

GUARANTY TRUST BANK PLC, N28, September 17, 2021, BANKING



GTB PLC 2-year stock chart



GTB PLC 1-year stock chart

Earnings Based Valuation

GTB Q2 results shows double digit topline growth and wide margins with reduced earnings. Based on this we revise our assumed EPS to 5.78 and await Q3 for more guidance. This gives us a valuation range that puts its current MPS closer to the lower end of the range.

	2019	2020	2021	Val Range
EPS	5.95	6.05	5.78	=N=
PE High	8	6	6	34.68
PE Low	5	4	4	23.12

Dividend Yield Based Valuation

We adjust the DPS to reflect the change in EPS projection taking into account its payout ratio has been in the +45% range in the last 5 years. We obtain a valuation range that is at a premium at the high end and at a discount on the low end of the PER derived range.

	2019	2020	2021	Val Range
DPS	2.80	3.00	2.80	=N=
Yield High	9.06%	12.61%	12.61%	35.49
Yield Low	5.67%	7.89%	7.89%	22.20

Book Value Based Valuation

GTB has traded at a premium to BVPS at the high and low end in the last 3 years. We assume this will continue in 2021 and obtain a valuation range that is at a discount to the the DY and PER ranges at both ends.

	2019	2020	2021	Val Range
BVPS	18.99	22.23	19.43	=N=
PBV High	2.60	1.71	1.71	33.23
PBV Low	1.63	1.07	1.07	20.79

Summary

The 2-year chart shows a steep drop in its price to a low of N17 in March 2020 and an upward trend to a high of N38 in Nov 2020. The 1-year chart displays a downward movement since the high of N38 to current levels. The 10-day volume at 7m is below the 3-month volume at 9m. The 200-day is above the 50-day moving average with a very narrow gap between them. Its current price is trading in the middle of the 52-week high and low.

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