

STOCK RECOMMENDATION - JUNE 15, 2021

MARKET REVIEW

For the week ended June 11, 2021.

- The Nigerian equities market sustained the bullish run from the prior week (closing up on three of five trading days) as the **NSEASI** gained 1.11% WoW to 39,157.29pts. Year to Date (**YtD**) losses, therefore, moderated to -2.77%, from -3.84% at the end of the previous week.
- Reflecting broadly positive sentiment, all sectoral indices except the **NSEINS** (-4.12%) closed in the green last week. **CUTIX** (+23.56%) was the week's top performer, while **CWVG** (-26.14%) led the losers for the second week running.
- Market breadth dropped to 0.97x, from 1.09x in the prior week, as 36 tickers gained (against 37 decliners).
- ETI** notified the exchange of its plan to raise USD300mn via issuance of Tier 2 sustainability notes in the international debt market.

MARKET *P*REVIEW*For the week commencing June 15, 2021*

- As we had anticipated coming into the week, buying interest on heavyweight **DANGCEM** played a vital role in determining the market's direction. The ticker has gained 12.5%, climbing from NGN204 to NGN230 per share since shareholders voted to renew the share buyback programme last month. We also see headroom for further movement on the ticker.
- We think that at current levels, the equities market still presents attractive bargain hunting opportunities on some light and heavyweight tickers. Thus, we expect investors to take full advantage of this.
- Considering all of these, we expect the equities market to close in the positive territory this week.

THE WEEK THAT WAS (A REVIEW)

			Cur. Week	Prev. Week
NSEASI			39,157.29	38,726.10
Market Cap [NGN'tr]			20.41	20.18
Market Cap [USD 'bn]			49.76	49.21
Volume Traded [bn]			1.06	1.08
Value Traded [NGN'bn]			12.83	9.58
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NSEASI	1.11%	1.87%	0.29%	-2.76%
NSE-30	1.36%	2.10%	2.49%	-2.77%
NSE-B10	0.89%	0.61%	-2.99%	-8.76%
NSE-FB10	1.06%	0.91%	4.42%	-1.11%
NSE-OG5	1.37%	0.56%	16.96%	37.47%
NSE-INS10	-4.12%	-2.43%	-2.50%	5.23%
NSE-IND	2.37%	3.85%	3.32%	-4.86%
Value (NGN)		Volume		
ZENITHBANK	2,415,265,058	ZENITHBANK	104,998,593	
NESTLE	2,068,801,830	STERLNBANK	84,650,794	
GUARANTY	1,448,101,868	FIDELITYBK	71,694,240	
DANGCEM	903,251,431	UBA	50,729,746	
SEPLAT	798,178,908	GUARANTY	50,461,516	
Highest Gainers	%	Highest Losers	%	
CUTIX	23.56%	CWG	-26.14%	
OKOMUOIL	20.73%	FTNCOCOA	-15.38%	
MORISON	9.73%	NEM	-9.55%	
CONOIL	9.63%	STANBIC	-9.09%	
PZ	9.09%	JAPAUFGOLD	-8.47%	

	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	2.7x	0.4x	9.70	7.20	-2.96%	2.76	3.40	9.38	8.20	+14%	BUY
ETI	0.09	1.7%	4.4%	0.3%	13.3	1.26	28.81	4.1x	0.2x	6.75	4.70	-13.33%	2.37	4.40	10.43	5.20	+101%	BUY
FCMB	0.09	9.5%	9.5%	1.0%	9.5	1.03	10.85	3.0x	0.3x	3.50	2.66	-6.31%	2.71	1.06	2.87	3.12	-8%	HOLD
FIDELITYBK	0.08	13.2%	11.4%	1.2%	9.8	1.03	9.05	2.2x	0.2x	2.77	2.10	-11.11%	2.83	1.01	2.86	2.24	+28%	BUY
FBNH	0.09	15.5%	12.6%	1.2%	10.2	2.51	19.84	2.9x	0.4x	7.85	6.90	+0.70%	3.22	2.59	8.34	7.20	+16%	BUY
GUARANTY	0.10	43.1%	25.4%	4.2%	6.1	6.53	25.67	4.4x	1.1x	36.00	28.00	-10.66%	4.90	6.99	34.25	28.90	+19%	BUY
STANBIC	0.09	36.1%	23.4%	3.3%	7.0	7.71	32.92	5.3x	1.2x	52.90	38.70	-6.92%	6.80	7.37	50.12	41.00	+22%	BUY
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	2.1x	0.3x	9.25	6.80	-17.34%	3.00	3.60	10.80	7.15	+51%	BUY
UBN	0.08	12.4%	7.5%	0.9%	8.5	0.68	9.01	8.5x	0.6x	6.10	4.55	+8.41%	9.00	0.88	7.92	5.80	+37%	BUY
WEMABANK	0.10	4.6%	6.7%	0.4%	15.4	0.10	1.45	5.9x	0.4x	0.75	0.55	-17.39%	-	-	-	0.57	-	UR
ZENITHBANK	0.10	33.1%	25.1%	3.3%	7.6	8.92	35.59	2.6x	0.7x	27.20	20.30	-6.65%	3.85	7.68	29.57	23.15	+28%	BUY
Insurance																		
AIICO	0.24	11.8%	20.0%	2.7%	7.4	0.41	2.03	2.7x	0.5x	1.59	1.01	-1.77%	5.14	0.26	1.34	1.11	+20%	BUY
LASACO	0.48	6.7%	3.5%	1.6%	2.2	0.04	1.15	33.7x	1.2x	1.71	0.35	+288.57%	-	-	-	1.36	-	UR
MANSARD	0.44	15.9%	17.1%	5.0%	3.4	0.49	2.89	1.8x	0.3x	1.70	0.83	-16.19%	-	-	-	0.88	-	UR
NEM	0.71	12.0%	15.8%	8.1%	2.0	0.45	2.81	4.0x	0.6x	2.69	1.72	+0.56%	4.19	0.56	2.35	1.80	+30%	BUY
WAPIC	0.40	35.9%	5.1%	3.0%	1.7	0.09	1.80	6.0x	0.3x	0.72	0.39	+37.50%	1.90	0.31	0.59	0.55	+7%	HOLD
CUSTODIAN	0.43	17.0%	10.8%	7.3%	1.5	2.17	20.17	2.7x	0.3x	7.10	5.75	+1.71%	3.80	2.22	8.44	5.95	+42%	BUY
Consumer Staples & Discretionary																		
Breweries																		

GUINNESS	0.91	-0.4%	5.3%	2.6%	2.0	1.76	33.20	16.5x	0.9x	35.90	17.65	+52.89%	-	-	16.99	29.05	-42%	SELL
NB	0.76	2.2%	4.6%	1.7%	2.8	0.92	20.16	63.3x	2.9x	63.00	47.00	+4.11%	-	-	-	58.30	-	UR
INTBREW	0.35	-15.4%	-20.0%	-8.5%	2.3	-1.13	5.65	-4.9x	1.0x	7.07	4.55	-7.56%	-	-	5.51	5.50	+0%	HOLD
Packaged Foods & Meats																		
CADBURY	2.68	3.3%	3.7%	9.4%	0.4	0.68	18.20	11.9x	0.4x	10.80	7.75	-10.56%	13.84	0.59	8.17	8.05	+1%	HOLD
DANGSUGAR	0.77	13.9%	23.9%	10.7%	2.2	2.45	10.26	7.2x	1.7x	21.70	16.40	+0.85%	6.52	3.08	20.08	17.75	+13%	BUY
HONYFLOUR	0.73	0.4%	3.3%	1.3%	2.5	0.24	7.22	5.5x	0.2x	1.49	1.09	+10.00%	-	-	-	1.32	-	UR
FLOURMILL	1.43	2.8%	11.3%	3.8%	3.0	4.58	40.40	6.5x	0.7x	34.70	26.10	+15.38%	6.80	4.68	31.82	30.00	+6%	HOLD
NASCON	0.63	9.6%	21.1%	6.1%	3.5	1.01	4.80	14.3x	3.0x	17.55	13.00	0.00%	13.00	1.17	15.21	14.50	+5%	HOLD
NESTLE	1.17	13.7%	20.3%	15.9%	1.3	49.47	243.96	28.3x	5.7x	1,505.00	1,350.00	-6.98%	27.92	53.09	1,482.27	1,400.00	+6%	HOLD
UACN	0.75	2.5%	4.0%	2.2%	1.8	0.84	21.01	13.0x	0.5x	11.25	7.10	+50.34%	5.87	1.70	9.98	10.90	-8%	HOLD
Agricultural Products																		
OKOMUOIL	0.44	26.9%	18.4%	11.8%	1.6	6.23	33.83	18.7x	3.4x	116.50	90.00	+28.02%	10.99	11.56	127.04	116.50	+9%	HOLD
PRESCO	0.34	26.6%	16.9%	7.6%	2.2	5.22	30.92	14.5x	2.5x	78.90	69.00	+6.98%	12.01	7.25	87.07	75.90	+15%	BUY
Household & Personal Products																		
PZ	0.93	-4.7%	-3.8%	-2.1%	1.8	-0.41	11.02	-14.5x	0.5x	6.00	4.15	+13.21%	-	-	4.58	6.00	-24%	SELL
VITAFOAM	1.19	12.8%	43.4%	20.0%	2.2	3.51	8.08	3.4x	1.5x	12.00	7.35	+53.85%	2.30	2.32	5.34	12.00	-56%	SELL
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.62	10.6%	15.0%	6.6%	2.3	0.53	3.54	7.6x	1.1x	5.02	3.21	+15.10%	7.70	0.63	4.85	4.04	+20%	BUY
FIDSON	0.66	3.5%	6.0%	2.4%	2.5	0.30	4.94	17.1x	1.0x	6.15	4.28	+13.33%	7.00	1.02	7.14	5.10	+40%	BUY
GLAXOSMITH	0.96	2.6%	10.3%	4.1%	2.5	0.77	7.47	7.8x	0.8x	7.25	6.00	-13.04%	8.00	0.89	7.12	6.00	+19%	BUY
NEIMETH	0.41	-46.2%	-3.7%	-0.6%	5.9	-0.02	0.57	-81.7x	3.0x	2.23	1.71	-22.87%	8.00	0.28	2.24	1.72	+30%	BUY
Materials																		
Construction Materials																		
BUACEMENT	0.33	34.2%	17.0%	11.4%	1.5	5.38	31.66	13.8x	2.3x	85.00	69.95	-4.33%	-	-	71.57	74.00	-3%	HOLD
DANGCEM	0.53	27.4%	31.1%	13.8%	2.3	14.96	48.02	15.4x	4.8x	244.90	204.00	-6.08%	-	-	232.64	230.00	+1%	HOLD

WAPCO	0.44	15.7%	6.5%	4.4%	1.5	1.44	22.16	14.7x	1.0x	30.30	19.50	+0.24%	-	-	23.91	21.10	+13%	BUY
Specialty Chemicals																		
CAP	2.50	15.5%	18.4%	41.7%	0.4	2.06	11.17	9.2x	1.7x	23.90	18.00	-5.00%	9.89	2.10	20.77	19.00	+9%	HOLD
BERGER	0.77	0.8%	4.0%	2.4%	1.6	0.41	10.42	16.2x	0.6x	8.05	6.05	-8.84%	10.47	0.84	8.79	6.70	+31%	BUY
Energy																		
CONOIL	2.21	1.3%	6.7%	2.6%	2.5	1.99	29.66	10.3x	0.7x	21.00	17.00	-1.68%	8.50	2.94	24.95	20.50	+22%	BUY
ETERNA	1.89	0.4%	8.1%	3.2%	2.5	0.81	9.92	9.9x	0.8x	8.00	4.62	+56.86%	7.56	0.79	5.97	8.00	-25%	SELL
ARDOVA	2.81	1.0%	10.3%	2.9%	3.6	1.43	13.86	10.8x	1.1x	21.85	13.50	+13.65%	-	-	-	15.40	-	UR
MOBIL	3.77	3.6%	7.2%	15.2%	0.5	18.47	256.10	-	-				-	-	-	-	-	UR
MRS	1.31	-2.8%	-8.0%	-3.9%	2.1	-4.76	59.81	-2.6x	0.2x	13.75	10.90	-8.36%	4.00	4.47	17.87	12.60	+42%	BUY
SEPLAT	0.15	-16.1%	-4.9%	-2.3%	2.1	-52.20	1,074.59	-13.2x	0.6x	690.00	402.30	+71.51%	-	-	681.55	690.00	-1%	HOLD
TOTAL	1.80	0.3%	11.2%	2.4%	4.7	8.77	78.17	16.5x	1.9x	145.00	130.00	+11.54%	19.65	7.48	146.98	145.00	+1%	HOLD
Telecommunications																		
MTNN	0.69	15.2%	115.0%	10.5%	11.0	10.08	8.76	16.1x	18.6x	182.90	157.00	-4.24%	15.77	12.14	191.45	162.70	+18%	BUY
AIRTELAFRI	0.37	9.1%	10.0%	3.3%	3.0	34.53	345.52	24.2x	2.4x	930.00	837.00	-1.74%	17.24	48.96	844.11	837.00	+1%	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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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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