

STOCK RECOMMENDATION – 28 SEPTEMBER 2020

MARKET REVIEW
For the week ended September 25, 2020.

- Last week, the Nigerian equities market closed in the positive zone, as the NSEASI recorded a 2.92% increase to close at 26,319.47pts.
- All sectoral indices recorded gains, with the Consumer Goods and Banking Sector Indices leading the pack with a +6.00% and +3.60% increase respectively.
- NB** topped the gainers' chart last week with a share price appreciation of 25.12% while **AIICO** led the laggards by shedding 20.00% off its share price.
- The bullish trend witnessed during the week was triggered by favorable buying activities on the mid to large cap stock on the bourse.

MARKET *P*REVIEW
For the week commencing September 28, 2020.

- Despite rising concern about a second wave of the coronavirus negatively impacting capital markets across the world, the bulls dominated the local bourse last week. This can be largely ascribed to improved system liquidity and the cheap prices of fundamentally sound counters.
- In the absence of any negative catalyst, we expect sustained bullish momentum in the equities market. This is to be driven by the unattractiveness of yields in the fixed income market and the availability of low-priced but fundamentally sound tickers.
- Ultimately, we expect the market to close in the positive zone.

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NSEASI	26,319.34	25,572.57
Market Cap [NGN'tr]	13.76	13.36
Market Cap [USD 'bn]	36.31	35.26
Volume Traded [bn]	1.57	1.14
Value Traded [NGN'bn]	13.75	13.36

NSEASI & Sectoral Indices [Return Profile]

	WtD	MtD	QtD	YtD
NSEASI	2.92%	3.92%	7.52%	-1.95%
NSE-30	3.50%	4.44%	6.79%	-4.61%
NSE-B10	3.59%	3.67%	7.28%	-15.23%
NSE-FB10	5.99%	7.44%	3.84%	-22.63%
NSE-OG5	1.16%	0.48%	-2.28%	-26.87%
NSE-INS10	1.08%	3.02%	4.52%	7.76%
NSE-IND	2.44%	3.20%	5.22%	7.98%

Value (NGN)	Volume
MTNN	STERLNBANK
5,775,329,598	241,402,526
ZENITHBANK	FBNH
3,079,297,105	190,113,464
GUARANTY	ZENITHBANK
2,706,744,803	181,288,997
DANGCEM	GUARANTY
1,968,333,447	104,685,023
FLOURMILL	UBA
996,639,884	100,055,531

Highest Gainers	%	Highest Losers	%
NB	25.12%	AIICO	-20.00%
CORNERST	16.39%	OANDO	-11.74%
WAPCO	15.77%	CHAMPION	-10.00%
CHIPLC	9.68%	NNFM	-10.00%
TRANSEXPR	9.33%	UPL	-9.55%

	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	15.4%	14.4%	1.2%	11.6	2.72	18.86	2.5x	0.4x	11.60	5.40	-33.00%	-	-	-	6.70	-	UR
ETI	0.09	12.4%	11.9%	0.9%	12.6	3.60	30.20	1.1x	0.1x	8.00	3.90	-36.92%	-	-	-	4.10	-	UR
FCMB	0.10	9.9%	9.1%	1.0%	9.2	0.99	10.83	2.1x	0.2x	2.26	1.45	+13.51%	0.98	2.01	1.97	2.10	-6%	HOLD
FIDELITYBK	0.09	10.7%	12.5%	1.3%	9.6	1.08	8.65	1.8x	0.2x	2.37	1.53	-7.32%	-	-	-	1.90	-	UR
FBNH	0.09	16.7%	13.0%	1.3%	10.1	2.55	19.62	2.0x	0.3x	7.70	3.70	-16.26%	2.43	2.87	6.97	5.15	+35%	BUY
GUARANTY	0.10	41.9%	26.6%	4.3%	6.3	6.52	24.50	4.1x	1.1x	34.00	16.75	-9.09%	3.95	6.77	26.74	27.00	-1%	HOLD
STANBIC	0.08	35.7%	25.0%	2.8%	9.0	8.20	32.86	4.9x	1.2x	42.50	23.85	-1.22%	-	-	-	40.50	-	UR
STERLNBANK	0.11	7.7%	8.0%	0.8%	10.1	0.36	4.47	3.2x	0.3x	2.04	0.99	-41.71%	3.97	0.36	1.43	1.16	+23%	BUY
UBA	0.08	14.8%	12.1%	1.1%	10.7	2.25	18.56	2.7x	0.3x	8.90	4.40	-14.69%	-	-	-	6.10	-	UR
UBN	0.08	13.1%	7.3%	0.8%	8.6	0.64	8.88	7.8x	0.6x	7.60	4.90	-16.67%	7.64	0.80	6.11	5.00	+22%	BUY
WEMABANK	0.11	3.9%	8.1%	0.5%	15.0	0.12	1.43	4.8x	0.4x	0.79	0.44	-25.68%	4.15	0.11	0.46	0.55	-17%	SELL
ZENITHBANK	0.09	30.0%	22.6%	3.0%	7.7	7.13	31.50	2.4x	0.5x	22.75	10.70	-6.99%	2.80	6.92	19.38	17.30	+12%	BUY
Insurance																		
AIICO	0.25	9.6%	19.2%	2.7%	7.2	0.53	2.78	1.4x	0.3x	1.18	0.67	0.00%	2.20	0.45	0.99	0.72	+38%	BUY
LASACO	0.48	6.7%	3.5%	1.6%	2.2	0.04	1.15	6.7x	0.2x	0.33	0.20	+8.00%	3.80	0.10	0.38	0.27	+41%	BUY
LAWUNION	0.36	8.2%	12.1%	6.6%	1.8	0.21	1.71	5.6x	0.7x	1.22	0.50	+132.00%	-	-	-	1.16	-	UR
LINKASSURE	0.22	14.6%	6.1%	4.4%	1.4	0.18	2.95	2.1x	0.1x	0.62	0.35	-28.30%	-	-	-	0.38	-	UR
MANSARD	0.44	15.9%	17.1%	5.0%	3.4	0.49	2.89	3.7x	0.6x	2.14	1.44	-7.07%	6.68	0.39	2.61	1.84	+42%	BUY
NEM	0.71	12.0%	15.8%	8.1%	2.0	0.45	2.81	4.6x	0.7x	2.42	1.44	-16.12%	3.65	0.61	2.23	2.03	+10%	HOLD
WAPIC	0.40	35.9%	5.1%	3.0%	1.7	0.09	1.80	3.7x	0.2x	0.40	0.21	0.00%	-	-	-	0.34	-	UR
CUSTODIAN	0.46	12.9%	13.7%	4.5%	3.0	1.10	8.04	4.6x	0.6x	6.30	4.55	-16.67%	-	-	-	5.00	-	UR
Consumer Staples & Discretionary																		
Breweries																		

GUINNESS	0.72	-12.1%	-17.2%	-8.7%	2.0	-5.74	33.35	-2.4x	0.4x	30.20	13.00	-53.41%	30.00	0.49	14.70	14.00	+5%	HOLD
NB	0.66	3.7%	5.2%	1.8%	2.9	1.05	20.12	50.2x	2.6x	59.00	22.00	-10.93%	35.00	0.87	30.45	52.55	-42%	SELL
INTBREW	0.35	-15.4%	-20.0%	-8.5%	2.3	-1.13	5.65	-3.2x	0.6x	9.50	2.75	-62.11%	-	-	2.90	3.60	-19%	SELL
Packaged Foods & Meats																		
CADBURY	1.09	3.4%	7.1%	2.9%	2.5	0.50	7.02	14.0x	1.0x	10.85	4.95	-33.65%	-	-	-	7.00	-	UR
DANGSUGAR	0.80	11.2%	19.2%	10.0%	1.9	1.91	9.98	6.4x	1.2x	15.05	8.90	-9.56%	8.00	1.67	13.36	12.30	+9%	HOLD
HONYFLOUR	0.57	0.8%	1.2%	0.5%	2.5	0.09	7.22	10.4x	0.1x	1.18	0.83	-9.09%	-	-	-	0.90	-	UR
FLOURMILL	1.25	3.2%	7.5%	2.5%	3.0	2.95	39.21	7.3x	0.5x	24.00	17.00	+9.14%	8.00	3.19	25.52	21.50	+19%	BUY
NASCON	0.19	10.2%	15.0%	4.3%	3.5	0.71	4.75	14.6x	2.2x	15.70	8.50	-19.69%	10.00	1.12	11.20	10.40	+8%	HOLD
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	5.40	-29.07%	-	-	8.08	6.10	+32%	BUY
Agricultural Products																		
OKOMUOIL	0.48	29.6%	20.9%	13.2%	1.6	6.84	32.79	11.4x	2.4x	80.00	55.05	+40.29%	9.50	7.76	73.72	78.00	-5%	HOLD
PRESCO	0.32	32.6%	17.5%	8.1%	2.2	5.65	32.28	9.4x	1.6x	57.05	36.45	+11.58%	-	-	-	53.00	-	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	4.25	+8%	HOLD
VITAFOAM	1.16	13.1%	44.5%	18.3%	2.4	2.68	6.03	2.2x	1.0x	6.00	3.95	+34.09%	2.30	2.32	5.34	5.90	-10%	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	+59.07%	8.00	0.44	3.52	3.07	+15%	BUY
FIDSON	0.61	6.1%	6.2%	2.6%	2.4	0.30	4.85	11.7x	0.7x	4.00	2.21	+13.87%	7.40	0.54	4.00	3.53	+13%	BUY
GLAXOSMITH	1.03	2.9%	9.0%	4.1%	2.2	0.71	7.91	7.0x	0.6x	8.45	3.45	-18.03%	9.00	0.79	7.11	5.00	+42%	BUY
NEIMETH	0.46	11.8%	5.2%	1.1%	4.8	0.04	0.75	47.4x	2.5x	2.57	0.40	+198.39%	5.00	0.29	1.45	1.85	-22%	SELL
Materials																		
Construction Materials																		
BUACEMENT	0.36	34.4%	16.2%	12.4%	1.3	4.91	30.32	8.2x	1.3x	44.00	29.40	+15.14%	-	-	42.03	40.30	+4%	HOLD
DANGCEM	0.50	26.5%	28.1%	11.5%	2.4	12.17	43.39	11.4x	3.2x	179.90	116.80	-2.11%	-	-	171.80	139.00	+24%	BUY
WAPCO	0.43	19.4%	36.8%	26.1%	1.4	8.03	21.86	1.9x	0.7x	17.60	8.95	-1.63%	-	-	17.53	15.05	+16%	BUY

Specialty Chemicals																			
CAP	1.04	17.4%	47.3%	19.3%	2.4	2.12	4.47	8.0x	3.8x	27.50	15.30	-29.17%	9.50	2.52	23.94	17.00	+41%	BUY	
BERGER	0.74	2.2%	11.3%	6.6%	1.7	1.19	10.50	5.5x	0.6x	7.70	5.50	-3.70%	5.12	0.59	3.02	6.50	-54%	SELL	
Energy																			
CONOIL	2.33	0.6%	6.5%	2.4%	2.7	1.86	28.54	8.2x	0.5x	21.00	13.15	-17.57%	-	-	-	15.25	-	UR	
ETERNA	3.33	-0.2%	-0.8%	-0.3%	2.5	-0.07	9.46	-35.0x	0.3x	3.60	1.80	-30.56%	-	-	-	2.50	-	UR	
ARDOVA	3.99	1.2%	-3.0%	-1.2%	2.6	-0.40	13.10	-27.8x	0.8x	17.00	9.55	-38.67%	-	-	-	11.10	-	UR	
MOBIL	1.90	3.1%	17.1%	7.6%	2.2	19.97	117.03	9.8x	1.7x	213.90	133.20	+31.91%	-	-	-	195.10	-	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	22.0x	0.4x	605.00	282.00	-39.19%	-	-	-	400.00	-	UR	
TOTAL	1.97	-0.5%	6.3%	1.3%	4.9	4.75	75.13	16.9x	1.1x	117.00	79.10	-27.86%	-	-	-	80.00	-	UR	
Telecommunications																			
MTNN	0.71	14.9%	141.7%	11.4%	12.5	9.70	6.85	12.8x	18.1x	128.50	90.00	+18.10%	-	-	-	124.00	-	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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