

STOCK RECOMMENDATION - DECEMBER 12TH, 2022

MARKET REVIEW

For the week ended December 9th, 2022.

- Last week, the Nigerian equities market closed in the green zone, as the All-Share Index gained +1.51% WoW to close at 48,881.93pts. Hence, the Year-to-Date return grew to 14.43% (vs. 12.73% the previous week).
- On a sectoral basis, performance was largely positive as all sectoral indices closed positive except the **NGXBNK** (-0.25%)
- BUACEMENT** emerged as the week's top gainer (+19.09% WoW), while **SCOA** (-25.47% WoW) was the week's top loser. **FBNH** and **GEREGU** topped the activities charts as the most traded stocks by volume and value, respectively.

MARKET *P* REVIEW

For the week commencing December 12th, 2022.

- This week, we expect a reversal of the positive sentiment in the market. This is premised on the likelihood of profit taking activities on stocks that have appreciated in the previous weeks.
- We also consider activities in the fixed income space this week (Bond Auction and Treasury Bills Primary Market Auction) which could stifle liquidity and constrain buying interests in the equities market.
- However, we do not rule out the possibility of investors taking position on large cap stocks currently trading at attractive prices.
- Overall, we expect the market to close in the negative region.

THE WEEK THAT WAS (A REVIEW)

		Cur. Week	Prev. Week	
NGXASI		48,881.93	48,154.65	
Market Cap [NGN'trn]		26.62	26.23	
Market Cap [USD 'bn]		59.63	58.90	
Volume Traded [bn]		0.76	0.83	
Value Traded [NGN'bn]		13.63	12.42	
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	1.51%	2.56%	-0.29%	14.43%
NGX-30	1.86%	2.95%	1.24%	2.68%
NGX-B10	-0.25%	1.60%	6.29%	-0.74%
NGX-FB10	1.65%	2.84%	-4.67%	-5.41%
NGX-OG5	0.29%	0.64%	-12.25%	29.27%
NGX-INS10	1.31%	1.43%	-1.01%	-15.76%
NGX-IND	8.53%	8.52%	30.80%	15.49%
Value (NGN)		Volume		
GEREGU	3,561,626,969	FBNH	237,138,644	
FBNH	2,590,435,412	TRANSCORP	67,110,880	
MTNN	2,023,282,163	STERLNBANK	59,243,027	
ZENITHBANK	742,345,198	GEREGU	34,172,397	
NESTLE	619,615,342	ZENITHBANK	33,449,425	
Highest Gainers		Highest Losers		
	%		%	
BUACEMENT	19.09%	SCOA	-25.47%	
ROYALEX	12.50%	UNITYBNK	-14.04%	
ETI	11.44%	CAPHOTEL	-9.80%	
GUINNESS	10.00%	GEREGU	-9.61%	
PRESTIGE	9.52%	COURTVILLE	-8.00%	

	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	1.73x	0.29x	10.40	7.50	-8.06%	2.23	4.64	10.36	8.55	+21%	BUY
ETI	0.09	16%	21%	1%	14.81	6.50	30.80	1.72x	0.36x	13.10	8.60	+28.74%	2.21	6.60	14.56	11.20	+30%	BUY
FCMB	0.09	11%	11%	1%	11.14	1.52	13.31	2.29x	0.26x	3.88	2.85	+16.05%	3.15	1.38	4.35	3.47	+25%	BUY
FIDELITYBK	0.08	12%	12%	1%	11.91	1.34	11.01	3.09x	0.38x	4.21	2.50	+62.75%	2.35	1.86	4.35	4.15	+5%	HOLD
FBNH	0.09	23%	23%	2%	11.03	5.62	24.89	1.92x	0.43x	12.40	8.40	-5.26%	3.85	3.09	11.90	10.80	+10%	BUY
GTCO	0.08	37%	20%	3%	6.66	5.97	29.66	3.52x	0.71x	28.00	16.85	-19.23%	3.78	6.09	23.02	21.00	+10%	HOLD
STANBIC	0.07	28%	15%	2%	7.76	4.40	29.34	6.95x	1.04x	38.00	27.50	-15.14%	8.15	5.21	42.45	30.55	+39%	BUY
STERLNBANK	0.09	11%	12%	1%	12.15	0.61	5.19	2.29x	0.27x	1.73	1.37	-7.95%	3.10	0.47	1.46	1.39	+5%	HOLD
UBA	0.09	17%	16%	1%	10.76	3.80	24.15	1.94x	0.31x	8.85	6.55	-8.07%	2.36	3.87	9.15	7.40	+24%	BUY
UBN	0.08	10%	7%	1%	9.06	0.67	9.63	9.71x	0.67x	6.55	5.00	+10.17%	7.16	0.96	6.90	6.50	+6%	HOLD
WEMABANK	0.09	9%	15%	1%	18.37	0.28	1.88	11.57x	1.74x	4.00	0.78	+50.93%	5.11	0.68	3.49	3.26	+7%	HOLD
ZENITHBANK	0.07	35%	20%	3%	7.95	8.23	40.52	2.69x	0.55x	27.40	18.90	-12.13%	3.71	7.98	29.59	22.10	+34%	BUY
Insurance																		
AIICO	0.30	10%	20%	3%	6.44	0.42	2.07	1.29x	0.26x	0.84	0.52	-22.86%	5.32	0.14	0.74	0.54	+38%	BUY
LASACO	0.51	1%	1%	0%	2.19	0.05	6.33	19.95x	0.14x	1.15	0.83	-14.29%	5.69	0.25	1.42	0.90	+58%	BUY
MANSARD	0.65	2%	6%	2%	3.76	0.09	1.57	21.83x	1.27x	2.60	1.50	-14.22%	6.05	0.46	2.77	1.99	+39%	BUY
NEM	0.73	19%	25%	14%	1.77	0.63	2.57	7.14x	1.75x	5.65	3.01	0.00%	4.96	0.96	4.76	4.50	+6%	HOLD
WAPIC	0.40	-7%	-6%	-3%	2.13	-0.05	0.86	-7.03x	0.43x	0.53	0.32	-33.93%	-	-	-	0.37	-	UR
CORNERST	0.39	16%	15%	6%	2.29	0.16	1.12	2.82x	0.41x	0.75	0.40	0.00%	3.20	0.21	0.67	0.46	+46%	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	6.11x	3.00x	14.15	9.95	+33.84%	6.50	2.33	15.15	13.25	+14%	BUY
AFRIPRUD	0.20	39%	18%	8%	2.22	0.79	4.52	7.06x	1.24x	7.80	5.00	-11.81%	9.28	0.80	7.39	5.60	+32%	BUY
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.96	7%	15%	7%	2.37	6.55	42.43	10.57x	1.63x	110.00	39.00	+77.69%	13.85	7.67	106.23	69.30	+53%	BUY
NB	0.94	4%	10%	3%	3.02	2.34	22.43	16.48x	1.72x	61.60	29.92	-23.00%	25.45	3.12	63.61	38.50	+65%	BUY
INTBREW	0.52	-3%	-5%	-2%	3.06	-0.24	5.06	-18.08x	0.86x	9.75	4.00	-12.12%	-	-	-	4.35	-	UR
Packaged Foods & Meats																		
BUAFOODS	0.61	21%	39%	13%	3.05	74.62	192.97	0.85x	0.33x	66.00	40.00	+58.50%	14.18	4.74	67.23	63.40	+6%	HOLD
CADBURY	0.95	4%	15%	4%	3.72	1.28	8.26	8.36x	1.30x	17.70	7.75	+21.59%	15.41	1.00	15.41	10.70	+44%	BUY
DANGSUGAR	0.78	9%	22%	7%	3.35	2.58	11.63	6.27x	1.39x	18.30	15.30	-6.90%	8.10	2.95	23.90	16.20	+48%	BUY
HONYFLOUR	0.90	-6%	-18%	-5%	3.29	-1.10	6.19	-2.01x	0.36x	4.02	1.94	-35.29%	23.17	0.13	3.01	2.20	+37%	BUY
FLOURMILL	1.46	2%	11%	2%	4.74	5.09	47.82	5.42x	0.58x	41.45	27.00	-2.65%	7.05	5.77	40.68	27.60	+47%	BUY
NASCON	0.89	7%	21%	6%	3.35	1.30	6.21	8.05x	1.68x	14.50	9.50	-20.83%	12.54	1.26	15.80	10.45	+51%	BUY
NESTLE	1.13	11%	113%	12%	9.10	58.80	52.07	16.67x	18.82x	1,556.50	963.90	-37.04%	28.18	54.57	1,537.78	980.00	+57%	BUY
UACN	1.01	0%	0%	0%	2.22	0.00	16.75	2322.20x	0.63x	14.50	8.40	+10.53%	12.48	1.21	15.16	10.50	+44%	BUY
UNILEVER	0.72	-4%	-5%	-3%	1.84	-0.59	11.28	-19.88x	1.05x	15.50	9.95	-18.62%	27.13	0.56	15.07	11.80	+28%	BUY
Agricultural Products																		
OKOMUOIL	0.78	38%	56%	29%	1.93	22.37	39.62	7.49x	4.23x	216.90	127.80	+17.96%	11.74	18.72	219.73	167.50	+31%	BUY
PRESCO	0.51	32%	59%	16%	3.67	23.05	39.06	5.23x	3.09x	200.00	87.80	+37.24%	8.25	26.25	216.54	120.50	+80%	BUY
Household & Personal Products																		
PZ	0.70	3%	7%	2%	3.23	0.70	9.83	16.21x	1.15x	13.55	6.10	+85.25%	-	-	-	11.30	-	UR
VITAFOAM	1.29	11%	32%	14%	2.34	3.94	12.36	5.46x	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	0.77	11%	20%	9%	2.25	0.92	4.73	4.33x	0.85x	5.45	3.35	-0.50%	7.50	0.67	5.03	4.00	+26%	BUY
FIDSON	0.95	12%	30%	11%	2.63	2.11	7.04	4.20x	1.26x	12.30	6.22	+42.12%	5.20	3.02	15.70	8.84	+78%	BUY
GLAXOSMITH	0.92	4%	11%	4%	3.10	0.85	7.73	7.21x	0.80x	8.35	5.40	+3.36%	10.00	0.81	8.10	6.15	+32%	BUY
NEIMETH	0.42	-4%	-10%	-2%	5.87	-0.06	0.58	-24.26x	2.43x	1.98	1.26	-20.00%	2.55	0.86	2.19	1.40	+57%	BUY
Materials																		
Construction Materials																		
BUACEMENT*	0.43	29%	26%	13%	2.04	2.90	11.34	31.63x	8.09x	91.70	47.85	+36.76%	18.34	4.35	76.13	91.70	-17%	SELL
DANGCEM*	0.66	19%	36%	13%	2.78	17.56	49.19	14.93x	5.33x	300.00	220.00	+2.06%	6.86	50.78	333.38	262.30	+27%	BUY
WAPCO*	0.61	16%	14%	10%	1.42	3.45	24.82	6.33x	0.88x	31.75	20.10	-8.98%	6.46	5.61	38.65	21.80	+77%	BUY
Specialty Chemicals																		
CAP	1.43	11%	37%	15%	2.40	2.48	6.76	6.81x	2.50x	22.40	16.50	-13.11%	12.38	1.32	16.34	16.90	-3%	HOLD
BERGER	1.14	3%	6%	4%	1.60	0.64	11.31	9.34x	0.53x	8.55	5.70	-29.82%	12.00	0.74	8.92	6.00	+49%	BUY
Energy																		
CONOIL	2.02	4%	18%	8%	2.33	6.38	35.63	4.16x	0.74x	34.25	21.30	+20.45%	7.57	3.83	28.96	26.50	+9%	HOLD
ETERNA	2.07	0%	-1%	0%	4.03	-0.06	10.39	-106.74x	0.62x	8.00	4.99	+27.52%	-	-	5.79	6.44	-10%	SELL
ARDOVA	1.63	-2%	-29%	-3%	10.96	-2.86	9.82	-5.32x	1.55x	15.25	11.55	+17.31%	8.21	2.08	17.08	15.25	+12%	BUY
MRS	2.39	1%	6%	3%	2.04	3.56	58.95	3.96x	0.24x	16.40	11.70	+14.17%	55.23	0.20	11.05	14.10	-22%	SELL
SEPLAT	0.26	18%	9%	5%	1.92	113.67	1,244.81	9.24x	0.84x	1,430.50	650.00	+61.54%	13.14	86.37	1,134.94	1,050.00	+8%	HOLD
TOTAL	1.39	4%	33%	5%	6.54	47.08	141.49	4.10x	1.36x	264.90	193.00	-13.02%	5.60	60.98	341.51	193.00	+77%	BUY
Telecommunications																		
MTNN	0.79	18%	142.68%	14.37%	9.93	426.76	299.10	0.50x	0.72x	270.00	185.50	+9.14%	12.00	19.17	230.03	215.00	+7%	HOLD
AIRTELAFRI*	0.38	11%	12%	4%	2.88	49.50	402.93	30.06x	3.69x	2,040.00	955.00	+55.81%	3.81	317.33	1,209.03	1,488.00	-19%	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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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.

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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.

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