

STOCK RECOMMENDATION - JANUARY 18, 2021

MARKET REVIEW
For the week ended January 15, 2021.

- The Nigerian equities market ended the previous week on a positive note as the All-share index gained 2.63%WoW to settle at 40,176.14pts. Hence, the YtD return stood at 2.25%.
- All sectoral indices closed on a positive note, led by the **Insurance Goods** index which gained 17.48%, largely due to the price uptick across most counters in the sector.
- **JAPAUFGOLD** maintained its bullish streak, closing up for the second consecutive week this year (+56.70%). CUTIX, however, topped the losers' chart, shedding 12.92% WoW to close at NGN0.20.
- **Positive investors' sentiment amid the search for attractive investment instrument fuelled the performance witnessed last week.**

MARKET *P* REVIEW
For the week commencing January 18, 2021

- The global economy is set for the commencement of the Biden presidency on the 20th of January 2021. With this comes his plans to improve vaccination across the United States, extend pandemic-related limits on evictions and student loan payments and the proposed USD1.9trn COVID-19 relief spending plan.
- On the domestic front, the persistent increase in inflation (15.75% YoY in December 2020) and the bearish sentiment in the secondary market for treasury instruments suggest that equities could continue to witness strong buying interest.
- **We, therefore, expect sustained bullish momentum this week, without ruling out possible selloffs at the start of the week.**

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NSEASI	41,176.14	40,120.22
Market Cap [NGN'tr]	21.53	20.98
Market Cap [USD 'bn]	54.78	53.38
Volume Traded [bn]	3.43	1.49
Value Traded [NGN'bn]	32.62	15.73

NSEASI & Sectoral Indices [Return Profile]

	WtD	MtD	QtD	YtD
NSEASI	2.63%	2.25%	2.25%	2.25%
NSE-30	2.80%	2.87%	2.87%	2.87%
NSE-B10	2.53%	5.82%	5.82%	5.82%
NSE-FB10	3.11%	5.78%	5.78%	5.78%
NSE-OG5	7.25%	21.37%	21.37%	21.37%
NSE-INS10	17.48%	28.63%	28.63%	28.63%
NSE-IND	2.84%	0.49%	0.49%	0.49%

Value (NGN)	Volume
GUARANTY	UPDCREIT
4,754,545,817	755,299,417
UPDCREIT	MBENEFIT
4,154,096,453	236,491,260
ZENITHBANK	TRANSCORP
4,047,051,120	232,454,015
MTNN	ZENITHBANK
3,358,604,709	154,756,134
WAPCO	MANSARD
2,555,001,296	151,083,349

Highest Gainers	%	Highest Losers	%
JAPAUFGOLD	56.70%	CUTIX	-12.92%
MBENEFIT	50.00%	DAARCOMM	-10.00%
ROYALEX	47.83%	CHELLARAM	-9.96%
MANSARD	34.45%	UNIONDAC	-6.25%
CHAMPION	32.35%	UAC-PROP	-5.88%

	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	2021 TP	Last Wk. Pr	UPP	RT
Financial Services																		
Banks																		
ACCESS	0.10	17.3%	16.3%	1.4%	11.6	3.07	18.86	3.2x	0.5x	9.70	8.80	+14.79%	2.50	3.41	8.53	9.70	-12%	SELL
ETI	0.09	1.7%	4.4%	0.3%	13.3	1.26	28.81	5.2x	0.2x	6.60	6.40	+8.33%	3.03	3.50	10.62	6.50	+63%	BUY
FCMB	0.09	9.5%	9.5%	1.0%	9.5	1.03	10.85	3.1x	0.3x	3.25	3.01	-3.00%	2.34	1.09	2.55	3.23	-21%	SELL
FIDELITYBK	9.75	13.2%	315.0%	138.6%	2.3	1.03	0.33	2.7x	8.5x	2.77	2.57	+9.92%	3.10	1.08	3.34	2.77	+21%	BUY
FBNH	0.09	15.5%	12.6%	1.2%	10.2	2.51	19.84	3.0x	0.4x	7.85	7.20	+6.29%	3.30	2.63	8.69	7.60	+14%	BUY
GUARANTY	0.10	43.1%	25.4%	4.2%	6.1	6.53	25.67	5.1x	1.3x	33.50	32.40	+2.16%	4.70	6.93	32.57	33.05	-1%	HOLD
STANBIC	0.09	36.1%	23.4%	3.3%	7.0	7.71	32.92	5.7x	1.3x	44.05	44.00	-0.11%	5.80	8.41	48.75	44.00	+11%	BUY
STERLNBANK	0.11	6.9%	8.2%	0.8%	10.3	0.36	4.42	5.5x	0.5x	2.10	1.95	-1.96%	4.06	0.45	1.83	2.00	-9%	HOLD
UBA	0.08	17.0%	12.9%	1.2%	10.8	2.47	19.16	3.7x	0.5x	9.25	8.40	+6.94%	3.40	2.80	9.50	9.25	+3%	HOLD
UBN	0.08	12.4%	7.5%	0.9%	8.5	0.68	9.01	8.4x	0.6x	5.70	5.25	+6.54%	6.37	0.90	5.73	5.70	+1%	HOLD
WEMABANK	0.10	4.6%	6.7%	0.4%	15.4	0.10	1.45	7.7x	0.5x	0.75	0.70	+8.70%	3.27	0.17	0.56	0.75	-26%	SELL
ZENITHBANK	0.09	31.3%	21.0%	2.7%	7.7	6.93	32.94	3.8x	0.8x	26.40	24.60	+6.05%	3.85	6.99	26.91	26.30	+2%	HOLD
Insurance																		
AIICO	0.24	11.8%	20.0%	2.7%	7.4	0.41	2.03	2.9x	0.6x	1.20	1.11	+6.19%	1.65	0.95	1.57	1.20	+31%	BUY
LASACO	0.48	6.7%	3.5%	1.6%	2.2	0.04	1.15	11.2x	0.4x	0.45	0.35	+28.57%	3.80	0.10	0.38	0.45	-16%	SELL
MANSARD	0.44	15.9%	17.1%	5.0%	3.4	0.49	2.89	3.2x	0.6x	1.60	1.15	+52.38%	9.30	0.31	2.88	1.60	+80%	BUY
NEM	0.71	12.0%	15.8%	8.1%	2.0	0.45	2.81	5.2x	0.8x	2.31	1.79	+28.49%	4.00	0.73	2.92	2.30	+27%	BUY
WAPIC	0.40	35.9%	5.1%	3.0%	1.7	0.09	1.80	6.0x	0.3x	0.55	0.39	+37.50%	1.90	0.31	0.59	0.55	+7%	HOLD
CUSTODIAN	0.38	13.3%	13.7%	4.4%	3.1	1.12	8.18	5.4x	0.7x	6.00	5.85	+2.56%	5.10	1.42	7.24	6.00	+21%	BUY
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.72	-12.1%	-17.2%	-8.7%	2.0	-5.74	33.35	-3.3x	0.6x	19.00	17.65	0.00%	50.00	0.35	17.50	19.00	-8%	HOLD
NB	0.66	3.7%	5.2%	1.8%	2.9	1.05	20.12	57.3x	3.0x	60.00	56.00	+7.14%	50.00	1.21	60.50	60.00	+1%	HOLD
INTBREW	0.35	-15.4%	-20.0%	-8.5%	2.3	-1.13	5.65	-6.0x	1.2x	7.07	6.54	+14.29%	-	-	5.90	6.80	-13%	SELL
Packaged Foods & Meats																		
DANGSUGAR	0.76	16.6%	28.2%	12.7%	2.2	2.82	10.01	7.4x	2.1x	20.80	18.30	+18.18%	8.00	2.75	22.00	20.80	+6%	HOLD
HONYFLOUR	0.69	0.4%	1.2%	0.5%	2.5	0.08	7.22	14.7x	0.2x	1.32	1.20	+1.67%	6.00	0.17	1.02	1.22	-16%	SELL

FLOURMILL	1.33	2.8%	9.6%	3.1%	3.1	3.76	39.02	8.7x	0.8x	32.80	26.10	+26.15%	7.50	3.93	29.48	32.80	-10%	SELL	
NASCON	0.64	10.5%	17.2%	4.8%	3.6	0.80	4.65	22.0x	3.8x	17.55	14.50	+21.03%	12.50	1.22	15.25	17.55	-13%	SELL	
NESTLE	1.47	15.0%	89.5%	21.1%	4.2	51.45	57.48	29.3x	26.2x	1,505.00	1,505.00	0.00%	25.00	64.85	1,621.25	1,505.00	+8%	HOLD	
Agricultural Products																			
OKOMUOIL	0.44	26.9%	18.4%	11.8%	1.6	6.23	33.83	14.9x	2.7x	93.00	90.00	+2.20%	11.58	7.80	90.27	93.00	-3%	HOLD	
PRESCO	0.34	26.6%	16.9%	7.6%	2.2	5.22	30.92	14.2x	2.4x	74.00	70.95	+4.30%	10.50	6.73	70.67	74.00	-5%	HOLD	
Healthcare																			
Pharmaceuticals																			
MAYBAKER	0.62	10.6%	15.0%	6.6%	2.3	0.53	3.54	6.9x	1.0x	3.85	3.21	+3.42%	8.00	0.59	4.72	3.63	+30%	BUY	
FIDSON	0.66	3.5%	6.0%	2.4%	2.5	0.30	4.94	15.4x	0.9x	4.70	4.45	+2.22%	6.00	1.00	6.00	4.60	+30%	BUY	
GLAXOSMITH	0.96	2.6%	10.3%	4.1%	2.5	0.77	7.47	9.1x	0.9x	7.20	6.85	+1.45%	8.00	0.89	7.12	7.00	+2%	HOLD	
NEIMETH	0.47	12.3%	25.9%	5.7%	4.5	0.19	0.75	10.8x	2.8x	2.23	2.05	-5.83%	8.00	0.28	2.24	2.10	+7%	HOLD	
Materials																			
Construction Materials																			
BUACEMENT	0.33	34.2%	17.0%	11.4%	1.5	5.38	31.66	14.8x	2.5x	85.00	79.90	+3.30%	-	-	49.01	79.90	-39%	SELL	
DANGCEM	0.53	27.4%	31.1%	13.8%	2.3	14.96	48.02	15.8x	4.9x	244.90	225.00	-3.23%	-	-	220.70	237.00	-7%	HOLD	
WAPCO	0.44	15.7%	6.5%	4.4%	1.5	1.44	22.16	16.6x	1.1x	23.80	22.30	+13.06%	-	-	22.48	23.80	-6%	HOLD	
Specialty Chemicals																			
CAP	2.50	15.5%	18.4%	41.7%	0.4	2.06	11.17	9.7x	1.8x	20.00	20.00	0.00%	9.50	2.69	25.56	20.00	+28%	BUY	
BERGER	0.77	0.8%	4.0%	2.4%	1.6	0.41	10.42	19.4x	0.8x	8.05	7.35	+9.52%	5.12	0.59	3.02	8.05	-62%	SELL	
Energy																			
CONOIL	2.21	1.3%	6.7%	2.6%	2.5	1.99	29.66	10.6x	0.7x	21.00	20.85	+0.72%	8.50	2.94	24.95	21.00	+19%	BUY	
ETERNA	1.89	0.4%	8.1%	3.2%	2.5	0.81	9.92	6.6x	0.5x	5.75	5.27	+3.92%	12.50	0.44	5.55	5.30	+5%	HOLD	
ARDOVA	3.64	1.5%	3.0%	1.1%	2.8	0.42	13.88	47.0x	1.4x	21.85	13.55	+45.39%	25.00	0.53	13.17	19.70	-33%	SELL	
MOBIL	3.77	3.6%	7.2%	15.2%	0.5	18.47	256.10	13.5x	1.0x	249.50	228.00	+9.43%	-	-	-	249.50	-	UR	
MRS	1.31	-2.8%	-8.0%	-3.9%	2.1	-4.76	59.81	-2.9x	0.2x	13.75	13.75	0.00%	4.00	4.47	17.87	13.75	+30%	BUY	
SEPLAT	0.18	24.8%	9.7%	5.6%	1.7	105.44	1,087.26	5.1x	0.5x	540.00	402.30	+34.23%	6.85	72.55	496.96	540.00	-8%	HOLD	
TOTAL	1.80	0.3%	11.2%	2.4%	4.7	8.77	78.17	16.3x	1.8x	143.00	130.00	+10.00%	13.00	9.16	119.06	143.00	-17%	SELL	
Telecommunications																			
MTNN	0.73	14.8%	167.9%	11.2%	15.0	9.68	5.77	17.6x	29.5x	170.00	165.00	+0.06%	15.79	10.93	172.65	170.00	+2%	HOLD	
AIRTELAFRI	0.39	8.0%	10.5%	3.6%	2.9	35.19	334.61	24.2x	2.5x	851.80	851.80	0.00%	17.24	48.96	844.11	851.80	-1%	HOLD	

**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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