



STOCK RECOMMENDATION

25TH JANUARY, 2023

ANALYSTS: GODWIN KOJO ODOOM

WISDOM KWAME ASIGBETSE



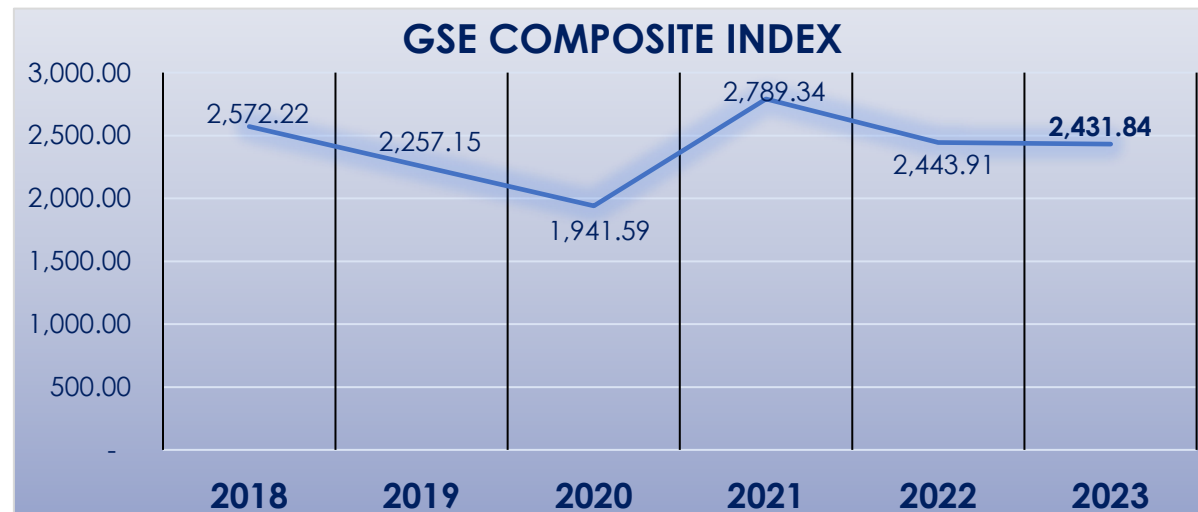
INTRODUCTION

The Ghana Stock Exchange (GSE) equity market has since the beginning of the year returned -0.52% to investors. This is in sync with the bearish market trend coupled with low investor confidence which has characterized the market since Q4: 2022 as a result of the announcement of a Domestic Debt Exchange Programme and the enduring war between Russia and Ukraine which has slowed economic growth amid rising cost of petroleum products. Economic conditions have therefore hit GDP growth forecasts, resulting in relatively lower market valuations for listed equities.

Market Capitalization increased marginally in 2022 by 0.02% from GH¢64,495.20 Million by the close of 2021 to GH¢64,507.32 Million in 2022 as compared to the 18.61% growth previously recorded (2020 to 2021); volumes and values traded however surged up by 174.41% and 207.50% respectively. Total transactions were 38.23% higher in 2022 at 22,117.

Scancom PLC. (MTNGH) since its listing in 2018 has enjoyed the lion's share of trades in all the years including 2022 where it recorded 95.25% of total volume traded and 72.74% of total value traded.

A total volume of 1,163,941 shares valued at GH¢6,047,484.13 has been traded as at 25th January, 2023 representing a 96.05% and 81.64% decrease respectively on last year's market activity over the same period.



2023 MARKET GAINERS

NewGold ETF - 10.61%
Benso Oil Palm - 4.58%
TotalEnergies - 0.25%

2023 MARKET DECLINERS

GOIL Company - (1.16%)
CAL Bank - (13.85%)
Unilever PLC. - (33.51%)

KEY ECONOMIC INDICATORS

Monetary Policy Rate
November 2023 **27.00%**

Real GDP Growth
Q3 2022 **2.9%**

Inflation
December 2022 **54.1%**

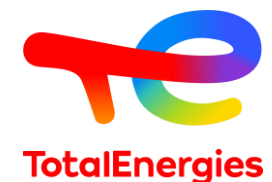
STOCK PICKS

Before arriving at an opinion, we estimated the intrinsic value of these companies as well as several trading multiples: including historical, recent, and estimated earnings per share; historical and estimated average price to earnings ratios; historical and estimated dividend per share; book value per share, average price to book ratio, historical and projected price movement, Beta of the stock, Company position in its industry ie: market share and recent company and industry news among others to guide performance forecast. Our approach is purely quantitative and may not reflect the likely events on the market. Therefore, qualitative consideration was also used to support our opinion. 2023 may not look rosy but for long term investing, the current environment provides a better advantage.

Below are factors which may affect our projections.

- Huge volumes transfer of shares over a period, insider dealings, changes in revenue and profitability of the company published at a given point.
- Significant changes in dividend payout ratio and P/E ratios, expected required rate of returns.
- Traders' discretion and opinions on the price, publicly published news of the company at any given time.

Below are the selected SBL Stock Picks for your consideration:



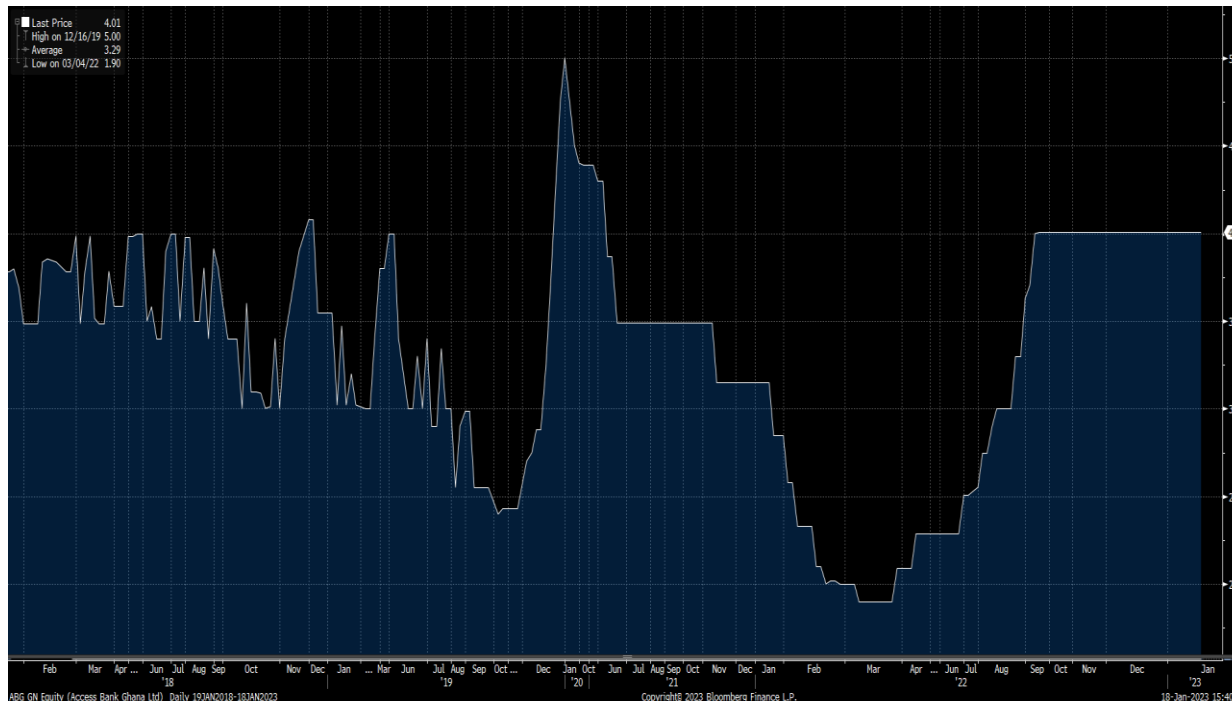
access ACCESS BANK GHANA PLC.

RECOMMENDATION: SHORT TERM **HOLD**; LONG TERM **BUY**

INDUSTRY : FINANCIAL
SHARE PRICE : GHS 4.01
P/E RATIO : 1.73x
TICKER : ACCESS

COMPANY PROFILE: Access Bank Ghana PLC. is a full service commercial bank in Ghana, licensed by the Bank of Ghana to be operational in 2009, with base capital of GHS:80 million. In March 2017, Access Bank Group completed an initial public offering (IPO) for its Ghana subsidiary, raising \$6 million by selling a 6 percent stake. Access Bank Ghana is a subsidiary and component of the Access Bank Group, a financial services conglomerate with headquarters in Nigeria and subsidiaries in the Democratic Republic of the Congo, Gambia, Ghana, Kenya, Nigeria, Rwanda, Sierra Leone, Zambia and the United Kingdom. The group also maintains representative offices in China, India, United Arab Emirates and Lebanon.

ACCESS SHARE PRICE 5 YEAR PERFORMANCE



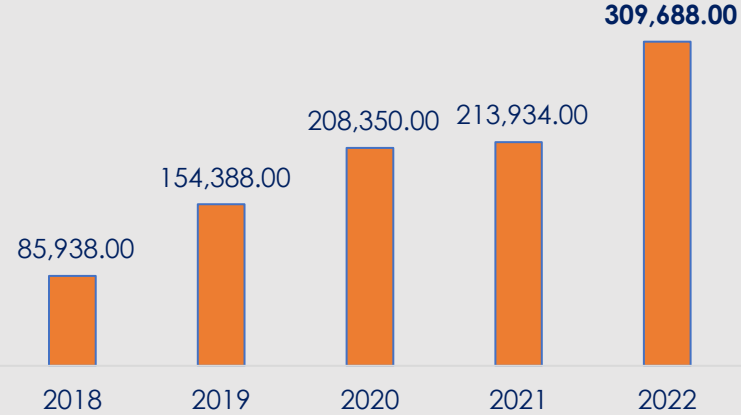
AVERAGE DAILY TRADED PRICE (GH₵)

2018	2019	2020	2021	2022
3.76	3.28	4.45	3.79	2.96

ACCESS since the start of the year has been trading flat at GH₵4.01. It has posted a 52-Week-High of GH₵4.01 and a 52-Week-Low of GH₵1.90. The PE Ratio is 1.7x. The stock's Book Value Per Share is GH₵8.27 with a Price/Book of 0.48. The average price over 200, 100 and 15 days is GH₵3.18, GH₵3.95 and GH₵4.01 respectively showing that price has been rising. Trading activity in the stock has demand building due to their first dividend payout as investors look to rake in future dividends from the company.

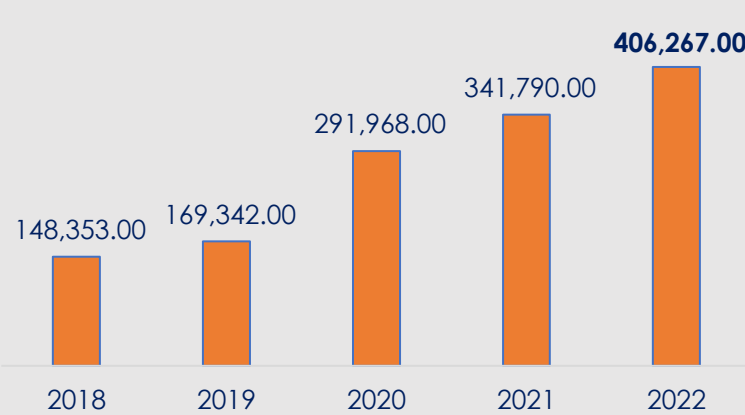
FINANCIAL PERFORMANCE (Q3: 2018 – Q3:2022)

PROFIT AFTER TAX (GH¢ '000)



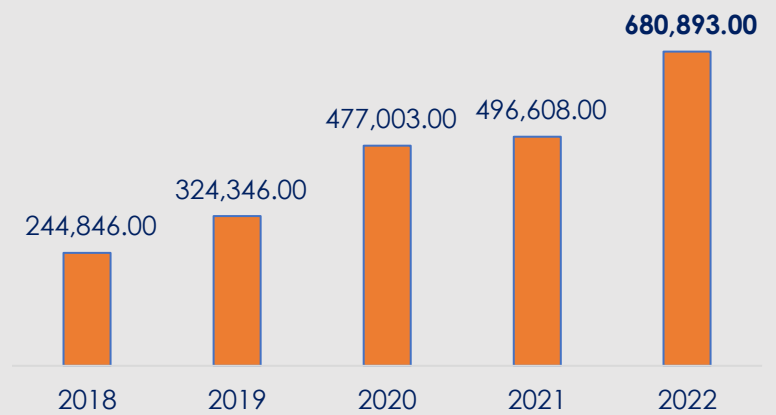
Profit After Tax has grown averagely at 40.5% over the period

NET INTEREST INCOME (GH¢ '000)



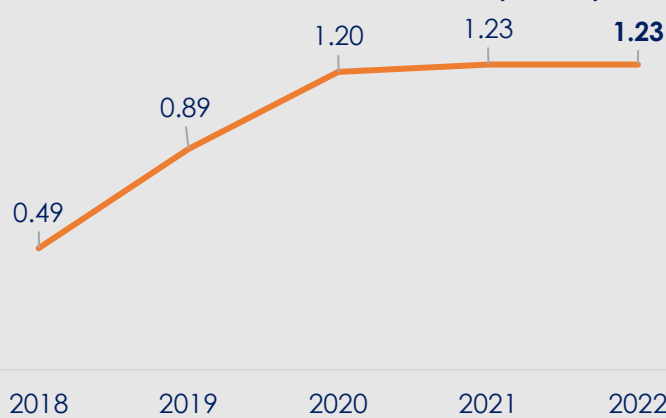
Net Interest Income accrued by the bank stood at GH¢406.3 Mn in Q3:2022 representing an 18.9% increase from Q3:2021 (GH¢341.8 Mn)

REVENUE (GH¢ '000)



Revenue improved significantly by 37% from Q3:2021 to Q3:2022 as against the 4% growth from Q3:2020 to Q3:2021

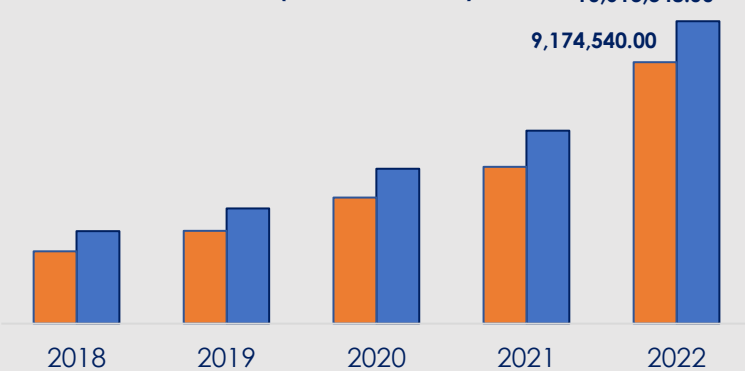
EARNINGS PER SHARE (GH¢)



Earnings Per Share has increased but at a declining rate and is expected to grow at 30%

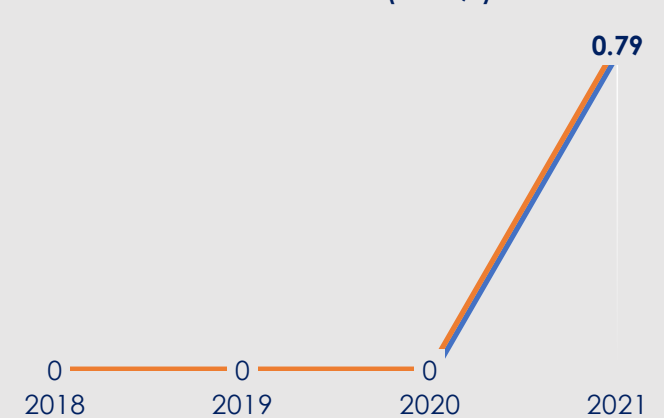
TOTAL ASSETS vs TOTAL LIABILITIES

(GH¢ '000)



Total Assets grew strongly due to cash and investment securities growth of 84% and 106% respectively from Q3:2021 to Q3:2022

DIVIDEND (GH¢)



ACCESS paid its first dividend of GH¢0.7927 for 2021 Financial Year which translates as the highest dividend yield on the market at 19.8%



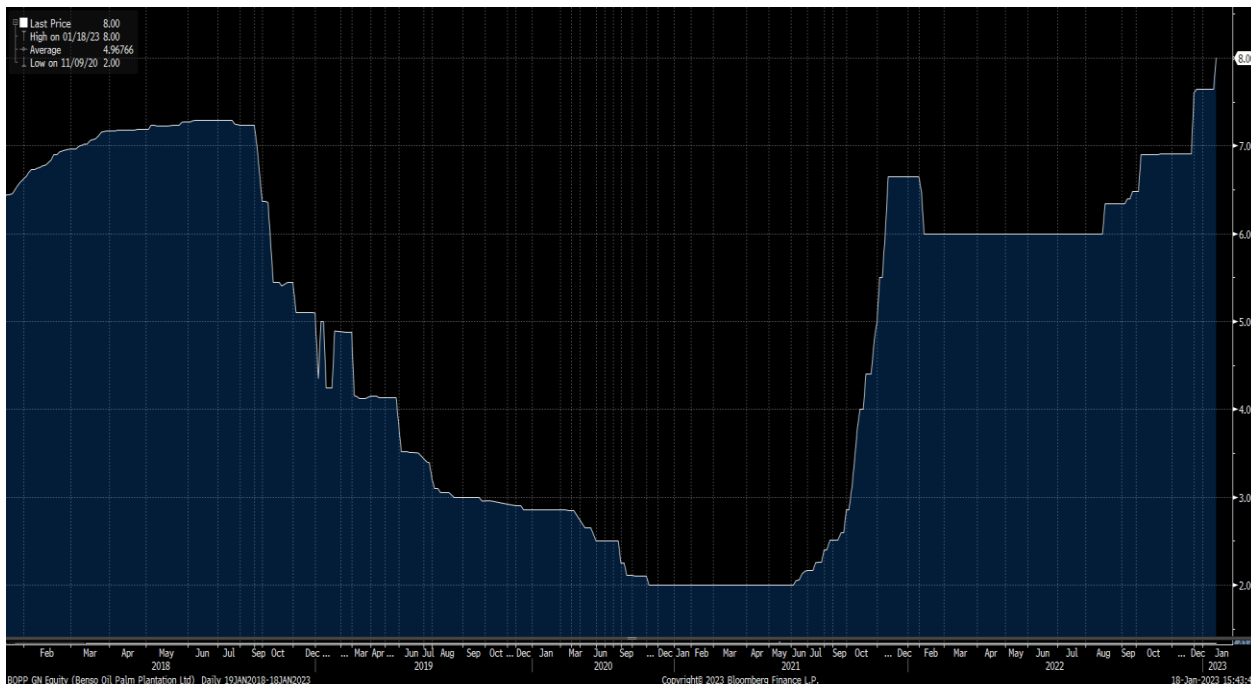
BENSO OIL PALM PLANTATION PLC.

RECOMMENDATION: SHORT TERM BUY; LONG TERM BUY

INDUSTRY : AGRICULTURE
SHARE PRICE : GHS 8.00
P/E RATIO : 1.72x
TICKER : BOPP

COMPANY PROFILE: BOPP is an oil palm plantation company in Ghana involved in growing and processing crude palm oil to produce oil products for domestic consumption and for export to regions in West Africa. The company is based at the Adum Bansa Estate in Takoradi, Ghana. It owns over 5,000 hectares of oil palm plantations. The company is also involved in refining fats and oils and owns the patent for technology that converts wasted food into nutritious food. BOPP is a subsidiary of Wilmar International Limited and Unilever Ghana has a stake in its business. BOPP has made positive strides in managing the cost of energy by generating their own power since 2012. BOPP plans to double their production of Palm Oil on the same piece of land using Intensive Agricultural means as they look.

BOPP SHARE PRICE 5 YEAR PERFORMANCE



AVERAGE DAILY TRADED PRICE (GH¢)

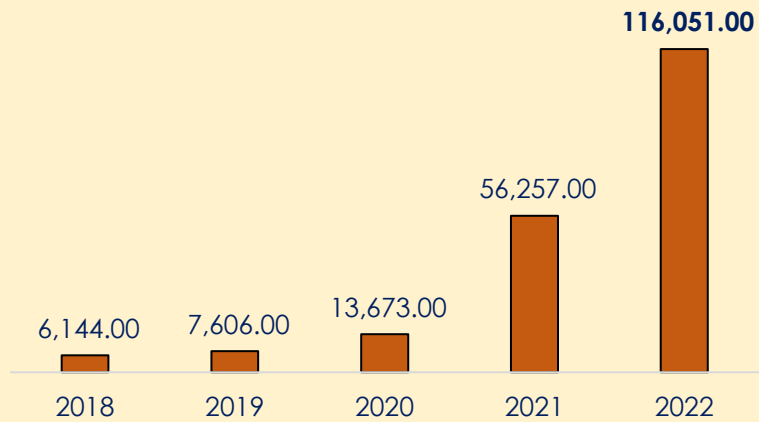
2018	2019	2020	2021	2022
6.62	3.67	2.47	3.04	6.41

BOPP opened the year at GH¢7.65 and is currently trading at GH¢8.00; translating to a Year-to-Date Return of 4.58%. It has posted a 52-Week-High of GH¢8.00 and a 52-Week-Low of GH¢6.00. The PE Ratio is 1.72x. The stock's Book Value Per Share is GH¢7.59 with a Price/Book of 1.05. The average price over 200, 100 and 15 days is GH¢6.55, GH¢7.08 and GH¢7.74 respectively showing a steady price increase. Trading activity in the stock has been buoyant, mainly driven by investor interest for BOPP's growing dividend and the robust outlook for the company's performance in the medium-long term.

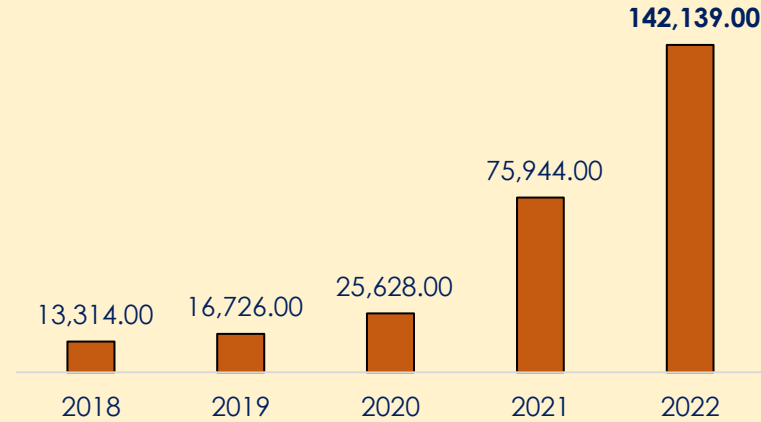


FINANCIAL PERFORMANCE (Q3: 2018 – Q3:2022)

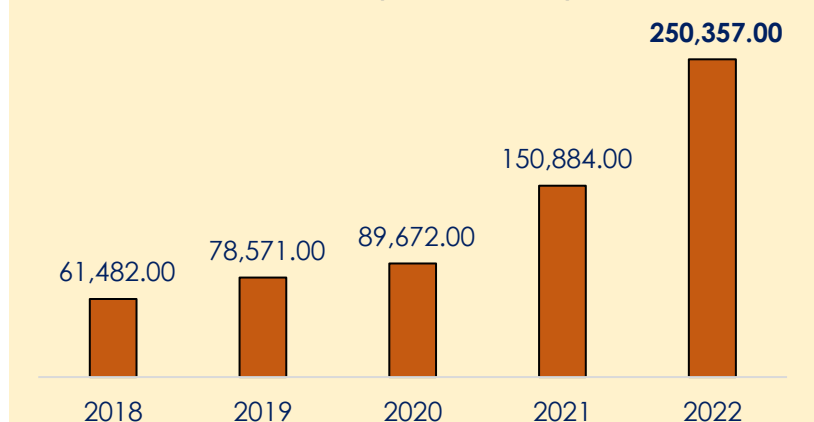
PROFIT AFTER TAX (GH¢ '000)



GROSS PROFIT (GH¢ '000)



REVENUE (GH¢ '000)

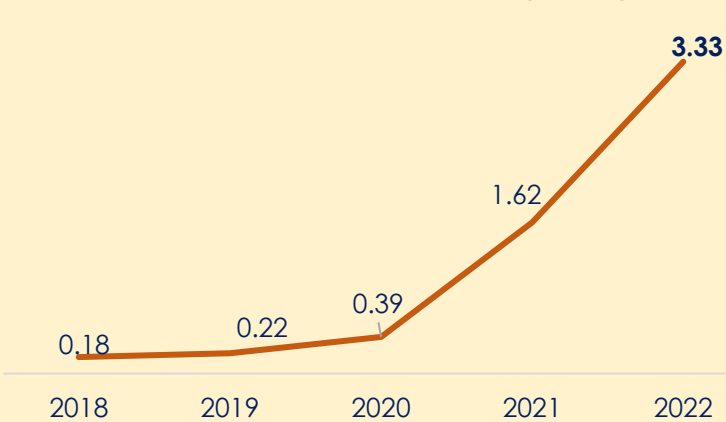


Profit After Tax has grown impressively over the 5 year period growing from GH¢6 Mn in Q3:2018 to GH¢116 Mn in Q3:2022

Gross Profit has moved higher due to the company saving more on energy.

Revenue improved significantly by 65.9% from GH¢150 Mn in Q3:2021 to GH¢250 Mn in Q3:2022

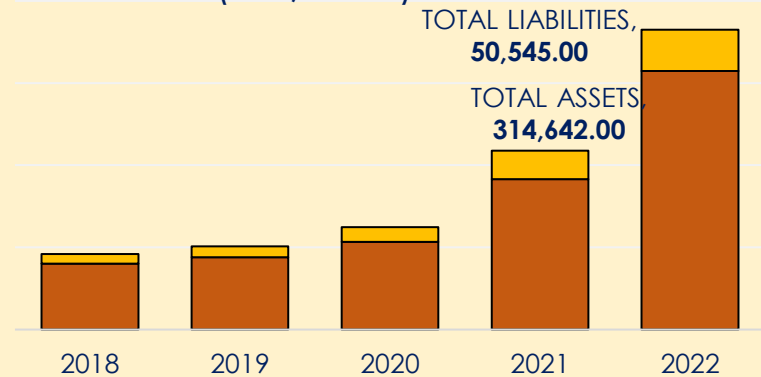
EARNINGS PER SHARE (GH¢)



Earnings to investors has grown over the period with a CAGR of 79%

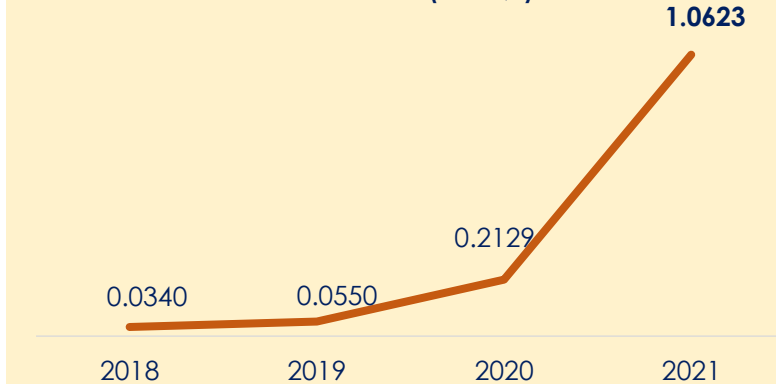
TOTAL ASSETS vs TOTAL LIABILITIES

(GH¢ '000)



Total Assets has been strong, standing at GH¢314 Mn in Q3:2022 (72% growth). BOPP has plans to acquire a loan facility to invest in the firm

DIVIDEND (GH¢)



BOPP increased dividend by 399% from GH¢0.2129 to GH¢1.0623 for 2021 Financial Year. For the first time they paid Interim Dividend of GH¢1.1308 for 2022 Financial Year.



CAL BANK PLC.

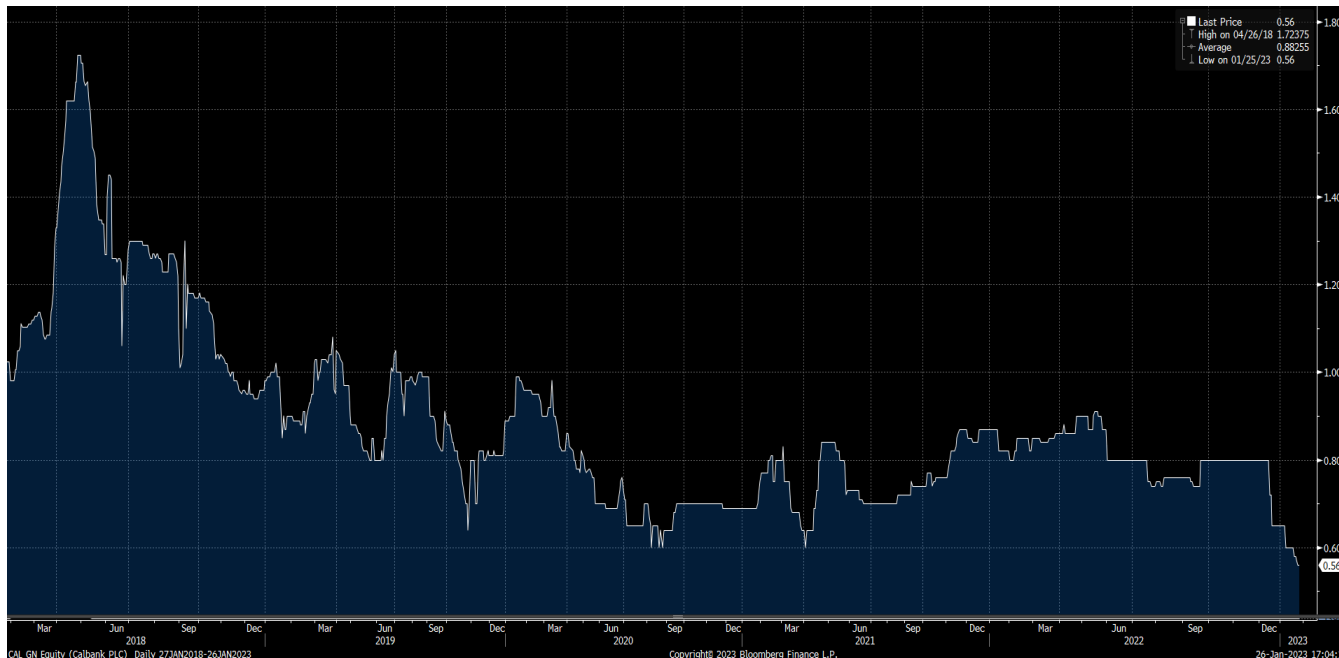
RECOMMENDATION: SHORT TERM BUY; LONG TERM BUY

INDUSTRY : BANKING
SHARE PRICE : GHS 0.56
P/E RATIO : 1.7x
TICKER : CAL

COMPANY PROFILE: CalBank PLC. commenced operations in July 1990 as Continental Acceptances Ltd and later as Cal Merchant Bank. It is the leading Ghanaian bank committed to delivering services that customers can always bank on. CAL provides global solutions to local challenges faced by Ghanaian businesses, corporate institutions, individuals and the government.

We recommend a BUY for both short term and long term investors for CAL based on the bank's consistent earnings and dividend growth. Based on a larger source of funds coming from borrowings and government initiatives, we believe CAL will increase operating income from loans and investments to remain competitive.

CAL SHARE PRICE 5 YEAR PERFORMANCE



AVERAGE DAILY TRADED PRICE (GH¢)

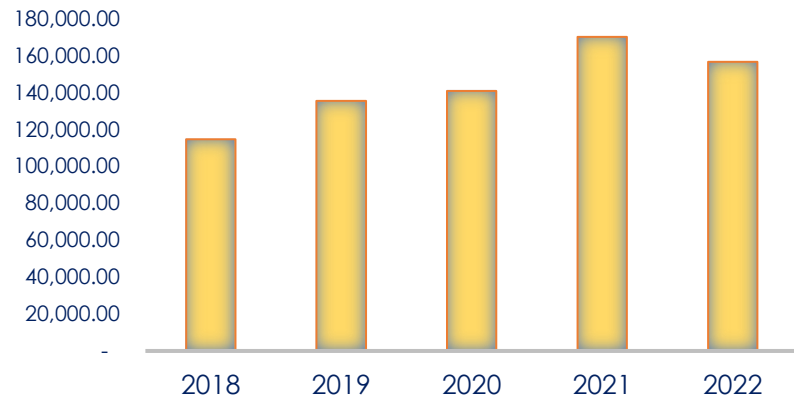
Year	2018	2019	2020	2021	2022
Average Price	1.27	0.90	0.76	0.75	0.81

CAL opened the year at GH¢0.65 and is currently trading at GH¢0.56; translating to a Year-to-Date Return of -13.85%. It has posted a 52-Week-High of GH¢0.91 and a 52-Week-Low of GH¢0.56. The PE Ratio is 1.7x with Price/Book of 0.26x. CAL has an average price of GH¢0.78 over the past 200 days and GH¢0.60 over the past 15 days showing a decline in traded price. Trading activity in the stock has more offers against scarce demand as investors look to raise funds from the market.



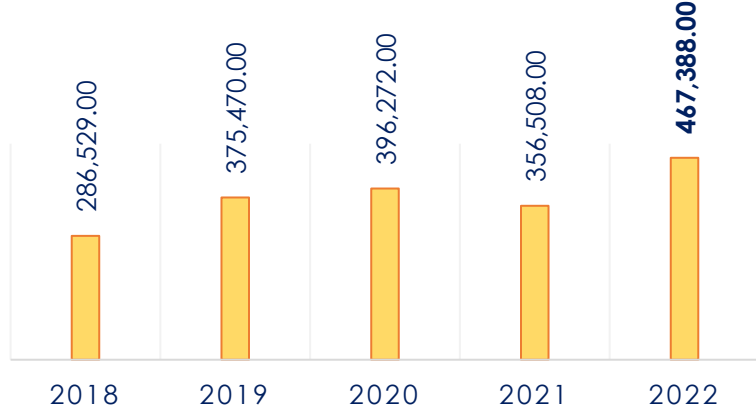
FINANCIAL PERFORMANCE (Q3: 2018 – Q3:2022)

PROFIT AFTER TAX (GH¢ '000)



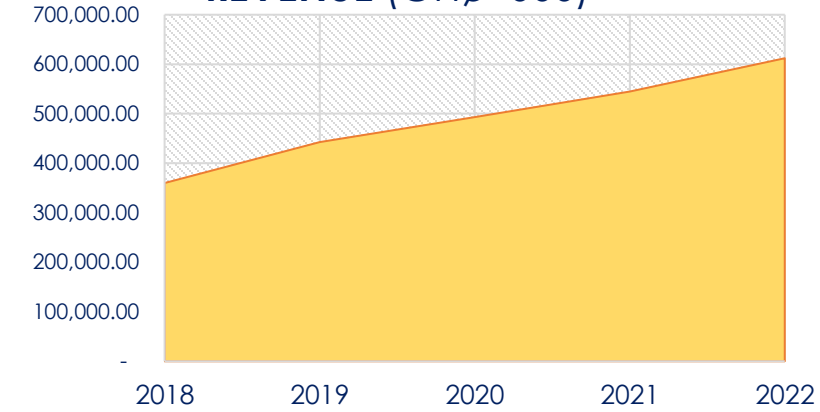
Profit After Tax has grown averagely at 8.8% over the period.

NET INTEREST INCOME (GH¢ '000)



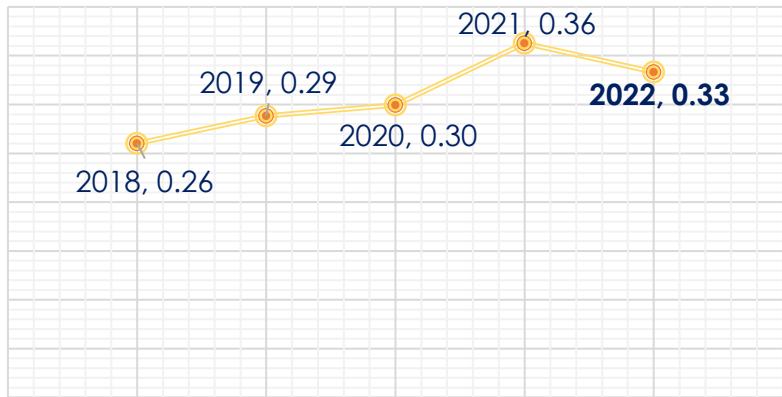
Net Interest Income accrued by the bank stood at GH¢467.3 Mn in Q3:2022 representing 31.1% increase from Q3:2021 (GH¢356.5 Mn)

REVENUE (GH¢ '000)

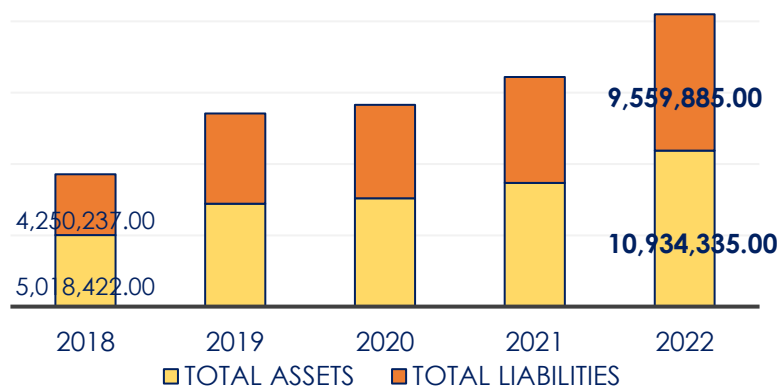


Revenue over the period has improved as a result of growth in Interest Income and returns from Investment in Securities.

EARNINGS PER SHARE (GH¢)

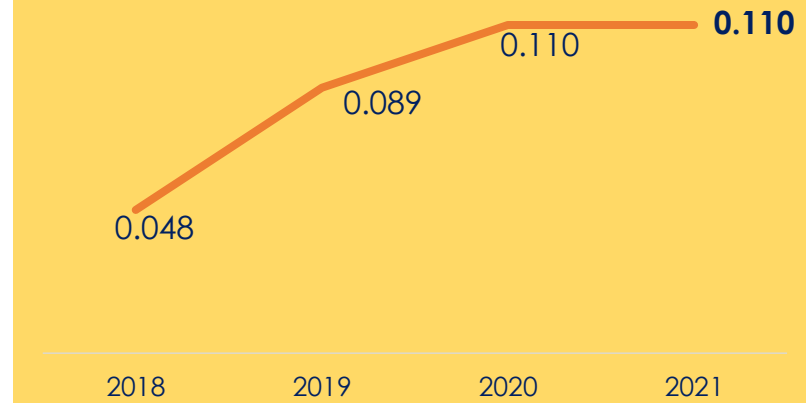


Earnings Per Share declined in Q3:2022 from Q3:2021 by 3 pesewas to GH¢0.33 but this is still higher when compared to Q3:2018 to Q3:2020



Total Assets and Total Liabilities have been moving in tandem, growing at a CAGR of 17.6% and 16.9% respectively over the period under review

DIVIDEND (GH¢)



CAL has the second highest dividend yield of 19.64% on the market growing at a CAGR of 23% over the period under review.



GCB BANK PLC.

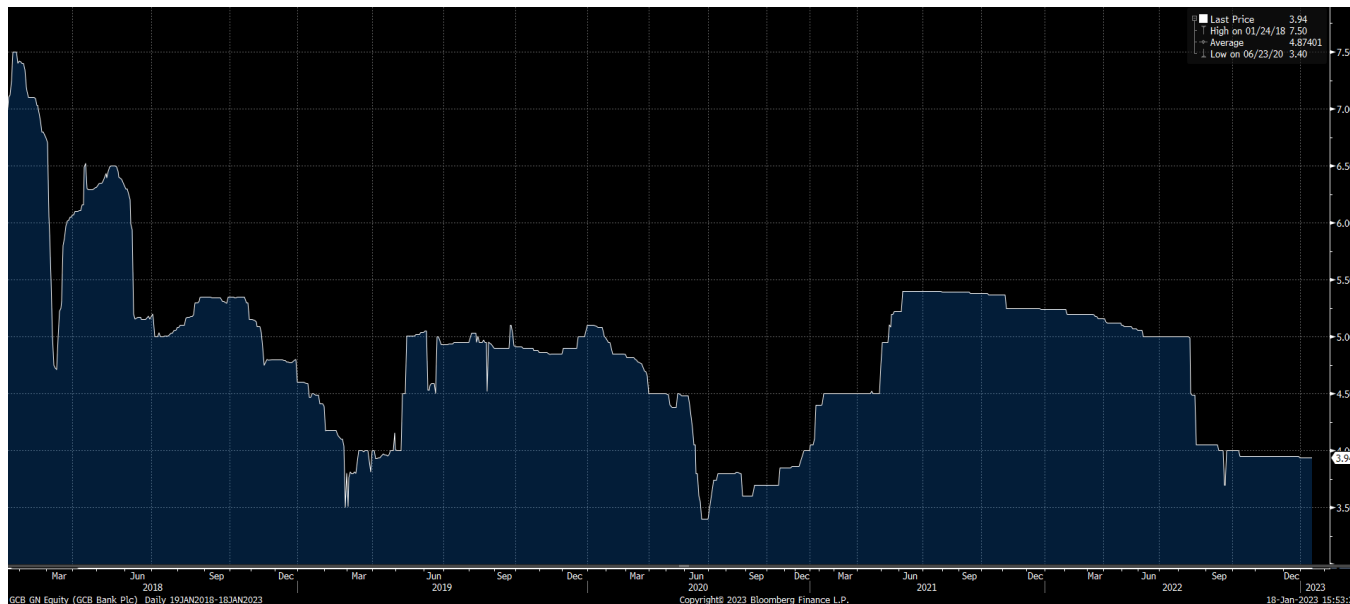
RECOMMENDATION: SHORT TERM BUY; LONG TERM BUY

INDUSTRY : BANKING
SHARE PRICE : GHS 3.94
P/E RATIO : 1.69x
TICKER : GCB

COMPANY PROFILE: GCB Bank Ltd. started in 1953 as the Bank of the Gold Coast to provide banking services to the emerging nation for socio-economic development. In 1957, when Ghana attained independence, Bank of Ghana was established as the Central Bank while the Bank of the Gold Coast was renamed Ghana Commercial Bank to focus solely on commercial banking services. Since then, GCB branches have been opened across the length and breadth of the nation. GCB Bank now operates through a network of approximately 180 branches and 300 ATMs, the largest in the country. The GCB Bank had been wholly government owned until 1996. Under the economic recovery program, part of the government ownership was divested. Today government ownership stands at 21.36% while institutional and individual holdings add up to 78.64%.

GCB Bank over the past years have shown resilient growth in terms of revenue generated, significant rise in customer deposits, coming in second only to Ecobank Ghana, high interest income, profit growth, asset growth, shareholder's equity base, consistency in dividend payment, strong liquidity position, integration of technology such as G-Money among others. GCB share price is undervalued, and we expect it to be trading higher than the current GH₵3.94

GCB SHARE PRICE 5 YEAR PERFORMANCE



AVERAGE DAILY TRADED PRICE (GH₵)

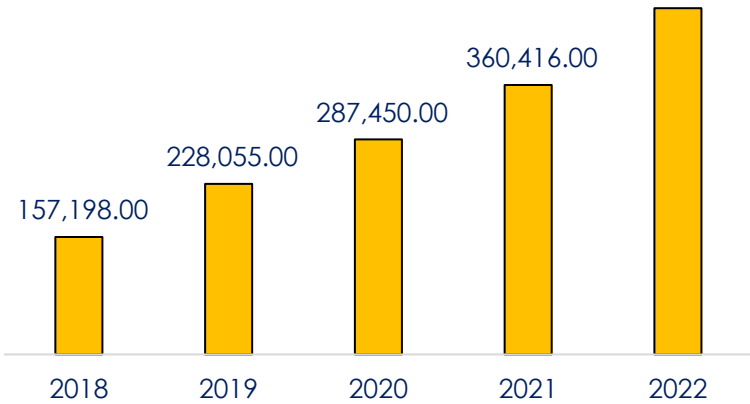
2018	2019	2020	2021	2022
5.68	4.63	4.18	5.02	4.68

GCB opened the year (2023) at GH₵3.94, recording no movement in price although the sell pressure has not dwindled. It has posted a 52-Week-High of GH₵5.24 and a 52-Week-Low of GH₵3.70. The PE Ratio is 1.69x, well below the market and banking industry average of 3x. The stock's Book Value Per Share is GH₵11.43 with a Price/Book of 0.34 which means GCB is undervalued on the market by 66%.



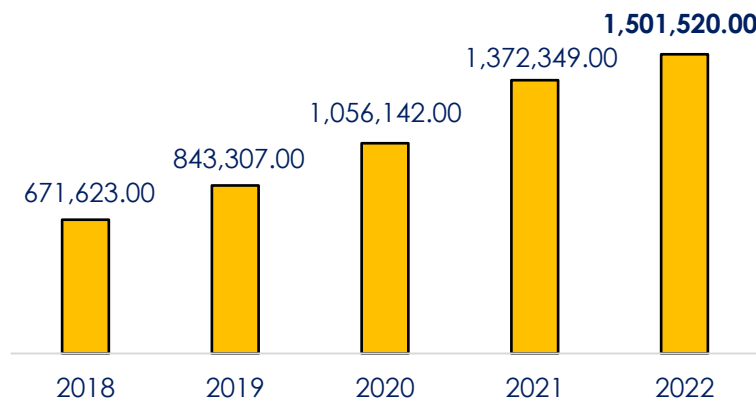
FINANCIAL PERFORMANCE (Q3: 2018 – Q3:2022)

PROFIT AFTER TAX (GH¢ '000)



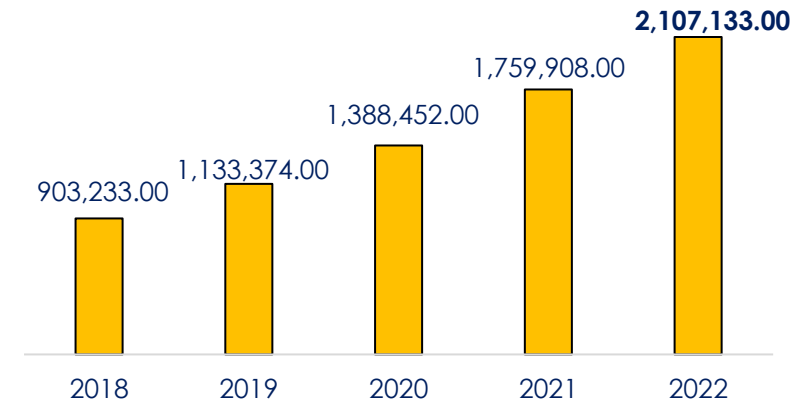
Profit After Tax keeps growing and has shown consistency in dividend payments.

NET INTEREST INCOME (GH¢ '000)



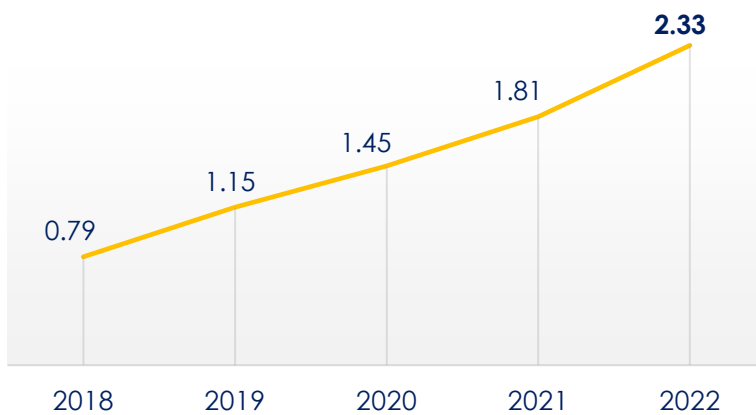
Net Interest Income accrued by the bank was GH¢1.5 Bn in Q3:2022 representing a 9.4% increase from Q3:2021 (GH¢1.4 Bn)

REVENUE (GH¢ '000)



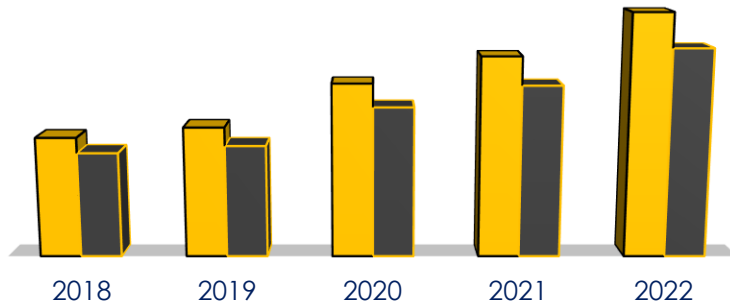
Revenue recorded in Q3:2022 was 19.7% higher than Q3:2021 (CAGR of 18.5%)

EARNINGS PER SHARE (GH¢)



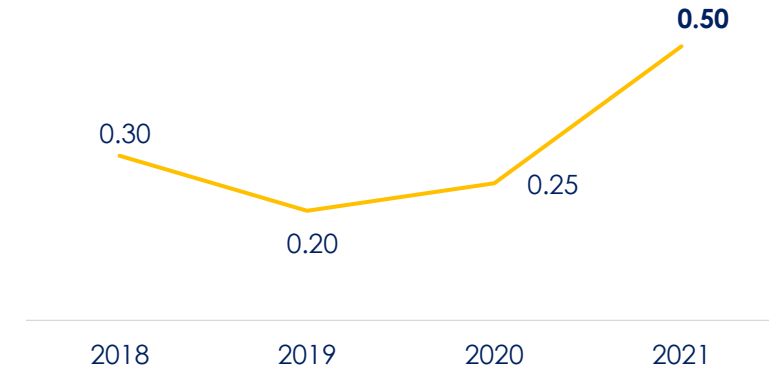
Earnings Per Share has grown over the period with a CAGR of 24.2%

TOTAL ASSETS (GH¢ '000) / TOTAL LIABILITIES (GH¢ '000)



Total Liabilities (TL) is well covered by Total Assets (TA). As at Q3: 2022, TL and TA recorded was GH¢21 Bn and GH¢18 Bn respectively.

DIVIDEND (GH¢)



GCB's dividends are consistent with a current dividend yield of 12.7% which is higher than the industry average of 11.7%



SCANCOM PLC.

RECOMMENDATION: BUY

INDUSTRY : TECHNOLOGY

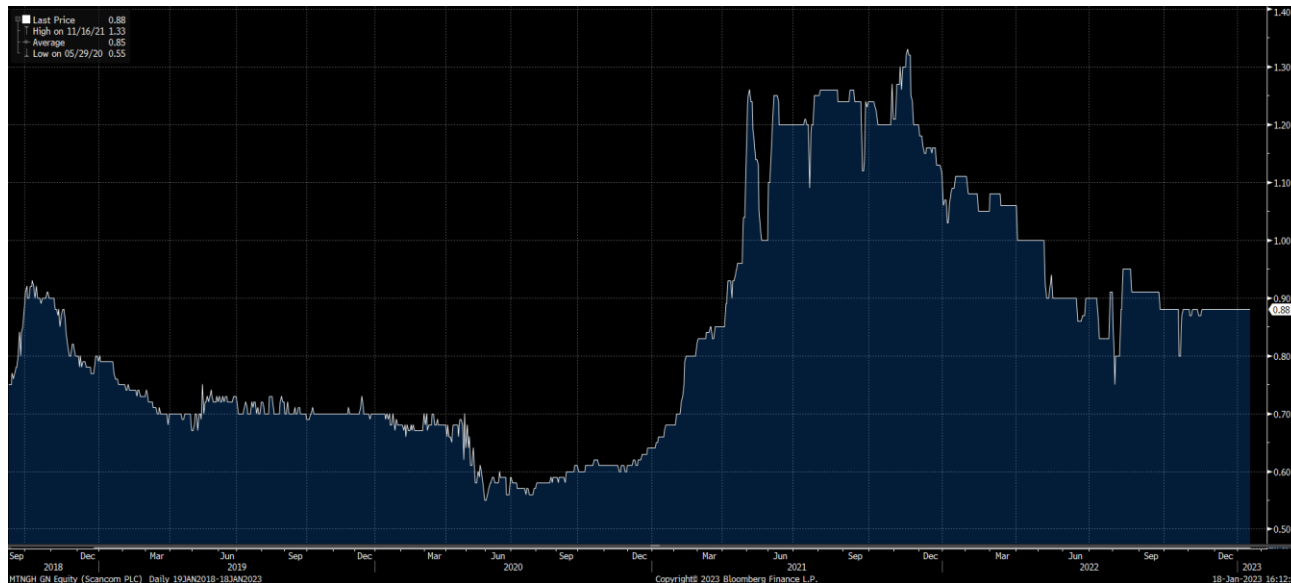
SHARE PRICE : GHS 0.88

P/E RATIO : 3.85x

TICKER : MTNGH

COMPANY PROFILE: Scancom PLC. more commonly known as MTN Ghana, is a limited liability company first incorporated in Ghana in April 1994 and licensed by the NCA as a mobile telecommunication service operator. MTNGH has built a robust customer base in Ghana, increasing its subscribers from 2.5 million in 2006 to over 28.5 million as at September 2022. The company's Initial Public Offer (IPO) listing is the largest primary listing on the Ghana Stock market. MTNGH generates revenue through voice (33.4%), data (39.5%), Mobile Money (19.1%) and digital (1.6%). MTNGH continues to improve on capital investments with the injection of GH¢1.4 Bn to improve the quality of service, expand capacity and extend network coverage to customers across the nation. Going forward, we expect a sustained growth in data, digital and Mobile Money business in line with its Ambition 2025 target. The company has been consistent with its dividend payment since it listed; paying both interim and final dividends. It has paid a total of GH¢0.305 to equity holders over a four year cumulative period.

MTNGH SHARE PRICE 5 YEAR PERFORMANCE



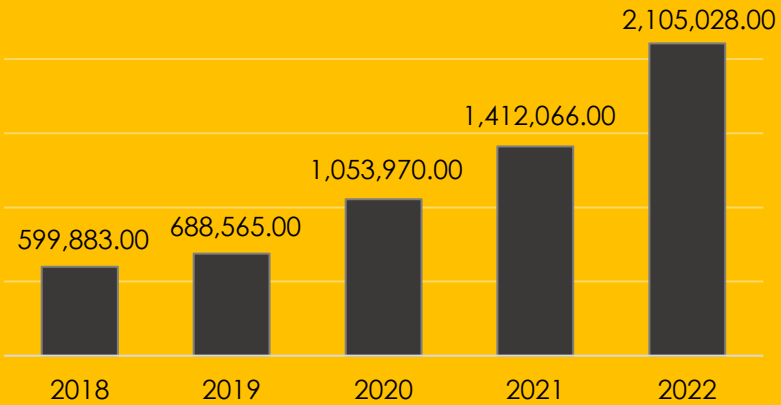
AVERAGE DAILY TRADED PRICE (GH¢)

Year	2018	2019	2020	2021	2022
Average Price	0.84	0.71	0.62	1.07	0.95

MTNGH opened the year at GH¢0.88 and is currently trading at GH¢0.88; translating to a Year-to-Date Return of 0.00%. It has posted a 52-Week-High of GH¢1.11 and a 52-Week-Low of GH¢0.75. The PE Ratio is 3.9x with Price/Book of 2.17x and an average price of GH¢0.90 over the past 200 days. Trading activity in the stock has been buoyant, mainly driven by investor interest and the sustained bargain prices of listed stocks.

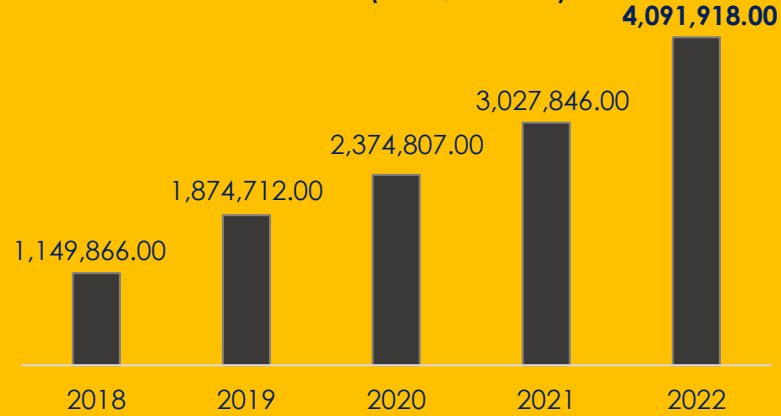
FINANCIAL PERFORMANCE (Q3: 2018 – Q3:2022)

PROFIT AFTER TAX (GH¢ '000)



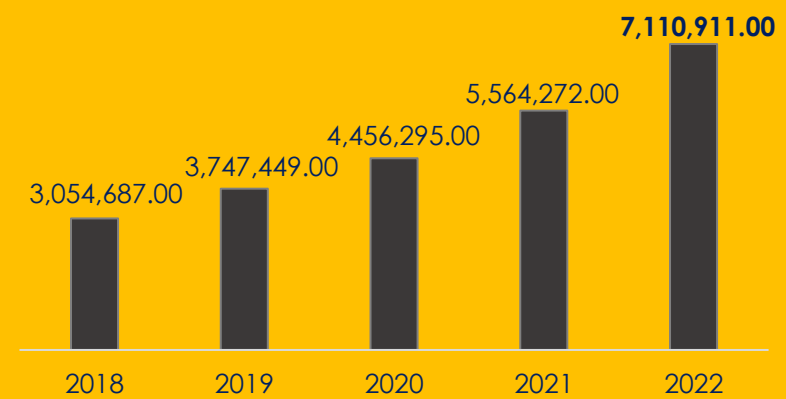
MTNGH's Profit After Tax recorded in Q3:2022 was 49% higher than Q3:2021; CAGR of 29%

EBITDA (GH¢ '000)



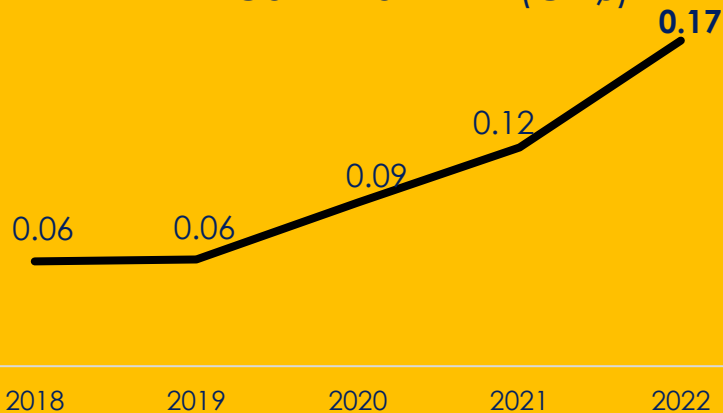
EBITDA Margin has also been improving, chalking a 35% increase to settle at GH¢4.1 Bn in Q3:2022 from Q3:2021 (GH¢3 Bn)

REVENUE (GH¢ '000)



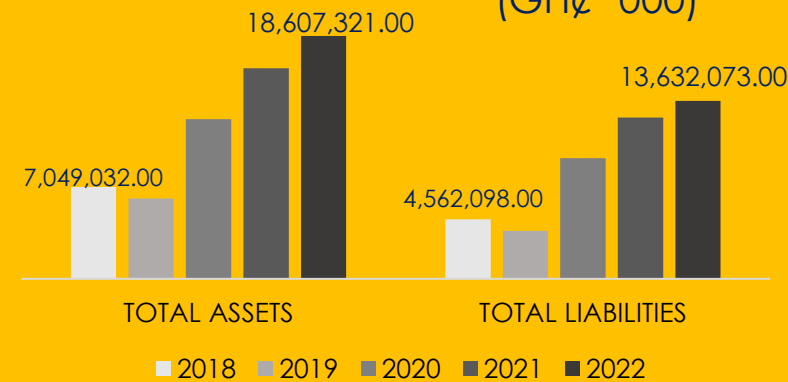
Company Revenue from MTNGH in Q3:2022 was GH¢7 Bn, a 28% increase from the GH¢5.6 Bn in Q3:2021.

EARNINGS PER SHARE (GH¢)



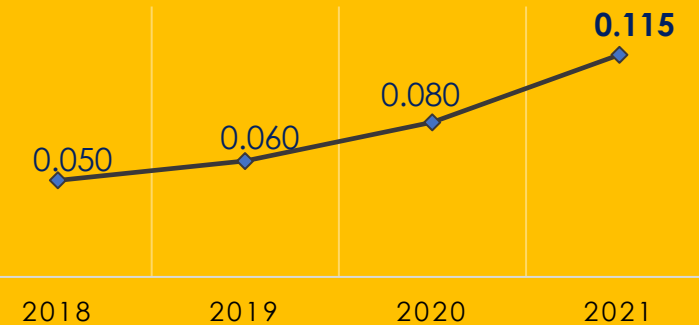
Earnings Per Share has improved from the GH¢0.06 when it listed in 2018 to GH¢0.17 as at Q3:2022

(GH¢ '000)



Total Assets has grown averagely at 33.29% against Total Liabilities average growth of 44% from Q3:2018 TO Q3:2022

DIVIDEND (GH¢)



MTNGH since listing has paid dividends twice in a year and is well covered with a dividend payout ratio of about 70% of Profit After Tax.



TOTAL ENERGIES MKT. GHANA PLC.

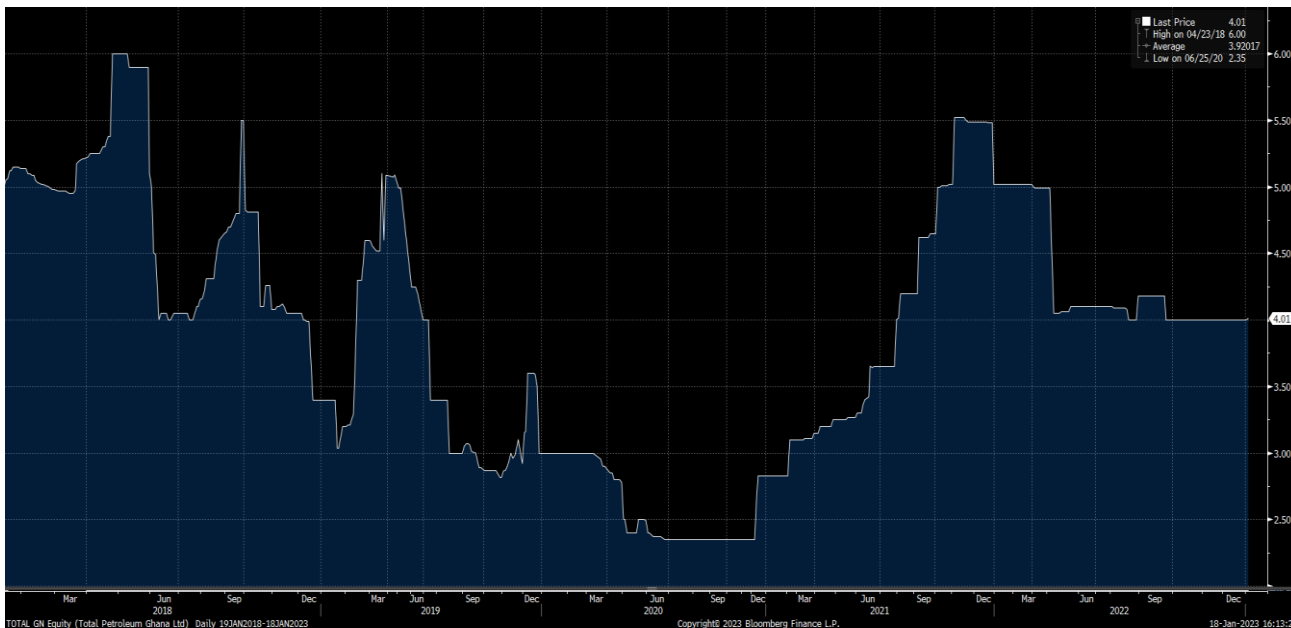
RECOMMENDATION: SHORT TERM BUY; LONG TERM BUY

INDUSTRY : OIL MARKETING
SHARE PRICE : GHS 4.01
P/E RATIO : 3.28x
TICKER : TOTAL

COMPANY PROFILE: TotalEnergies Marketing Ghana PLC is part of the global TotalEnergies Group, which is the fourth largest publicly-traded integrated international Oil and Gas Company in the world with presence in over 130 countries. TOTAL has grown its market share in the last few years through good customer service and a large service station network coverage in Ghana with strategic locations in cities and towns; sustaining shareholder value.

The company has been thriving since the easing of lockdowns and restriction on movements with increased demand for products from the company. It is mostly the first Oil Marketing Company to increase fuel price on the board, giving them the advantage to increase revenue margins earlier than its competitors. Also, the company through its rebranding into renewal energies has began piloting Electric Vehicle (EV) charging stations to get the customers in the budding EV markets.

TOTAL SHARE PRICE 5 YEAR PERFORMANCE



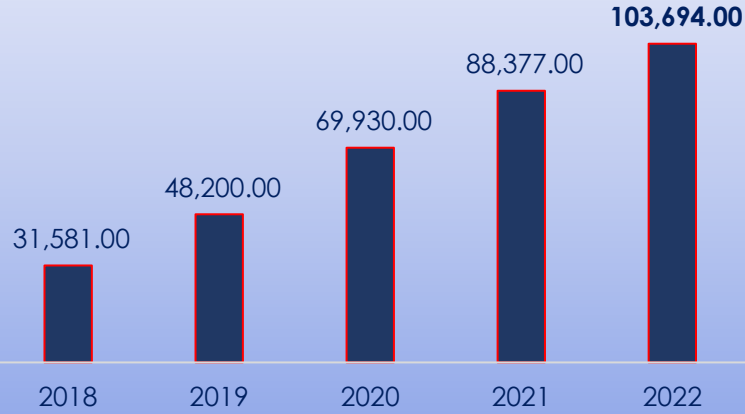
AVERAGE DAILY TRADED PRICE (GH¢)

2018	2019	2020	2021	2022
4.68	3.78	2.59	3.93	4.40

TotalEnergies opened the year at GH¢4.00 and is currently trading at GH¢4.01; translating to a Year-to-Date Return of 0.25%. It has posted a 52-Week-High of GH¢5.02 and a 52-Week-Low of GH¢4.00. The PE Ratio is 3.3x with Price/Book of 1.04x. The average price over 200, 50 and 15 days is GH¢4.16, GH¢4.00 and GH¢4.01 respectively showing that price has inched up marginally in the short term. and an average price of GH¢4.19 over the past 200 days. Trading activity in the stock has been calm with demand mostly outstripping offers on the market.

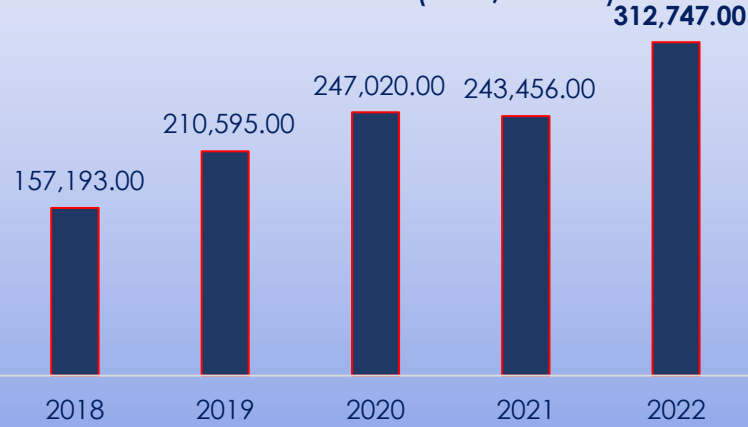
FINANCIAL PERFORMANCE (Q3: 2018 – Q3:2022)

PROFIT AFTER TAX (GH¢ '000)



Profit After Tax recorded in Q3:2022 was 17.33% higher than Q3:2021

GROSS PROFIT (GH¢ '000)



Gross Profit accrued by TOTAL has moved higher from GH¢243.5 Mn in Q3:2021 to GH¢312.8 Mn in Q3:2022 representing 28.5% growth

REVENUE (GH¢)



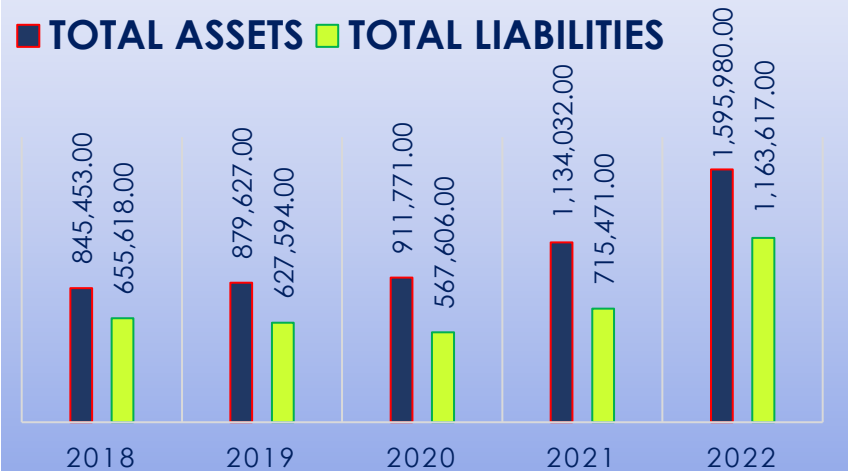
Revenue recorded a jump of 70.2% from GH¢2.3 Bn in Q3:2021 to GH¢3.9 Bn in Q3:2022

EARNINGS PER SHARE (GH¢)



Earnings Per Share has increased over the period and is projected to grow at 28%

TOTAL ASSETS ■ TOTAL LIABILITIES



Total Assets growth has been healthy whereas Total Liabilities has increased in the Q3s of 2022 and 2021 against the declines in Q3s of 2019 and 2020.

DIVIDEND (GH¢)



TOTAL also pays interim and final dividend to shareholders. Its dividend is higher than its competitor in the industry (GOIL: GH¢0.047)



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