

STOCK RECOMMENDATION – MARCH 14TH, 2022

MARKET REVIEW

For the week ended March 11, 2022.

- The Nigerian Equities market reversed its bearish run from the previous week as the All-Share Index improved by 0.36% WoW, settling at 47,268.6pts. Year-to-date return, therefore, improved to +11.1%.
- The mood was mixed across sectors; while the **NGXBNK** (+1.3%WoW) and **NGXINS** (+2.7% WoW) indices closed in the green, the **NGXOILGS** (-2.2% WoW), **NGXINDUSTR** (-0.1% WoW), and **NGXCNSMRGDS** (-0.5% WoW) indices closed negative.
- PRESCO** (+19.5% WoW) ended the week as the top gainer while **ELLAHLAKES** (-18.5% WoW) led the losers' chart. **FCMB** retained its position as the top traded stock by volume and value.

MARKET *P*REVIEW

For the week commencing March 14, 2022.

- The mood in the market last week was predominantly positive. This week, given the upside on some tickers (a number of low cap stocks inclusive), we expect the prevalence of bargain hunting. This is further supported by the unattractive rates at the primary market auction given the continuous decline in rates.
- Also, we see possibility of investors positioning ahead of earnings release and dividend announcement.
- Thus, barring any major negative reaction to earnings release and announcement, **we expect the market to close in the positive region this week.**

THE WEEK THAT WAS (A REVIEW)

		Cur. Week	Prev. Week	
NGXASI		47,437.48	47,268.61	
Market Cap [NGN'tr]		25.57	25.48	
Market Cap [USD 'bn]		61.31	61.09	
Volume Traded [bn]		2.79	1.33	
Value Traded [NGN'bn]		23.86	23.81	
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	0.36%	0.09%	11.05%	11.05%
NGX-30	1.17%	-2.82%	5.77%	5.77%
NGX-B10	1.29%	-2.00%	9.45%	9.45%
NGX-FB10	-0.52%	-2.51%	-2.72%	-2.72%
NGX-OG5	-2.22%	8.38%	33.31%	33.31%
NGX-INS10	2.65%	1.47%	-2.15%	-2.15%
NGX-IND	-0.13%	-0.97%	5.27%	5.27%
Value (NGN)		Volume		
FCMB	3,591,544,224	FCMB	962,709,385	
MTNN	3,367,563,924	UNITYBNK	528,488,787	
GTCO	3,094,477,831	FBNH	142,058,260	
ZENITHBANK	2,448,145,185	GTCO	117,980,323	
NESTLE	1,645,010,194	ZENITHBANK	91,456,131	
Highest Gainers	%	Highest Losers	%	
PRESCO	19.62%	ELLAHLAKES	- -18.54%	
RTBRISCOE	15.87%	MAYBAKER	-18.35%	
CORNERST	15.63%	UPL	-14.43%	
UACN	14.52%	ROYALEX	-10.37%	
CHIPLC	10.17%	LINKASSURE	-10.34%	

	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	2022 TP	Last Wk. Pr	UPP	RT
Financial Services																		
Banks																		
ACCESS	0.08	18%	16%	1%	12.97	3.56	22.49	2.85x	0.45x	10.50	9.25	+9.14%	2.60	4.12	10.69	10.15	+5%	HOLD
ETI	0.08	15%	15%	1%	12.45	5.20	35.63	2.11x	0.31x	13.10	8.60	+26.44%	2.21	6.08	13.41	11.00	+22%	BUY
FCMB	0.08	9%	8%	1%	10.25	0.99	11.92	3.55x	0.29x	3.50	2.85	+17.06%	3.19	1.24	3.96	3.50	+13%	BUY
FIDELITYBK	0.07	15%	12%	1%	11.26	1.13	9.76	2.52x	0.29x	3.10	2.50	+11.76%	2.31	1.26	2.91	2.85	+2%	HOLD
FBNH	0.07	10%	8%	1%	11.29	1.74	20.99	6.65x	0.55x	12.00	11.00	+1.32%	4.34	2.68	11.63	11.55	+1%	HOLD
GTCO	0.08	39%	20%	3%	6.15	5.94	30.01	4.54x	0.90x	28.00	25.15	+3.85%	4.29	7.80	33.51	27.00	+24%	BUY
STANBIC	0.07	27%	16%	2%	7.63	5.13	32.43	6.72x	1.06x	38.00	33.90	-4.17%	7.55	5.75	43.43	34.50	+26%	BUY
STERLNBANK	0.09	5%	8%	1%	11.25	0.40	4.78	3.82x	0.32x	1.73	1.50	+1.32%	3.94	0.50	1.98	1.53	+29%	BUY
UBA	0.08	18%	15%	1%	10.61	3.47	23.53	2.46x	0.36x	8.85	8.00	+6.21%	2.36	3.87	9.15	8.55	+7%	HOLD
UBN	0.06	11%	6%	1%	9.68	0.59	9.09	10.59x	0.68x	6.40	5.40	+5.08%	7.16	0.96	6.90	6.20	+11%	BUY
WEMABANK	0.08	10%	13%	1%	17.02	0.21	1.65	4.34x	0.56x	0.97	0.78	+27.78%	-	-	-	0.92	-	UR
ZENITHBANK	0.08	32%	19%	3%	7.38	7.79	40.76	3.47x	0.66x	27.40	25.30	+7.36%	3.71	7.98	29.59	27.00	+10%	HOLD
Insurance																		
AIICO	0.32	5%	6%	1%	5.87	0.11	1.75	6.37x	0.40x	0.84	0.66	0.00%	5.00	0.17	0.85	0.70	+21%	BUY
LASACO	0.49	5%	3%	1%	2.24	0.15	6.05	7.12x	0.18x	1.15	1.00	+3.81%	5.69	0.25	1.42	1.09	+31%	BUY
MANSARD	0.47	9%	7%	2%	3.06	0.07	1.00	31.57x	2.35x	2.50	2.28	+1.29%	6.05	0.57	3.45	2.35	+47%	BUY
NEM	0.78	10%	31%	17%	1.81	0.60	1.94	6.80x	2.10x	4.50	3.01	-9.11%	4.68	1.15	5.38	4.09	+32%	BUY
WAPIC	0.32	-7%	-5%	-3%	1.80	-0.04	0.96	-	11.42x	0.53	0.46	-10.71%	25.92	0.02	0.52	0.50	+4%	HOLD
CUSTODIAN	0.46	8%	20%	6%	3.06	2.00	10.05	3.60x	0.72x	8.00	7.05	-8.86%	3.80	2.27	8.63	7.20	+20%	BUY

Consumer Staples & Discretionary																			
Breweries																			
GUINNESS	0.78	2%	-16%	-8%	2.10	-5.53	34.18	-	1.90x	74.00	39.00	+66.67%	13.09	5.37	70.31	65.00	+8%	HOLD	
NB	0.89	4%	6%	2%	2.67	1.19	20.87	38.73x	2.20x	48.50	45.50	-8.00%	-	-	-	46.00	-	UR	
INTBREW	0.38	-7%	-6%	-2%	2.50	-0.35	5.55	-	0.94x	6.00	4.85	+5.05%	-	-	-	5.20	-	UR	
Packaged Foods & Meats																			
CADBURY	0.94	5%	10%	4%	2.87	0.81	7.84	11.01x	1.14x	9.50	8.60	+1.70%	10.28	0.92	9.46	8.95	+6%	HOLD	
DANGSUGAR	0.77	8%	15%	6%	2.65	1.54	10.05	10.42x	1.59x	18.30	15.60	-8.05%	8.10	2.95	23.90	16.00	+49%	BUY	
HONYFLOUR	0.90	0%	2%	1%	2.45	0.13	7.26	29.58x	0.52x	4.02	3.20	+11.47%	23.17	0.13	3.01	3.79	-21%	SELL	
FLOURMILL	1.48	2%	15%	4%	3.80	6.63	45.11	4.75x	0.70x	35.10	28.10	+11.11%	6.48	6.27	40.63	31.50	+29%	BUY	
NASCON	0.82	9%	20%	7%	2.77	1.12	5.52	12.04x	2.44x	14.50	13.00	+2.27%	12.54	1.26	15.80	13.50	+17%	BUY	
NESTLE	1.10	13%	118%	13%	8.80	51.55	43.80	27.84x	32.76x	1,556.50	1,395.00	-7.81%	26.61	63.15	1,680.42	1,435.00	+17%	BUY	
UACN	1.09	1%	8%	4%	1.75	1.31	17.26	8.11x	0.62x	10.65	8.90	+12.11%	6.79	1.90	12.90	10.65	+21%	BUY	
UNILEVER*	0.76	2%	-1%	-1%	1.58	-0.14	11.10	-	1.19x	14.50	13.05	-8.97%	5.99	9.00	15.81	13.20	+20%	BUY	
Agricultural Products																			
OKOMUOIL	0.59	37%	36%	24%	1.52	15.08	41.83	9.28x	3.35x	142.00	127.80	-1.41%	10.11	15.63	158.02	140.00	+13%	BUY	
PRESCO	0.45	40%	33%	16%	2.04	14.01	42.83	8.92x	2.92x	125.00	87.80	+42.37%	7.42	13.07	96.98	125.00	-22%	SELL	
Household & Personal Products																			
PZ	0.79	1%	-20%	-8%	2.55	-1.71	8.76	-4.29x	0.84x	7.45	6.10	+20.49%	-	-	-	7.35	-	UR	
VITAFOAM	1.14	13%	46%	19%	2.39	3.92	8.55	5.59x	2.56x	24.45	20.25	-2.67%	6.00	4.90	29.40	21.90	+34%	BUY	
Healthcare																			
Pharmaceuticals																			
MAYBAKER	0.69	11%	16%	7%	2.25	0.67	4.11	6.66x	1.08x	5.45	4.02	+10.70%	6.88	0.70	4.82	4.45	+8%	HOLD	

FIDSON	0.80	11%	21%	8%	2.66	1.22	5.91	6.54x	1.35x	8.55	6.22	+28.62%	5.98	1.73	10.35	8.00	+29%	BUY
GLAXOSMITH	0.91	1%	4%	1%	2.68	0.26	7.30	23.93x	0.84x	6.40	5.95	+3.36%	8.99	0.49	4.41	6.15	-28%	SELL
NEIMETH	0.45	-161%	19%	3%	5.66	0.11	0.58	16.31x	3.04x	1.98	1.65	+1.14%	2.55	0.86	2.19	1.77	+24%	BUY
Materials																		
Construction Materials																		
BUACEMENT*	0.35	35%	23%	12%	1.91	2.39	10.32	29.61x	6.86x	71.95	68.00	+5.52%	13.66	5.42	70.83	70.75	+0%	HOLD
DANGCEM*	0.60	28%	42%	16%	2.58	20.04	47.24	13.65x	5.79x	284.90	250.00	+6.42%	6.90	44.81	287.81	273.50	+5%	HOLD
WAPCO*	0.50	20%	10%	7%	1.38	2.22	23.09	10.56x	1.02x	27.00	23.50	-1.88%	6.46	38.65	38.65	23.50	+64%	BUY
Specialty Chemicals																		
CAP	1.27	9%	40%	13%	3.07	1.61	3.98	11.20x	4.53x	19.50	17.55	-7.46%	12.38	1.32	16.34	18.00	-9%	HOLD
BERGER	0.87	4%	6%	4%	1.59	0.65	10.75	12.68x	0.77x	8.55	7.55	-2.92%	11.11	1.23	13.67	8.30	+65%	BUY
Energy																		
CONOIL	2.67	2%	9%	4%	2.31	2.77	30.43	9.05x	0.82x	26.50	21.30	+14.09%	7.81	4.05	31.58	25.10	+26%	BUY
ETERNA	1.98	1%	11%	5%	2.52	1.19	10.47	4.70x	0.53x	6.35	5.05	+10.89%	7.00	0.65	4.55	5.60	-19%	SELL
ARDOVA	2.61	1%	6%	2%	3.83	0.93	14.62	12.84x	0.82x	13.85	11.60	-8.08%	8.21	2.08	17.08	11.95	+43%	BUY
MRS	1.11	0%	-7%	-3%	2.20	-3.95	55.28	-3.43x	0.25x	13.55	12.35	+9.72%	55.23	0.20	11.05	13.55	-18%	SELL
SEPLAT	0.18	16%	7%	3%	2.28	79.75	1,195.29	12.41x	0.83x	1,034.00	650.00	+52.31%	16.10	46.85	754.42	990.00	-24%	SELL
TOTAL	1.33	5%	32%	6%	5.69	31.42	96.67	8.43x	2.74x	264.90	221.90	+19.38%	5.60	53.36	298.86	264.90	+13%	BUY
Telecommunications																		
MTNN	0.73	18%	113%	13%	8.53	14.67	13.02	14.04x	15.82x	206.00	185.50	+4.57%	13.00	18.28	237.64	206.00	+15%	BUY
AIRTELAfri*	0.43	15%	25%	9%	2.82	97.26	392.30	12.96x	3.21x	1,271.00	955.00	+31.94%	4.81	180.86	869.94	1,260.00	-31%	SELL
ACCESS	0.08	18%	16%	1%	12.97	3.56	22.49	2.85x	0.45x	10.50	9.25	+9.14%	2.60	4.12	10.69	10.15	+5%	HOLD

**TP calculated with EV/EBITDA multiple; 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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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.

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