

STOCK RECOMMENDATION – SEPTEMBER 19TH, 2022

MARKET REVIEW

For the week ended September 16th, 2022.

- The Nigerian equities market ended the week on a negative note, as the All-Share Index declined by 0.44% WoW to close at 49,475.42pts. Consequently, the Year-to-Date return decreased to 15.82% (from 16.34% the prior week).
- Across sectors, performance was broadly negative, as all sectoral indices recorded week-on-week losses.
- The top gainer for the week was **MULTIVERSE** (+18.64% WoW), while **REDSTAREX** (-12.59% WoW) was the week's top loser. **NESTLE** and **COURTVILLE** topped the activities chart as the most traded stocks by value and volume respectively.

MARKET *P*REVIEW

For the week commencing September 19th, 2022.

- We expect lower buying interest in the equities market following the recently released inflation figure. The inflation rate climbed to 20.52% above the market consensus of 20.25% and this may influence the decision of the monetary authorities in their next meeting.
- The expectation of a rate hike would keep investors' activities in the equities market muted, hence buying interest would be low. We also consider the bond auction this week, which could further stifle system liquidity and cause a flow of funds from the equities market. Consequently, we expect the market to close in the negative zone.

THE WEEK THAT WAS (A REVIEW)

		Cur. Week	Prev. Week
NGXASI		49,475.42	49,695.12
Market Cap [NGN'trn]		26.69	26.80
Market Cap [USD 'bn]		61.17	61.44
Volume Traded [bn]		0.70	0.94
Value Traded [NGN'bn]		7.98	9.33
NSEASI & Sectoral Indices [Return Profile]			
	WtD	MtD	QtD
NGXASI	-0.44%	-0.72%	-4.52%
NGX-30	-0.50%	-0.74%	-6.57%
NGX-B10	-3.31%	-3.44%	-5.96%
NGX-FB10	-0.27%	0.91%	-2.88%
NGX-OG5	-0.16%	0.00%	-2.42%
NGX-INS10	-2.58%	-1.26%	-0.21%
NGX-IND	-0.16%	0.81%	-16.76%
Value (NGN)		Volume	
NESTLE	1,668,724,681	COURTVILLE	150,711,751
ZENITHBANK	1,419,445,967	ZENITHBANK	71,436,499
GTCO	940,903,149	ACCESSCORP	56,144,594
MTNN	579,485,765	GTCO	47,587,003
ACCESSCORP	493,453,449	TRANSCORP	34,637,592
Highest Gainers		Highest Losers	
	%		%
MULTIVERSE	18.64%	REDSTAREX	-12.59%
ABCTRANS	7.14%	BETAGLAS	-9.96%
HONYFLOUR	5.78%	CHIPLC	-9.52%
CADBURY	5.77%	FCMB	-7.71%
PHARMDEKO	5.13%	UACN	-6.82%

	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	1.79x	0.27x	10.40	8.15	-10.75%	2.21	5.43	11.99	8.30	+44%	BUY
ETI	0.09	16%	22%	1%	15.78	6.55	29.41	1.69x	0.38x	13.10	8.60	+27.01%	2.21	6.60	14.56	11.05	+32%	BUY
FCMB	0.09	11%	11%	1%	10.49	1.36	12.77	2.37x	0.25x	3.88	2.85	+8.03%	3.15	1.38	4.35	3.23	+35%	BUY
FIDELITYBK	0.08	13%	12%	1%	11.53	1.23	10.65	2.78x	0.32x	4.05	2.50	+33.73%	2.35	1.86	4.35	3.41	+28%	BUY
FBNH	0.09	21%	19%	2%	10.74	4.73	24.70	2.12x	0.40x	12.40	8.40	-12.28%	3.85	3.09	11.90	10.00	+19%	BUY
GTCO	0.08	37%	19%	3%	6.05	5.86	30.88	3.36x	0.64x	28.00	18.90	-24.23%	3.92	7.80	30.61	19.70	+55%	BUY
STANBIC	0.08	26%	17%	2%	8.33	5.02	29.17	5.87x	1.01x	38.00	28.00	-18.06%	8.15	5.21	42.45	29.50	+44%	BUY
STERLNBANK	0.09	10%	11%	1%	12.15	0.55	5.19	2.73x	0.29x	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	1.99x	0.29x	8.85	6.80	-11.80%	2.36	3.87	9.15	7.10	+29%	BUY
UBN	0.07	10%	6%	1%	9.06	0.62	9.63	9.22x	0.60x	6.55	5.00	-2.54%	7.16	0.96	6.90	5.75	+20%	BUY
WEMABANK	0.08	9%	14%	1%	18.37	0.27	1.88	12.73x	1.85x	4.00	0.78	+380.56%	5.11	0.68	3.49	3.46	+1%	HOLD
ZENITHBANK	0.07	37%	20%	2%	7.95	7.96	40.52	2.48x	0.49x	27.40	18.90	-21.47%	3.71	7.98	29.59	19.75	+50%	BUY
Insurance																		
AIICO	0.32	9%	16%	3%	5.69	0.32	2.05	1.69x	0.26x	0.84	0.53	-22.86%	5.32	0.14	0.74	0.54	+38%	BUY
LASACO	0.48	3%	3%	1%	2.28	0.19	6.24	5.12x	0.15x	1.15	0.90	-9.52%	5.69	0.25	1.42	0.95	+50%	BUY
MANSARD	0.57	3%	7%	2%	3.83	0.13	1.74	13.60x	1.01x	2.60	1.72	-24.57%	6.05	0.46	2.77	1.75	+58%	BUY
NEM	0.75	15%	20%	12%	1.76	0.49	2.42	11.32x	2.31x	5.65	3.01	+24.22%	4.96	0.96	4.76	5.59	-15%	SELL
WAPIC	0.37	-15%	-12%	-6%	2.13	-0.10	0.86	-3.47x	0.42x	0.53	0.36	-35.71%	-	-	-	0.36	-	UR
CORNERST	0.39	17%	15%	7%	2.32	0.17	1.15	3.46x	0.52x	0.75	0.50	+30.43%	3.20	0.21	0.67	0.60	+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= 2022 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.

CUSTODIAN	0.43	10%	14%	5%	3.07	1.56	11.29	4.16x	0.58x	8.00	6.30	-17.72%	4.21	1.87	7.87	6.50	+21%	BUY
	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%	47%	2%	20.05	2.09	4.42	5.71x	2.70x	14.15	9.95	+20.71%	6.50	2.33	15.15	11.95	+27%	BUY
AFRIPRUD	0.10	41%	18%	4%	4.39	0.78	4.35	7.12x	1.28x	7.80	5.50	-12.60%	9.28	0.80	7.39	5.55	+33%	BUY
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.96	8%	17%	7%	2.40	7.15	41.08	12.30x	2.14x	110.00	39.00	+125.38%	13.85	7.67	106.23	87.90	+21%	BUY
NB	1.05	5%	13%	5%	2.54	2.96	23.51	16.33x	2.06x	77.00	40.00	-3.20%	25.45	3.12	79.51	48.40	+64%	BUY
INTBREW	0.54	-2%	-2%	-1%	2.83	-0.13	5.14	-37.56x	0.93x	9.75	4.40	-3.03%	-	-	-	4.80	-	UR
Packaged Foods & Meats																		
BUAFOODS	0.54	21%	31%	12%	2.69	69.64	224.32	0.84x	0.26x	66.00	40.00	+45.75%	14.18	4.74	67.23	58.30	+15%	BUY
CADBURY	0.96	8%	26%	7%	3.58	2.11	8.01	6.52x	1.72x	17.70	7.75	+56.25%	15.41	1.00	15.41	13.75	+12%	BUY
DANGSUGAR	0.83	9%	22%	7%	2.92	2.44	11.26	6.57x	1.43x	18.30	15.50	-7.76%	8.10	2.95	23.90	16.05	+49%	BUY
HONYFLOUR	0.92	-2%	-7%	-2%	2.90	-0.44	6.81	-5.35x	0.35x	4.02	2.05	-30.00%	23.17	0.13	3.01	2.38	+27%	BUY
FLOURMILL	1.00	3%	13%	3%	4.36	6.36	49.23	4.76x	0.62x	41.45	27.00	+6.88%	5.57	8.22	45.79	30.30	+51%	BUY
NASCON	0.83	7%	20%	6%	3.27	1.15	5.70	9.54x	1.93x	14.50	11.00	-16.67%	12.54	1.26	15.80	11.00	+44%	BUY
NESTLE	1.16	11%	160%	13%	12.02	58.10	36.40	23.23x	37.09x	1,556.50	1,262.30	-13.27%	28.18	54.57	1,537.78	1,350.00	+14%	BUY
UACN	1.00	1%	2%	1%	2.22	0.38	16.75	27.23x	0.61x	14.50	8.90	+7.89%	12.48	1.21	15.16	10.25	+48%	BUY
UNILEVER	0.65	-6%	-7%	-4%	1.84	-0.78	11.28	-17.02x	1.18x	15.50	12.20	-7.93%	27.13	0.56	15.07	13.35	+13%	BUY
Agricultural Products																		
OKOMUOIL	0.68	41%	52%	28%	1.85	23.61	45.35	7.98x	4.15x	216.90	127.80	+32.61%	11.74	18.72	219.73	188.30	+17%	BUY
PRESCO	0.45	33%	52%	15%	3.46	22.67	43.26	6.29x	3.30x	200.00	87.80	+62.41%	8.25	26.25	216.54	142.60	+52%	BUY
Household & Personal Products																		
PZ	0.93	6%	16%	6%	2.70	1.61	10.06	5.74x	0.92x	13.55	6.10	+51.64%	-	-	-	9.25	-	UR
VITAFOAM	1.22	13%	37%	16%	2.34	4.58	12.36	4.37x	1.62x	25.00	20.00	-11.11%	6.00	4.90	29.40	20.00	+47%	BUY

	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
Healthcare																		
Pharmaceuticals																		
MAYBAKER	0.84	8%	14%	6%	2.16	0.57	4.19	6.80x	0.93x	5.45	3.35	-3.48%	7.50	0.67	5.03	3.88	+30%	BUY
FIDSON	0.87	14%	32%	12%	2.68	2.50	7.87	3.97x	1.26x	12.30	6.22	+59.97%	5.20	3.02	15.70	9.95	+58%	BUY
GLAXOSMITH	1.03	3%	10%	4%	2.91	0.79	7.59	7.46x	0.78x	8.35	5.65	-0.84%	10.00	0.81	8.10	5.90	+37%	BUY
NEIMETH	0.43	2%	5%	1%	6.22	0.03	0.57	56.89x	2.73x	1.98	1.36	-10.86%	2.55	0.86	2.19	1.56	+41%	BUY
Materials																		
Construction Materials																		
BUACEMENT*	0.37	34%	24%	13%	1.87	3.19	13.57	16.74x	3.94x	74.25	51.35	-20.36%	18.34	4.35	76.13	53.40	+43%	BUY
DANGCEM*	0.67	23%	44%	15%	2.88	20.24	45.53	12.10x	5.38x	300.00	241.00	-4.67%	6.86	50.78	333.38	245.00	+36%	BUY
WAPCO*	0.59	18%	15%	11%	1.42	3.73	24.82	6.59x	0.99x	31.75	21.80	+2.71%	6.46	5.61	38.65	24.60	+57%	BUY
Specialty Chemicals																		
CAP	1.46	9%	33%	14%	2.44	2.07	6.21	8.56x	2.86x	22.40	16.50	-8.74%	12.38	1.32	16.34	17.75	-8%	HOLD
BERGER	1.14	3%	6%	4%	1.53	0.63	11.18	10.53x	0.59x	8.55	6.15	-22.81%	12.00	0.74	8.92	6.60	+35%	BUY
Energy																		
CONOIL	1.83	3%	16%	6%	2.68	5.52	34.01	4.80x	0.78x	34.25	21.30	+20.45%	7.57	3.83	28.96	26.50	+9%	HOLD
ETERNA	1.73	0%	-2%	0%	4.39	-0.22	10.25	-29.28x	0.61x	8.00	4.99	+24.75%	-	-	5.79	6.30	-8%	HOLD
ARDOVA	1.75	0%	-1%	-1%	1.00	-0.82	97.49	-16.26x	0.14x	15.20	11.55	+3.08%	8.21	2.08	17.08	13.40	+27%	BUY
MRS	2.14	1%	3%	1%	2.07	1.77	57.53	8.10x	0.25x	16.40	12.20	+16.19%	55.23	0.20	11.05	14.35	-23%	SELL
SEPLAT	0.28	17%	9%	5%	1.92	116.00	1,244.81	11.21x	1.04x	1,430.50	650.00	+100.00%	13.14	86.37	1,134.94	1,300.00	-13%	SELL
TOTAL	1.49	4%	39%	6%	6.08	51.03	129.78	4.60x	1.81x	264.90	221.90	+5.68%	5.60	60.98	341.51	234.50		HOLD
Telecommunications																		
MTNN	0.72	19%	125.57%	13.39%	9.38	16.63	13.24	12.03x	15.10x	270.00	185.50	+1.52%	13.00	18.28	237.64	200.00	+19%	BUY
AIRTELAFRI*	0.38	11%	12%	4%	2.88	49.50	402.93	40.41x	4.96x	2,040.00	955.00	+109.42%	3.91	296.33	1,159.11	2,000.00	-42%	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= 2022 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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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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Ratings Specification

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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