

STOCK RECOMMENDATION – AUGUST 23, 2021

MARKET REVIEW

For the week ended August 20, 2021.

- Last week, the Nigerian bourse closed negative on three out of the five trading days. Selloffs on **NESTLE** (-9.09% WoW) was the major drag to the overall market performance given its weight in the total market capitalization. Thus, the All Share Index was down by 0.13% WoW to -1.96% YtD, from -1.83% at the the end of the previous week.
- Save for the industrial goods index (**NGXINDUSTR**) which advanced by 1.85% WoW, all other sectoral indices dipped with the consumer goods index (**NGXFB10**: -6.31% WoW) recording the worst performance.
- HONYFLOUR** (+46.34% WoW) recorded the most gain during the week, while **MEYER** (-66.10% WoW) shed the most partly due to dividend markdown. Also, **HONYFLOUR** led by volume traded, while **NESTLE** was the top traded stock by value.

MARKET *P*REVIEW

For the week commencing August 23, 2021.

- As the deadline for H1:2021 results submission approaches, we anticipate corporate releases from **GTCO**, **ZENITHBANK**, and **UBA** which are awaiting the CBN's approval for their audited financials and dividend declaration.
- Expectations around Q2:2021 GDP which is scheduled to be released this week by the National Bureau of Statistics (NBS) could influence the market direction. We anticipate better growth numbers partly due to the low base from last year and a generally improved level of economic activity.
- Overall, we envisage a positive sentiment in the market. **Thus, we expect an uptick in the NGXASI this week.**

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week		
NGXASI	39,483.08	39,533.97		
Market Cap [NGN'tr]	20.57	20.60		
Market Cap [USD 'bn]	50.15	50.21		
Volume Traded [bn]	0.87	1.36		
Value Traded [NGN'bn]	12.24	11.20		
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	-0.13%	2.43%	4.16%	-1.96%
NGX-30	-0.33%	-0.37%	2.41%	-0.42%
NGX-B10	-0.82%	-0.91%	3.11%	-3.85%
NGX-FB10	-6.31%	-6.47%	-6.97%	-2.51%
NGX-OG5	-1.23%	-0.80%	19.44%	65.31%
NGX-INS10	-0.96%	-4.90%	-7.74%	-0.75%
NGX-IND	1.85%	0.26%	4.91%	-3.50%
Value (NGN)		Volume		
NESTLE	4,231,857,357	HONYFLOUR	97,262,882	
FLOURMILL	1,836,719,670	TRANSCORP	66,728,952	
GTCO	1,763,298,870	GTCO	62,856,741	
MTNN	1,614,299,773	FLOURMILL	60,729,316	
ZENITHBANK	966,896,919	FBNH	46,952,918	
Highest Gainers		Highest Losers		
	%		%	
HONYFLOUR	46.34%	MEYER	-66.10%	
PHARMDEKO	44.54%	SCOA	-18.46%	
NEIMETH	25.00%	CHIPLC	-13.21%	
COURTVILLE	24.00%	SOVREININS	-10.71%	
BOCGAS	20.65%	CUTIX	-9.91%	

	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	2.7x	0.4x	9.70	7.20	+6.51%	2.76	3.40	9.38	9.00	+4%	HOLD
ETI	0.08	0.1%	4.2%	0.3%	13.7	1.39	32.66	3.8x	0.2x	6.75	4.70	-11.67%	2.37	4.40	10.43	5.30	+97%	BUY
FCMB	0.09	8.0%	7.4%	0.8%	9.6	0.88	11.84	3.5x	0.3x	3.50	2.66	-7.21%	2.87	1.01	2.89	3.09	-6%	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	0.05	27.9%	10.1%	1.0%	10.4	0.27	2.65	27.5x	2.8x	7.85	6.90	+3.50%	3.22	2.59	8.34	7.40	+13%	BUY
GTCO	0.09	42.9%	23.5%	3.9%	6.0	6.69	28.45	4.2x	1.0x	30.00	28.00	-13.14%	4.90	6.99	34.25	28.10	+22%	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	0.09	10.5%	8.9%	0.8%	11.3	0.40	4.50	3.8x	0.3x	2.10	1.43	-25.00%	4.12	0.46	1.90	1.53	+24%	BUY
UBA	0.08	24.5%	16.0%	1.5%	10.4	3.56	22.29	2.1x	0.3x	9.25	6.80	-12.72%	3.00	3.60	10.80	7.55	+43%	BUY
UBN	0.07	12.9%	6.8%	0.8%	8.6	0.60	8.86	8.8x	0.6x	6.10	4.55	-1.87%	9.00	0.88	7.92	5.25	+51%	BUY
WEMABANK	0.08	9.0%	11.1%	0.7%	16.8	0.18	1.58	5.0x	0.6x	0.90	0.55	+27.54%	3.07	0.23	0.71	0.88	-20%	SELL
ZENITHBANK	0.08	33.7%	21.3%	2.7%	8.0	7.42	34.78	3.3x	0.7x	27.20	20.30	-2.02%	3.85	7.68	29.57	24.30	+22%	BUY
Insurance																		
AIICO	0.32	9.4%	15.6%	2.7%	5.8	0.27	1.74	3.6x	0.6x	1.59	0.95	-13.27%	5.14	0.26	1.34	0.98	+36%	BUY
LASACO	0.42	4.8%	3.9%	1.7%	2.3	0.24	6.15	6.4x	0.3x	1.71	0.35	+340.00%	3.21	0.47	1.51	1.54	-2%	HOLD
MANSARD	0.47	8.8%	8.6%	3.1%	2.7	0.09	1.04	9.8x	0.8x	1.70	0.83	-16.19%	1.23	0.88	1.08	0.88	+23%	BUY
NEM	0.76	13.3%	28.5%	16.3%	1.7	0.55	1.94	3.5x	1.0x	2.69	1.72	+8.38%	4.19	0.56	2.35	1.94	+21%	BUY
WAPIC	0.36	10.9%	4.2%	2.4%	1.7	0.04	0.99	11.9x	0.5x	0.72	0.39	+25.00%	1.90	0.31	0.59	0.50	+18%	BUY
CUSTODIAN	0.48	11.0%	21.7%	7.4%	2.9	2.19	10.08	2.9x	0.6x	7.10	5.75	+9.40%	3.80	2.22	8.44	6.40	+32%	BUY
Consumer Staples & Discretionary																		
Breweries																		

GUINNESS	0.78	1.6%	-16.2%	-7.7%	2.1	-5.53	34.18	-5.8x	0.9x	35.90	17.65	+67.37%	-	-	31.61	31.80	-1%	HOLD
NB	0.89	3.7%	5.7%	2.1%	2.7	1.19	20.87	43.8x	2.5x	63.00	47.00	-7.14%	-	-	61.22	52.00	+18%	BUY
INTBREW	0.38	-6.6%	-6.2%	-2.5%	2.5	-0.35	5.55	-13.9x	0.9x	7.07	4.55	-19.33%	-	-	5.51	4.80	+15%	BUY
Packaged Foods & Meats																		
CADBURY	0.97	2.7%	3.4%	1.3%	2.7	0.25	7.34	33.9x	1.2x	10.80	7.75	-5.56%	13.84	0.59	8.17	8.50	-4%	HOLD
DANGSUGAR	0.86	9.6%	25.9%	10.8%	2.4	2.54	9.80	7.0x	1.8x	21.70	16.40	+1.42%	6.52	3.08	20.08	17.85	+13%	BUY
HONYFLOUR	0.71	0.5%	0.8%	0.8%	1.1	0.16	18.59	19.3x	0.2x	3.00	1.09	+150.00%	9.00	0.15	1.35	3.00	-55%	SELL
FLOURMILL	1.57	2.3%	14.5%	4.8%	3.0	6.39	43.92	4.5x	0.7x	34.70	26.10	+11.54%	5.00	8.13	40.65	29.00	+40%	BUY
NASCON	0.68	8.3%	6.0%	5.8%	1.0	1.00	16.72	14.6x	0.9x	17.55	13.00	+1.03%	13.00	1.17	15.21	14.65	+4%	HOLD
NESTLE	1.09	12.7%	171.3%	14.9%	11.5	49.35	28.81	28.4x	48.6x	1,540.00	1,350.00	-6.98%	27.92	53.09	1,482.27	1,400.00	+6%	HOLD
UACN	0.90	78.8%	70.3%	40.1%	1.8	14.09	20.05	0.8x	0.6x	11.45	7.10	+57.93%	7.58	1.44	10.92	11.45	-5%	HOLD
UNILEVER	0.76	1.8%	-4.3%	-2.8%	1.5	-0.48	10.94	-31.5x	1.4x	15.55	11.65	+7.91%	-	-	16.57	15.00	+10%	BUY
Agricultural Products																		
OKOMUOIL	0.56	40.4%	35.2%	22.1%	1.6	13.95	39.66	7.9x	2.8x	116.50	90.00	+20.88%	8.36	13.88	116.04	110.00	+5%	HOLD
PRESCO	0.43	47.2%	26.7%	14.7%	1.8	11.00	41.18	6.6x	1.8x	78.90	68.00	+2.33%	12.01	7.25	87.07	72.60	+20%	BUY
Household & Personal Products																		
PZ	0.94	2.2%	5.1%	2.1%	2.4	0.46	9.07	13.0x	0.7x	6.30	4.15	+13.21%	-	-	4.58	6.00	-24%	SELL
VITAFOAM	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%	SELL
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.77	10.1%	15.9%	7.6%	2.1	0.62	3.92	7.7x	1.2x	5.02	3.21	+37.61%	7.70	0.63	4.85	4.83	+0%	HOLD
FIDSON	0.72	9.2%	16.1%	5.9%	2.7	0.90	5.61	6.7x	1.1x	6.50	4.28	+35.56%	7.00	1.02	7.14	6.10	+17%	BUY
GLAXOSMITH	0.88	0.6%	4.4%	1.6%	2.7	0.32	7.25	19.3x	0.8x	7.25	6.00	-11.59%	8.00	0.89	7.12	6.10	+17%	BUY
NEIMETH	0.43	9.1%	12.7%	2.4%	5.3	0.08	0.65	25.0x	3.2x	2.23	1.50	-8.07%	8.00	0.28	2.24	2.05	+9%	HOLD
Materials																		
Construction Materials																		
BUACEMENT	0.35	34.92%	23.16%	12.15%	1.91	2.39	10.32	28.46	6.59	85.00	67.30	-12.09%	-	-	70.48	68.00	+4%	HOLD

DANGCEM	0.60	27.75%	42.43%	16.46%	2.58	20.04	47.24	12.5x	5.3x	249.60	204.00	+1.92%	-	-	290.60	249.60	+16%	BUY
WAPCO	0.50	19.53%	9.64%	7.00%	1.38	2.22	23.09	10.20	0.98	30.30	19.50	+7.84%	-	-	29.30	22.70	+29%	BUY
Specialty Chemicals																		
CAP	1.27	9.0%	40.4%	13.2%	3.1	1.61	3.98	12.1x	4.9x	23.90	18.00	-2.50%	9.89	2.10	20.77	19.50	+7%	HOLD
BERGER	0.87	3.7%	6.1%	3.8%	1.6	0.65	10.75	13.6x	0.8x	9.85	6.05	+21.09%	10.47	0.84	8.79	8.90	-1%	HOLD
Energy																		
CONOIL	2.69	2.3%	12.2%	5.3%	2.3	3.61	29.66	6.2x	0.8x	22.35	17.00	+7.19%	8.50	2.94	24.95	22.35	+12%	BUY
ETERNA	1.98	0.7%	11.4%	4.5%	2.5	1.19	10.47	5.3x	0.6x	8.00	4.62	+24.51%	7.56	0.79	5.97	6.35	-6%	HOLD
ARDOVA	2.53	2.1%	13.4%	3.7%	3.7	2.02	15.04	7.7x	1.0x	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	-3.5x	0.3x	13.85	10.90	+0.73%	4.00	4.47	17.87	13.85	+29%	BUY
SEPLAT	0.16	11.7%	1.6%	1.5%	1.1	36.01	2,227.63	21.1x	0.3x	770.00	402.30	+88.84%	-	-	681.55	759.70	-10%	SELL
TOTAL	1.33	5.3%	32.5%	5.7%	5.7	31.42	96.67	6.3x	2.1x	203.20	130.00	+53.23%	19.65	7.48	146.98	199.20	-26%	SELL
Telecommunications																		
MTNN	0.69	17.9%	126.0%	11.6%	10.8	12.39	9.83	13.9x	17.5x	182.90	157.00	+1.24%	15.77	12.14	191.45	172.00	+11%	BUY
AIRTELAFRI	0.43	12.8%	22.4%	8.1%	2.8	85.58	382.92	8.8x	2.0x	930.00	601.00	-11.95%	-	-	720.32	750.00	-4%	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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