

Market Review

For the week ended February 16th, 2024

- The bulls rebounded in the Nigerian equities market as the All-Share Index (NGX-ASI) returned 3.79% WoW to reach an historic high of 105,722.78pts. Consequently, the Year-to-Date return climbed to 41.39%.
- Across sectoral performance, five out of seven indices in our purview recorded weekly gains – **NGXCNSMRGDS** (+10.96% WoW), **NGXOILGAS** (+5.25% WoW), **NGXINS** (+2.66% WoW), **MERI-AGRIC** (+0.12% WoW), and **MERI-TELCO** (+7.36% WoW) while **NGXBNK** (-1.34% WoW) and **NGXINDUSTR** (-1.83% WoW) closed in the red zone.
- BUAFOODS** (+20.82% WoW) led the top gainers’ chart for the week, while **MECURE** (-18.96% WoW) led the laggard’s chart for the week. **UBA** led the activity chart by volume while **GEREGU** was the highest traded in value value traded during the week.

Market Preview

For the week commencing February 19th, 2024

- While the local bourse closed in the green zone last week, the bell-weather tickers (like **AIRTELAFRI**, **BUAFOODS**, **GEREGU**) were the major propellers. We note that the market sentiment still lean towards the negative as evinced by the market breadth which remained below the 1.00x mark at 0.68x.
- Also, amid the deteriorating macros (particularly the free fall of Naira), we expect cautious trading to persist as investors adopt a wait-and-see approach to get clarity on policy directions. Thus, activity levels are expected to remain subdued.
- Furthermore, with two primary auctions holding in the fixed income market this week coupled with elevated yields, we anticipate a potential outflow of funds and a tepid inflow to the equities market.
- Ultimately, we project that the Nigerian equities market will close in the red zone this week.

The Week That Was (A Review)

| | Cur. Week | Prev. Week | WoW |
|-----------------------|------------|------------|---------|
| NGXASI [pts] | 105,722.78 | 101,858.37 | 3.79% |
| Market Cap [NGN’trn] | 57.85 | 55.74 | -2.47% |
| Market Cap [USD’bn] | 37.62 | 37.92 | -0.79% |
| Volume Traded [bn] | 1.56 | 2.47 | -36.20% |
| Value Traded [NGN’bn] | 36.43 | 41.78 | -56.05% |

Sectoral Indices

| | WtD | MtD | QtD | YtD |
|-------------|--------|--------|--------|---------|
| NGXASI | 3.79% | 4.52% | 41.39% | 41.39% |
| NGX-30 | 3.92% | 4.66% | 42.79% | 42.79% |
| NGXBNK | -1.34% | 3.41% | -0.08% | -0.08% |
| NGXCNSMRGDS | 10.96% | 17.66% | 46.29% | 46.29% |
| NGXOILGAS | 5.25% | 4.86% | 25.79% | 25.79% |
| NGXINS | 2.66% | 7.93% | 31.33% | 31.33% |
| NGXINDSTR | -1.83% | -5.43% | 96.57% | 96.57% |
| MERI-TELCO | 7.36% | 13.21% | 6.68% | +13.21% |
| MERI-AGRIC | 0.12% | 11.87% | -2.76% | +11.87% |

Top Traded by Value (NGN)

Top Traded by Volume

| | | | |
|------------|------------------|------------|----------------|
| GEREGU | 5,682,965,598.30 | UBA | 134,394,273.00 |
| GTCO | 4,960,003,308.85 | FBNH | 128,640,002.00 |
| FBNH | 3,492,373,295.30 | GTCO | 126,251,878.00 |
| UBA | 3,304,601,014.40 | VERITASKAP | 124,603,062.00 |
| ACCESSCORP | 2,477,344,207.30 | TRANSCORP | 113,826,194.00 |

Highest Gainers

%

Highest Losers

%

| | | | |
|------------|--------|-----------|---------|
| GEREGU | 33.30% | MEYER | -18.96% |
| BUAFOODS | 20.82% | MORISON | -18.69% |
| MBENEFIT | 14.75% | DEAPCAP | -14.29% |
| CORNERST | 12.11% | FLOURMILL | -12.25% |
| AIRTELAFRI | 10.00% | UNILEVER | -10.81% |

| | Fundamentals | | Trailing | | | Market Performance | | | Valuation | | | |
|---------------------------------|--------------|------|----------|---------|---------|--------------------|----------|----------|-----------|----------|------|------|
| | NM | ROE | EPS | P/E | P/BV | Yr Hi | Yr Lo | Ytd Ret | TP | CP | UPP | RT |
| Banks | | | | | | | | | | | | |
| ACCESSCORP | 13% | 16% | 7.47 | 3.01x | 0.49x | 30.00 | 22.50 | -2.81% | 27.60 | 22.50 | +23% | BUY |
| ETI | 16% | 19% | 13.62 | 1.90x | 0.35x | 27.45 | 20.90 | +23.92% | 23.26 | 25.90 | -10% | SELL |
| FCMB | 18% | 21% | 4.82 | 1.82x | 0.38x | 12.00 | 7.50 | +18.92% | 8.50 | 8.80 | -3% | HOLD |
| FIDELITYBK | 18% | 23% | 3.50 | 3.03x | 0.71x | 14.20 | 10.30 | -2.30% | 11.46 | 10.60 | +8% | HOLD |
| FBNH | 20% | 18% | 8.64 | 3.24x | 0.59x | 29.35 | 21.70 | +18.90% | 20.11 | 28.00 | -28% | SELL |
| GTCO | 40% | 32% | 13.80 | 2.83x | 0.90x | 48.20 | 37.00 | -3.70% | 44.53 | 39.00 | +14% | BUY |
| STANBIC | 31% | 28% | 10.85 | 5.53x | 1.53x | 68.50 | 60.00 | -13.85% | 66.05 | 60.00 | +10% | BUY |
| STERLINGNG | 10% | 12% | 0.75 | 7.16x | 0.84x | 7.59 | 4.35 | +24.71% | 6.27 | 5.35 | +17% | BUY |
| UBA | 32% | 28% | 14.72 | 1.69x | 0.48x | 33.95 | 23.95 | -2.92% | 29.25 | 24.90 | +17% | BUY |
| WEMABANK | 11% | 19% | 1.82 | 5.17x | 0.98x | 12.03 | 5.55 | +67.86% | 6.38 | 9.40 | -32% | SELL |
| ZENITHBANK | 29% | 25% | 15.41 | 2.32x | 0.59x | 47.35 | 35.10 | -7.37% | 46.09 | 35.80 | +29% | BUY |
| Insurance | | | | | | | | | | | | |
| AIICO | 9% | 20% | 0.24 | 4.96x | 0.98x | 1.54 | 0.88 | +47.50% | 1.53 | 1.18 | +30% | BUY |
| LASACO | 6% | 7% | 0.51 | 5.18x | 0.36x | 2.96 | 1.90 | +38.42% | 3.20 | 2.63 | +21% | BUY |
| MANSARD | 17% | 36% | 1.50 | 4.24x | 1.53x | 6.60 | 5.45 | +15.45% | 6.30 | 6.35 | -1% | HOLD |
| NEM | 15% | 179% | 1.34 | 5.77x | 10.35x | 8.50 | 5.75 | +22.22% | 6.17 | 7.70 | -20% | SELL |
| WAPIC | -7% | -7% | -0.06 | -11.99x | 0.85x | 0.89 | 0.69 | +10.29% | 0.65 | 0.75 | -13% | SELL |
| CORNERST | 49% | 39% | 0.70 | 3.55x | 1.40x | 2.67 | 1.50 | +78.57% | 1.30 | 2.50 | -48% | SELL |
| CUSTODIAN | 14% | 22% | 2.93 | 3.09x | 0.67x | 10.85 | 8.90 | +0.56% | 11.58 | 9.05 | +28% | BUY |
| Other Financial Services | | | | | | | | | | | | |
| UCAP | 35% | 17% | 1.73 | 12.86x | 2.19x | 27.65 | 21.00 | -3.04% | 28.39 | 22.30 | +27% | BUY |
| AFRIPRUD | 25% | 12% | 0.54 | 14.21x | 1.64x | 10.00 | 7.10 | +2.70% | 9.54 | 7.60 | +26% | BUY |
| Breweries | | | | | | | | | | | | |
| GUINNESS | -11% | -53% | -12.52 | -4.35x | 2.31x | 71.50 | 54.50 | -17.42% | 74.51 | 54.50 | +37% | BUY |
| NB* | -11% | -52% | -5.72 | -6.65x | 3.47x | 42.00 | 36.55 | +5.56% | 47.46 | 38.00 | +25% | BUY |
| INTBREW | -20% | -41% | -1.76 | -2.88x | 1.19x | 6.26 | 4.69 | +5.83% | - | 5.08 | - | UR |
| Packaged Foods | | | | | | | | | | | | |
| BUAFOODS | 20% | 50% | 7.12 | 50.20x | 25.18x | 357.50 | 193.40 | +84.85% | 189.73 | 357.50 | -47% | SELL |
| CADBURY | -34% | 183% | -14.71 | -1.49x | -2.73x | 31.90 | 16.50 | +15.26% | 26.37 | 21.90 | +20% | BUY |
| DANGSUGAR | 1% | 2% | 0.24 | 293.29x | 6.71x | 82.65 | 57.50 | +22.11% | 67.11 | 69.60 | -4% | HOLD |
| FLOURMILL | 1% | 9% | 4.82 | 7.29x | 0.66x | 47.40 | 33.10 | +6.20% | 40.17 | 35.10 | +14% | BUY |
| NASCON | 18% | 50% | 5.13 | 11.69x | 5.80x | 76.50 | 54.00 | +11.63% | 67.17 | 60.00 | +12% | BUY |
| NESTLE | -7% | 82% | -43.21 | -25.45x | -20.92x | 1,196.00 | 1,090.00 | 0.00% | 1,325.07 | 1,100.00 | +20% | BUY |
| UACN | 4% | 9% | 1.60 | 9.33x | 0.86x | 16.00 | 14.05 | +16.34% | 16.73 | 14.95 | +12% | BUY |
| UNILEVER | 9% | 11% | 1.49 | 11.09x | 1.27x | 21.70 | 14.90 | +11.49% | 17.90 | 16.50 | +8% | HOLD |
| Agricultural | | | | | | | | | | | | |
| OKOMUOIL | 27% | 44% | 20.02 | 13.48x | 5.92x | 270.00 | 260.00 | +3.85% | 263.56 | 270.00 | -2% | HOLD |
| PRESCO | 21% | 41% | 20.62 | 11.83x | 4.80x | 259.00 | 204.00 | +26.42% | 245.90 | 244.00 | +1% | HOLD |
| Pharmaceutical | | | | | | | | | | | | |
| MAYBAKER | 4% | 9% | 0.45 | 14.45x | 1.32x | 8.26 | 5.20 | +22.86% | 6.92 | 6.45 | +7% | HOLD |
| FIDSON | 9% | 22% | 1.88 | 8.93x | 2.01x | 19.20 | 16.80 | -4.00% | 22.48 | 16.80 | +34% | BUY |
| NEIMETH | -35% | -22% | -0.20 | -9.20x | 2.05x | 2.16 | 1.80 | -3.61% | 1.75 | 1.87 | -6% | HOLD |
| Construction | | | | | | | | | | | | |
| BUACEMENT* | 23% | 26% | 3.00 | 52.89x | 13.71x | 185.00 | 101.85 | +63.71% | 82.11 | 158.80 | -48% | SELL |
| DANGCEM* | 23% | 33% | 26.22 | 29.10x | 9.52x | 763.00 | 319.90 | +138.51% | 402.51 | 763.00 | -47% | SELL |
| WAPCO* | 12% | 14% | 3.57 | 9.95x | 1.35x | 47.30 | 31.50 | +12.70% | 58.43 | 35.50 | +65% | BUY |
| Chemicals | | | | | | | | | | | | |
| CAP | 10% | 32% | 3.07 | 7.66x | 2.43x | 25.10 | 21.00 | +12.71% | 33.51 | 23.50 | +43% | BUY |
| BERGER | 7% | 14% | 1.82 | 9.51x | 1.38x | 17.35 | 13.00 | +33.46% | 19.06 | 17.35 | +10% | HOLD |

| | Fundamentals | | | Trailing | | Market Performance | | | Valuation | | | |
|-----------------|--------------|-------|-------|----------|--------|--------------------|----------|---------|-----------|----------|------|------|
| | NM | ROE | EPS | P/E | P/BV | Yr Hi | Yr Lo | Ytd Ret | TP | CP | UPP | RT |
| Energy | | | | | | | | | | | | |
| CONOIL | 5% | 29% | 13.87 | 7.28x | 2.13x | 112.20 | 83.90 | +20.38% | 101.62 | 101.00 | +1% | HOLD |
| ETERNA | -5% | -259% | -7.16 | -2.45x | 6.33x | 28.10 | 14.50 | +26.35% | 14.25 | 17.50 | -19% | SELL |
| MRS | 3% | 21% | 14.40 | 9.37x | 1.96x | 135.00 | 105.00 | +28.57% | 114.97 | 135.00 | -15% | SELL |
| SEPLAT | 8% | 2% | 55.88 | 60.31x | 1.48x | 3,370.00 | 2,310.00 | +45.89% | 1,883.44 | 3,370.00 | -44% | SELL |
| TOTAL | 2% | 23% | 38.09 | 9.10x | 2.10x | 385.00 | 346.50 | -10.00% | 427.92 | 346.50 | +23% | BUY |
| TRANSCORP | 18% | 18% | 0.84 | 15.74x | 2.80x | 19.20 | 9.52 | +52.42% | 21.23 | 13.20 | +61% | BUY |
| Telecoms | | | | | | | | | | | | |
| MTNN | 10% | 76% | 11.31 | 24.31x | 18.60x | 295.00 | 264.00 | +4.17% | 309.33 | 275.00 | +12% | BUY |
| AIRTELAFRI | 4% | 6% | 60.93 | 36.10x | 2.17x | 2,200.00 | 2,000.00 | +16.59% | 1,461.15 | 2,200.00 | -34% | SELL |

NM= Net Margin

ROE=Return on Equity

Lev=Leverage

EPS=Earnings Per Share

BVP= Book Value Per Share

P/E=Price-to-Earnings

P/BV=Price-to-Book Value

Yr Hi= Year High

Yr Lo= Year Low

Ytd Ret= Year-to-Date Return

*TP calculated with EV/EBITDA multiple

TP=Target Price

CP= Current Price

UPP=Upside Potential

RT= Rating

UR=Under Review

Data in the Fundamental columns are based on trailing performance.

Tickers that moved from – SELL/HOLD to BUY

| TICKER | TP | CP | UPP | Prev. RT | New RT | Rationale |
|-----------|-------|-------|------|----------|--------|--|
| FLOURMILL | 40.17 | 35.10 | +14% | HOLD | BUY | Last week, the ticker fell to NGN35.10 from NGN40.00. Consequently, the upside potential increased to +14% based on our 2024 target price for the stock. |
| NASCON | 67.17 | 60.00 | +12% | HOLD | BUY | Owing to profit-taking activities, the stock price declined by 3.23% to NGN60.00. Thus, presenting an upside potential of +12% from our target price. |

Tickers that moved from BUY to SELL/HOLD

| TICKER | TP | CP | UPP | Prev. RT | New RT | Rationale |
|--------|----|----|-----|----------|--------|-----------|
| - | - | - | - | - | - | - |

NGX Exchange

Upcoming Closure Dates

| Company | Dividend Declared | Bonus | Dividend Yield | Interim/Final | Declaration Date | Qualification Date | Closure Date |
|---------|-------------------|-------|----------------|---------------|------------------|--------------------|--------------|
| GEREGU | 8.00 | Nil | 1.18% | 2023Final | 30-Jan-24 | 26-May-23 | 28-Feb-24 |

Upcoming Payment Dates

| Company | Dividend Declared | Bonus | Dividend Yield | Interim/Final | Declaration Date | Qualification Date | Payment Date |
|----------|-------------------|-------|----------------|---------------|------------------|--------------------|--------------|
| GEREGU | 8.00 | Nil | 1.18% | 2023Final | 30-Jan-24 | 26-May-23 | 28-Feb-24 |
| VITAFOAM | 1.56 | Nil | 6.00% | 2023Final | 28-Dec-23 | 12-Feb-24 | 07-Mar-24 |

Upcoming AGM Dates

| Company | Dividend Declared | Bonus | Dividend Yield | Interim/Final | Declaration Date | Qualification Date | AGM Date |
|-----------|-------------------|---------|----------------|---------------|------------------|--------------------|-----------|
| VITAFOAM | 1.56 | Nil | 6.00% | 2023Final | 28-Dec-23 | 12-Feb-24 | 07-Mar-24 |
| GEREGU | 8.00 | Nil | 1.18% | 2023Final | 30-Jan-24 | 26-May-23 | TBA |
| CILEASING | NA | 2 for 3 | NA | NA | 13-Nov-23 | 04-Jan-24 | TBA |

Dividends Declared in 2024

| Company | Dividend Declared | Bonus | Dividend Yield | Interim/Final | Declaration Date | Qualification Date | Closure Date | Payment Date | AGM Date |
|-----------|-------------------|---------|----------------|---------------|------------------|--------------------|--------------|--------------|-----------|
| CILEASING | NA | 2 for 3 | NA | NA | 13-Nov-23 | 04-Jan-24 | 05-Jan-24 | NA | TBA |
| GEREGU | 8.00 | Nil | 1.18% | 2023Final | 30-Jan-24 | 26-May-23 | 28-Feb-24 | 28-Feb-24 | TBA |
| VITAFOAM | 1.56 | Nil | 6.00% | 2023Final | 28-Dec-23 | 12-Feb-24 | 13-Feb-24 | 07-Mar-24 | 07-Mar-24 |

Contact Information

Brokerage and Retail Services

topeoludimu@meristemng.com
adaezeonyemachi@meristemng.com
contact@meristemng.com

(+234 905 569 0627)
 (+234 808 369 0213)

Investment Banking/Corporate Finance

rasakisalawu@meristemng.com
davidadu@meristemng.com

(+234 806 022 9889)
 (+2348109404836)

Wealth Management

funmilolaadekola-daramola@meristemng.com
crmwealth@meristemng.com

(+234 803 355 0008)
 (+234 810 940 4836)

Registrars

oluseyiowoturo@meristemregistrars.com
www.meristemregistrars.com

(+234 802 321 0561)
 (+234 01-280 9250)

Group Business Development

sulaimanadedodokun@mersitemng.com
ifeomaanyanwu@meristemng.com
info@meristemng.com

(+234 803 301 3331)
 (+234 802 394 2967)

Trust Services

damilolahassan@meristemng.com
trustees@meristemng.com

(+234 803 613 9123)

Investment Research

research@meristemng.com
praiseihansekhien@meristemng.com

(+234 817 007 1512)

Client Services

adefemitaiwo@meristemng.com
brandandcomms@meristemng.com

(+234 803 694 3034)
 (+234 012 80 9250)

Finance

olasokomubo@meristemfinance.com
matthewawotundun@meristemfinance.com

(+234 803 324 7996)
 (+234 802 390 6249)

Corporate websites:

www.meristemng.com www.meristemwealth.com www.meristemregistrars.com

Meristem Research can also be accessed on the following platforms:

Meristem Research Portal: research.meristemng.com

Bloomberg: MERI <GO>

Capital IQ: www.capitaliq.com

ISI Emerging Markets: www.securities.com/ch.html?pc=NG

Reuters: www.thomsonreuters.com

FactSet: www.factset.com

Analyst's Certification and Disclaimer

This research report has been prepared by the research analyst(s), whose name(s) appear(s) on the cover of this report. Each research analyst hereby certifies, with respect to each security or issuer covers in this research that:

- (1) all of the views expressed in this report accurately reflect his or her personal views about any and all of the subject securities or issuers (the Issuer); and
- (2) no part of any of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. Research analysts' compensation is determined based upon activities and services intended to benefit the investor clients of Meristem Securities Limited (the Firm). Like all of the Firm's employees, research analysts receive compensation that is impacted by overall Firm profitability, which includes revenues from other business units within the Firm.
- (3) each research analyst and/or persons connected with any research analyst may have interacted with sales and trading personnel, or similar, for the purpose of gathering, synthesizing and interpreting non-material non-public or material public market information.

As at the date of this report, any ratings, forecasts, estimates, opinions or views herein constitute a judgment, and are not connected to research analysts' compensations. In the case of non-currency of the date of this report, the views and contents may not reflect the research analysts' current thinking. This document has been produced independently of the Issuer. While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the ratings, forecasts, estimates, opinions and views contained herein are fair and reasonable, neither the research analysts, the Issuer, nor any of its directors, officers or employees, shall be in any way responsible for the contents hereof, and no reliance should be placed on the accuracy, fairness or completeness of the information contained in this document. No person accepts any liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith.

Analysts' Compensation: The equity research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues, which include revenues from, among other business units, Investment Banking.

Important Disclosure

For U.S. persons only: This research report is a product of Meristem Securities, which is the employer of the research analysts who has prepared the research report. The research analysts preparing the research report are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analysts are not subject to supervision by a U.S. broker-dealer, and are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Meristem Securities only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

Legal entity disclosures

Meristem Securities Limited is a member of The Nigerian Stock Exchange and is authorized and regulated by the Securities and Exchange Commission to conduct investment banking and financial advisory business in Nigeria. However, the company through its subsidiaries carries out stock broking, wealth management, trustees and registrars' businesses which are regulated by the SEC and ICMR.

Copyright 2024 Meristem Securities Limited. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Meristem Securities Limited.

IMPORTANT INFORMATION: DISCLAIMER

Meristem Securities Limited ("Meristem") equity reports and its attendant recommendations are prepared based on publicly available information and are meant for general information purposes only and it may not be reproduced or distributed to any other person. All reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication; **Meristem** can neither guarantee its accuracy nor completeness as they are an expression of our analysts' views and opinions.

Meristem and any of its associated or subsidiary companies or the employees thereof cannot be held responsible for any loss suffered by relying on the said information as this information as earlier stated, is based on publicly available information, analysts' estimates and opinions and is meant for general information purposes and should not be construed as an offer to buy or sell or a solicitation of an offer to buy or sell securities or any financial instruments. The value of any investment is subject to fluctuations, i.e. may fall and rise. Past performance is no guide to the future. The rate of exchange between currencies may cause the value of investment to increase or diminish. Hence investors may not get back the full value of their original investment. Meristem Securities is registered with the Securities and Exchange (SEC) and is also a member of The Nigerian Exchange Group (The NGX). Meristem Securities' registered office is at 20A Gerrard Ikoyi, Lagos, Nigeria. Website: www.meristemng.com; Email: research@meristemng.com. © **Meristem Securities Limited 2024**.