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## ARM Research | Weekly Call

- GTCO - STRONG BUY (FVE: ₦33.22):** Although the lender's interest income growth has been hampered by the constant CRR debits by the CBN with c.50% of its investment securities held in CBN Special Bills earning 0.5%, the bank remains resilient with higher income from fees and commission as well as operational efficiency supporting bottom-line. We expect the addition of the non-bank subsidiaries to increase shareholders' value by leveraging cross-selling opportunities in its banking business. Hence, we maintain a BUY on GTCO with a Target Price of ₦33.22.
- FLOURMILL - BUY (TP: ₦45.00):** Flourmills has continued to chart new territories in the magnitude of revenue performance, as volume growth and necessary price adjustment pinning sales performance toward the upside. As of 9M:2022, the good revenue performance continued as FMN posted 44.8% YoY rise to ₦824.99bn in the period. In addition to the continued improvement in topline, the firms strategic cost minimization drive continues to amplify top-line performance, hence the radical (Up 79.2% YoY) improvement posted in net income to ₦17.05bn compared to ₦9.51bn in the corresponding period in 2021. A standout for the firm is the operational efficiency it is becoming synonymous with within the food processing segment of the consumer goods space. We are positive that the business would sustain this trajectory should the current balance of factors persist. We retain our target price at ₦45 per share.
- NIGERIAN BREWERIES - BUY (TP: ₦57.92)**

In the recently released financial scorecard of Nigerian Breweries Plc (NB), we saw intensified improvement in Revenue, as it grew 29.7% YoY to ₦437.29bn from ₦337.05bn in the corresponding period of the previous year. Going by the series of promotional activities that headlined 2021 for the business, the direction of its Operating Expenses stayed true to our expectation, as it rose 49.9% YoY from ₦63.12bn in FY 2020 to ₦94.64bn in FY 2021. Both line items that constitute its OPEX recorded increases in the period. Overall, we saw an improved bottom-line following improvement across accounting lines resulting in a 72.0% uptick in Profit After Tax. Going into the new period, we have a target price of ₦57.92 per share.

Sectors/Stocks	Rating	FVE (₦)	Price (₦)	Upside	YtD Return
NB	BUY	57.92	48.70	18.93%	-0.10%
GTCO	STRONG BUY	33.22	24.20	37.27%	-6.92%
FLOURMILL	BUY	45.00	31.95	40.85%	12.70%

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

### Corporate Benefit Tracker

#### Next week

- FCMB (27<sup>th</sup> Apr 2022)
- FCMB (27<sup>th</sup> Apr 2022)

TP - Target Price. FVE - Fair Value Estimate