

NIGERIAN BREWERIES PLC, N50.60, November 24, 2021, BREWERIES



Nigerian Breweries 2-Year Stock Chart



Nigerian Breweries 1-Year Stock Chart

Earnings Based Valuation

NBL Q3 results shows topline decline and narrow margins, which causes us to revise our assumed EPS from N1.52 to N1.41 for the year. We await Q4 results for confirmation. Based on this we obtain a valuation range that puts the current MPS at a premium to the low end of the range.

	2019	2020	2021	Val Range
EPS	2.01	0.92	1.41	=N=
PE High	44	77	50	70.50
PE Low	24	27	27	38.07

Dividend Yield Based Valuation

NBL typically pays a DPS and seems to have kept its payout ratio above a 100% in the last 4 years. We assume the same range for 2021. This provides a price range that is higher than the PER derived number at the high end and lower at the low end.

	2019	2020	2021	Val Range
DPS	2.01	0.94	1.41	=N=
Yield High	4.37%	4.27%	4.27%	94.63
Yield Low	2.42%	1.49%	1.49%	33.02

Book Value Based Valuation

NBL continues to trade at a premium to BVPS. We assume this will be the case in 2021 and assume a premium at both the high and low end. This provides a valuation range that is at a discount to the DY derived range at the high end and at a premium at the low end. We see MPS trading above the low end of the range.

	2019	2020	2021	Val Range
BVPS	20.90	20.55	20.55	=N=
PBV High	3.98	3.08	3.98	81.79
PBV Low	2.20	1.07	2.20	45.21

Summary

NBL's 2 year chart shows an uptrend in its price to a high of N63 in November 2020 from a low of N22 in April 2020. The 1 year chart shows a choppy pattern with a continuous -ve movement in MPS in August 2021 to current levels. The 10-day volume at 3.2m is above the 3-month volume at 1.2m suggesting an increase in demand. The 50-day moving average is below the 200-day moving average. The current MPS is trading slightly above the low end of the 52 week high and low.

Phone: +234 708 319 0283



Email: apl@broadstreetlagos.com

