



STOCK RECOMMENDATION

17TH MAY, 2023

ANALYSTS: WISDOM ASIGBETSE

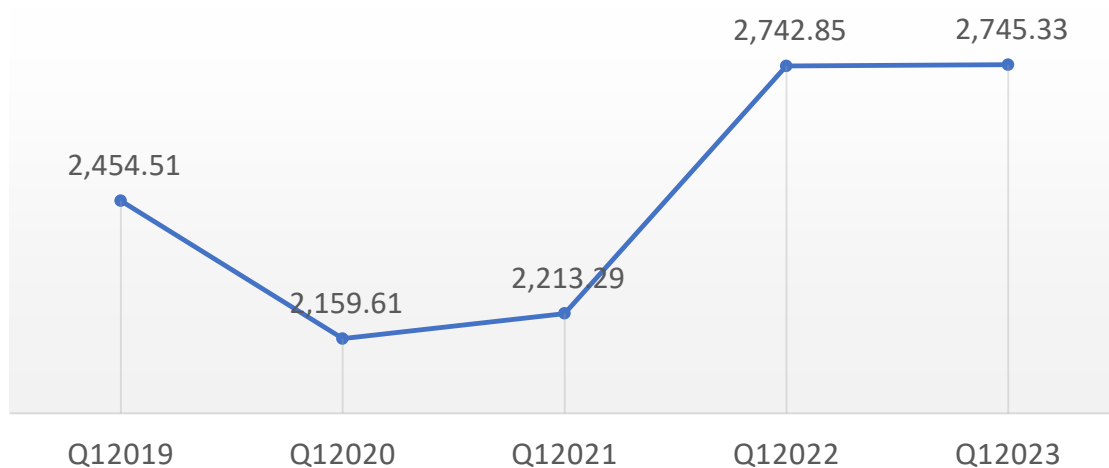
AMENUVE KOFI AWESO



QUARTERLY REVIEW

The equity market has shown signs of a recovery at the end of Q1:2023 . The benchmark GSE Composite index (GSE-CI) closed the quarter gaining 12.33% (Q1:2022 was -1.67%) to 2,745.33 points (Q1:2022 was 2,742.85 points). The market traded a total of 181,344,788 shares a 35.39% slump compared with 280,656,909 in Q1:2022. Market turnover stood at GH¢199,048,178.41 (-34.06% y/y) propelled by trades in Scancom Plc(ICT; 78.14%), NewGold ETF(GOLD ETF; 12.08%), Guinness Ghana Plc(FOOD&BEV;4.83%) and GCB Bank Plc (FINANCE; 3.07%) which together accounted for up to 98% of the total turnover for the quarter. Market Capitalization increased marginally in Q1:2023 by 0.02% from GH¢64,029.79 million in Q1:2022 to GH¢67,846.89 million.

GSE COMPOSITE INDEX



KEY ECONOMIC INDICATORS

Monetary Policy Rate March 2023 **29.50%**

Real GDP Growth Q4 2022 **3.7%**

Inflation March 2023 **45.0%**

2023 MARKET GAINERS

Benso Oil Palm - 84.44%
TotalEnergies - 60.75%
Unilever - 36.08%
Scancom Plc - 43.18%
NewGold - 4.51%

2023 MARKET DECLINERS

GGB Plc - (26.83%)
Fanmilk - (66.67%)
SC Bank - (31.05%)
Ecobank - (18.67%)
GCB Plc - (19.04%)

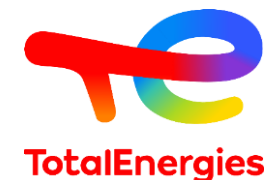
STOCK PICKS

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, dividend discount model, Beta of the stock, Company position in its industry i.e.: 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.

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:





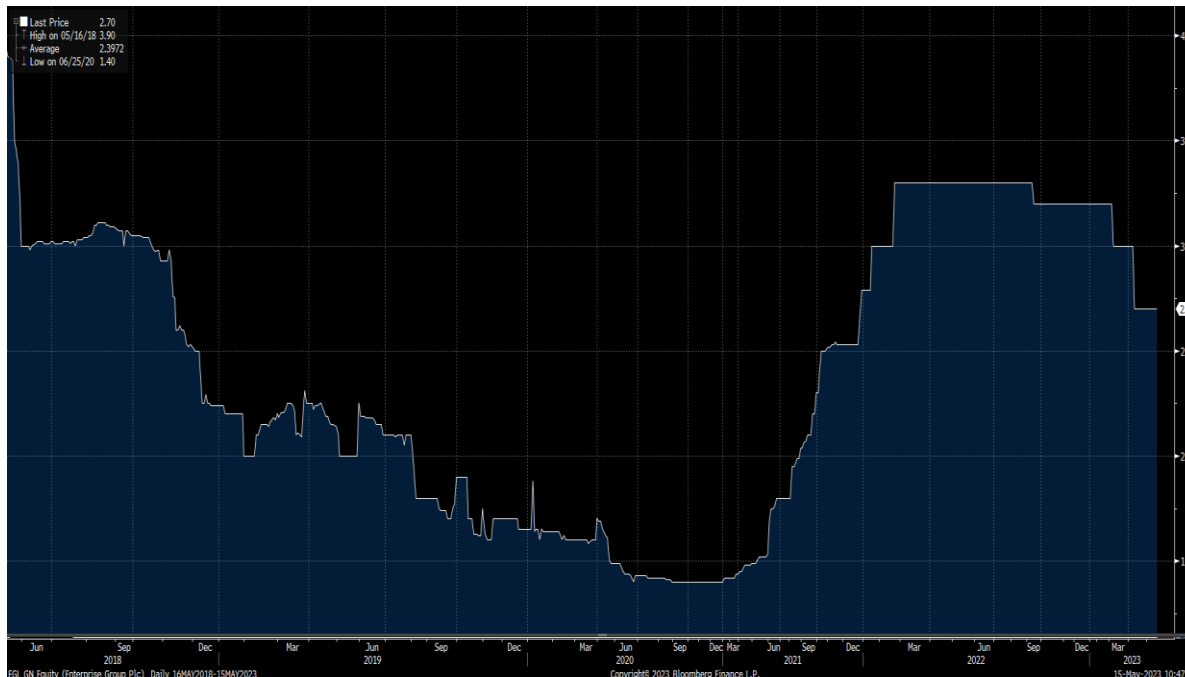
ENTERPRISE GROUP LIMITED

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

INDUSTRY : INSURANCE
SHARE PRICE : GHS 2.70
P/E RATIO : 5.0x
TICKER : EGL

COMPANY PROFILE: Incorporated in 1995, Enterprise Group Limited provides through its subsidiaries general insurance, life insurance, pension services, real-estate development, funeral service, and most recently health insurance. Enterprise Group Limited has eight subsidiaries including Enterprise Life Assurance in Gambia and Nigeria. It is listed on the Ghana Stock Exchange with a current market capitalization of GH¢512.68 million. Enterprise Group Limited as of 2020 wrote 26% of the total life insurance premiums and 12% of the total non-life insurance premiums in Ghana, a market leader in the insurance industry. EGL's PAT grew at 33.71% CAGR and recorded an average ROE of 14.37% (FY19 – FY22).

EGL SHARE PRICE 5 YEAR PERFORMANCE



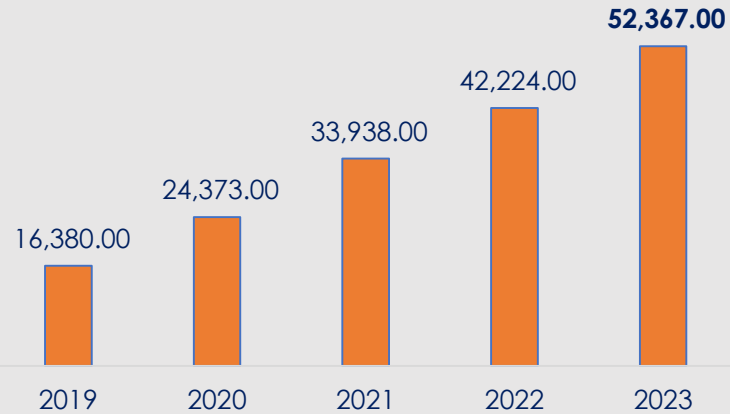
AVERAGE DAILY TRADED PRICE (GH¢)

Q1:2019	Q1:2020	Q1:2021	Q1:2022	Q1:2023
2.17	1.63	1.42	3.11	3.14

EGL opened the year at GH¢3.20 and is currently trading at GH¢2.70. It has posted a 52-Week-High of GH¢3.30 and a 52-Week-Low of GH¢1.87. The PE Ratio is 5.0x. The stock's Book Value Per Share is GH¢6.51 with a Price/Book of 0.41 currently underpriced. The average price over 200, 100 and 15 days is GH¢3.14, GH¢3.05, and GH¢2.70 respectively. EGL has paid dividends over the last two financial years and is expected to continue sharing profits with its shareholders.

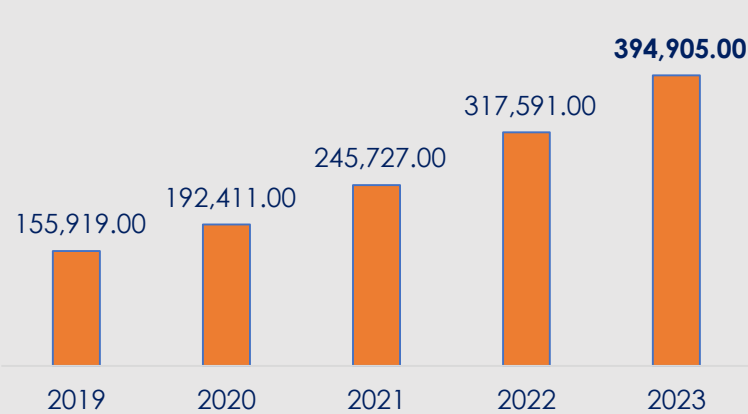
FINANCIAL PERFORMANCE (Q1: 2019 – Q1:2023)

PROFIT AFTER TAX (GH¢ '000)



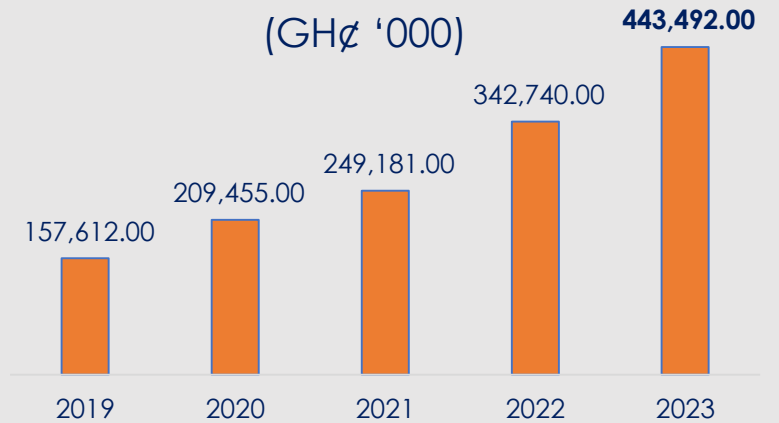
Profit After Tax has grown averagely at 24.02% over the period

NET INCOME (GH¢ '000)



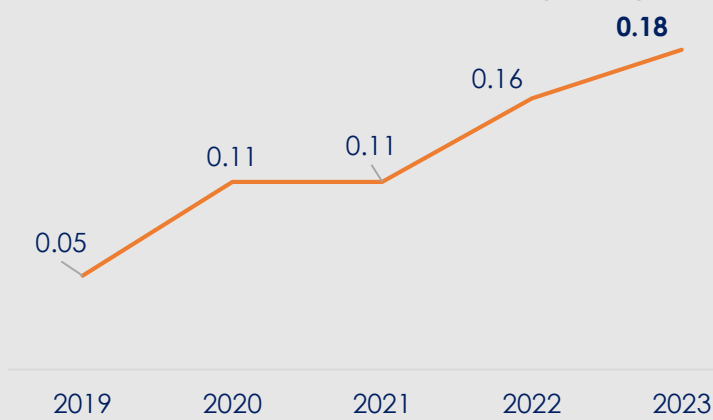
Net Income stood at GH¢394.91 Million in Q1:2023 representing a 24.34% increase from GH¢317.59 Million in Q1:2022

GROSS INSURANCE PREMIUM (GH¢ '000)



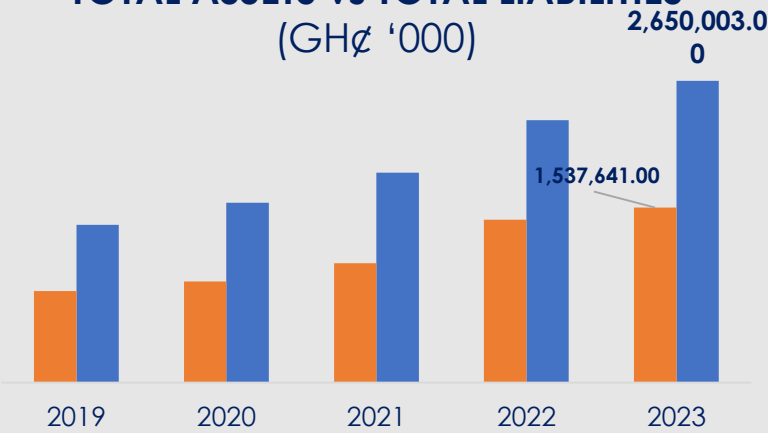
Gross Premium grew at a declining rate by 29.40% from Q1:2022 to Q1:2023 as against the 37.55% growth from Q1:2021 to Q3:2022.

EARNINGS PER SHARE (GH¢)



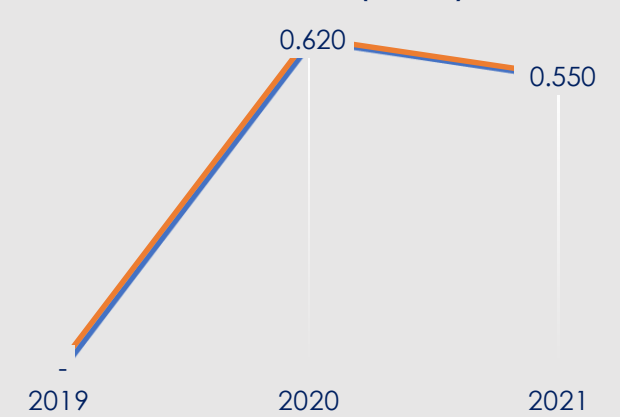
Earnings Per Share increased by 12.5% compared to Q1:2022.

TOTAL ASSETS vs TOTAL LIABILITIES (GH¢ '000)



Total Assets grew by 15.07% from Q1: 2022 to Q1: 2023 to stand at Gh¢2,650 Million.

DIVIDEND (GH¢)



EGL has paid out dividends for the last two financial years and on the back of a strong performance should continue for FY:2022.



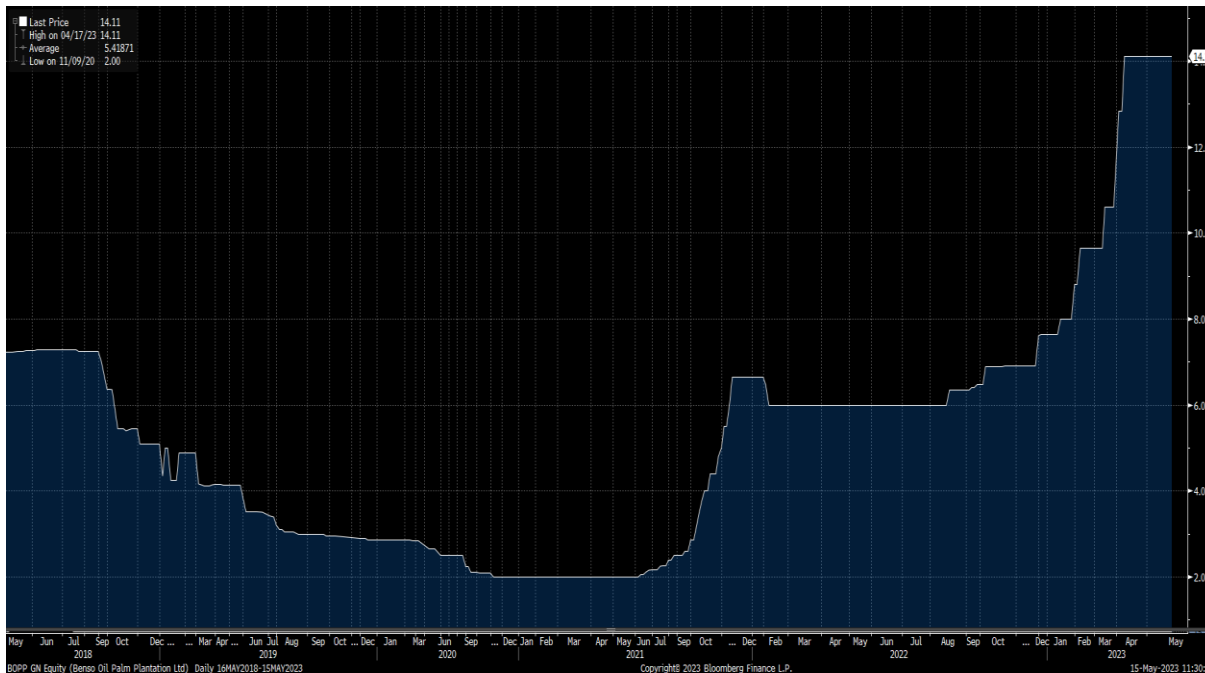
BENSO OIL PALM PLANTATION PLC.

RECOMMENDATION: SHORT TERM BUY; LONG TERM BUY

INDUSTRY : AGRICULTURE
SHARE PRICE : GHS 14.11
P/E RATIO : 3.1x
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



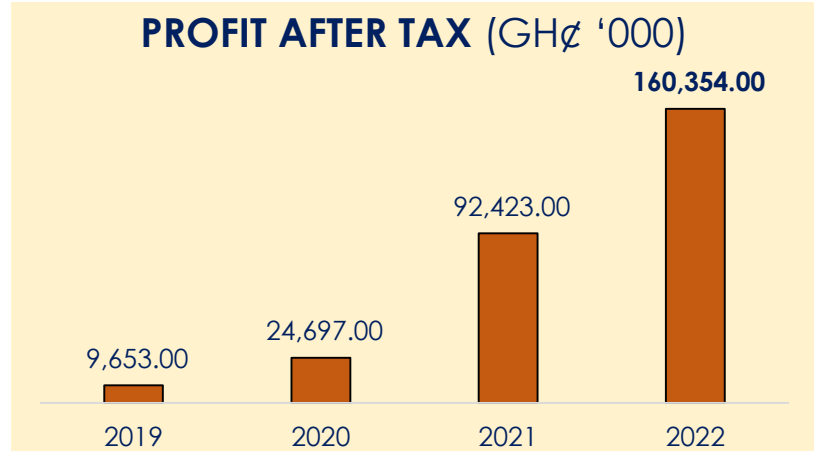
AVERAGE DAILY TRADED PRICE (GH¢)

Q1:2019	Q1:2020	Q1:2021	Q1:2022	Q1:2023
4.73	2.86	2.00	6.24	9.25

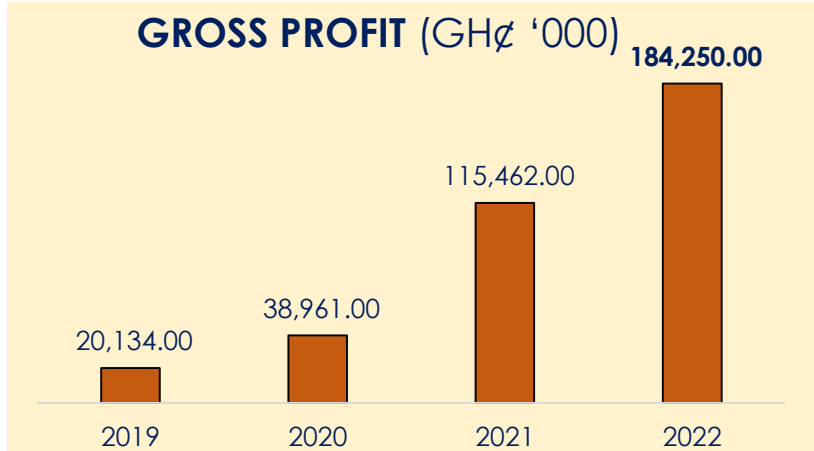
BOPP opened the year at GH¢7.65 and is currently trading at GH¢14.11; translating to a Year-to-Date Return of 84.44%. It has posted a 52-Week-High of GH¢14.11 and a 52-Week-Low of GH¢3.04. The PE Ratio is 3.1x. The average price over 200, 100, and 15 days is GH¢8.46, GH¢10.22, and GH¢14.11 respectively showing an uptrend in price. Trading activity in the stock remains buoyant, mainly driven by BOPP's growing dividend payouts and the robust outlook for the company's performance in the medium to long term.



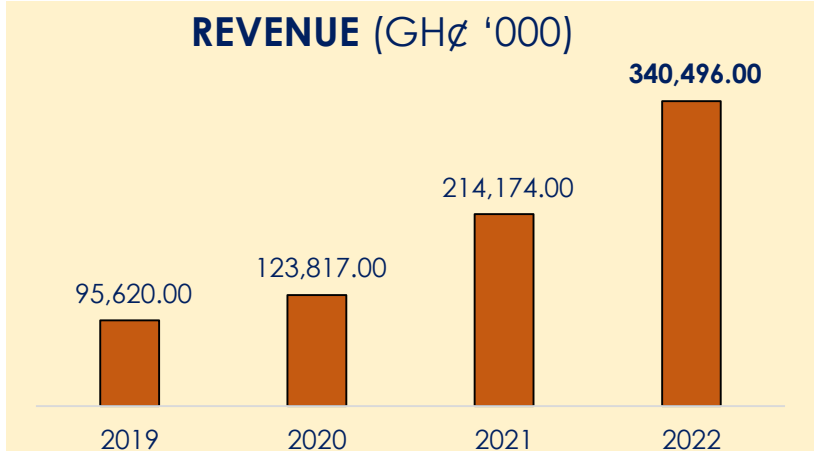
FINANCIAL PERFORMANCE (FY: 2019 – FY:2022)



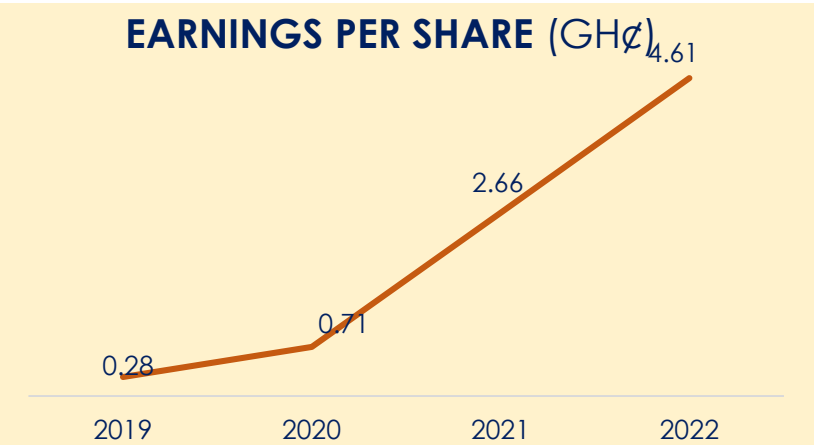
Profit After Tax has grown impressively over the 5-year period growing from GH¢9.65 Million in FY:2019 to GH¢169.61 Million in FY:2022.



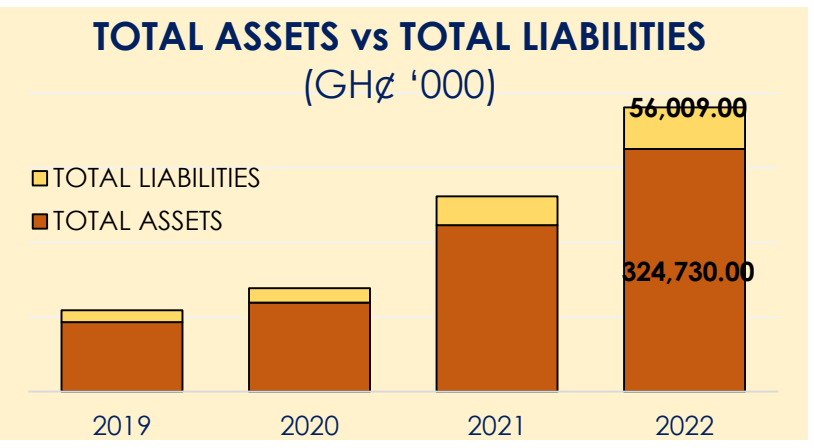
Gross Profit has increased significantly due to the company saving more on energy.



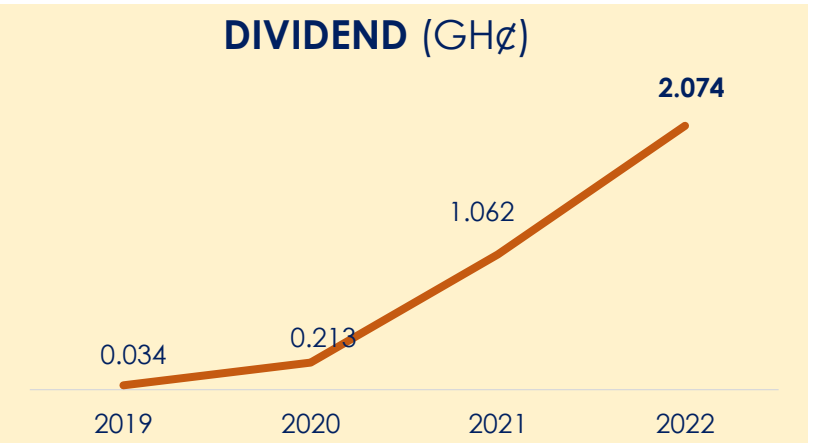
Revenue saw a marked improvement of 58.98% from GH¢115.46 Mn in FY:2021 to GH¢184.25 Mn in FY:2022.



Earnings to investors has grown over the period with a CAGR of 154%.



Total Assets have been strong, standing at GH¢324.73 Million as of FY 2022 a 45.54% Y-o-Y growth.

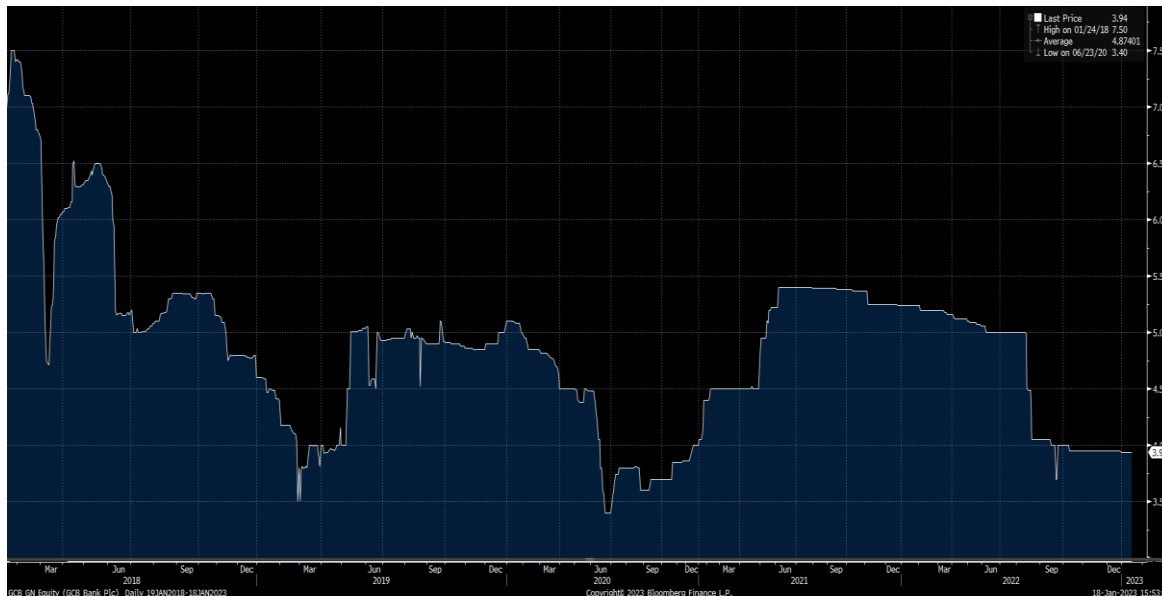


BOPP has proposed a dividend of GH¢2.074 for FY2022 which will be an increase of 95% from GH¢1.062 paid for FY2021.



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 Bank's Profits dipped significantly by 203.69% in 2022 as a result of impairment losses realized on the back of the DDEP. Deposit from customers improved by 3.71% from 2019 to 2022 and 54.39% in 3 years(2020 to 2022). Shareholders' equity growth has also been significant, recording 86.67% growth from 2019 to 2022. Earnings per share dip from 2019 to 2022 is at 87.04%. Although producing mixed financial results in 2022, prior periods show GCB Bank's strength, going concern, and dedication toward a solid and improved company performance going forward. GCB Bank over the past years has shown resilient growth in terms of revenue generated, a significant rise in customer deposits, high-interest income, profit growth, asset growth, shareholder's equity base, consistency in dividend payment and strong liquidity position.

GCB SHARE PRICE 5 YEAR PERFORMANCE



AVERAGE DAILY TRADED PRICE (GH₵)

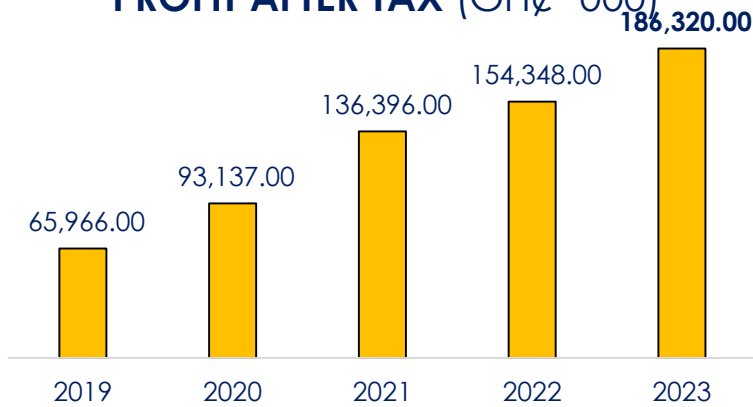
Q1:2019	Q1:2020	Q1:2021	Q1:2022	Q1:2023
4.17	4.91	4.38	5.21	3.45

GCB opened the year at GH₵3.94 and is currently trading at GH₵3.19; unsurprisingly translating to a Year-to-Date Return of -19.04%. It has posted a 52-Week-High of GH₵5.12 and a 52-Week-Low of GHS3.70. The PE Ratio is 1.1x with Price/Book of 0.42x and an average price of GH₵3.80 over the past 200 days. GCB made significant losses in 2022 as expected and negative sentiments have pressured its price down. The first quarter of 2023 has already shown indications of a recovery and at a bargain price, we see a good opportunity to buy.



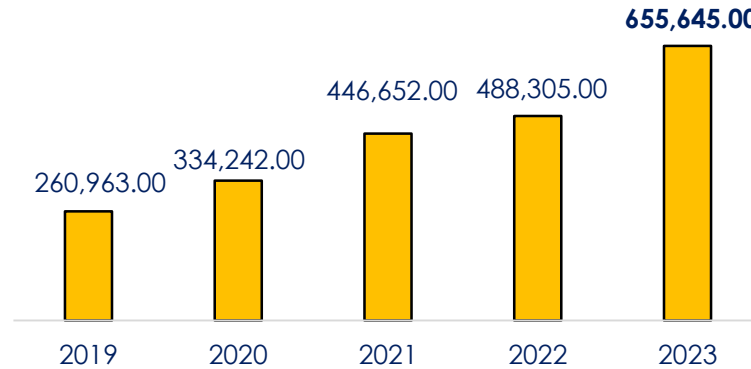
FINANCIAL PERFORMANCE (Q1: 2019 – Q1:2023)

PROFIT AFTER TAX (GH¢ '000)



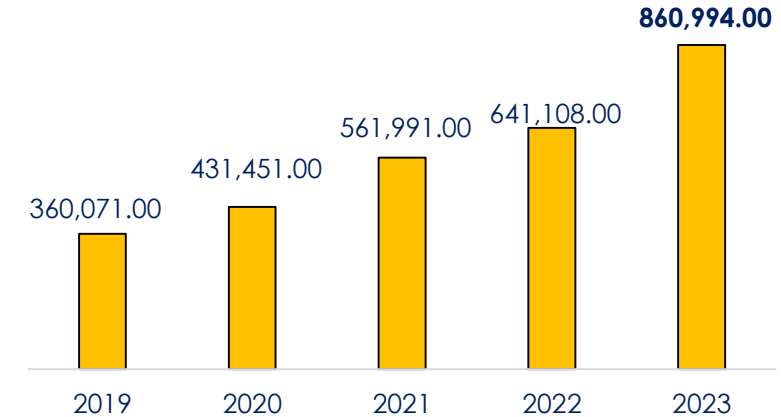
Profit After Tax has grown averagely at 30.38% over the period

NET INTEREST INCOME (GH¢ '000)



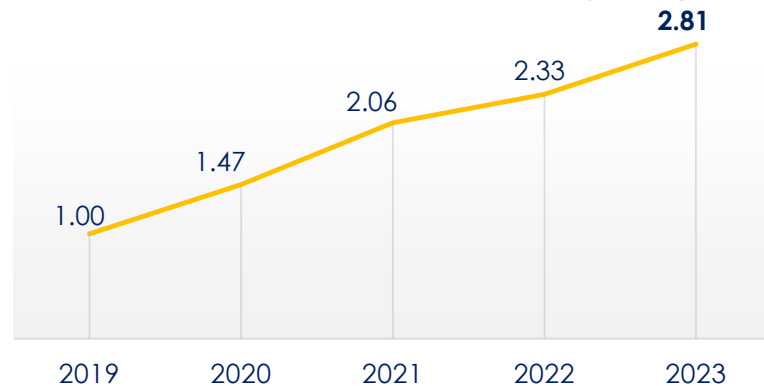
Net Interest Income accrued by the bank stood at GH¢655.64 Million in Q1:2023 a 34.27% increase from GH¢488.305 Million in Q1:2022

REVENUE (GH¢ '000)



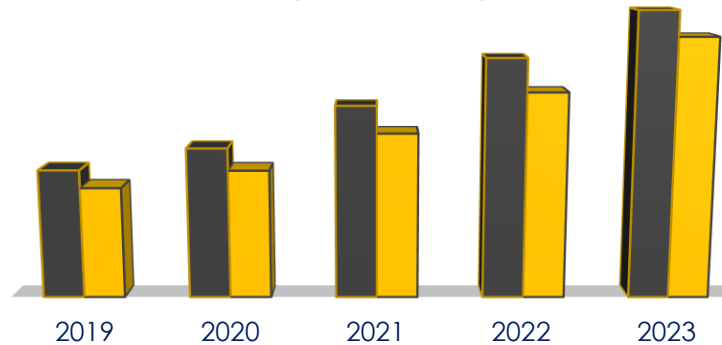
Revenue improved significantly by 34.40% from Q1:2022 to Q1:2023 as the 14.08% growth from Q1:2021 to Q1:2022.

EARNINGS PER SHARE (GH¢)



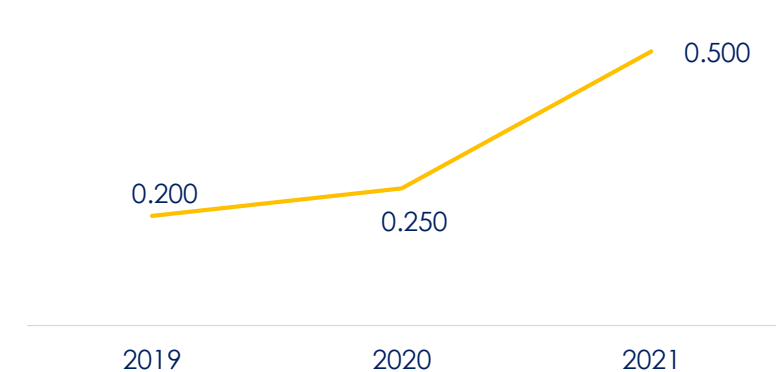
Earnings Per Share rose by 20.60% from Q1:2022 to Q1: 2023. A significant rise in growth compared to 13.11% recorded between Q1: 2021 to Q1: 2022

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



Total Liabilities are well covered by Total Assets As of Q1: 2023, Total Assets Total Liabilities and recorded were GH¢24.28 Billion and GH¢22.10 Billion respectively.

DIVIDEND (GH¢)



GCB's dividends are consistent with a current dividend yield of 12.7% for FY: 2021 which is higher than the industry average of 11.7%.

MTN

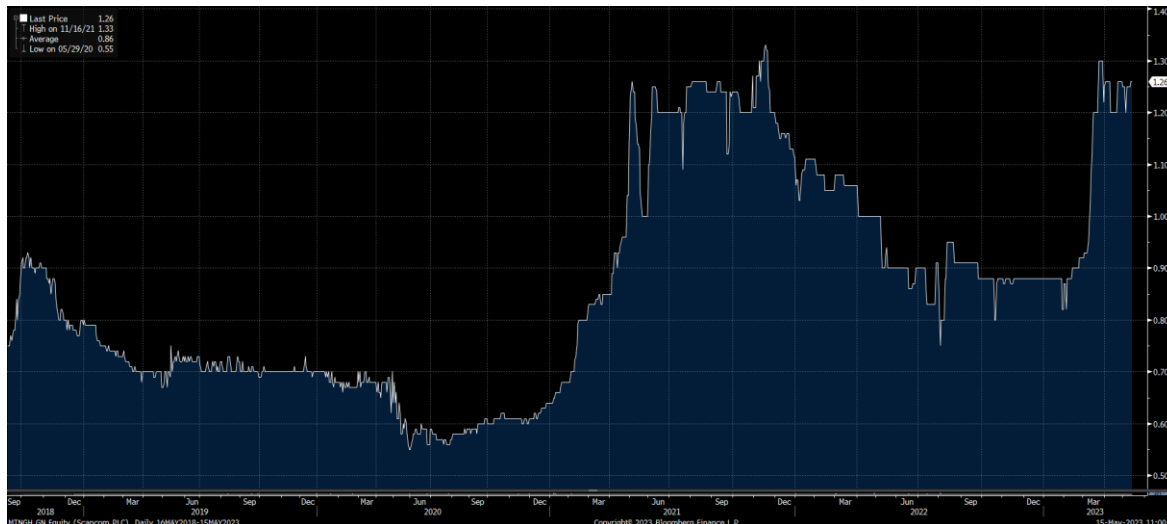
SCANCOM PLC.

RECOMMENDATION: SHORT TERM BUY; LONG TERM HOLD

INDUSTRY : ICT
SHARE PRICE : GHS 1.14
P/E RATIO : 4.7x
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 remains the market leader in Ghana with a firm customer base, increasing its subscribers from 2.5 million in 2006 to over 24.9 million as of September 2021. The company's Initial Public Offer (IPO) listing is the largest primary listing on the Ghana Stock market. MTNGH generates revenue through voice (35.9%), data (33.6%), Mobile Money (23.1%), and digital (2.7%). MTNGH has also invested a lot into data another strong stream of income for the company as they were the first to introduce 4G into Ghana. Going forward, we expect sustained growth in data, digital, and Mobile Money business in line with its ambition 2025 target; which will continue with the execution of expense efficiency programs and a prudent approach to managing costs and delivering on margin expansion. The company has been consistent with its dividend payment and declared a final dividend of GH¢ 0.124 for the 2022 financial year.

MTNGH SHARE PRICE 5 YEAR PERFORMANCE



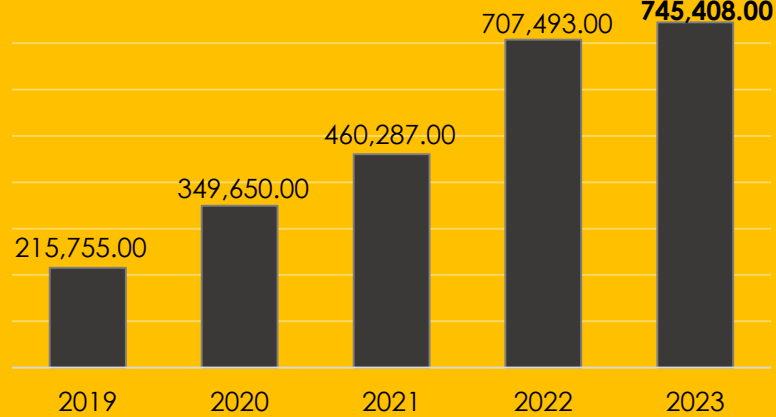
AVERAGE DAILY TRADED PRICE (GH¢)

Q1:2019	Q1:2020	Q1:2021	Q1:2022	Q1:2023
0.74	0.68	0.76	1.07	0.97

Scancom PLC opened the year at GH¢0.88 and is currently trading at GH¢1.14; translating to a Year-to-Date Return of 43.18%. It has posted a 52-Week-High of GH¢1.30 and a 52-Week-Low of GHS0.75. The PE Ratio is 4.7x and an average price of GH¢0.96 over the past 200 days. Trading activity in the stock remains buoyant, mainly driven by investor interest and the consistent financial performances shown over the years.

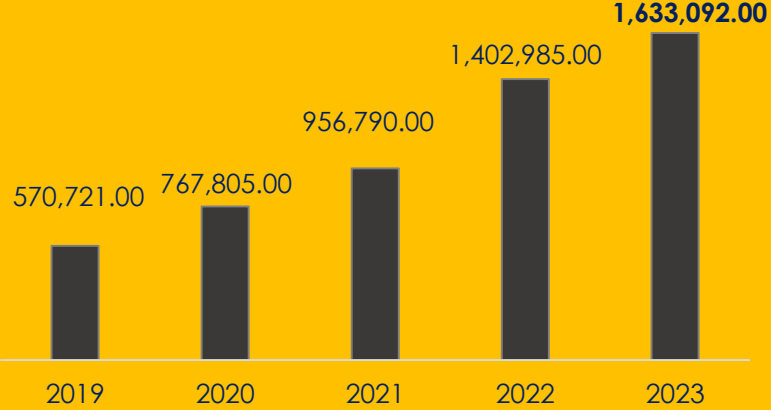
FINANCIAL PERFORMANCE (Q1: 2019 – Q1:2023)

PROFIT AFTER TAX (GH¢ '000)



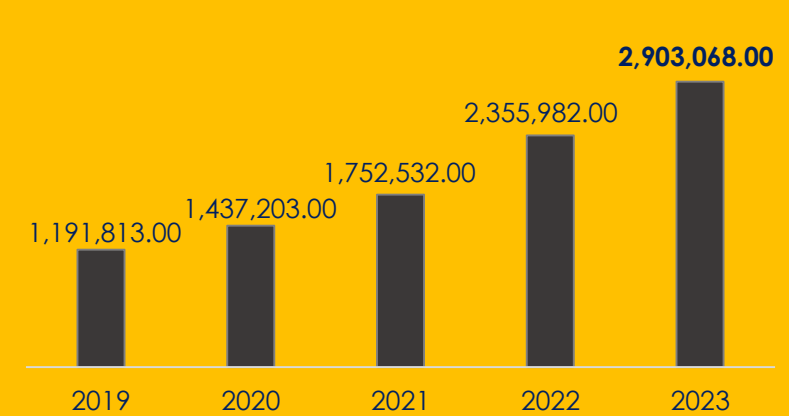
Profit After Tax has grown averagely at 38.2% over the period.

EBITDA (GH¢ '000)



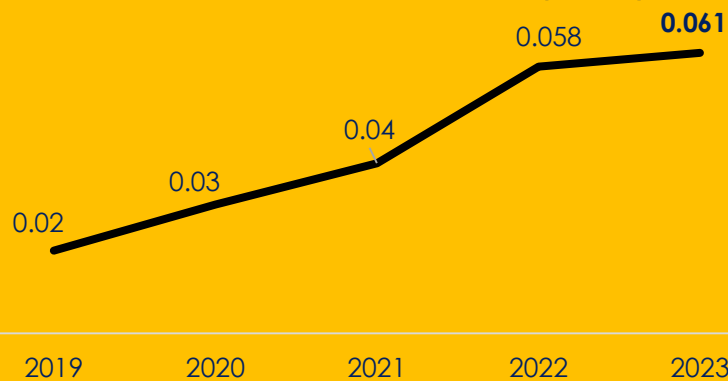
EBITDA stood at GH¢1,633.09 Million in Q1:2023 representing a 16.40% increase from GH¢1,402.985 Million in Q1:2022.

REVENUE (GH¢ '000)



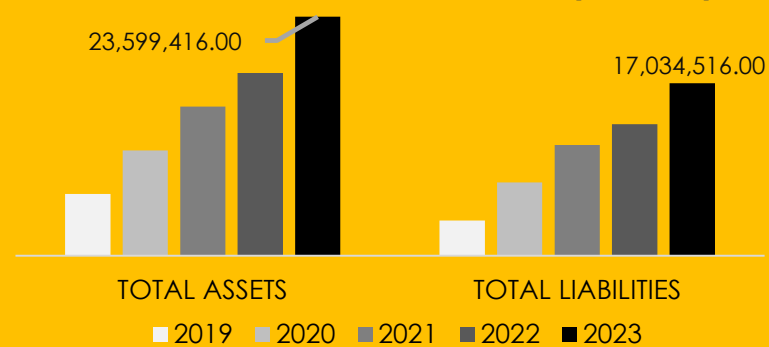
Revenue growth of Q1:2023 compared to Q1:2022 was 23.22%.

EARNINGS PER SHARE (GH¢)



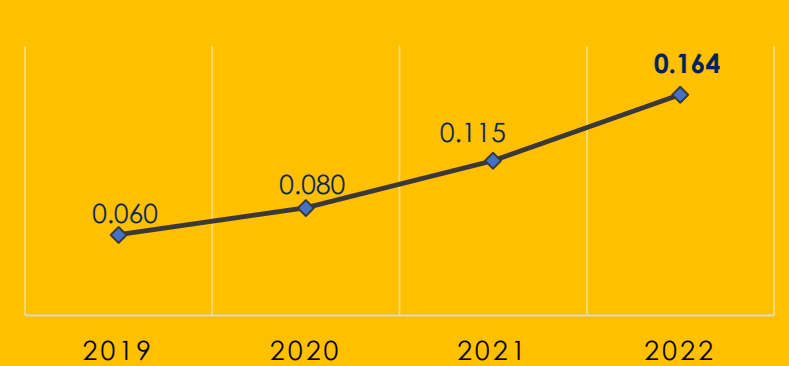
Earnings Per Share improved marginally to 0.061 in Q1: 2023 compared to 0.058 in Q1: 2022.

TOTAL ASSETS AND TOTAL LIABILITIES (GH¢ '000)



Total Assets grew at an average of 41.36% in Q1:2023 compared to Q1:2022. Total liabilities stood at 1,703.52 Million as of Q1:2023

DIVIDEND (GH¢)



MTN has consistently paid dividends with its latest dividend announcement of GH¢0.124 bringing its total dividend to GH¢ 0.164 for nFY2022.



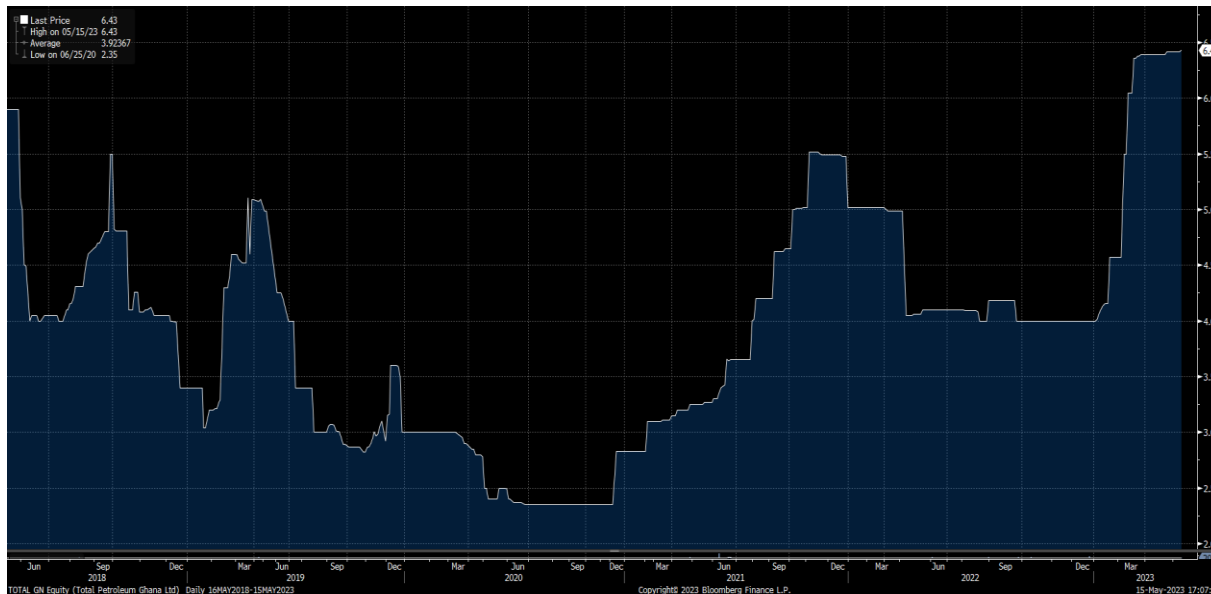
TOTAL ENERGIES GHANA PLC.

RECOMMENDATION: SHORT TERM BUY; LONG TERM HOLD

INDUSTRY : OIL MARKETING
SHARE PRICE : GHS 6.43
P/E RATIO : 4.5x
TICKER : TOTAL

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 a 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 restrictions on movements, with increased demand for products from the company. It is mostly the first Oil Marketing Company to adjust fuel prices, giving them the advantage to increase revenue margins earlier than its competitors. Also, the company through its rebranding into renewable energies has begun piloting Electric Vehicle charging stations to get the customers in the budding EV markets.

TOTAL SHARE PRICE 5 YEAR PERFORMANCE

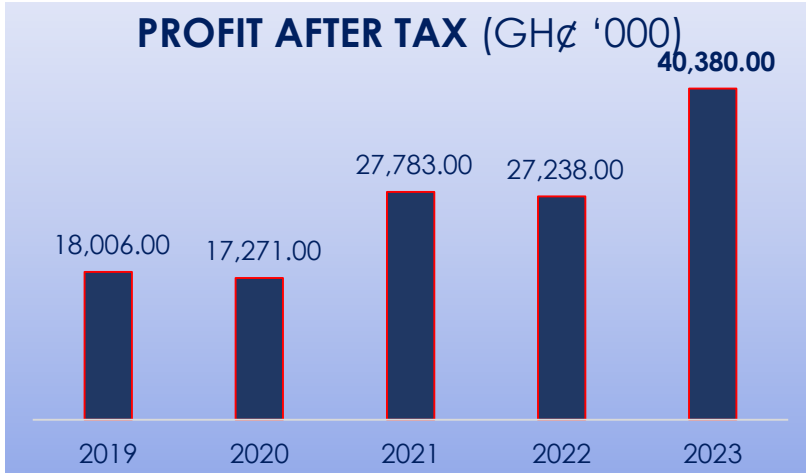


AVERAGE DAILY TRADED PRICE (GH¢)

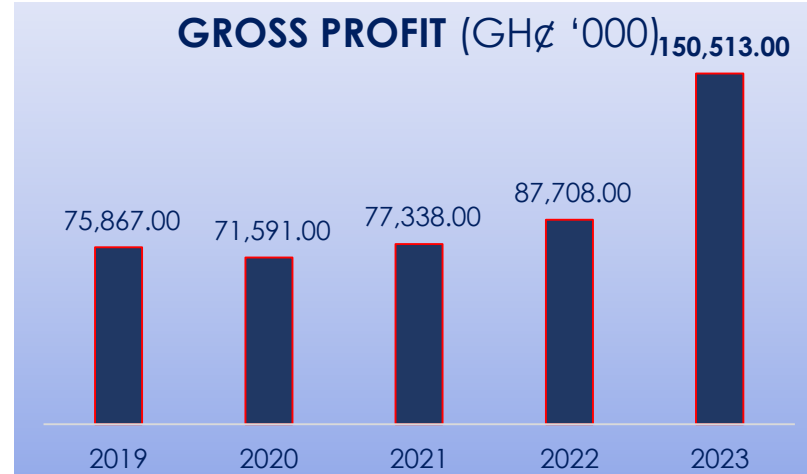
Q1:2019	Q1:2020	Q1:2021	Q1:2022	Q1:2023
3.98	2.99	3.00	5.02	4.47

TotalEnergies opened the year at GH4.00 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¢6.43 and a 52-week Low of GH¢3.90 The PE Ratio is 4.5x with an average price over 200 50 and 15 days of GH¢4.57, GH¢5.09, and GH¢6.42 respectively showing that the price has moved up significantly in the short term. TotalEnergies' dividend grew by ~207% in 2021FY and on the back of a profitable 2022FY, investors are looking to enjoy even bigger dividends in the future.

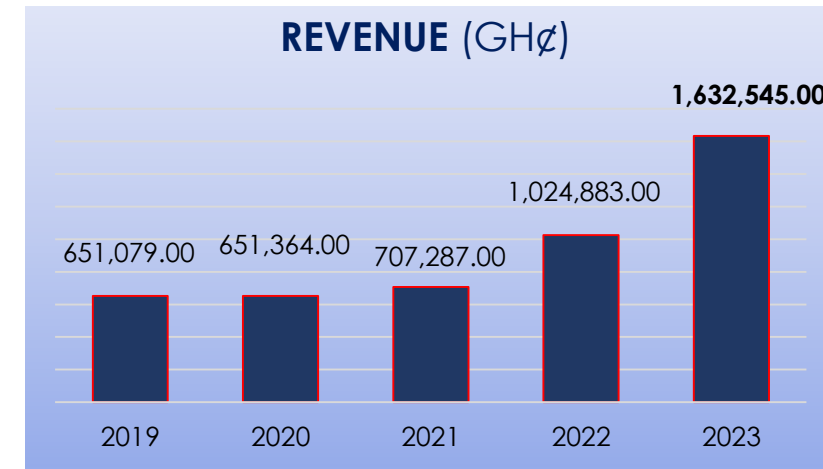
FINANCIAL PERFORMANCE (Q1: 2019 – Q1:2023)



Profit After Tax saw a CAGR of 22.37% over the period.



Gross Profit accrued stood at GH¢150.51 Million in Q1:2023 representing a 28.46% increase compared to GH¢87.71 Million in Q1:2022.



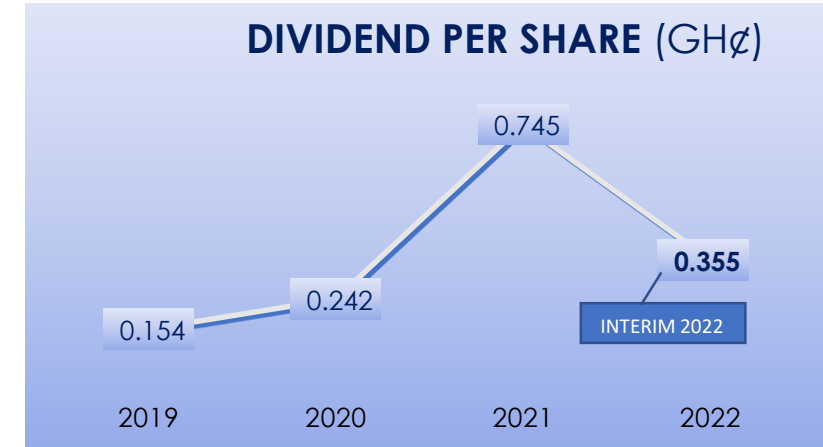
Revenue improved by 59.29% in Q1:2023 compared to Q1:2022.



Earnings Per Share has increased significantly by 48.26% reversing the 4.74% decline between Q1: 2021 to Q1:2022.



Total Assets grew strongly by 57.00% in Q1:2023 compared to Q1:2022. Total Liabilities stood at 1,502.68



TOTAL is expected to pay a significantly higher final dividend for FY2022 on the back of a very impressive performance.



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(Member of the Ghana Stock Exchange)

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