

STOCK RECOMMENDATION – OCTOBER 05, 2020

MARKET REVIEW
For the week ended October 02, 2020.

- The Nigerian equities market ended the week on a positive note, as the NSEASI gained 2.53% WoW to close at 26,985.77pts. The YtD return, therefore, turned positive to settle at 0.54%
- All sectoral indices except the **NSEFBT10** (which shed 0.70%) closed in the positive zone.
- **TOTAL** emerged top gainer with a gain of 21.00% WoW, while **UPL** shed 12.68% off its price to lead the losers.
- **The bullish momentum in the market was sustained by the rally seen on fundamentally sound stocks spread across sectors but particularly within the industrial goods and banking sectors.**

MARKET *P* REVIEW
For the week commencing October 05, 2020

- The sustained depression of yields in the fixed income space, coupled with the dearth of attractive investment options is expected to continue to drive funds into the equities this week.
- This drive is expected to be supported by increased liquidity in the system, particularly from OMO maturities which can not be rolled over due to the CBN restriction.
- Investors are also expected to begin to take positions on low-priced quality tickers ahead of the release of 9M:2020 financial results.
- **Though we do not rule out the possibility of slight profit-taking on counters which have recorded significant gains, we expect the combination of factors highlighted above to drive the market to a positive close.**

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NSEASI	26,985.77	26,319.34
Market Cap [NGN'tr]	14.11	13.76
Market Cap [USD 'bn]	37.22	36.31
Volume Traded [bn]	1.53	1.57
Value Traded [NGN'bn]	16.90	13.36

NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NSEASI	2.53%	0.57%	0.57%	0.54%
NSE-30	2.91%	0.67%	0.67%	-1.83%
NSE-B10	4.24%	1.59%	1.59%	-11.63%
NSE-FB10	-0.75%	0.32%	0.32%	-23.21%
NSE-OG5	1.79%	0.15%	0.15%	-25.56%
NSE-INS10	0.64%	-1.70%	-1.70%	8.45%
NSE-IND	3.25%	0.45%	0.45%	11.49%

Value (NGN)		Volume	
ZENITHBANK	5,961,122,637	ZENITHBANK	337,594,828
DANGCEM	2,386,337,716	STERLNBANK	321,971,814
GUARANTY	1,717,586,107	UBA	156,079,821
MTNN	1,441,982,041	ACCESS	104,927,336
UBA	952,661,516	FIDELITYBK	72,546,098

Highest Gainers		Highest Losers	
	%		%
TOTAL	21.00%	CORNERST	-15.49%
OANDO	12.81%	UPL	-12.68%
STERLNBANK	10.34%	ETRANZACT	-9.96%
CHAMPION	9.88%	UAC-PROP	-8.00%
IKEJAHOTEL	9.78%	NB	-6.76%

	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
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%	2.64	2.81	7.42	6.70	+11%	BUY
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	1.7x	0.2x	2.37	1.53	-9.76%	-	-	-	1.85	-	UR
FBNH	0.09	16.7%	13.0%	1.3%	10.1	2.55	19.62	2.0x	0.3x	7.70	3.70	-15.45%	2.43	2.87	6.97	5.20	+34%	BUY
GUARANTY	0.10	41.9%	26.6%	4.3%	6.3	6.52	24.50	4.4x	1.2x	34.00	16.75	-2.36%	3.95	6.77	26.74	29.00	-8%	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	3.6x	0.3x	2.04	0.99	-35.68%	3.97	0.36	1.43	1.28	+12%	BUY
UBA	0.08	14.8%	12.1%	1.1%	10.7	2.25	18.56	2.8x	0.3x	8.90	4.40	-12.59%	-	-	-	6.25	-	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	2.5x	0.6x	22.75	10.70	-2.96%	2.80	6.92	19.38	18.05	+7%	HOLD
Insurance																		
AIICO	0.25	9.6%	19.2%	2.7%	7.2	0.53	2.78	1.5x	0.3x	1.18	0.67	+9.72%	2.20	0.45	0.99	0.79	+25%	BUY
LASACO	0.48	6.7%	3.5%	1.6%	2.2	0.04	1.15	6.9x	0.2x	0.33	0.20	+12.00%	3.80	0.10	0.38	0.28	+36%	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	3.8x	0.7x	2.14	1.44	-4.04%	6.68	0.39	2.61	1.90	+37%	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	3.9x	0.2x	0.40	0.21	+5.88%	-	-	-	0.36	-	UR
CUSTODIAN	0.46	12.9%	13.7%	4.5%	3.0	1.10	8.04	4.7x	0.6x	6.30	4.55	-13.33%	-	-	-	5.20	-	UR
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.72	-	-	-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	12.1%	17.2%	1.8%	2.9	1.05	20.12	46.8x	2.4x	59.00	22.00	-16.95%	35.00	0.87	30.45	49.00	-38%	SELL

INTBREW	0.35	-	-	-8.5%	2.3	-1.13	5.65	-3.5x	0.7x	9.50	2.75	-58.95%	-	-	2.90	3.90	-26%	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	6.7x	1.3x	15.05	8.90	-5.15%	8.00	1.67	13.36	12.90	+4%	HOLD
HONYFLOUR	0.57	0.8%	1.2%	0.5%	2.5	0.09	7.22	10.8x	0.1x	1.18	0.83	-6.06%	-	-	-	0.93	-	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%	-	-	1.7	-3.71	20.51	-1.8x	0.3x	11.05	5.40	-24.42%	-	-	8.08	6.50	+24%	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	9.4x	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	-9.6x	0.4x	5.85	3.75	-29.20%	-	-	4.58	4.00	+15%	BUY
VITAFOAM	1.16	13.1%	44.5%	18.3%	2.4	2.68	6.03	2.2x	1.0x	6.00	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	5.8x	0.9x	3.39	1.79	+50.26%	8.00	0.44	3.52	2.90	+21%	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	46.1x	2.4x	2.57	0.40	+190.32%	5.00	0.29	1.45	1.80	-19%	SELL
Materials																		
Construction Materials																		
BUACEMENT	0.36	34.4%	16.2%	12.4%	1.3	4.91	30.32	8.5x	1.4x	44.00	29.40	+19.29%	-	-	42.03	41.75	+1%	HOLD
DANGCEM	0.50	26.5%	28.1%	11.5%	2.4	12.17	43.39	11.8x	3.3x	179.90	116.80	+1.41%	-	-	171.80	144.00	+19%	BUY
WAPCO	0.43	19.4%	36.8%	26.1%	1.4	8.03	21.86	1.9x	0.7x	17.60	8.95	-0.98%	-	-	17.53	15.15	+16%	BUY
Specialty Chemicals																		
CAP	1.04	17.4%	47.3%	19.3%	2.4	2.12	4.47	8.1x	3.8x	27.50	15.30	-28.75%	9.50	2.52	23.94	17.10	+40%	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	-38.3x	0.3x	3.60	1.80	-23.89%	-	-	-	2.74	-	UR
ARDOVA	3.99	1.2%	-3.0%	-1.2%	2.6	-0.40	13.10	-27.6x	0.8x	17.00	9.55	-39.23%	-	-	-	11.00	-	UR
MOBIL	1.90	3.1%	17.1%	7.6%	2.2	19.97	117.03	9.4x	1.6x	213.90	133.20	+26.37%	-	-	-	186.90	-	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	-	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	20.4x	1.3x	117.00	79.10	-12.71%	-	-	-	96.80	-	UR
Telecommunications																		
MTNN	0.71	14.9%	141.7%	11.4%	12.5	9.70	6.85	13.4x	19.0x	130.00	90.00	+23.81%	-	-	-	130.00	-	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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