

# Weekly Stock Recommendation



Monday February 6th, 2023

## Market Pulse for the week ended 3rd February, 2023.

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The Nigerian Bourse closed Positive last week as the ASI appreciated by 2.95% to close at 54,213.09 points. Year to date returns closed at 5.78% at the end of the week. Market activity increased as aggregate volume went up by 400.68% and value increased by 101.42%. Investors traded a total of 3.789 billion units of shares valued at 27.500 billion in 20,333 deals. The Financial Services Industry (measured by volume) led the activity chart with 3.461 billion shares valued at N7.182 billion traded in 8,978 deals; thus contributing 91.35% and 26.12% to the total equity turnover volume and value respectively. The Conglomerates Industry followed with 78.306 million shares worth N210.522 million in 746 deals. The third place was the Consumer Goods Industry, with a turnover of 54.009 million shares worth N1.923 billion in 3,405 deals. Sector indices finished higher with the exception of NGX Consumer Goods which depreciated by 0.42%. Consequently, we advise medium to long-term investors to strategically take advantage of the current low market prices of fundamentally sound stocks highlighted in our stock recommendation for this week.

## STOCK RECOMMENDATION FOR THE WEEK ENDING 3rd February, 2023

Symbol	Last Close	52 Week Low (N)	52 Week High (N)	P/E Ratio	Exit Price	Recommendation	Comment
GTCO	25.05	16.8	28.05	4.13	31.00	BUY	<p>GTCO Plc is projected to have a FY 2022 revenue of N312.64bn, up by 17.14% from N266.89bn in FY 2021. Profit after tax is estimated to grow from N174.83bn in FY 2021 to N204.81bn in FY 2022 with an EPS of N6.96</p> <p>Gtco Plc Q3 2022 results showed that interest income advanced by 19.20% from N195.03bn in Q3 2021 to N232.49 bn in the current period. Net interest income went up by 16.41% from N162.94 bn in Q3 2021 to N189.69 bn in Q3 2022. Profit before tax grew by 11.73% from N151.91bn in Q3 2021 to N169.72bn in the current period due to 18.27% rise in fees and commission income and 42.32% rise Net gains on financial instruments. Profit after tax went up by 0.73% from N129.40bn in Q3 2021 to N130.35bn in the current period. Consequently, Gtco recorded a 0.22% rise in earnings per share from N4.54 in Q3 2021 to N4.55 in Q3 2022. Gtco Plc has a BVPS of N29.66, P/BV of 0.82x and P/E ratio of 4.03x.</p> <p>GTCO Plc has recently been restructured into a holdco structure, now listed as GTCO Plc on the NGX Bourse. This allows the company diversify its operations outside its core banking operations in order to generate more value for shareholders. GTCO Plc has been driving its revenue growth through retail expansion, which has grown consistently across all income lines, driven by a strong focus on consumer lending, payments and remittances, digitization of customer journeys, and customer acquisition at scale. Based on their performance over the years we see Gtco sustaining their positive results in 2022.</p>
FIDSON	9.89	6.82	11.49	4.95	11.92	BUY	<p>Fidson Plc is projected to have a FY 2022 revenue of N40.69bn, up by 31.86% from N30.86bn in FY 2021. Profit after tax is estimated to grow from N3.72bn in FY 2021 to N4.91bn in FY 2022 with an EPS of N2.34</p> <p>Fidson Q3 2022 results showed an increase in revenue by 44.48% from N21.75bn in Q3 2021 to N31.43bn in Q3 2022. Operating profit advanced from N4.29 bn in Q3 2021 to N6.35bn in Q3 2022, reflecting an increase of 48.03%. Profit before tax went up by 49.06% from N3.42bn Q3 2021 to N5.10bn in the current period. Profit after tax grew by 47.97% from N2.32bn in Q3 2021 to N3.44bn in Q3 2022. EPS grew by 35.14% to N1.50 in Q3 2022 from N1.11 in Q3 2021. Fidson has a BVPS of N5.92, P/BV of 1.67x and P/E ratio of 4.95x.</p> <p>Fidson Healthcare Plc is a leading pharmaceutical company in Nigeria with services in toll manufacturing, ethical products and over the counter drugs. The company in June 2021 expanded its portfolio of ethical products which boosted revenue generation by 88% as well as increasing income from its toll manufacturing from 2020 levels. The performance of the company led to positive sentiments in the equities market as it became one of the best performing stocks in 2021 and Q1 2022, returning 38% and 29% respectively.</p>

TRANSCORP	1.25	0.96	1.52	4.31	1.37	HOLD	<p>Transnational Corporation Plc is projected to have a FY 2022 revenue of N133.08bn, up by 19.66% from N111.21bn in FY 2021. Profit after tax is estimated to grow from N23.83bn in FY 2021 to N28.51bn in FY 2022 with an EPS of N0.70.</p> <p>Transnational Corporation Plc Q3 2022 results showed that revenue grew by 12.45% from ₦85.59bn in Q3 2021 to ₦96.24bn in Q3 2022. Gross profit went up by 18.63% to ₦46.70bn in Q3 2022 from ₦39.36bn in Q3 2021. Operating profit advanced by 14.53% from ₦27.52bn in Q3 2021 to ₦31.52bn in Q3 2022. Profit before tax rose by 47.71% to ₦20.87bn in Q3 2022 from ₦14.12bn in Q3 2021, on the back of a 29.29% increase in Other Income and 14.91% decline in net finance cost. In the same vein, profit after tax grew by 41.38% from ₦13.47bn in Q3 2021 to ₦19.04 bn in Q3 2022. Consequently, earnings per share rose to ₦0.22 in the current period from ₦0.18 in Q3 2021. Transcorp Plc has a BVPS of ₦3.12, P/BV of 0.40x and P/E ratio of 4.31x.</p> <p>Transcorp Plc is a conglomerate with strategic investments in the power, hospitality and energy sectors – all these subsidiaries being leaders in their various areas. The power business grew by 37% y-o-y and the hospitality business grew 114% showing continued success. We expect the firm's scalability and sustainability strategy to help the firm achieve excellence in the subsequent results in 2022 as well.</p>
FIDELITY	5.90	2.83	6.03	3.66	3.90	SELL	<p>Fidelity Plc is projected to have a FY 2022 revenue of N340.09bn, up by 35.62% from N250.77bn in FY 2021. Profit after tax is estimated to grow from N25.58bn in FY 2021 to N38.62bn in FY 2022 with an EPS of N1.52.</p> <p>Fidelity Bank Plc Q3 2022 results showed that interest income advanced by 53.08% from N137.41bn in Q3 2021 to N210.35bn in the current period. Net interest income increased by 72.19% to N111.85bn in Q3 2022 from N64.96bn in Q3 2021. Profit before tax increased by 34.72% from N28.05bn recorded in Q3 2021 to N37.79bn in the current period. The increase in profit before tax was due to a 15.07% increase in fee and commission income. Profit after tax increased by 31.85% from N26.51bn in Q3 2021 to N34.96bn in Q3 2022, despite a 84.15% increase in income tax expense. Earnings per share increased by 31.52% from N0.92 in Q3 2021 to N1.21 in the current period. Fidelity Bank has a BVPS of N9.76, P/BV of 0.55x and P/E ratio of 3.66x.</p> <p>Fidelity Bank is clearly becoming a leader among Tier 2 Banks. The bank has continued to sustain its impressive run of financial performance following the strong full year results released leading to higher dividend payment to shareholders. Fidelity Bank has over the years implemented a retail digital banking strategy and that has continued to deliver, with the bank on course to achieving double digits growth.</p>

# WEEKLY STOCK RECOMMENDATION

Symbol	Last Close	52 Week Low (N)	52 Week High (N)	P/E Ratio	Exit Price	Recommendation	Comment
NB	41.85	28.8	62.8	17.22	69.54	BUY	<p>Nigerian Breweries Plc is projected to have a FY 2022 revenue of N576.07bn, up by 31.74% from N437.28bn in FY 2021. Profit after tax is estimated to grow from N12.67bn in FY 2021 to N16.70bn in FY 2022 with an EPS of N2.06</p> <p>Nigerian Breweries Plc Q3 2022 results showed an increase in revenue by 27.21% from ₦309.28bn in Q3 2021 to ₦393.45bn in Q3 2022. Operating profit advanced from ₦24.74bn in Q3 2021 to ₦35.39bn in Q3 2022, reflecting an increase of 43.06%. Profit before tax grew by 49.89% from ₦12.74bn in Q3 2021 to ₦19.09bn in the current period, as finance income grew by 172.63% and finance cost dropped by 48.82%. Profit after tax rose by 79.58% from ₦8.22bn in Q3 2021 to ₦14.76bn in Q3 2022. EPS increased by 78.43% to ₦1.82 in Q3 2022 from ₦1.02 in Q3 2021. Nigerian Breweries has a BVPS of ₦23.06, P/BV of 1.81x and P/E ratio of 17.22x.</p> <p>Nigerian Breweries Plc is a major player in the Brewery sector with its plants located across the country. The company came out of its loss position from Q1 2021 and has continued to grow its revenues and profits in 2022. The company is well positioned to maintain its leadership in its sector even though there are other companies producing non differentiated products in competition. NB is one of the best performing stocks so far in Q2 2022..</p>
BUAFOODS	74.50	49.5	74.5	44.61	68.34	SELL	<p>Buafoods Plc is projected to have a FY 2022 revenue of N345.92mn, up by 3.80% from N333.27mn in FY 2021. Profit after tax is estimated to grow from N69.76mn in FY 2021 to N72.41mn in FY 2022 with an EPS of N0.15.</p> <p>BUA Foods Plc Q3 2022 result showed that revenue advanced by 20.22% from N241.07mn in Q3 2021 to N289.81mn in the current period. Operating profit increased by 15.09% to N79.34bn in Q3 2022 from N68.93bn in Q3 2021. Profit before tax advanced by 16.81% from N63.58bn recorded in Q3 2021 to N74.27bn in the current period. Likewise, profit after tax grew by 17.17% from N58.68bn in Q3 2021 to N68.76bn in Q3 2022. Consequently, earnings per share went up by 17.18% from N4.35 in Q3 2021 to N5.09 in Q3 2022. Bua Foods Plc has a BVPS of N8.97, P/BV of 8.31x and P/E ratio of 44.61x.</p> <p>BUA Foods 's sugar division currently operates the second-largest sugar refinery in West Africa, with a total refining capacity of 1.5 million Metric Tons (MT) per annum. BUA Foods owns a state-of-the-art flour mill equipped with high efficiency specifications for energy saving and waste reduction. This flour mill commenced production in 2019 with a capacity of 500,000 MT per annum. The plant currently has 576,000 tons of flour milling capacity. The Rice Division has a rice milling facility with a capacity of 200,000 MT per annum. The company expects that the rice mill will be operational in 2022 and expects it to be the biggest single-line rice mill in Nigeria.</p>
ACCESSCORP	9.05	7.50	10.60	1.75	13.93	BUY	<p>Access Holdings Plc is projected to have a FY 2022 revenue of N740.81bn, up by 23.12% from N601.71bn in FY 2021. Profit after tax is estimated to grow from N160..22bn in FY 2021 to N197.26 bn in FY 2022 with an EPS of N5.63</p> <p>Access Holdings Plc Q3 2022 results showed that interest income advanced by 21.46% from N470.9 bn in Q3 2021 to N571.98 bn in the current period. Net interest income went up by 4.78% from N267.73 bn in Q3 2021 to N280.53 bn in Q3 2022. Profit before tax grew by 8.97% from N135.06 bn in Q3 2021 to N147.18 bn in the current period due to the 36.05% increase in net impairment charges, 17.27% rise in fees and commission expense and 11.62% rise in net foreign exchange gain. Profit after tax went up by 12.54% from N121.88bn in Q3 2021 to N137.17bn in the current period, on the back of a 22.92% fall in income tax expense. Consequently, Access recorded a 12.14% rise in earnings per share from N3.46 in Q3 2021 to N3.88 in Q3 2022. Access Holdings Plc has a BVPS of N29.11, P/BV of 0.31x and P/E ratio of 1.75x.</p> <p>Access Holdings Plc has recently been restructured into a holdco structure, now listed as ACCESSCORP on the NGX Bourse. This allows the company diversify its operations outside its core banking operations in order to generate more value for shareholders. Access Holdings Plc has been driving its revenue growth through retail expansion, which has grown consistently across all income lines, driven by a strong focus on consumer lending, payments and remittances, digitization of customer journeys, and customer acquisition at scale. Based on their performance over the years we see Access bank sustaining their positive results in 2022.</p>
WAPCO	24.65	20.01	33.70	6.63	33.66	BUY	<p>Lafarge Africa (WAPCO) Plc is projected to have a FY 2022 revenue of N366.68bn, up by 25.11% from N293.09bn in FY 2021. Profit after tax is estimated to grow from N51.03bn in FY 2021 to N63.81bn in FY 2022 with an EPS of N3.97</p> <p>Lafarge Africa (WAPCO) Plc Q3 2022 results showed that earnings advanced by 23.11% from N219.20bn in Q3 2021 to N269.85 bn in the current period. Gross profit increased by 3199% to N134.77bn in Q3 2022 from N102.11bn in Q3 2021. In a similar tune, profit before tax advanced by 22.88% from N43.90bn recorded in Q3 2021 to N53.95 bn in the current period. Likewise, profit after tax grew by 11.15% from N40.40bn in Q3 2021 to N44.90bn in Q3 2022. Consequently, Earnings per share went up by 11.16% from N2.51 in Q3 2021 to N2.79 in Q3 2022. Lafarge Africa has a BVPS of N25.29, P/BV of 0.97x and P/E ratio of 6.63x.</p> <p>WAPCO is the 12th most valuable stock on the exchange. We are positive about the 2022 outlook for Lafarge Africa, as the company continues to restructure its balance sheet to improve performance. We also expect higher level of activities in the construction sector ahead of the 2023 elections, driving demand for cements and thereby, increased sales for the company.</p>

<b>DANGCEM</b>	245.00	220.00	300.00	14.80	304.63	<b>BUY</b>	<p>Dangcem Plc is projected to have a FY 2022 revenue of N1.64trn, up by 18.80% from N1.38trn in FY 2021. Profit after tax is estimated to grow from N364.43bn in FY 2021 to N432.94bn in FY 2022 with an EPS of N50.82</p> <p>Dangcem Q3 2022 results showed that revenue grew by 15.17% from N1.02 trn in Q3 2021 to N1.77trn in Q3 2022. Similarly, gross profit increased by 12.06% to N693.4bn in Q3 2022 from N618.8bn in Q3 2021. Profit from operations declined by 1.65% from N440.5bn in Q3 2021 to N433.3bn in Q3 2022. Profit before tax declined by 17.30% to N335.5bn in Q3 2022 from N405.7bn in Q3 2021. Profit after tax declined by 23.61% from N278.47 in Q3 2021 to N212.74 bn in Q3 2022, despite a 6.30% increase in Administrative Expenses. Consequently, EPS reduced by 23.54% from N16.23 in Q3 2021 to N12.41 in Q3 2022. Dangcem has a BVPS of N98.38, P/BV of 2.49x and a P/E ratio of 14.80x.</p> <p>As Africa's leading cement producer across 10 countries, Dangote Cement company continues to thrive based on the fact that roads and buildings in the country are mostly built with concrete, creating the need for the firm to constantly improve its production capacity like it did by 33% in April 2021. Dangote cement had a production capacity of 48.6 million tonnes per annum across the continent and plans to ramp up Nigerian production by 4.5 million tonnes/annum later this year.</p>
<b>STANBIC</b>	32.00	27.50	36.50	5.85	41.06	<b>BUY</b>	<p>Stanbic IBTC Holdings Plc is projected to have a FY 2022 revenue of N270.63bn, up by 30.97% from N206.64bn in FY 2021. Profit after tax is estimated to grow from N56.96bn in FY 2021 to N74.60bn in FY 2022 with an EPS of N5.76</p> <p>Stanbic IBTC Holdings Plc Q3 2022 showed that Net interest income advanced by 47.53% from N54.99bn in Q3 2021 to N79.66bn in the current period, supported by a 46.65% rise in interest income and despite the 44.13% rise in interest expense. Trading income rose by 175.93% from N9.02bn in Q3 2021 to N24.89bn in Q3 2022. Profit before tax gained 52.16% from N45.311bn in Q3 2021 to N68.95bn in the current period. Profit after tax went up by 38.14% from N39.95bn in Q3 2021 to N55.19bn in the current period, despite a 156.59% increase in income tax expense. Consequently, Stanbic IBTC Plc recorded a 39.93% rise in earnings per share from N2.93 in Q3 2021 to N4.10 in Q3 2022. Stanbic IBTC Plc has a BVPS of N27.81, P/BV of 1.15x and P/E ratio of 5.85x.</p> <p>Stanbic IBTC Holdings, commonly referred to as Stanbic IBTC, is a financial service holding company in Nigeria with subsidiaries in Banking, Stock Brokerage, Investment Advisory, Asset Management, Investor Services, Pension Management, Trustees and life Insurance businesses. Stanbic IBTC Stockbrokers Limited, is one of the 5 firms selected by African Securities Exchanges Association (ASEA) to begin cross-border trading in Africa. Its asset management arm has also designed an infrastructure fund that seeks to provide competitive returns above the FGN 10-year bond yield.</p>

## MACRO ECONOMIC INDICATORS

PARAMETER	CURRENT	PREVIOUS
GDP (%)	3.54	3.11
NSE ASI (YTD) (%)	5.78	5.36
INFLATION (%)	21.34	21.47
UNEMPLOYMENT (%)	33.33	33.33
MPR (%)	17.50	16.50
FX RESERVES (US \$ BN)	37.01	37.07
BRENT CRUDE (US \$/BARREL)	81.34	86.95

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## Investment Rating

**BUY**

The expected total return over the next twelve months is estimated to be 20% or more. Investors are thus advised to take position at the prevailing market rate

**HOLD**

Investors are advised to remain neutral as the expected total returns over the next twelve months is estimated to be below 20%

**SELL**

The stock trades at a premium to its intrinsic value and is thus expected to lose up to 5% or more of its market value. Investors are thus advised to exit the market at the prevailing market rate

WORDS	MEANING
NASD	National Association of Securities Dealers
Bearish	Decline in prices, negative sentiments, downward trend
Bullish	Surge in prices, positive sentiments, upward trend
Y-o-Y, Y/Y	Year-on-Year
M-o-M, M/M	Month-on-Month
Y-t-d	Year-to-date
W-o-W, W/W	Week-on-week
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
EBITDA	Earnings before interest, tax, depreciation and amortization