

STOCK RECOMMENDATION - DECEMBER 5TH, 2022

MARKET REVIEW

For the week ended December 2nd, 2022.

- Last week, the Nigerian equities market closed in the positive region, as the All-Share Index gained +1.26% WoW to close at 48,154.65pts. Thus, the Year-to-Date return increased to 12.73% (vs. 11.33% the previous week).
- On a sectoral basis, performance was mixed as the **NGXBNK** (+1.23%), **NGXINS** (+1.11%) and **NGXOILGAS** (+0.44%) recorded week-on-week gains, while **NGXCNSMRGDS** (-0.61%) and **NGXINDUSTR** (-1.20%) closed down.
- The top gainer for the week was **THOMASWY** (+22.22% WoW), while **BETAGLAS** (-9.90% WoW) was the week's top loser. **REGALINS** and **MTNN** topped the activities charts as the most traded stocks by volume and value, respectively.

MARKET *P*REVIEW

For the week commencing December 5th, 2022.

- In our view, positive sentiment is gradually permeating the equities market given the three (3) weeks of successive gains supported by improved activity levels. Moreso, buying activities on large-cap stocks have improved in recent weeks.
- This week, we expect the momentum to persist hinged on bargain-hunting activities on heavy-weight tickers with attractive upsides and the general upside potential in the market.
- However, we do not rule out the possibility of profit-taking activities on tickers that gained in the previous weeks. We also note that the treasury bills primary market auction scheduled to hold this week could trigger selloffs in the equities market.
- Nonetheless, we expect the overriding sentiment in the market to be positive this week.

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week
NGXASI	48,154.65	47,554.34
Market Cap [NGN'trn]	26.23	25.90
Market Cap [USD 'bn]	58.90	58.16
Volume Traded [bn]	0.83	0.67
Value Traded [NGN'bn]	12.42	15.30

NSEASI & Sectoral Indices [Return Profile]

	WtD	MtD	QtD	YtD
NGXASI	1.26%	1.04%	-1.77%	12.73%
NGX-30	1.28%	1.07%	-0.61%	0.81%
NGX-B10	1.23%	1.85%	6.55%	-0.50%
NGX-FB10	-0.61%	1.17%	-6.21%	-6.95%
NGX-OG5	0.44%	0.35%	-12.50%	28.90%
NGX-INS10	1.11%	0.12%	-2.30%	-16.85%
NGX-IND	-1.20%	0.00%	20.52%	6.41%

Value (NGN)		Volume	
MTNN	4,562,960,652	REGALINS	98,207,279
AIRTELAFRI	1,140,172,452	FBNH	87,193,482
FBNH	971,027,719	FCMB	71,120,441
ZENITHBANK	831,696,695	JAIZBANK	68,741,538
GTCO	558,867,215	TRANSCORP	59,466,339
Highest Gainers		Highest Losers	
	%		%
THOMASWY	22.22%	BETAGLAS	-9.90%
PZ	14.74%	SCOA	-9.40%
NPFMCRFBK	14.00%	REDSTAREX	-9.25%
WEMABANK	11.73%	NB	-8.07%
UACN	10.53%	HONYFLOUR	-7.46%

	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	1.77x	0.30x	10.40	7.50	-6.45%	2.23	4.64	10.36	8.70	+19%	BUY
ETI	0.09	16%	22%	1%	15.78	6.55	29.41	1.53x	0.34x	13.10	8.60	+15.52%	2.21	6.60	14.56	10.05	+45%	BUY
FCMB	55.81	10%	6557%	551%	11.91	1.06	0.02	3.12x	204.74x	3.88	2.85	+10.37%	3.15	1.38	4.35	3.30	+32%	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	1.99x	0.45x	12.40	8.40	-1.75%	3.85	3.09	11.90	11.20	+6%	HOLD
GTCO	0.08	37%	20%	3%	6.66	5.97	29.66	3.58x	0.72x	28.00	16.85	-17.69%	3.78	6.09	23.02	21.40	+8%	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	2.31x	0.27x	1.73	1.37	-7.28%	3.10	0.47	1.46	1.40	+4%	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	9.71x	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	12.18x	1.83x	4.00	0.78	+58.80%	5.11	0.68	3.49	3.43	+2%	HOLD
ZENITHBANK	0.07	35%	20%	3%	7.95	8.23	40.52	2.77x	0.56x	27.40	18.90	-9.54%	3.71	7.98	29.59	22.75	+30%	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	19.72x	0.14x	1.15	0.83	-15.24%	5.69	0.25	1.42	0.89	+60%	BUY
MANSARD	0.65	2%	6%	2%	3.76	0.09	1.57	20.85x	1.21x	2.60	1.50	-18.10%	6.05	0.46	2.77	1.90	+46%	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	2.94x	0.43x	0.75	0.40	+4.35%	3.20	0.21	0.67	0.48	+40%	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	6.68x	1.17x	7.80	5.00	-16.54%	9.28	0.80	7.39	5.30	+39%	BUY
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.96	7%	15%	7%	2.37	6.55	42.43	9.61x	1.48x	110.00	39.00	+61.54%	13.85	7.67	106.23	63.00	+69%	BUY
NB	0.94	4%	10%	3%	3.02	2.34	22.43	19.26x	2.01x	77.00	37.40	-10.00%	25.45	3.12	79.51	45.00	+77%	BUY
INTBREW	0.52	-3%	-5%	-2%	3.06	-0.24	5.06	-18.70x	0.89x	9.75	4.00	-9.09%	-	-	-	4.50	-	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	6.27x	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	-1.93x	0.34x	4.02	1.94	-37.94%	23.17	0.13	3.01	2.11	+43%	BUY
FLOURMILL	1.46	2%	11%	2%	4.74	5.09	47.82	5.52x	0.59x	41.45	27.00	-0.88%	7.05	5.77	40.68	28.10	+45%	BUY
NASCON	0.89	7%	21%	6%	3.35	1.30	6.21	7.71x	1.61x	14.50	9.50	-24.24%	12.54	1.26	15.80	10.00	+58%	BUY
NESTLE	1.13	11%	113%	12%	9.10	58.80	52.07	16.39x	18.51x	1,556.50	963.90	-38.07%	28.18	54.57	1,537.78	963.90	+60%	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	4.90x	2.89x	200.00	87.80	+28.70%	8.25	26.25	216.54	113.00	+92%	BUY
Household & Personal Products																		
PZ	0.70	3%	7%	2%	3.23	0.70	9.83	15.64x	1.11x	13.55	6.10	+78.69%	-	-	-	10.90	-	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	4.07x	0.79x	5.45	3.35	-6.47%	7.50	0.67	5.03	3.76	+34%	BUY
FIDSON	0.95	12%	30%	11%	2.63	2.11	7.04	4.20x	1.26x	12.30	6.22	+42.28%	5.20	3.02	15.70	8.85	+77%	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	-24.08x	2.41x	1.98	1.26	-20.57%	2.55	0.86	2.19	1.39	+58%	BUY
Materials																		
Construction Materials																		
BUACEMENT*	0.43	29%	26%	13%	2.04	2.90	11.34	26.56x	6.79x	79.00	47.85	+14.84%	18.34	4.35	76.13	77.00	-1%	HOLD
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	6.40x	0.89x	31.75	20.10	-7.93%	6.46	5.61	38.65	22.05	+75%	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	-98.13x	0.57x	8.00	4.99	+17.23%	-	-	5.79	5.92	-2%	HOLD
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	0.52x	0.74x	270.00	185.50	+11.68%	12.00	19.17	230.03	220.00	+5%	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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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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