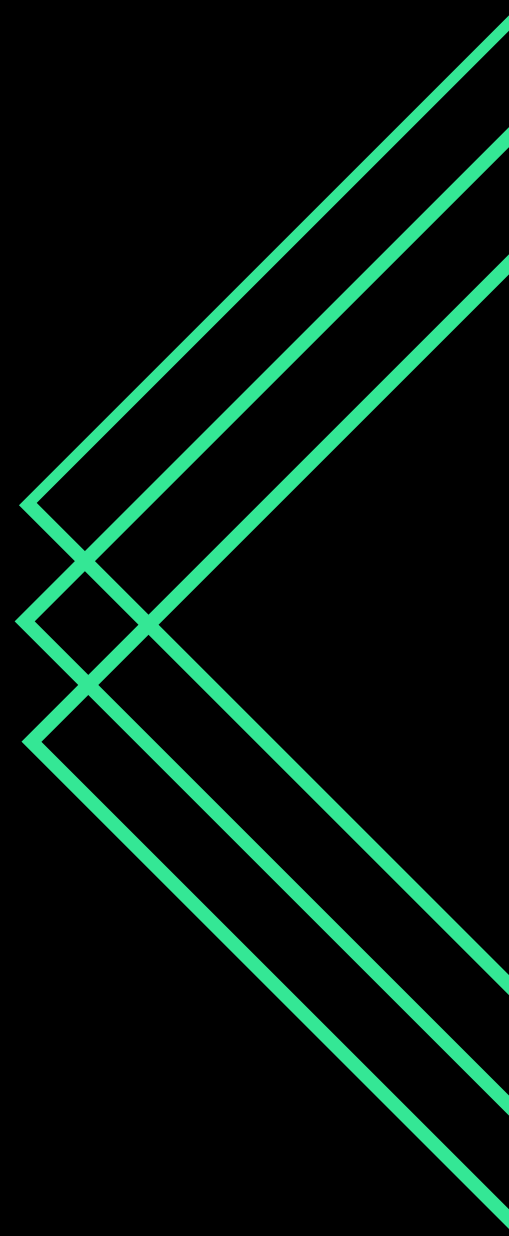



May 2022

WEEKLY STOCK RECOMMENDATION

MAY 23RD 2022



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Approved by: Financial Professionals Network

Market Pulse for the Week Ended 20th May 2022

The benchmark index, ASI depreciated by 0.22% from 53,098.46 points recorded as of the end of last week to close the week at 52,979.96 index points, while the market capitalization followed suit to close at N28.56 trillion.

This brings the month-to-date performance of the Nigerian stock market to +6.73% and a year-to-date gain of 24.03%.

Looking at the equity market performance, investors traded a total of 3.021 billion units of shares valued at N31.784 billion in 29,153 deals. The Financial Services Industry (measured by volume) led the activity chart with 2.244 billion shares valued at N12.399 billion traded in 10,817 deals; thus contributing 74.30% and 39.01% to the total equity turnover volume and value respectively.

The Conglomerates Industry followed with 345.806 million shares worth N558.873 million in 1,676 deals. The third place was The Consumer Goods Industry, with a turnover of 149.009 million shares worth N2.750 billion in 5,632 deals. Sector performance was significantly Bearish as Banking (-1.24%), Consumer Goods (-0.98%) and Industrial (-0.61%) indices declined while Insurance (3.63%) and Oil/Gas (0.30%) indices advanced.

TOP GAINERS

MCNICHOLS up +58.96% to close at N2.13
TRANSCORP up +20.70% to close at N5.89
NNFM up +20.60% to close at N12.00
ABBEY up +20.44% to close at N1.65
PZ up +12.07% to close at N13.00

TOP LOSERS

ROYALEX down - 25.49% to close at N1.14
ACADEMY down -18.54% to close at N1.23
FTNCOCOA down -15.79% to close at N0.32
MAYBAKER down -14.65% to close at N4.31
GLAXOSMITH down -12.03% to close at N6.95

STOCK RECOMMENDATION FOR THE WEEK ENDING 20th May, 2022



Zenith Bank

Zenith Plc's Q1 2022 results showed that gross earnings advanced by 21.75% to ₦191.52bn in Q1 2022 from ₦157.31bn in Q1 2021.

Net interest income grew by 20.89% from ₦83.17bn in Q1 2021 to ₦100.54bn in Q1 2022, supported by a 24.91% rise in interest income. Profit before tax advanced by 11.42% from ₦61.02bn recorded in Q1 2021 to ₦67.99bn in the current period. This is attributable to the 159.23% increase in trading income and 16.71% increase in net fees and commission income. Profit after tax went up by 9.68% from ₦53.06bn in Q1 2021 to ₦58.20bn in Q1 2022 after a 9.68% increase in income tax expenses.

Earnings per share advanced by 9.47% from ₦1.69 in Q1 2021 to ₦1.85 in the current period. Consequently, Zenith has a BVPS of ₦42.37, P/BV of 0.57x and P/E ratio of 3.26x.

Zenith bank was recognized as the Most Valuable Banking Brand in Nigeria and has shown significant growth over the years and had the highest Profit After Tax in FY 2021 in the banking sector.

Zenith Bank is one of the most capitalized firms on the stock exchange and its investors enjoy higher dividend yields than most. The bank has also pioneered technological innovations in the financial services industry to engage better with its customer base.

Symbol	Last Close	52 Week Low (N)	52 Week High (N)	P/E Ratio	Exit Price	Recommendation
ZENITHBANK	24.10	22.00	27.50	3.26	29.75	BUY

STOCK RECOMMENDATION FOR THE WEEK ENDING 20th May, 2022

transcorp Transcorp

Transcorp Plc Q1 2022 results showed that revenue grew by 28.46% from N24.44bn in Q1 2021 to N31.39bn in Q1 2022. Similarly, gross profit went up by 46.05% to N15.23bn in Q1 2022 from N10.42bn in Q1 2021. Profit from operations rose by 44.82% from N6.92bn in Q1 2021 to N10.02bn in Q1 2022. Profit before tax grew by 129.26% to N5.73bn in Q1 2022 from N2.50bn in Q1 2021. Profit after tax rose by 146.69% from N2.04bn in Q1 2021 to N5.04bn in Q1 2022.

Consequently, earnings per share increased by 188.89%, from N0.18 in Q1 2021 to N0.52 in Q1 2022. Transcorp has a BVPS of N3.72 P/BV of 0.35x and P/E ratio of 0.63x.

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.

TRANSCORP	1.30	0.84	1.52	0.63	1.33	HOLI
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STOCK RECOMMENDATION FOR THE WEEK ENDING 20th May, 2022



AccessCorp

Access Holdings Plc Q1 2022 results showed that Interest income advanced by 20.79% from ₦143.8bn in Q1 2021 to ₦173.69bn in the current period. Net interest income decreased by 7.02% to ₦87.36bn in Q1 2022 from ₦93.96bn in Q1 2021. Profit before tax advanced by 8.47% from ₦60.05bn recorded in Q1 2021 to ₦65.13bn in the current period.

Likewise, profit after tax grew by 8.47% from ₦52.55bn in Q1 2021 to ₦57.4bn in Q1 2022. Consequently, earnings per share went up by 9.40% from ₦1.49 in Q1 2021 to ₦1.63 in Q1 2022.

Access has a BVPS of ₦30.84, P/BV of 0.32x and P/E ratio of 1.51x.

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.

ACCESSCORP	9.85	8.00	10.60	1.51	13.93	BUY
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STOCK RECOMMENDATION FOR THE WEEK ENDING 20th May, 2022



DangSugar

Dangote Sugar Plc Q1 2022 results showed an increase in revenue by 40.15% from N67.39bn in Q1 2021 to N94.45bn in Q1 2022. Operating profit advanced from N15.88bn in Q1 2021 to N17.03bn in Q1 2022, reflecting an increase of 7.2%. Finance income increased by 539.08% to N810.5 million in Q1 2022 from N126.82 million. PBT went up by 13.85% from N11.95bn in Q1 2021 to N13.6bn in the current period. PAT grew by 6.84% from N8.3bn in Q1 2021 to N8.87bn in Q1 2022. EPS rose by 7.35% to N0.73 in Q1 2022 from N0.68 in Q1 2021. Dangote Sugar Plc has a BVPS of N11.32, P/BV ratio of 1.50x and P/E ratio of 5.82x.

Dangote Sugar Refinery is Nigeria's largest producer of household and commercial sugar with 1.44M MT refining capacity. The Q1 earnings report showed a positive growth following the declined performance in 2021 and despite the hike in price of raw materials following the war in Ukraine.

However, we remain positive that in the long run, the firm will also boost its earnings as it benefits from its Backward Integration goal to become a global force in sugar production, by producing 1.5M MT/PA of refined sugar from locally grown sugar cane for the domestic and export markets.

DANGSUGAR	17.00	15.00	18.75	5.82	22.49	BUY
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STOCK RECOMMENDATION FOR THE WEEK ENDING 20th May, 2022



Total

Totalenergies Plc's result for Q1 2022 showed that revenue increased from N66.7bn in Q1 2021 to N97.61bn in Q1 2022 by 46.35%. Gross earnings also increased by 26.15% from N11.49bn in Q1 2021 to N14.49bn in Q1 2022. Finance cost grew by 330% from N177.13million in Q1 2021 to N761.65 million in Q1 2022. Finance income rose by 1,746.01% to N684 million from N37.05 million in Q1 2021. Profit before tax rose by 50.61% from N4.35bn in Q1 2021 to N6.55bn in the current period. Profit after tax increased by 46.97% to N4.37bn in Q1 2022 from N2.97bn in Q1 2021.

Consequently, EPS increased by 47% from N8.75 in Q1 2021 to N12.86 in the current period. Totalenergies Plc has a BVPS of N135.71, P/BV of 1.73x and P/E ratio of 4.56x.

Totalenergies Plc was the main driver for NGX Oil & Gas - the best performing index in 2021.

The company generates maximum revenue from the Network segment which include sales to service stations. We expect the removal of PMS subsidy and subsequent increase in fuel prices to increase revenue generation in 2022.

The firm has remained consistent with dividend payments over the years regardless of performance, and has, in recent times, paid out 100% of EPS to meet up dividend payment. With the impressive FY earnings, we also expect higher dividends for shareholders.

TOTAL	234.50	145.00	264.90	4.80	307.82	BUY
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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.





Questions? Contact Me.



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