

STOCK RECOMMENDATION - OCTOBER 19, 2020

MARKET REVIEW

For the week ended October 16, 2020.

- The Nigerian equities market recorded another positive week as the NSEASI advanced by 0.86% WoW to settle at 28,659.45pts. This marked the third week of consecutive gains. The YtD return thus, stood at 6.77%
- All sectoral indices closed positive, except the insurance sector with a week-on-week performance of -0.68%
- **ETERNA** was the top performer having gained 34.99% WoW, while **ETRANZACT** shed 26.38% to close as the week's biggest loser.
- **The equities market continues to benefit from the unattractive yields in the fixed income market amid copious system liquidity.**

MARKET *P*REVIEW

For the week commencing October 19, 2020

- While there was reduced activity in the market last week, evinced by the declines in value and volume traded, we expect the positive sentiment witnessed on Friday to trickle into the new week.
- Also, we expect to see some bargain hunting activities especially on heavyweight stocks such as NESTLE and DANGCEM which traded flat last week.
- Although, we do not rule out pockets of profit taking on counters that have seen significant share price appreciation, we hold that general market sentiment are still geared towards the positive. The elevated level of liquidity in the system, unattractive fixed income yield and paucity of investment alternatives inform our opinion
- **We thus expect the market to close positive this week.**

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NSEASI	28,659.45	28,415.31
Market Cap [NGN'tr]	14.98	14.85
Market Cap [USD 'bn]	39.52	39.19
Volume Traded [bn]	1.96	3.12
Value Traded [NGN'bn]	22.98	35.16

NSEASI & Sectoral Indices [Return Profile]

	WtD	MtD	QtD	YtD
NSEASI	0.86%	6.81%	6.81%	6.77%
NSE-30	1.07%	6.96%	6.96%	4.30%
NSE-B10	2.89%	12.71%	12.71%	-1.96%
NSE-FB10	1.87%	4.25%	4.25%	-20.19%
NSE-OG5	2.40%	4.61%	4.61%	-22.24%
NSE-INS10	-0.68%	-0.46%	-0.46%	9.82%
NSE-IND	0.24%	3.44%	3.44%	14.81%

Value (NGN)	Volume
GUARANTY 8,238,951,304	UBA 354,566,651
NEWGOLD 6,050,260,589	GUARANTY 274,693,775
ZENITHBANK 5,209,842,120	ZENITHBANK 256,255,062
UBA 2,431,999,022	REGALINS 247,462,976
MTNN 1,364,694,601	FBNH 140,577,966

Highest Gainers	%	Highest Losers	%
ETERNA	34.99%	ETRANZACT	-26.38%
INTBREW	12.92%	PORTPAINT	-10.31%
CADBURY	12.59%	CHIPLC	-8.11%
GUINNESS	12.33%	ROYALEX	-7.41%
WAPCO	10.88%	CUTIX	-5.81%

	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	2.9x	0.4x	11.60	5.40	-20.50%	2.64	2.81	7.42	7.95	-7%	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	2.4x	0.2x	2.35	1.45	+27.03%	0.98	2.01	1.97	2.35	-16%	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%	-	-	-	2.08	-	UR
FBNH	0.09	16.7%	13.0%	1.3%	10.1	2.55	19.62	2.5x	0.3x	7.70	3.70	+4.07%	2.43	2.87	6.97	6.40	+9%	HOLD
GUARANTY	0.10	41.9%	26.6%	4.3%	6.3	6.52	24.50	4.7x	1.2x	34.00	16.75	+2.19%	3.95	6.77	26.74	30.35	-12%	SELL
STANBIC	0.08	35.7%	25.0%	2.8%	9.0	8.20	32.86	5.2x	1.3x	44.00	23.85	+4.88%	-	-	-	43.00	-	UR
STERLNBANK	0.11	7.7%	8.0%	0.8%	10.1	0.36	4.47	3.8x	0.3x	2.04	0.99	-30.65%	3.97	0.36	1.43	1.38	+4%	HOLD
UBA	0.08	14.8%	12.1%	1.1%	10.7	2.25	18.56	3.2x	0.4x	8.90	4.40	+0.70%	-	-	-	7.20	-	UR
UBN	0.08	13.1%	7.3%	0.8%	8.6	0.64	8.88	7.7x	0.6x	7.60	4.90	-17.50%	7.64	0.80	6.11	4.95	+23%	BUY
WEMABANK	0.11	3.9%	8.1%	0.5%	15.0	0.12	1.43	5.1x	0.4x	0.79	0.44	-20.27%	4.15	0.11	0.46	0.59	-23%	SELL
ZENITHBANK	0.09	30.0%	22.6%	3.0%	7.7	7.13	31.50	3.0x	0.7x	22.75	10.70	+15.86%	2.80	6.92	19.38	21.55	-10%	SELL
Insurance																		
AIICO	0.25	9.6%	19.2%	2.7%	7.2	0.53	2.78	1.6x	0.3x	1.18	0.67	+16.67%	2.20	0.45	0.99	0.84	+18%	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	5.3x	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	2.5x	0.1x	0.62	0.35	-16.98%	-	-	-	0.44	-	UR
MANSARD	0.44	15.9%	17.1%	5.0%	3.4	0.49	2.89	3.7x	0.6x	2.14	1.44	-7.58%	6.68	0.39	2.61	1.83	+42%	BUY
NEM	0.71	12.0%	15.8%	8.1%	2.0	0.45	2.81	4.5x	0.7x	2.42	1.44	-17.36%	3.65	0.61	2.23	2.00	+11%	BUY
WAPIC	0.40	35.9%	5.1%	3.0%	1.7	0.09	1.80	4.3x	0.2x	0.40	0.21	+14.71%	-	-	-	0.39	-	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	-2.9x	0.5x	30.20	13.00	-43.93%	30.00	0.49	14.70	16.85	-13%	SELL	
NB	0.66	3.7%	5.2%	1.8%	2.9	1.05	20.12	47.0x	2.4x	59.00	22.00	-16.61%	35.00	0.87	30.45	49.20	-38%	SELL	
INTBREW	0.35	-15.4%	-20.0%	-8.5%	2.3	-1.13	5.65	-4.7x	0.9x	9.50	2.75	-43.89%	-	-	2.90	5.33	-46%	SELL	
Packaged Foods & Meats																			
CADBURY	1.09	3.4%	7.1%	2.9%	2.5	0.50	7.02	16.1x	1.1x	10.85	4.95	-23.70%	-	-	-	8.05	-	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	11.2x	0.1x	1.18	0.83	-2.02%	-	-	-	0.97	-	UR	
FLOURMILL	1.25	3.2%	7.5%	2.5%	3.0	2.95	39.21	7.3x	0.6x	24.00	17.00	+9.90%	8.00	3.19	25.52	21.65	+18%	BUY	
NASCON	0.19	10.2%	15.0%	4.3%	3.5	0.71	4.75	18.3x	2.7x	15.70	8.50	+0.39%	10.00	1.12	11.20	13.00	-14%	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	1,200.00	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	-19.77%	-	-	8.08	6.90	+17%	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	2.3x	1.0x	6.10	3.95	+38.64%	2.30	2.32	5.34	6.10	-13%	SELL	
Healthcare																			
Pharmaceuticals																			
MAYBAKER	0.71	10.8%	14.7%	7.6%	1.9	0.50	3.40	6.5x	1.0x	3.39	1.79	+68.39%	8.00	0.44	3.52	3.25	+8%	HOLD	
FIDSON	0.61	6.1%	6.2%	2.6%	2.4	0.30	4.85	11.6x	0.7x	4.00	2.21	+12.90%	7.40	0.54	4.00	3.50	+14%	BUY	
GLAXOSMITH	1.03	2.9%	9.0%	4.1%	2.2	0.71	7.91	7.9x	0.7x	8.45	3.45	-8.20%	9.00	0.79	7.11	5.60	+27%	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	8.3x	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	12.3x	3.5x	179.90	116.80	+5.63%	-	-	171.80	150.00	+15%	BUY
WAPCO	0.43	19.4%	36.8%	26.1%	1.4	8.03	21.86	2.3x	0.9x	18.85	8.95	+23.20%	-	-	17.53	18.85	-7%	HOLD
Specialty Chemicals																		
CAP	1.04	17.4%	47.3%	19.3%	2.4	2.12	4.47	8.8x	4.2x	27.50	15.30	-22.08%	9.50	2.52	23.94	18.70	+28%	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	7.7x	0.5x	21.00	13.15	-22.16%	-	-	-	14.40	-	UR
ETERNA	3.33	-0.2%	-0.8%	-0.3%	2.5	-0.07	9.46	-68.5x	0.5x	5.29	1.80	+36.11%	-	-	-	4.90	-	UR
ARDOVA	3.99	1.2%	-3.0%	-1.2%	2.6	-0.40	13.10	-30.1x	0.9x	17.00	9.55	-33.70%	-	-	-	12.00	-	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	-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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Contact Information

Brokerage and Retail Services

topeoludimu@meristemng.com (+234 905 569 0627)
 olatunjifaniyi@meristemng.com (+234 803 4463118)
 contact@meristemng.com

Investment Banking/Corporate Finance

rasakisalawu@meristemng.com (+234 806 022 9889)
 seunlijofi@meristemng.com (+234 808 536 5766)

Wealth Management

funmilolaadekola-daramola@meristemng.com (+234 805 498 4522)
 crmwealth@meristemng.com
 Tel : +234 01 738 9948

Registrars

muboolasoko@meristemregistrars.com (+234 803 324 7996)
 martinaosague@meristemregistrars.com (+234 802 303 1783)
 www.meristemregistrars.com
 Tel: +23401-280 9250

Group Business Development

saheedbashir@mersitemng.com (+234 802 454 6575)
 ifeomaogalue@meristemng.com (+234 802 394 2967)
 emekaikpechukwu@meristemng.com (+234 803 791 5731)
 info@meristemng.com

Client Services

adefemtaiwo@meristemng.com (+234 803 694 3034)
 blessingogwuche@meristemng.com (+234 706 896 5173)
 car@meristemng.com

Investment Research

ahmedjinad@meristemng.com (+234 809 187 8917)
 research@meristemng.com

Corporate websites: www.meristemng.comwww.meristemwealth.comwww.meristemregistrars.com

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