

# STOCK RECOMMENDATION - FEBRUARY 01, 2021

## MARKET REVIEW

*For the week ended January 29, 2021.*

- Last week, the Nigerian equities market returned 3.44% week on week. The positive sentiment was witnessed on all sectoral indices save for the **NSEOILG5** (-7.25%WoW). Year to Date (YtD) return currently stands at 5.32%.
- CHAMPION** (+59.49%) was the week's top gainer, while **VERITASKAP** (-28.57%) was the biggest loser.
- Market activities were driven largely by bargain hunting activities following sell-offs the previous week. We note that the existing factors of unattractive fixed income yields, supportive system liquidity and dearth of investment alternatives continue to buoy market performance.

## MARKET *P*REVIEW

*For the week commencing February 01, 2021*

- Most monetary authorities globally voted to maintain their expansionary stance in support of their economies. While this bodes well for growth outlook, the new strain of the Coronavirus poses downside risk.
- In Nigeria likewise, the MPC voted to keep all policy parameters unchanged in a move to support economic recovery.
- This week, we expect that the hunt for dividend paying stocks to drive market performance. Although earnings performance so far has been mixed, we see scope for dividend payment on resilient counters.
- Overall, we expect the market to close positive.

## THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NSEASI	42,412.66	41,001.99
Market Cap [NGN'tr]	21.19	21.45
Market Cap [USD 'bn]	56.45	54.58
Volume Traded [bn]	2.57	3.63
Value Traded [NGN'bn]	30.16	25.59

  

NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NSEASI	3.44%	5.32%	5.32%	5.32%
NSE-30	2.21%	4.93%	4.93%	4.93%
NSE-B10	3.33%	7.89%	7.89%	7.89%
NSE-FB10	1.28%	7.04%	7.04%	7.04%
NSE-OG5	-7.25%	12.43%	12.43%	12.43%
NSE-INS10	1.70%	29.77%	29.77%	29.77%
NSE-IND	1.45%	1.41%	1.41%	1.41%

  

Value (NGN)		Volume	
ZENITHBANK	4,330,492,504	TRANSCORP	301,023,664
AIRTELAFRI	3,248,395,031	UBN	169,957,034
GUARANTY	2,995,852,501	ZENITHBANK	162,279,910
WAPCO	2,288,779,204	FBNH	136,366,472
NEWGOLD	2,279,173,496	UBA	115,376,354

  

Highest Gainers		Highest Losers	
	%		%
CHAMPION	59.49%	VERITASKAP	-28.57%
FIDSON	30.11%	SOVRENINS	-21.21%
MAYBAKER	27.40%	ACADEMY	-17.50%
PORTPAINT	20.69%	NIGERINS	-14.81%
JBERGER	19.84%	UNINSURE	-13.04%

	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
<b>Financial Services</b>																		
<b>Banks</b>																		
ACCESS	0.10	17.3%	16.3%	1.4%	11.6	3.07	18.86	3.0x	0.5x	9.70	8.80	+10.06%	2.50	3.41	8.53	9.30	-8%	HOLD
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	3.3x	0.3x	3.38	3.01	+1.50%	2.34	1.09	2.55	3.38	-25%	SELL
FIDELITYBK	0.08	13.2%	11.4%	1.2%	9.8	1.03	9.05	2.6x	0.3x	2.77	2.57	+7.94%	3.10	1.08	3.34	2.72	+23%	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	5.3x	1.3x	34.50	32.40	+6.65%	4.70	6.93	32.57	34.50	-6%	HOLD
STANBIC	0.09	36.1%	23.4%	3.3%	7.0	7.71	32.92	5.8x	1.4x	46.60	44.00	+2.16%	5.80	8.41	48.75	45.00	+8%	HOLD
STERLNBANK	0.11	6.9%	8.2%	0.8%	10.3	0.36	4.42	5.5x	0.5x	2.10	1.94	-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	+4.62%	3.40	2.80	9.50	9.05	+5%	HOLD
UBN	0.08	12.4%	7.5%	0.9%	8.5	0.68	9.01	9.0x	0.7x	6.10	5.25	+14.02%	6.37	0.90	5.73	6.10	-6%	HOLD
WEMABANK	0.10	4.6%	6.7%	0.4%	15.4	0.10	1.45	7.3x	0.5x	0.75	0.68	+2.90%	3.27	0.17	0.56	0.71	-22%	SELL
ZENITHBANK	0.09	31.3%	21.0%	2.7%	7.7	6.93	32.94	3.9x	0.8x	27.20	24.60	+9.68%	3.85	6.99	26.91	27.20	-1%	HOLD
<b>Insurance</b>																		
AIICO	0.24	11.8%	20.0%	2.7%	7.4	0.41	2.03	3.4x	0.7x	1.59	1.11	+23.89%	1.65	0.95	1.57	1.40	+12%	BUY
LASACO	0.48	6.7%	3.5%	1.6%	2.2	0.04	1.15	10.4x	0.4x	0.58	0.35	+20.00%	3.80	0.10	0.38	0.42	-10%	HOLD
MANSARD	0.44	15.9%	17.1%	5.0%	3.4	0.49	2.89	2.8x	0.5x	1.70	1.15	+33.33%	9.30	0.31	2.88	1.40	+106%	BUY
NEM	0.71	12.0%	15.8%	8.1%	2.0	0.45	2.81	5.4x	0.9x	2.69	1.79	+35.20%	4.00	0.73	2.92	2.42	+21%	BUY
WAPIC	0.40	35.9%	5.1%	3.0%	1.7	0.09	1.80	5.9x	0.3x	0.72	0.39	+35.00%	1.90	0.31	0.59	0.54	+9%	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
<b>Consumer Staples &amp; Discretionary</b>																		
<b>Breweries</b>																		
GUINNESS	0.72	-12.1%	-17.2%	-8.7%	2.0	-5.74	33.35	-3.3x	0.6x	19.20	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	60.1x	3.1x	63.00	56.00	+12.50%	50.00	1.21	60.50	63.00	-4%	HOLD
INTBREW	0.35	-15.4%	-20.0%	-8.5%	2.3	-1.13	5.65	-5.3x	1.1x	7.07	6.00	+0.84%	-	-	5.90	6.00	-2%	HOLD
<b>Packaged Foods &amp; Meats</b>																		
DANGSUGAR	0.76	16.6%	28.2%	12.7%	2.2	2.82	10.01	7.5x	2.1x	21.25	18.30	+20.74%	8.00	2.75	22.00	21.25	+4%	HOLD
HONYFLOUR	0.69	0.4%	1.2%	0.5%	2.5	0.08	7.22	15.6x	0.2x	1.32	1.10	+8.33%	6.00	0.17	1.02	1.30	-22%	SELL

FLOURMILL	1.33	2.8%	9.6%	3.1%	3.1	3.76	39.02	9.2x	0.9x	34.70	26.10	+33.46%	7.50	3.93	29.48	34.70	-15%	SELL
NASCON	0.64	10.5%	17.2%	4.8%	3.6	0.80	4.65	20.3x	3.5x	17.55	14.50	+11.72%	12.50	1.22	15.25	16.20	-6%	HOLD
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	14.3x	2.4x	74.50	70.95	+5.00%	10.50	6.73	70.67	74.50	-5%	HOLD
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.62	10.6%	15.0%	6.6%	2.3	0.53	3.54	8.8x	1.3x	4.65	3.21	+32.48%	8.00	0.59	4.72	4.65	+2%	HOLD
FIDSON	0.66	3.5%	6.0%	2.4%	2.5	0.30	4.94	20.3x	1.2x	6.05	4.45	+34.44%	6.00	1.00	6.00	6.05	-1%	HOLD
GLAXOSMITH	0.96	2.6%	10.3%	4.1%	2.5	0.77	7.47	9.4x	1.0x	7.20	6.70	+4.35%	8.00	0.89	7.12	7.20	-1%	HOLD
NEIMETH	0.47	12.3%	25.9%	5.7%	4.5	0.19	0.75	11.0x	2.9x	2.23	1.98	-3.59%	8.00	0.28	2.24	2.15	+4%	HOLD
Materials																		
Construction Materials																		
BUACEMENT	0.33	34.2%	17.0%	11.4%	1.5	5.38	31.66	14.7x	2.5x	85.00	79.00	+2.13%	-	-	49.01	79.00	-38%	SELL
DANGCEM	0.53	27.4%	31.1%	13.8%	2.3	14.96	48.02	15.8x	4.9x	244.90	225.00	-3.63%	-	-	220.70	236.00	-6%	HOLD
WAPCO	0.44	15.7%	6.5%	4.4%	1.5	1.44	22.16	20.9x	1.4x	30.30	22.30	+42.52%	-	-	22.48	30.00	-25%	SELL
Specialty Chemicals																		
CAP	2.50	15.5%	18.4%	41.7%	0.4	2.06	11.17	9.7x	1.8x	20.50	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	6.5x	0.5x	5.75	5.20	+1.96%	12.50	0.44	5.55	5.20	+7%	HOLD
ARDOVA	3.64	1.5%	3.0%	1.1%	2.8	0.42	13.88	45.3x	1.4x	21.85	13.55	+40.22%	25.00	0.53	13.17	19.00	-31%	SELL
MOBIL	3.77	3.6%	7.2%	15.2%	0.5	18.47	256.10	12.3x	0.9x	249.50	228.00	0.00%	-	-	-	228.00	-	UR
MRS	1.31	-2.8%	-8.0%	-3.9%	2.1	-4.76	59.81	-2.6x	0.2x	13.75	11.20	-10.55%	4.00	4.47	17.87	12.30	+45%	BUY
SEPLAT	0.18	24.8%	9.7%	5.6%	1.7	105.44	1,087.26	4.6x	0.5x	540.00	402.30	+21.80%	6.85	72.55	496.96	490.00	+1%	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	18.7x	31.4x	181.00	165.00	+6.53%	15.79	10.93	172.65	181.00	-5%	HOLD
AIRTELAFRI	0.39	8.0%	10.5%	3.6%	2.9	35.19	334.61	26.4x	2.8x	930.00	851.80	+9.18%	17.24	48.96	844.11	930.00	-9%	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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