

STOCK RECOMMENDATION - JULY 25TH, 2022

MARKET REVIEW

For the week ended July 22nd, 2022.

- The Nigerian equities market ended the week on a negative note, as the All-Share index declined by 0.45% WoW, to close the week at 51,979.92pts. Consequently, the Year-to-Date return declined to 21.69% (vs. 22.24% prior week).
- The mood across sectors was mixed, as the **NGXOILGAS** and **NGXINS** gained 3.80% WoW and 1.81% WoW respectively, while **NGXBNK** (-4.06% WoW), **NGXCNSMRGDS** (-1.97% WoW) and **NGXINDUSTR** (-0.49% WoW) declined.
- Top gainer for last week was **CORNERST**, up by 26.32% WoW, while **CAVERTON** emerged as the week's top loser, declining by 16.79% WoW. **UBA** and **MTNN** led the chart as the most traded stock by volume and value respectively.

MARKET *P*REVIEW*For the week commencing July 25th, 2022.*

- We anticipate H1:2022 earnings releases and dividend declarations by companies to continue during the week. We note that this could lead to buying interest on counters with strong performance.
- However, we expect investors to favour the fixed income market, considering the recent hike in rate by the Monetary Policy Committee and the resultant increase in yields in the fixed income market.
- Thus, this week, we expect the market to sustain the bearish mood from last week in the equities market.

THE WEEK THAT WAS (A REVIEW)

			Cur. Week	Prev. Week
NGXASI			51,979.92	52,215.12
Market Cap [NGN'trn]			28.03	28.16
Market Cap [USD 'bn]			66.90	67.20
Volume Traded [bn]			0.87	0.50
Value Traded [NGN'bn]			14.75	7.52
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	-0.45%	0.31%	0.31%	21.69%
NGX-30	-0.56%	-0.14%	-0.14%	9.45%
NGX-B10	-4.06%	-4.51%	-4.51%	-6.46%
NGX-FB10	-1.97%	-3.66%	-3.66%	2.02%
NGX-OG5	3.80%	2.99%	2.99%	62.79%
NGX-INS10	1.81%	-1.45%	-1.45%	-11.29%
NGX-IND	-0.49%	-3.97%	-3.97%	2.91%
Value (NGN)		Volume		
MTNN	2,161,689,840	UBA	191,889,975	
GTCO	2,132,406,410	GTCO	101,836,574	
NB	1,897,370,609	ACCESSCORP	61,897,338	
SEPLAT	1,684,356,346	FBNH	49,924,826	
UBA	1,422,948,347	ZENITHBANK	44,489,222	
Highest Gainers		Highest Losers		
	%		%	
CORNERST	26.32%	CAVERTON	-16.79%	
SEPLAT	10.00%	NAHCO	-16.41%	
LINKASSURE	9.43%	HONYFLOUR	-14.55%	
RTBRISCOE	8.11%	FTNCOCOA	-14.29%	
WEMABANK	6.68%	NB	-10.92%	

	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	1.96x	0.30x	10.40	9.05	-2.15%	2.21	5.43	11.99	9.10	+32%	BUY
ETI	0.09	16%	17%	1%	12.78	6.27	35.83	1.60x	0.28x	13.10	8.60	+14.94%	2.21	6.60	14.56	10.00	+46%	BUY
FCMB	0.09	10%	9%	1%	9.96	1.14	12.57	2.66x	0.24x	3.88	2.85	+1.00%	3.15	1.38	4.35	3.02	+44%	BUY
FIDELITYBK	0.08	13%	12%	1%	11.53	1.23	10.65	2.53x	0.29x	4.05	2.50	+21.57%	2.45	1.47	3.60	3.10	+16%	BUY
FBNH	0.09	21%	19%	2%	10.14	4.68	25.29	2.39x	0.44x	12.40	8.40	-1.75%	3.85	3.09	11.90	11.20	+6%	HOLD
GTCO	0.08	37%	19%	3%	6.05	5.86	30.88	3.54x	0.67x	28.00	20.30	-20.19%	3.92	7.80	30.61	20.75	+48%	BUY
STANBIC	0.07	27%	15%	2%	7.83	5.47	35.64	5.77x	0.89x	38.00	31.55	-12.36%	8.15	5.21	42.45	31.55	+35%	BUY
STERLNBANK	0.09	9%	9%	1%	10.96	0.49	5.27	3.06x	0.28x	1.73	1.40	-0.66%	3.10	0.47	1.46	1.50	-3%	HOLD
UBA	0.08	18%	15%	1%	10.76	3.57	24.15	2.05x	0.30x	8.85	7.30	-9.32%	2.36	3.87	9.15	7.30	+25%	BUY
UBN	0.07	9%	6%	1%	9.58	0.56	9.23	9.12x	0.55x	6.55	5.10	-13.56%	7.16	0.96	6.90	5.10	+35%	BUY
WEMABANK	0.08	10%	14%	1%	17.33	0.27	1.89	14.67x	2.11x	4.00	0.78	+454.17%	5.11	0.68	3.49	3.99	-13%	SELL
ZENITHBANK	0.08	31%	19%	2%	7.76	7.95	42.37	2.61x	0.49x	27.40	20.75	-17.50%	3.71	7.98	29.59	20.75	+43%	BUY
Insurance																		
AIICO	0.33	11%	21%	4%	5.80	0.39	1.86	1.63x	0.34x	0.84	0.60	-8.57%	5.32	0.14	0.74	0.64	+16%	BUY
LASACO	0.49	3%	3%	2%	2.17	0.21	6.34	4.86x	0.16x	1.15	1.00	-3.81%	5.69	0.25	1.42	1.01	+41%	BUY
MANSARD	0.55	7%	12%	4%	3.03	0.23	1.91	8.49x	1.01x	2.60	1.90	-16.81%	6.05	0.46	2.77	1.93	+44%	BUY
NEM	0.73	16%	20%	12%	1.72	0.49	2.43	6.98x	1.40x	4.50	3.01	-24.44%	4.96	0.96	4.76	3.40	+40%	BUY
WAPIC (suspended)	0.41	-6%	-5%	-3%	1.80	-0.04	0.94	-9.33x	0.44x	0.53	0.40	-26.79%	-	-	-	0.41	-	UR
CORNERST	0.37	16%	14%	6%	2.40	0.16	1.13	4.42x	0.64x	0.75	0.50	+56.52%	3.20	0.21	0.67	0.72	-7%	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, Trading on **ARDOVA** and **WAPIC** have been suspended from the NGX till further notice.

	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	6.40x	3.19x	14.15	9.95	+28.28%	6.50	2.33	15.15	12.70	+19%	BUY
AFRIPRUD	0.21	41%	18%	9%	2.10	0.74	4.08	7.69x	1.38x	7.80	5.55	-11.02%	9.28	0.80	7.39	5.65	+31%	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	21.36x	2.14x	77.00	40.00	-0.50%	25.45	3.12	79.51	49.75	+60%	BUY
INTBREW	0.43	-7%	-10%	-3%	3.29	-0.53	5.23	-10.10x	1.03x	9.75	4.40	+9.09%	-	-	-	5.40	-	UR
Packaged Foods & Meats																		
BUAFOODS	0.57	21%	33%	12%	2.77	68.55	208.94	0.74x	0.24x	66.00	40.00	+27.00%	14.18	4.74	67.23	50.80	+32%	BUY
CADBURY	0.94	5%	255%	5%	52.50	1.28	0.50	13.38x	34.17x	17.70	7.75	+94.32%	21.58	0.34	7.34	17.10	-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	18.34x	0.32x	4.02	2.35	-30.88%	23.17	0.13	3.01	2.35	+28%	BUY
FLOURMILL	1.48	3%	15%	4%	3.80	6.63	45.11	4.98x	0.73x	41.45	28.10	+16.40%	5.57	8.22	45.79	33.00	+39%	BUY
NASCON	0.80	-4%	-11%	-4%	2.96	-0.60	5.67	-18.44x	1.94x	14.50	11.00	-16.67%	12.54	1.26	15.80	11.00	+44%	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	12.61x	0.63x	14.50	8.90	+17.89%	12.48	1.21	15.16	11.20	+35%	BUY
UNILEVER	0.64	-1%	-2%	-1%	1.72	-0.18	11.76	-82.94x	1.28x	15.50	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	13.12x	4.75x	216.90	127.80	+52.75%	11.74	18.72	219.73	216.90	+1%	HOLD
PRESCO	0.34	45%	60%	16%	3.85	21.37	35.67	7.41x	4.44x	200.00	87.80	+80.41%	8.25	26.25	216.54	158.40	+37%	BUY
Household & Personal Products																		
PZ	0.79	-10%	-20%	-8%	2.55	-1.71	8.76	-6.08x	1.19x	13.55	6.10	+70.49%	-	-	-	10.40	-	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					
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	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
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.70	8%	13%	6%	2.38	0.57	4.32	6.29x	0.83x	5.45	3.60	-10.45%	7.50	0.67	5.03	3.60	+40%	BUY
FIDSON	0.95	13%	31%	13%	2.44	2.20	7.13	4.50x	1.39x	12.30	6.22	+59.00%	5.20	3.02	15.70	9.89	+59%	BUY
GLAXOSMITH	0.99	4%	11%	4%	2.79	0.91	7.91	7.05x	0.81x	8.35	5.65	+7.56%	10.00	0.81	8.10	6.40	+27%	BUY
NEIMETH	0.44	5%	13%	2%	5.89	0.07	0.56	21.68x	2.84x	1.98	1.36	-8.57%	2.55	0.86	2.19	1.60	+37%	BUY
Materials																		
Construction Materials																		
BUACEMENT*	0.37	34%	23%	13%	1.82	2.98	12.73	23.27x	5.44x	74.25	68.00	+3.36%	18.34	4.35	76.13	69.30	+10%	HOLD
DANGCEM*	0.60	27%	37%	16%	2.33	22.93	61.93	11.56x	4.28x	300.00	249.30	+3.11%	6.86	50.78	333.38	265.00	+26%	BUY
WAPCO*	0.58	19%	15%	11%	1.35	3.69	24.59	6.54x	0.98x	31.75	21.80	+0.63%	6.46	5.61	38.65	24.10	+60%	BUY
Specialty Chemicals																		
CAP	1.36	9%	31%	13%	2.50	1.99	6.33	8.55x	2.68x	22.40	17.00	-12.60%	12.38	1.32	16.34	17.00	-4%	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	5.60x	0.81x	34.25	21.30	+17.95%	7.57	3.83	28.96	25.95	+12%	BUY
ETERNA	1.93	-1%	-4%	-1%	3.78	-0.37	9.97	-18.59x	0.68x	8.00	4.99	+34.65%	-	-	5.79	6.80	-15%	SELL
ARDOVA (suspended)	2.93	-1%	-9%	-3%	3.60	-1.27	13.86	-10.29x	0.94x	15.20	11.55	+0.38%	8.21	2.08	17.08	13.05	+31%	BUY
MRS	2.02	0%	2%	1%	2.10	0.96	56.24	15.00x	0.26x	16.40	12.20	+17.00%	55.23	0.20	11.05	14.45	-24%	SELL
SEPLAT	0.20	14%	6%	3%	2.29	77.78	1,222.95	18.39x	1.17x	1,430.50	650.00	+120.08%	13.14	86.37	1,134.94	1,430.50	-21%	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	14.49x	13.06x	270.00	185.50	+16.24%	13.00	18.28	237.64	229.00	+4%	HOLD
AIRTELAFRI*	0.47	22%	30%	10%	2.95	114.89	383.44	16.58x	4.97x	1,905.40	955.00	+99.52%	3.91	296.33	1,159.11	1,905.40	-39%	SELL

*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. Trading on ARDOVA and WAPIC have been suspended from the NGX till further notice.

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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

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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.

Definitions

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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Bloomberg: MERI <GO>

Capital IQ: www.capitaliq.com

ISI Emerging Markets: www.securities.com/ch.html?pc=NG

Reuters: www.thomsonreuters.com

FactSet: www.factset.com