

STOCK RECOMMENDATION - DECEMBER 19, 2022

MARKET REVIEW

For the week ended December 16th, 2022.

- The Nigerian equities market sustained its positive run, as the All-Share Index gained +0.89% WoW to close at 49,316.29pts. Consequently, the Year-to-Date return rose to 15.45% (vs. 14.43% the previous week).
- On a sectoral basis, performance was largely positive as all sectoral indices closed in the green zone, except the **NGXCNSMRGDS** which lost 0.20% WoW.
- LEARNAFRICA** topped the top gainer's chart this week (+28.48% WoW), while **ACADEMY** (-9.70% WoW) emerged as the week's top loser. **STERLNBANK** and **MTNN** topped the activities charts as the most traded stocks by volume and value, respectively.

MARKET *P* REVIEW

For the week commencing December 19th, 2022.

- We expect the mood in the market to remain positive this week. This is hinged on buying activities on tickers that are still at low valuations, including bellwether stocks such as **NESTLE** and **GTCO**.
- We also consider that there are no fixed income Primary Market Auctions this week, which could limit the flow of funds from the equities market.
- However, we do not rule out the possibility of investors taking profit on large-cap stocks that have already gained.
- Therefore, we expect the market to close up this week

THE WEEK THAT WAS (A REVIEW)

		Cur. Week	Prev. Week
NGXASI		49,316.29	48,881.93
Market Cap [NGN'trn]		26.86	26.62
Market Cap [USD 'bn]		59.49	58.97
Volume Traded [bn]		0.80	0.76
Value Traded [NGN'bn]		12.20	13.63
NSEASI & Sectoral Indices [Return Profile]			
	WtD	MtD	QtD
NGXASI	0.89%	3.48%	0.60%
NGX-30	0.97%	3.95%	2.22%
NGX-B10	2.87%	4.52%	9.34%
NGX-FB10	-0.20%	2.63%	-4.86%
NGX-OG5	0.36%	1.00%	-11.94%
NGX-INS10	0.47%	1.91%	-0.55%
NGX-IND	3.44%	12.25%	35.30%
Value (NGN)		Volume	
MTNN	3,338,706,565	STERLNBANK	194,024,486
GTCO	1,479,720,085	ACCESSCORP	130,192,918
ZENITHBANK	1,210,878,758	GTCO	70,660,986
AIRTELAFRI	1,147,710,350	ZENITHBANK	52,319,849
ACCESSCORP	1,106,634,326	JAIZBANK	36,812,897
Highest Gainers		Highest Losers	
	%		%
LEARNAFRCA	28.48%	ACADEMY	-9.70%
THOMASWY	18.75%	PRESTIGE	-8.70%
CORNERST	13.04%	MULTIVERSE	-8.51%
WAPIC	10.81%	MANSARD	-8.04%
PZ	9.73%	LINKASSURE	-6.98%

	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	1.71x	0.29x	10.40	7.50	-9.14%	2.23	4.64	10.36	8.45	+23%	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	2.24x	0.26x	3.88	2.85	+13.71%	3.15	1.38	4.35	3.40	+28%	BUY
FIDELITYBK	0.08	12%	12%	1%	11.91	1.34	11.01	3.16x	0.39x	4.25	2.50	+66.67%	2.35	1.86	4.35	4.25	+2%	HOLD
FBNH	0.09	23%	23%	2%	11.03	5.62	24.89	1.94x	0.44x	12.40	8.40	-4.39%	3.85	3.09	11.90	10.90	+9%	HOLD
GTCO	0.08	37%	20%	3%	6.66	5.97	29.66	3.50x	0.70x	28.00	16.85	-19.62%	3.78	6.09	23.02	20.90	+10%	BUY
STANBIC	0.07	28%	15%	2%	7.76	4.40	29.34	7.01x	1.05x	38.00	27.50	-14.44%	8.15	5.21	42.45	30.80	+38%	BUY
STERLNBANK	0.09	11%	12%	1%	12.15	0.61	5.19	2.24x	0.26x	1.73	1.36	-9.93%	3.10	0.47	1.46	1.36	+7%	HOLD
UBA	0.09	17%	16%	1%	10.76	3.80	24.15	1.92x	0.30x	8.85	6.55	-9.32%	2.36	3.87	9.15	7.30	+25%	BUY
UBN	0.08	10%	7%	1%	9.06	0.67	9.63	9.48x	0.66x	6.55	5.00	+7.63%	7.16	0.96	6.90	6.35	+9%	HOLD
WEMABANK	0.09	9%	15%	1%	18.37	0.28	1.88	11.71x	1.76x	4.00	0.78	+52.78%	5.11	0.68	3.49	3.30	+6%	HOLD
ZENITHBANK	0.07	35%	20%	3%	7.95	8.23	40.52	2.93x	0.59x	27.40	18.90	-4.17%	3.71	7.98	29.59	24.10	+23%	BUY
Insurance																		
AIICO	0.30	10%	20%	3%	6.44	0.42	2.07	1.32x	0.27x	0.84	0.52	-21.43%	5.32	0.14	0.74	0.55	+35%	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	20.08x	1.17x	2.60	1.50	-21.12%	6.05	0.46	2.77	1.83	+51%	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	-7.79x	0.48x	0.53	0.32	-26.79%	-	-	-	0.41	-	UR
CORNERST	0.39	16%	15%	6%	2.29	0.16	1.12	3.18x	0.46x	0.75	0.40	+13.04%	3.20	0.21	0.67	0.52	+29%	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				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		
Other Financial Services																		
UCAP	0.04	61%	49%	2%	20.05	2.17	4.42	6.23x	3.05x	14.15	9.95	+36.36%	6.50	2.33	15.15	13.50	+12%	BUY
AFRIPRUD	0.20	39%	18%	8%	2.22	0.79	4.52	6.93x	1.22x	7.80	5.00	-13.39%	9.28	0.80	7.39	5.50	+34%	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	16.26x	1.69x	77.00	37.40	-5.00%	25.45	3.12	63.61	38.00	+67%	BUY
INTBREW	0.52	-3%	-5%	-2%	3.06	-0.24	5.06	-17.87x	0.85x	9.75	4.00	-13.13%	-	-	-	4.30	-	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	8.75x	1.36x	17.70	7.75	+27.27%	15.41	1.00	15.41	11.20	+38%	BUY
DANGSUGAR	0.78	9%	22%	7%	3.35	2.58	11.63	6.00x	1.33x	18.30	15.30	-10.92%	8.10	2.95	23.90	15.50	+54%	BUY
HONYFLOUR	0.90	-6%	-18%	-5%	3.29	-1.10	6.19	-1.93x	0.34x	4.02	1.94	-37.65%	23.17	0.13	3.01	2.12	+42%	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	8.40x	1.75x	14.50	9.50	-17.42%	12.54	1.26	15.80	10.90	+45%	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	2289.02x	0.62x	14.50	8.40	+8.95%	12.48	1.21	15.16	10.35	+47%	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	17.79x	1.26x	13.55	6.10	+103.28%	-	-	-	12.40	-	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	4.27x	1.28x	12.30	6.22	+44.53%	5.20	3.02	15.70	8.99	+75%	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	-25.12x	2.52x	1.98	1.26	-17.14%	2.55	0.86	2.19	1.45	+51%	BUY
Materials																		
Construction Materials																		
BUACEMENT*	0.43	29%	26%	13%	2.04	2.90	11.34	33.71x	8.62x	97.75	47.85	+45.79%	18.34	4.35	76.13	97.75	-22%	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	6.51x	0.90x	31.75	20.10	-6.26%	6.46	5.61	38.65	22.45	+72%	BUY
Specialty Chemicals																		
CAP	1.43	11%	37%	15%	2.40	2.48	6.76	7.17x	2.63x	22.40	16.20	-8.48%	12.38	1.32	16.34	17.80	-8%	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	-100.61x	0.58x	8.00	4.99	+20.20%	-	-	5.79	6.07	-5%	HOLD
ARDOVA	1.63	-2%	-29%	-3%	10.96	-2.86	9.82	-5.83x	1.70x	16.70	11.55	+28.46%	8.21	2.08	17.08	16.70	+2%	HOLD
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	+8.63%	12.00	19.17	230.03	214.00	+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

**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

ROA= Return on Asset

Yr Lo= Year Low

YtD= Year to Date

BVP= Book Value Per Share

P/E=P/E

AT=Asset Turnover

OM=Operating Margin

NM= Net Margin

Lev=Leverage

UR=Under Review

ROE= Return on Equity

Yr Hi= Year High

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.

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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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