

STOCK RECOMMENDATION – AUGUST 22ND, 2022

MARKET REVIEW

For the week ended August 19th, 2022.

- The Nigerian equities market ended the week on a negative note, as the All-Share Index declined by 0.59% WoW to close at 49,370.62pts. Consequently, the Year-to-Date return declined to 15.58% (from 16.26% last week).
- On a sectoral basis, performance was mixed as **NGXBNK** (0.65% WoW) and **NGXINDUSTR** (0.28% WoW) closed positive, while the **NGXCNSMRGDS** (-1.03% WoW) **NGXOILGAS** (-0.87% WoW) and **NGXINS** (-1.40% WoW) closed negative during the week.
- The top gainer for the week was **PRESTIGE** (+18.18% WoW), while **JAPAULGOLD** (-23.68% WoW) was the week's top loser. **NESTLE** and **FBNH** topped the activities charts as the most traded stocks by value and volume respectively.

MARKET *P*REVIEW

For the week commencing August 22nd, 2022.

- We expect the bearish sentiment in the equities market to persist this week due to low system liquidity. We also see the possibility of selloffs in the market due to the prevailing macroeconomic risks.
- Additionally, fixed income investments remain attractive to investors, especially with the recent increase in rates at primary market auctions. Thus, the expectation for a further increase in rates can keep investors attuned to the fixed income market.
- Overall, we expect the market to close in the negative.

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week		
NGXASI	49,370.62	49,664.07		
Market Cap [NGN'trn]	26.63	27.16		
Market Cap [USD 'bn]	62.06	64.83		
Volume Traded [bn]	0.81	1.03		
Value Traded [NGN'bn]	12.23	10.20		
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	-0.59%	-1.98%	-4.72%	15.58%
NGX-30	-0.64%	-3.10%	-6.56%	2.41%
NGX-B10	0.65%	2.38%	-2.66%	-4.64%
NGX-FB10	-1.03%	5.00%	-3.54%	2.14%
NGX-OG5	-0.87%	-0.65%	1.35%	60.19%
NGX-INS10	-1.40%	4.14%	-2.46%	-12.20%
NGX-IND	0.28%	-10.39%	-14.14%	-7.98%
Value (NGN)		Volume		
NESTLE	2,855,683,067	FBNH	165,019,479	
FBNH	1,799,742,863	ETRANZACT	82,557,218	
MTNN	980,182,346	UBA	75,897,352	
ZENITHBANK	958,338,717	ACCESSCORP	58,662,709	
GTCO	914,370,129	GTCO	44,995,562	
Highest Gainers		Highest Losers		
	%		%	
PRESTIGE	18.18%	JAPAULGOLD	-23.68%	
NEIMETH	9.29%	COURTVILLE	-21.43%	
SOVRENINS	8.00%	UPL	-18.87%	
REDSTAREX	5.88%	PZ	-17.07%	
UNITYBNK	4.65%	HONYFLOUR	-14.49%	

	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	1.80x	0.27x	10.40	8.35	-10.22%	2.21	5.43	11.99	8.30	+44%	BUY
ETI	0.09	16%	17%	1%	12.78	6.27	35.83	1.69x	0.30x	13.10	8.60	+21.84%	2.21	6.60	14.56	10.60	+37%	BUY
FCMB	0.09	10%	9%	1%	9.96	1.14	12.57	3.03x	0.27x	3.88	2.85	+15.05%	3.15	1.38	4.35	3.20	+36%	BUY
FIDELITYBK	0.08	13%	12%	1%	11.53	1.23	10.65	2.49x	0.29x	4.05	2.50	+19.61%	2.45	1.47	3.60	3.06	+18%	BUY
FBNH	0.09	21%	19%	2%	10.14	4.68	25.29	2.29x	0.42x	12.40	8.40	-6.14%	3.85	3.09	11.90	10.75	+11%	BUY
GTCO	0.08	37%	19%	3%	6.05	5.86	30.88	3.46x	0.66x	28.00	18.90	-21.92%	3.92	7.80	30.61	20.30	+51%	BUY
STANBIC	0.07	27%	15%	2%	7.83	5.47	35.64	5.12x	0.79x	38.00	28.00	-22.22%	8.15	5.21	42.45	28.00	+52%	BUY
STERLNBANK	0.09	9%	9%	1%	10.96	0.49	5.27	3.08x	0.29x	1.73	1.40	0.00%	3.10	0.47	1.46	1.52	-4%	HOLD
UBA	0.08	18%	15%	1%	10.76	3.57	24.15	1.96x	0.29x	8.85	6.80	-13.04%	2.36	3.87	9.15	7.10	+29%	BUY
UBN	0.07	9%	6%	1%	9.58	0.56	9.23	10.73x	0.65x	6.55	5.00	+1.69%	7.16	0.96	6.90	6.00	+15%	BUY
WEMABANK	0.08	10%	14%	1%	17.33	0.27	1.89	12.83x	1.84x	4.00	0.78	+384.72%	5.11	0.68	3.49	3.50	-0%	HOLD
ZENITHBANK	0.08	31%	19%	2%	7.76	7.95	42.37	2.76x	0.52x	27.40	18.90	-12.72%	3.71	7.98	29.59	21.95	+35%	BUY
Insurance																		
AIICO	0.33	11%	21%	4%	5.80	0.39	1.86	1.40x	0.30x	0.84	0.54	-21.43%	5.32	0.14	0.74	0.57	+31%	BUY
LASACO	0.49	3%	3%	2%	2.17	0.21	6.34	5.01x	0.16x	1.15	0.90	-0.95%	5.69	0.25	1.42	1.04	+37%	BUY
MANSARD	0.55	7%	12%	4%	3.03	0.23	1.91	8.14x	0.97x	2.60	1.72	-20.26%	6.05	0.46	2.77	1.85	+50%	BUY
NEM	0.73	16%	20%	12%	1.72	0.49	2.43	8.15x	1.63x	4.50	3.01	-11.78%	4.96	0.96	4.76	3.82	+25%	BUY
WAPIC	0.41	-6%	-5%	-3%	1.80	-0.04	0.94	-9.33x	0.44x	0.53	0.37	-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	0.73	-8%	HOLD
CUSTODIAN	0.43	12%	17%	5%	3.19	1.88	11.27	3.62x	0.60x	8.00	6.30	-13.92%	4.21	1.87	7.87	6.80	+16%	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	5.94x	2.97x	14.15	9.95	+19.19%	6.50	2.33	15.15	11.80	+28%	BUY
AFRIPRUD	0.21	41%	18%	9%	2.10	0.74	4.08	7.89x	1.42x	7.80	5.50	-8.66%	9.28	0.80	7.39	5.80	+27%	BUY
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.81	3%	6%	3%	2.30	2.54	41.12	33.12x	2.04x	110.00	39.00	+115.38%	13.85	7.67	106.23	84.00	+26%	BUY
NB	0.90	4%	10%	4%	2.80	2.33	23.26	20.24x	2.03x	77.00	40.00	-5.70%	25.45	3.12	79.51	47.15	+69%	BUY
INTBREW	0.43	-7%	-10%	-3%	3.29	-0.53	5.23	-9.35x	0.96x	9.75	4.40	+1.01%	-	-	-	5.00	-	UR
Packaged Foods & Meats																		
BUAFOODS	0.57	21%	33%	12%	2.77	68.55	208.94	0.87x	0.29x	66.00	40.00	+49.88%	14.18	4.74	67.23	59.95	+12%	BUY
CADBURY	0.94	5%	255%	5%	52.50	1.28	0.50	10.72x	27.37x	17.70	7.75	+55.68%	15.41	1.00	15.41	13.70	+12%	BUY
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	16.30	+47%	BUY
HONYFLOUR	0.90	1%	2%	1%	2.45	0.13	7.26	20.61x	0.36x	4.02	2.05	-22.35%	23.17	0.13	3.01	2.42	+24%	BUY
FLOURMILL	1.48	3%	15%	4%	3.80	6.63	45.11	4.38x	0.64x	41.45	28.10	+2.47%	5.57	8.22	45.79	29.05	+58%	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	22.59x	26.24x	1,556.50	1,262.30	-16.48%	28.18	54.57	1,537.78	1,300.00	+18%	BUY
UACN	0.93	2%	5%	2%	2.24	0.89	17.87	12.16x	0.60x	14.50	8.90	+13.68%	12.48	1.21	15.16	10.80	+40%	BUY
UNILEVER	0.64	-1%	-2%	-1%	1.72	-0.18	11.76	-74.65x	1.15x	15.50	12.20	-6.90%	27.13	0.56	15.07	13.50	+12%	BUY
Agricultural Products																		
OKOMUOIL	0.56	35%	36%	19%	1.86	16.53	45.65	11.82x	4.28x	216.90	127.80	+37.54%	11.74	18.72	219.73	195.30	+13%	BUY
PRESCO	0.34	45%	60%	16%	3.85	21.37	35.67	6.67x	4.00x	200.00	87.80	+62.41%	8.25	26.25	216.54	142.60	+52%	BUY
Household & Personal Products																		
PZ	0.79	-10%	-20%	-8%	2.55	-1.71	8.76	-4.97x	0.97x	13.55	6.10	+39.34%	-	-	-	8.50	-	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

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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	6.78x	0.90x	5.45	3.35	-3.48%	7.50	0.67	5.03	3.88	+30%	BUY
FIDSON	0.95	13%	31%	13%	2.44	2.20	7.13	4.60x	1.42x	12.30	6.22	+62.38%	5.20	3.02	15.70	10.10	+55%	BUY
GLAXOSMITH	0.99	4%	11%	4%	2.79	0.91	7.91	6.61x	0.76x	8.35	5.65	+0.84%	10.00	0.81	8.10	6.00	+35%	BUY
NEIMETH	0.44	5%	13%	2%	5.89	0.07	0.56	20.73x	2.72x	1.98	1.36	-12.57%	2.55	0.86	2.19	1.53	+43%	BUY
Materials																		
Construction Materials																		
BUACEMENT*	0.37	34%	23%	13%	1.82	2.98	12.73	18.08x	4.23x	74.25	52.95	-19.69%	18.34	4.35	76.13	53.85	+41%	BUY
DANGCEM*	0.60	27%	37%	16%	2.33	22.93	61.93	11.29x	4.18x	300.00	241.00	+0.70%	6.86	50.78	333.38	258.80	+29%	BUY
WAPCO*	0.58	19%	15%	11%	1.35	3.69	24.59	6.77x	1.01x	31.75	21.80	+4.18%	6.46	5.61	38.65	23.95	+61%	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	10.07x	0.58x	8.55	6.15	-22.81%	12.00	0.74	8.92	6.60	+35%	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	-18.07x	0.66x	8.00	4.99	+30.89%	-	-	5.79	6.60	-12%	SELL
ARDOVA	2.93	-1%	-9%	-3%	3.60	-1.27	13.86	-9.93x	0.91x	15.20	11.55	-3.08%	8.21	2.08	17.08	12.25	+39%	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	18.25x	1.16x	1,430.50	650.00	+118.45%	13.14	86.37	1,134.94	1,419.90	-20%	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		HOLD
Telecommunications																		
MTNN	0.71	18%	90.12%	13.10%	6.88	15.81	17.54	12.65x	11.40x	270.00	185.50	+1.52%	13.00	18.28	237.64	196.00	+21%	BUY
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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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.

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Capital IQ: www.capitaliq.com

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

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