

STOCK RECOMMENDATION - JULY 19, 2021

MARKET REVIEW

For the week ended July 16, 2021.

- Last week, the market closed in the red zone as the All Share Index shed 0.12%WoW to settle at 37,947.18 points. This further worsened the market's year-to-date losses to -5.77%.
- All sectoral indexes closed negative, except the **NGX-OG5** and **NGX-B10** indices, which closed up by 1.81%WoW and 0.09%WoW respectively.
- **FTNCOCOA** (+20.59%) was the best performing stock, while **IKEJAHOTEL** led the laggards (-18.83%).

MARKET *P*REVIEW

For the week commencing July 19, 2021.

- The equities market has remained entrenched in the negative region for two consecutive weeks signalling dampened investors' sentiment despite low stock prices.
- While we acknowledge some bargain hunting activities on account of corporate disclosures and earnings releases for H1:2021, we expect this to have a muted effect on stocks direction this week as investors' sentiment remains largely bearish.
- **Ultimately, we expect the bearish sentiment in the market to linger this week, which will drive the All Share Index to a negative close.**

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NGXASI	37,947.18	37,994.19
Market Cap [NGN'tr]	19.77	19.80
Market Cap [USD 'bn]	48.20	48.26
Volume Traded [bn]	1.01	1.35
Value Traded [NGN'bn]	10.92	2.14

NSEASI & Sectoral Indices [Return Profile]

	WtD	MtD	QtD	YtD
NGXASI	-0.12%	0.11%	0.11%	-5.77%
NGX-30	-0.19%	1.44%	1.44%	-1.36%
NGX-B10	0.09%	4.59%	4.59%	-2.47%
NGX-FB10	-0.85%	-1.16%	-1.16%	3.59%
NGX-OG5	1.81%	7.84%	7.84%	49.25%
NGX-INS10	-1.07%	-1.14%	-1.14%	6.34%
NGX-IND	-0.30%	1.91%	1.91%	-6.27%

Value (NGN)		Volume	
GTCO	3,574,160,837	GTCO	120,899,602
ZENITHBANK	1,702,170,932	UBA	71,218,494
MTNN	1,375,997,757	ZENITHBANK	69,622,966
UBA	536,879,357	WEMABANK	61,755,248
ACCESS	494,444,003	ACCESS	54,443,124

Highest Gainers		Highest Losers	
	%		%
FTNCOCOA	20.59%	IKEJAHOTEL	-18.83%
NCR	20.48%	CHIPLC	-15.71%
CAPHOTEL	10.00%	NEWGOLD	-8.70%
SOVRENINS	10.00%	UNITYBNK	-8.47%
TRIPPLEG	9.89%	WAPIC	-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	0.86	23.7%	14.9%	13.1%	1.1	3.33	22.31	2.8x	0.4x	9.70	7.20	+8.88%	2.76	3.40	9.38	9.20	+2%	HOLD
ETI	0.08	14.2%	5.0%	0.4%	13.1	1.61	32.40	3.3x	0.2x	6.75	4.70	-11.67%	2.37	4.40	10.43	5.30	+97%	BUY
FCMB	0.09	8.3%	8.1%	0.9%	9.4	0.93	11.57	3.2x	0.3x	3.50	2.66	-10.21%	2.71	1.06	2.87	2.99	-4%	HOLD
FIDELITYBK	0.07	17.4%	11.5%	1.1%	10.9	1.05	9.13	2.3x	0.3x	2.77	2.10	-4.76%	2.83	1.01	2.86	2.40	+19%	BUY
FBNH	0.07	11.4%	10.4%	1.0%	10.2	2.22	21.31	3.3x	0.3x	7.85	6.90	+2.10%	3.22	2.59	8.34	7.30	+14%	BUY
GTCO	0.09	42.9%	23.5%	3.9%	6.0	6.69	28.45	4.4x	1.0x	30.00	29.00	-9.12%	4.90	6.99	34.25	29.40	+17%	BUY
STANBIC	0.09	24.6%	19.3%	2.9%	6.7	6.65	34.52	6.2x	1.2x	52.90	38.70	-6.92%	6.80	7.37	50.12	41.00	+22%	BUY
STERLNBANK	0.10	7.7%	8.8%	0.8%	10.6	0.40	4.58	3.9x	0.3x	2.10	1.43	-23.53%	4.12	0.46	1.90	1.56	+21%	BUY
UBA	0.08	24.5%	16.0%	1.5%	10.4	3.56	22.29	2.2x	0.3x	9.25	6.80	-10.40%	3.00	3.60	10.80	7.75	+39%	BUY
UBN	0.07	16.9%	7.1%	0.9%	8.1	0.65	9.11	8.6x	0.6x	6.10	4.55	+4.67%	9.00	0.88	7.92	5.60	+41%	BUY
WEMABANK	0.15	6.7%	31.4%	1.8%	17.1	0.49	1.57	1.6x	0.5x	0.81	0.55	+15.94%	3.07	0.23	0.71	0.80	-12%	SELL
ZENITHBANK	0.08	33.7%	21.3%	2.7%	8.0	7.42	34.78	3.3x	0.7x	27.20	20.30	-1.41%	3.85	7.68	29.57	24.45	+21%	BUY
Insurance																		
AIICO	0.29	8.9%	13.8%	2.3%	6.1	0.24	1.72	4.8x	0.7x	1.59	1.00	+1.77%	5.14	0.26	1.34	1.15	+16%	BUY
LASACO	0.45	7.8%	8.6%	3.5%	2.5	0.42	4.91	3.9x	0.3x	1.71	0.35	+368.57%	3.21	0.47	1.51	1.64	-8%	HOLD
MANSARD	0.43	20.5%	12.8%	4.7%	2.7	0.14	1.13	6.0x	0.8x	1.70	0.83	-17.14%	1.23	0.88	1.08	0.87	+24%	BUY
NEM	0.71	11.6%	26.4%	15.2%	1.7	0.51	1.94	3.9x	1.0x	2.69	1.72	+11.73%	4.19	0.56	2.35	2.00	+17%	BUY
WAPIC	0.44	4.4%	3.1%	1.9%	1.6	0.03	1.01	16.9x	0.5x	0.72	0.39	+35.00%	1.90	0.31	0.59	0.54	+9%	HOLD
CUSTODIAN	0.40	6.9%	20.8%	6.4%	3.2	2.08	10.00	2.9x	0.6x	7.10	5.75	+4.27%	3.80	2.22	8.44	6.10	+38%	BUY
Consumer Staples & Discretionary																		
Breweries																		

GUINNESS	0.78	1.6%	-16.2%	-7.7%	2.1	-5.53	34.18	-5.2x	0.8x	35.90	17.65	+52.63%	-	-	31.61	29.00	+9%	HOLD
NB	0.81	7.2%	4.3%	1.6%	2.6	0.91	21.11	63.5x	2.7x	63.00	47.00	+3.57%	-	-	61.22	58.00	+6%	HOLD
INTBREW	0.38	-6.6%	-6.2%	-2.5%	2.5	-0.35	5.55	-15.5x	1.0x	7.07	4.55	-10.08%	-	-	5.51	5.35	+3%	HOLD
Packaged Foods & Meats																		
CADBURY	0.97	2.7%	3.4%	1.3%	2.7	0.25	7.34	34.3x	1.2x	10.80	7.75	-4.44%	13.84	0.59	8.17	8.60	-5%	HOLD
DANGSUGAR	0.80	12.3%	23.8%	10.9%	2.2	2.61	10.95	6.7x	1.6x	21.70	16.40	-0.85%	6.52	3.08	20.08	17.45	+15%	BUY
HONYFLOUR	0.94	1.0%	2.8%	1.1%	2.5	0.20	7.31	8.0x	0.2x	1.71	1.09	+35.83%	9.00	0.15	1.35	1.63	-17%	SELL
FLOURMILL	1.42	3.3%	14.7%	4.7%	3.1	6.27	42.58	4.8x	0.7x	34.70	26.10	+14.81%	5.00	7.76	38.80	29.85	+30%	BUY
NASCON	0.62	8.7%	20.7%	5.9%	3.5	0.21	1.03	70.0x	14.5x	17.55	13.00	+3.45%	13.00	1.17	15.21	15.00	+1%	HOLD
NESTLE	1.26	14.2%	97.1%	16.8%	5.8	50.99	52.50	30.2x	29.3x	1,540.00	1,350.00	+2.33%	27.92	53.09	1,482.27	1,540.00	-4%	HOLD
UACN	0.91	3.0%	6.4%	4.3%	1.5	1.36	21.30	7.3x	0.5x	11.25	7.10	+37.93%	5.87	1.70	9.98	10.00	-0%	HOLD
Agricultural Products																		
OKOMUOIL	0.51	42.0%	28.8%	19.2%	1.5	11.56	40.07	9.5x	2.7x	116.50	90.00	+20.88%	10.99	11.56	127.04	110.00	+15%	BUY
PRESCO	0.35	48.5%	20.9%	9.6%	2.2	7.31	34.89	9.3x	1.9x	78.90	68.00	-4.16%	12.01	7.25	87.07	68.00	+28%	BUY
Household & Personal Products																		
PZ	0.94	2.2%	5.1%	2.1%	2.4	0.46	9.07	12.6x	0.6x	6.00	4.15	+9.43%	-	-	4.58	5.80	-21%	SELL
VITAFOAM	1.14	13.3%	45.8%	19.2%	2.4	3.92	8.55	3.8x	1.8x	16.20	7.35	+92.31%	4.50	2.95	13.28	15.00	-12%	SELL
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.68	9.3%	16.7%	7.8%	2.1	0.68	4.04	6.6x	1.1x	5.02	3.21	+26.21%	7.70	0.63	4.85	4.43	+10%	HOLD
FIDSON	0.66	9.2%	14.7%	5.2%	2.8	0.78	5.33	7.8x	1.1x	6.34	4.28	+35.33%	7.00	1.02	7.14	6.09	+17%	BUY
GLAXOSMITH	1.01	-6.9%	3.0%	1.4%	2.2	0.23	7.43	27.2x	0.8x	7.25	6.00	-10.87%	8.00	0.89	7.12	6.15	+16%	BUY
NEIMETH	0.47	2.2%	15.7%	2.9%	5.4	0.10	0.62	18.1x	2.8x	2.23	1.70	-21.52%	8.00	0.28	2.24	1.75	+28%	BUY
Materials																		
Construction Materials																		
BUACEMENT	0.30	36.6%	18.8%	10.5%	1.8	2.21	11.76	32.1x	6.0x	85.00	69.95	-8.21%	-	-	71.57	71.00	+1%	HOLD
DANGCEM	0.53	27.0%	31.4%	14.4%	2.2	17.91	56.99	12.8x	4.0x	244.90	204.00	-6.08%	-	-	232.64	230.00	+1%	HOLD
WAPCO	0.45	12.8%	8.7%	6.0%	1.4	1.98	22.89	10.9x	0.9x	30.30	19.50	+2.85%	-	-	23.91	21.65	+10%	BUY

Specialty Chemicals																		
CAP	0.87	9.7%	10.0%	10.0%	1.0	1.39	13.90	15.0x	1.5x	23.90	18.00	+4.00%	9.89	2.10	20.77	20.80	-0%	HOLD
BERGER	0.79	3.8%	3.9%	2.5%	1.6	0.43	11.01	20.7x	0.8x	9.85	6.05	+21.09%	10.47	0.84	8.79	8.90	-1%	HOLD
Energy																		
CONOIL	2.12	1.3%	8.0%	3.0%	2.7	2.31	28.74	8.0x	0.6x	21.00	17.00	-11.27%	8.50	2.94	24.95	18.50	+35%	BUY
ETERNA	1.79	1.8%	11.4%	5.0%	2.3	1.19	10.43	5.5x	0.6x	8.00	4.62	+27.45%	7.56	0.79	5.97	6.50	-8%	HOLD
ARDOVA	2.63	2.0%	11.8%	3.4%	3.5	1.71	14.52	9.1x	1.1x	21.85	13.50	+14.39%	10.65	1.52	16.19	15.50	+4%	HOLD
MRS	1.11	0.0%	-7.1%	-3.2%	2.2	-3.95	55.28	-3.2x	0.2x	13.75	10.90	-8.36%	4.00	4.47	17.87	12.60	+42%	BUY
SEPLAT	0.16	16.3%	2.1%	1.0%	2.0	22.71	1,090.36	33.9x	0.7x	770.00	402.30	+91.40%	-	-	681.55	770.00	-11%	SELL
TOTAL	1.15	4.5%	16.7%	3.0%	5.6	15.31	91.74	11.0x	1.8x	168.00	130.00	+29.23%	19.65	7.48	146.98	168.00	-13%	SELL
Telecommunications																		
MTNN	0.64	19.1%	90.1%	10.4%	8.7	11.16	12.39	14.8x	13.3x	182.90	157.00	-2.88%	15.77	12.14	191.45	165.00	+16%	BUY
AIRTELAFRI	0.39	10.6%	12.4%	4.2%	3.0	45.41	366.91	13.2x	1.6x	930.00	601.00	-29.44%	-	-	748.89	601.00	+25%	BUY

*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

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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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