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## ARM Research | Weekly Call

- **WAPCO – STRONG BUY (FVE: ₦23.59):** Upon sale of the South Africa business in July 2019, Lafarge Africa is set to see less pressure on its earnings which had, hitherto, contributed negatively to the bottom line. Also, with lower debts now expected on its books, WAPCO is set to post lower finance cost. We are also cautiously optimistic of the company's capex plans (Ashaka debottlenecking and power plant) supporting improved margins. We revised FY 19E EPS higher to ₦0.86 (2018: ₦1.01), with a 5-year CAGR of 24% to ₦2.52 by FY 2023E.
- **Seplat Plc – STRONG BUY (FVE: ₦828.90):** Seplat's total production declined in Q3 19, as the drop in gas production offset improvement in the oil segment. That said, we remain positive on growth in production (especially in oil) into 2020 as Seplat increases capex. Cashflows remain healthy. Upsides reside in the ANOH Gas project and acquisition of Eland Oil & Gas Limited, while decline in oil prices pose a threat to our estimates.
- **Fidelity Bank Plc – BUY (FVE: ₦2.92):** Fidelity bank unaudited FY 19 result showed the bank closed the year on a good note with EPS growing (+28.5% YoY) due to support from a higher interest income and lower loan loss provisioning. Going into 2020, key driver for the bank would be a lower funding cost owing to a lower rate environment which should support earnings.

Please read our [Ratings, Disclosure & Disclaimer](#) to understand how our analysts reach their recommendations.

### Corporate Benefit Tracker

#### Next Week

- **Closure of Register:** Nigerian Breweries Plc, African Prudential Plc, United Capital Plc, Zenith Bank Plc and Transcorp Hotels Plc.
- **AGM:** Zenith Bank plc.

Click [here](#) to view full corporate actions thus far in 2020.

## Stock Recommendation

Sectors/Stocks	Rating	FVE (₦)	Price (₦)	Upside	YTD Return	P/E FY 18(x)	P/E FY 19E (x)	P/B FY 18E (x)	P/B FY 19E (x)	FY 19E dividend yield
<b>BANKING</b>										
ACCESS	UR	NA	8.5	NA	-15.0%	3.5	2.6	0.5	0.5	7.1%
FBNH	UR	NA	5.35	NA	-13.0%	5.8	4.4	0.4	0.5	4.4%
FCMB	NEUTRAL	2.07	1.85	11.8%	0.0%	2.4	3.5	0.2	0.2	6.3%
FIDELITY	BUY	2.92	2	46.0%	-2.4%	3.2	2.0	0.2	0.1	7.5%
GTB	UR	NA	24.60	NA	-17.2%	6.6	6.0	1.8	1.9	11.5%
UBA	UR	NA	6.9	NA	-3.5%	3.0	2.1	0.5	0.4	13.6%
ZENITH	UR	31.50	18.8	NA	1.1%	4.2	3.6	0.7	0.7	15.4%
<b>CEMENT</b>										
DANGCEM	UR	NA	170	NA	19.7%	21.0	12.6	5.0	4.0	6.8%
LAFARGE	STRONG BUY	23.59	13.65	72.8%	-10.8%	NA	9.0	1.6	0.5	6.4%
<b>BREWERIES</b>										
GUINNESS	UR	NA	25.2	NA	-17.4%	35.9	31.1	2.8	2.6	7.9%
NB	UR	NA	40.8	NA	-30.8%	33.9	31.0	4.0	3.6	6.3%
<b>AGRIC</b>										
OKOMU	BUY	77.23	61.40	25.8%	10.4%	6.4	6.9	2.0	1.7	4.3%
PRESCO	NEUTRAL	51.90	44.9	15.6%	-5.5%	1.8	7.3	0.7	0.7	2.1%
<b>FOOD PRODUCERS</b>										
DANG SUGAR	STRONG BUY	15.67	11.00	42.5%	-19.1%	6.0	4.8	2.6	1.3	8.3%
NESTLE	UR	NA	1017	NA	-30.8%	36.6	17.0	27.5	27.5	6.4%
UACN	SELL	8.94	8.8	1.6%	2.3%	-4.7	4.7	0.4	0.2	7.3%
<b>PERSONAL CARE</b>										
PZ	BUY	6.71	4.45	50.8%	-21.2%	22.3	46.4	1.6	2.0	3.4%
UNILEVER	STRONG BUY	31.95	13	145.8%	-40.9%	23.0	7.3	2.3	0.9	9.1%
<b>OIL &amp; GAS</b>										
ARDOVA	UR	NA	15.3	NA	-15.5%	1.4	5.4	0.9	0.8	NA
MRS	UR	NA	13.8	NA	-9.8%	2.5	51.4	0.4	0.4	NA
SEPLAT	STRONG BUY	828.90	605.00	37.0%	-8.0%	3.7	3.9	0.7	0.6	10.0%
TOTAL	UR	NA	107	NA	-3.5%	4.5	7.3	3.0	1.8	NA

“FVE” means Fair Value Estimate while “UR” means Under Review and “NA” means Not applicable

\*Means Last communicated FVE