

STOCK RECOMMENDATION – OCTOBER 26, 2020

MARKET REVIEW
For the week ended October 23, 2020.

- Last week, the Nigerian equities market ended on a positive note yet again, as the **NSEASI** gained 0.13% WoW to close at 28,697.06pts, thus raising the YtD return to 6.91%.
- While all sectoral indices closed in the negative zone, the **NSEFBT10** advanced by 2.90% week on week.
- **INTBREW** emerged top gainer with a gain of 18.20% WoW, while **NNFM** shed 9.89% of its share price to lead the losers.
- **Whilst investors sought to take profit on counters which gained in the previous weeks, the bullish sentiment in the market was sustained by the buying activities on fundamentally justified stocks, as well as tickers in the consumer goods spaces.**

MARKET P REVIEW
For the week commencing October 26, 2020

- The unrest across the country seemed to dampen investors' confidence at some point last week. However, the imposition of curfews across states which served as the hotbed of protests restored calm to the nation.
- The financial system remains robust with liquidity contributing to the continued uptick in the equities market. In addition, the low yield in the fixed income space and the dearth of attractive investment opportunities should stimulate buying interests in fundamentally sound stocks.
- **Against this backdrop, we expect the market to close in the positive zone this week.**

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NSEASI	28,697.06	28,659.45
Market Cap [NGN'tr]	15.00	14.98
Market Cap [USD 'bn]	39.58	39.52
Volume Traded [bn]	0.28	0.49
Value Traded [NGN'bn]	4.43	4.72

NSEASI & Sectoral Indices [Return Profile]

	WtD	MtD	QtD	YtD
NSEASI	0.13%	6.95%	6.95%	6.91%
NSE-30	0.14%	7.12%	7.12%	4.45%
NSE-B10	-1.42%	11.11%	11.11%	-3.36%
NSE-FB10	2.86%	7.24%	7.24%	-17.91%
NSE-OG5	-0.69%	3.89%	3.89%	-22.78%
NSE-INS10	-0.59%	-1.04%	-1.04%	9.17%
NSE-IND	-0.06%	3.38%	3.38%	14.74%

Value (NGN)	Volume
GUARANTY 7,069,754,368	GUARANTY 234,876,447
ZENITHBANK 3,497,571,380	ACCESS 201,062,454
NEWGOLD 2,089,126,853	UBA 197,587,754
ACCESS 1,560,765,753	ZENITHBANK 168,910,392
UBA 1,375,298,603	FBNH 116,737,342

Highest Gainers	%	Highest Losers	%
INTBREW	18.20%	NNFM	-9.89%
CUTIX	17.28%	LINKASSURE	-9.09%
VSPBONDETF	10.27%	ETERNA	-8.98%
NASCON	10.00%	REGALINS	-8.33%
JAPAUOIL	10.00%	ROYALEX	-8.00%

Financial Services	Fundamentals					Trailing				Market Performance			Valuation					
	AT	NM	ROE	ROA	Lev	EPS	BVP	P/E	P/B V	Yr Hi	Yr Lo	YtD Return	Target PE	Exp. EPS	2020 TP	Last Wk. Pr	UPP	RT
Banks																		
ACCESS	0.10	15.4%	14.4%	1.2%	11.6	2.72	18.86	2.8x	0.4x	11.60	5.40	-23.00%	2.64	2.81	7.42	7.70	-4%	HOLD
ETI	0.09	12.4%	11.9%	0.9%	12.6	3.60	30.20	1.3x	0.2x	8.00	3.90	-30.00%	-	-	-	4.55	-	UR
FCMB	0.10	9.9%	9.1%	1.0%	9.2	0.99	10.83	2.5x	0.2x	2.44	1.45	+31.89%	0.98	2.01	1.97	2.44	-19%	SELL
FIDELITYBK	0.09	10.7%	12.5%	1.3%	9.6	1.08	8.65	1.9x	0.2x	2.37	1.53	-1.46%	-	-	-	2.02	-	UR
FBNH	0.09	16.7%	13.0%	1.3%	10.1	2.55	19.62	2.4x	0.3x	7.70	3.70	-0.81%	2.43	2.87	6.97	6.10	+14%	BUY
GUARANTY	0.10	41.9%	26.6%	4.3%	6.3	6.52	24.50	4.7x	1.2x	34.00	16.75	+2.53%	3.95	6.77	26.74	30.45	-12%	SELL
STANBIC	0.08	35.7%	25.0%	2.8%	9.0	8.20	32.86	5.4x	1.3x	44.00	23.85	+7.32%	-	-	-	44.00	-	UR
STERLNBANK	0.11	7.7%	8.0%	0.8%	10.1	0.36	4.47	3.9x	0.3x	2.04	0.99	-29.65%	3.97	0.36	1.43	1.40	+2%	HOLD
UBA	0.08	14.8%	12.1%	1.1%	10.7	2.25	18.56	3.1x	0.4x	8.90	4.40	-1.40%	-	-	-	7.05	-	UR
UBN	0.08	13.1%	7.3%	0.8%	8.6	0.64	8.88	7.4x	0.5x	7.60	4.70	-20.00%	7.64	0.80	6.11	4.80	+27%	BUY
WEMABANK	0.11	3.9%	8.1%	0.5%	15.0	0.12	1.43	4.9x	0.4x	0.79	0.44	-24.32%	4.15	0.11	0.46	0.56	-18%	SELL
ZENITHBANK	0.09	30.0%	22.6%	3.0%	7.7	7.13	31.50	2.9x	0.7x	22.75	10.70	+12.90%	2.80	6.92	19.38	21.00	-8%	HOLD
Insurance																		
AIICO	0.25	9.6%	19.2%	2.7%	7.2	0.53	2.78	1.6x	0.3x	1.18	0.67	+18.06%	2.20	0.45	0.99	0.85	+16%	BUY
LASACO	0.48	6.7%	3.5%	1.6%	2.2	0.04	1.15	6.4x	0.2x	0.33	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	5.3x	0.6x	1.22	0.50	+120.00%	-	-	-	1.10	-	UR
LINKASSURE	0.22	14.6%	6.1%	4.4%	1.4	0.18	2.95	2.2x	0.1x	0.62	0.35	-24.53%	-	-	-	0.40	-	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	-14.88%	3.65	0.61	2.23	2.06	+8%	HOLD
WAPIC	0.40	35.9%	5.1%	3.0%	1.7	0.09	1.80	4.4x	0.2x	0.44	0.21	+17.65%	-	-	-	0.40	-	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	-2.8x	0.5x	30.20	13.00	-46.92%	30.00	0.49	14.70	15.95	-8%	HOLD
NB	0.66	3.7%	5.2%	1.8%	2.9	1.05	20.12	49.6x	2.6x	59.00	22.00	-11.86%	35.00	0.87	30.45	52.00	-41%	SELL
INTBREW	0.35	-15.4%	-20.0%	-8.5%	2.3	-1.13	5.65	-5.6x	1.1x	9.50	2.75	-33.68%	-	-	2.90	6.30	-54%	SELL
Packaged Foods & Meats																		
CADBURY	1.09	3.4%	7.1%	2.9%	2.5	0.50	7.02	15.0x	1.1x	10.85	4.95	-28.91%	-	-	-	7.50	-	UR
DANGSUGAR	0.80	11.2%	19.2%	10.0%	1.9	1.91	9.98	7.2x	1.4x	15.05	8.90	+1.47%	8.00	1.67	13.36	13.80	-3%	HOLD
HONYFLOUR	0.57	0.8%	1.2%	0.5%	2.5	0.09	7.22	10.5x	0.1x	1.18	0.83	-8.08%	-	-	-	0.91	-	UR
FLOURMILL	1.25	3.2%	7.5%	2.5%	3.0	2.95	39.21	7.8x	0.6x	24.00	17.00	+16.75%	8.00	3.19	25.52	23.00	+11%	BUY
NASCON	0.19	10.2%	15.0%	4.3%	3.5	0.71	4.75	20.1x	3.0x	15.70	8.50	+10.42%	10.00	1.12	11.20	14.30	-22%	SELL
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	1,175.00	+2%	HOLD
UACN	0.77	3.2%	-18.1%	10.9%	1.7	-3.71	20.51	-1.9x	0.3x	11.05	5.40	-16.86%	-	-	8.08	7.15	+13%	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	11.7x	2.0x	65.90	36.45	+38.74%	-	-	-	65.90	-	UR
Household & Personal Products																		
PZ	0.93	-4.7%	-3.8%	-2.1%	1.8	-0.41	11.02	-10.6x	0.4x	5.85	3.75	-22.12%	-	-	4.58	4.40	+4%	HOLD
VITAFOAM	1.16	13.1%	44.5%	18.3%	2.4	2.68	6.03	2.2x	1.0x	6.20	3.95	+36.36%	2.30	2.32	5.34	6.00	-11%	SELL
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.71	10.8%	14.7%	7.6%	1.9	0.50	3.40	6.0x	0.9x	3.39	1.79	+55.44%	8.00	0.44	3.52	3.00	+17%	BUY
FIDSON	0.61	6.1%	6.2%	2.6%	2.4	0.30	4.85	12.3x	0.8x	4.00	2.21	+20.00%	7.40	0.54	4.00	3.72	+7%	HOLD
GLAXOSMITH	1.03	2.9%	9.0%	4.1%	2.2	0.71	7.91	7.6x	0.7x	8.45	3.45	-11.48%	9.00	0.79	7.11	5.40	+32%	BUY

NEIMETH	0.46	11.8%	5.2%	1.1%	4.8	0.04	0.75	50.5x	2.6x	2.57	0.40	+217.74%	5.00	0.29	1.45	1.97	-26%	SELL	
Materials																			
BUACEMENT	0.36	34.4%	16.2%	12.4%	1.3	4.91	30.32	8.3x	1.3x	44.00	29.40	+16.86%	-	-	42.03	40.90	+3%	HOLD	
DANGCEM	0.50	26.5%	28.1%	11.5%	2.4	12.17	43.39	12.4x	3.5x	179.90	116.80	+6.34%	-	-	171.80	151.00	+14%	BUY	
WAPCO	0.43	19.4%	36.8%	26.1%	1.4	8.03	21.86	2.2x	0.8x	18.85	8.95	+16.99%	-	-	17.53	17.90	-2%	HOLD	
Specialty Chemicals																			
CAP	1.04	17.4%	47.3%	19.3%	2.4	2.12	4.47	8.7x	4.1x	27.50	15.30	-22.92%	9.50	2.52	23.94	18.50	+29%	BUY	
BERGER	0.74	2.2%	11.3%	6.6%	1.7	1.19	10.50	5.6x	0.6x	7.70	5.50	-0.74%	5.12	0.59	3.02	6.70	-55%	SELL	
Energy																			
CONOIL	2.33	0.6%	6.5%	2.4%	2.7	1.86	28.54	8.5x	0.6x	21.00	13.15	-14.59%	-	-	-	15.80	-	UR	
ETERNA	3.33	-0.2%	-0.8%	-0.3%	2.5	-0.07	9.46	-62.4x	0.5x	5.29	1.80	+23.89%	-	-	-	4.46	-	UR	
ARDOVA	3.99	1.2%	-3.0%	-1.2%	2.6	-0.40	13.10	-29.8x	0.9x	17.00	9.55	-34.25%	-	-	-	11.90	-	UR	
MOBIL	1.90	3.1%	17.1%	7.6%	2.2	19.97	117.03	8.9x	1.5x	213.90	133.20	+20.55%	-	-	-	178.30	-	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	23.1x	0.4x	605.00	282.00	-36.15%	-	-	-	420.00	-	UR	
TOTAL	1.97	-0.5%	6.3%	1.3%	4.9	4.75	75.13	23.6x	1.5x	117.00	79.10	+1.17%	-	-	-	112.20	-	UR	
Telecommunications																			
MTNN	0.71	14.9%	141.7%	11.4%	12.5	9.70	6.85	14.4x	20.5x	142.70	90.00	+33.33%	-	-	-	140.00	-	UR	
AIRTELAFRI	0.33	6.7%	11.0%	3.7%	2.9	36.16	329.80	11.3x	1.2x	410.20	298.90	+37.24%	-	-	-	410.20	-	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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