

STOCK RECOMMENDATION - August 9, 2021

MARKET REVIEW

For the week ended August 6, 2021.

- Bargain hunting activities dominated the market last week, pushing the market to a positive close and increasing the All Share Index by 0.68% WoW to 38,811.11 points. Consequently, Year-to-date returns improved to -3.62%.
- All sectoral indices however closed in the negative region, with the insurance sector NGXINS shedding the most weight (-1.35% WoW).
- CUTIX (+17.95%WoW) topped the gainers chart for the week while LINKASSURE emerged as the top loser, shedding 14.29%.

MARKET *P*REVIEW*For the week commencing August 9, 2021.*

- The allocation of Special Drawing Rights worth USD3.35bn by the International Monetary Fund (IMF) to Nigeria, effective 23 August 2021 is expected to help ease investor concerns around FX liquidity and outlook. This should translate to positive sentiment in the equities market this week.
- However, we expect the overall market sentiment to be largely bearish this week, due to profit taking on tickers that gained last week.
- We do not rule out bargain hunting activities this week as corporate disclosures especially from banking tickers might spur strong buying interest.

THE WEEK THAT WAS (A REVIEW)

			Cur. Week	Prev. Week
NGXASI			38,811.11	38,547.08
Market Cap [NGN'tr]			20.22	20.08
Market Cap [USD 'bn]			49.30	48.96
Volume Traded [bn]			0.99	1.37
Value Traded [NGN'bn]			8.21	11.82
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	0.68%	0.68%	2.38%	-3.62%
NGX-30	-0.11%	-0.11%	2.67%	-0.16%
NGX-B10	-0.58%	-0.58%	3.46%	-3.53%
NGX-FB10	-0.48%	-0.48%	-1.01%	3.74%
NGX-OG5	-0.61%	-0.61%	19.66%	65.62%
NGX-INS10	-1.53%	-1.53%	-4.46%	2.77%
NGX-IND	-0.22%	-0.22%	4.41%	-3.96%
Value (NGN)		Volume		
GTCCO	1,285,992,586	TRANSCORP		98,355,095
MTNN	847,427,041	OANDO		62,225,618
ZENITHBANK	748,359,060	FIDELITYBK		49,606,561
OANDO	486,744,084	UBA		48,568,602
SEPLAT	365,891,335	ACCESS		48,232,479
Highest Gainers	%	Highest Losers		%
CUTIX	17.95%	NEIMETH		-14.29%
REGALINS	14.29%	AIICO		-12.04%
CONOIL	10.00%	STANBICETF30		-11.27%
TRANSCOHOT	9.80%	ETERNA		-10.56%
JBERGER	8.89%	UBN		-7.89%

	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	+7.69%	2.76	3.40	9.38	9.10	+3%	HOLD	
ETI	0.08	0.1%	4.2%	0.3%	13.7	1.39	32.66	3.9x	0.2x	6.75	4.70	-10.00%	2.37	4.40	10.43	5.40	+93%	BUY	
FCMB	0.09	8.0%	7.4%	0.8%	9.6	0.88	11.84	3.5x	0.3x	3.50	2.66	-6.91%	2.71	1.06	2.87	3.10	-7%	HOLD	
FIDELITYBK	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%	BUY	
FBNH	0.05	27.9%	10.1%	1.0%	10.4	0.27	2.65	27.2x	2.8x	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	4.2x	1.0x	30.00	28.00	-13.45%	4.90	6.99	34.25	28.00	+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	3.9x	0.3x	2.10	1.43	-24.02%	4.12	0.46	1.90	1.55	+22%	BUY	
UBA	0.08	24.5%	16.0%	1.5%	10.4	3.56	22.29	2.1x	0.3x	9.25	6.80	-13.29%	3.00	3.60	10.80	7.50	+44%	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	4.9x	0.5x	0.90	0.55	+26.09%	3.07	0.23	0.71	0.87	-19%	SELL	
ZENITHBANK	0.08	33.7%	21.3%	2.7%	8.0	7.42	34.78	3.3x	0.7x	27.20	20.30	-1.81%	3.85	7.68	29.57	24.35	+21%	BUY	
Insurance																			
AIICO	0.32	9.4%	15.6%	2.7%	5.8	0.27	1.74	3.5x	0.5x	1.59	0.95	-15.93%	5.14	0.26	1.34	0.95	+41%	BUY	
LASACO	0.42	4.8%	-0.2%	-0.1%	2.3	-0.01	6.15	-113.2x	0.2x	1.71	0.35	+328.57%	3.21	0.47	1.51	1.50	+1%	HOLD	
MANSARD	0.47	8.8%	8.6%	3.1%	2.7	0.09	1.04	10.1x	0.9x	1.70	0.83	-14.29%	1.23	0.88	1.08	0.90	+20%	BUY	
NEM	0.76	13.3%	28.5%	16.3%	1.7	0.55	1.94	3.6x	1.0x	2.69	1.72	+11.73%	4.19	0.56	2.35	2.00	+17%	BUY	
WAPIC	0.36	10.9%	4.2%	2.4%	1.7	0.04	0.99	12.1x	0.5x	0.72	0.39	+27.50%	1.90	0.31	0.59	0.51	+15%	BUY	
CUSTODIAN	0.48	11.0%	21.7%	7.4%	2.9	2.19	10.08	2.8x	0.6x	7.10	5.75	+5.98%	3.80	2.22	8.44	6.20	+36%	BUY	

Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.78	1.6%	-16.2%	-7.7%	2.1	-5.53	34.18	-5.7x	0.9x	35.90	17.65	+66.84%	-	-	31.61	31.70	-0%	HOLD
NB	0.81	7.2%	4.3%	1.6%	2.6	0.91	21.11	62.4x	2.7x	63.00	47.00	+1.79%	-	-	61.22	57.00	+7%	HOLD
INTBREW	0.38	-6.6%	-6.2%	-2.5%	2.5	-0.35	5.55	-14.4x	0.9x	7.07	4.55	-15.97%	-	-	5.51	5.00	+10%	BUY
Packaged Foods & Meats																		
CADBURY	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%	HOLD
DANGSUGAR	0.86	9.6%	25.9%	10.8%	2.4	2.54	9.80	7.0x	1.8x	21.70	16.40	+0.57%	6.52	3.08	20.08	17.70	+13%	BUY
HONYFLOUR	0.94	1.0%	2.8%	1.1%	2.5	0.20	7.31	7.9x	0.2x	1.74	1.09	+33.33%	9.00	0.15	1.35	1.60	-16%	SELL
FLOURMILL	1.57	2.3%	14.5%	4.8%	3.0	6.39	43.92	4.8x	0.7x	34.70	26.10	+17.12%	5.00	7.76	38.80	30.45	+27%	BUY
NASCON	0.68	8.3%	6.0%	5.8%	1.0	0.20	3.41	71.9x	4.3x	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	31.2x	53.4x	1,540.00	1,350.00	+2.33%	27.92	53.09	1,482.27	1,540.00	-4%	HOLD
UACN	0.90	78.8%	70.3%	40.1%	1.8	14.09	20.05	0.7x	0.5x	11.40	7.10	+37.93%	5.87	1.70	9.98	10.00	-0%	HOLD
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%	10.99	11.56	127.04	110.00	+15%	BUY
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	3.8x	1.8x	16.20	7.35	+92.31%	4.50	2.95	13.28	15.00	-12%	SELL
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.77	10.1%	15.9%	7.6%	2.1	0.62	3.92	7.5x	1.2x	5.02	3.21	+33.90%	7.70	0.63	4.85	4.70	+3%	HOLD
FIDSON	0.72	9.2%	16.1%	5.9%	2.7	0.90	5.61	7.0x	1.1x	6.50	4.28	+41.11%	7.00	1.02	7.14	6.35	+12%	BUY
GLAXOSMITH	0.88	0.6%	4.4%	1.6%	2.7	0.32	7.25	18.9x	0.8x	7.25	6.00	-13.04%	8.00	0.89	7.12	6.00	+19%	BUY

NEIMETH	0.47	2.2%	15.7%	2.9%	5.4	0.10	0.62	15.5x	2.4x	2.23	1.50	-32.74%	8.00	0.28	2.24	1.50	+49%	BUY
Materials																		
Construction Materials																		
BUACEMENT	0.35	34.92%	23.16%	12.15%	1.91	2.39	10.32	28.5x	6.6x	85.00	67.30	-12.09%	-	-	71.57	68.00	+5%	HOLD
DANGCEM	0.60	27.75%	42.43%	16.46%	2.58	20.04	47.24	12.4x	5.3x	248.10	204.00	+1.31%	-	-	232.64	248.10	-6%	HOLD
WAPCO	0.50	19.53%	9.64%	7.00%	1.38	2.22	23.09	9.9x	1.0x	30.30	19.50	+4.51%	-	-	23.91	22.00	+9%	HOLD
Specialty Chemicals																		
CAP	1.27	9.0%	40.4%	13.2%	3.1	1.61	3.98	12.8x	5.2x	23.90	18.00	+2.50%	9.89	2.10	20.77	20.50	+1%	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	5.6x	0.7x	21.00	17.00	-2.40%	8.50	2.94	24.95	20.35	+23%	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	-3.2x	0.2x	13.75	10.90	-8.36%	4.00	4.47	17.87	12.60	+42%	BUY
SEPLAT	0.16	11.7%	1.6%	1.5%	1.1	36.01	2,227.63	21.4x	0.3x	770.00	402.30	+91.40%	-	-	681.55	770.00	-11%	SELL
TOTAL	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%	SELL
Telecommunications																		
MTNN	0.69	17.9%	126.0%	11.6%	10.8	12.39	9.83	13.6x	17.1x	182.90	157.00	-1.12%	15.77	12.14	191.45	168.00	+14%	BUY
AIRTELAFRI	0.43	12.8%	22.4%	8.1%	2.8	85.58	382.92	7.6x	1.7x	930.00	601.00	-23.69%	-	-	748.89	650.00	+15%	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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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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