

STOCK RECOMMENDATION - JUNE 20TH, 2022

MARKET REVIEW

For the week ended June 17th, 2022.

- Bearish sentiment dominated the Nigerian equities market during the week, as the local bourse shed 2.68% WoW, leading the All-Share Index to close lower at 51,778.1pts. Thus, the Year-to-date return declined to 21.22% (vs. 24.55% in the prior week).
- The sentiment was negative across board, with all sectoral indices closing negative: **NGXBNK** (-5.19% WoW), **NGXCNSMRGDS** (-1.16% WoW), **NGXINS** (-1.21% WoW), **NGXINDUSTR** (-0.08% WoW) and **NGXOILGAS** (-1.80% WoW).
- LEARNAFRICA** emerged the week's top gainer, advancing by 15.74%WoW, while **BETAGLAS** was the week's top loser shedding 18.19% WoW. **UBA** and **ZENITHBANK** led the activities chart as the top traded stock by volume and value

MARKET *P*REVIEW*For the week commencing June 20th, 2022.*

- Last week, the sentiment was largely negative on the local bourse due to the treasury bills primary market auction held during the week which tightened liquidity.
- We expect the profit taking activities to continue in the market this week, especially with the expectation of marginal rise in rates at the upcoming bond auction.
- We also do not rule out the possibility of investors positioning ahead of the next earnings release and bargain hunting on stocks with significant upside potential.
- Overall, we expect profit taking activities to dominate the market. **Hence, we expect the market to close in the negative region this week.**

THE WEEK THAT WAS (A REVIEW)

			Cur. Week	Prev. Week
NGXASI			51,778.08	53,201.38
Market Cap [NGN'tr]			27.91	28.68
Market Cap [USD 'bn]			66.62	68.45
Volume Traded [bn]			0.93	1.79
Value Traded [NGN'bn]			11.49	19.49
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	-2.68%	-3.47%	10.25%	21.21%
NGX-30	-3.00%	-3.97%	4.99%	9.18%
NGX-B10	-5.20%	-7.51%	-3.80%	-3.04%
NGX-FB10	-1.16%	-1.89%	15.38%	8.50%
NGX-OG5	-1.80%	-1.69%	23.24%	57.33%
NGX-INS10	-1.21%	-2.51%	-5.09%	-10.82%
NGX-IND	-0.08%	-3.30%	3.82%	9.41%
Value (NGN)		Volume		
ZENITHBANK	1,575,225,973	UBA	137,200,573	
GTCO	1,546,009,230	STERLNBANK	90,909,358	
MTNN	1,062,534,811	TRANSCORP	76,726,873	
AIRTELAFRI	1,052,022,335	FCMB	73,149,688	
UBA	1,045,173,650	ZENITHBANK	71,591,116	
Highest Gainers	%	Highest Losers		%
LEARNAFRCA	15.74%	LIVESTOCK	-16.88%	
SUNUASSUR	9.38%	INTBREW	-14.97%	
TRIPPLEG	9.20%	CUTIX	-10.74%	
ELLAHLAKES	8.40%	CONOIL	-10.00%	
UACN	4.55%	MEYER	-10.00%	

	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	16%	15%	1%	11.02	4.64	30.84	2.00x	0.30x	10.40	9.30	0.00%	2.21	5.43	11.99	9.30	+29%	BUY
ETI	0.09	16%	17%	1%	12.78	6.27	35.83	1.61x	0.28x	13.10	8.60	+16.09%	2.21	6.60	14.56	10.10	+44%	BUY
FCMB	0.09	10%	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	2.75x	0.32x	4.05	2.50	+32.16%	2.45	1.47	3.60	3.37	+7%	HOLD
FBNH	0.09	21%	19%	2%	10.14	4.68	25.29	2.07x	0.38x	12.40	9.70	-14.91%	3.85	3.09	11.90	9.70	+23%	BUY
GTCO	0.08	37%	19%	3%	6.05	5.86	30.88	3.59x	0.68x	28.00	21.05	-19.04%	4.29	7.80	33.51	21.05	+59%	BUY
STANBIC	0.07	27%	15%	2%	7.83	5.47	35.64	6.13x	0.94x	38.00	32.15	-6.81%	8.15	5.21	42.45	33.55	+27%	BUY
STERLNBANK	0.09	9%	9%	1%	10.96	0.49	5.27	3.16x	0.29x	1.73	1.40	+2.65%	3.10	0.47	1.46	1.55	-6%	HOLD
UBA	0.08	18%	15%	1%	10.76	3.57	24.15	2.10x	0.31x	8.85	7.50	-6.83%	2.36	3.87	9.15	7.50	+22%	BUY
UBN	0.07	9%	6%	1%	9.58	0.56	9.23	10.73x	0.65x	6.55	5.40	+1.69%	7.16	0.96	6.90	6.00	+15%	BUY
WEMABANK	0.08	10%	14%	1%	17.33	0.27	1.89	11.66x	1.68x	3.85	0.78	+340.28%	5.11	0.68	3.49	3.17	+10%	BUY
ZENITHBANK	0.08	31%	19%	2%	7.76	7.95	42.37	2.69x	0.51x	27.40	21.40	-14.91%	3.71	7.98	29.59	21.40	+38%	BUY
Insurance																		
AIICO	0.33	11%	21%	4%	5.80	0.39	1.86	1.66x	0.35x	0.84	0.64	-7.14%	5.32	0.14	0.74	0.65	+15%	BUY
LASACO	0.50	1%	1%	0%	2.18	0.05	6.01	19.76x	0.18x	1.15	1.00	+2.86%	5.69	0.25	1.42	1.08	+32%	BUY
MANSARD	0.55	7%	12%	4%	3.03	0.23	1.91	9.11x	1.08x	2.60	2.03	-10.78%	6.05	0.46	2.77	2.07	+34%	BUY
NEM	0.73	16%	20%	12%	1.72	0.49	2.43	7.60x	1.52x	4.50	3.01	-17.78%	4.96	0.96	4.76	3.70	+29%	BUY
WAPIC	0.41	-6%	-5%	-3%	1.80	-0.04	0.94	-9.10x	0.43x	0.53	0.40	-28.57%	-	-	-	0.40	-	UR
CORNERST	0.37	16%	14%	6%	2.40	0.16	1.13	3.81x	0.55x	0.74	0.50	+34.78%	3.20	0.21	0.67	0.62	+8%	HOLD
CUSTODIAN	0.43	12%	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					
	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
Other Financial Services																		
UCAP	0.04	62%	50%	3%	19.45	1.99	3.98	6.55x	3.27x	14.15	9.95	+31.31%	6.50	2.33	15.15	13.00	+17%	BUY
AFRIPRUD	0.21	41%	18%	9%	2.10	0.74	4.08	7.82x	1.41x	7.80	5.75	-9.45%	9.28	0.80	7.39	5.75	+29%	BUY
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.81	3%	6%	3%	2.30	2.54	41.12	35.68x	2.20x	110.00	39.00	+132.05%	-	-	-	90.50	-	UR
NB	0.90	4%	10%	4%	2.80	2.33	23.26	27.26x	2.73x	77.00	40.00	+27.00%	25.45	3.12	79.51	63.50	+25%	BUY
INTBREW	0.43	-7%	-10%	-3%	3.29	-0.53	5.23	-11.69x	1.19x	9.75	4.40	+26.26%	-	-	-	6.25	-	UR
Packaged Foods & Meats																		
BUAFOODS	0.57	21%	33%	12%	2.77	68.55	208.94	0.80x	0.26x	66.00	40.00	+37.50%	14.18	4.74	67.23	55.00	+22%	BUY
CADBURY	0.94	5%	255%	5%	52.50	1.28	0.50	13.50x	34.47x	17.70	7.75	+96.02%	21.58	0.34	7.34	17.25	-57%	SELL
DANGSUGAR	0.84	7%	18%	6%	2.79	1.86	10.59	8.59x	1.51x	18.30	15.50	-8.05%	8.10	2.95	23.90	16.00	+49%	BUY
HONYFLOUR	0.90	1%	2%	1%	2.45	0.13	7.26	24.98x	0.44x	4.02	3.13	-5.88%	23.17	0.13	3.01	3.20	-6%	HOLD
FLOURMILL	1.48	3%	15%	4%	3.80	6.63	45.11	5.28x	0.78x	41.45	28.10	+23.46%	6.48	6.27	40.63	35.00	+16%	BUY
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	12%	116%	14%	8.26	57.54	49.54	24.33x	28.26x	1,556.50	1,395.00	-10.05%	28.18	54.57	1,537.78	1,400.00	+10%	HOLD
UACN	0.93	2%	5%	2%	2.24	0.89	17.87	12.94x	0.64x	14.50	8.90	+21.05%	12.48	1.21	15.16	11.50	+32%	BUY
UNILEVER	0.64	-1%	-2%	-1%	1.72	-0.18	11.76	-82.94x	1.28x	15.30	12.20	+3.45%	27.13	0.56	15.07	15.00	+0%	HOLD
Agricultural Products																		
OKOMUOIL	0.56	35%	36%	19%	1.86	16.53	45.65	11.71x	4.24x	215.00	127.80	+36.27%	11.74	18.72	219.73	193.50	+14%	BUY
PRESCO	0.38	40%	26%	15%	1.67	18.87	73.77	8.84x	2.26x	200.00	87.80	+89.98%	8.25	26.25	216.54	166.80	+30%	BUY
Household & Personal Products																		
PZ	0.79	-10%	-20%	-8%	2.55	-1.71	8.76	-7.59x	1.48x	13.55	6.10	+113.11%	-	-	-	13.00	-	UR
VITAFOAM	0.92	20%	44%	18%	2.46	4.57	10.35	4.92x	2.17x	25.00	20.25	0.00%	6.00	4.90	29.40	22.50	+31%	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	8%	13%	6%	2.38	0.57	4.32	6.95x	0.92x	5.45	3.98	-1.00%	7.50	0.67	5.03	3.98	+26%	BUY
FIDSON	0.95	13%	31%	13%	2.44	2.20	7.13	5.46x	1.68x	12.05	6.22	+92.93%	5.03	2.06	10.35	12.00	-14%	SELL
GLAXOSMITH	0.99	4%	11%	4%	2.79	0.91	7.91	7.76x	0.89x	8.35	5.65	+18.49%	10.00	0.81	8.10	7.05	+15%	BUY
NEIMETH	0.47	5%	15%	3%	5.89	0.08	0.56	18.39x	2.75x	1.98	1.36	-11.43%	2.55	0.86	2.19	1.55	+41%	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	27%	37%	16%	2.33	22.93	61.93	12.08x	4.47x	300.00	250.00	+7.78%	6.86	50.78	333.38	277.00	+20%	BUY
WAPCO*	0.58	19%	15%	11%	1.35	3.69	24.59	7.57x	1.13x	31.75	21.80	+16.49%	6.46	38.65	38.65	27.90	+39%	BUY
Specialty Chemicals																		
CAP	1.36	9%	31%	13%	2.50	1.99	6.33	9.13x	2.87x	22.40	17.55	-6.68%	12.38	1.32	16.34	18.15	-10%	HOLD
BERGER	1.06	4%	6%	4%	1.54	0.66	11.46	10.45x	0.60x	8.55	6.15	-19.88%	12.00	0.74	8.92	6.85	+30%	BUY
Energy																		
CONOIL	2.17	3%	14%	6%	2.47	4.63	32.20	6.21x	0.89x	34.25	21.30	+30.91%	7.81	4.05	31.58	28.80	+10%	HOLD
ETERNA	1.93	-1%	-4%	-1%	3.78	-0.37	9.97	-20.50x	0.75x	8.00	4.99	+48.51%	-	-	5.79	7.50	-23%	SELL
ARDOVA	2.93	-1%	-9%	-3%	3.60	-1.27	13.86	-10.64x	0.97x	15.20	11.55	+3.85%	8.21	2.08	17.08	13.50	+27%	BUY
MRS	2.02	0%	2%	1%	2.10	0.96	56.24	15.36x	0.26x	16.40	12.20	+19.84%	55.23	0.20	11.05	14.80	-25%	SELL
SEPLAT	0.20	14%	6%	3%	2.29	77.78	1,222.95	16.58x	1.05x	1,300.10	650.00	+98.38%	13.14	86.37	1,134.94	1,289.50	-12%	SELL
TOTAL	1.37	5%	40%	7%	5.88	53.78	135.71	4.36x	1.73x	264.90	221.90	+5.68%	5.60	60.98	341.51	234.50	+46%	BUY
Telecommunications																		
MTNN	0.71	18%	90.12%	13.10%	6.88	15.81	17.54	13.98x	12.60x	270.00	185.50	+12.18%	13.00	18.28	237.64	221.00	+8%	HOLD
AIRTELAFRI*	0.47	22%	30%	10%	2.95	114.89	383.44	15.19x	4.55x	1,767.00	955.00	+82.72%	3.91	296.33	1,159.11	1,745.00	-34%	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.

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.

SELL: Target Price of the stock is more than **10 percent** below the current market price.

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Price Targets: Price targets reflect in part the analyst's estimates for the company's earnings. The achievement of any price target may be impeded by general market and macroeconomic trends, and by other risks related to the company or market and may not occur if the company's earnings fall short of estimates.

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