	34.06
Volume Traded [bn]	0.95	1.06
Value Traded [NGN'bn]	10.12	10.76

NSEASI & Sectoral Indices [Return Profile]

	WtD	MtD	QtD	YtD
NSEASI	0.09%	2.14%	3.03%	-6.04%
NSE-30	0.23%	1.57%	1.68%	-9.18%
NSE-B10	0.81%	5.76%	4.50%	-17.43%
NSE-FB10	1.88%	4.92%	-4.40%	-28.77%
NSE-OG5	-0.92%	9.99%	-4.64%	-28.64%
NSE-INS10	4.40%	5.28%	-0.71%	2.37%
NSE-IND	-0.41%	-3.01%	0.76%	3.40%

Value (NGN)	Volume
GUARANTY 2,715,164,700	ZENITHBANK 119,104,996
ZENITHBANK 2,002,332,228	GUARANTY 108,435,780
NESTLE 1,088,603,760	TRANSCORP 71,360,343
DANGCEM 508,877,093	FBNH 65,455,641
NB 446,318,566	LASACO 63,972,719

Highest Gainers	%	Highest Losers	%
LASACO	26.92%	ROYALEX	-16.13%
INTBREW	26.32%	ABCTRANS	-14.89%
CORNERST	18.37%	CONOIL	-9.76%
NEIMETH	12.36%	PZ	-9.41%
UPL	11.71%	UACN	-8.33%

	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
Financial Services																		
Banks																		
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	6.50	+14%	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%	-	-	-	4.00	-	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	2.03	-3%	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	25.10	+1%	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	34.50	+15%	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	+550.00%	2.80	2.65	7.42	6.60	+12%	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	0.51	-10%	SELL
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	16.80	+12%	BUY
Insurance																		
AIICO	0.25	9.6%	19.2%	2.7%	7.2	0.53	2.78	1.7x	0.3x	0.99	0.56	+27.78%	2.20	0.45	0.99	0.91	+9%	HOLD
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	0.33	+15%	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	1.71	+52%	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	15.20	+33%	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	3.60	-19%	SELL
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%	-	-	-	7.80	-	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	12.50	+7%	HOLD
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%	-	-	-	0.94	-	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%	-	-	-	18.50	-	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	10.10	+11%	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	5.50	+47%	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	79.00	-7%	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%	-	-	-	51.00	-	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	3.85	+19%	BUY
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	5.45	-2%	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	4.00	-0%	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	5.10	+39%	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	2.00	-28%	SELL
Materials																		
Construction Materials																		

BUACEMENT	0.36	34.4%	16.2%	12.4%	1.3	4.91	30.32	7.9x	1.3x	44.00	29.40	+11.14%	17.23	81.85	42.03	38.90	8.05%	HOLD
DANGCEM	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	135.00	+27%	BUY
WAPCO	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	11.70	+50%	BUY
Specialty Chemicals																		
CAP	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	16.15	+48%	BUY
BERGER	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%	HOLD
Energy																		
CONOIL	2.33	0.6%	6.5%	2.4%	2.7	1.86	28.54	9.1x	0.6x	21.00	13.15	-8.65%	-	-	-	15.25	-	UR
ETERNA	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	-	UR
ARDOVA	3.99	1.2%	-3.0%	-1.2%	2.6	-0.40	13.10	-31.9x	1.0x	20.60	9.55	-29.56%	-	-	-	12.60	-	UR
MOBIL	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	-	UR
MRS	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	-	UR
SEPLAT	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	-	UR
TOTAL	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	-	UR
Telecommunications																		
MTNN	0.71	14.9%	141.7%	11.4%	12.5	9.70	6.85	12.3x	17.4x	128.50	90.00	+13.33%	-	-	-	117.80	-	UR
AIRTELAFRI	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	-	UR

*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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BUY: Target Price of the stock is above the current market price by at least **10 percent**

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

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