

STOCK RECOMMENDATION - JUNE 07, 2021

MARKET REVIEW

For the week ended June 04, 2021.

- Bullish momentum resurfaced on the local bourse last week, with buying interest strengthening the All Share Index by +1.23% WoW to 38,726.10pts. As a result, year to date (YTD) return moderated to -3.84%, from -5.00% at the end of the previous week.
- Bargain hunting on counters in the Industrial and Insurance sectors offset profit taking activities on counters in the Oil & Gas, Consumer Goods and Banking Sectors. **UPL** (+43.59%) emerged as last week's top gainer, while **CWG** (-26.09%) was the week's worst performer.
- Market breadth inched up to 1.09x, from 1.00x in the prior week, as 36 tickers gained (against 33 decliners).
- **BUACEMENT**, through a notification to the exchange, informed the investing public of changes to its qualification, closure, payment and AGM dates – which we have captured in our weekly CBT report.

MARKET *P*REVIEW

For the week commencing June 07, 2021

- Buying interest on heavyweight tickers, particularly **DANGCEM** which gained about 3.53% last week played a major role in determining the market's direction.
- We suspect that the movement on **DANGCEM** is inspired by the recent decision of the company's shareholders to reinstate the share buyback programme. We also see the scope for the stock price to rally further this week.
- Barring any negative shocks, we expect the positive momentum from last week to filter into the new week.
- **Thus, we expect the equities market to close positive territory this week.**

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NSEASI	38,726.10	38,256.99
Market Cap [NGN'tr]	20.18	19.94
Market Cap [USD 'bn]	49.21	48.61
Volume Traded [bn]	1.08	1.04
Value Traded [NGN'bn]	9.58	9.47

NSEASI & Sectoral Indices [Return Profile]

	WtD	MtD	QtD	YtD
NSEASI	1.23%	0.75%	-0.82%	-3.84%
NSE-30	1.35%	0.73%	1.11%	-4.08%
NSE-B10	0.04%	-0.27%	-3.85%	-9.56%
NSE-FB10	-0.37%	-0.15%	3.33%	-2.15%
NSE-OG5	-0.79%	-0.80%	15.38%	35.61%
NSE-INS10	1.25%	1.76%	1.69%	9.76%
NSE-IND	2.60%	1.45%	0.93%	-7.06%

Value (NGN)	Volume
ZENITHBANK	SOVRENINS
SEPLAT	ZENITHBANK
DANGCEM	VERITASKAP
GUARANTY	FCMB
NESTLE	FIDELITYBK

Highest Gainers	%	Highest Losers	%
UPL	43.59%	CWG	-26.09%
MORISON	20.21%	ROYALEX	-11.11%
VERITASKAP	20.00%	CAP	-10.14%
VITAFOAM	10.89%	CHAMPION	-9.91%
BERGER	9.84%	IKEJAHOTEL	-9.09%

	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	-3.55%	2.76	3.40	9.38	8.15	+15%	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%	2.37	4.40	10.43	5.10	+104%	BUY
FCMB	0.09	9.5%	9.5%	1.0%	9.5	1.03	10.85	3.2x	0.3x	3.50	2.66	-0.90%	2.71	1.06	2.87	3.30	-13%	SELL
FIDELITYBK	0.08	13.2%	11.4%	1.2%	9.8	1.03	9.05	2.2x	0.2x	2.77	2.10	-10.32%	2.83	1.01	2.86	2.26	+26%	BUY
FBNH	0.09	15.5%	12.6%	1.2%	10.2	2.51	19.84	2.9x	0.4x	7.85	6.90	+1.40%	3.22	2.59	8.34	7.25	+15%	BUY
GUARANTY	0.10	43.1%	25.4%	4.2%	6.1	6.53	25.67	4.4x	1.1x	36.00	28.00	-11.44%	4.90	6.99	34.25	28.65	+20%	BUY
STANBIC	0.09	36.1%	23.4%	3.3%	7.0	7.71	32.92	5.9x	1.4x	52.90	38.70	+2.38%	6.80	7.37	50.12	45.10	+11%	BUY
STERLNBANK	0.11	6.9%	8.2%	0.8%	10.3	0.36	4.42	4.5x	0.4x	2.10	1.43	-19.61%	-	-	-	1.64	-	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	8.1x	0.6x	6.10	4.55	+2.80%	9.00	0.88	7.92	5.50	+44%	BUY
WEMABANK	0.10	4.6%	6.7%	0.4%	15.4	0.10	1.45	6.0x	0.4x	0.75	0.55	-15.94%	-	-	-	0.58	-	UR
ZENITHBANK	0.10	33.1%	25.1%	3.3%	7.6	8.92	35.59	2.6x	0.6x	27.20	20.30	-7.26%	3.85	7.68	29.57	23.00	+29%	BUY
Insurance																		
AIICO	0.24	11.8%	20.0%	2.7%	7.4	0.41	2.03	2.8x	0.6x	1.59	1.01	+1.77%	5.14	0.26	1.34	1.15	+16%	BUY
LASACO	0.48	6.7%	3.5%	1.6%	2.2	0.04	1.15	34.5x	1.2x	1.71	0.35	+297.14%	-	-	-	1.39	-	UR
MANSARD	0.44	15.9%	17.1%	5.0%	3.4	0.49	2.89	1.8x	0.3x	1.70	0.86	-14.29%	-	-	-	0.90	-	UR
NEM	0.71	12.0%	15.8%	8.1%	2.0	0.45	2.81	4.7x	0.7x	2.69	1.72	+16.20%	4.19	0.56	2.35	2.08	+13%	BUY
WAPIC	0.40	35.9%	5.1%	3.0%	1.7	0.09	1.80	6.5x	0.3x	0.72	0.39	+47.50%	1.90	0.31	0.59	0.59	-0%	HOLD
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	5.90	+43%	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	+52.63%	-	-	16.99	29.00	-41%	SELL
NB	0.76	2.2%	4.6%	1.7%	2.8	0.92	20.16	64.1x	2.9x	63.00	47.00	+5.45%	-	-	-	59.05	-	UR
INTBREW	0.35	-15.4%	-20.0%	-8.5%	2.3	-1.13	5.65	-4.7x	0.9x	7.07	4.55	-10.08%	-	-	5.51	5.35	+3%	HOLD
Packaged Foods & Meats																		
CADBURY	2.68	3.3%	3.7%	9.4%	0.4	0.68	18.20	12.0x	0.4x	10.80	7.75	-10.00%	13.84	0.59	8.17	8.10	+1%	HOLD
DANGSUGAR	0.77	13.9%	23.9%	10.7%	2.2	2.45	10.26	6.9x	1.7x	21.70	16.40	-3.41%	6.52	3.08	20.08	17.00	+18%	BUY
HONYFLOUR	0.73	0.4%	3.3%	1.3%	2.5	0.24	7.22	5.1x	0.2x	1.49	1.09	+2.50%	-	-	-	1.23	-	UR
FLOURMILL	1.43	2.8%	11.3%	3.8%	3.0	4.58	40.40	6.2x	0.7x	34.70	26.10	+9.62%	6.80	4.68	31.82	28.50	+12%	BUY
NASCON	0.63	9.6%	21.1%	6.1%	3.5	1.01	4.80	13.3x	2.8x	17.55	13.00	-6.90%	13.00	1.17	15.21	13.50	+13%	BUY
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	13.2x	0.5x	11.25	7.10	+51.72%	5.87	1.70	9.98	11.00	-9%	HOLD
Agricultural Products																		
OKOMUOIL	0.44	26.9%	18.4%	11.8%	1.6	6.23	33.83	15.5x	2.9x	103.50	90.00	+6.04%	10.99	11.56	127.04	96.50	+32%	BUY
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	-13.3x	0.5x	5.85	4.15	+3.77%	-	-	4.58	5.50	-17%	SELL
VITAFOAM	1.19	12.8%	43.4%	20.0%	2.2	3.51	8.08	3.2x	1.4x	11.50	7.35	+43.59%	2.30	2.32	5.34	11.20	-52%	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	+13.96%	7.70	0.63	4.85	4.00	+21%	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	7.9x	0.8x	7.25	6.00	-12.32%	8.00	0.89	7.12	6.05	+18%	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	14.7x	4.6x	244.90	204.00	-10.17%	-	-	232.64	220.00	+6%	HOLD

WAPCO	0.44	15.7%	6.5%	4.4%	1.5	1.44	22.16	14.3x	0.9x	30.30	19.50	-2.61%	-	-	23.91	20.50	+17%	BUY
Specialty Chemicals																		
CAP	2.50	15.5%	18.4%	41.7%	0.4	2.06	11.17	9.7x	1.8x	23.90	18.00	-0.25%	9.89	2.10	20.77	19.95	+4%	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	9.4x	0.6x	21.00	17.00	-10.31%	8.50	2.94	24.95	18.70	+33%	BUY
ETERNA	1.89	0.4%	8.1%	3.2%	2.5	0.81	9.92	9.7x	0.8x	8.00	4.62	+52.94%	7.56	0.79	5.97	7.80	-23%	SELL
ARDOVA	2.81	1.0%	10.3%	2.9%	3.6	1.43	13.86	10.5x	1.1x	21.85	13.50	+10.70%	-	-	-	15.00	-	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	-13.0x	0.6x	688.00	402.30	+69.03%	-	-	681.55	680.00	+0%	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	16.4x	18.8x	182.90	157.00	-2.88%	15.77	12.14	191.45	165.00	+16%	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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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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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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