

UNITED BANK OF AFRICA PLC, 8.15, November 25, 2021, BANK



UBA 2-Year Stock Chart



UBA 1-Year Stock Chart

Earnings Based Valuation

Q3 results indicates strong topline growth, wide margins as well as +34% growth in PAT. This causes us to revise EPS assumptions boosting EPS from N2. to 3.41 for the rest of the year and await Q4 to affirm. This provides a valuation range that sees the MPS trading below the low end of the range.

	2019	2020	2021	Val Range
EPS	1.83	1.66	3.41	=N=
PE High	5	6	6	20.46
PE Low	3	3	3	10.23

Dividend Yield Based Valuation

UBA seem to have kept its payout ratio above 50% in the last 5 years with the exception of 2020 (27%). We assume a payout of 30% taking into account our EPS projections and await Q4 results to affirm. This provides a valuation range that approximates the PER derived range.

	2019	2020	2021	Val Range
DPS	1.00	0.45	1.00	=N=
Yield High	18.52%	10.23%	10.23%	20.58
Yield Low	11.90%	4.86%	4.86%	9.78

Book Value Based Valuation

UBA historically trades a discount to BVPS at both the high and low end. We assume this will be the case for 2021 and obtain a valuation range that is at a discount to the PER and DY derive numbers and sees the MPS trading closer to the high end of the valuation range.

	2019	2020	2021	Val Range
BVPS	11.86	13.52	15.93	=N=
PBV High	0.71	0.68	0.65	10.35
PBV Low	0.46	0.33	0.32	5.10

Summary

The 2-year chart shows a recovery from its low of N4.4 in April to a high of N9.75 in Dec 2020. The 1-year chart shows a reversal into a narrow band. However, a breakout from that band is visible to current levels. The 10-day volume at 5 m is higher than the 3-month volume at 10m which may suggest an decrease in demand. The 50-day is above the 200-day moving average with a narrow gap between them. The current price is trading in the middle of the 52-week high and low.

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