

Dear Investor,

Happy new week,

Market Review for week ended Febraury 9th, 2018

The Nigerian equity market in the week under review closed in the south as bears dominated activity log. We observed strong volatility all through the trading sessions as the market adjusted significantly to recent corrections witnessed across the global markets. It would be recalled that the global markets were in a feverish trend two weeks ago as the fear of monetary tightening subdued investors' optimism leading to massive sell down.

Week-on-week (w/w), the All-Share Index (ASI) shed a total of 1,512.07 absolute points, representing a decline of 3.39% to close at 43,127.92 points. The year-to-date's (Ytd) return now stands at 12.77%.

A turnover of 4.43 billion shares worth N24.24 billion in 29,573 deals were traded in the week by investors on the floor of the Exchange in contrast to a total of 3.27 billion shares valued at N28.12 billion that exchanged hands last week in 35,761 deals.

Trading in the three equities namely; Sterling Bank Plc, Skye Bank Plc and FCMB Group Plc (measured by volume) accounted for 2.52 billion shares worth N5.28 billion in 3,000 deals, contributing 56.95 % and 21.77% to the total turnover's volume and value respectively.

Twenty-three (23) equities appreciated in price during the week, lower than forty-nine (49) of the previous week. Sixty-four (64) equities depreciated in price, higher than forty-two (42) equities of the previous week, while eighty-five (85) equities remained unchanged higher than eighty-one (81) equities recorded in the preceding week.

MARKET STATISTICS- February 09, 2018			YTD: +12.76%
Cap (N)	15,476,729,131,503.48	One Day(ASI CHG)	-0.46%
Index	43,127.92	One Week(ASI CHG)	-3.39%
Volume	552,391,115	One Month(ASI CHG)	+6.85%
Value (N)	4,494,225,666.75	Six Months(ASI CHG)	+13.07%
Deals	5,489	52 Weeks(ASI CHG)	+70.32%
Gainers	23	Losers	32
Un-Changed	50	Total	105

Source: NSE, GTI Research

Outlook for the new week ending February 16th, 2018

We may likely see a reversal in the market this week due to the fact that the correction of last week has provided a buying opportunity window to investors, especially, the fund managers. We will equally see an extension of volatility as investors reshuffles their portfolios in order to align with full-year 2017 earnings' expectations. By and large, we again expect a soft close this week.

At this point, we strongly advise investors to take a keen interest on firms' fundamentals before taking investment position on such firms. We equally advise on taking a medium-long term view of the market.

If you would require any help to ensure that your portfolio is positively aligned, or any inquiry on your portfolio, please send an email to research@gti.com.ng or to headoffice@gti.com.ng

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GTI TOP-5 WEEKLY STOCK PICK FOR THE PERIOD 12/02/2018 - 16/02/2018

United Bank for Africa Plc	
Target Price	₦15.00
Investment Horizon	12-Month
Statistics	
Industry	Financial Service
Price (N)	₦12.00
Shares Outstanding (Mn)	34,199
Symbol	UBA
Expected Return	25.00%
52Week High	₦13.50
52Week Low	₦4.60

- ❖ UBA remains one of the most reputable banks in Nigeria business landscape.
- ❖ Its improved branch networks within the country and developed presence in prominent Africa Countries has positioned the Pan African bank with improved income sources.
- ❖ In a recent Q3 2017 results, the Company grew gross and net income by 25.8% and 23.04% respectively.
- ❖ We expect these stellar performance to be consolidated into FY 2017.
- ❖ It has a current book value of 13.99x and P/BV of 0.66x. In terms of meeting short term obligations, the Bank is firm with acid test ratio at 0.75%.
- ❖ Our target price is N15.00, representing a premium of 25% returns against the market closing price of N12.00 last week's Friday.

Dangote Sugar & Refinery Plc	
Target Price	₦25.00
Investment Horizon	12-Month
Statistics	
Industry	Consumer Goods
Price (N)	₦21.75
Shares Outst. (Mn)	12,000
Symbol	DangSugar
Expected Return	14.94%
52Week High	₦23.50
52Week Low	₦5.71

- ❖ Dangote Sugar is a subsidiary of Dangote group.
- ❖ It refines raw sugar into edible sugar.
- ❖ It controls over 60% of the sugar market in Nigeria.
- ❖ Its backward integration strategy has helped to bring down its input cost considerably in recent years.
- ❖ Her extensive, fast and reliable distribution network covers over 80% of the country.
- ❖ The company has outperformed its full year 2016 net income as at half-year 2017 by 18.79%.
- ❖ It grew its revenue and net income in Q3 '17 by 41.5% and 156.2% against comparable period of 2016.
- ❖ We expect this streak of decent performances to be consolidated into FY 2017.
- ❖ The Company is an income and growth stock. Final dividend for FY 2017 is highly anticipated.
- ❖ Our target price for DangSugar is N25.00, representing a 14.94% upside potential against current price.

Lafarge Africa (WAPCO) Plc	
Target Price	₦70.00
Investment Horizon	12-Month
Statistics	
Industry	Industrial Goods
Price (N)	₦52.00
Shares Outst. (Mn)	5,576
Symbol	WAPCO
Expected Return	34.62%
52Week High	₦66.99
52Week Low	₦34.47

- ❖ Lafarge Africa has an installed cement capacity of 12 million metric tonnes (mmt) across its major installations in Nigeria.
- ❖ It has in the pipeline plans to ramp up this capacity to 18mmt by 2020.
- ❖ It has a strong presence in the south-south and south-east Nigeria through its operations of Mfamosing and Atlas Plants.
- ❖ The infrastructure inadequacies in Nigeria is a major incentive to hold the stock of Lafarge Africa for medium to long term objective.
- ❖ In her recent 9M '17 results, revenue and PAT grew by 38.9% and 102.5% respectively.
- ❖ It recently raised a capital of N131.7 billion through Rights Issue with the aim of reducing its debt obligation and strengthening bottom-line.
- ❖ Our target price for Lafarge is N70.00, representing a 34.62% premium to current market's price of N52.00

Zenith Bank Int'l Plc	
Target Price	₦37.00
Investment Horizon	12-Month
Statistics	
Industry	Financial Service
Price (N)	₦30.90
Shares Outst. (Mn)	31,396
Symbol	Zenith
Expected Return	19.74%
52Week High	₦34.20
52Week Low	₦13.10

- ❖ Zenith Bank ranks in the list of the few banks with low non-performing loan.
- ❖ Lower impairments and interest expenses are expected to boost the company's bottom-line going forward.
- ❖ The bank equally boost one of the firmest Capital Adequacy Ratio (CAR) at 21% and provides ample buffer above the regulatory minimum of 15%.
- ❖ Its current balance sheet size is a major bolster for the firm going concern.
- ❖ The liquidity ratio of the group as at 9M '17 was 55%, thus above regulatory minimum of 30%.
- ❖ In the bank's 9M '17 results, it reported a revenue and PAT growth of 39.8% and 35.5% respectively. We expect this stellar performance to be consolidated into FY 2017.
- ❖ Our target price for Zenith Bank is N37.00, representing an upside potential of 19.74% to the closing price of N30.90 as at Friday, last week.

Flour Mills of Nigeria Plc	
Target Price	₦42.00
Investment Horizon	12-Month
Statistics	
Industry	Consumer Goods
Price (N)	₦32.60
Shares Outst. (Mn)	2,624
Symbol	Flour Mills
Expected Return	28.83%
52Week High	₦35.76
52Week Low	₦16.58

- ❖ Flour Mills is a market leader in the food and agro-allied products in Nigeria.
- ❖ The company has continued to build on works on backward integration in core value chain; sugar sweeteners, edible oils, feeds & proteins and cassava starches.
- ❖ It recently concluded the merger of Golden Penny Rice Ltd to its operations. This is expected to boost the company's profitability.
- ❖ The backward integration strategy will help bring down its input cost considerably in years ahead.
- ❖ It has a good and reliable distribution network across the country.
- ❖ In her recent 9M '17, revenue and PAT were grown by 9.63% and 79.0% respectively, resulting to an EPS of 456 kobo and a PE ratio of 13.47x against an industrial PE ratio of 15.2x.
- ❖ Our target price for Flour Mills is N42.00, representing 28.83% upside potential to current market's price of N32.60.

Our Watch List

In the meantime, the following stocks listed below falls into our watch list this week.

Access Bank, Dangote Cement, Honeywell Flour, Fidelity Bank and PZ Cussons.

Have a fantastic trading week.

Research and Strategy.

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