

BRIEF ON LAST WEEK:

The Nigerian Stock Exchange All Share Index (NSEASI) pared by 1.11% WoW to close at 27,755.87 points (+3.40% YtD) after the equities market recorded losses on three (3) out five (5) trading days of the week. The total traded volume and value depreciated by 38.07% and 40.22% WoW respectively. Also, the total number of deals consummated on the Floor of the Exchange dropped by 26.56% WoW to 17,083 deals compared to 23,263 deals in the prior week.

CORPORATE NEWS:

In the week, May & Baker Plc. (MAYBAKER) released its unaudited FY'19 earnings result wherein its Revenue declined by 5.52% YoY to ₦8.08B but its Profit After Tax advanced by 7.46% YoY to ₦628.88M. Also, C&I Leasing Plc. (CILEASING) released its unaudited FY'19 earnings result wherein its Revenue and PAT advanced by 29.38% and 49.48% YoY to ₦35.99B and ₦1.75B respectively.

Furthermore, MSCI Incorporation announced its MSCI Equity Indexes Feb-20 Quarterly Index Review results wherein it noted that Bua Cement Plc. (BUACEMENT) will be added to the MSCI Frontier Markets Index. The implementation will be done at the close of 28-Feb-20.

****Kindly note: The briefs on companies that have recently released their financial results are highlighted in light grey for easy identification.**

WHAT TO EXPECT THIS WEEK:

We expect that the equities market will witness underwhelming BUY sentiments as investors await the inflow of the earnings result of key bellwether stocks. Also, in spite of the mixed investors' reaction currently seen at the equities market, we envisage that cherry picking activities will further permeate through the Consumer Goods and Industrial Goods Sectors as several bellwether stocks in these categories show attractive dividend yields and currently trade at a discount to their fair value. We expect that the MSCI Frontier Markets Index inclusion will spur positive investor bias on BUACEMENT.

In general, we opine that the equities market will close marginally negative in the current week.

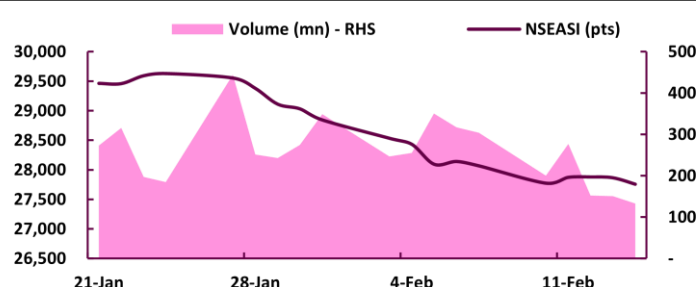
We recommend that investors should keep a well-diversified portfolio in a bid to avoid concentration risk and we advise investments in fundamentally sound stocks with a consistent dividend payment history.

NISL TOP RECOMMENDATIONS:

| S/N | COMPANY | CURRENT PRICE (₦) | TARGET PRICE (₦) | UPSIDE (%) | YtD GAIN/(LOSS) (%) | RATING | Most Recent Earning Releases |
|-----|------------|-------------------|------------------|------------|---------------------|------------|------------------------------|
| 1. | ACCESS | 9.70 | 12.98 | 33.76 | (3.00) | BUY | Q3'19 |
| 2. | AFRIPRUD | 4.68 | 4.79 | 2.35 | 17.00 | HOLD | FY'19 |
| 3. | DANGCEM | 170.00 | 195.34 | 14.90 | 19.72 | HOLD | Q3'19 |
| 4. | DANGSUGAR | 12.85 | 17.50 | 36.15 | (5.51) | STRONG BUY | Q3'19 |
| 5. | FBNH | 5.95 | 8.00 | 34.45 | (3.25) | BUY | FY'19 |
| 6. | FIDELITYBK | 2.14 | 2.65 | 23.60 | 4.39 | BUY | FY'19 |
| 7. | FO | 18.55 | 20.59 | 10.97 | 2.49 | HOLD | Q3'19 |
| 8. | GUARANTY | 29.90 | 39.14 | 30.89 | 0.67 | BUY | Q3'19 |
| 9. | GUINNESS | 25.20 | 30.07 | 19.31 | (16.14) | BUY | Q2'20 |
| 10. | MTNN | 116.00 | 151.72 | 30.79 | 10.48 | BUY | Q3'19 |
| 11. | NB | 51.50 | 58.86 | 14.29 | (12.71) | HOLD | Q3'19 |
| 12. | NESTLE | 1,242.00 | 1,627.22 | 31.02 | (15.50) | BUY | Q3'19 |
| 13. | SEPLAT | 605.00 | 687.47 | 13.63 | (8.03) | HOLD | Q3'19 |
| 14. | TOTAL | 107.00 | 120.01 | 12.15 | (3.52) | HOLD | FY'19 |
| 15. | TRANSCORP | 0.93 | 1.07 | 15.05 | (6.06) | BUY | FY'19 |
| 16. | UAC-PROP | 0.90 | 0.98 | 8.33 | (10.00) | HOLD | FY'19 |
| 17. | UCAP | 2.94 | 2.76 | (6.29) | 22.50 | SELL | Q3'19 |
| 18. | UACN | 9.00 | 13.81 | 53.44 | 4.65 | STRONG BUY | FY'19 |
| 19. | UNILEVER | 15.00 | 16.76 | 11.70 | (31.82) | HOLD | FY'19 |
| 20. | WAPCO | 15.50 | 22.47 | 44.97 | 1.31 | STRONG BUY | Q3'19 |
| 21. | ZENITHBANK | 19.65 | 26.39 | 34.30 | 5.65 | BUY | Q3'19 |

UR: Under Review

| NSEASI SUMMARY | Most Recent Week | Previous Week | % Change |
|-------------------|------------------|---------------|----------|
| NSEASI | 27,755.87 | 28,067.09 | (1.11) |
| YtD Return (%) | 3.40 | 4.56 | |
| Market Cap (₦bn) | 14,455.93 | 14,618.03 | (1.11) |
| Market Cap (\$bn) | 47.10 | 47.62 | (1.11) |
| Total Volume (mn) | 912.00 | 1,472.69 | (38.07) |
| Total Value (mn) | 12,125.93 | 20,283.57 | (40.22) |



NISL STOCK RECOMMENDATION ANALYSIS:

| | | | |
|------------------|---------------------|--|--------------------------|
| ACCESS | Price: ₦9.70 | Target Price: (₦11.68 - ₦14.27) | Rating: BUY |
| P/B: 0.56 | P/E: 2.47 | Upside: 33.76% | Div. Yield: 5.15% |
| | | 1 Yr Range: ₦5.60 – ₦11.60 | |

- Our valuation of ACCESS BANK PLC (herein referred to as "ACCESS" or "the Bank") indicates that the stock currently trades at an upside potential of 33.76% to its fair value therefore we maintain a **BUY** recommendation on the stock.
- ACCESS declined by 1.02% WoW to close the YtD return of the counter at -3.00%.
- In Q3'19, ACCESS posted a 30.90% YoY growth in Gross Earnings from ₦392.40B in Q3'18 to ₦513.66B and Profit After Tax advanced by 44.23% YoY from ₦62.91B to ₦90.74B. EPS advanced by 27.98% YoY from 218kobo in Q3'18 to 279Kobo in Q3'19. The counter's Trailing 12M EPS holds at 392kobo.
- The bank's topline growth can be attributed to the 47.55% YoY jump in Interest Income from ₦274.50B in Q3'18 to ₦405.03B in Q3'19, while the Net Gain on Investment Securities plunged by 95.57% YoY to ₦3.33B from ₦75.10B in Q3'18. ACCESS's Net Foreign Exchange Gain surged by 117.41% YoY to ₦5.15B from the Loss Position of ₦29.58B in Q3'18. The Net Fees and Commission Income grew by 49.52% YoY to ₦56.01B. Loan Impairment Charges grew by 27.02% YoY to ₦10.61B from ₦8.35B in Q3'18 while Fee and Commission Income advanced by 53.69% YoY to ₦66.90B. ACCESS' PBT advanced by 46.73% YoY to ₦103.10B while PAT advanced by 44.23% YoY to ₦90.74B.
- On 17-Dec-18, ACCESS and DIAMONDBNK signed a Memorandum of Agreement (MoA) regarding a merger of the two banks that created Nigeria and Africa's largest retail bank by customers (DIAMONDBNK shareholders received ₦1.00 per share in the form of cash and 2 units of ACCESS for every 7 units of DIAMONDBNK). Following Regulatory approvals by the Central Bank of Nigeria and the Securities Exchange Commission, the combined business commenced banking operations on 01-Apr-19.
- The current shares outstanding of ACCESS due to the merger is 35.55B units, up from 28.93B units of shares before the merger.
- For FY'18, ACCESS posted a 15.18% growth in Gross Earnings from ₦459.08B to ₦528.74B whilst Profit After Tax advanced by 58.07% from ₦60.09B to ₦94.98B. EPS also advanced by 56.87% YoY from 211kobo to 331kobo.
- The bank declared an interim dividend of 25kobo/share in H1'19. ACCESS declared a total dividend of 50kobo/share (vs 65kobo/share declared as total dividend for its FY'17).
- Ex-Div. Date: 23-Sep-Apr-19; Payment Date: 03-Oct-19. (Interim Dividend)

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|------------------|---------------------|--------------------------------------|---------------------------|
| AFRIPRUD | Price: ₦4.68 | Target Price: (₦4.31 – ₦5.27) | Rating: HOLD |
| P/B: 1.09 | P/E: 5.30 | Upside: 2.35% | Div. Yield: 10.68% |
| | | 1 Yr Range: ₦3.40 – ₦4.92 | |

- Our valuation of AFRICA PRUDENTIAL REGISTRARS PLC (herein referred to as "AFRIPRUD" or "the Company") indicates that the stock currently trades at an upside potential of 2.35% to fair value, therefore we maintain a **HOLD** recommendation on the stock.
- AFRIPRUD advanced by 4.00% WoW to settle the YtD return of the stock 17.00%.
- In its unaudited FY'19 report, AFRIPRUD's Gross Revenue declined by 13.01% YoY from ₦4.49B in FY'18 to ₦3.90B, while Profit After Tax pared by 9.62% YoY from ₦1.95B in FY'18 to ₦1.77B in FY'19. EPS also declined by 9.62% from 98kobo to 88kobo. Trailing 12M EPS for AFRIPRUD is 88kobo.
- The contraction in AFRIPRUD's Gross Revenue is largely attributed to the drop in Interest Income, which pared by 21.80% YoY from ₦3.07B in FY'18 to ₦2.40B in FY'19. Revenue from contracts with customers increased by 6.04% YoY from ₦1.42B in FY'18 to ₦1.50B in FY'19. However, AFRIPRUD recorded drops of 19.98% and 88.77% YoY to ₦2.64B and ₦101.03M in its Operating Profit and Finance Cost respectively. The Company's Profit Before Tax advanced by 5.86% YoY to ₦2.54B, while its Profit After Tax pared by 9.62% YoY to ₦1.77B.
- In FY'18 AFRIPRUD's Revenue surged by 35.28% YoY from ₦3.32B to ₦4.49B, while Profit After Tax also advanced by 13.89% YoY from ₦1.72B to ₦1.95B. EPS settled higher by 13.89% from 86kobo to 98kobo.
- The Company declared a total Dividend Per Share (DPS) of 50kobo/Share for FY'18 representing a 25.00% increase from FY'17 Dividend per share of 40kobo/Share.
- Ex-Div. Date: 13-Mar-19; Payment Date: 26-Mar-19. (Final Dividend)



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| CAP | Price: ₦24.60 | Target Price: (₦26.65 – ₦32.57) | Rating: BUY |
| P/B: 6.72 | P/E: 9.67 | Upside: 15.14% | Div. Yield: 10.16% |
| | | 1 Yr Range: ₦22.60 – ₦37.40 | |

- Our valuation of CHEMICAL AND ALLIED PRODUCTS PLC (herein referred to as “CAP” or “the Company”) currently shows an upside potential of 15.14%, hence we maintain a **BUY** recommendation on the stock.
- CAP traded flat in the week to maintain the YtD at 2.50%.
- In its unaudited FY’19 report, CAP’s Revenue appreciated by 9.65% YoY from ₦7.67B in FY’18 to ₦8.41B, while Profit After Tax declined by 12.19% YoY from ₦2.01B to ₦1.78B. EPS waned by 12.19% YoY from 290kobo to 255kobo. TTM EPS holds at 255kobo.
- The Company’s Gross Profit pared marginally to 47.24% (vs 47.40%) as Cost of Sales advanced by 9.99% YoY to ₦4.44B from ₦4.04B in FY’18. However, CAP’s Operating Expense increased by 37.09% YoY to ₦1.94B (translating to an OPEX Ratio of 23.02% in FY’19 vs. 18.41% in FY’18), while the company’s operating profit declined by 7.22% to ₦2.12B. Also, the Company’s Profit Before Tax and Profit After Tax declined by 2.01% and 12.19% YoY to ₦2.55B and ₦1.78B (vs ₦2.60B and ₦2.03B in FY’18) respectively.
- CAP’s FY’18 Revenue grew by 9.15% from ₦7.11B to ₦7.76B, while Profit After Tax advanced by 35.40% from ₦1.50B in FY’17 to ₦2.03B. EPS also advanced by 35.40% from 214kobo to 290kobo.
- The Company declared a Dividend Per Share (DPS) of 290kobo for FY’18; an increase of 41.46% when compared to the 205kobo DPS paid in FY’17.
- Ex-Div. Date: 24-May-19; Payment Date: 21-Jun-19 (Final Dividend).

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| DANGCEM | Price: ₦170.00 | Target Price: (₦175.80 - ₦214.87) | Rating: HOLD |
| P/B: 3.38 | P/E: 7.50 | Upside: 14.90% | Div. Yield: 9.41% |
| | | 1 Yr Range: ₦140.00 – ₦205.00 | |

- Our valuation of DANGOTE CEMENT PLC (herein referred to as “DANGCEM” or “the Company”) currently shows an upside potential of 14.90%, hence we maintain a **HOLD** recommendation on the stock.
- DANGCEM traded flat in the week to hold the YtD return at 19.72%.
- In Q3’19, DANGCEM’s Revenue pared by 0.80% YoY from ₦685.29B in Q3’18 to ₦679.79B, while Profit After Tax also declined by 2.48% YoY from ₦158.28B to ₦154.35B. EPS dropped by 1.62% YoY from 925kobo to 910kobo. TTM EPS holds at 2,268kobo.
- The Company’s decline in topline Revenue can be attributed to the reduction in the volume and sales price (approx. ₦39,025.78/T vs. ₦39,923.08/T in Q3’18) of cement in the period relative to Q3’18. The company scaled up its production capacity to 45.55MMT in the period. DANGCEM’s Cost-to-Sales ratio rose to 42.66% (vs. 41.98% in Q3’18), whilst Gross Profit pared by 1.97% YoY to ₦389.78B. DANGCEM’s operating expense increased by 18.54% YoY to ₦160.34B (translating to an OPEX Ratio of 23.59% in Q3’19 vs. 19.74% in Q3’18), while the company’s operating profit declined by 13.26% to ₦231.48B. Also, the Company’s Profit Before Tax declined by 20.09% YoY to ₦197.68B (vs ₦247.36B in Q3’18) while Profit After Tax waned by 2.48% YoY to ₦154.35B (vs ₦158.28B in Q3’18).
- On 30-Oct-19, DANGCEM announced that it has considered and subject to obtaining detailed advice and regulatory approvals, will recommend to its shareholders for consideration, a proposal to consolidate its share capital as well as share buyback program. *The buy-back program will be completed within 12 months from the date of receipt of the approval of shareholders for the program, and the price for the buy-back is expected to not be more than 5% above the average calculated market price over the five days preceding the offer.*
- DANGCEM’s FY’18 Revenue grew by 11.87% from ₦805.58B to ₦901.21B, while Profit After Tax advanced by 91.10% from ₦204.25B in FY’17 to ₦390.33B. EPS also advanced by 95.97% from 1,165kobo to 2,283kobo.
- The Company declared a Dividend Per Share (DPS) of 1,600kobo for FY’18; an increase of 52.38% when compared to the 1,050kobo DPS paid in FY’17.
- Ex-Div. Date: 03-Jun-19; Payment Date: 18-Jun-19 (Final Dividend).



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| DANGOTE SUGAR | Price: ₦12.85 | Target Price: (₦15.75 – ₦19.24) | Rating: STRONG BUY |
| P/B: 1.53 | P/E: 7.65 | Upside: 36.15% | Div. Yield: 8.56% |
| | | | 1 Yr Range: ₦8.50 – ₦16.55 |

- Our valuation of DANGOTE SUGAR REFINERY PLC (herein referred to as “DANGSUGAR” or “the Company”) indicates that the stock currently trades at an upside potential of 36.15% to fair value, therefore we maintain a **STRONG BUY** recommendation.
- DANGSUGAR declined by 4.10% WoW to close its YtD return at -5.51%.
- In Q3’19, DANGSUGAR reported a 0.57% YoY growth in Revenue from ₦116.76B to ₦117.43B while Profit After Tax declined by 12.01% YoY from ₦16.71B to ₦14.70B. EPS was also declined by 12.06% YoY from 141kobo to 124kobo. The counter’s Trailing 12M EPS holds at 168kobo.
- Gross Profit Margin for DANGSUGAR settled at 24.71% in Q3’19 (vs. 25.40% in Q3’18), as the Company’s Cost to Sales in the period rose to 75.29% (vs. 74.60% in Q3’18). The OPEX Ratio rose to 5.31% as against 4.89% in Q3’18, while the Operating Profit subsequently settled at ₦22.90B (-5.70% YoY) from ₦24.29B in Q3’18. However, DANGSUGAR’s Fair Value Adjustments of the Company’s Biological Assets plus Investment Income plunged by 92.78% YoY to ₦150M (vs ₦2.08B in Q3’18). Consequently, DANGSUGAR’s PBT and PAT settled at ₦22.97B (-12.36% YoY) and ₦14.70B (-12.01% YoY) respectively.
- DANGSUGAR reported a 26.44% decline in Turnover from ₦150.373B in FY’17 to ₦204.42B in FY’17 while Profit After Tax declined by 44.76% YoY from ₦39.78B to ₦21.98B. EPS was also pared by 44.11% YoY from 331kobo to 185kobo. The counter’s Trailing 12M EPS holds at 185kobo.
- The Company declared a final Dividend Per Share (DPS) of 110kobo for FY’18 (vs the total dividend of 175kobo/share in FY’17).
- Ex-Div. Date: 31-May-19; Payment Date: 19-Jun-19 (Final Dividend).

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| ETI | Price: ₦7.00 | Target Price: (₦7.74 - ₦9.47) | Rating: BUY |
| P/B: 0.19 | P/E: 2.22 | Upside: 22.93% | Div. Yield: - |
| | | | 1 Yr Range: ₦6.00 – ₦14.50 |

- Our valuation of ECOBANK TRANSNATIONAL INCORPORATED PLC (herein referred to as “ETI” or “the Bank”) indicates that the stock is currently trading at an upside potential of 22.93% to its fair value, therefore we maintain a **BUY** recommendation
- ETI pared by 1.41% WoW to close its YtD return at 7.69%.
- In Q3’19, ETI reported a 6.67% YoY growth in its Gross Earnings from ₦572.66B to ₦610.87B, while its PAT increased by 4.12% YoY to ₦78.84B. However, EPS depreciated by 5.72% YoY from 247kobo in Q3’18 to 233kobo in Q3’19. The Trailing 12M EPS for the stock holds at 316kobo.
- The Bank’s Net Interest Income declined by 9.19% YoY to ₦195.45B (vs ₦215.22B in Q3’18) while its Net Fees & Commission Income advanced by 13.08% YoY to ₦113.98B (vs ₦100.79B in Q3’18). Also, its Net Trading Income advanced by 15.16% YoY to ₦97.92B (vs ₦85.03B in Q3’18).
- Furthermore, ETI recorded Operating Profit before Impairment to the tune of ₦142.09B (-12.66% YoY), while the Bank recorded an advance of 51.00% YoY on Impairment Loss on Financial Assets to the tune of ₦32.55B, ETI’s Operating Profit After Impairment was ₦109.54B (+13.80% YoY), while the Profit Before Tax came in at ₦109.49B (+13.67% YoY) in Q3’19. After accounting for Tax charges, ETI recorded Profits from Continuing Operations worth ₦77.439B (+2.54% YoY) and Discontinued Operations ₦1.40B (+591.49% YoY), to bring the Profit After Tax to ₦78.84B (+4.12% YoY).
- ETI announced the completion of the transfer of shares held by International Finance Corporation (IFC) and the funds managed by the IFC Asset Management Company in ETI to Arise B.V (Arise). Consequently, Arise holds c. 14.1% stake in ETI.
- ETI reported 1.27% YoY growth in its Gross Earnings from ₦763.63B in FY’17 to ₦773.34B in FY’18, while its PAT increased by 45.97% YoY to ₦102.17B. EPS was higher by 48.65% from 222kobo in FY’17 to 330kobo. The Trailing 12M EPS for the stock holds at 222kobo.
- The Bank did not declare any dividend for FY’18 (same as FY’17).



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| FBNH | Price: ₦5.95 | Target Price: (₦7.20 - ₦8.80) | Rating: BUY |
| P/B: 0.33 | P/E: 3.61 | Upside: 34.45% | Div. Yield: 4.37% |
| | | 1 Yr Range: ₦4.35 – ₦8.45 | |

- Our valuation of FBN HOLDINGS PLC (herein referred to as "FBNH" or "the Bank") currently shows an upside potential of 34.45%, hence we maintain a BUY recommendation on the stock.
- FBNH pared by 0.83% in the week to close its YtD return of the stock at -3.25%.
- In its unaudited FY'19 report, FBNH's Gross Earnings increased by 4.49% YoY from ₦583.45B to ₦609.67B while Its Profit After Tax advanced by 3.82% YoY from ₦59.67B to ₦61.95B. EPS was flat at 165kobo in FY'19. The Trailing 12M EPS for the counter holds at 165kobo.
- FBNH's Gross Earnings in FY'19 was slightly up, as gains recorded in its Interest Income (+1.43% YoY to ₦440.62B), Fee and Commission Income (+14.96% YoY to ₦106.60B) and Net gains on Investment Securities (+233.66% YoY to ₦19.13B) were pressured by declines in Net Insurance Premium Revenue (-26.72% YoY to ₦11.39B) and Net gains on FX (-71.54% YoY to ₦9.29B). Loan impairment charges in the period declined by 52.01% YoY to ₦41.71B. The Bank's Operating Income settled at ₦435.53B (+4.73% YoY), while Total Operating Expense advanced by 21.45% YoY to ₦320.28B. Overall, FBNH's PBT and PAT advanced by 12.79% and 3.82% YoY to ₦73.61B and ₦61.95B respectively for FY'19.
- On 25-Jun-19, FBNH announced the intention of First Bank Nigeria Limited ("the Bank") to redeem the fixed rate subordinated Notes held by FBN Finance Company B.V. Accordingly, \$450mn 8.00% subordinated Notes raised from the international debt markets and due in July 2021 will be called at the next callable date of 23-Jul-19.
- For FY'18 the Bank registered a 2.01% depreciation in Gross Earnings from ₦595.45B in FY'17 to ₦583.45B. Also, its overall Profit After Tax advanced by 58.23% from ₦37.71B to ₦59.67B. EPS also advanced by 43.48% to 165kobo (FY'17: 115kobo).
- The Bank declared a 26kobo Dividend per share (DPS) for FY'18; 4% increase from the 25kobo DPS declared for FY'17.
- Ex-Div. Date: 22-Apr-19; Payment Date: 06-May-19 (Final Dividend).

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| FIDELITYBK | Price: ₦2.14 | Target Price: (₦2.38 – ₦2.91) | Rating: BUY |
| P/B: 0.27 | P/E: 2.09 | Upside: 23.60% | Div. Yield: 5.14% |
| | | 1 Yr Range: ₦1.40– ₦2.78 | |

- Our valuation of FIDELITY BANK PLC (herein referred to as "FIDELITYBK" or "the Bank") currently shows an upside potential of 23.60%, hence we maintain a BUY recommendation on the stock.
- FIDELITYBK declined by 1.38% WoW to close its YtD return at 4.39%.
- In its unaudited FY'19 report, FIDELITYBK reported a 15.05% YoY increase in Gross Earnings from ₦188.87B in FY'18 to ₦217.31B. Also, its Profit After Tax increased by 28.51% YoY from ₦22.93B to ₦29.46B. EPS also settled higher at 102kobo (vs FY'18: 79kobo). The Trailing 12M EPS for the stock settled at 102kobo.
- The Bank's growth in Gross Earnings was on the back of a 17.78% increase in Interest Income from ₦153.68B in FY'18 to ₦181.00B in FY'19. Its Net Fee and Commission Income also advanced by 19.37% YoY from ₦16.80B in FY'18 to ₦20.05B in FY'19. The bank's Net Interest Income After Credit Loss Expense advanced by 26.59% YoY to ₦87.52B in FY'19 (vs ₦69.14B in FY'18), as Credit Loss Writeback came in at ₦6.87B (+262.89% YoY) in FY'19 from a loss of ₦4.22B in FY'18. FIDELITYBK recorded Net Trading Income of ₦815M compared to a loss of ₦132M in FY'18, while Other Income dipped by 29.50% YoY to ₦7.86B from ₦11.14B in FY'18.
- The Bank's Operating Expense advanced by 11.79% YoY to ₦80.63B (vs ₦72.13B in FY'18), while Operating Income settled at ₦111.51B (+15.02% YoY) from ₦96.95B in FY'18. Consequently, Profit Before Tax and Profit After Tax for the Bank advanced by 29.05% and 28.51% YoY to ₦32.38B and ₦29.46B respectively.
- For FY'18, FIDELITYBK reported a 4.79% YoY increase in Gross Earnings from ₦180.24B to ₦188.87B. Also, its Profit After Tax increased by 29.03% YoY from ₦17.77B to ₦22.93B. EPS also settled higher at 79kobo (FY'17: 61kobo). The Trailing 12M EPS for the stock settled at 79kobo
- The Bank declared 11kobo as Final Dividend per share (DPS) for FY'18 (same as FY'17).
- Ex-Div. Date: 12-Apr-19; Payment Date: 15-Apr-19 (Final Dividend).



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|------------------|---------------------|--------------------------------------|---------------------------------|
| FIDSON | Price: ₦2.55 | Target Price: (₦2.79 - ₦3.42) | Rating: BUY |
| P/B: 0.56 | P/E: 17.05 | Upside: 21.76% | Div. Yield: 5.88% |
| | | | 1Yr Range: ₦2.55 – ₦5.05 |

- Our valuation of FIDSON HEALTHCARE PLC (herein referred to as “FIDSON” or “the Company”) currently shows an upside potential of 21.76%. Therefore, we hold a **BUY** recommendation on the stock.
- FIDSON traded flat in the week to hold its YtD at -17.74%.
- In its unaudited FY’19 earnings result, FIDSON’s Revenue declined by 13.36% YoY from ₦16.23B in FY’18 to ₦14.06B while it recorded a Profit After Tax of ₦312.02M from a Loss After Tax of ₦97.45M in FY’18. EPS also surged by 420.19% YoY from a Loss of 5kobo to a gain of 15kobo. The Trailing 12M EPS settled at a gain of 15kobo.
- FIDSON’s Cost of Sales declined by 17.30% YoY to ₦8.20B (vs ₦9.91B in FY’18) while Gross Profit was recorded at ₦5.87B (-7.17% YoY). The Gross Profit Margin advanced to 41.72% in FY’19 from 38.94% in FY’18, whereas Operating Expense for the Company pared by 10.53% YoY from ₦4.52B to ₦4.04B. Consequently, FIDSON’s Operating Profit advanced by 3.45% YoY from ₦2.05B to ₦2.12B whilst Finance Cost also declined by 10.81% YoY to ₦1.72B. The PBT and PAT surged by 185.24% and 420.19% YoY to ₦458.85M (vs. ₦160.87B in FY’18) and ₦312.02M (vs from a Loss After Tax position of ₦97.45M in FY’18) respectively.
- FIDSON announced the Listing of additional 586,360,250 Ordinary Shares Issued by way of a Rights Issue. The additional shares arose from FIDSON’s Rights Issue of 750,000,000 Ordinary Shares of 50kobo each at ₦4.00 per share on the basis of one (1) new Ordinary Share for every 2 Ordinary Shares held. Consequently, FIDSON’s total issued and fully paid shares has now increased from 1,500,000,000 to 2,086,360,250 Ordinary Shares.
- In FY’18, the Company recorded 15.45% YoY growth in Revenue from ₦14.06B to ₦16.23B while it recorded a Loss After Tax of ₦97M from a Profit After Tax of ₦1.06B in FY’17. EPS also declined by 108.48% YoY from 71kobo to a Loss per share of 6kobo. The Trailing 12M EPS settled at a loss of 6kobo.
- The Company declared a dividend of 15kobo/share in FY’18 (vs 20kobo/share in FY’17)
- Ex-Div. Date: 17-Apr-19; Payment Date: Not Available (Final Dividend).

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| FLOURMILL | Price: ₦23.00 | Target Price: (₦25.22-₦30.83) | Rating: BUY |
| P/B: 0.61 | P/E: 24.21 | Upside: 21.85% | Div. Yield: 5.22% |
| | | | 1 Yr Range: ₦12.80 – ₦24.00 |

- Our valuation of FLOURMILLS OF NIGERIA PLC (herein referred to as “FLOURMILL” or “the Company”) currently shows an upside potential of 21.85%, hence we maintain a **BUY** recommendation on the stock.
- FLOURMILL advanced by 0.88% in the week to settle the YtD return of the counter at 16.75%.
- In Q3’20 (9M ended 31-Dec-19), FLOURMILL’s Revenue advanced by 5.70% YoY from ₦400.64B to ₦423.48B, while Profit After Tax also advanced by 3.36% YoY to ₦8.16B. EPS waned by 2.65% from 189kobo in Q3’19 (9M ended 31-Dec-18) to 184kobo. The Trailing 12M EPS settled at 95kobo.
- FLOURMILL’s Gross Profit Margin pared to 11.29% from 11.63% in Q3’19 as its Cost-to-Sales increased to 88.71% as against 88.37% in Q3’19. OPEX in the period grew by 13.40% YoY to ₦23.67B, while it recorded Net Operating Gains to the tune of ₦518M (-66.94% YoY). FLOURMILL’s operating profit declined by 9.57% YoY from ₦27.29B to ₦24.68B and the Company’s Finance Cost pared by 20.74% YoY to ₦13.12B.
- PBT and PAT for the Company advanced by 8.99% and 3.36% YoY to ₦12.29B and ₦8.16B respectively.
- In FY’19 (FY ended 31-Mar-19), FLOURMILL’s Revenue declined by 2.81% YoY from ₦542.87B to ₦527.40B, while Profit After Tax plunged by 70.62% YoY to ₦4.00B. EPS declined by 79.30% from 483kobo in FY’18 (FY ended 31-Mar-19) to 100kobo. The Trailing 12M EPS settled at 100kobo.
- For FY’18 the Company declared a Dividend Per Share of 120kobo. (FY’18: 100kobo).
- Ex-div Date: 9-Aug-19. Payment Date: 6-Sep-19.



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| FO | Price: ₦18.55 | Target Price: (₦18.53-₦22.64) | Rating: HOLD |
| P/B: 1.38 | P/E: 3.55 | Upside: 10.97% | Div. Yield: 6.20% |
| | | | 1Yr Range: ₦14.00 – ₦35.30 |

- Our valuation of FORTE OIL PLC (herein referred to as “FO” or “the Company”) shows an upside potential of 10.97%, hence we maintain a HOLD recommendation on the stock.
- FO traded flat in the week to hold its YtD’s return at 2.49%.
- In Q3’19, FO’s Revenue grew by 30.30% YoY to ₦123.55B from ₦94.81B recorded in Q3’18 while its Profit After Tax (PAT) surged by 1,408.23% YoY to ₦5.26B (vs. ₦350M in Q3’18). EPS also skyrocketed to 403kobo from 27kobo in Q3’18, while the Trailing 12M EPS settled at 522kobo.
- The gross profit margin for the period came in at 6.59% from 8.92% in Q3’18 due to the 33.65% YoY rise in Cost of Sales to ₦115.41B. FO’s OPEX increased by 9.54% YoY to ₦7.72B, while Other Income surged by 165.26% YoY to ₦3.76B. Consequently, the Operating Profit advanced from ₦2.83B in Q3’18 to ₦4.18B in Q3’19. PBT and PAT settled at ₦6.54B (+912.10% YoY) and ₦5.26B (+1,408.23% YoY) respectively.
- On 24-Dec-18, Forte Oil Plc. (FO) notified the public that its majority shareholder, Mr. Femi Otedola reached an agreement with the Prudent Energy team investing through Ignite Investments and Commodities Limited. The agreement holds that Mr. Femi Otedola settled to divest his full 75% direct and indirect shareholding in the Company’s downstream business. This was resolved by the shareholders to be done subject to an independent valuation on fair value at an Extra-ordinary General Meeting on 08-May-19. On 21-Jun-19, FO announced on the NSE that the agreement had been executed and full transfer of the 970,166,694 units of FO shares (at an average price of ₦66.25/share) has been successfully transferred to Ignite Investments and Commodities Limited.
- FO’s Revenue in FY’18 grew by 56.33% from ₦86.17B to ₦134.70B while Profit After Tax on the other hand declined by 31.75% to settle at ₦8.34B (FY’17: ₦12.23B). EPS pared by 48.77% YoY from 285kobo to 146kobo.
- For FO declared a special dividend of 115kobo from proceeds of its divestment in its subsidiaries in Q1’19 while the Company did not declare any dividend for FY’18 (vs No Dividend in FY’17).
- Ex-Div. Date: 03-Jun-19; Payment Date: 10-Jun-19

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| GUARANTY | Price: ₦29.90 | Target Price: (₦35.22 – ₦43.05) | Rating: BUY |
| P/B: 1.38 | P/E: 4.46 | Upside: 30.89% | Div. Yield: 9.20% |
| | | | 1Yr Range: ₦24.90 – ₦38.95 |

- Our valuation of GUARANTY TRUST BANK PLC (herein referred to as “GUARANTY” or “the Bank”) currently indicates an upside potential of 30.89%, hence we maintain a BUY rating on the stock.
- GUARANTY advanced by 1.36% WoW to hold its YtD return at 0.67%.
- GUARANTY reported a 3.33% YoY decrease in Gross Earnings from ₦337.27B in Q3’18 to ₦326.03B in Q3’19, while its Profit after Tax came in higher at ₦146.99B (+3.35% YoY). EPS settled higher at 519kobo, increasing by 3.18% YoY from 503kobo in Q3’18. The Trailing 12M EPS settled at 670kobo.
- GUARANTY’s topline performance was buoyed by the 26.74% YoY gain in Interest Income on Financial assets at Fair Value to ₦4.83B, 11.48% YoY rise in Other Income (largely due to FX revaluation gains) from ₦39.31B in Q3’18 to ₦43.82B in Q3’19 and a 19.90% YoY growth in Fee and Commission Income from ₦40.35B in Q3’18 to ₦48.38B in Q3’19. Net Interest Income for the bank advanced by 1.35% YoY to ₦172.94B in Q3’19 (vs ₦170.64B in Q3’18) due to the 23.40% YoY drop in Interest Expense to ₦51.25B. Also, Loan Impairment charges surged by 59.03% YoY to ₦2.76B (vs. ₦1.74B in Q3’18). Net Fee & Commission Income for the bank advanced by 22.88% YoY to ₦46.50B, while GUARANTY’s Net Trading Income plunged by 51.94% YoY to ₦9.64B in Q3’19 (vs ₦20.07B in Q3’18).
- In Q3’19, the Bank’s Operating Income advanced by 1.57% YoY to ₦270.25B (vs ₦266.07B in Q3’18) with the total Operating Expense waning by 2.19% YoY to ₦99.60B from ₦101.83B in Q3’18. Consequently, Profit-Before-Tax for the bank rose by 3.90% YoY to ₦170.65B in Q3’19 from ₦164.25B in Q3’18, while Profit-After-Tax appreciated by 3.35% YoY to ₦146.99B from ₦142.22B in Q3’18.
- GUARANTY reported a 3.69% increase in Gross Earnings in FY’18 from ₦419.20B to ₦434.70B and Profit After Tax was higher by 9.96% from ₦167.91B to ₦184.64B. EPS settled higher at 654kobo increasing by 10.10% from 594kobo in FY’17.
- The bank declared an interim dividend of 30kobo/share for H1’19. Also, the Bank declared a total dividend of 275kobo/share for FY’18 (vs. total dividend of 270kobo/share for FY’17).
- Ex-Div. Date: 02-Sep-19; Payment Date: 11-Sep-19. (Interim Dividend)



GUINNESS

Price: ₦25.20

Target Price: (₦27.06 - ₦33.07)

Rating: **BUY**

P/B: 0.63

P/E: 13.08

Upside: 19.31% Div. Yield: 0.00%

1 Yr Range: ₦23.30– ₦67.15

- Our valuation of GUINNESS NIGERIA PLC (herein referred to as “GUINNESS” or “the Company”) currently shows a upside potential of 19.31%. Therefore, we recommend a **BUY** rating on the stock.
- GUINNESS depreciated by 16.56% WoW to settle its YtD return at -16.14%.
- In Q2’20 (6M ended 31-Dec-19), Revenue for GUINNESS appreciated by 0.78% YoY from ₦67.80B in Q2’19 to ₦68.33B. Also, the Company recorded Profit After Tax of ₦1.32B (-49.00% YoY) from ₦2.58B in Q2’19. EPS plunged by 49.00% to 60kobo from 118kobo in Q2’19. Trailing 12M EPS holds at 193kobo.
- The topline growth recorded in the period in our opinion is not unconnected to consumer spending related to the festive period. The Company’s Cost of Sales in the period increased by 2.48% YoY to ₦48.48B in Q2’20 from ₦47.30B in Q2’19, whilst its Gross Profit declined by 3.14% YoY to ₦19.85B in Q2’20.
- Operating Expense for GUINNESS increased slightly by 1.50% YoY to ₦16.57B, while Operating Profit in the period plunged by 23.25% YoY to ₦3.56B from ₦4.64B in Q2’19. Finance Cost surged by 24.54% YoY to ₦1.91B. The Company’s PBT and PAT came in at ₦1.93B (-49.00% YoY) and ₦1.32B (-49.00% YoY) respectively.
- In FY’19 (12M ended 30-Jun-19), Revenue for GUINNESS declined by 8.03% YoY from ₦142.98B in FY’18 to ₦131.50B. Also, its Profit After Tax pared by 18.37% YoY to ₦5.48B from ₦6.72B. EPS declined by 24.13% to 250kobo from 330kobo in FY’18 (12M ended 30-Mar-18). Trailing 12M EPS holds at 250kobo.
- The Company declared a Dividend Per Share (DPS) of 152kobo for FY’18 which is 17.39% YoY lower than 184kobo DPS in FY’17.
- Ex-Div. Date: 20-Sep-19; Payment Date: 24-Oct-18 (Final Dividend).

INTBREW

Price: ₦7.75

Target Price: (₦8.61 - ₦10.53)

Rating: **BUY**

P/B: 3.56

P/E: -

Upside: 23.48% Div. Yield: -

1 Yr Range: ₦7.75 – ₦26.60

- Our valuation of INTERNATIONAL BREWERIES PLC (herein referred to as “INTBREW” or “the Company”) currently indicates an upside potential of 23.48%, hence we recommend a **BUY** rating on the stock.
- INTBREW declined by 8.82% WoW to peg its YtD return at -18.42%.
- INTBREW’s Q3’19 Revenue grew by 16.69% YoY to ₦97.26B while the Company recorded a Loss After Tax of ₦16.45B, from a Loss After Tax position of ₦7.14B in Q3’18. EPS settled at a loss position of 191kobo from a Loss position of 83kobo in Q3’18, while the Trailing 12M EPS settled at a loss of 153kobo.
- The Company’s Cost of Sales advanced by 29.39% YoY to ₦66.14B from ₦51.11B in Q3’18, while the Operating Expense grew by 45.91% YoY to ₦42.29B from ₦28.98B in Q3’18. Consequently, INTBREW recorded Operating Loss to the tune of ₦10.94B (vs Operating Loss of ₦180M in Q3’18). The Company’s Finance Cost advanced by 45.74% YoY to ₦13.14B in the period (vs ₦9.01B in Q3’18), INTBREW reported a Loss Before Tax of ₦24.08B from a Loss Position of ₦9.19B in Q3’18. Also, INTBREW’s Loss After Tax came in at ₦16.45B in Q3’19.
- Due to the concluded merger between Anheuser-Busch InBev-International Breweries Plc, Intafact Beverages Limited and Pabod Breweries Limited, the total issued and fully paid up shares of International Breweries moved to 8.596bn ordinary shares from 3.294bn.
- In FY’18 (FY ended 31-Dec-18), INTBREW’s Revenue grew by 230.19% YoY to ₦120.61B, while INTBREW recorded a Loss After Tax of ₦3.87B from a Loss After Tax Position of ₦1.40B in Q3’17 (as reported). EPS was also at a Loss Position of 45kobo from a Loss Position of 16kobo in Q3’17.
- The Company did not declare a dividend for FY’18 (same as prior year).



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| JBERGER | Price: ₦22.50 | Target Price: (₦25.12-₦30.70) | Rating: BUY |
| P/B: 0.69 | P/E: 2.81 | Upside: 24.04% | Div. Yield: 8.89% |
| | | | 1Yr Range: ₦18.00 – ₦27.50 |

- Our valuation of JULIUS BERGER NIGERIA PLC (herein referred to as “JULIUS BERGER” or the “Company”) currently shows an upside potential of 24.04%, hence we recommend a **BUY** rating on this stock
- JBERGER grew by 0.22% WoW to close the YtD return at 13.07%.
- In its unaudited FY’19 report, JBERGER’s Revenue advanced by 36.90% YoY to ₦264.56B with its Profit After Tax advancing by 69.65% YoY to ₦10.30B. However, EPS advanced by 35.14% YoY to 800kobo from 592kobo in FY’18. The Trailing 12M EPS of the stock holds at 800kobo.
- The Company’s Gross Profit settled at ₦60.67B (+29.66% YoY) from ₦46.79B in FY’18 even as the Cost-of-Sales rose by 39.21% YoY to ₦203.88B (vs ₦146.46B in FY’18).
- Operating Expense declined by 1.09% YoY to ₦35.49B from ₦35.88B in FY’18, while Operating Profit advanced by 42.52% YoY to ₦20.58B. The Company’s PBT grew by 48.03% YoY to ₦14.68B from ₦9.92B in FY’18 and its Profit After Tax appreciated by 69.65% YoY to ₦10.30B from ₦6.07B in FY’18.
- In FY’18, JBERGER’s Revenue advanced by 37.16% YoY to ₦194.62B with its Profit After Tax advancing by 142.37% YoY to ₦6.10B. EPS advanced by 46.81% to 530kobo from 361kobo in FY’17. The Trailing 12M EPS of the stock holds at 530kobo.
- In Jun-17, JBERGER announced that it has entered into a strategic partnership and joint investment agreement with Petrolan Energy Limited. In a notification to the NSE, JBERGER said the partnership is for the acquisition and development of oil fields in Nigeria. According to the Company, the alliance is in line with its strategic goal to diversify into the oil and gas sector.
- The Company declared a dividend of 200Kobo/Share for FY’18 (vs 100kobo/share in FY’17).
- Ex-Div. Date 31-May-19 and Payment Date: 21-Jun-19. (Final Dividend)

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| MOBIL | Price: ₦133.20 | Target Price: (₦168.18 – ₦205.55) | Rating: STRONG BUY |
| P/B: 1.21 | P/E: 5.42 | Upside: 40.29% | Div. Yield: 6.19% |
| | | | 1Yr Range: ₦133.20 – ₦186.00 |

- Our valuation of DOUBLE ONE PLC: 11 Plc (formerly MOBIL NIGERIA PLC.) (herein referred to as “MOBIL” or “the Company”) currently indicates an upside potential of 40.29%, hence we place a **STRONG BUY** rating on the stock.
- MOBIL traded flat in the week to hold its YtD return -9.94%.
- In its unaudited FY’19 MOBIL’s Revenue advanced by 16.44% YoY to ₦191.68B, however PAT pared by 5.07% YoY to settle at ₦8.86B (vs FY’18: ₦9.33B). EPS also pared by 5.07% YoY from 2,587kobo in FY’18 to 2,456kobo. The Trailing 12M EPS settled at 2,456kobo.
- The rise in Revenue is attributed to the Company’s ability to push relatively higher sales volume of petroleum products locally, as there were no export sales in the period. The Company’s Gross Profit Margin was lower (8.68% in FY’19 vs. 10.08% in FY’18) in the period due to the 18.25% YoY increase in Cost of Sales to ₦175.04B.
- MOBIL recorded a 6.77% YoY drop in Other Income to ₦8.04B, largely due to the decrease in rental income from its Real Estate business while its OPEX dropped by 3.59% YoY to ₦11.55B. Consequently, MOBIL’s Operating Profit pared by 0.82% YoY to ₦13.13B. MOBIL’s PBT and PAT settled at ₦13.12B (-4.18% YoY) and ₦8.86B (-5.07% YoY) respectively.
- On 13-Jun-18, MOBIL announced its re-entry into retailing of Liquefied Petroleum Gas popularly called domestic cooking gas after 20 years of exit from the line of business. Also on 23-Nov-18, MOBIL announced its re-entry (after 5 years) into the sale and marketing of aviation jet fuel (ATK) at the Muritala Mohammed International Airport and General Aviation Terminal (GAT-Domestic) in collaboration with Air BP after the construction of a new 20 million liter aviation jet fuel (ATK) tank and pipelines at Apapa. We expect a positive long-term benefit to the topline growth of 11 Plc from these reactivated business lines.
- MOBIL’s Revenue in FY’18 increased by 31.42% from ₦125.26B to ₦164.61B while Profit After Tax advanced by 24.11% settling at ₦9.33B (FY’17: ₦7.52B). EPS was higher by 24.08% from 2,085kobo to 2,587kobo.
- For FY’18 the Company declared a dividend of 825kobo/share (vs 800Kobo/Share in FY’17).
- Ex-Div. Date: 02-May-19; Payment Date: 17-May-19 (Final Dividend).



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| MTNN | Price: ₦116.00 | Target Price: (₦136.55 – ₦166.89) | Rating: BUY |
| P/B: 26.04 | P/E: 13.18 | Upside: 30.79% | Div. Yield: 7.27% |
| | | | 1Yr Range: ₦99.00 – ₦149.00 |

- **Our valuation of MTN NIGERIA COMMUNICATIONS PLC. (herein referred to as “MTNN” or “the Company”) currently indicates an upside potential of 30.79%, hence we place a BUY rating on the stock.**
- **MTNN waned by 0.85% WoW to settle its YtD return at 10.48%.**
- **In Q3’19, MTNN’s Revenue advanced by 12.04% YoY to ₦856.48B with its Profit After Tax advancing by 28.94% YoY to ₦148.32B. Also, EPS advanced by 29.03% YoY to 729kobo from 565kobo in Q3’18. The Trailing 12M EPS of the stock holds at 880kobo.**
- MTNN’s total revenue increased by 12.04% YoY to ₦856.48B from ₦764.46B in Q3’18, as led by a 32.78%, 21.63% and 8.20% YoY increase in Data, Interconnect & Roaming and Airtime & Subscription revenue respectively. The Company’s OPEX pared by 5.98% YoY to ₦506.84B. Therefore, Operating Income advanced by 39.07% YoY to ₦286.25B in Q3’19. MTNN reported an EBITDA margin of 53.72% in Q3’19 (vs 43.19% in Q3’18) due to the 39.34% growth in EBITDA to ₦460.10B (+39.34% YoY). The Company’s Other Income grew by 3.90% YoY to ₦70M. MTNN’s Net Finance Cost came in at ₦74.25B (vs ₦34.79B in Q3’18).
- In FY’18, MTNN’s Revenue advanced by 17.13% YoY from ₦887.18bn in FY’17 to ₦1.04tn, while Profit After Tax jumped by 79.70% YoY from ₦81.07B to ₦145.69B. EPS also surged by 79.70% YoY from 398kobo to 716kobo. TTM EPS holds at 716kobo.
- The Company’s surge in topline Revenue was largely buoyed by the 19.00% increase in Voice revenue in the period (FY’18 ₦783bn vs. ₦660bn in FY’17). Voice revenue contributed 75% of MTNN’s revenue in the period. Direct Network Operating Costs in the period increased by 13.85% YoY to ₦305.52bn from ₦268.36bn mainly due to the 14.75% YoY jump in Base Transceiver Stations (BTS) leases from ₦203.25bn to ₦233.22bn. Operating profit for MTNN settled at ₦266.11bn in FY’18, up by 35.82% YoY from ₦195.93bn in FY’17. MTNN’s PBT and PAT jumped by 105.16% and 79.70% YoY to ₦221.34bn and ₦145.69bn respectively.
- Furthermore, we note three main reasons below as pointers to why the stock is expected to perform credily well on the local bourse.
- **NCC’s Penalty Payment Obligation:** The Nigerian Communication Commission (NCC) imposed a fine of ₦330bn in Jun-16 due to disputes over the disconnection of unregistered and improperly registered SIMs. In the course of 3 years, MTNN has obliged the NCC with the full payment of its fine, with the last installment of ₦55bn paid on 24-May-19. This releases MTNN from all imposed punitive obligations by the NCC.
- **Imminent Earnings Jump:** MTNN wrapped up the payment of the balance of the NCC imposed fine (₦110bn) in two tranches in H1’19 (₦220bn already paid in five tranches as at FYE’18) with the last ₦55bn being paid on 24-May-19. With this done, the Profit After Tax position of the Company is anticipated to increase by over ₦120bn (FY’18 PAT: ₦145.69bn) noting that c. ₦20bn was paid as settlement for the Certificate of Capital Importation issues it had with the CBN last year. This will create an additional windfall of earnings to the equity holders of the firm from 2020 and beyond and also considerably improve the company’s dividend payout.
- **MTN: Payment Service Bank (PSB) License:** A key booster to a positive post-listing financial performance by MTN Nigeria is anticipated to be the PSB License secured by the mobile operator in Dec-18 from the Central Bank of Nigeria (CBN) for the take-off of its mobile money operation across the country. With a subscriber base of over 65 million users (38% market share by GSM operators) as at Feb-19, MTN Nigeria Communications Plc. will leverage massively on its market leader position to provide easy, fast and secured mobile money facility to an estimated 40 million to 60 million addressable unbanked adult population in Nigeria. The broad network coverage of MTN across rural areas in the country when compared to its peers places it at a vantage position to corner a sizeable portion of the mobile money market once it goes into full operation. Furthermore, MTNN is expected to leverage majorly on its existing operations and network infrastructure for an efficient and seamless rollout of its mobile money business. This will translate to a significant revenue stream in addition to what it currently has. The mobile money service offering of the MTN Group is in operation in over ten African countries.
- **Inclusion of MTNN on the MSCI Frontier Index:** On 07-Aug-19, Morgan Stanley Capital International (MSCI) announced that MTN Nigeria Communications Plc. (MTNN) will be included in the MSCI Frontier Index on the 27-Aug-19 based on its MSCI Equity Indexes August 2019 Index Review. There will be no deletions from the MSCI Frontier Markets Index.
- **The Company declared an Interim dividend of 295Kobo/share. (MTNN declared a dividend of 548kobo for FY’18).**
- **Ex-Div. Date: 08-Aug-19; Payment Date: 16-Aug-19.**



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| NB | Price: ₦51.50 | Target Price: (₦52.97-₦64.75) | Rating: HOLD |
| P/B: 2.51 | P/E: 24.37 | Upside: 14.29% | Div. Yield: 4.52% |
| | | | 1Yr Range: ₦46.00 – ₦83.20 |

- Our valuation of NIGERIAN BREWERIES PLC (herein referred to as "NB" or "the Company") currently indicates an upside potential of 14.29% to its fair value, hence we place a HOLD rating on the stock.
- NB traded flat in the week to close the YtD return at -12.71%.
- In Q3'19 NB's Revenue grew by 1.93% YoY to ₦259.92B while PAT declined by 17.00% YoY from ₦14.79B in Q3'18 to ₦12.28B in Q3'19. EPS also declined by 17.00% from 185kobo to 153kobo. The Trailing 12M EPS for NB currently holds at 211kobo.
- NB's top-line performance remained stifled by high inflationary pressures and flattened consumer purchasing power. The Company's Cost of Sales pared by 2.68% YoY to ₦139.51B while its OPEX in the period also advanced by 6.13% YoY to ₦71.78B. Operating Profit settled at ₦25.17B from ₦27.74B in Q3'18. NB's Finance Cost advanced by 48.56% YoY to ₦8.18B from ₦5.51B in Q3'18. PBT declined by 23.37% YoY to ₦17.22B from ₦12.28B in Q3'18.
- *We expect that companies in the sector will further engage improved cost-cutting measures in a bid to improve their bottom-line positions by FYE.*
- *On 31-Jan-20, NB announced the continuation of its Commercial Paper ("CP") Programme with the launch of the Series 5 and 6 of the programme opening on 03-Feb-20. The aim of the issue of the CP is to raise ₦45B to support the Company's short-term funding needs. The Series 5 would be for a tenor of 180 days while Series 6 would be for 270 days.*
- In FY'18 NB's Revenue declined by 4.26% YoY to ₦350.23B and PAT declined by 41.18% YoY from ₦33.05B in FY'17 to ₦19.44B in FY'18. EPS also declined by 41.18% from 413kobo to 243kobo. The Trailing 12M EPS for NB currently holds at 243kobo.
- The Company declared an interim dividend of 50kobo/share. Also, NB declared a total dividend of 243kobo for FY'18 (vs 413kobo for FY'17).
- Ex-Div. Date: 21-Nov-19; Payment Date: 09-Dec-19. (Interim Dividend)

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|-------------------|-------------------------|--|---|
| NESTLE | Price: ₦1,242.00 | Target Price: (₦1,464.50-₦1,789.94) | Rating: BUY |
| P/B: 17.42 | P/E: 21.07 | Upside: 31.02% | Div. Yield: 5.11% |
| | | | 1Yr Range: ₦1,080.00 – ₦1,600.00 |

- Our valuation of NESTLE NIGERIA PLC (herein referred to as "NESTLE" or "the Company") indicates that the stock currently trades at an upside potential of 31.02% to fair value, therefore we maintain a BUY recommendation.
- NESTLE depreciated by 10.00% to close its YtD return at -15.50%.
- In Q3'19, NESTLE's Revenue increased by 4.04% YoY to ₦211.35B from ₦203.14B in Q3'18. Also, its PAT increased by 11.24% YoY to ₦36.84B. EPS was also higher by 11.24% YoY from 4,178kobo to 4,648kobo. The Trailing 12M EPS for NESTLE currently holds at 5,896kobo.
- NESTLE's Cost of Sales depreciated by 1.67% YoY to settle at ₦115.04B (vs ₦116.99B in Q3'18), while Gross Profit increased by 11.80% YoY to ₦96.31B. OPEX in the period increased by 6.72% YoY to ₦96.31B, whereas Operating Profit increased by 15.58% YoY to ₦57.05B from ₦49.36B in Q3'18. On the other hand, Finance Cost declined by 40.92% YoY from ₦2.66B to ₦1.57B in the period (exacerbated by improved FX sourcing modalities). NESTLE recorded a 17.60% YoY advance in PBT from ₦48.09B in Q3'18 to ₦56.55B in Q3'19.
- In FY'18, NESTLE's Revenue increased by 9.06% YoY to ₦266.28B from ₦244.15B in FY'17. Also, its PAT increased by 27.53% YoY to ₦43.01B. EPS was also higher by 27.53% YoY from 4,255kobo to 5,426kobo.
- The Company declared an interim dividend of 2500kobo/share in Q3'19. Also, NESTLE final dividend of 3,850kobo/share in FY'18 to bring the total dividend to 5,850kobo/share in the period (vs a total dividend of 4,250kobo/share in FY'17).
- Ex-Div. Date: 22-Nov-19; Payment Date: 09-Dec-19. (Interim Dividend)



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|------------------|----------------------|--|-----------------------------------|
| PRESCO | Price: ₦49.85 | Target Price: (₦41.85 - ₦51.15) | Rating: SELL |
| P/B: 1.92 | P/E: 13.15 | Downside: 6.72% | Div. Yield: 4.01% |
| | | | 1Yr Range: ₦34.60 – ₦75.00 |

- Our valuation of PRESCO PLC (herein referred to as "PRESCO" or "the Company") currently indicates that the stock is trading at a downside potential of 6.72% to fair value therefore, we recommend a **SELL** position.
- PRESCO traded flat in the week to maintain its YtD return at 4.95%.
- In its unaudited FY'19 earnings result, PRESCO's Revenue declined by 6.85% YoY from ₦21.34B in FY'18 to ₦19.88B and its Profit After Tax declined by 8.16% YoY from ₦4.28B to ₦3.93B. EPS also declined by 11.54% YoY from 428Kobo to 379Kobo. The Trailing 12M EPS settled at 379kobo.
- PRESCO's Revenue moderated in the current period due to reduced volume sales relative to the corresponding period in the prior year. The Company's Cost-to-Sales ratio rose to 27.12% from 22.27% in FY'18, translating to PRESCO's Gross Profit Margin depreciating to 72.88% from 77.73% in FY'18.
- OPEX for PRESCO rose by 17.04% YoY to ₦7.90B, which led to the Operating Profit declining by 2.56% YoY to ₦7.40B. The Company recorded a growth of 119.42% YoY in its Biological Asset Revaluation to ₦511.21M in comparison to a Loss of ₦2.63B in FY'18. PRESCO's Finance Cost settled at ₦1.88B compared to ₦1.28B in FY'18. Profit Before Tax for PRESCO declined by 12.68% YoY to ₦5.52B (vs ₦6.32B in FY'18) while its Profit After Tax declined by 8.16% YoY to ₦3.93B (vs ₦4.28B in FY'18).
- PRESCO posted a 4.56% decrease in FY'18 Revenue from ₦22.37B to ₦21.34B and Profit After Tax declined by 25.18% from ₦5.73B to ₦4.28B. EPS also settled lower at 430kobo (FY'17: 568kobo).
- For FY'18 the Company proposed a Dividend Per Share (DPS) of 200kobo (same as FY'17).
- Ex-Div. Date: 05-Jul-19, Payment Date: 29-Jul-19 (Final Dividend)

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|------------------|-----------------------|--|-------------------------------------|
| SEPLAT | Price: ₦605.00 | Target Price: (₦618.72 – ₦756.22) | Rating: HOLD |
| P/B: 0.66 | P/E: 4.67 | Upside: 13.63% | Div. Yield: 5.07% |
| | | | 1Yr Range: ₦397.70 – ₦657.80 |

- Our valuation of SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC. (Herein referred to as "SEPLAT" or "the Company") currently reveals an upside potential of 13.63%, hence we maintain a **HOLD** rating on the stock.
- SEPLAT traded flat in the week to hold its YtD return at -8.03%.
- *Seplat Petroleum Development Company Plc. (SEPLAT) announced that it had reached an agreement with Eland Oil and Gas Plc. (ELAND) for the purchase of the entire issued and to be issued ordinary share capital of ELAND. This Scheme of Arrangement is expected to take effect on 17-Dec-19.*
- In Q3'19, SEPLAT's Revenue declined by 12.57% YoY to ₦151.88B while its Profit After Tax surged by 102.55% YoY to ₦56.65B. Its Earning Per Share grew by 102.44% YoY to 9,960kobo from 4,920Kobo in Q3'18. Its Trailing 12M EPS was captured at 12,944kobo.
- SEPLAT's topline performance was buoyed by its Gas Tolling revenue (Revenue received from the Nigerian Petroleum Development Company Ltd -NPDC for processing its share of the gas extracted from OML 4, 38 and 41 from 2015 and 2018) settling at ₦20.54B in Q3'19, as Crude Oil sales dwindled by 26.53% YoY to ₦99.08B (vs ₦134.85B in Q3'18) and Gas sales also pared by 16.97% YoY to ₦32.27B (vs ₦38.86B in Q3'18). SEPLAT's Cost-to-Sales in Q3'19 advanced to 46.52% (vs. 46.17% in Q3'18), as such translating to a 13.40% YoY rise in Gross Profit to ₦81.22B (Gross Profit Margin; 53.48% vs. 53.83% in Q3'18). In Q3'19, OPEX for SEPLAT settled at ₦16.74B (vs. ₦16.85B in Q3'18), as its OPEX Ratio jumped to 11.02% compared to 9.70% in Q3'18. Consequently, SEPLAT's Operating Profit pared by 19.74% YoY to ₦64.81B, while PBT pared by 12.81% YoY to ₦56.71B in Q3'19 (vs. ₦65.05B in Q3'18), Profit from Discontinued Operation settled at ₦980M. Therefore, PAT rose by 102.55% YoY to ₦56.65B (vs ₦27.97B in Q3'18).
- In FY'18, SEPLAT's Revenue advanced by 65.16% YoY to ₦228.39B while its Profit After Tax declined by 44.68% YoY to ₦44.87B. Its Earning Per Share declined by 45.10% YoY to 7,904kobo from 14,396Kobo in FY'17.
- The Company declared an interim dividend of \$0.05/share in Q3'19. Also, SEPLAT a final dividend of \$0.05/share in FY'18 leading to a Total dividend of \$0.15/share in the same period. No dividend was paid in FY'17.
- Ex-Div. Date: 12-Nov-19; Payment Date: 05-Dec-19. (Interim Dividend)



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|------------------|-----------------------|--|------------------------------------|
| TOTAL | Price: ₦107.00 | Target Price: (₦108.00 – ₦132.01) | Rating: HOLD |
| P/B: 1.28 | P/E: 15.00 | Upside: 12.15% Div. Yield: 15.89% | 1Yr Range: ₦96.50 – ₦205.00 |

- Our valuation of TOTAL NIGERIA PLC (herein referred to as “TOTAL” or “the Company”) currently indicates an upside potential of 12.15%, hence we maintain a HOLD rating on the stock.
- TOTAL traded flat in the week to hold its YtD return at -3.52%.
- In its unaudited FY’19 report, TOTAL’s Revenue pared by 5.55% YoY from ₦307.99B in FY’18 to ₦290.88B, while the Company recorded Profit After Tax of ₦2.42B from a PAT of ₦7.96B in FY’18. EPS settled at a 713kobo (-69.58% YoY) from 2,345kobo recorded in FY’18. The Trailing 12M EPS of the stock holds at 713kobo.
- Gross Profit Margin for TOTAL pegged at 11.63% in FY’19, versus 11.29% in FY’18, while Cost-to-Sale ratio of the company moved from 88.71% in FY’18 to 88.37% in FY’19 as the Cost of Sales declined by 5.91% YoY to ₦257.06B in FY’19. OPEX in the period increased by 6.21% YoY to ₦28.07B, while Other Income jumped by 216.74% YoY to ₦4.60B. Operating Profit came in at ₦10.36B (+5.58% YoY) and the Company recorded a Finance Cost value of ₦6.71B as against Finance Income of ₦2.29B in FY’18. Consequently, TOTAL’s Profit Before Tax and Profit After Tax declined by 69.81% and 69.58% to ₦3.65B and ₦2.42B respectively.
- In FY’18, TOTAL’s Revenue advanced by 6.92% YoY from ₦288.06B to ₦307.99B, while the PAT declined by 0.73% YoY from ₦8.02B to ₦7.96B. EPS also settled at 2,345kobo representing a 0.73% YoY decline from the 2,362kobo recorded in FY’17.
- The Company declared a final dividend of 1,400kobo/share for FY ’18 leading to a total dividend of 1,700kobo/share in FY’18, same as for FY’17.
- Ex-Div. Date: 18-Apr-19; Payment Date: 28-Jun-19. (Final Dividend)

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|------------------|---------------------|---|---------------------------------|
| TRANSCORP | Price: ₦0.93 | Target Price: (₦1.05 – ₦1.29) | Rating: BUY |
| P/B: 0.34 | P/E: 16.26 | Upside: 15.05% Div. Yield: 3.23% | 1Yr Range: ₦0.84 – ₦1.71 |

- Our valuation of TRANSNATIONAL CORPORATION PLC (herein referred to as “TRANSCORP” or “the Company”) currently reveals an upside potential of 15.05% to fair value, hence we maintain a BUY recommendation on the stock.
- TRANSCORP depreciated by 6.06% WoW to close its YtD return at -6.06%.
- In its unaudited FY’19 report, TRANSCORP recorded a 26.70% YoY decrease in Revenue from ₦104.16B in FY’18 to ₦76.35B in FY’19, while PAT settled at ₦7.07B (-65.75% YoY) from ₦20.63B in FY’18. EPS came in lower at 6kobo from 23kobo in FY’18. The TTM EPS for the stock holds at 6Kobo.
- The Company’s decline in Revenue came in largely as a result of the decline in income from Energy Sent Out which declined by 38.37% YoY to ₦34.57B (vs. ₦56.09B in FY’18), while revenue based on Capacity Charge pared by 30.37% YoY to ₦21.28B in FY’19 (vs ₦30.56B in FY’18) respectively. Revenue from Rooms and Food & Beverage advanced by 17.90% and 14.14% YoY to ₦12.66B and ₦5.98B (vs ₦10.74B and ₦5.24B in FY’18) correspondingly. Cost-to-Sales for TRANSCORP settled at 51.33% (vs 53.68% in FY’18). The Company recorded ₦37.16B (-23.00% YoY) in Gross Profit and ₦22.25B (-35.79% YoY) in Operating Profit, as the Operating Expense in the period advanced by 10.31% YoY from ₦14.60B in FY’18 to ₦16.10B in FY’19.
- TRANSCORP recorded a surge of 104.04% YoY to ₦128M in FX Gain on Financing activities from a Loss position of ₦3.17B in FY’18. Also, its Finance Cost advanced by 58.39% YoY to ₦14.38B. Subsequently, PBT and PAT for TRANSCORP in FY’19 settled at ₦8.00B (-64.30% YoY) and ₦7.07B (-65.75% YoY).
- TRANSCORP recorded a 29.74% YoY increase in Revenue from ₦80.28B to ₦104.16B in FY’18, while PAT settled at ₦20.63B (+94.46% YoY) compared to a Profit After Tax position of ₦10.61B in FY’17. EPS was 23kobo (FY’17: 12kobo). The TTM EPS for the stock holds at 23Kobo.
- TRANSCORP declared a dividend of 3Kobo/Share as final dividend for FY’18, (vs 3Kobo/Share in FY’17).
- Ex-Div. Date: 28-Feb-19; Payment Date: 19-Mar-19. (Final Dividend).



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|------------------|---------------------|--------------------------------------|----------------------------------|
| UACN | Price: ₦9.00 | Target Price: (₦12.43-₦15.19) | Rating: STRONG BUY |
| P/B: 0.43 | P/E: - | Upside: 53.44% | Div. Yield: 7.11% |
| | | | 1Yr Range: ₦4.50 – ₦11.05 |

- Our valuation of UAC OF NIGERIA PLC (herein referred to as “UACN” or “the Company”) currently shows an upside potential of 53.44%, hence we maintain a **STRONG BUY** recommendation on the stock.
- UACN appreciated by 6.51% WoW to close its YtD return at 4.65%.
- In its unaudited FY’19, UACN reported its Revenue advanced by 9.66% YoY to ₦83.96B from ₦76.56B in FY’18, as it recorded a Loss After Tax of ₦9.23B in the same period (vs ₦9.53B in FY’18). EPS improved to a Loss position of 197kobo/share (vs. a Loss position of 210Kobo/share in FY’18). The Trailing 12M EPS for the stock came in at a Loss of 197kobo.
- The Company’s earnings was buoyed by the positive topline performance from all of its revenue generating entities save for the Logistics arm which pared by 17.93% YoY to ₦4.78B. UACN seized from reporting its Real Estate arm as a revenue generating entity in the period under consideration. The Cost of Sales advanced by 7.88% YoY to ₦66.51B (vs ₦61.65B in FY’18) to settle the Gross Profit at ₦17.45B from ₦14.91B (+17.04% YoY).
- Operating Profit for the Company advanced by 16.18% YoY to ₦5.78B, while Net Finance Cost declined by 15.69% YoY from ₦2.76B in FY’18 to ₦2.32B in FY’19. UACN recorded a Profit Before Tax of ₦8.10B (+4.82% YoY) while Profit from Continuing Operations for UACN advanced by 11.17% YoY to ₦6.11B. However, the Company recorded a Loss After tax of ₦9.23B from a Loss Position of ₦9.58B in FY’18.
- In Feb-18, a disclosure of changes in beneficial ownership of UACN Shares was released by the company to the NSE stating that STANBIC IBTC Nominees Nig. Ltd., BLAKENEY GP111 Ltd. and THEMIS Capital Management currently hold 8%, 6% and 8% respectively of the company’s shares outstanding.
- On 02-Sep-19, UACN announced that subject to regulatory review and approval it would be unbundling its c.64.16% stake in the shares of UAC-PROP such that UACN no longer holds any shares in UAC-PROP and UAC-PROP operates as a standalone legal entity. More so, UACN’s stake in the shareholding of UAC-PROP will be transferred pro-rata to all UACN shareholders who will hold such UAC-PROP shares and corresponding UPDC REIT allocation in addition to their existing equity shares in UACN.
- UACN reported an 11.70% decline in Revenue to ₦78.74B for FY’18 from ₦89.18B in FY’17, while it recorded a Loss After Tax of ₦9.58B from a Profit After Tax position of ₦960M in FY’17. EPS settled at a Loss per Share of 21Kobo/share (vs 50Kobo/share in FY’17).
- For FY’18 UACN declared a Dividend Per Share (DPS) of 64kobo, (vs 65Kobo/share in FY’17).
- Ex-Div. Date: 20-May-19; Payment Date: 27-Jun-19

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| UAC-PROP | Price: ₦0.90 | Target Price: (₦0.88 – ₦1.07) | Rating: HOLD |
| P/B: 1.31 | P/E: - | Upside: 8.33% | Div. Yield: - |
| | | | 1Yr Range: ₦0.79 – ₦1.87 |

- Our valuation of UACN PROPERTY DEVELOPMENT COMPANY PLC (herein referred to as “UAC-PROP” or “the Company”) currently shows a upside potential of 8.33% therefore we maintain a **HOLD** on the stock
- UAC-PROP traded flat in the week to hold its YtD returns at -10.00%.
- In its unaudited FY’19 report, UAC-PROP’s Revenue pared by 7.61% YoY in FY’19 to ₦2.13B, while its Loss After Tax settled at ₦16.26B (vs. Loss After Tax of ₦15.06B in FY’18). Its EPS was a loss of 626kobo in FY’19 from a Loss position of 579Kobo in FY’18. The Trailing 12M EPS holds at a loss of 626kobo/share.
- UAC-PROP’s Gross profit for FY’19 settled at a loss of ₦824M as against a loss of ₦862M recorded in FY’18. Gross profit margin settled at -38.72% from -37.44% recorded a year ago. OPEX in FY’19 declined by 45.61% YoY to ₦590M from ₦1.08B in FY’18, while the Operating Loss was ₦1.78B (vs Operating Loss of ₦3.15B in FY’18). The Net Finance Cost in the period settled at ₦2.61B (vs. ₦4.76B in FY’18). Consequent on the foregoing, Loss after tax for the company in the current period settled at ₦16.26B from a loss position of ₦15.06B in FY’18.
- On 7-Aug-18, UACN Property Development Company PLC announced the resignation of the Chairman of the Board of Directors, Mr. Larry Ettah from Board of the Company with effect from 23-Jul-18. The Company also announced the appointment of three new Directors to its Board. They are Mr. Babatunde Kasali, Mr. Folasope Aiyesimoju and Mrs. Awuneba Ajumogobia. Mrs. Adeniun Taiwo assumes the role of the Chief Operating Officer (COO) of the company. All the appointments take effect from 6th August 2018.
- On 02-Sep-19, UAC-PROP announced the proposed recapitalization of its shares structure (Rights Issue) and unbundling of its interest in UPDC REITs. As such each shareholder of UAC-PROP in addition to their shares will receive their corresponding units of UAC-PROP’s stake in UPDC REITs.
- UAC-PROP’s FY’18 Revenue dropped by 42.17% YoY from ₦3.98B in FY’17 to ₦2.30B, while Loss After Tax of ₦15.06B was recorded in contrast to FY’17 Loss After Tax of ₦2.95B. EPS settled at a loss position of 579kobo from a loss position of 144 kobo in FY’17.
- For FY’18 the Company did not declare any dividend.



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| UBA | Price: ₦7.70 | Target Price: (₦9.44 – ₦11.53) | Rating: STRONG BUY |
| P/B: 0.47 | P/E: 2.75 | Upside: 36.17% | Div. Yield: 11.04% |
| | | | 1Yr Range: ₦5.50 – ₦8.90 |

- Our valuation of UNITED BANK FOR AFRICA PLC (herein referred to as “UBA” or “the Bank”) currently shows an upside potential of 36.17%, hence we maintain a **STRONG BUY** recommendation on the stock.
- UBA declined by 0.65% WoW to settle its YtD return at 7.69%.
- For its Q3’19 financial performance, UBA reported its Gross Earnings advanced by 14.24% YoY from ₦374.83B in Q3’18 to ₦428.22B. Similarly, its Profit After Tax advanced by 32.30% YoY from ₦61.70B in Q3’18 to ₦81.63B in Q3’19. Also, the Bank’s Earnings per Share (EPS) advanced by 34.88% YoY to 232kobo from 172kobo in Q3’18. The Trailing 12M EPS stood at 280Kobo.
- The Bank’s Net Trading and FX Income advanced by 10.24% YoY from ₦32.40B to ₦35.72B, while Other Income also advanced by 70.35% YoY to ₦8.07B from ₦4.74B in Q3’18. Fees and Commission Income grew by 25.85% YoY to ₦86.53B in Q3’19 from ₦68.76B in Q3’18. In Q3’19, UBA’s Net Interest Income grew by 5.45% to ₦158.91B with its Impairment Loss on Loans and Receivables declining by 37.58% YoY to ₦6.66B (vs ₦10.67B in Q3’18). The Bank’s Operating Income advanced by 11.59% YoY during the period to ₦265.99B from ₦238.36B in Q3’18. UBA’s PBT rose by 24.17% YoY to ₦98.23B, while the PAT also advanced by 32.30% YoY to ₦81.63B in Q3’19.
- In FY’18 UBA’s Gross Earnings advanced by 7.04% YoY to ₦494.05B from ₦461.56B. Its PBT advanced by 2.44% YoY to ₦106.77B while PAT also advanced by 1.37% YoY to ₦78.61B. EPS rose by 0.46% YoY to 220Kobo.
- The Bank declared an interim dividend of 20kobo/share for H1’19. Also, the bank declared Final Dividend of 65kobo/share for FY’18 leading to a Total dividend of 85kobo/share (vs. Total Dividend of 85Kobo/share in FY’17).
- Ex-Div. Date: 02-Apr-19; Payment Date: 23-Apr-19. (Final Dividend)

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|------------------|---------------------|--------------------------------------|--|
| UCAP | Price: ₦2.94 | Target Price: (₦2.48 - ₦3.03) | Rating: SELL |
| P/B: 1.07 | P/E: 4.34 | Downside: 6.29% | Div. Yield: 10.20% |
| | | | 1Yr Range: ₦1.79 – ₦3.55 |

- Our valuation of UNITED CAPITAL PLC (herein referred to as “UCAP” or “the Company”) currently trades at a downside potential of 6.29% to its fair value, hence we posit a **SELL** recommendation for this stock.
- UCAP advanced by 15.29% WoW to close its YtD return at 22.50%.
- In Q3’19 UCAP reported a 10.83% YoY drop in Revenue from ₦5.97B to ₦5.32B, while PAT also declined by 10.38% YoY from ₦3.08B to ₦2.76B. The Company’s EPS dropped by 10.38% YoY from 51kobo to 46kobo for the period. The Trailing 12M EPS for the stock holds at 68kobo.
- *UCAP is a consistent high-yielding dividend paying stock and centered on our projection of its dividend paying history, the price can rally to a point where it returns a single digit yield. Based on its FYE’18 declaration, the price threshold is c.₦3.10 (yield: 9.68%).*
- The company recorded declines in all its Revenue segments. The company’s Investment Income and Fees & Commission Income dropped by 9.35% and 6.58% YoY to ₦2.41B and ₦1.39B in Q3’19 (vs ₦2.66B and ₦1.49B in Q3’18) respectively. Furthermore, UCAP reported a decline in its Net Trading Income to ₦77.97M in Q3’19 (-35.73% YoY) from ₦121.32m in Q3’18. The Company’s Net Operating Income declined by 11.49% YoY to ₦4.29B from ₦4.85B in Q3’19 while its Net Gain on Financial Asset at Fair Value came in at ₦148.58M (+14,666.96% YoY). Also, UCAP’s Net Interest Margin pared by 28.86% YoY to ₦411.60M (vs ₦578.56M in Q3’18). The company’s Other Income came in at ₦883.11M (-21.30% YoY) while Total Expense declined by 11.56% YoY to ₦2.03B. Overall, the company’s PBT and PAT declined by 10.38% YoY to ₦3.29B and ₦2.76B respectively.
- In FY’18 UCAP reported its Gross Revenue advanced by 3.86% YoY to ₦9.26B (vs ₦8.92B in FY’17) while Profit After Tax declined marginally by 0.56% YoY to ₦4.34B in the period from ₦4.36B in FY’17.
- UCAP declared a dividend of 30kobo/share for FY’18 (from 35kobo/share for FY’17).
- Ex-Div. Date: 13-Mar-19; Payment Date: 02-Apr-19 (Final Dividend).



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|------------------|----------------------|--|-----------------------------------|
| UNILEVER | Price: ₦15.00 | Target Price: (₦15.08 - ₦18.43) | Rating: HOLD |
| P/B: 1.23 | P/E: - | Upside: 11.70% | Div. Yield: 10.00% |
| | | | 1Yr Range: ₦15.00 – ₦47.00 |

- Our valuation of UNILEVER NIGERIA PLC (herein referred to as “UNILEVER” or “the Company”) currently trades at an upside potential of 11.70% to its fair value, hence we posit a HOLD recommendation for this stock.
- UNILEVER traded flat in the week to hold its YtD return at -31.82%.
- In FY'19 UNILEVER reported a 33.98% YoY drop in Revenue from ₦92.03B to ₦60.74B. Also, UNILEVER recorded a Loss After Tax of ₦4.22B (-141.62% YoY) from a Profit After Tax position of ₦10.15B in FY'18. On a per share basis, the Company recorded a Loss Per Share of 74kobo for FY'19 (-141.62% YoY) from an EPS figure of 177kobo in FY'18. The Trailing 12M EPS for the stock holds at a Loss of 73kobo.
- The decline in UNILEVER's Revenue came in as a result of the shrinking of all its revenue reporting segments. Turnover for the Food Products segment's for FY'19 settled at ₦31.91B (vs. ₦44.30B in FY'18), while the Home and Personal Care segments' Turnover for FY'19 came to ₦28.85B (vs. ₦47.72B in FY'18). The Cost to Sales in the period increased to 89.02% (vs. 70.20% in FY'18), while the OPEX Ratio jumped to 26.94% (FY'18: 20.60%). UNILEVER's Operating Profit settled at a Loss of ₦10.35B (-199.31% YoY), while the Finance Cost surged by 82.09% YoY to ₦824.15M. Overall, the Company recorded Loss Before Tax and Loss After Tax positions of ₦8.32B and ₦4.22B respectively.
- In FY'18 UNILEVER reported a 9.05% YoY boost in Revenue from ₦85.19B to ₦92.90B, while PAT advanced by 41.64% YoY from ₦7.45B to ₦10.55B.
- UNILEVER did not declare any dividend per share for FY'19 (vs 150kobo/share for FY'18).
- Ex-Div. Nil Payment Date: Nil

| | | | |
|------------------|----------------------|--|----------------------------------|
| WAPCO | Price: ₦15.50 | Target Price: (₦19.74 - ₦25.20) | Rating: STRONG BUY |
| P/B: 0.71 | P/E: 10.84 | Upside: 44.97% | Div. Yield: - |
| | | | 1Yr Range: ₦9.55 – ₦17.60 |

- Our valuation of LAFARGE AFRICA PLC (herein referred to as “WAPCO” or the “the Company”) currently shows an upside potential of 44.97%, hence we maintain a STRONG BUY recommendation on the stock.
- WAPCO advanced by 1.31% WoW to settle its YtD return at 1.31%.
- For its Q3'19 WAPCO's Revenue pared by 30.41% YoY from ₦243.30B in Q3'18 to ₦163.06B while the Profit After Tax of the company settled at ₦120.16B (+1,208.07% YoY) from a Loss After Tax position of ₦10.84B in Q3'18. EPS advanced by 206.67% YoY to 128kobo compared to a Loss Per Share of 120kobo in Q3'18. The Trailing 12M EPS for the stock holds at 143kobo.
- WAPCO's Gross Profit declined by 8.60% YoY to ₦51.27B while the Cost of Sales dropped by 37.27% YoY to ₦111.79B in the period. The Company's Cost-to-Sales ratio settled at 68.56% from 76.06% in Q3'18.
- WAPCO's Operating Expense declined by 56.11% YoY from ₦37.08B in Q3'18 to ₦16.28B in Q3'19, while it recorded its Operating Profit appreciated by 85.76% YoY to ₦35.54B in Q3'19 (vs. ₦19.13B in Q3'18). The company recorded a 54.01% YoY drop in Net Finance Cost to ₦15.40B in the period. The Profit Before Tax settled at ₦20.14B (+240.14% YoY) from a Loss Before Tax Position of ₦14.36B in Q3'18, while the Profit After Tax held at ₦120.16B from a Loss After Tax of ₦10.84B in Q3'18.
- In FY'18, WAPCO's Revenue advanced by 3.10% YoY to ₦308.43B from ₦299.15B in FY'17, while it recorded a Loss Before Tax position of ₦19.51bn. Loss After Tax settled in the period settled at ₦8.80B (-74.56% YoY), while loss per share was 105kobo.
- On 26-Mar-19, WAPCO announced the listing on the NSE an additional 7,434,367,256 ordinary shares raised by way of Rights Issue at ₦12.00/share on the basis of 6 new ordinary shares for every 7 ordinary shares held as at 04-Dec-18. Furthermore, on 19-Jun-19, WAPCO announced that it had redeemed its ₦26.4B Bond with a 3-years tenor and at a fixed coupon of 14.25%.
- On 31-Jul-19, Lafarge Africa Plc. (WAPCO) announced the conclusion of the sale of Lafarge South Africa Holdings (LSAH) at the agreed Sales price of US\$316,289,060.55 which was used to settle the entire principal of US\$293,000,000.00 and accrued interest of US\$23,289,060.55 on the inter-company loan owed to Caricement BV (Purchaser). Therefore, this allows WAPCO to clear all its foreign currency debt leaving only ₦33.6B corporate bond redeemable in Jun-21 and ₦16B on the Central Bank of Nigeria Intervention loans through the Bank of Industry.
- The company did not declare any dividend for FY'18 (vs a declared dividend of 105Kobo in FY'17).
- Ex-Div. Date: NIL; Payment Date: NIL



ZENITHBANK

Price: ₦19.65

Target Price: (₦23.75 – ₦29.03)

Rating: **BUY**

P/B: 0.71

P/E: 3.08

Upside: 34.30%

Div. Yield: 14.25%

1Yr Range: ₦16.20 – ₦26.00

- Our valuation of ZENITH BANK PLC (herein referred to as “ZENITHBANK” or “the Bank”) currently shows an upside potential of 34.30%, hence we maintain a **BUY** recommendation on the stock.
- ZENITHBANK depreciated by 0.76% WoW to close its YtD return at 5.65%.
- ZENITHBANK’s Q3’19 financial performance indicated its Gross Earnings advanced by 3.51% YoY from ₦474.61B in Q3’18 to ₦491.27B while its PAT also advanced by 4.54% YoY from ₦144.18B in Q3’18 to ₦150.72B. EPS also increased by 4.80% from 458kobo in Q3’18 to 480kobo in Q3’19. The counter’s Trailing 12M EPS holds at 637kobo.
- The growth in the Bank’s Gross Earnings was buoyed by its Fee and Commission Income advancing by 19.09% YoY to ₦73.85B (vs. ₦62.01B in Q3’18) and Trading Income advancing by 26.30% YoY to ₦66.86B (vs. ₦52.93B in Q3’18). However, Interest and Similar Income declined by 5.05% YoY to ₦321.94B (vs. ₦339.06B in Q3’18). The Bank recorded that its Impairment Loss on Financial Assets grew by 27.35% YoY to ₦18.26B from ₦14.34B in Q3’18 which led to the Net Interest Income After Impairment Charges dropping by 8.32% YoY to ₦196.37B in Q3’19 (vs. ₦214.18B in Q3’18). The Bank’s PBT and PAT advanced by 5.31% and 4.54% YoY to ₦176.18B and ₦150.72B (vs. ₦167.31B and ₦144.18B in Q3’18) respectively.
- The Bank reported a 15.41% YoY growth in Gross Revenue in FY’18 from ₦745.19B to ₦630.34B while PAT grew by 11.30% from ₦173.79B to ₦193.42B. EPS also increased by 11.21% from 553kobo to 615kobo.
- The Bank declared an interim dividend of 30Kobo/share. Also, ZENITHBANK declared a total dividend per share of 280kobo in FY’18 compared to a total dividend of 270kobo per share in FY’17.
- Ex-Div. Date: 29-Aug-2019; Payment Date: 02-Sep-19. (Interim Dividend)



NISL Rating System

| | | |
|-------------------|------------|----------|
| STRONG BUY | > 35% | Upside |
| BUY | 15% - 35% | Upside |
| HOLD | (5)% – 15% | Upside |
| SELL | < (5)% | Downside |

| Metric | Definition |
|---------------------|--------------------------------|
| P/E* | Price to Earnings |
| P/B** | Price to Book |
| Target Price | One year Price Estimate |
| Div Yield* | Dividend Yield |
| SHO (M)** | Shares Outstanding |
| UR | Under Review |
| Ex Div* | Closure date |
| NM | Not Meaningful |

*Annualized, **Most Recent Quarter

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