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ARM Research | Weekly Call

- ZENITHBANK - OVERWEIGHT (FVE: ₦29.82):** The lender recently announced its full-year 2021 results revealing resilience in operating performance. Despite the effect of the bank's special bills holdings on the interest income line, the bank has been able to shore up fee and commission income and trading income to support profitability. The bank declared a final dividend per share of ₦2.80 and this translates to a dividend yield of 10.4% at close price of ₦22.40 today. Hence, we maintain a BUY recommendation on ZENITH with a Target Price of ₦29.82, representing a potential upside of 33.13%.
- GTCO - OVERWEIGHT (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. Upon the bank's declaration, the final dividend per share of ₦2.70 translates to a dividend yield of 11.7% at close price of ₦21.50 today. Hence, we maintain a STRONG BUY on GTCO with a Target Price of ₦33.22, representing a potential upside of 54.51%.
- 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 firm's 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 2020. 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, a 44.93% upside to current market price of ₦31.05 per share.

Sectors/Stocks	Rating	FVE (₦)	Price (₦)	Upside	YtD Return
ZENITHBANK	OVERWEIGHT	29.82	22.40	33.13%	-10.93%
GTCO	OVERWEIGHT	33.22	21.50	54.51%	-17.31%
FLOURMILL	BUY	45.00	31.05	44.93%	9.52%

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

Corporate Benefit Tracker

Next week

- AGM: **ZENITHBANK** (6th Apr 2022), **UBA** (7th Apr 2022), **GTCO** (8th Apr 2022), **CUSTODIAN** (8th Apr 2022)
- Payment Date: **ZENITHBANK** (6th Apr 2022), **UBA** (7th Apr 2022), **GTCO** (8th Apr 2022)

TP - Target Price. **FVE** - Fair Value Estimate