

STOCK RECOMMENDATION – NOVEMBER 02, 2020

MARKET REVIEW
For the week ended October 30, 2020.

- Last week, the Nigerian equities market powered on to a positive close, as the **NSEASI** gained 6.39% WoW to settle at 30,530.69pts. Thus, raising the YtD return to 13.74%.
- All sectoral indices closed in the positive region, with the **NSEFBT10 (+12.20%)** and **NSEBNK10 (+8.00%)** advancing the highest.
- PORTPAINT** emerged top gainer with a gain of 32.20% WoW, while **MORISON** shed 10.00% off its share price to lead the losers.
- Low yields in the fixed income market, the release of corporate results, and the robust system liquidity drove the gains recorded last week.

MARKET *P* REVIEW
For the week commencing November 02, 2020

- Lockdowns are beginning to resurface in Europe as the Coronavirus continues to plague the continent adding an extra layer of risk to the global economy.
- In the domestic economy, financial results for the July- September period have been mixed across sectors. System liquidity has, however, remained elevated, driving the increased participation in the equities market.
- We acknowledge the opportunity that exists for profit-taking across sectors this week. However, we expect the momentum on equities to be sustained due to the paltry yield on fixed income instruments and robust liquidity in the financial system.

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NSEASI	30,530.69	28,697.06
Market Cap [NGN'tr]	15.96	15.00
Market Cap [USD 'bn]	42.10	39.58
Volume Traded [bn]	1.91	1.51
Value Traded [NGN'bn]	23.61	19.67

NSEASI & Sectoral Indices [Return Profile]

	WtD	MtD	QtD	YtD
NSEASI	6.39%	13.79%	13.79%	13.74%
NSE-30	7.25%	14.88%	14.88%	12.02%
NSE-B10	8.05%	20.05%	20.05%	4.42%
NSE-FB10	12.21%	20.33%	20.33%	-7.89%
NSE-OG5	6.22%	10.35%	10.35%	-17.98%
NSE-INS10	5.64%	4.54%	4.54%	15.33%
NSE-IND	7.60%	11.24%	11.24%	23.46%

Value (NGN)	Volume
GUARANTY 4,191,445,262	FBNH 208,005,575
ZENITHBANK 4,071,973,197	ZENITHBANK 188,538,294
STANBIC 1,909,322,474	ACCESS 179,969,965
DANGCEM 1,665,405,684	UBA 175,794,603
ACCESS 1,405,797,807	GUARANTY 133,878,531

Highest Gainers	%	Highest Losers	%
PORTPAINT	32.20%	MORISON	-10.00%
FCMB	28.28%	PRESTIGE	-10.00%
TRIPPLEG	27.78%	CUTIX	-8.95%
STERLNBANK	26.43%	NASCON	-8.39%
FIDELITYBK	24.26%	OMATEK	-7.69%

	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	-21.00%	2.64	2.81	7.42	7.90	-6%	HOLD
ETI	0.09	12.4%	11.9%	0.9%	12.6	3.60	30.20	1.6x	0.2x	8.00	3.90	-13.08%	-	-	-	5.65	-	UR
FCMB	0.10	9.9%	9.1%	1.0%	9.2	0.99	10.83	3.2x	0.3x	3.13	1.45	+69.19%	0.98	2.01	1.97	3.13	-37%	SELL
FIDELITYBK	0.09	10.7%	12.5%	1.3%	9.6	1.08	8.65	2.3x	0.3x	2.51	1.53	+22.44%	-	-	-	2.51	-	UR
FBNH	0.09	16.7%	13.0%	1.3%	10.1	2.55	19.62	2.6x	0.3x	7.70	3.70	+5.69%	2.43	2.87	6.97	6.50	+7%	HOLD
GUARANTY	0.10	41.9%	26.6%	4.3%	6.3	6.52	24.50	5.0x	1.3x	34.00	16.75	+9.43%	3.95	6.77	26.74	32.50	-18%	SELL
STANBIC	0.08	35.7%	25.0%	2.8%	9.0	8.20	32.86	5.7x	1.4x	46.50	23.85	+13.41%	-	-	-	46.50	-	UR
STERLN BANK	0.11	7.7%	8.0%	0.8%	10.1	0.36	4.47	4.9x	0.4x	2.04	0.99	-11.06%	3.97	0.36	1.43	1.77	-19%	SELL
UBA	0.08	14.8%	12.1%	1.1%	10.7	2.25	18.56	3.4x	0.4x	8.90	4.40	+7.69%	-	-	-	7.70	-	UR
UBN	0.08	13.1%	7.3%	0.8%	8.6	0.64	8.88	8.7x	0.6x	7.60	4.70	-6.67%	7.64	0.80	6.11	5.60	+9%	HOLD
WEMABANK	0.11	3.9%	8.1%	0.5%	15.0	0.12	1.43	5.6x	0.4x	0.79	0.44	-13.51%	4.15	0.11	0.46	0.64	-29%	SELL
ZENITHBANK	0.09	30.0%	22.6%	3.0%	7.7	7.13	31.50	3.1x	0.7x	22.75	10.70	+18.82%	2.80	6.92	19.38	22.10	-12%	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	+19.44%	2.20	0.45	0.99	0.86	+15%	BUY
LASACO	0.48	6.7%	3.5%	1.6%	2.2	0.04	1.15	7.9x	0.3x	0.33	0.20	+28.00%	3.80	0.10	0.38	0.32	+19%	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	0.2x	0.62	0.35	-15.09%	-	-	-	0.45	-	UR
MANSARD	0.44	15.9%	17.1%	5.0%	3.4	0.49	2.89	4.5x	0.8x	2.20	1.44	+11.11%	6.68	0.39	2.61	2.20	+19%	BUY
NEM	0.71	12.0%	15.8%	8.1%	2.0	0.45	2.81	5.0x	0.8x	2.42	1.44	-7.85%	3.65	0.61	2.23	2.23	-0%	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	5.5x	0.8x	6.30	4.55	+0.83%	-	-	-	6.05	-	UR
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.72	-12.1%	-17.2%	-8.7%	2.0	-5.74	33.35	-3.0x	0.5x	30.20	13.00	-43.43%	30.00	0.49	14.70	17.00	-14%	SELL
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	-6.5x	1.3x	9.50	2.75	-22.42%	-	-	2.90	7.37	-61%	SELL
Packaged Foods & Meats																		

CADBURY	1.09	3.4%	7.1%	2.9%	2.5	0.50	7.02	17.2x	1.2x	10.85	4.95	-18.48%	-	-	-	8.60	-	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	9.5x	0.7x	28.20	17.00	+42.89%	8.00	3.19	25.52	28.15	-9%	HOLD
NASCON	0.19	10.2%	15.0%	4.3%	3.5	0.71	4.75	18.4x	2.8x	15.70	8.50	+1.16%	10.00	1.12	11.20	13.10	-15%	SELL
NESTLE	1.46	15.5%	130.3%	21.3%	6.1	52.06	39.95	27.3x	35.6x	1,469.90	764.90	-3.28%	20.00	60.00	1,200.00	1,421.70	-16%	SELL
UACN	0.77	3.2%	-18.1%	-10.9%	1.7	-3.71	20.51	-2.1x	0.4x	11.05	5.40	-9.30%	-	-	8.08	7.80	+4%	HOLD
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	-10.7x	0.4x	5.85	3.75	-21.24%	-	-	4.58	4.45	+3%	HOLD
VITAFOAM	1.16	13.1%	44.5%	18.3%	2.4	2.68	6.03	2.5x	1.1x	6.65	3.95	+51.14%	2.30	2.32	5.34	6.65	-20%	SELL
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.71	10.8%	14.7%	7.6%	1.9	0.50	3.40	6.2x	0.9x	3.39	1.79	+60.62%	8.00	0.44	3.52	3.10	+14%	BUY
FIDSON	0.61	6.1%	6.2%	2.6%	2.4	0.30	4.85	13.8x	0.9x	4.18	2.21	+34.84%	7.40	0.54	4.00	4.18	-4%	HOLD
GLAXOSMITH	1.03	2.9%	9.0%	4.1%	2.2	0.71	7.91	8.4x	0.8x	8.45	3.45	-1.64%	9.00	0.79	7.11	6.00	+19%	BUY
NEIMETH	0.46	11.8%	5.2%	1.1%	4.8	0.04	0.75	51.2x	2.7x	2.57	0.40	+222.58%	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	9.3x	1.5x	45.50	29.40	+30.00%	-	-	42.03	45.50	-8%	HOLD
DANGCEM	0.50	26.5%	28.1%	11.5%	2.4	12.17	43.39	13.1x	3.7x	179.90	116.80	+12.68%	-	-	171.80	160.00	+7%	HOLD
WAPCO	0.43	19.4%	36.8%	26.1%	1.4	8.03	21.86	2.3x	0.9x	18.85	8.95	+22.22%	-	-	17.53	18.70	-6%	HOLD
Specialty Chemicals																		
CAP	1.04	17.4%	47.3%	19.3%	2.4	2.12	4.47	9.6x	4.6x	27.50	15.30	-15.21%	9.50	2.52	23.94	20.35	+18%	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	10.2x	0.7x	21.00	13.15	+2.97%	-	-	-	19.05	-	UR
ETERNA	3.33	-0.2%	-0.8%	-0.3%	2.5	-0.07	9.46	-72.0x	0.5x	5.29	1.80	+43.06%	-	-	-	5.15	-	UR
ARDOVA	3.99	1.2%	-3.0%	-1.2%	2.6	-0.40	13.10	-31.7x	1.0x	17.00	9.55	-30.11%	-	-	-	12.65	-	UR

MOBIL	1.90	3.1%	17.1%	7.6%	2.2	19.97	117.03	9.8x	1.7x	213.90	133.20	+32.59%	-	-	-	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	27.4x	1.7x	129.90	79.10	+17.13%	-	-	-	112.20	-	UR
Telecommunications																		
MTNN	0.71	14.9%	141.7%	11.4%	12.5	9.70	6.85	14.8x	21.0x	144.00	90.00	+37.14%	-	-	-	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%	-	-	503.00	410.20	+23%	BUY

*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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We estimate stock's fair value by computing a weighted average of projected prices derived from discounted cash flow and relative valuation methodologies. The choice of relative valuation methodology (ies) usually depends on the firm's peculiar business model and what in the opinion of our analyst is considered as a key driver of the stock's value from a firm specific as well as an industry perspective. However, we attach the most weight to discounted cash flow valuation methodology.

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Ratings Specification

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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