

STOCK RECOMMENDATION – NOVEMBER 14, 2022

MARKET REVIEW

For the week ended November 11th, 2022.

- The Nigerian equities market ended the week with 0.68% WoW loss, as the All-Share Index declined to 43,968.75pts. Consequently, the Year-to-Date return decreased to 2.93% (from 3.63% the prior week).
- The negative performance of the broad market was reflected in the sectoral indices as all indices recorded WoW loss, save for the banking sector index (**NGXBNK**: +0.17%) which was the lone gainer.
- The top gainer for the week was **UNITYBNK** (+35.71% WoW), while **PRESTIGE** (-15.22% WoW) was the week's top loser. **ACCESSCORP** topped the activities chart as the most traded stock by both volume and value.

MARKET *P* REVIEW

For the week commencing November 14th, 2022.

- Existing macroeconomic headwinds in Nigeria, as well as the expectation of a higher inflation rate in the report to be released this week make for little or no attractive investment case for the Nigerian equities market.
- Furthermore, the tight system liquidity coupled with the expectation of a higher stop rate in this week's bond auction could lower flow of funds and activity levels in the Nigerian equities market.
- However, we note that some bellwether stocks present bargain-hunting opportunities. Nonetheless, the market sentiment is generally bearish.
- Thus we expect the market to close in the red zone this week.

THE WEEK THAT WAS (A REVIEW)

			Cur. Week	Prev. Week
NGXASI			43,968.75	44,269.18
Market Cap [NGN'trn]			23.95	24.11
Market Cap [USD 'bn]			53.73	54.09
Volume Traded [bn]			1.09	1.24
Value Traded [NGN'bn]			11.71	14.03
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	-0.68%	0.30%	-10.31%	2.93%
NGX-30	-0.82%	0.47%	-9.14%	-7.84%
NGX-B10	0.17%	-0.91%	-2.00%	-8.49%
NGX-FB10	-1.95%	-3.86%	-6.63%	-7.36%
NGX-OG5	-0.74%	-5.73%	-10.55%	31.78%
NGX-INS10	-2.25%	-3.85%	-8.87%	-22.45%
NGX-IND	-0.29%	5.04%	11.87%	-1.22%
Value (NGN)		Volume		
ACCESSCORP	2,413,687,222	ACCESSCORP	299,952,879	
GTCO	1,263,278,077	STERLNBANK	181,565,099	
AIRTELAFRI	1,246,741,401	TRANSCORP	95,993,983	
ZENITHBANK	1,232,266,167	GTCO	71,830,304	
FBNH	651,024,560	FBNH	65,213,042	
Highest Gainers		Highest Losers		
	%		%	
UNITYBNK	35.71	PRESTIGE	-15.22	
ROYALEX	22.22	LEARNAFRCA	-10.71	
MRS	9.83	GUINNESS	-9.95	
ETRANZACT	9.38	FLOURMILL	-9.90	
GEREGU	8.50	JBERGER	-9.81	

	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	15%	17%	1%	13.00	4.93	29.11	1.63x	0.28x	10.40	7.50	-13.44%	2.23	4.64	10.36	8.05	+29%	BUY
ETI	0.09	16%	22%	1%	15.78	6.55	29.41	1.45x	0.32x	13.10	8.60	+9.20%	2.21	6.60	14.56	9.50	+53%	BUY
FCMB	0.08	10%	8%	1%	10.49	1.06	12.77	3.21x	0.27x	3.88	2.85	+13.38%	3.15	1.38	4.35	3.39	+28%	BUY
FIDELITYBK	0.08	12%	12%	1%	11.91	1.34	11.01	3.01x	0.37x	4.21	2.50	+58.82%	2.35	1.86	4.35	4.05	+7%	HOLD
FBNH	0.09	23%	23%	2%	11.03	5.62	24.89	1.83x	0.41x	12.40	8.40	-10.09%	3.85	3.09	11.90	10.25	+16%	BUY
GTCO	0.08	37%	20%	3%	6.66	5.97	29.66	2.94x	0.59x	28.00	16.85	-32.50%	3.78	6.09	23.02	17.55	+31%	BUY
STANBIC	0.07	28%	15%	2%	7.76	4.40	29.34	6.26x	0.94x	38.00	27.50	-23.61%	8.15	5.21	42.45	27.50	+54%	BUY
STERLNBANK	0.09	11%	12%	1%	12.15	0.61	5.19	2.33x	0.27x	1.73	1.37	-6.62%	3.10	0.47	1.46	1.41	+3%	HOLD
UBA	0.09	17%	16%	1%	10.76	3.80	24.15	1.89x	0.30x	8.85	6.55	-10.56%	2.36	3.87	9.15	7.20	+27%	BUY
UBN	0.08	10%	7%	1%	9.06	0.67	9.63	8.59x	0.60x	6.55	5.00	-2.54%	7.16	0.96	6.90	5.75	+20%	BUY
WEMABANK	0.09	9%	15%	1%	18.37	0.28	1.88	11.18x	1.68x	4.00	0.78	+45.83%	5.11	0.68	3.49	3.15	+11%	BUY
ZENITHBANK	0.07	35%	20%	3%	7.95	8.23	40.52	2.42x	0.49x	27.40	18.90	-20.68%	3.71	7.98	29.59	19.95	+48%	BUY
Insurance																		
AIICO	0.30	10%	20%	3%	6.44	0.42	2.07	1.34x	0.27x	0.84	0.52	-20.00%	5.32	0.14	0.74	0.56	+33%	BUY
LASACO	0.51	1%	1%	0%	2.19	0.05	6.33	19.28x	0.14x	1.15	0.83	-17.14%	5.69	0.25	1.42	0.87	+64%	BUY
MANSARD	0.65	2%	6%	2%	3.76	0.09	1.57	16.79x	0.98x	2.60	1.50	-34.05%	6.05	0.46	2.77	1.53	+81%	BUY
NEM	0.73	19%	25%	14%	1.77	0.63	2.57	5.87x	1.44x	5.65	3.01	-17.78%	4.96	0.96	4.76	3.70	+29%	BUY
WAPIC	0.40	-7%	-6%	-3%	2.13	-0.05	0.86	-6.84x	0.42x	0.53	0.32	-35.71%	-	-	-	0.36	-	UR
CORNERST	0.39	16%	15%	6%	2.29	0.16	1.12	2.69x	0.39x	0.75	0.40	-4.35%	3.20	0.21	0.67	0.44	+53%	BUY
CUSTODIAN	0.47	11%	16%	5%	3.03	1.85	11.46	2.89x	0.47x	8.00	5.35	-32.28%	4.21	1.87	7.87	5.35	+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
Other Financial Services																		
UCAP	0.04	61%	49%	2%	20.05	2.17	4.42	5.58x	2.74x	14.15	9.95	+22.22%	6.50	2.33	15.15	12.10	+25%	BUY
AFRIPRUD	0.20	39%	18%	8%	2.22	0.79	4.52	6.74x	1.18x	7.80	5.00	-15.75%	9.28	0.80	7.39	5.35	+38%	BUY
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.96	7%	15%	7%	2.37	6.55	42.43	11.39x	1.76x	110.00	39.00	+91.41%	13.85	7.67	106.23	74.65	+42%	BUY
NB	0.94	4%	10%	3%	3.02	2.34	22.43	16.00x	1.67x	77.00	37.40	-25.20%	25.45	3.12	79.51	37.40	+113%	BUY
INTBREW	0.52	-3%	-5%	-2%	3.06	-0.24	5.06	-16.62x	0.79x	9.75	4.00	-19.19%	-	-	-	4.00	-	UR
Packaged Foods & Meats																		
BUAFOODS	0.61	21%	39%	13%	3.05	74.62	192.97	0.75x	0.29x	66.00	40.00	+39.75%	14.18	4.74	67.23	55.90	+20%	BUY
CADBURY	0.95	4%	15%	4%	3.72	1.28	8.26	8.01x	1.24x	17.70	7.75	+16.48%	15.41	1.00	15.41	10.25	+50%	BUY
DANGSUGAR	0.78	9%	22%	7%	3.35	2.58	11.63	6.31x	1.40x	18.30	15.30	-6.32%	8.10	2.95	23.90	16.30	+47%	BUY
HONYFLOUR	0.90	-6%	-18%	-5%	3.29	-1.10	6.19	-1.83x	0.32x	4.02	1.94	-41.18%	23.17	0.13	3.01	2.00	+51%	BUY
FLOURMILL	1.46	2%	11%	2%	4.74	5.09	47.82	5.36x	0.57x	41.45	27.00	-3.70%	5.57	8.22	45.79	27.30	+68%	BUY
NASCON	0.89	7%	21%	6%	3.35	1.30	6.21	7.32x	1.53x	14.50	9.50	-28.03%	12.54	1.26	15.80	9.50	+66%	BUY
NESTLE	1.13	11%	113%	12%	9.10	58.80	52.07	20.66x	23.33x	1,556.50	1,215.00	-21.94%	28.18	54.57	1,537.78	1,215.00	+27%	BUY
UACN	1.01	0%	0%	0%	2.22	0.00	16.75	1990.46x	0.54x	14.50	8.40	-5.26%	12.48	1.21	15.16	9.00	+68%	BUY
UNILEVER	0.72	-4%	-5%	-3%	1.84	-0.59	11.28	-16.85x	0.89x	15.50	9.95	-31.03%	27.13	0.56	15.07	10.00	+51%	BUY
Agricultural Products																		
OKOMUOIL	0.68	41%	52%	28%	1.85	23.61	45.35	7.18x	3.74x	216.90	127.80	+19.37%	11.74	18.72	219.73	169.50	+30%	BUY
PRESCO	0.45	33%	52%	15%	3.46	22.67	43.26	5.66x	2.97x	200.00	87.80	+46.18%	8.25	26.25	216.54	128.35	+69%	BUY
Household & Personal Products																		
PZ	0.93	6%	16%	6%	2.70	1.61	10.06	5.21x	0.83x	13.55	6.10	+37.70%	-	-	-	8.40	-	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				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	0.84	8%	14%	6%	2.16	0.57	4.19	7.36x	1.00x	5.45	3.35	+4.48%	7.50	0.67	5.03	4.20	+20%	BUY
FIDSON	0.87	14%	32%	12%	2.68	2.50	7.87	3.66x	1.16x	12.30	6.22	+47.43%	5.20	3.02	15.70	9.17	+71%	BUY
GLAXOSMITH	1.03	3%	10%	4%	2.91	0.79	7.59	6.83x	0.71x	8.35	5.40	-9.24%	10.00	0.81	8.10	5.40	+50%	BUY
NEIMETH	0.43	2%	5%	1%	6.22	0.03	0.57	50.33x	2.41x	1.98	1.26	-21.14%	2.55	0.86	2.19	1.38	+59%	BUY
Materials																		
Construction Materials																		
BUACEMENT*	0.37	34%	24%	13%	1.87	3.19	13.57	17.71x	4.16x	74.25	47.85	-15.73%	18.34	4.35	76.13	56.50	+35%	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	6.30x	0.95x	31.75	21.80	-1.88%	6.46	5.61	38.65	23.50	+64%	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	9.49x	0.53x	8.55	5.95	-30.41%	12.00	0.74	8.92	5.95	+50%	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	-16.68x	0.14x	15.20	11.55	+5.77%	8.21	2.08	17.08	13.75	+24%	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	10.35x	0.96x	1,430.50	650.00	+84.62%	13.14	86.37	1,134.94	1,200.00	-5%	HOLD
TOTAL	1.49	4%	39%	6%	6.08	51.03	129.78	4.14x	1.63x	264.90	211.10	-4.87%	5.60	60.98	341.51	211.10	+62%	BUY
Telecommunications																		
MTNN	0.72	19%	125.57%	13.39%	9.38	16.63	13.24	11.97x	15.03x	270.00	185.50	+1.02%	13.00	18.28	237.64	199.00	+19%	BUY
AIRTELAFRI*	0.38	11%	12%	4%	2.88	49.50	402.93	36.37x	4.47x	2,040.00	955.00	+88.48%	3.91	296.33	1,159.11	1,800.00	-36%	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.

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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

While we believe that the fair value is underpinned by the future benefits stream and growth outlooks, which are primary drivers of value, the market might not align to the fair value estimate within the estimated investment horizon. Thus, we do not derive our target price from the fair value but from a trading perspective using the year projected earnings or book value and the respective target multiples. Notwithstanding, we are of the opinion that the variance between the two should not be too significant.

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.

Definitions

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