



# MOBIL OIL NIGERIA Q3 2016 24 NOVEMBER 2016

MPR: 14%  
Oct Inflation Rate: 18.33%  
Q3 GDP: -2.24%

TICKER MOBIL  
Price as at 22 Nov 2016 N199.02  
Target Price N234.51  
Recommendation ACCUMULATE

| Financial Summary   | Q3 2016 | Q3 2015 | Y-o-Y %Δ |
|---------------------|---------|---------|----------|
| Turnover            | 71,869  | 45,326  | 58.56%   |
| Gross Profit        | 11,926  | 8,208   | 45.30%   |
| Operating Expense   | 7,495   | 6,247   | 19.98%   |
| EBIT (Operating π)  | 8,369   | 5,307   | 57.71%   |
| PAT                 | 5,744   | 3,650   | 57.39%   |
| Total Assets        | 57,398  | 50,047  | 14.69%   |
| Total Liabilities   | 38,887  | 35,228  | 10.39%   |
| Shareholders' Funds | 18,511  | 14,819  | 24.91%   |

Source: Company Financials, Cowry Research

| Financial Ratios        | Q3 2016   | Q3 2015 | Industry Average |
|-------------------------|-----------|---------|------------------|
| Gross Profit Margin     | 16.59%    | 18.11%  | 12.27%           |
| Operating Profit Margin | 11.64%    | 11.71%  | 6.76%            |
| Return on Equity        | 34.47%    | 25.89%  | 22.95%           |
| Return on Total Assets  | 10.69%    | 7.45%   | 6.30%            |
| Interest Coverage Ratio | 28,659.90 | 46.61   | 4,784.67         |
| CCC                     | -17.32    | -26.92  | 33.41            |
| Quick Ratio             | 1.10      | 0.80    | 1.04             |
| Debt to Capital         | 0.00%     | 21.91%  | 26.25%           |
| Equity Multiplier       | 3.10      | 3.38    | 3.40             |

Source: Company Financials, Cowry Research

| Investment Ratios | Q3 2016 | Industry Average |
|-------------------|---------|------------------|
| EPS TTM           | 19.32   | 12.00            |
| F' EPS            | 21.24   | 13.52            |
| NAV               | 51.33   | 45.76            |
| EV/EBITDA         | 6.68    | 5.48             |
| PER TTM           | 10.30   | 9.20             |
| Weighted PER      | 2.67    | 12.14            |
| P/B               | 3.88    | 1.89             |
| Target Price      | 234.51  |                  |

Source: NSE, Company Financials, Cowry Research

Key: EPS – Earnings Per Share, TTM – Trailing Twelve Months, NAV – Net Asset Value, PER – Price to Earnings, F' – Quarterly Forecast

\* Estimated as some banks were yet to release their financials as at report time.

## Mobil Oil Nigeria Q3 2016 Profitability Beats Industry Peers...

Mobil Oil Nigeria Plc recorded a solid year-on-year financial performance despite economic headwinds which include an economic recession, scarce foreign exchange and rising inflation. Turnover increased by 58.56% to N71.87 billion while profit after tax rose 57.39% to N5.74 billion. Although gross profit margin fell – due to increased cost of goods sold – to 16.59% in Q3 2016 from 18.11% in Q3 2015, it was above industry average of 12.27% as were other profitability measures. Management efficiency was best in class as liquidity and solvency ratios beat industry averages. MOBIL's positive year-to-date stock performance of 24.39% beat the NSE ASI year-to-date negative return of -11.00%. Hence, despite its relatively expensive valuation, we assign an ACCUMULATE recommendation to shares of the downstream petroleum leader which is expected to beat the equities market in performance in the short term.

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