

## STOCK RECOMMENDATION - OCTOBER 04, 2021

### MARKET REVIEW

*For the week ended September 24, 2021.*

- The Nigerian equities market ended the week on a positive note as the All-share Index advanced by 3.23%WoW to close at 40,221.17 points.
- Bullish sentiment prevailed across most sectors as the **NGXBNK** (+0.60%WoW), **NGXCNSMRGDS** (+3.35%WoW), **NGXOILGAS** (+0.92%WoW), and **NGXINDUSTR** (+6.65%WoW) all gained. However, the **NGXINS** lost -7.58%WoW
- MANSARD** topped the gainers chart for the week, with +32.10% WoW, while **JBERGER** emerged the top loser with -17.92% WoW.

### MARKET *P*REVIEW

*For the week commencing October 04, 2021.*

- This week, we expect mostly positive sentiment in the equities market as current prices of most stocks remain attractive.
- Nonetheless we note that profit taking on bellweather stocks (DANGCEM and NESTLE in particular) which advanced last week poses a significant a downside risk to our expectation.
- On this note, we expect the general positive sentiment which occurred last week to linger into the week, thus driving the market up to a positive close.**

### THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NGXASI	40,221.17	38,962.28
Market Cap [NGN'tr]	20.96	20.30
Market Cap [USD 'bn]	51.09	49.49
Volume Traded [bn]	1.67	1.29
Value Traded [NGN'bn]	13.36	13.92

#### NSEASI & Sectoral Indices [Return Profile]

	WtD	MtD	QtD	YtD
NGXASI	3.23%	2.55%	6.10%	-0.12%
NGX-30	3.57%	3.57%	4.99%	2.10%
NGX-B10	0.60%	-1.62%	1.20%	-5.64%
NGX-FB10	3.35%	2.71%	-5.61%	-1.08%
NGX-OG5	0.92%	-0.31%	17.31%	62.37%
NGX-INS10	-7.58%	-9.41%	-15.11%	-8.69%
NGX-IND	6.65%	7.23%	10.68%	1.81%

Value (NGN)	Volume
FBNH 2,533,200,479	HONYFLOUR 404,821,501
DANGCEM 1,558,229,876	FBNH 325,355,008
HONYFLOUR 1,538,417,326	UNIVINSURE 78,635,819
NESTLE 1,521,693,281	TRANSCORP 49,211,329
GTCO 1,112,647,528	GTCO 39,987,992

Highest Gainers	%	Highest Losers	%
MANSARD	180.72%	JBERGER	-10.00%
UPL	20.59%	VANLEER	-9.92%
PHARMDEKO	20.51%	CHAMS	-8.70%
DANGCEM	14.29%	JAPAULGOLD	-8.33%
SKYAVN	9.88%	TRIPPLEG	-6.25%

	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>	0.08	19.3%	17.1%	1.3%	13.0	3.73	21.81	2.5x	0.4x	9.70	7.20	+8.28%	2.76	3.52	9.72	9.15	+6%	HOLD
<b>ETI</b>	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
<b>FCMB</b>	0.09	8.0%	7.4%	0.8%	9.6	0.88	11.84	3.3x	0.2x	3.50	2.66	-13.21%	2.87	1.01	2.89	2.89	+0%	HOLD
<b>FIDELITYBK</b>	0.07	17.4%	11.5%	1.1%	10.9	1.05	9.13	2.4x	0.3x	2.77	2.10	-1.98%	2.83	1.01	2.86	2.47	+16%	BUY
<b>FBNH</b>	0.07	13.1%	10.1%	1.0%	10.4	2.18	21.51	3.7x	0.4x	8.05	6.90	+12.59%	3.22	2.59	8.34	8.05	+4%	HOLD
<b>GTCO</b>	0.09	38.2%	23.4%	3.7%	6.3	6.34	27.10	4.4x	1.0x	30.00	27.00	-13.29%	4.90	6.99	34.25	28.05	+22%	BUY
<b>STANBIC</b>	0.12	17.8%	17.5%	2.5%	7.0	5.45	31.18	7.2x	1.3x	52.90	38.70	-11.46%	6.80	7.37	50.12	39.00	+29%	BUY
<b>STERLNBANK</b>	0.09	10.5%	8.9%	0.8%	11.3	0.40	4.50	3.7x	0.3x	2.10	1.43	-27.94%	4.12	0.46	1.90	1.47	+29%	BUY
<b>UBA</b>	0.08	19.2%	17.3%	1.6%	11.0	3.80	22.00	2.0x	0.3x	9.25	6.80	-12.72%	3.00	3.60	10.80	7.55	+43%	BUY
<b>UBN</b>	0.07	12.9%	6.8%	0.8%	8.6	0.60	8.86	8.2x	0.6x	6.10	4.55	-8.41%	9.00	0.88	7.92	4.90	+62%	BUY
<b>WEMABANK</b>	0.08	9.0%	11.1%	0.7%	16.8	0.18	1.58	4.5x	0.5x	0.90	0.55	+15.94%	3.07	0.23	0.71	0.80	-12%	SELL
<b>ZENITHBANK</b>	0.08	30.7%	20.4%	2.7%	7.4	7.42	36.42	3.2x	0.6x	27.20	20.30	-5.44%	3.85	7.63	29.39	23.45	+25%	BUY
<b>Insurance</b>																		
<b>AIICO</b>	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
<b>LASACO</b>	0.42	4.8%	3.9%	1.7%	2.3	0.24	6.15	4.9x	0.2x	1.71	0.35	+240.00%	3.21	0.47	1.51	1.19	+27%	BUY
<b>MANSARD</b>	0.47	8.8%	8.6%	3.1%	2.7	0.09	1.04	26.0x	2.2x	2.99	0.83	+121.90%	1.23	0.88	1.08	2.33	-54%	SELL
<b>NEM</b>	0.76	13.3%	28.5%	16.3%	1.7	0.55	1.94	3.5x	1.0x	2.69	1.72	+6.70%	4.19	0.56	2.35	1.91	+23%	BUY
<b>WAPIC</b>	0.36	10.9%	4.2%	2.4%	1.7	0.04	0.99	11.4x	0.5x	0.72	0.39	+20.00%	1.90	0.31	0.59	0.48	+23%	BUY
<b>CUSTODIAN</b>	0.48	11.0%	21.7%	7.4%	2.9	2.19	10.08	3.1x	0.7x	7.10	5.75	+14.53%	3.80	2.22	8.44	6.70	+26%	BUY
<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	-5.4x	0.9x	35.90	17.65	+55.79%	-	-	31.61	29.60	+7%	HOLD
<b>NB</b>	0.89	3.7%	5.7%	2.1%	2.7	1.19	20.87	41.7x	2.4x	63.00	47.00	-11.61%	-	-	61.22	49.50	+24%	BUY
<b>INTBREW</b>	0.38	-6.6%	-6.2%	-2.5%	2.5	-0.35	5.55	-	0.9x	7.07	4.55	-19.33%	-	-	5.51	4.80	+15%	BUY
<b>Packaged Foods &amp; Meats</b>																		
<b>CADBURY</b>	0.97	2.7%	3.4%	1.3%	2.7	0.25	7.34	31.9x	1.1x	10.80	7.75	-11.11%	13.84	0.59	8.17	8.00	+2%	HOLD
<b>DANGSUGAR</b>	0.86	9.6%	25.9%	10.8%	2.4	2.54	9.80	6.9x	1.8x	21.70	16.40	-1.14%	6.52	3.08	20.08	17.40	+15%	BUY

<b>HONYFLOUR</b>	0.71	0.5%	0.8%	0.8%	1.1	0.16	18.59	24.1x	0.2x	4.28	1.09	+213.33%	9.00	0.15	1.35	3.76	-64%	<b>SELL</b>
<b>FLOURMILL</b>	1.57	2.3%	14.6%	4.8%	3.0	6.39	43.92	4.7x	0.7x	34.70	26.10	+15.00%	5.00	8.13	40.65	29.90	+36%	<b>BUY</b>
<b>NASCON</b>	0.68	8.3%	6.0%	5.8%	1.0	1.00	16.72	15.2x	0.9x	17.55	13.00	+4.83%	13.00	1.20	15.60	15.20	+3%	<b>HOLD</b>
<b>NESTLE</b>	1.09	12.7%	171.3%	14.9%	11.5	49.35	28.81	30.0x	51.4x	1,540.00	1,350.00	-1.66%	27.92	53.09	1,482.27	1,480.00	+0%	<b>HOLD</b>
<b>UACN</b>	0.90	78.8%	70.3%	40.1%	1.8	14.09	20.05	0.7x	0.5x	11.45	7.10	+41.38%	7.58	1.44	10.92	10.25	+6%	<b>HOLD</b>
<b>UNILEVER</b>	0.76	1.8%	-4.3%	-2.8%	1.5	-0.48	10.94	-	1.2x	15.55	11.65	-5.04%	-	-	16.57	13.20	+26%	<b>BUY</b>
<b>Agricultural Products</b>																		
<b>OKOMUOIL</b>	0.56	40.4%	35.2%	22.1%	1.6	13.95	39.66	8.1x	2.8x	116.50	90.00	+23.96%	8.36	13.88	116.04	112.80	+3%	<b>HOLD</b>
<b>PRESCO</b>	0.43	47.2%	26.7%	14.7%	1.8	11.00	41.18	7.3x	1.9x	80.25	68.00	+13.11%	14.15	7.70	108.89	80.25	+36%	<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	12.5x	0.6x	6.30	4.15	+8.49%	-	-	4.58	5.75	-20%	<b>SELL</b>
<b>VITAFOAM</b>	1.14	13.3%	45.8%	19.2%	2.4	3.92	8.55	4.4x	2.0x	17.85	7.35	+119.23%	4.50	2.95	13.28	17.10	-22%	<b>SELL</b>
<b>Healthcare</b>																		
<b>Pharmaceuticals</b>																		
<b>MAYBAKER</b>	0.77	10.1%	15.9%	7.6%	2.1	0.62	3.92	7.8x	1.2x	5.02	3.21	+39.03%	7.70	0.63	4.85	4.88	-1%	<b>HOLD</b>
<b>FIDSON</b>	0.72	9.2%	16.2%	6.0%	2.7	0.91	5.61	6.7x	1.1x	6.50	4.28	+34.44%	6.50	1.19	7.74	6.05	+28%	<b>BUY</b>
<b>GLAXOSMITH</b>	0.88	0.6%	4.4%	1.6%	2.7	0.32	7.25	19.3x	0.8x	7.25	6.00	-11.59%	11.00	0.55	6.05	6.10	-1%	<b>HOLD</b>
<b>NEIMETH</b>	0.43	9.1%	12.7%	2.4%	5.3	0.08	0.65	21.3x	2.7x	2.23	1.50	-21.52%	8.00	0.28	2.24	1.75	+28%	<b>BUY</b>
<b>Materials</b>																		
<b>Construction Materials</b>																		
<b>BUACEMENT</b>	0.35	34.92%	23.16%	12.15%	1.91	2.39	10.32	27.62	6.40	85.00	66.00	-14.67%	-	-	70.48	66.00	+7%	<b>HOLD</b>
<b>DANGCEM</b>	0.60	27.75%	42.43%	16.46%	2.58	20.04	47.24	14.0x	5.9x	280.00	204.00	+14.33%	-	-	290.60	280.00	+4%	<b>HOLD</b>
<b>WAPCO</b>	0.50	19.53%	9.64%	7.00%	1.38	2.22	23.09	10.29	0.99	30.30	19.50	+8.79%	-	-	29.30	22.90	+28%	<b>BUY</b>
<b>Specialty Chemicals</b>																		
<b>CAP</b>	1.27	9.0%	40.4%	13.2%	3.1	1.61	3.98	12.2x	4.9x	23.90	18.00	-2.00%	9.89	2.10	20.77	19.60	+6%	<b>HOLD</b>
<b>BERGER</b>	0.87	3.7%	6.1%	3.8%	1.6	0.65	10.75	13.6x	0.8x	9.85	6.05	+21.09%	12.99	0.92	11.98	8.90	+35%	<b>BUY</b>
<b>Energy</b>																		

<b>CONOIL</b>	2.69	2.3%	12.2%	5.3%	2.3	3.61	29.66	7.1x	0.9x	25.50	17.00	+22.30%	8.20	3.23	26.50	25.50	+4%	<b>HOLD</b>
<b>ETERNA</b>	1.98	0.7%	11.4%	4.5%	2.5	1.19	10.47	5.9x	0.7x	8.00	4.62	+37.25%	7.56	0.79	5.97	7.00	-15%	<b>SELL</b>
<b>ARDOVA</b>	2.53	2.1%	13.4%	3.7%	3.7	2.02	15.04	7.7x	1.0x	21.85	13.50	+14.39%	8.01	2.29	18.33	15.50	+18%	<b>BUY</b>
<b>MRS</b>	1.11	0.0%	-7.1%	-3.2%	2.2	-3.95	55.28	-3.8x	0.3x	15.20	10.90	+10.55%	4.00	4.47	17.87	15.20	+18%	<b>BUY</b>
<b>SEPLAT</b>	0.16	11.7%	1.6%	1.5%	1.1	36.01	2,227.63	19.7x	0.3x	770.00	402.30	+76.49%	-	-	681.55	710.00	-4%	<b>HOLD</b>
<b>TOTAL</b>	1.33	5.3%	32.5%	5.7%	5.7	31.42	96.67	6.1x	2.0x	203.20	130.00	+47.69%	-	-	-	192.00	-	<b>UR</b>
<b>Telecommunications</b>																		
<b>MTNN</b>	0.69	17.9%	126.0%	11.6%	10.8	12.39	9.83	14.1x	17.8x	182.90	157.00	+2.94%	13.50	14.32	193.32	174.90	+11%	<b>BUY</b>
<b>AIRTELAFRI</b>	0.43	12.8%	22.4%	8.1%	2.8	85.58	382.92	8.4x	1.9x	930.00	601.00	-16.06%	-	-	720.32	715.00	+1%	<b>HOLD</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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### 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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