

# Flour Mills of Nigeria Plc.

## Resilient in 2017; But Not Particularly Rosy Going Forward

Despite the outperformance on revenue (10% more than Cordros' estimate), FLOURMILL's Q3-16/17 PBT came behind our forecast by 83%. The key outliers during the period were other operating losses (+36% ahead) and finance costs (+310% ahead). The former was impacted by foreign exchange loss while finance costs spiked with the increase in outstanding loans. Management attributed the forex loss to both the revaluation -- using market rates -- of the long standing real estate USD-denominated liability (USD20 million) and the settlement of trade payables (also denominated in USD). The spike in finance costs on the other hand was linked to higher interest borrowings to cater to incremental funding for forwards and deposit for imports.

As FLOURMILL sets to wrap the 2017FY, we see the robust y/y revenue growth experienced thus far extending into the final quarter. Although fourth quarter revenue has trailed the third quarter since 2015, and would likely be the case this year (we project -5%), we think the low base of Q4-15/16 makes another strong y/y revenue growth (we project 62%) very likely come end-March. Overall, we estimate 2017FY revenue growth to be north of 50% at N517.9 billion. Our latest Q4 revenue projection (N127.9 billion) is 4% ahead of the previous estimate.

That said, before the announcement of the Q3-16/17 earnings, we had projected FLOURMILL to report loss before tax (LBT) of N310.3 million in Q4-16/17 (consistent with the trend in the last three years) in recognition of the abnormally higher operating expenses (opex) usually reported in the final quarter. Whilst still expecting a relatively higher opex (although lower than the initial estimate) this year, LBT in Q4 has been revised higher to N2.7 billion on potentially bigger -- than previously expected -- FX loss (on continued depreciation of the naira exchange rate at autonomous markets) and finance costs (against a bigger gross debt).

Consequent upon the revisions, in addition to the weak performance (relative to our expectation) in the third quarter, we have revised 2017FY PAT lower to N5.7 billion (previously N7.5 billion). Notwithstanding, it bears noting that FLOURMILL impressed in 2017FY, coming from back-to-back losses in 2015FY and 2016FY (excluding one-off gains) and considering the challenging business environment.

### Long Term - Reiterating Investment Case

From solely flour milling, FLOURMILL has grown organically and inorganically to become Nigeria's largest consumer focused company. With strong market positioning in segments (1) having the capacity to adapt relatively to economic cycles and (2) favoured by Nigeria's demographic potential and spending patterns, we remain constructive on the company over the long term. This, as well as attractive valuation, makes investing in FLOURMILL for the long term compelling. However, it bears noting that FLOURMILL's share price may take longer to converge to our recommended price (1) as investors look for consistency in earnings recovery and (2) given the broadly subdued Nigerian consumer and equities story. Crucially, greater visibility on management's effort to significantly deleverage the company while focusing on driving returns from recent backward integration investments will act as a strong catalyst for recovery in the company's share price which has long been in slumber.

### Valuation

In this note, we roll forward our model for FLOURMILL to 2018FY. Notwithstanding, we cut target price to N49.24 (previously N51.71) having revised earnings growth estimates lower. Our new 12-month TP represents upside potential of 176.7% from current levels; consequently, we maintain our BUY recommendation on the stock. Trading on a forward PE of 4.1x and EV/EBITDA of 4.2x, FLOURMILL appears very attractive in our universe of Nigerian consumer companies, trading on 9.5x and 5.2x respectively on average.

# BUY

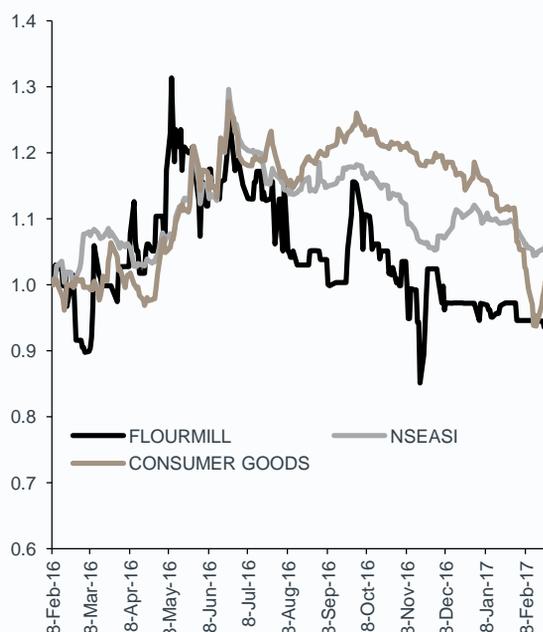
Target Price (N)	49.24
Current Price (N)	17.80
Implied Return (%)	176.65

### Company Data

NSE Code	FLOURMILL
Bloomberg Code	FLOURMILL:NL
Reuters Code	FLOURMILL.LG
Sector	CONSUMER GOODS
Market Cap. (N'bn)	46.71
Free Float (%)	47.82

Ratios	9M-17	9M-16	2017FY
Gross margin	13.72%	10.50%	13.50%
Opex margin	3.71%	4.90%	4.77%
EBIT margin	6.99%	4.41%	5.54%
PAT margin	1.90%	-1.44%	1.11%
RoAE	2.71%	24.82%	5.96%
EPS (N)	2.50	-1.40	2.18

### Price movement (FLOURMILL vs. Benchmark Indices)



Source: NSE, Bloomberg, Cordros research

**Short term - Not Particularly Rosy**

For a fact, FLOURMILL has shown resilience in the last one year of extremely difficult trading environment. In addition to surpassing the consumer goods sector average revenue growth, the company's gross margin (+322bps in 9M-16/17) has been less impacted by the prevailing galloping inflation, imported and domestic. Although details of product-by-product performance were undisclosed, management claimed that demand has been stable across the key divisions (single-digit volume growth YtD on aggregate), therefore enabling the enforcement of price increases with minimal resistance. Broadly, with the drop in disposable income resulting in increased consumer sensitivity to price changes, FLOURMILL's Food and Agro-allied business focus provides the company's products a fair insulation relative to other Non-Food consumer goods. But specifically relating to 2017FY, we think the improved visibility of FLOURMILL's new products (launched in the last 1-2 years), benefiting somewhat from the reduced competition from informal importers experiencing difficulty in sourcing dollars, have been supportive of both price and volume driven growth in revenue.

Fig 1: Gross Margin (basis point change in nine months) – FLOURMILL vs. Consumer Good Companies

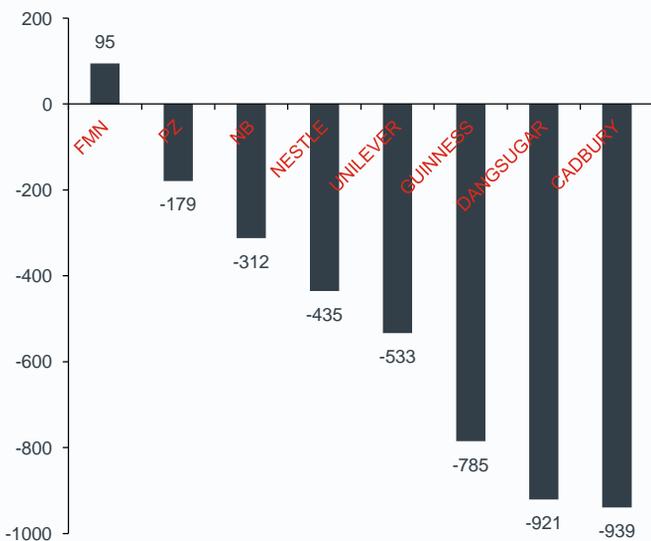
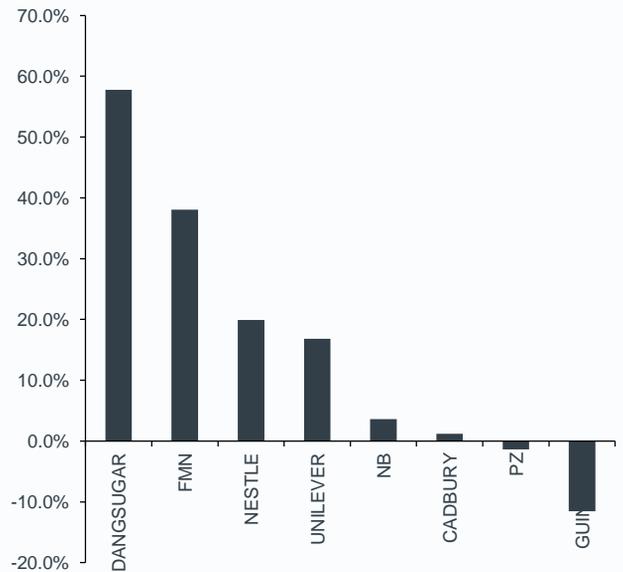


Fig 2: Revenue Growth – FLOURMILL vs. Consumer Goods Companies



Source: Company accounts, Cordros research estimates

\* Figures for FLOURMILL, GUINNESS and PZ were adjusted

While projecting revenue to grow comfortably north of 50% over 2017, we forecast growth to moderate to single-digit levels from 2018FY, as the effect of a low 2015/16 base disappears, leaving for better like-for-like comparison. For insight, following the 51% q/q rise in revenue in Q1 of the ongoing year, q/q growth tapered progressively to -1.1% in Q3. Looking forward, the less optimistic macroeconomic picture douses any expectation of meaningful recovery in aggregate demand between April 2017 and March 2018. Besides, given the extent of deterioration in consumer confidence experienced in the last one year (see CBN data below), we think a meaningful recovery in consumption expenditure will very much lag any macro improvement.

Fig 3: FLOURMILL - Revenue (N'bn) and Revenue Growth (%)

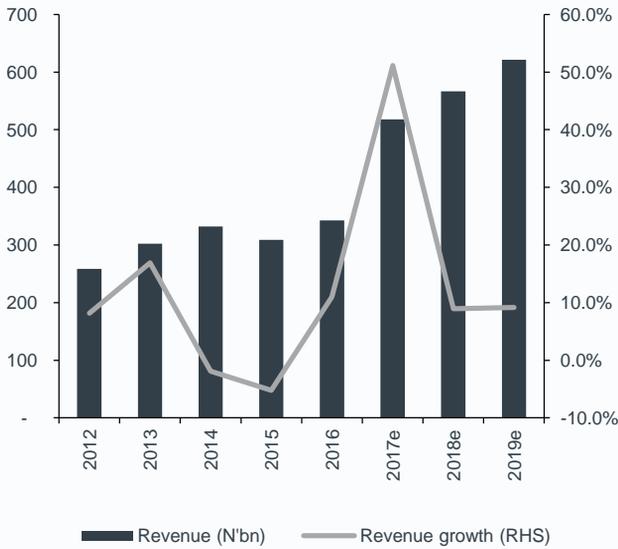
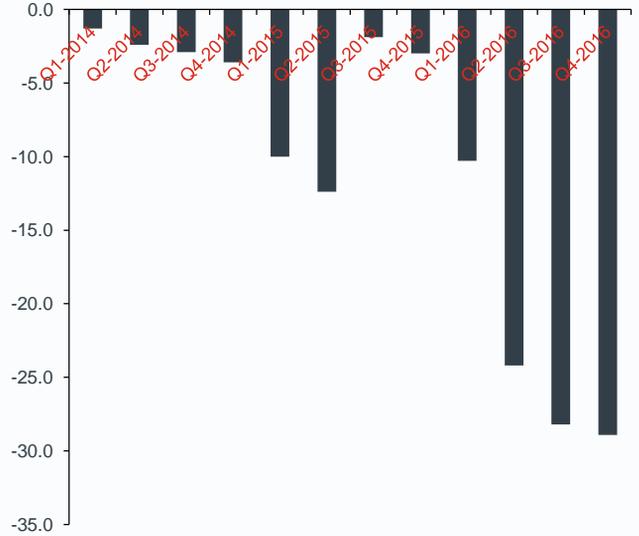


Fig 4: Nigeria – Consumer Expectations



Source: Company accounts, CBN, Cordros research estimates

That said, on the brighter side, pricing may play another important role in revenue growth in the year ahead, given that -- as discussed in our other commentaries -- consumer goods companies are still faced with the risk of higher operating costs relating to (1) high export demand for local grains, (2) FX fluctuation, and (3) stronger dollar, increase in oil and most likely, agricultural commodities prices. From 2019FY however, general elections -- which typically drive fiscal spending -- and the outcome could be of greater significance in the recovery of aggregate demand. In addition, the plan to expand exports (historically accounting for 1% of total revenue) is positive, both in terms of potential overall revenue growth and the generation of forex. Management said that exports (of food and packaging products to South and North Africa, and commodities to Asia) contributed to revenue in Q2-16/17, although details were not disclosed in the filing. Short term plan is to generate about 10% of total forex requirement from exports and the proportion should increase to 50% in the medium to long term.

**Margin Recovery to Face Tough Test**

We think the recovery of FLOURMILL's gross margin in 2017FY (to 13.72% in 9M-16/17 vs. 12.6% guided by management) following the record low levels reached in 2015FY (11.5%) and 2016FY (c.11%) will face tough test from 2018FY. Given the imminent risk of higher operating costs based on the factors highlighted above, the concern therefore is on how much of the costs FLOURMILL can pass on amid further squeeze on consumer disposable income.

To management, both proactive pricing and the substitution of imports are key strategies to mitigate the threat of rising costs on margins. Externally, the expected decline in wheat prices in 2018 (on favourable production conditions) should alleviate input cost pressure. On products pricing, we understand that margins are now reviewed weekly and extra costs (where they arise) are passed to consumers monthly. On import substitution, management noted that maize and soya beans (which are key inputs in the animal feeds and edible oil businesses) are now 100% sourced locally, and combined with the completion of backward integration programme (BIP) in the sugar business, will significantly reduce reliance on imports.

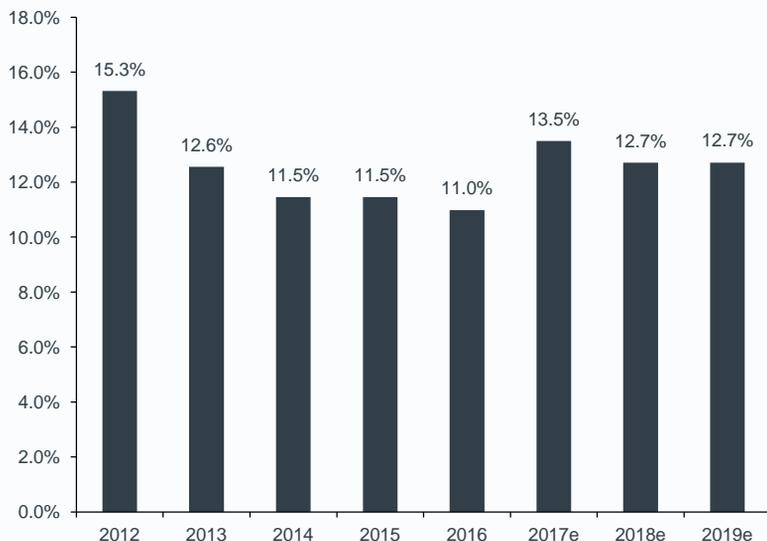
Acknowledging the above strategies, having noted the constraints to price increases, we also think the benefits of the BIP investments may take the next 2-3years to become fully visible. For example, our recent findings show that whilst maize and soya beans are

sourced locally, less than 10% of these inputs are obtained from FLOURMILL's proprietary farms. The deficit is currently filled by outgrowers who, in most cases, price their products in line with both the movement in exchange rate and international prices. FEWSNET reported that the FX-linked inflation witnessed in 2016 contributed to the more than 150% average y/y increase in local grain prices and signaled to likely elevated prices through the current marketing year.

On sugar, though the milling facility in Sunti will be commissioned in H2-2017, management told us recently that it is early to comment on the timeline for full scale farm-to-factory operation. Given the current tight lid on capex, and also taking into consideration the less aggressive pace of investment in the sugar industry as a whole, we think a material change in the ratio of FLOURMILL's local to imported raw sugar will take the next two years.

Finally, FLOURMILL's healthy Agro-allied margin (35.5% gross margin in 2016FY) faces potential threat from the FGN's plan to crash the retail prices of fertilizer. The Presidential Fertilizer Initiative (PFI), launched in December 2016, plans to locally produce 1 million metric tonnes of blended NPK Fertilizer in 2017. To achieve efficiency of production, about 65% of inputs for this initiative will be sourced locally, enabling for 30-40% reduction in retail prices, according to NAIC-NPK Limited (the Special Purpose Vehicle executing the initiative).

Fig 5: FLOURMILL - Gross Margins

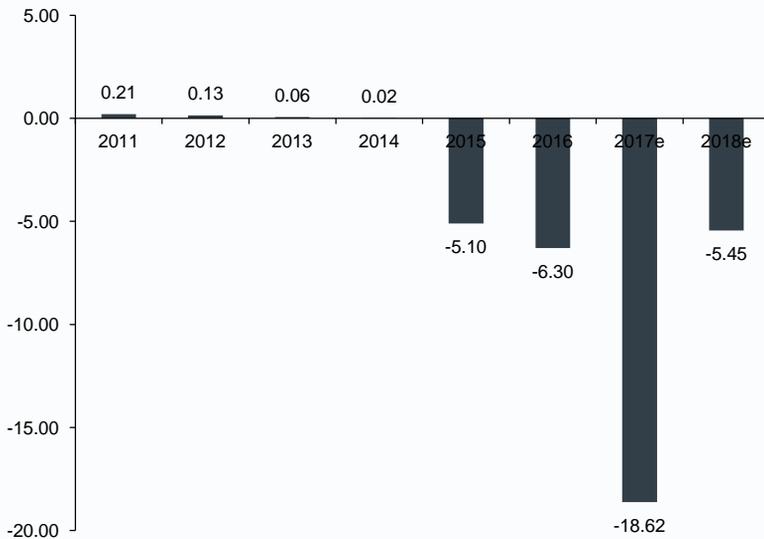


Source: Company accounts, Cordros research estimates

**Foreign Exchange Losses**

Asides from exchange rate fluctuations passing through to production costs, FLOURMILL's earnings are also exposed to FX losses on the long standing real estate USD-denominated liability (USD20 million) as experienced in 2017FY. Management stated that this USD facility contributed about half of the N13.3 billion FX loss reported in nine months of 2016/17. On the assumption that the facility will be valued at the much volatile market rate henceforth -- as was recently the case -- amid the lingering dollar liquidity challenges, we have -- alongside expected differences in the settlement of trade payables -- revised projections for exchange losses higher to net operating losses (from gains) over our forecast period.

Fig 6: FLOURMILL - Foreign Exchange Gain/(Loss) N'bn

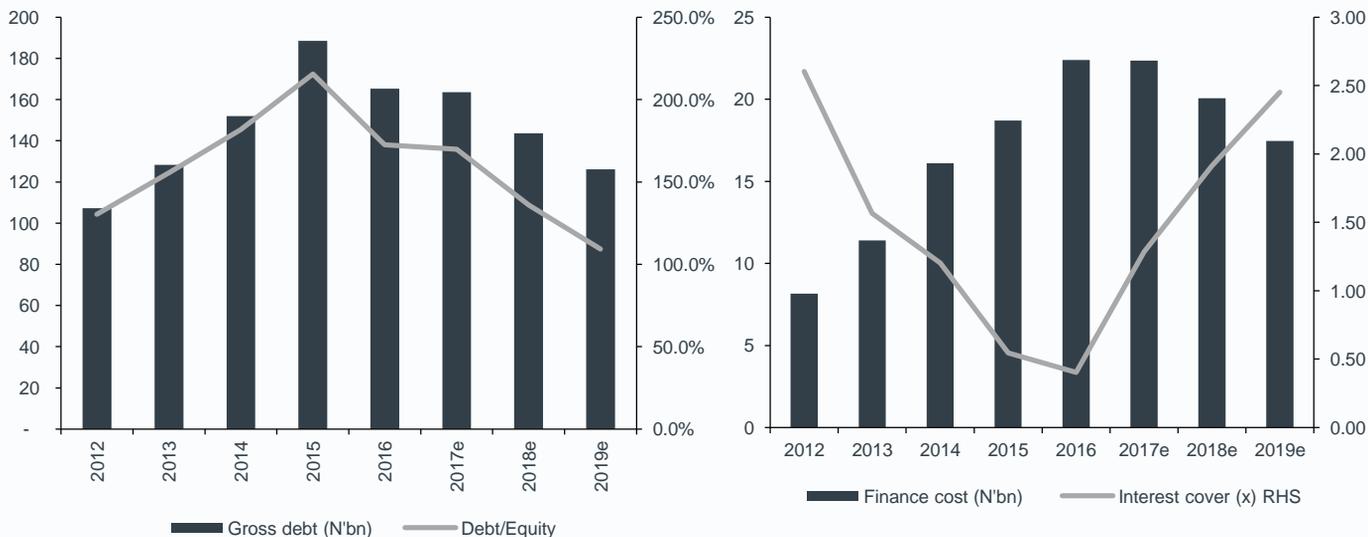


Source: Company accounts, Cordros research estimates

**Indecision Over Debt**

FLOURMILL's gross debt as at December ending was at record high of N233 billion. The amount, expected to normalize by March ending, was swelled by bridging facilities taken to fund forward contracts and deposit for imports. Excluding the N74.7 billion short term loans taken during the period, at N164 billion by year end (Cordros estimate), we think FLOURMILL's gross debt remains high. Ironically, cash balances (also benefitting from the proceeds of divestment from Unicem) have improved significantly, and capex is not expected to materially exceed N20 billion, yet it is difficult to ascertain how keen FLOURMILL's management is about aggressively winding down on borrowings. We understand a N100 billion commercial paper programme has been launched to refinance maturing short term loans.

Fig 7: FLOURMILL - Gross Debt (N'bn), Finance Cost (N'bn) and Solvency Ratios



Source: Company accounts, Cordros research estimates

Following the divestment from Unicem (N55 billion), the Board of FLOURMILL received shareholders approval to raise N40 billion equity capital via rights issues. Management had guided in 2015 that significant portion of the proceeds from both the asset sale and capital raise would be deployed to debt repayment. Such constructive decision could, by our estimate, reduce gross debt to near half of 2016FY's N165.3 billion. Importantly, the repayment of the USD loan would have removed volatility on the income statement by significantly reducing losses from currency depreciation to only those emanating from trade payables. Given that management considers the current situation of the local equities market still unfavourable for capital raise, amid the obvious indecisiveness over the utilization of the proceeds from Unicem, we think debt, and consequently, finance costs, will remain elevated in the medium term.

### Long Term - Reiterating Investment Case

From solely flour milling, FLOURMILL has grown organically and inorganically to become Nigeria's largest consumer focused company. With strong market positioning in segments (1) having the capacity to adapt relatively to economic cycles and (2) favoured by Nigeria's demographic potential and spending patterns, we remain constructive on the company over the long term. This, as well as attractive valuation, makes investing in FLOURMILL for the long term compelling. However, it bears noting that FLOURMILL's share price may take longer to converge to our recommended price (1) as investors look for consistency in earnings recovery and (2) given the broadly subdued Nigerian consumer and equities story. Crucially, greater visibility on management's effort to significantly deleverage the company while focusing on driving returns from recent backward integration investments will act as a strong catalyst for recovery in the company's share price which has long been in slumber.

**A Strong Nigerian Consumer Footprint** - This is perhaps the centre of FLOURMILL's investment case. Through its food and Agro-allied operations, FLOURMILL is strategically positioned to benefit from Nigeria's rich consumer potential. Over the last six years, significant portion of the Group's capital expenditure has been channeled to aggressively expanding and creating strong synergy between the Food and Agro-allied businesses. In the Food category, Nigeria's population growth prospect (especially the young and middle-age), changing taste, growing preference for convenience foods, and economic growth potential bode well for the Group. The Agro-allied category, on the other hand, should benefit from the huge domestic farm products supply deficit, coupled with the Nigerian government's effort to re-establish the country's agriculture dominance via the provision of adequate support and protection for investors. We believe that these two business categories -- largely protected from economic cyclicalities compared to the brewery, HPC and beverage drink consumer segments -- should provide a strong foundation for FLOURMILL's sustainable growth.

**A Diverse Business Model** - Aside Food and Agro-allied, the business of FLOURMILL's Group also includes logistics (road transportation), shipping/port operation (terminals and warehouses) and bags manufacturing, as well as real estate. These strategic business units - consisting entities incorporated as divisions and wholly-owned subsidiaries - should, by our estimate, collectively deliver N517 billion in revenue in 2017FY, the second biggest non-oil revenue on the Nigerian Stock Exchange. Although this multi-faceted business model has not simultaneously filtered into the earnings (FLOURMILL's EBITDA margin for example does not compare well with those of other big-name Nigerian consumer goods companies), the advantage of the play is in its capacity to broaden the Group's earnings sources in Africa's largest economy where output growth is driven by the non-oil sector. The diversification from the traditional business-to-business, albeit still in the early stages, to a business-to-consumer model will, in addition to driving revenue, reduce the dominance of low margin flour milling business.

**Strong Market Share across Business Categories** - Growth and expansion, through aggressive capex campaign, have earned FLOURMILL strong reputation in the markets for most of its product lines. For instance, the Group leads the wheat flour market with 44% share, and also ranks top of the pasta (50% market share), packaging (25% market share), and animal feeds (33% market share) markets. In the fertilizer industry, FLOURMILL is one of the largest suppliers (#2, according to management) in the country with 30% market share while management also claims that its noodles is currently #2 (20% market share) in the industry. With its 750,000MTs/yr sugar refining plant,

FLOURMILL is currently #2 in the industry in terms of installed capacity. FLOURMILL is equally the leading supplier of high quality cassava flour (HQCF) to both flour millers and other industrial/non-industrial consumers in Nigeria. Overall, the advantage of this leading role to the Group is the positioning ahead of other players in catering to the future growth of Nigeria's consumption per capita and consequently (backed by cost efficiencies), translates into earnings accretion in the long term.

**A Strong Value Chain** - An important step taken by FLOURMILL management over the last decade is the investment in BIPs. The move entails the establishment of businesses that have strategic links with the Group's existing operations. This initiative marked the beginning of the strong interest in agro-allied operation where its long term target is to ensure the Group is locally producing some of the raw materials needed to support its processing facilities. In this pursuit, the management estimates that about USD400 million has been invested in the last few years in agriculture holdings to develop different crop value chains, including soya beans, maize, sugar, rice and palm oil. Notably, aside wheat (the key raw material in producing flour and flour-related products) and \*NPK (for fertilizer) - which can only be imported - the Nigerian weather is suitable for the growth of raw materials required to produce other products (sugar, rice, edible oil and animal feeds) within FLOURMILL's Food and Agro-allied basket, given the right investment. Part of the plans for instance is to provide the animal feeds processing plants with both grains harvested from Kaboji farm, and the by-products of the flour and edible oil mills. In addition, Kaboji farm (where soybeans are grown) and Agri-Palm (oil palms plantation) are planned as the primary raw materials sources for the recently acquired edible oil processing facility. The initiative also requires Thai Farms to grow and process the entire HQCF that is blended into the Group's flour mix. Lastly, the ongoing project at the Sunti sugarcane plantation is in line with management long term plan to completely localize the sugar production and refining processes.

**Unattractive Efficiency and Profitability Ratios** - Compared to companies in the Brewery and FMCG space, FLOURMILL has the least appealing profit margins and investor return ratios, as shown in the table below. We find it important to highlight this factor considering the unrivaled contribution of equity capital to the Group's business expansion over the years. Although it can be argued that operational dynamics differ across the Nigerian consumer goods environment, we believe this point is noteworthy for discerning investors seeking the best possible returns in the broadly segmented and highly competitive local consumer markets. Essentially, volatility of the prices of imported raw materials (mainly wheat, used to produce flour which is the core driver of earnings) coupled with high level of competition (mainly due to unchecked imports) make it difficult for FLOURMILL to attract competitive profit margins. Over the years, earnings have largely survived on volume growth achieved through capacity expansions.

Fig 8: Efficiency and Profitability Ratios - FLOURMILL and Consumer Goods Companies

<b>FLOURMILL</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>GUINNESS</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Gross margin	15%	13%	11%	11%	11%	Gross margin	45%	46%	47%	47%	41%
EBITDA Margin	11%	9%	10%	7%	7%	EBITDA Margin	23%	25%	24%	23%	13%
PAT Margin	3%	2%	2%	3%	4%	PAT Margin	12%	10%	9%	7%	-2%
RoAE	12%	8%	6%	11%	16%	RoAE	36%	27%	21%	17%	-4%
<b>NB</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>NESTLE</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016e</b>
Gross margin	50%	51%	51%	48%	43%	Gross margin	43%	43%	43%	45%	40%
EBITDA Margin	33%	34%	34%	31%	26%	EBITDA Margin	26%	24%	24%	26%	23%
PAT Margin	15%	16%	16%	13%	9%	PAT Margin	18%	17%	16%	16%	4%
RoAE	44%	42%	30%	22%	17%	RoAE	74%	60%	58%	64%	22%
<b>CADBURY</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016e</b>	<b>UNILEVER</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016e</b>
Gross margin	33%	37%	27%	32%	21%	Gross margin	39%	37%	36%	36%	30%
EBITDA Margin	12%	20%	13%	12%	2%	EBITDA Margin	19%	16%	12%	11%	9%
PAT Margin	10%	17%	7%	4%	-3%	PAT Margin	10%	8%	4%	2%	2%
RoAE	9%	14%	7%	4%	-9%	RoAE	57%	49%	29%	15%	18%

Source: Company accounts, Cordros research estimates

**A Highly Geared Business** - High debt, and consequently finance charges, is a major investment case against FLOURMILL. Net debt to equity averaged 141% in the last five years. While debt was understandably accumulated to fund expansion, sadly, the proportion in the capital mix (debt to equity estimated at c.170% by end of 2017FY) has remained sticky in the last one year since management hinted on plans to commence a gradual reduction process. Amidst a lean margin business structure, elevated finance charges due to the obvious lack of commitment to wind down debt will continue to constrain the strength of FLOURMILL's profitability.

### Valuation

In this note, we roll forward our model for FLOURMILL to 2018FY. Notwithstanding, we cut target price to N49.24 (previously N51.71) having revised earnings growth estimates lower. Our new 12-month TP represents upside potential of 176.7% from current levels; consequently, we maintain our BUY recommendation on the stock. We arrived at our 12-month TP based on a discounted cash flow methodology. Trading on a forward PE of 4.1x and EV/EBITDA of 4.2x, FLOURMILL appears very attractive in our universe of Nigerian consumer companies, trading on 9.5x and 5.2x respectively on average..

### WACC assumptions

The assumptions from which we derived our WACC are as follows:

Risk-free rate (FGN 10-year bond)	16.70%
Market risk premium	3.30%
Long-term growth	4%
Stock beta	0.68
Cost of equity of	18.94%
After tax cost of debt	9.41%
<b>Weighted average cost of capital (WACC)</b>	<b>12.06%</b>

Source: Cordros research estimates

# Financial Statement (N'billion).

Income Statement (N'bn)						Profitability Ratios					
	2014a	2015a	2016a	2017e	2018e		2014a	2015a	2016a	2017e	2018e
Revenue	332.1	308.8	342.6	517.9	564.2	Gross profit margin	13.1%	11.5%	11.0%	13.5%	12.7%
Cost of sales	-288.5	-273.4	-305.0	-448.0	-492.5	EBITDA margin	9.5%	7.2%	6.9%	7.5%	8.9%
Gross profit	43.7	35.4	37.6	69.9	71.7	Operating profit margin	5.8%	3.3%	2.6%	5.5%	6.8%
Operating expenses	-28.2	-24.5	-20.9	-24.7	-29.7	PBT margin	2.5%	2.5%	3.4%	1.5%	3.5%
Other operating income	3.9	-0.7	-7.7	-16.5	-3.8	Net profit margin	1.6%	2.7%	4.2%	1.1%	2.4%
Operating profit	19.4	10.2	9.1	28.7	38.2	RoAE	6.0%	9.9%	15.7%	6.0%	13.5%
Investment income	5.0	2.3	1.1	1.3	1.3	RoAA	1.7%	2.7%	4.2%	1.4%	2.8%
Finance costs	-16.1	-18.7	-22.4	-22.4	-20.1						
Profit before tax	8.2	7.7	11.5	7.6	19.5	Liquidity Ratios					
Taxation	-2.9	0.7	2.9	-1.9	-5.8	Working capital (N'bn)	-27.8	-55.6	-58.4	-29.7	-34.9
<b>Profit after tax</b>	<b>5.4</b>	<b>8.5</b>	<b>14.4</b>	<b>5.7</b>	<b>13.6</b>	Current ratio	0.8x	0.7x	0.7x	0.9x	0.9x
						Quick ratio	0.3x	0.3x	0.4x	0.5x	0.5x
						Cash ratio	0.1x	0.2x	0.2x	0.2x	0.2x
Financial Position (N'bn)						Efficiency Ratios					
	2014a	2015a	2016a	2017e	2018e		2014a	2015a	2016a	2017e	2018e
Property, plant, equipment	169.3	208.9	213.6	213.0	222.0	Fixed assets turnover	2.0x	1.5x	1.6x	2.4x	2.5x
Investments	7.8	0.0	0.0	0.1	0.1	Current assets turnover	3.3x	2.5x	2.7x	2.1x	2.2x
Deferred tax assets	0.0	0.0	0.1	0.2	0.2	Total assets turnover	1.1x	0.9x	1.0x	1.1x	1.2x
Goodwill	4.7	4.6	4.9	4.8	4.9	Inventory turnover	4.5x	4.1x	4.8x	5.3x	4.4x
Biological assets	0.6	0.1	0.4	0.3	0.4	Receivables turnover	19.3x	20.0x	20.0x	29.9x	35.3x
Other long term assets	1.9	1.7	1.7	1.6	1.7	Payables turnover	6.5x	7.5x	7.2x	5.7x	4.5x
Long term receivables	11.5	3.9	0.0	0.0	1.0	Days inventory outstanding	82	88	76	68	83
<b>Non-current assets</b>	<b>195.7</b>	<b>219.2</b>	<b>220.7</b>	<b>220.0</b>	<b>229.2</b>	Days collection/sales outstanding	19	18	18	12	10
Inventories	63.7	68.4	58.7	109.2	113.8	Days payable outstanding	20	21	23	13	12
Biological assets	0.1	0.4	0.2	0.1	0.1	Cash conversion cycle	81	86	72	68	81
Trade and other receivables	15.5	15.4	19.0	15.6	16.3						
Amount from related coys	0.7	1.7	0.0	0.0	0.0	Investment Ratios					
Non-current asset for sale	0.0	3.5	0.0	0.0	0.0	Earnings per share (N)	2.3	3.2	5.5	2.2	5.2
Other assets	4.0	3.1	0.0	0.0	0.0	Dividend per share (N)	2.1	2.1	1.0	1.7	3.4
Deposit for FCY/imports	0.0	0.0	13.6	61.9	64.5	Payout	93%	65%	18%	80%	65%
Cash and bank balances	16.8	31.1	33.2	63.9	66.6	Dividend yield	1.0%	6.0%	5.2%	9.8%	19.0%
<b>Current assets</b>	<b>100.8</b>	<b>123.6</b>	<b>124.7</b>	<b>250.8</b>	<b>261.4</b>						
<b>Total Assets</b>	<b>296.6</b>	<b>342.8</b>	<b>345.3</b>	<b>470.8</b>	<b>490.6</b>						
Trade and other payables	38.1	34.6	50.4	105.9	110.9						
Customer deposits	0.0	8.1	11.0	70.6	95.4						
Bank OD	0.0	59.7	16.4	26.9	22.6						
Borrowings	76.4	54.2	100.8	70.6	60.7						
Unsecured fixed rate bond	10.4	19.2	0.0	0.0	1.0						
Deferred revenue	0.9	1.5	1.1	1.6	1.7						
Current tax liabilities	2.7	1.8	1.3	2.0	2.1						
Dividend payable	0.1	0.1	1.9	2.9	3.0						
<b>Current liabilities</b>	<b>128.7</b>	<b>179.2</b>	<b>183.0</b>	<b>280.5</b>	<b>296.3</b>						
Borrowings	48.6	55.3	48.0	66.1	60.3						
Unsecured fixed rate bond	16.5	0.0	0.0	0.0	1.0						
Deferred revenue	3.1	7.2	7.1	10.6	11.0						
Deferred tax liabilities	11.1	9.2	5.8	8.7	8.9						
Retirement benefit obligation	3.7	3.2	4.1	6.1	6.3						
Long service award	1.3	1.3	1.6	2.4	2.5						
<b>Non-current liabilities</b>	<b>84.3</b>	<b>76.2</b>	<b>66.5</b>	<b>93.9</b>	<b>88.9</b>						
<b>Total Liabilities</b>	<b>213.0</b>	<b>255.4</b>	<b>249.6</b>	<b>374.4</b>	<b>385.2</b>						
Equity (N'bn)											
Share capital	1.2	1.3	1.3	1.3	1.3						
Share premium	36.8	36.8	36.8	36.8	36.8						
Fixed assets revaluation	0.0	0.0	-0.1	0.0	0.0						
Capital reserves	0.3	0.3	0.0	0.3	0.3						
Retained earnings	41.6	45.9	54.9	55.1	64.2						
Non-controlling interests	3.6	3.1	2.8	2.8	2.8						
<b>Total Equity</b>	<b>83.6</b>	<b>87.4</b>	<b>95.8</b>	<b>96.3</b>	<b>105.4</b>						

Source: Company accounts, Cordros research estimates

# Disclosures

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