

STOCK RECOMMENDATION – DECEMBER 6TH, 2021

MARKET REVIEW

For the week ended December 3, 2021.

- In the previous week, the Nigerian equities market ended on a negative note. The All-Share Index dropped by 2.63% WoW to close at 42,167.91pts. Thus, the Year-to-Date return slowed to +4.71%.
- Except the insurance sector (**NGXINS**: +2.97% WoW) which advanced, all sectoral indices closed the week negative. The worst decliners were **NGXOILGAS** (-4.55% WoW), and **NGXBNK** (-2.29% WoW).
- The top gaining stock was **NEM** (+18.42% WoW), while **UPDC** (-24.43% WoW) recorded the most decline in price. **FBNH** had the highest volume and value traded.

MARKET *P*REVIEW

For the week commencing December 6, 2021.

- Given its weight on the total market capitalization (c.16%), **MTNN** (-12.11% WoW) significantly contributed to the week-on-week loss of the broad market index. Sell-off on the ticker could be traced to the primary offer on the counter at NGN169 (vs the week's opening price of NGN190).
- We expect market direction to remain largely influenced by investors' interest in the **MTNN** offer. We anticipate sell-offs in the secondary market as investors seek to participate at the **MTNN** primary market offer. In the absence of significant positive triggers, the prevailing sentiment should be negative.
- Thus, we expect the market to end this week on a negative note.

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NGXASI	42,167.91	43,308.29
Market Cap [NGN'tr]	22.00	22.60
Market Cap [USD 'bn]	53.41	54.85
Volume Traded [bn]	1.25	1.45
Value Traded [NGN'bn]	17.07	18.83

NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	-2.63%	-2.50%	4.84%	4.71%
NGX-30	-3.25%	-3.13%	1.02%	3.13%
NGX-B10	-2.29%	-2.36%	2.89%	-2.92%
NGX-FB10	-0.59%	-0.14%	-3.67%	-4.70%
NGX-OG5	-4.55%	-3.63%	-5.18%	53.95%
NGX-INS10	2.97%	0.48%	8.95%	-0.52%
NGX-IND	-0.08%	-0.04%	4.92%	6.81%

Value (NGN)		Volume	
FBNH	3,209,640,298	FBNH	271,967,649
GTCO	2,461,154,179	GTCO	100,088,554
ZENITHBANK	2,219,807,620	ACCESS	98,674,424
SEPLAT	1,190,397,030	ZENITHBANK	92,681,547
NESTLE	1,133,503,296	FCMB	67,408,319

Highest Gainers		Highest Losers	
	%		%
NEM	18.42%	UPDC	-24.43%
MEYER	10.00%	CHIPLC	-20.00%
LINKASSURE	9.80%	UPDCREIT	-18.81%
PRESTIGE	8.51%	FTNCOCOA	-12.50%
ACADEMY	8.33%	MTNN	-12.11%

	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	0.08	17.6%	15.8%	1.2%	13.0	3.56	22.49	2.5x	0.4x	9.80	7.20	+5.33%	2.76	3.52	9.72	8.90	+9%	HOLD
ETI	0.08	0.1%	4.2%	0.3%	13.7	1.39	32.66	5.8x	0.2x	8.90	4.70	+33.33%	2.37	4.40	10.43	8.00	+30%	BUY
FCMB	0.09	8.0%	7.4%	0.8%	9.6	0.88	11.84	3.4x	0.3x	3.50	2.66	-9.91%	2.87	1.01	2.89	3.00	-4%	HOLD
FIDELITYBK	0.07	15.2%	11.6%	1.0%	11.3	1.13	9.76	2.2x	0.3x	2.79	2.10	-0.79%	2.83	1.01	2.86	2.50	+14%	BUY
FBNH	0.07	13.1%	10.1%	1.0%	10.4	2.18	21.51	5.4x	0.5x	12.70	6.90	+65.03%	3.22	2.59	8.34	11.80	-29%	SELL
GTCO	0.09	40.6%	23.1%	3.8%	6.1	6.62	28.62	3.6x	0.8x	30.00	24.10	-25.50%	4.90	6.99	34.25	24.10	+42%	BUY
STANBIC	0.07	27.2%	15.8%	2.1%	7.6	5.13	32.43	7.2x	1.1x	52.90	37.00	-16.00%	6.80	7.37	50.12	37.00	+35%	BUY
STERLNBANK	0.09	5.2%	8.4%	0.7%	11.2	0.40	4.78	3.7x	0.3x	2.10	1.43	-27.94%	4.12	0.46	1.90	1.47	+29%	BUY
UBA	0.08	21.4%	17.7%	1.7%	10.5	4.13	23.34	1.9x	0.3x	9.25	6.80	-8.67%	3.00	3.60	10.80	7.90	+37%	BUY
UBN	0.06	10.9%	6.4%	0.7%	9.7	0.59	9.09	8.1x	0.5x	6.10	4.55	-11.21%	9.00	0.88	7.92	4.75	+67%	BUY
WEMABANK	0.08	9.9%	12.8%	0.8%	17.0	0.21	1.65	3.8x	0.5x	0.90	0.55	+15.94%	4.35	0.23	1.00	0.80	+25%	BUY
ZENITHBANK	0.08	31.0%	19.5%	2.6%	7.4	7.38	37.81	3.2x	0.6x	27.20	20.30	-5.24%	3.85	7.63	29.39	23.50	+25%	BUY
Insurance																		
AIICO	0.32	4.7%	6.3%	1.1%	5.9	0.11	1.75	6.7x	0.4x	1.59	0.59	-34.51%	10.27	0.13	1.34	0.74	+80%	BUY
LASACO	0.49	4.6%	3.4%	1.5%	2.2	0.21	6.05	5.0x	0.2x	1.71	0.35	+197.14%	3.21	0.47	1.51	1.04	+45%	BUY
MANSARD	0.47	9.4%	7.5%	2.4%	3.1	0.07	1.00	28.9x	2.2x	2.99	0.83	+104.76%	1.23	0.88	1.08	2.15	-50%	SELL
NEM	0.78	9.7%	30.9%	17.1%	1.8	0.60	1.94	3.7x	1.2x	2.69	1.72	+25.70%	4.19	0.56	2.35	2.25	+4%	HOLD
WAPIC	0.32	-6.8%	-4.6%	-2.5%	1.8	-0.04	0.96	-11.0x	0.5x	0.72	0.39	+20.00%	1.90	0.31	0.59	0.48	+23%	BUY
CUSTODIAN	0.46	7.7%	19.9%	6.5%	3.1	2.00	10.05	3.8x	0.8x	8.45	5.75	+31.62%	3.80	2.22	8.44	7.70	+10%	HOLD
Consumer Staples & Discretionary																		

Breweries																			
GUINNESS	0.78	1.6%	-16.2%	-7.7%	2.1	-5.53	34.18	-6.6x	1.1x	39.90	17.65	+91.05%	-	-	31.61	36.30	-13%	SELL	
NB	0.89	3.7%	5.7%	2.1%	2.7	1.19	20.87	39.5x	2.2x	63.00	46.50	-16.16%	-	-	61.22	46.95	+30%	BUY	
INTBREW	0.38	-6.6%	-6.2%	-2.5%	2.5	-0.35	5.55	-14.2x	0.9x	7.07	4.50	-17.65%	-	-	5.51	4.90	+12%	BUY	
Packaged Foods & Meats																			
CADBURY	0.94	5.0%	10.4%	3.6%	2.9	0.81	7.84	11.4x	1.2x	10.80	7.75	+2.78%	13.84	0.59	8.17	9.25	-12%	SELL	
DANGSUGAR	0.77	7.9%	15.3%	5.8%	2.6	1.54	10.05	10.4x	1.6x	21.70	16.00	-9.09%	6.52	3.08	20.08	16.00	+26%	BUY	
HONYFLOUR	0.72	0.5%	2.2%	0.8%	2.9	0.16	7.34	21.7x	0.5x	4.28	1.09	+191.67%	-	-	-	3.50	-	UR	
FLOURMILL	1.75	2.0%	14.8%	4.9%	3.0	6.42	43.50	4.5x	0.7x	34.70	26.10	+11.35%	5.00	8.13	40.65	28.95	+40%	BUY	
NASCON	0.82	9.7%	20.0%	7.4%	2.7	1.06	5.31	13.2x	2.6x	17.55	13.00	-3.45%	13.00	1.20	15.60	14.00	+11%	BUY	
NESTLE	1.10	12.8%	117.7%	13.4%	8.8	51.55	43.80	27.1x	31.8x	1,540.00	1,350.00	-7.31%	27.92	53.09	1,482.27	1,395.00	+6%	HOLD	
UACN	1.09	0.8%	7.6%	4.3%	1.8	1.31	17.26	7.6x	0.6x	11.45	7.10	+37.93%	7.58	1.44	10.92	10.00	+9%	HOLD	
UNILEVER	0.76	1.8%	-1.3%	-0.8%	1.6	-0.14	11.10	-96.0x	1.2x	15.60	11.65	-1.08%	-	-	16.57	13.75	+21%	BUY	
Agricultural Products																			
OKOMUOIL	0.59	37.4%	36.1%	23.8%	1.5	15.08	41.83	9.4x	3.4x	142.00	90.00	+56.04%	8.36	13.88	116.04	142.00	-18%	SELL	
PRESCO	0.45	40.2%	32.7%	16.0%	2.0	14.01	42.83	6.3x	2.1x	89.00	68.00	+23.75%	15.56	6.71	104.40	87.80	+19%	BUY	
Household & Personal Products																			
PZ	0.79	1.0%	-19.5%	-7.7%	2.6	-1.71	8.76	-3.5x	0.7x	6.50	4.15	+12.26%	-	-	4.58	5.95	-23%	SELL	
VITAFOAM	1.14	13.3%	45.8%	19.2%	2.4	3.92	8.55	5.6x	2.6x	21.90	7.35	+180.77%	4.50	2.95	13.28	21.90	-39%	SELL	
Healthcare																			
Pharmaceuticals																			
MAYBAKER	0.69	10.9%	16.3%	7.2%	2.2	0.67	4.11	6.7x	1.1x	5.02	3.21	+27.92%	7.70	0.63	4.85	4.49	+8%	HOLD	
FIDSON	0.72	9.2%	16.2%	6.0%	2.7	0.91	5.61	6.8x	1.1x	6.76	4.28	+36.67%	6.50	1.19	7.74	6.15	+26%	BUY	
GLAXOSMITH	0.91	0.7%	3.5%	1.3%	2.7	0.26	7.30	23.2x	0.8x	7.25	5.95	-13.77%	27.36	0.22	6.02	5.95	+1%	HOLD	
NEIMETH	0.48	11.0%	22.7%	5.3%	4.3	0.18	0.78	9.9x	2.2x	2.23	1.50	-21.52%	8.00	0.28	2.24	1.75	+28%	BUY	

Materials																			
Construction Materials																			
BUACEMENT	0.35	34.92%	23.16%	12.15%	1.91	2.39	10.32	31.18	7.22	85.00	64.35	-3.68%	-	-	70.48	74.50	-5%	HOLD	
DANGCEM	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%	HOLD	
WAPCO	0.50	19.53%	9.64%	7.00%	1.38	2.22	23.09	11.08	1.07	30.30	19.50	+17.10%	-	-	29.30	24.65	+19%	BUY	
Specialty Chemicals																			
CAP	1.27	9.0%	40.4%	13.2%	3.1	1.61	3.98	12.0x	4.9x	23.90	18.00	-3.50%	UR	UR	UR	19.30	UR	UR	
BERGER	0.87	3.7%	6.1%	3.8%	1.6	0.65	10.75	13.1x	0.8x	9.85	6.05	+16.33%	UR	UR	UR	8.55	UR	UR	
Energy																			
CONOIL	2.67	1.6%	9.1%	3.9%	2.3	2.77	30.43	8.0x	0.7x	25.50	17.00	+6.71%	8.20	3.23	26.50	22.25	+19%	BUY	
ETERNA	1.98	0.7%	11.4%	4.5%	2.5	1.19	10.47	5.1x	0.6x	8.65	4.62	+18.63%	7.56	0.79	5.97	6.05	-1%	HOLD	
ARDOVA	2.61	0.9%	6.4%	1.7%	3.8	0.93	14.62	14.6x	0.9x	21.85	13.20	+0.37%	10.45	1.15	11.97	13.60	-12%	SELL	
MRS	1.11	0.0%	-7.1%	-3.2%	2.2	-3.95	55.28	-3.5x	0.2x	15.20	10.90	-0.36%	4.00	4.47	17.87	13.70	+30%	BUY	
SEPLAT	0.17	7.6%	2.5%	1.2%	2.1	28.66	1,146.32	22.7x	0.6x	770.00	402.30	+61.57%	-	-	681.55	650.00	+5%	HOLD	
TOTAL	1.33	5.3%	32.5%	5.7%	5.7	31.42	96.67	6.9x	2.2x	240.80	130.00	+66.77%	-	-	-	216.80	-	UR	
Telecommunications																			
MTNN	0.75	18.3%	151.2%	13.4%	11.3	13.82	9.14	12.1x	18.3x	201.00	157.00	-1.71%	13.50	14.32	193.32	167.00	+16%	BUY	
AIRTELAFRI	0.43	14.7%	24.8%	8.8%	2.8	97.26	392.30	9.8x	2.4x	955.00	601.00	+12.12%	-	-	720.32	955.00	-25%	SELL	

*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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