

STOCK RECOMMENDATION – NOVEMBER 28TH, 2022

MARKET REVIEW

For the week ended November 25th, 2022.

- Last week, the Nigerian equities market was broadly positive, as the All-Share Index gained +6.88% WoW to 47,554.34pts. Hence, the Year-to-Date return rebounded to 11.33% (vs 4.16% previous week).
- The general positive market mood was reflected on all the sectoral indices except the **NGXOILGAS** (-1.29% WoW) which was the only loser.
- NB** (+18.67% WoW) topped the gainers' chart for the week, while **NESTLE** (-20.67% WoW) was the week's top loser. **TRANSCORP** and **MTNN** topped the activities chart as the most traded stocks by volume and value, respectively.

MARKET *P* REVIEW

For the week commencing November 28th, 2022.

- The decision of the Monetary Policy Committee (MPC) to increase the Monetary Policy Rate (MPR) by an additional 100bps to 16.50% means fixed income instruments yield is most likely to further rise.
- However, we think that investors have fully priced higher MPR into equities tickers' valuation. Thus, we do not expect a significant negative effect from the higher MPR.
- With a market breadth of 2.75x, the general market seems bullish although much of the gains are attributable to heavyweight tickers. While we do not rule out the likelihood of profit taking on these heavyweights, we expect the overall positive sentiment to prevail.
- Overall, we expect the market to close in the positive region this week.

THE WEEK THAT WAS (A REVIEW)

		Cur. Week	Prev. Week	
NGXASI		47,554.34	44,492.73	
Market Cap [NGN'trn]		25.90	24.23	
Market Cap [USD 'bn]		58.03	54.37	
Volume Traded [bn]		0.66	0.67	
Value Traded [NGN'bn]		15.10	8.14	
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	6.88%	8.47%	-3.00%	11.33%
NGX-30	6.59%	8.52%	-1.86%	-0.46%
NGX-B10	3.06%	6.44%	5.26%	-1.70%
NGX-FB10	0.15%	-2.84%	-5.64%	-6.38%
NGX-OG5	-1.29%	-8.20%	-12.89%	28.34%
NGX-INS10	5.06%	1.95%	-3.37%	-17.76%
NGX-IND	9.45%	14.54%	21.99%	7.71%
Value (NGN)		Volume		
MTNN	5,853,605,202	TRANSCORP	96,827,599	
AIRTELAFRI	1,720,105,234	AIICO	49,962,822	
ZENITHBANK	1,052,354,632	ZENITHBANK	47,809,110	
NESTLE	798,663,314	ACCESSCORP	38,418,340	
GTCO	700,798,186	GTCO	35,026,412	
Highest Gainers		Highest Losers		
	%		%	
NB	18.67%	NESTLE	-20.67%	
SOVRENINS	16.67%	CAPHOTEL	-10.00%	
PRESTIGE	16.22%	SCOA	-9.30%	
CORNERST	15.91%	CWG	-9.09%	
AIRTELAFRI	14.17%	ROYALEX	-8.97%	

	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	1.85x	0.28x	10.40	7.50	-7.53%	2.23	4.64	10.36	8.60	+21%	BUY
ETI	0.09	16%	22%	1%	15.78	6.55	29.41	1.63x	0.36x	13.10	8.60	+22.41%	2.21	6.60	14.56	10.65	+37%	BUY
FCMB	0.09	11%	11%	1%	10.49	1.36	12.77	2.38x	0.25x	3.88	2.85	+8.70%	3.15	1.38	4.35	3.25	+34%	BUY
FIDELITYBK	0.08	14%	14%	1%	11.91	1.52	11.01	2.70x	0.37x	4.21	2.50	+60.78%	2.35	1.86	4.35	4.10	+6%	HOLD
FBNH	0.09	23%	23%	2%	11.03	5.62	24.89	1.96x	0.44x	12.40	8.40	-3.51%	3.85	3.09	11.90	11.00	+8%	HOLD
GTCO	0.08	36%	20%	3%	6.72	5.88	28.73	3.40x	0.70x	28.00	16.85	-23.08%	3.78	6.09	23.02	20.00	+15%	BUY
STANBIC	0.08	26%	17%	2%	8.33	5.02	29.17	6.10x	1.05x	38.00	27.50	-14.86%	8.15	5.21	42.45	30.65	+39%	BUY
STERLNBANK	0.09	10%	11%	1%	12.15	0.55	5.19	2.62x	0.28x	1.73	1.37	-4.64%	3.10	0.47	1.46	1.44	+1%	HOLD
UBA	0.08	18%	15%	1%	10.76	3.57	24.15	2.05x	0.30x	8.85	6.55	-9.32%	2.36	3.87	9.15	7.30	+25%	BUY
UBN	0.07	10%	6%	1%	9.06	0.62	9.63	10.51x	0.68x	6.55	5.00	+11.02%	7.16	0.96	6.90	6.55	+5%	HOLD
WEMABANK	0.08	9%	14%	1%	18.37	0.27	1.88	11.29x	1.64x	4.00	0.78	+42.13%	5.11	0.68	3.49	3.07	+14%	BUY
ZENITHBANK	0.07	37%	20%	2%	7.95	7.96	40.52	2.75x	0.54x	27.40	18.90	-12.92%	3.71	7.98	29.59	21.90	+35%	BUY
Insurance																		
AIICO	0.32	9%	16%	3%	5.69	0.32	2.05	1.69x	0.26x	0.84	0.52	-22.86%	5.32	0.14	0.74	0.54	+38%	BUY
LASACO	0.48	3%	3%	1%	2.28	0.19	6.24	4.58x	0.14x	1.15	0.83	-19.05%	5.69	0.25	1.42	0.85	+67%	BUY
MANSARD	0.57	3%	7%	2%	3.83	0.13	1.74	14.76x	1.09x	2.60	1.50	-18.10%	6.05	0.46	2.77	1.90	+46%	BUY
NEM	0.75	15%	20%	12%	1.76	0.49	2.42	8.35x	1.70x	5.65	3.01	-8.44%	4.96	0.96	4.76	4.12	+16%	BUY
WAPIC	0.37	-15%	-12%	-6%	2.13	-0.10	0.86	-3.37x	0.41x	0.53	0.32	-37.50%	-	-	-	0.35	-	UR
CORNERST	0.39	17%	15%	7%	2.32	0.17	1.15	2.94x	0.45x	0.75	0.40	+10.87%	3.20	0.21	0.67	0.51	+32%	BUY
CUSTODIAN	0.43	10%	14%	5%	3.07	1.56	11.29	3.42x	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	62%	47%	2%	20.05	2.09	4.42	5.97x	2.83x	14.15	9.95	+26.26%	6.50	2.33	15.15	12.50	+21%	BUY
AFRIPRUD	0.10	41%	18%	4%	4.39	0.78	4.35	6.80x	1.22x	7.80	5.00	-16.54%	9.28	0.80	7.39	5.30	+39%	BUY
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.96	8%	17%	7%	2.40	7.15	41.08	8.82x	1.53x	110.00	39.00	+61.54%	13.85	7.67	106.23	63.00	+69%	BUY
NB	1.05	5%	13%	5%	2.54	2.96	23.51	16.52x	2.08x	77.00	37.40	-2.10%	25.45	3.12	79.51	48.95	+62%	BUY
INTBREW	0.54	-2%	-2%	-1%	2.83	-0.13	5.14	-33.65x	0.84x	9.75	4.00	-13.13%	-	-	-	4.30	-	UR
Packaged Foods & Meats																		
BUAFOODS	0.54	21%	31%	12%	2.69	69.64	224.32	0.91x	0.28x	66.00	40.00	+58.50%	14.18	4.74	67.23	63.40	+6%	HOLD
CADBURY	0.96	8%	26%	7%	3.58	2.11	8.01	5.29x	1.39x	17.70	7.75	+26.70%	15.41	1.00	15.41	11.15	+38%	BUY
DANGSUGAR	0.83	9%	22%	7%	2.92	2.44	11.26	6.65x	1.44x	18.30	15.30	-6.61%	8.10	2.95	23.90	16.25	+47%	BUY
HONYFLOUR	0.92	-2%	-7%	-2%	2.90	-0.44	6.81	-5.13x	0.33x	4.02	1.94	-32.94%	23.17	0.13	3.01	2.28	+32%	BUY
FLOURMILL	1.00	3%	13%	3%	4.36	6.36	49.23	4.42x	0.57x	41.45	27.00	-0.88%	7.05	5.77	40.68	28.10	+45%	BUY
NASCON	0.83	7%	20%	6%	3.27	1.15	5.70	8.67x	1.75x	14.50	9.50	-24.24%	12.54	1.26	15.80	10.00	+58%	BUY
NESTLE	1.16	11%	160%	13%	12.02	58.10	36.40	16.59x	26.48x	1,556.50	963.90	-38.07%	28.18	54.57	1,537.78	963.90	+60%	BUY
UACN	1.00	1%	2%	1%	2.22	0.38	16.75	25.24x	0.57x	14.50	8.40	0.00%	12.48	1.21	15.16	9.50	+60%	BUY
UNILEVER	0.65	-6%	-7%	-4%	1.84	-0.78	11.28	-14.03x	0.98x	15.50	9.95	-24.14%	27.13	0.56	15.07	11.00	+37%	BUY
Agricultural Products																		
OKOMUOIL	0.68	41%	52%	28%	1.85	23.61	45.35	7.09x	3.69x	216.90	127.80	+17.96%	11.74	18.72	219.73	167.50	+31%	BUY
PRESCO	0.45	33%	52%	15%	3.46	22.67	43.26	4.85x	2.54x	200.00	87.80	+25.28%	8.25	26.25	216.54	110.00	+97%	BUY
Household & Personal Products																		
PZ	0.93	6%	16%	6%	2.70	1.61	10.06	5.89x	0.94x	13.55	6.10	+55.74%	-	-	-	9.50	-	UR
VITAFOAM	1.22	13%	37%	16%	2.34	4.58	12.36	4.69x	1.74x	25.00	19.50	-4.44%	6.00	4.90	29.40	21.50	+37%	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	6.59x	0.90x	5.45	3.35	-6.47%	7.50	0.67	5.03	3.76	+34%	BUY
FIDSON	0.87	14%	32%	12%	2.68	2.50	7.87	3.53x	1.12x	12.30	6.22	+42.28%	5.20	3.02	15.70	8.85	+77%	BUY
GLAXOSMITH	1.03	3%	10%	4%	2.91	0.79	7.59	7.77x	0.81x	8.35	5.40	+3.36%	10.00	0.81	8.10	6.15	+32%	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	24.76x	5.82x	79.00	47.85	+17.82%	18.34	4.35	76.13	79.00	-4%	HOLD
DANGCEM*	0.67	23%	44%	15%	2.88	20.24	45.53	12.96x	5.76x	300.00	220.00	+2.06%	6.86	50.78	333.38	262.30	+27%	BUY
WAPCO*	0.59	18%	15%	11%	1.42	3.73	24.82	5.91x	0.89x	31.75	20.10	-7.93%	6.46	5.61	38.65	22.05	+75%	BUY
Specialty Chemicals																		
CAP	1.46	9%	33%	14%	2.44	2.07	6.21	8.15x	2.72x	22.40	16.50	-13.11%	12.38	1.32	16.34	16.90	-3%	HOLD
BERGER	1.14	3%	6%	4%	1.53	0.63	11.18	9.57x	0.54x	8.55	5.70	-29.82%	12.00	0.74	8.92	6.00	+49%	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	-26.49x	0.56x	8.00	4.99	+12.87%	-	-	5.79	5.70	+2%	HOLD
ARDOVA	1.75	0%	-1%	-1%	1.00	-0.82	97.49	-16.87x	0.14x	15.20	11.55	+6.92%	8.21	2.08	17.08	13.90	+23%	BUY
MRS	2.14	1%	3%	1%	2.07	1.77	57.53	7.96x	0.25x	16.40	11.70	+14.17%	55.23	0.20	11.05	14.10	-22%	SELL
SEPLAT	0.28	17%	9%	5%	1.92	116.00	1,244.81	9.05x	0.84x	1,430.50	650.00	+61.54%	13.14	86.37	1,134.94	1,050.00	+8%	HOLD
TOTAL	1.49	4%	39%	6%	6.08	51.03	129.78	3.78x	1.49x	264.90	193.00	-13.02%	5.60	60.98	341.51	193.00	+77%	BUY
Telecommunications																		
MTNN	0.72	19%	125.57%	13.39%	9.38	16.63	13.24	12.63x	15.86x	270.00	185.50	+6.60%	12.00	19.17	230.03	210.00	+10%	HOLD
AIRTELAFRI*	0.38	11%	12%	4%	2.88	49.50	402.93	29.30x	3.60x	2,040.00	955.00	+51.83%	3.81	317.33	1,209.03	1,450.00	-17%	SELL

<p><i>*TP calculated with EV/EBITDA multiple.</i></p> <p><i>TP=Target Price</i></p> <p><i>Last Wk. Pr= Last Week Price</i></p> <p><i>CP= Current Price</i></p> <p><i>UPP=Upside Potential</i></p> <p><i>RT= Rating</i></p> <p><i>Exp. EPS= 2022 Dec Expected EPS</i></p>	<p><i>BVP= Book Value Per Share</i></p> <p><i>P/E=P/E</i></p> <p><i>AT=Asset Turnover</i></p> <p><i>OM=Operating Margin</i></p> <p><i>NM= Net Margin</i></p> <p><i>Lev=Leverage</i></p> <p><i>UR=Under Review</i></p>
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Data in the Fundamental columns are based on trailing performance.

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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.

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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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