

STOCK RECOMMENDATION - JANUARY 9TH, 2023

MARKET REVIEW

For the week ended January 6th, 2023.

- The Nigerian equities market closed the first trading week of 2023 on a negative note, as the All-Share Index shed 0.06% WoW to close at 51,222.34pts.
- However, performance across the sectoral indices was largely positive as all sectoral indices closed positive except the **NGXIND** (-0.58%)
- JOHNHOLT** emerged as the week's top gainer (+20.55% WoW), while **CHAMPION** (-15.64% WoW) was the week's top loser. **BUACEMENT** topped the activities' charts as the most traded stocks by volume and value.

MARKET *P* REVIEW

For the week commencing January 9th, 2023.

- We opine that the mood in the local bourse is broadly positive. Also, we expect portfolio rebalancing activities to spur bargain-hunting on tickers at relatively attractive prices.
- However, activities in the fixed income space (Treasury Bills Primary Market Auction) and the excess CRR debit last week could stifle liquidity and constrain buying interests in the equities market.
- Overall, we expect the market to close in the positive region.

THE WEEK THAT WAS (A REVIEW)

	Cur. Week	Prev. Week		
NGXASI	51,222.34	51,251.06		
Market Cap [NGN'trn]	27.90	27.92		
Market Cap [USD 'bn]	60.43	60.47		
Volume Traded [bn]	0.71	1.67		
Value Traded [NGN'bn]	24.58	27.92		
NSEASI & Sectoral Indices [Return Profile]				
	WtD	MtD	QtD	YtD
NGXASI	-0.06%	-0.06%	-0.06%	-0.06%
NGX-30	0.11%	0.11%	0.11%	0.11%
NGX-B10	4.27%	4.27%	4.27%	4.27%
NGX-FB10	6.44%	6.44%	6.44%	6.44%
NGX-OG5	0.06%	0.06%	0.06%	0.06%
NGX-INS10	2.68%	2.68%	2.68%	2.68%
NGX-IND	-0.58%	-0.58%	-0.58%	-0.58%
Value (NGN)		Volume		
BUACEMENT	12,803,620,011	BUACEMENT	132,483,699	
AIRTELAFRI	4,179,377,565	FBNH	69,244,724	
GTCO	1,324,356,833	GTCO	56,109,230	
NESTLE	816,413,788	ACCESSCORP	54,775,134	
FBNH	765,295,973	TRANSCORP	51,302,516	
Highest Gainers		Highest Losers		
	%		%	
JOHNHOLT	20.55%	CHAMPION	-15.64%	
NAHCO	15.63%	CHIPLC	-10.45%	
NB	14.63%	CHELLARAM	-9.82%	
BUAFOODS	14.62%	UPL	-7.37%	
FIDELITYBK	9.20%	JAIZBANK	-5.43%	

	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	1.83x	0.31x	9.00	8.75	+5.88%	1.63	6.41	10.46	9.00	+16%	BUY
ETI	0.09	16%	21%	1%	14.81	6.50	30.80	1.73x	0.37x	11.25	10.60	+6.13%	2.22	6.38	14.14	11.25	+26%	BUY
FCMB	0.09	11%	11%	1%	11.14	1.52	13.31	2.44x	0.28x	3.86	3.51	-3.90%	2.60	1.64	4.26	3.70	+15%	BUY
FIDELITYBK	0.08	12%	12%	1%	11.91	1.34	11.01	3.53x	0.43x	4.79	4.36	+9.20%	2.51	2.23	5.61	4.75	+18%	BUY
FBNH	0.09	23%	23%	2%	11.03	5.62	24.89	1.99x	0.45x	11.25	11.00	+2.29%	3.89	3.62	14.08	11.15	+26%	BUY
GTCO	0.08	37%	20%	3%	6.66	5.97	29.66	4.02x	0.81x	24.00	23.25	+4.35%	3.81	6.69	25.51	24.00	+6%	HOLD
STANBIC	0.09	27%	19%	2%	7.76	5.57	29.34	6.00x	1.14x	33.45	33.45	0.00%	6.72	5.75	38.67	33.45	+16%	BUY
STERLNBANK	0.09	11%	12%	1%	12.15	0.61	5.19	2.31x	0.27x	1.43	1.40	0.00%	2.62	0.58	1.53	1.40	+9%	HOLD
UBA	0.09	17%	16%	1%	10.76	3.80	24.15	2.10x	0.33x	8.30	7.95	+5.26%	1.91	4.93	9.43	8.00	+18%	BUY
UBN	0.08	10%	7%	1%	9.06	0.67	9.63	10.38x	0.72x	6.95	6.95	+8.59%	9.13	0.75	6.84	6.95	-2%	HOLD
WEMABANK	0.09	9%	15%	1%	18.37	0.28	1.88	13.84x	2.08x	3.90	3.90	0.00%	4.22	0.84	3.55	3.90	-9%	HOLD
ZENITHBANK	0.07	35%	20%	3%	7.95	8.23	40.52	2.97x	0.60x	24.55	24.00	+1.88%	3.07	8.68	26.69	24.45	+9%	HOLD
Insurance																		
AIICO	0.30	10%	20%	3%	6.44	0.24	1.17	2.72x	0.55x	0.64	0.64	+8.47%	3.00	0.22	0.66	0.64	+3%	HOLD
LASACO	0.51	1%	1%	0%	2.19	0.05	6.33	19.95x	0.14x	0.90	0.89	+3.45%	8.45	0.14	1.16	0.90	+28%	BUY
MANSARD	0.65	2%	6%	2%	3.76	0.09	1.57	23.37x	1.36x	2.13	2.00	+6.50%	6.05	0.44	2.66	2.13	+25%	BUY
NEM	0.73	19%	25%	14%	1.77	0.63	2.57	7.14x	1.75x	4.50	4.50	0.00%	5.00	0.96	4.80	4.50	+7%	HOLD
WAPIC	0.40	-7%	-6%	-3%	2.13	-0.05	0.86	-8.17x	0.50x	0.43	0.41	+7.50%			-	0.43	-	UR
CORNERST	0.39	16%	15%	6%	2.29	0.16	1.12	3.67x	0.54x	0.60	0.60	0.00%	3.68	0.17	0.61	0.60	+2%	HOLD
CUSTODIAN	0.47	11%	16%	5%	3.03	1.85	11.46	3.24x	0.52x	6.00	5.95	+0.84%	4.21	1.87	7.87	6.00	+31%	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	6.60x	3.23x	14.30	14.00	+2.14%	6.00	2.73	16.39	14.30	+15%	BUY
AFRIPRUD	0.20	39%	18%	8%	2.22	0.79	4.52	7.56x	1.33x	6.00	5.90	0.00%	8.50	0.96	8.12	6.00	+35%	BUY
Consumer Staples & Discretionary																		
Breweries																		
GUINNESS	0.96	7%	15%	7%	2.37	6.55	42.43	10.57x	1.63x	69.30	69.30	0.00%	10.88	7.60	82.68	69.30	+19%	BUY
NB	0.94	4%	10%	3%	3.02	2.34	22.43	20.11x	2.10x	47.00	41.00	+14.63%	18.15	2.91	52.78	47.00	+12%	BUY
INTBREW	0.52	-3%	-5%	-2%	3.06	-0.24	5.06	-19.32x	0.92x	4.70	4.65	-1.06%	-	-	-	4.65	-	UR
Packaged Foods & Meats																		
BUAFOODS	0.61	21%	39%	13%	3.05	74.62	192.97	1.00x	0.39x	74.50	71.50	+14.62%	12.29	4.39	53.95	74.50	-28%	SELL
CADBURY	0.95	4%	15%	4%	3.72	1.28	8.26	9.57x	1.48x	12.25	11.90	+2.94%	8.85	1.57	13.86	12.25	+13%	BUY
DANGSUGAR	0.78	9%	22%	7%	3.35	2.58	11.63	6.20x	1.38x	16.05	16.00	-0.31%	6.76	2.56	17.31	16.00	+8%	HOLD
HONYFLOUR	0.90	-6%	-18%	-5%	3.29	-1.10	6.19	-2.21x	0.39x	2.43	2.20	+3.42%			-	2.42	-	UR
FLOURMILL	1.46	2%	11%	2%	4.74	5.09	47.82	5.87x	0.63x	30.00	28.40	+5.28%	7.12	5.71	40.68	29.90	+36%	BUY
NASCON	0.89	7%	21%	6%	3.35	1.30	6.21	8.13x	1.70x	11.10	10.55	-4.95%	8.90	1.48	13.17	10.55	+25%	BUY
NESTLE	1.13	11%	113%	12%	9.10	58.80	52.07	18.37x	20.74x	1,100.00	1,080.00	-1.82%	23.68	64.26	1,521.84	1,080.00	+41%	BUY
UACN	1.01	0%	0%	0%	2.22	0.00	16.75	2322.20x	0.63x	10.75	10.25	+2.44%	14.59	0.75	10.96	10.50	+4%	HOLD
UNILEVER	0.72	-4%	-5%	-3%	1.84	-0.59	11.28	-19.55x	1.03x	11.60	11.60	0.00%	38.02	0.33	12.46	11.60	+7%	HOLD
Agricultural Products																		
OKOMUOIL	0.78	38%	56%	29%	1.93	22.37	39.62	7.38x	4.16x	165.00	165.00	0.00%	9.40	20.42	191.95	165.00	+16%	BUY
PRESCO	0.51	32%	59%	16%	3.67	23.05	39.06	5.97x	3.52x	137.50	137.50	0.00%	7.22	23.87	172.34	137.50	+25%	BUY
Household & Personal Products																		
PZ	0.70	3%	7%	2%	3.23	0.70	9.83	15.78x	1.12x	12.10	11.00	-3.08%	-	-	-	11.00	-	UR
VITAFOAM	1.29	11%	32%	14%	2.34	3.94	12.36	5.19x	1.65x	20.45	20.45	0.00%	6.00	4.90	29.40	20.45	+44%	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	4.66x	0.91x	4.30	4.30	0.00%	6.21	0.81	5.03	4.30	+17%	BUY
FIDSON	0.95	12%	30%	11%	2.63	2.11	7.04	4.65x	1.39x	9.79	9.79	+8.78%	4.34	3.62	15.70	9.79	+60%	BUY
GLAXOSMITH	0.92	4%	11%	4%	3.10	0.85	7.73	7.21x	0.80x	6.15	6.15	0.00%	7.94	1.02	8.10	6.15	+32%	BUY
NEIMETH	0.42	-4%	-10%	-2%	5.87	-0.06	0.58	-26.86x	2.69x	1.55	1.43	+8.39%	2.35	0.85	2.00	1.55	+29%	BUY
Materials																		
Construction Materials																		
BUACEMENT*	0.43	29%	26%	13%	2.04	2.90	11.34	33.11x	8.46x	97.75	96.00	-1.79%	18.19	4.35	76.13	96.00	-21%	SELL
DANGCEM*	0.66	19%	36%	13%	2.78	17.56	49.19	14.92x	5.33x	262.00	261.00	+0.38%	6.83	43.80	299.15	262.00	+14%	BUY
WAPCO*	0.61	16%	14%	10%	1.42	3.45	24.82	6.96x	0.97x	24.00	24.00	0.00%	5.60	6.46	38.65	24.00	+61%	BUY
Specialty Chemicals																		
CAP	1.43	11%	37%	15%	2.40	2.48	6.76	7.17x	2.63x	17.80	17.80	0.00%	9.49	2.02	19.19	17.80	+8%	HOLD
BERGER	1.14	3%	6%	4%	1.60	0.64	11.31	9.34x	0.53x	6.00	6.00	0.00%	11.15	0.66	7.30	6.00	+22%	BUY
Energy																		
CONOIL	2.02	4%	18%	8%	2.33	6.38	35.63	4.16x	0.74x	26.50	26.50	0.00%	5.00	5.19	25.95	26.50	-2%	HOLD
ETERNA	2.07	0%	-1%	0%	4.03	-0.06	10.39	-119.34x	0.69x	7.20	6.65	+7.62%	8.05	0.73	5.88	7.20	-18%	SELL
ARDOVA	1.63	-2%	-29%	-3%	10.96	-2.86	9.82	-6.28x	1.83x	18.40	18.00	-2.17%	22.84	0.68	15.58	18.00	-13%	SELL
MRS	2.39	1%	6%	3%	2.04	3.56	58.95	3.96x	0.24x	14.10	14.10	0.00%	4.57	3.52	16.11	14.10	+14%	BUY
SEPLAT	0.26	18%	9%	5%	1.92	113.67	1,244.81	9.68x	0.88x	1,100.00	1,100.00	0.00%	8.87	134.32	1,191.42	1,100.00	+8%	HOLD
TOTAL	1.39	4%	33%	5%	6.54	47.08	141.49	4.10x	1.36x	193.00	193.00	0.00%	5.07	46.90	237.70	193.00	+23%	BUY
Telecommunications																		
MTNN	0.79	18%	142.68%	14.37%	9.93	17.07	11.96	12.60x	17.97x	215.00	215.00	0.00%	12.00	25.12	301.42	215.00	+40%	BUY
AIRTELAFRI*	0.38	11%	12%	4%	2.88	49.50	402.93	31.32x	3.85x	1,635.00	1,500.00	-5.20%	4.66	317.84	1,481.13	1,550.00	-4%	HOLD

<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>ROE=Return on Equity</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=Price-to-Earnings</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>ROA=Return on Asset</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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Contact Information

Brokerage and Retail Services

topeoludimu@meristemng.com (+234 905 569 0627)
adaezeonyemachi@meristemng.com (+234 808 369 0213)
contact@meristemng.com

Investment Banking/Corporate Finance

rasakisalawu@meristemng.com (+234 806 022 9889)
seunlijofi@meristemng.com (+234 808 536 5766)

Wealth Management

funmilolaadekola-daramola@meristemng.com (+234 805 498 4522)
crmwealth@meristemng.com (+234 01 738 9948)

Registrars

oluseyiowoturo@meristemregistrars.com (+234 802 321 0561)
martinaosague@meristemregistrars.com (+234 802 303 1783)
www.meristemregistrars.com
 Tel: +23401-280 9250

Trust Services

damilolahassan@meristemng.com (+234 803 613 9123)
trustees@meristemng.com

Group Business Development

saheedbashir@mersitemng.com (+234 802 454 6575)
ifeomaanyanwu@meristemng.com (+234 802 394 2967)
info@meristemng.com

Meristem Finance

olasokomubo@meristemfinance.com (+234 803 324 7996)
mattheawotunde@meristemfinance.com (+234 802 390 6249)

Client Services

adefemitaiwo@meristemng.com (+234 803 694 3034)
car@meristemng.com

Investment Research

damilareajo@meristemng.com (+234 816 890 2771)
praisehansekhien@meristemng.com (+234 817 007 1512)
research@meristemng.com

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