

## STOCK RECOMMENDATION – MAY 04, 2021

## MARKET REVIEW

*For the week ended April 30, 2021.*

- Positive sentiment lingered in the equities market this week, lifting the **NSEASI** by 1.37% WoW to 39,840.28pts., and improving year to date (YTD) return to -1.07%, from -2.41% at the end of the previous week.
- Save for the banking and consumer goods indices, other sectoral indices ended the week positive, with the **NSEINS10** (+3.80%) and **NSEIND** (+2.36%) leading the charge. **ROYALEX** was the best performing stock, closing up by +47.22%, while **HONYFLOUR's** share price declined by 17.14% emerging as the worst-performing stock.
- Market breadth weakened to 0.93x, from 1.62x recorded in the previous week, as 40 stocks appreciated (against 43 decliners).

MARKET *P*REVIEW*For the week commencing May 04, 2021*

- First-quarter corporate results released so far have been broadly impressive across most sectors – including the agriculture, consumer and industrial goods sectors. We expect positive investor sentiments (as observed over the past two weeks) to linger this week, supporting the market's overall performance.
- While we do not completely rule out the possibility of profit-taking activities this week, we expect bargain hunting opportunities and buying interests to have the upper hand.
- Ultimately, we expect the equities market to close positive this week.

## THE WEEK THAT WAS (A REVIEW)

			Cur. Week	Prev. Week
NSEASI			39,840.28	39,301.82
Market Cap [NGN'tr]			20.85	20.57
Market Cap [USD 'bn]			53.05	52.34
Volume Traded [bn]			1.44	1.60
Value Traded [NGN'bn]			10.88	42.15
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NSEASI	1.37%	2.04%	2.04%	-1.07%
NSE-30	2.05%	2.75%	2.75%	-2.52%
NSE-B10	-2.09%	-4.76%	-4.76%	-10.42%
NSE-FB10	-0.02%	2.83%	2.83%	-2.62%
NSE-OG5	1.92%	1.84%	1.84%	19.70%
NSE-INS10	3.80%	-1.49%	-1.49%	6.33%
NSE-IND	2.36%	3.06%	3.06%	-5.10%
Value (NGN)		Volume		
FBNH	1,718,043,124	FBNH	243,599,440	
ZENITHBANK	1,573,427,329	TRANSCORP	216,599,170	
GUARANTY	1,279,557,673	ACCESS	143,739,944	
ACCESS	1,050,998,522	ZENITHBANK	71,052,226	
DANGCEM	695,893,657	SOVRENINS	67,893,130	
Highest Gainers	%	Highest Losers	%	
ROYALEX	47.22%	HONYFLOUR	-17.14%	
REGALINS	22.22%	NCR	-9.92%	
FIDSON	20.00%	CWG	-9.84%	
CHIPLC	18.18%	VANLEER	-9.70%	
PORTPAINT	14.17%	CONOIL	-9.33%	

	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	2.4x	0.4x	9.70	7.20	-13.61%	2.76	3.40	9.38	7.30	+29%	BUY
ETI	0.09	1.7%	4.4%	0.3%	13.3	1.26	28.81	4.1x	0.2x	6.75	4.70	-15.00%	3.03	3.10	9.39	5.10	+84%	BUY
FCMB	0.09	9.5%	9.5%	1.0%	9.5	1.03	10.85	2.7x	0.3x	3.50	2.66	-15.92%	2.71	1.06	2.87	2.80	+3%	HOLD
FIDELITYBK	0.08	13.2%	11.4%	1.2%	9.8	1.03	9.05	2.2x	0.2x	2.77	2.10	-10.71%	2.83	1.01	2.86	2.25	+27%	BUY
FBNH	0.09	15.5%	12.6%	1.2%	10.2	2.51	19.84	2.7x	0.3x	7.85	6.90	-3.50%	-	-	-	6.90	-	UR
GUARANTY	0.10	43.1%	25.4%	4.2%	6.1	6.53	25.67	4.6x	1.2x	36.00	28.00	-6.96%	4.90	6.99	34.25	30.10	+14%	BUY
STANBIC	0.09	36.1%	23.4%	3.3%	7.0	7.71	32.92	6.5x	1.5x	52.90	38.70	+13.51%	6.80	7.37	50.12	50.00	+0%	HOLD
STERLNBANK	0.11	6.9%	8.2%	0.8%	10.3	0.36	4.42	4.4x	0.4x	2.10	1.43	-21.57%	-	-	-	1.60	-	UR
UBA	0.08	18.3%	15.7%	1.5%	10.6	3.33	21.17	2.2x	0.3x	9.25	6.80	-15.61%	3.00	3.60	10.80	7.30	+48%	BUY
UBN	0.08	12.4%	7.5%	0.9%	8.5	0.68	9.01	7.2x	0.5x	6.10	4.55	-8.41%	9.00	0.88	7.92	4.90	+62%	BUY
WEMABANK	0.10	4.6%	6.7%	0.4%	15.4	0.10	1.45	6.2x	0.4x	0.75	0.55	-13.04%	-	-	-	0.60	-	UR
ZENITHBANK	0.10	33.1%	25.1%	3.3%	7.6	8.92	35.59	2.5x	0.6x	27.20	20.30	-10.28%	3.85	7.68	29.57	22.25	+33%	BUY
Insurance																		
AIICO	0.24	11.8%	20.0%	2.7%	7.4	0.41	2.03	3.2x	0.6x	1.59	1.01	+14.16%	-	-	-	1.29	-	UR
LASACO	0.48	6.7%	3.5%	1.6%	2.2	0.04	1.15	35.2x	1.2x	1.52	0.35	+305.71%	-	-	-	1.42	-	UR
MANSARD	0.44	15.9%	17.1%	5.0%	3.4	0.49	2.89	1.9x	0.3x	1.70	0.87	-11.43%	-	-	-	0.93	-	UR
NEM	0.71	12.0%	15.8%	8.1%	2.0	0.45	2.81	4.6x	0.7x	2.69	1.72	+13.41%	-	-	-	2.03	-	UR
WAPIC	0.40	35.9%	5.1%	3.0%	1.7	0.09	1.80	5.8x	0.3x	0.72	0.39	+32.50%	1.90	0.31	0.59	0.53	+11%	BUY
CUSTODIAN	0.43	17.0%	10.8%	7.3%	1.5	2.17	20.17	2.7x	0.3x	7.10	5.75	-0.85%	3.80	2.22	8.44	5.80	+45%	BUY
Consumer Staples & Discretionary																		
Breweries																		

GUINNESS	0.91	-0.4%	5.3%	2.6%	2.0	1.76	33.20	15.4x	0.8x	35.90	17.65	+42.63%	-	-	16.99	27.10	-37%	SELL
NB	0.76	2.2%	4.6%	1.7%	2.8	0.92	20.16	59.5x	2.7x	63.00	47.00	-2.14%	60.00	0.76	45.60	54.80	-17%	SELL
INTBREW	0.35	-15.4%	-20.0%	-8.5%	2.3	-1.13	5.65	-4.6x	0.9x	7.07	4.55	-12.61%	-	-	5.51	5.20	+6%	HOLD
Packaged Foods & Meats																		
CADBURY	2.68	3.3%	3.7%	9.4%	0.4	0.68	18.20	11.5x	0.4x	10.80	7.75	-13.33%	13.84	0.59	8.17	7.80	+5%	HOLD
DANGSUGAR	0.77	13.9%	23.9%	10.7%	2.2	2.45	10.26	7.0x	1.7x	21.70	16.40	-3.13%	8.00	2.50	20.00	17.05	+17%	BUY
HONYFLOUR	0.73	0.4%	3.3%	1.3%	2.5	0.24	7.22	4.8x	0.2x	1.49	1.09	-3.33%	6.00	0.17	1.02	1.16	-12%	SELL
FLOURMILL	1.43	2.8%	11.3%	3.8%	3.0	4.58	40.40	6.8x	0.8x	34.70	26.10	+19.23%	6.80	4.68	31.82	31.00	+3%	HOLD
NASCON	0.63	9.6%	21.1%	6.1%	3.5	1.01	4.80	14.6x	3.1x	17.55	13.00	+2.07%	-	-	-	14.80	-	UR
NESTLE	1.17	13.7%	20.3%	15.9%	1.3	49.47	243.96	28.7x	5.8x	1,505.00	1,350.00	-5.65%	28.00	50.32	1,408.96	1,420.00	-1%	HOLD
UACN	0.75	2.5%	4.0%	2.2%	1.8	0.84	21.01	12.3x	0.5x	10.95	7.10	+42.07%	5.87	1.70	9.98	10.30	-3%	HOLD
Agricultural Products																		
OKOMUOIL	0.44	26.9%	18.4%	11.8%	1.6	6.23	33.83	16.1x	3.0x	100.00	90.00	+9.89%	11.75	9.34	109.75	100.00	+10%	HOLD
PRESCO	0.34	26.6%	16.9%	7.6%	2.2	5.22	30.92	13.8x	2.3x	75.00	69.00	+1.48%	11.30	6.21	70.22	72.00	-2%	HOLD
Household & Personal Products																		
PZ	0.93	-4.7%	-3.8%	-2.1%	1.8	-0.41	11.02	-12.1x	0.5x	5.85	4.15	-5.66%	-	-	4.58	5.00	-8%	HOLD
VITAFOAM	1.19	12.8%	43.4%	20.0%	2.2	3.51	8.08	2.6x	1.1x	10.05	7.35	+15.38%	2.30	2.32	5.34	9.00	-41%	SELL
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.62	10.6%	15.0%	6.6%	2.3	0.53	3.54	7.9x	1.2x	5.02	3.21	+19.66%	7.50	0.55	4.13	4.20	-2%	HOLD
FIDSON	0.66	3.5%	6.0%	2.4%	2.5	0.30	4.94	17.7x	1.1x	6.15	4.28	+17.33%	7.50	0.80	6.00	5.28	+14%	BUY
GLAXOSMITH	0.96	2.6%	10.3%	4.1%	2.5	0.77	7.47	8.1x	0.8x	7.25	6.10	-10.14%	8.00	0.89	7.12	6.20	+15%	BUY
NEIMETH	0.41	-46.2%	-3.7%	-0.6%	5.9	-0.02	0.57	-82.2x	3.0x	2.23	1.73	-22.42%	8.00	0.28	2.24	1.73	+29%	BUY
Materials																		
Construction Materials																		
BUACEMENT	0.33	34.2%	17.0%	11.4%	1.5	5.38	31.66	14.5x	2.5x	85.00	69.95	+0.71%	-	-	71.57	77.90	-8%	HOLD
DANGCEM	0.53	27.4%	31.1%	13.8%	2.3	14.96	48.02	14.5x	4.5x	244.90	204.00	-11.39%	-	-	232.64	217.00	+7%	HOLD

<b>WAPCO</b>	0.44	15.7%	6.5%	4.4%	1.5	1.44	22.16	15.4x	1.0x	30.30	19.50	+5.23%	-	-	23.91	22.15	+8%	HOLD
<b>Specialty Chemicals</b>																		
<b>CAP</b>	2.50	15.5%	18.4%	41.7%	0.4	2.06	11.17	10.8x	2.0x	23.90	18.00	+11.00%	9.89	2.10	20.77	22.20	-6%	HOLD
<b>BERGER</b>	0.77	0.8%	4.0%	2.4%	1.6	0.41	10.42	15.7x	0.6x	8.05	6.05	-11.56%	10.47	0.84	8.79	6.50	+35%	BUY
<b>Energy</b>																		
<b>CONOIL</b>	2.21	1.3%	6.7%	2.6%	2.5	1.99	29.66	8.5x	0.6x	21.00	17.00	-18.47%	8.50	2.94	24.95	17.00	+47%	BUY
<b>ETERNA</b>	1.89	0.4%	8.1%	3.2%	2.5	0.81	9.92	7.5x	0.6x	6.35	4.62	+17.65%	7.56	0.79	5.97	6.00	-0%	HOLD
<b>ARDOVA</b>	2.81	1.0%	10.3%	2.9%	3.6	1.43	13.86	10.5x	1.1x	21.85	13.50	+10.33%	-	-	-	14.95	-	UR
<b>MOBIL</b>	3.77	3.6%	7.2%	15.2%	0.5	18.47	256.10	11.9x	0.9x	249.50	219.50	-3.73%	-	-	-	219.50	-	UR
<b>MRS</b>	1.31	-2.8%	-8.0%	-3.9%	2.1	-4.76	59.81	-2.3x	0.2x	13.75	10.90	-20.73%	4.00	4.47	17.87	10.90	+64%	BUY
<b>SEPLAT</b>	0.15	-16.1%	-4.9%	-2.3%	2.1	-52.20	1,074.59	-10.9x	0.5x	583.00	402.30	+41.69%	-	-	681.55	570.00	+20%	BUY
<b>TOTAL</b>	1.80	0.3%	11.2%	2.4%	4.7	8.77	78.17	15.5x	1.7x	143.00	130.00	+4.54%	19.65	7.48	146.98	135.90	+8%	HOLD
<b>Telecommunications</b>																		
<b>MTNN</b>	0.69	15.2%	115.0%	10.5%	11.0	10.08	8.76	17.3x	20.0x	182.90	157.00	+2.94%	-	-	-	174.90	-	UR
<b>AIRTELAFRI</b>	0.37	9.1%	10.0%	3.3%	3.0	34.53	345.52	26.9x	2.7x	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= 2021 Dec 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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### Fair Value Estimate

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.

### Target Price Estimate

While we believe that the fair value is underpinned by the future benefits stream and growth outlooks, which are primary drivers of value, the market might not align to the fair value estimate within the estimated investment horizon. Thus, we do not derive our target price from the fair value but from a trading perspective using the year projected earnings or book value and the respective target multiples. Notwithstanding, we are of the opinion that the variance between the two should not be too significant.

### 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.

**SELL:** Target Price of the stock is more than **10 percent** below the current market price.

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