

STOCK RECOMMENDATION – MAY 23RD, 2022

MARKET REVIEW

For the week ended May 20th, 2022.

- The Nigerian equities market closed on a negative note last week as the All-Share Index declined by 0.23%WoW to settle at 52,979.96pts, reversing the positive momentum witnessed in the past four-consecutive weeks.
- The Year-to-Date return thus worsened to 24.03%. We note that the decline was due to sell offs on notable low-cap stocks across sectors and **MTNN** (-4.82%) during the week. Across sectoral indices, only the **NGXINS** (+3.63%) and **NGXOILGS** (+0.30%) closed positive while **NGXBNK** (-1.24%), **NGXCNSMRGDS** (-1.01%) and **NGXINDTSR** (-0.61%) all closed negative.
- TRANSCOHOT** (+20.70% WoW) emerged the week's top gainer, while **ROYALEX** (-25.49% WoW) led the losers' chart. **JAIZBANK** and **MTNN** were the most traded stocks by volume and value, respectively.

MARKET *P*REVIEW

For the week commencing May 23rd, 2022.

- In our opinion, the bond auction held last week caused a tighter system liquidity and contributed to the profit taking activities witnessed on the local bourse.
- Thus, with an upcoming Treasury Bills auction to be held during the week, we expect further profit taking on tickers that have recorded decent price appreciation in recent weeks.
- We do not rule out bargain hunting on stocks that present significant upside potential to investors. However, we expect that profit taking activities will dictate market direction.
- Hence, we expect the market to close in the negative region this week.**

THE WEEK THAT WAS (A REVIEW)

		Cur. Week	Prev. Week	
NGXASI		52,979.96	53,100.21	
Market Cap [NGN'tr]		28.56	28.63	
Market Cap [USD 'bn]		68.49	68.65	
Volume Traded [bn]		2.24	1.79	
Value Traded [NGN'bn]		28.81	27.17	
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	-0.23%	6.73%	12.81%	24.03%
NGX-30	-1.47%	7.64%	13.36%	17.89%
NGX-B10	-1.24%	-0.94%	5.24%	6.07%
NGX-FB10	-1.01%	11.87%	24.78%	17.34%
NGX-OG5	0.30%	6.09%	26.30%	61.24%
NGX-INS10	3.63%	-0.37%	3.32%	-2.91%
NGX-IND	-0.61%	4.98%	8.39%	14.23%
Value (NGN)		Volume		
MTNN	8,053,188,566	JAIZBANK	526,913,438	
GTCO	3,489,540,963	TRANSCORP	339,121,875	
SEPLAT	2,847,743,733	FBNH	192,241,836	
FBNH	2,364,024,497	GTCO	145,854,176	
AIRTELAFRI	1,298,590,403	CHIPLC	101,308,303	
Highest Gainers		Highest Losers		
	%		%	
TRANSCOHOT	20.70%	ROYALEX	-25.49%	
NNFM	20.60%	ACADEMY	-18.54%	
ABBEYBDS	20.44%	FTNCOCOA	-15.79%	
PZ	12.07%	MAYBAKER	-14.65%	
CADBURY	11.32%	GLAXOSMITH	-12.03%	

	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																		
ACCESSCORP	0.09	19%	15%	1%	11.02	4.64	30.84	2.12x	0.32x	10.40	9.55	+5.91%	2.21	5.43	11.99	9.85	+22%	BUY
ETI	0.09	16%	17%	1%	12.78	6.27	35.83	1.91x	0.33x	13.10	8.60	+37.36%	2.21	6.60	14.56	11.95	+22%	BUY
FCMB	0.09	9%	9%	1%	9.96	1.14	12.57	3.08x	0.28x	3.88	2.85	+17.06%	3.15	1.38	4.35	3.50	+24%	BUY
FIDELITYBK	0.08	13%	12%	1%	11.53	1.23	10.65	2.85x	0.33x	4.05	2.50	+36.86%	2.45	1.47	3.60	3.49	+3%	HOLD
FBNH	0.07	10%	8%	1%	11.29	1.74	20.99	6.91x	0.57x	12.40	11.00	+5.26%	4.34	2.68	11.63	12.00	-3%	HOLD
GTCO	0.08	36%	19%	3%	6.05	5.86	30.88	4.04x	0.77x	28.00	21.50	-8.85%	4.29	7.80	33.51	23.70	+41%	BUY
STANBIC	0.07	22%	15%	2%	7.83	5.47	35.64	6.31x	0.97x	38.00	32.15	-4.17%	8.15	5.21	42.45	34.50	+23%	BUY
STERLNBANK	0.09	8%	9%	1%	10.96	0.49	5.27	3.19x	0.30x	1.73	1.40	+3.31%	-	-	-	1.56	-	UR
UBA	0.08	23%	15%	1%	10.76	3.57	24.15	2.21x	0.33x	8.85	7.50	-1.86%	2.36	3.87	9.15	7.90	+16%	BUY
UBN	0.07	14%	6%	1%	9.58	0.56	9.23	11.63x	0.70x	6.55	5.40	+10.17%	7.16	0.96	6.90	6.50	+6%	HOLD
WEMABANK	0.08	9%	14%	1%	17.33	0.27	1.89	12.72x	1.83x	3.85	0.78	+380.56%	-	-	-	3.46	-	UR
ZENITHBANK	0.08	30%	19%	2%	7.76	7.95	42.37	3.03x	0.57x	27.40	22.00	-4.17%	3.71	7.98	29.59	24.10	+23%	BUY
Insurance																		
AIICO	0.33	23%	21%	4%	5.80	0.39	1.86	1.99x	0.42x	0.84	0.64	+11.43%	5.32	0.14	0.74	0.78	-5%	HOLD
LASACO	0.50	1%	1%	0%	2.18	0.05	6.01	20.31x	0.18x	1.15	1.00	+5.71%	5.69	0.25	1.42	1.11	+28%	BUY
MANSARD	0.55	21%	12%	4%	3.03	0.23	1.91	9.95x	1.18x	2.60	2.15	-2.59%	6.05	0.46	2.77	2.26	+23%	BUY
NEM	0.73	12%	20%	12%	1.72	0.49	2.43	9.01x	1.80x	4.50	3.01	-2.44%	4.96	0.96	4.76	4.39	+8%	HOLD
WAPIC	0.41	11%	-5%	-3%	1.80	-0.04	0.94	-10.24x	0.48x	0.53	0.40	-19.64%	-	-	-	0.45	-	UR
CORNERST	0.37	1%	14%	6%	2.40	0.16	1.13	3.56x	0.51x	0.74	0.50	+26.09%	3.20	0.21	0.67	0.58	+16%	BUY
CUSTODIAN	0.43	9%	17%	5%	3.19	1.88	11.27	3.73x	0.62x	8.00	6.50	-11.39%	4.21	1.87	7.87	7.00	+12%	BUY

*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.

	Fundamentals					Trailing				Market Performance			Valuation				UPP	RT
	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		
Other Financial Services																		
UCAP	0.04	55%	50%	3%	19.45	1.99	3.98	6.85x	3.42x	14.15	9.95	+37.37%	5.50	2.33	12.82	13.60	-6%	HOLD
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.81	13%	6%	3%	2.30	2.54	41.12	38.64x	2.38x	110.00	39.00	+151.28%	-	-	-	98.00	-	UR
NB	0.90	10%	10%	4%	2.80	2.33	23.26	33.06x	3.31x	77.00	40.00	+54.00%	25.45	3.12	79.51	77.00	+3%	HOLD
INTBREW	0.43	1%	-10%	-3%	3.29	-0.53	5.23	-15.34x	1.57x	9.75	4.40	+65.66%	-	-	-	8.20	-	UR
Packaged Foods & Meats																		
BUAFOODS	0.57	25%	33%	12%	2.77	68.55	208.94	0.84x	0.28x	66.00	40.00	+44.75%	14.18	4.74	67.23	57.90	+16%	BUY
CADBURY	0.94	12%	255%	5%	52.50	1.28	0.50	13.85x	35.37x	17.70	7.75	+101.14%	21.58	0.34	7.34	17.70	-59%	SELL
DANGSUGAR	0.84	9%	18%	6%	2.79	1.86	10.59	9.13x	1.61x	18.30	15.50	-2.30%	8.10	2.95	23.90	17.00	+41%	BUY
HONYFLOUR	0.90	0%	2%	1%	2.45	0.13	7.26	29.27x	0.52x	4.02	3.20	+10.29%	23.17	0.13	3.01	3.75	-20%	SELL
FLOURMILL	1.48	2%	15%	4%	3.80	6.63	45.11	5.58x	0.82x	41.45	28.10	+30.51%	6.48	6.27	40.63	37.00	+10%	HOLD
NASCON	0.80	4%	-11%	-4%	2.96	-0.60	5.67	-21.54x	2.27x	14.50	11.70	-2.65%	12.54	1.26	15.80	12.85	+23%	BUY
NESTLE	1.16	16%	116%	14%	8.26	57.54	49.54	24.35x	28.29x	1,556.50	1,395.00	-9.96%	28.18	54.57	1,537.78	1,401.40	+10%	HOLD
UACN	0.93	2%	5%	2%	2.24	0.89	17.87	16.21x	0.81x	14.50	8.90	+51.58%	12.48	1.21	15.16	14.40	+5%	HOLD
UNILEVER*	0.64	9%	-2%	-1%	1.72	-0.18	11.76	-81.84x	1.26x	15.30	12.20	+2.07%	27.13	0.56	15.07	14.80	+2%	HOLD
Agricultural Products																		
OKOMUOIL	0.56	46%	36%	19%	1.86	16.53	45.65	13.01x	4.71x	215.00	127.80	+51.41%	10.11	15.63	158.02	215.00	-27%	SELL
PRESCO	0.38	40%	26%	15%	1.67	18.87	73.77	10.60x	2.71x	200.00	87.80	+127.79%	8.25	26.25	216.54	200.00	+8%	HOLD
Household & Personal Products																		
PZ	0.79	1%	-20%	-8%	2.55	-1.71	8.76	-7.59x	1.48x	13.55	6.10	+113.11%	-	-	-	13.00	-	UR
VITAFOAM	0.92	19%	44%	18%	2.46	4.57	10.35	5.19x	2.29x	25.00	20.25	+5.33%	6.00	4.90	29.40	23.70	+24%	BUY

	Fundamentals					Trailing				Market Performance			Valuation				UPP	RT	
	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			
Healthcare																			
Pharmaceuticals																			
MAYBAKER	0.70	6%	13%	6%	2.38	0.57	4.32	7.53x	1.00x	5.45	4.02	+7.21%	7.50	0.67	5.03	4.31	+17%	BUY	
FIDSON	0.95	14%	31%	13%	2.44	2.20	7.13	5.01x	1.54x	12.05	6.22	+76.85%	5.03	2.06	10.35	11.00	-6%	HOLD	
GLAXOSMITH	0.99	3%	11%	4%	2.79	0.91	7.91	7.65x	0.88x	8.35	5.65	+16.81%	-	-	-	6.95	-	UR	
NEIMETH	0.47	13%	15%	3%	5.89	0.08	0.56	20.88x	3.13x	1.98	1.36	+0.57%	2.55	0.86	2.19	1.76	+25%	BUY	
Materials																			
Construction Materials																			
BUACEMENT*	0.37	34%	23%	13%	1.82	2.98	12.73	24.93x	5.83x	74.25	68.00	+10.74%	18.34	3.19	76.13	74.25	+3%	HOLD	
DANGCEM*	0.60	38%	37%	16%	2.33	22.93	61.93	13.08x	4.84x	300.00	250.00	+16.73%	6.90	44.81	287.81	300.00	-4%	HOLD	
WAPCO*	0.58	19%	15%	11%	1.35	3.69	24.59	7.81x	1.17x	31.75	21.80	+20.25%	6.46	38.65	38.65	28.80	+34%	BUY	
Specialty Chemicals																			
CAP	1.36	11%	31%	13%	2.50	1.99	6.33	10.56x	3.32x	22.40	17.55	+7.97%	12.38	1.32	16.34	21.00	-22%	SELL	
BERGER	1.06	5%	6%	4%	1.54	0.66	11.46	11.44x	0.65x	8.55	6.15	-12.28%	12.00	0.74	8.92	7.50	+19%	BUY	
Energy																			
CONOIL	2.17	2%	14%	6%	2.47	4.63	32.20	6.72x	0.97x	31.50	21.30	+41.59%	7.81	4.05	31.58	31.15	+1%	HOLD	
ETERNA	1.93	3%	-4%	-1%	3.78	-0.37	9.97	-19.41x	0.71x	7.31	4.99	+40.59%	-	-	5.79	7.10	-18%	SELL	
ARDOVA	2.93	-1%	-9%	-3%	3.60	-1.27	13.86	-11.83x	1.08x	15.20	11.55	+15.38%	8.21	2.08	17.08	15.00	+14%	BUY	
MRS	2.02	0%	2%	1%	2.10	0.96	56.24	14.12x	0.24x	13.60	12.20	+10.12%	55.23	0.20	11.05	13.60	-19%	SELL	
SEPLAT	0.20	8%	6%	3%	2.29	77.78	1,222.95	16.71x	1.06x	1,300.10	650.00	+99.98%	13.14	86.37	1,134.94	1,299.90	-13%	SELL	
TOTAL	1.37	4%	40%	7%	5.88	53.78	135.71	4.36x	1.73x	264.90	221.90	+5.68%	5.60	53.36	298.86	234.50	+27%	BUY	
Telecommunications																			
MTNN	0.77	21%	121%	14%	8.53	15.81	13.02	15.75x	19.13x	270.00	185.50	+26.40%	13.00	18.28	237.64	249.00	-5%	HOLD	
AIRTELAFRI*	0.47	25%	30%	10%	2.95	114.89	383.44	12.79x	3.83x	1,470.00	955.00	+53.93%	4.81	180.86	869.94	1,470.00	-41%	SELL	

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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.

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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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