

## STOCK RECOMMENDATION - JULY 26, 2021

### MARKET REVIEW

*For the week ended July 23, 2021.*

- Bullish sentiments dominated the equities market last week as the All Share Index gained 1.90%WoW to settle at 38,667.90 points. This improved the year to date return to -3.98%.
- All sectoral indexes closed positive, with the exception of **NGXINS** which shed 0.74%WoW.
- Leading the gainers' chart was **CUTIX** (+32.51%) while **SOVRENINS** emerged as top loser for the week (-12.12%).

### MARKET *P*REVIEW

*For the week commencing July 26, 2021.*

- The equities market reversed the two-week bearish run to close on a positive note last week as investors began to take advantage of low prices on some tickers in the market.
- We also expect bullish sentiments to dominate the market this week given bargain hunting opportunities on some tickers.
- We also expect investors to position ahead of expected H1:2021 earnings releases and corporate disclosures which will ultimately drive the All Share Index to a positive close.

### THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NGXASI	38,667.90	37,947.18
Market Cap [NGN'tr]	20.15	19.77
Market Cap [USD 'bn]	49.11	48.20
Volume Traded [bn]	0.90	1.01
Value Traded [NGN'bn]	5.24	10.92

  

NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	1.90%	2.01%	2.01%	-3.98%
NGX-30	1.94%	3.40%	3.40%	0.55%
NGX-B10	0.44%	5.05%	5.05%	-2.04%
NGX-FB10	0.57%	-0.59%	-0.59%	4.18%
NGX-OG5	7.53%	15.95%	15.95%	60.49%
NGX-INS10	-0.74%	-1.87%	-1.87%	5.55%
NGX-IND	4.06%	6.04%	6.04%	-2.46%

  

Value (NGN)		Volume	
ZENITHBANK	939,211,289	JAIZBANK	221,179,151
GTCO	712,006,552	STERLNBANK	102,843,361
NB	250,111,377	FIDELITYBK	45,856,382
UCAP	244,186,034	WEMABANK	40,635,954
DANGCEM	220,907,109	ZENITHBANK	37,941,068

  

Highest Gainers		Highest Losers	
	%		%
TOTAL	20.95%	SOVRENINS	-12.12%
OANDO	20.67%	STANBICETF30	-8.57%
CUTIX	20.55%	AIICO	-7.83%
UCAP	13.08%	REDSTAREX	-4.76%
UNITYBNK	12.96%	VERITASKAP	-4.00%

	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>																		
<b>ACCESS</b>	0.86	23.7%	14.9%	13.1%	1.1	3.33	22.31	2.7x	0.4x	9.70	7.20	+8.28%	2.76	3.40	9.38	9.15	+3%	<b>HOLD</b>
<b>ETI</b>	0.08	14.2%	5.0%	0.4%	13.1	1.61	32.40	3.2x	0.2x	6.75	4.70	-15.00%	2.37	4.40	10.43	5.10	+104%	<b>BUY</b>
<b>FCMB</b>	0.09	8.3%	8.1%	0.9%	9.4	0.93	11.57	3.2x	0.3x	3.50	2.66	-9.91%	2.71	1.06	2.87	3.00	-4%	<b>HOLD</b>
<b>FIDELITYBK</b>	0.07	17.4%	11.5%	1.1%	10.9	1.05	9.13	2.3x	0.3x	2.77	2.10	-5.16%	2.83	1.01	2.86	2.39	+20%	<b>BUY</b>
<b>FBNH</b>	0.07	11.4%	10.4%	1.0%	10.2	2.22	21.31	3.4x	0.4x	7.85	6.90	+4.90%	3.22	2.59	8.34	7.50	+11%	<b>BUY</b>
<b>GTCO</b>	0.09	42.9%	23.5%	3.9%	6.0	6.69	28.45	4.4x	1.0x	30.00	29.00	-8.50%	4.90	6.99	34.25	29.60	+16%	<b>BUY</b>
<b>STANBIC</b>	0.09	24.6%	19.3%	2.9%	6.7	6.65	34.52	6.1x	1.2x	52.90	38.70	-7.60%	6.80	7.37	50.12	40.70	+23%	<b>BUY</b>
<b>STERLNBANK</b>	0.10	7.7%	8.8%	0.8%	10.6	0.40	4.58	3.8x	0.3x	2.10	1.43	-25.49%	4.12	0.46	1.90	1.52	+25%	<b>BUY</b>
<b>UBA</b>	0.08	24.5%	16.0%	1.5%	10.4	3.56	22.29	2.2x	0.3x	9.25	6.80	-9.83%	3.00	3.60	10.80	7.80	+38%	<b>BUY</b>
<b>UBN</b>	0.07	16.9%	7.1%	0.9%	8.1	0.65	9.11	8.4x	0.6x	6.10	4.55	+1.87%	9.00	0.88	7.92	5.45	+45%	<b>BUY</b>
<b>WEMABANK</b>	0.15	6.7%	31.4%	1.8%	17.1	0.49	1.57	1.8x	0.6x	0.89	0.55	+28.99%	3.07	0.23	0.71	0.89	-21%	<b>SELL</b>
<b>ZENITHBANK</b>	0.08	33.7%	21.3%	2.7%	8.0	7.42	34.78	3.3x	0.7x	27.20	20.30	+0.20%	3.85	7.68	29.57	24.85	+19%	<b>BUY</b>
<b>Insurance</b>																		
<b>AIICO</b>	0.29	8.9%	13.8%	2.3%	6.1	0.24	1.72	4.5x	0.6x	1.59	1.00	-6.19%	5.14	0.26	1.34	1.06	+26%	<b>BUY</b>
<b>LASACO</b>	0.45	7.8%	8.6%	3.5%	2.5	0.42	4.91	3.8x	0.3x	1.71	0.35	+357.14%	3.21	0.47	1.51	1.60	-6%	<b>HOLD</b>
<b>MANSARD</b>	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%	<b>BUY</b>
<b>NEM</b>	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%	<b>BUY</b>
<b>WAPIC</b>	0.44	4.4%	3.1%	1.9%	1.6	0.03	1.01	17.3x	0.5x	0.72	0.39	+37.50%	1.90	0.31	0.59	0.55	+7%	<b>HOLD</b>
<b>CUSTODIAN</b>	0.40	6.9%	20.8%	6.4%	3.2	2.08	10.00	3.0x	0.6x	7.10	5.75	+6.84%	3.80	2.22	8.44	6.25	+35%	<b>BUY</b>
<b>Consumer Staples &amp; Discretionary</b>																		
<b>Breweries</b>																		

<b>GUINNESS</b>	0.78	1.6%	-16.2%	-7.7%	2.1	-5.53	34.18	-5.7x	0.9x	35.90	17.65	+66.58%	-	-	31.61	31.65	-0%	<b>HOLD</b>
<b>NB</b>	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%	<b>HOLD</b>
<b>INTBREW</b>	0.38	-6.6%	-6.2%	-2.5%	2.5	-0.35	5.55	-15.0x	0.9x	7.07	4.55	-12.61%	-	-	5.51	5.20	+6%	<b>HOLD</b>
<b>Packaged Foods &amp; Meats</b>																		
<b>CADBURY</b>	0.97	2.7%	3.4%	1.3%	2.7	0.25	7.34	35.9x	1.2x	10.80	7.75	0.00%	13.84	0.59	8.17	9.00	-9%	<b>HOLD</b>
<b>DANGSUGAR</b>	0.80	12.3%	23.8%	10.9%	2.2	2.61	10.95	6.8x	1.6x	21.70	16.40	+0.28%	6.52	3.08	20.08	17.65	+14%	<b>BUY</b>
<b>HONYFLOUR</b>	0.94	1.0%	2.8%	1.1%	2.5	0.20	7.31	8.6x	0.2x	1.74	1.09	+45.00%	9.00	0.15	1.35	1.74	-22%	<b>SELL</b>
<b>FLOURMILL</b>	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%	<b>BUY</b>
<b>NASCON</b>	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%	<b>HOLD</b>
<b>NESTLE</b>	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%	<b>HOLD</b>
<b>UACN</b>	0.91	3.0%	6.4%	4.3%	1.5	1.36	21.30	7.7x	0.5x	11.25	7.10	+44.83%	5.87	1.70	9.98	10.50	-5%	<b>HOLD</b>
<b>Agricultural Products</b>																		
<b>OKOMUOIL</b>	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%	<b>BUY</b>
<b>PRESCO</b>	0.35	48.5%	20.9%	9.6%	2.2	7.31	34.89	9.6x	2.0x	78.90	68.00	-1.34%	12.01	7.25	87.07	70.00	+24%	<b>BUY</b>
<b>Household &amp; Personal Products</b>																		
<b>PZ</b>	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%	<b>SELL</b>
<b>VITAFOAM</b>	1.14	13.3%	45.8%	19.2%	2.4	3.92	8.55	4.1x	1.9x	16.20	7.35	+105.13%	4.50	2.95	13.28	16.00	-17%	<b>SELL</b>
<b>Healthcare</b>																		
<b>Pharmaceuticals</b>																		
<b>MAYBAKER</b>	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%	<b>HOLD</b>
<b>FIDSON</b>	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%	<b>BUY</b>
<b>GLAXOSMITH</b>	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%	<b>BUY</b>
<b>NEIMETH</b>	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%	<b>BUY</b>
<b>Materials</b>																		
<b>Construction Materials</b>																		
<b>BUACEMENT</b>	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%	<b>HOLD</b>
<b>DANGCEM</b>	0.53	27.0%	31.4%	14.4%	2.2	17.91	56.99	13.8x	4.4x	248.00	204.00	+1.27%	-	-	232.64	248.00	-6%	<b>HOLD</b>

<b>WAPCO</b>	0.45	12.8%	8.7%	6.0%	1.4	1.98	22.89	11.0x	1.0x	30.30	19.50	+3.33%	-	-	23.91	21.75	+10%	<b>HOLD</b>
<b>Specialty Chemicals</b>																		
<b>CAP</b>	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%	<b>HOLD</b>
<b>BERGER</b>	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%	<b>HOLD</b>
<b>Energy</b>																		
<b>CONOIL</b>	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%	<b>BUY</b>
<b>ETERNA</b>	1.79	1.8%	11.4%	5.0%	2.3	1.19	10.43	6.0x	0.7x	8.00	4.62	+39.80%	7.56	0.79	5.97	7.13	-16%	<b>SELL</b>
<b>ARDOVA</b>	2.63	2.0%	11.8%	3.4%	3.5	1.71	14.52	9.3x	1.1x	21.85	13.50	+17.34%	10.65	1.52	16.19	15.90	+2%	<b>HOLD</b>
<b>MRS</b>	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%	<b>BUY</b>
<b>SEPLAT</b>	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%	<b>SELL</b>
<b>TOTAL</b>	1.33	5.3%	32.5%	5.7%	5.7	31.42	96.67	6.5x	2.1x	203.20	130.00	+56.31%	19.65	7.48	146.98	203.20	-28%	<b>SELL</b>
<b>Telecommunications</b>																		
<b>MTNN</b>	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%	<b>BUY</b>
<b>AIRTELAFRI</b>	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%	<b>BUY</b>

\*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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## Investment Ratings

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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.

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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.

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

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Corporate websites: [www.meristemng.com](http://www.meristemng.com) [www.meristemwealth.com](http://www.meristemwealth.com) [www.meristemregistrars.com](http://www.meristemregistrars.com)

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ISI Emerging Markets: [www.securities.com/ch.html?pc=NG](http://www.securities.com/ch.html?pc=NG)

Reuters: [www.thomsonreuters.com](http://www.thomsonreuters.com)

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