

Week beginning 07-Aug-17

BANKS	Rating	Price Target (N)	Price (N)	Potential Up/Downside	P/E (x) 2016	P/E (x) 2017E	P/B (x) 2016	P/B (x) 2017E	EPS gr. 2016 (y/y)	EPS gr. 2017E (y/y)	ROAE 2016	Div Yield 2017E
ACCESS	BUY	12.19	10.02	21.7%	2.3	2.9	0.4	0.5	-5.7%	37.6%	17.4%	7.0%
FBNH	HOLD	6.41	6.22	3.1%	7.0	8.8	0.2	0.4	11.6%	47.9%	3.0%	4.8%
GUARANTY	HOLD	38.57	40.00	-3.6%	5.3	7.4	1.4	2.1	33.0%	15.4%	28.8%	5.3%
UBA	HOLD	11.25	9.81	14.7%	2.3	4.6	0.4	0.6	11.2%	7.5%	18.5%	8.2%
ZENITHBANK	BUY	30.63	25.20	21.5%	3.6	5.5	0.7	1.0	22.6%	12.1%	20.0%	8.1%
AVERAGE		19.81	18.25	11.5%	4.1	5.8	0.6	0.9	14.6%	24.1%	17.5%	6.7%

CEMENT	Rating	Price Target (N)	Price (N)	Potential Up/Downside	EV/SALES (x) 2016	EV/EBITDA (x) 2016	EV/EBITDA (x) 2017E	P/E (x) FY 2016	P/E (x) FY 2017E	EPS gr. FY 2016/15	EPS gr. FY 2017E/16	Div Yield 2017E
CCNN	SELL	7.47	9.84	-24.1%	0.2	0.9	0.6	5.0	5.5	4.2%	78.3%	0.0%
DANGCEM	HOLD	221.31	242.00	-8.5%	5.2	12.5	7.7	15.3	15.8	4.4%	35.3%	4.8%
WAPCO	BUY	87.44	59.00	48.2%	2.4	17.5	7.4	13.0	12.0	-45.1%	56.5%	4.2%
AVERAGE		105.41	103.6	5.2%	2.6	10.3	5.2	11.1	11.1	-12.2%	56.7%	3.0%

CONSUMER GOODS	Rating	Price Target (N)	Price (N)	Potential Up/Downside	EV/SALES (x) 2016	EV/EBITDA (x) 2016	EV/EBITDA (x) 2017E	P/E (x) FY 2016	P/E (x) FY 2017E	EPS gr. FY 2016/15	EPS gr. FY 2017E/16	Div Yield 2017E
CADBURY	SELL	9.18	11.80	-22.2%	0.5	21.8	11.6	-65.2	4105.1	-125.7%	-101.8%	0.0%
DANGSUGAR	HOLD	13.69	14.91	-8.2%	0.4	3.0	1.8	5.1	7.3	24.8%	69.6%	7.1%
FLOURMILL*	HOLD	28.80	30.00	-4.0%	0.4	4.2	4.4	6.1	10.1	-44.8%	-1.8%	6.5%
GUINNESS*	HOLD	80.02	72.0	11.1%	1.9	14.8	12.3	-62.0	-31.2	-125.9%	72.6%	4.4%
NB	SELL	127.44	175.65	-27.4%	3.8	14.3	10.7	41.3	29.9	-25.3%	64.0%	3.3%
NESTLE	SELL	830.00	1,026.42	-19.1%	3.5	14.5	10.6	81.0	23.8	-66.6%	331.4%	4.1%
PZ*	SELL	14.29	24.98	-42.8%	1.1	13.3	10.8	30.9	31.3	-54.0%	69.9%	2.8%
UNILEVER	SELL	35.92	41.00	-12.4%	2.0	16.9	9.3	43.1	20.7	157.6%	143.9%	1.0%
AVERAGE		142.42	174.60	-15.6%	1.7	12.8	8.9	10.0	524.6	-32.5%	81.0%	3.6%

*Multiples for GUINNESS, FMN and PZ are a year ahead due to end-June, March and May year ends respectively

**Under Review

Source: Bloomberg, Cordros Research estimates

CADBURY NIGERIA PLC (CADBURY) – SELL

- The shares of CADBURY advanced by 12.92% last week to close at N11.80. CADBURY trades at a significant forward PE above its 5-year historical average of 24.9x.
- Q2-17 revenue was below of our estimate by 10% while loss after tax was reported, against the profit (N120 million) we had forecasted. Revenue grew by 20.6% y/y, as relatively higher average prices compensated for weak sales volume. Also on the positive, opex fell by 4.5% y/y while opex margin contracted by 676 bps relative to Q2-16, consistent with the low spending in 2016FY (+1.6% y/y). That said, a loss after tax of N860 million was reported (vs. loss of N530 million in Q2-16), owing to weaker gross margin (-722 bps y/y).
- We revise earnings estimates significantly lower largely to reflect the weaker than earnings reported YtD. In addition to revenue growth expected to trail the industry trend, the company's margins are unlikely to recover. The situation is further compounded by lack visibility from management.
- We forecast a marginal revenue growth of 6.2% over 2017F (previously 15.2%), to be driven by relatively higher average prices. Management had said at the beginning of the year that it will support sales over 2017 by (1) driving efficiency from the newly commissioned, larger Bournvita production facility and (2) strengthening RTM initiative by leveraging on the remodeled sales force scheme to improve visibility of products. We had expected the price hikes implemented after Q1, in addition to the less inflationary environment (the FX crisis experienced between January and early February has subsided significantly), to drive recovery in gross margin as from Q2. However, with the reported margin of 17.4% significantly missing our estimate of 26%, we have revised overall estimate for 2017FY lower to 23.6%, from 25.8%.

DANGOTE SUGAR REFINERY PLC (DANGSUGAR) – HOLD

- The shares of DANGSUGAR surged 37.29% last week to close at N14.91. DANGSUGAR trades at forward PE of 7.3x, below its 5-year historical average of 7.5x.
- Q2-17 revenue (56.3% y/y), EBITDA (173.1% y/y), and PAT (205.3% y/y) were well-ahead of Q2-16. The revenue growth was driven by the still significantly higher average price (88% y/y), which more than compensated for lower sales volume (17% y/y). Also positively impacting PAT was the significant increases in (1) gross margin (1900 bps q/q and 1332 bps y/y) and (2) investment income (475%). In addition, an amount of N160 million was reported as fair value adjustment on biological assets, compared to N70 million in Q2-16. We note that the gross margin realized during the period, mirroring the YtD moderation of raw sugar prices and lower energy costs, was significantly ahead of the 20% guided by management.
- We make the following changes to our estimates following better-than-anticipated Q2-17 result (1) -8% for sales volume (previously -20%) and (2) 16.7% gross margin (previously 14.7%). These translate to 39%, 71%, and 68% revenue, EBITDA, and EPS growth respectively, over 2016FY.
- On the 2016FY earnings call, management said it plans to achieve 20% gross margin in 2017F (vs. 13.5% in 2016FY), assuming (1) forex is purchased at a relatively lower average rate and (2) higher output is realized from Savannah where margins are higher. We should also add that the moderation of raw sugar price YtD and seemingly reduced energy costs will be margin accretive. But that said, we believe the margin guidance is quite ambitious. The N20,000 per tonne reduction of selling price implemented in March partly offsets savings from lower raw sugar import price. Besides, we will look for stability in gas supply to the refining plants, before strongly factoring in the decrease achieved in Q2 into our estimates.

FLOUR MILLS OF NIGERIA PLC – HOLD

- The shares of FLOURMILL appreciated 3.45% last week to close at N30.00. FLOURMILL trades at 2018 PE of 10.1x, below its 5-year average of 19x.
- Q4-16 PBT of N179 million (vs. N1.5 billion in Q3) was reported, despite a net operating gain of N10.3 billion (vs. N11.8 billion loss as at end-December, owing to FX gain of N7.54 billion). During the period, the net operating gain and a 70.5% y/y growth were muted by a significant finance charge of N14.8 billion (the group's highest in a quarter), 287 bps y/y and 279 bps q/q declines in gross margin to 9.8%, and 74% q/q increase in opex to the year's peak of N9.3 billion. However, owing to the strong 9-months performance, the company reported its first operational profit of N10.47 billion in two years.
- High debt, and consequently finance charges, is a major investment case against FLOURMILL. And we believe this is one of the reasons investors remain skeptical about the group's growth outlook, notwithstanding the visible results from its diversified business model. The group closed 2017FY with gross debt of N241.6 billion, from N165 billion in 2016FY. Included in the debt is a long standing real estate USD-denominated liability (USD20 million) which exposes the group's earnings to the risk of FX volatility.

- This is after management had mentioned on several occasions (in the last two years), plans to deleverage the group's balance sheet using (1) part of the proceeds (+N50 billion) from the sale of UNICEM, (2) equity capital raise via rights issue of N30 billion, and (3) cash generated from the growing revenue. Even at the recent 2017FY result analysts call, management did not sound sufficiently convincing on the way forward on restructuring the humongous debt. Hence, while we revise operating profit higher to N41.9 billion in 2018F, we cut PBT materially down to N7.82 billion (previously N13.6) to reflect the impact of revising financing cost to N32.32 billion (previously N20.1).
- The lingering debt concern obviously takes the shine off the results of the group's effort at growing revenue. Revenue at the end of 2017FY is almost 2x the amount in 2013FY, being the result of (1) consolidating the group's strong market position across the traditional product lines (flour milling, pasta, animal feeds, fertilizer, packaging, and noodles) and (2) the introduction of new products (sugar, edible oil, margarine, breakfast cereal, and snacks). Overall, we view the company's investment in segments (1) having the capacity to adapt relatively to economic cycles and (2) favoured by Nigeria's demographic potential and spending patterns, as constructive for the long term.

GUINNESS NIGERIA PLC – HOLD

- The shares of GUINNESS gained by 10.68% last week to close at N72.00. GUINNESS trades at 2018 PE of 31.2x, above its 5-year average of 27.7x.
- GUINNESS released Q3-17 results, and surprised with a record gross margin (54.71%) recovery that was by far the biggest contributor to the company's first quarterly profit in exactly one year. Also supporting the PAT of N2.1 billion reported during the period was a 53.6% y/y increase in revenue. The high double-digit y/y revenue growth mainly reflects the impact of higher mean price, in addition to GUINNESS' renewed commitment to RTM (especially at the retail end), higher export sales (224% y/y), broader products portfolio (e.g spirits and the launch of Guinness Herbs), and the resilience of value brands (Satzbrau and Dabic Malt).
- We revise earnings estimates slightly higher largely to reflect stronger revenue growth on aggressive RTM drive. From 2%, we increase 2018F revenue growth forecast to 11.2%. 2017 YtD revenue growth stood at 29% (we forecast 27% for 2017FY), potentially the group's highest since 2009, on (1) higher products prices, (2) increase in sales from export, (3) spirit expansion, and (4) growth in affordable beer. Over the last two years, the group's approach to both competition and the changed dynamics of the industry is a notable improvement from the old layback strategy.
- Our upward revision of gross margin estimate to 32% (from 28.2%, but low historical average of 45%) following the Q3 result largely considered the impact of pricing and stable FX. A more aggressive adjustment of gross margin to the level the company achieved in Q3 is constrained by limited visibility around the aforementioned productivity programs. More so, key raw material input prices have risen YtD (barley +37%) and consumers are expected to remain favourably disposed to the low margin value brands.

NIGERIAN BREWERIES PLC – SELL

- The shares of NB appreciated by 2.35% last week to close at N175.65. NB trades at forward PE of 29.9x, below its 5-year average of 31.5x.
- Q2-17 result impressed on two main fronts: (1) 12.4% y/y revenue growth and (2) 100 bps q/q expansion of gross margin. Revenue was below our estimate by 6% while gross margin beat our estimate by 100 bps. Both the revenue and gross margin growth reflect the impact of higher price. Also on the positive, the lower y/y finance charges strongly validated easing FX headwind for the group. EBITDA and net profit consequently grew by 12% and 43% respectively. We note however, the significant q/q increase in FX losses (to N2.4 billion, from N583 million in Q1), suggesting to us, a possible revaluation of liabilities using higher exchange rate. Revenue contracted q/q for the first time in recent years, in Q2, a signal that price increases may have taken a strong toll on sales volume.
- From 17.1%, we increase 2017F revenue growth forecast to 18.2% on the recent implementation of price increase. We confirmed from our routine checks that the prices of Life, Goldberg, Star, Maltina, Amstel Malta, Turbo King, and William were increased in June, effective July. We consider the price hikes a necessary support for the historically low Q3 revenue, more so that the increase -- by a low margin of between N2-N3/bottle -- is not expected to have major downside impact on end-user demand, in our view. Overall, we think decline in volume (mid single-digit in Q1) will significantly trail the upward movement of prices this year. Over 2018-19F, we retain our conservative 5% growth forecast as competition remains intense in the industry and the effects of price hikes wane.
- We restrained from adjusting gross margin higher for the reduced FX volatility and the recent price increase, given the rising price of key raw material inputs. For insight, the price of barley is up 37% YtD (27% in Q2) while sorghum prices have increased marginally YtD. And while acknowledging the broadly improved economic activity, we note that in this segment

of the consumer market, consumers are expected to remain favourably disposed to the low margin value brands.

- N7.6 billion FX loss was reported in 2016FY under an extreme currency crisis. While noting the uneasy FX environment, we think the possibility of another major FX loss is low, considering the central bank's present line of actions which are supported by stronger external reserve. That said, on our suspicion that the huge increase in FX loss in Q2 was on the back of the revaluation of liabilities at the NAFEX rate, we have increased estimate for 2017FY finance charges to N11.1 billion (previously N7.3 billion).

NESTLE NIGERIA PLC – SELL

- The shares of NESTLE rose by 2.31% last week to close at N1,026.42. NESTLE trades at 12-M PE of 23.8x, below its 5-year average of 43x.
- Q2-17 revenue grew by 37.1% y/y and while a profit of N8.2 billion was reported, compared to a loss of N6.2 billion same period of the previous year. Following last year's cost inflation which depressed margins, NESTLE has been quite aggressive with implementing price increases, hence the revenue growth. A noteworthy positive in the result is the 717 bps y/y and 250 bps q/q recovery in gross margin to 40.9%, ahead of our 40% estimate. We note possible savings from the significantly reduced FX volatility in this regard. That said, while financing cost was lower by 58.5% y/y, we note that the FX loss of N4.1 billion recognized during the period was higher than the N1.03 billion recognized in Q1-17, suggesting to us that the group may have valued the interest on its USD borrowings using the NAFEX rate of N366 (against interbank rate of N305 in Q1).
- We revise earnings estimates higher largely to reflect both a stronger-than-anticipated earnings thus far this year, and an improved consumer outlook compared to the beginning of the year. We increase top-line growth for 2017F to 40% (previously c.32%) but retain the 10% average growth forecast over 2018-19F. We believe the group's leading position across the various product offerings positions it to benefit from the recovering consumption demand. NESTLE's approach to offering its products even in smaller packages that encourages affordability by consumers across the socioeconomic pyramid is crucial to remaining resilient in a gradually recovering economy. And importantly, we believe it is vital to the planned expansion of distribution networks in the South East and South-South regions where affordability is a core part of consumption decision.
- Our expectation of modest margin recovery follows (1) unchanged prices after the increases implemented in the first quarter, (2) less inflationary environment on subdued FX volatility, amidst (3) the moderation of core raw material input prices (cocoa -8% YtD and sugar -23% YtD). Notably, demand pressure on domestic agricultural commodities -- from where NESTLE secures most of its inputs -- has subsided, as the stability of the local currency has reduced the attraction for exports to neighbouring countries. In light of the above, we believe our gross margin forecast of c.40% for 2017-19F is conservative enough. Management's plan is to continue to focus on internal cost saving initiatives, including an investment model that focuses on low cost, affordable products.

PZ CUSSENS NIGERIA PLC – SELL

- The shares of PZ gained by 7.21% last week to close at N24.98. PZ trades at 2018 PE of 31.3x, below its 5-year average of 37.3x.
- PZ's Q3-16/17 result showed further improvement in profitability (from the loss reported in the first quarter) with 117% y/y and 46% q/q PAT growth respectively. The PAT (N1.89 billion) beat our estimate (N764.4 million) by a wide margin, primarily on higher-than-expected revenue (20% variance).
- The relatively lower COS and opex margins also accounted for the variance between the reported PAT and our estimate. By revising Q4-16/17 estimate higher, and accounting for the positive surprise in the third quarter, we have increased 2017 PAT to N3.36 billion (previously N1.19 billion). PZ has implemented aggressive price hikes which, in addition to restoring margin to parity with historical levels, have positioned revenue to grow at the highest since 2009.
- That said, it is unlikely that PZ will replicate 2017 performance next year. We expect revenue growth will be weaker as price increases slow down, and yet, demand in the Personal Care and Electrical divisions take time to recover. In addition, PZ's linkage to FX volatility via imports remains substantial, and save for major improvement in NGN/USD exchange rate or the moderation of raw material input prices, there are no visible internal measures that would lower production costs in the short term.
- We rolled forward valuation to 2018 and revised TP to N14.29 (previously N10.41). PZ's stock has appreciated with the broad rally on the local, and currently trades at 33.53% premium to our TP, as such, we recommend a SELL.

UNILEVER NIGERIA PLC – SELL

- The shares of UNILEVER gained by 6.00% last week to close at N41.00. UNILEVER trades at forward PE of 20.7x, below its 5-year average of 61.8x.
- Q2-17 revenue and net profit grew by 58% and 3873% y/y respectively. Compared to Q1-17, revenue grew 3.4% while net profit increased by 29.4%. While revenue continues to benefit from the increase in the prices of key products, recent results suggest that the company is increasing market share. In addition to robust revenue growth, earnings was supported by a strong rebound in gross margin to 33.2%, driven by pricing actions, positive mix, and importantly, exchange rate-linked cost savings. Also during the period, opex declined by 2.4% y/y on continued low branding/marketing expenses, and while financing costs increased by 186.6% y/y, the impact was muted by the strong revenue growth and efficiency gains.
- We revise earnings estimates higher largely to reflect both a stronger-than-anticipated earnings thus far this year, and an improved consumer outlook compared to the beginning of the year. From a record low in 2015FY, earnings recovered impressively in 2016FY (158% growth), notwithstanding the difficult operating environment.
- We revise 2017F net profit higher to N7.48 billion (previously N4.56 billion) on a more optimistic consumer outlook as an enabler for the company to consolidate the YtD strong performance. In arriving at our new earnings forecast, we (1) revised revenue growth estimate higher to 33.4% (previously 27.1%), (2) increased gross margin to 30.4% (previously 28.1%), and (3) reduced opex to N16.14 billion (previously N16.85 billion).
- We like the fact that the company has been able to make up for pressured margins and leverage challenges with revenue growth and well-contained opex. The top-line growth, in our view, is a reflection of UNILEVER's (1) broad product portfolio -- through constant innovation -- of primarily staples, (2) increased products visibility following years of strong promotional activities, (3) products packaged in packs that encourage affordability across categories of consumers, (4) broad distribution network aiding nationwide availability, and (5) improved penetration to the North East of the country..
- Shareholders had approved in May, the application parent company loan towards payment for the shares subscribed for by the parent under the ongoing Rights Issue. On completion of the capital raise, we expect total debt will be reduced from the current N24 billion to only the N702.7 million due to the BoI, potentially driving significant decline in financing costs from 2018.

DANGOTE CEMENT PLC – HOLD

- The shares of DANGCEM rose by 2.76% last week to close at N242.00. DANGCEM trades at forward PE of 15.8x, below its 5-year average of 17.2x.
- Q2-17 revenue (34.8% y/y), EBITDA (67.5% y/y), and PAT (45.1% y/y) growth was recorded at the group level. The revenue growth was underpinned by higher average prices (58% y/y), which more than compensated for the decline in volume (14.6% y/y). In Nigeria, cement prices are higher by 75% y/y, offsetting the 28% decline in volume while pan-African volume grew by 9% y/y, despite prices being 42% higher compared to same period of 2016. The group gross and EBITDA margins of 56.1% and 49.2% respectively were ahead of Q2-16's 49.2% and 39.6%, mirroring the significant increases achieved in Nigeria (1,311 bps y/y and 1,300 bps y/y). Nigerian EBITDA grew by 59.4% y/y while PAT declined by 38.8% y/y (owing to significantly higher net FX gain recognized the prior year). But while pan-Africa EBITDA grew by a robust 165.4% y/y, the bottom line remained plagued by higher depreciation charges and FX losses.
- We revise earnings estimates higher largely to reflect the impact of additional price increase (in Nigeria) in April (N1,500/tonne), higher than expected FX gain on the revaluation of assets (on USD/NGN of N325 vs. N310 previously), and importantly, better-than-expected progress achieved from the energy diversification program in Nigeria.
- Since the unexpected FX-induced poor performance across the industry in Q3-16, DANGCEM's earnings have recovered quite impressively, and in our view that compared to peers (notwithstanding the dragging non-Nigerian business), the group is currently best positioned to derive stable growth over the medium term. The group dominates its largest market, Nigeria, and has increased market share commendably within short period sojourning offshore. Besides from the ability to set prices in Nigeria, the group's effective cost management is constructive, hence the superior margins and returns. Following the better-than-expected H1, we revise 2017F earnings growth forecast higher to 40% (previously 19%), but reduce growth estimates over 2018-19 to 9% average p.a (previously 13%).

- In the Q2 earnings call, DANGCEM's management said the group might consider refinancing the short term loans (into longer term loans) due to the parent (Dangote Industries Limited --DIL) via the issuance of Eurobond, as opposed to raising debt locally at the current elevated yields (about 200 bps above the rate on the group's related party loans). At the moment, about 89% of the loans due to DIL is held by the Nigerian business while the balance is held by pan-Africa. And while we are yet to factor this into our model, we are mindful of the long term implication of having a USD833m (N271bn/N305) debt in the balance sheet of the Nigerian business, considering Nigeria's uncertain medium term FX outlook. And also, while acknowledging that the USD lending to pan-Africa (expected to hold balance of the debt – USD107m) will serve as some sort of hedge should the Naira depreciate significantly, but given that a greater portion of the debt will be borne by the Nigerian business, it is our view that the net impact (via FX losses as was recently experienced by LAFARGE) might be negative for the group.

LAFARGE AFRICA PLC – BUY

- The shares of LAFARGE lost 2.88% last week to close at N59.00. LAFARGE trades at forward PE of 12.0x, above its 5-year average of 11.8x.
- Q2-17 revenue grew by 33.8% y/y while net profit, helped by a tax credit of N6.2 billion, was N14.57 billion, from a loss of N28.37 billion same period of last year. Revenue growth was largely enabled by higher Nigerian cement prices, which have well compensated for softer volumes. During the period, gross margin rebounded to 32%, from 25.7% in Q1, reflecting both the additional price increase in April and according to management, positive fuel mix. On the negative however, financing cost increased by 170.7% y/y while opex rose by 77.3% y/y. Both were impacted by the reclassification of borrowings (including minor additions) and restructuring/logistic costs respectively.
- We revise earnings estimates higher largely to reflect the impact of additional price increase in April and the impact positive fuel mix on margins. We increase the average price of cement to N42,844/tonne, from the N42,000/tonne we had earlier estimated following the N500/tonne increase implemented in April. Cement companies appear strongly averse to lowering prices and are very unlikely to reduce prices below the Q2 average of N47,252/tonne, into 2018. LAFARGE management expects cement prices to remain strong over 2018, even though we understand the group lacks the capacity to effectively set prices. Following lower-than-expected volume in Q2, we revise estimate for 2017F lower to 4.7Mts (-15% y/y), coinciding with the 10-15% range of contraction guided by the management for the industry.
- the group reported massive increase in financing cost in Q2, on the (1) reclassification of USD220 million shareholder loans from a quasi-equity instrument to borrowings, (2) intake of additional N13.6 billion in respect of the South African business, and (3) N9 billion resulting from the revaluation of hedged debt. As at June ending, gross debt stood at N245 billion (from N147 billion in Q1), and consequently, we increase estimate for financing cost to N20.7 billion, from N16.6 billion. On the shareholder loans, management plans to (1) refinance USD286 million through the approved N140 billion Rights Issue programme and (2) retain the balance of a hedged USD308 million for subsequent refinancing using short term local debt. In addition to adjusting financing costs higher over 2018F to reflect the USD220 million reclassified into borrowings, we believe LAFARGE's earnings remain highly vulnerable to unexpected negative change in FX policy.

CEMENT COMPANY OF NORTHERN NIGERIA PLC - SELL

- The shares of CCNN gained by 6.76% last week to close at N9.84. CCNN trades at forward PE of 5.5x, below its 5-year average of 7.1x.
- Q2-17 revenue and net profit grew by 43% y/y and 24% y/y respectively. Revenue growth was enabled by higher Nigerian cement prices, and by our estimate, relatively stable volume. Amidst steady operation, we estimate CCNN dispatched about 197,000 tonnes of cement over H1 (equating to 79% utilization), notwithstanding the broadly subdued demand. Gross margin, though lower by 346 bps y/y, have recovered strongly from the nadir of Q3-16 (22%), reflecting both the higher price of cement and lower energy costs (compared to the supply crisis that adversely impacted LPFO price same period in 2016). Opex increased significantly (+53% y/y) but the impact was muted by strong revenue growth and higher margin.
- We update on CCNN for the first time this year. In addition to H1 result showing the company's plant is operating at a high utilization rate, we note the accretion to earnings from higher cement prices and less disruptive energy costs. We estimate 2017F EPS of N1.78, representing an increase of 79% y/y to reflect the strong start to the year. Our views are also supported by (1) fairly stable volume outlook, (2) higher prices, and (3) limited energy headwind. It is our view that notwithstanding the broadly subdued nationwide demand, given appropriate logistics and undisrupted energy supply to the cement plants, the c.80% utilization rate we estimated (equating to 395,000 tonnes) is achievable in CCNN's less competitive market.

- We refer to a recent media report, quoting a top management member of the company reiterating progress on expansion work (1.5Mts) in Sokoto and guiding to delivery in 2018. On the contrary, the company's latest financials (balance sheet and cash flow statements) as at H1-17 are yet to capture the movement of capital to support management's claim. While we have not considered the expansion in our model, we note its urgency, as continued delay has set CCNN significantly backward in the ranking of Nigerian cement companies. We note two major deficiencies the group suffers from its current mode of operation -- (1) capacity constraint, and hence, weak operating leverage and (2) high per unit production cost as a result of heavy reliance on expensive, USD-linked, and often unavailable LPFO -- as having long term implication for earnings

ACCESS BANK PLC – BUY

- The shares of ACCESS depreciated by 0.89% last week to close at N10.12. ACCESS trades at forward PE of 2.9x, in line with its 5-year average of 2.9x.
- Though, having the third largest exposure to ETISALAT Nigeria estimated at US\$131 million (N40 billion representing c.2.50% of loan book), as a percentage of loan book, it is behind that of ZENITH, GURANTY and UBA in that order.
- ACCESS continued its impressive performance in Q1-17 with gross earnings growing 44.45% y/y and 8.60% q/q. This follows higher-than-expected growth across key line items; interest income (+43.10% y/y and 20.06% q/q) and NIR (+47.48% y/y and -20.06% q/q). Accordingly, PBT (+38.19% y/y and 70.21% q/q) and PAT (+33.98% y/y and 81.41% q/q) moved in the same direction.
- In the last few years, ACCESS has grown its asset base and currently ranks as a Tier-1 bank with total assets of N3.48 trillion as at Q1-17. Despite the increasing risk assets creation, ACCESS' CAR remained high at 21.0% in Q1-17, well above regulatory threshold of 15.0% for SIBs. While, NPL came in higher by 50 bps in Q1-17 to 2.2%, the uptick in COR was far less (10 bps to 0.70%).
- Our current 12-month TP of N12.19 (Previous: N9.76) represents a upside potential of 21.66% from current levels; consequently, we recommend a BUY on the stock.
- **In line with Q1 and historic trend, we estimate a 44.66% y/y and 11.57% q/q rise in PAT for Q2-17 to N29.03 billion, which is largely hinged on; (1) the cumulative impact of the surge in interest income (+55.27% y/y and +11.28% q/q) to N88.28 billion - amidst 15.84% q/q decline in funding costs to N30.80 billion - and modest q/q growth in NIR (-0.87% y/y and +0.50% q/q) to N36.66 billion on gross earnings (+33.15% y/y and +7.88% q/q) of N124.94 billion; (2) we forecast an additional N1.92 billion provisioning (-34.54% y/y and 59.99% q/q) to N5.12 billion; and (3) improvement in operational efficiency, we forecast cost to income ratio (-192 bps) to contract q/q, albeit 444 bps higher than the level in Q2-16 with opex estimate of N51.45 billion**
- Overall, we have updated our model, with notable changes in asset yield, cost of fund, NIM, CIR and cost-to-income to 11.35%, 4.58%, 6.35%, 1.2% and 55.66%, respectively. As such, we forecast interest and noninterest revenue of N353 billion and N112 billion respectively, to book gross earnings of N466 billion in FY-17. Thus, we raise our FY-17F PBT and PAT to N122 billion and N99 billion – translating to an EPS of N3.44.

FBN HOLDINGS PLC – HOLD

- The shares of FBNH advanced by 7.61% last week to close at N6.22. FBNH trades at forward PE of 8.8x, above its 5-year historical average of 6.3x.
- In the Tier 1 banks' group of the syndicate of 13 banks exposed to Etisalat Nigeria, FBNH has the lowest exposure estimated at US\$78 million (N24 billion representing c.1.15% of loan book).
- FBNH continues to record double digit top line performance, with gross earnings growth of 15.17% y/y in FY-16, buoyed by growth in net insurance premium (+14.85% y/y) and significant improvement in NIR (+70.56% y/y). PBT and PAT increased 6.68% y/y and 12.16% y/y respectively. In line with its consistent dividend payout, FBNH declared a dividend of 20 kobo, representing 41.88% payout ratio.
- **FBNH recently released Q2-17, wherein gross earnings grew marginally by 4.63% q/q (down 8.01% y/y and 66 bps below our estimate), while PBT and PAT contracted 22.50% q/q (-35.09% y/y) and 18.64% q/q (-13.15% y/y), respectively. The contraction in earnings broadly reflects poor performance across key line items; interest income grew slightly by 3.62% (57 bps below our estimate), while NIR declined 55 bps (-68.16% y/y) to miss our estimate by 7.99%. On the other hand, the impressive growth in net insurance premium (+126.56% q/q and 95.00% y/y) is worthy of note, albeit inconsequential to offset the sanguine performance of the major income line items.**



- In Q1-17, GUARANTY posted a strong top line growth with Gross Earnings up 40.01% y/y driven by 50.64% y/y and 9.83% y/y surge in Interest Income and noninterest income, respectively. While interest expense rose during the period, the impressive uptick in asset yields more than offset the growth in funding costs to drive 248 bps y/y growth in NIM to 10.60% in Q1-17. In the same vein, cost-to-income ratio fell significantly (727 bps y/y and 1977 bps q/q) to 38.34%, following moderation in opex (down 5.41% y/y). Accordingly, PAT rose 53.44% y/y to N119.93 billion.
- **For Q2-17, we expect the trend in asset yields to persist with interest income estimate of N87.16 billion (+61.57% y/y and +3.62% q/q) and NIR of N27.06 billion (-66.10% y/y and +29.72% q/q), to drive gross earnings higher to N115.11 billion (-14.40% y/y and 9.05% q/q). However, we expect the cumulative impact of funding cost to rise (33.41% y/y and 15.93% q/q) to N20.84 billion, and a relatively higher provisioning in Q2-17 of N11.84 billion to drive PAT (-26.32% y/y and -9.86% q/q) lower to N38.20 billion.**
- In line with the impressive performance, we revised GUARANTY's 2017F asset yield higher to 12.95%, translating to interest income of 330 billion and NIR of N103 billion. Consequently, our gross earnings estimate is raised higher to N437 billion, despite cutting our Non-Interest Income forecast to ₦85 billion. Also, given the marginal contraction in cost of risk, we have adjusted loan loss expectation to N35 billion. Overall, we forecast FY-17 PBT and PAT of N197 billion and N158 billion, translating to an EPS of ₦5.39.
- Our current 12-month TP of N38.57 (Previous: N30.72) represents downside potential of 3.57% from current levels; consequently, we retain HOLD recommendation on the stock.

UNITED BANK FOR AFRICA PLC – HOLD

- The shares of UBA closed flat last week at N9.81. UBA trades at forward PE of 4.6x, above its 5-year average of 3.2x.
- UBA recently announced its plan to cancel the Staff Share Investment Trust Fund, it acquired from the merger with Standard Trust Bank in 2005. The scheme accounted for 6.15% of the bank's shares outstanding, while it declined to 5.73% (2,080,104,955) when the shares were repossessed through a non-cash transaction valued at N19.70 billion (a cross price of N9.47), it is our understanding that the difference had been vested. While we expect we expect the bank's equity position to be reduced by value of the transaction – with reduction in share Capital of N1.04 billion and Share Premium of N18.66 billion -, we believe the cancellation of the shares is EPS accretive – that is post-cancellation of shares our FY-17 EPS estimate will be N2.27 (actual of N2.14 pre-cancellation). However, we await the necessary regulatory approval for the cancellation before reflecting the cancelled shares in the calculation of our EPS and TP.
- Recently, ETISALAT Nigeria reconstituted its board with the apex bank mostly in control. The board change follows an unresolved negotiation between the telecom giant and a syndicate of 13 banks (including UBA). UBA's exposure to Etisalat is estimated at US\$123 million (N37 billion, representing c.2.50% of loan book).
- UBA successfully launched and completed a US\$500 million 7.75% five-year Eurobond. The debut Eurobond attracted immense participation from global investors as it was over subscribed by 240%.
- In its recently released Q1-17 results, UBA's gross earnings expanded 36.58% y/y, with PBT and PAT expanding 40.85% y/y and 31.58% y/y respectively. However, q/q gross earnings waned 14.28%, with further contraction in PBT (-12.44% q/q) -- the q/q weakness reflects slowdown across both revenues segments: interest income (-5.21% q/q) and non-interest revenues (-39.19% q/q). The q/q contraction in interest income is on the back of further assets quality deterioration which drove 40 bps y/y uptick in COR to 0.80% reflecting the growth in NPLs (up 225 bps to 3.95%), while CAR shrank 60 bps to 19.4%, albeit, above the required 16.0% for SIBs.
- **We expect the q/q contraction in gross earnings (+8.36% y/y and -2.13% q/q) to persist, as the decline in interest income (-13.79% y/y and -9.06% q/q) mutes the 21.86% q/q rise in NIR (-25.90% y/y). In the same vein, we expect a higher provisioning in Q2-17 of N5.55 billion (-70.15% y/y and +78.76% q/q), while we believe opex will shrink 4.66% q/q to N41.97 billion. Overall, we forecast PBT and PAT of N20.48 billion (-29.57% y/y and -19.50% q/q) and N17.01 billion in Q2-17.**
- Given the pressure on asset quality, we have revised our estimate across a few line items. Notably, we raised our estimate of COR above management's guidance by 5 bps to 1.55%, 106bps contraction in assets yield to 9.15% and marginal decline in CoF to 3.68%. However, we estimate interest income to track higher to N300 billion, while we expect NIR to decline to N93 billion to book gross earnings of N410 billion. Overall, we estimate a N90 billion and N77 billion PBT and PAT for FY-17F, translating to an EPS of ₦2.14.
- Our current 12-month TP of N11.25 (Previous: N8.84) represents a upside potential of 14.68% from current levels; consequently, we recommend a HOLD on the stock.

- Over H1-17, the asset quality deterioration rhetoric persisted. Despite 80 bps contraction in NPL to 22%, cost of risk remains elevated, rising 170 bps to 8.20% (annualized). Though provisioning declined 10.74 y/y in H1, reflecting the 9.02% reduction in specific impairment, it rose 16.54% over Q2-17 due to the 17.57% q/q increase in specific impairment.
- Overall, for FY-17, we anticipate a double-digit y/y growth in interest income (+12.54%) and net insurance premium (+80.96%) to N456.11 billion and N11.34 billion, respectively, we believe that the limited legroom for revaluation gains in 2017 will drive down the significant FX gains - thus, we estimate NIR to fall by 51.63% y/y to N75.96 billion. We estimate a marginal decline in loan loss provision for FY-17 to N156.77 billion – we forecast costs of risk to contract by 376 bps to 6.65% (rose to 8.20% in H1-17 from 6.50% in H1-16). Overall we estimate a double-digit growth in PAT (+49.55%) to N22.63 billion. Our 2017E ROAE forecast of 3.72% implies a y/y expansion of 77 bps.
- Our current 12-month TP of N6.41 (Previous: N5.37) represents upside potential of 3.05% from current levels; consequently, we recommend a HOLD on the stock.

GUARANTY TRUST BANK PLC – HOLD

- The shares of GUARANTY lost by 2.68% last week to close at N40.00. GUARANTY trades at forward PE of 7.4x, above its 5-year average of 6.2x.
- The CBN announced recently, that it has taken over the management of Etisalat Nigeria, with a change of management. The decision came on the back of strategic importance of the company and to avoid a ripple impact on the banking sector of ongoing negotiation between the banks and the erstwhile management of Etisalat fails. GUARANTY's estimated exposure of US\$137 million (N42 billion) represents c.2.64% of loan book. Though, a recent press release by ETISLAT stated that 42% of the original loan has been repaid to the consortium of 13 banks (including GUARANTY), but the ability of ETISALAT to service the remaining obligation remains questionable.
- Despite the sector-wide challenges, GUARANTY's impressive cost management strategy and sizeable portfolio of fixed income instruments remain key drivers of profitability. The balance sheet size ranks it in the Tier-1 category based on total assets size which stood at N3.43 trillion as at Q1:2017.

ZENITH BANK PLC – BUY

- The shares of ZENITH closed lower by 2.70% last week to N25.20. ZENITH trades at forward PE of 5.5x, above its 5-year average of 5.0x.
- Recently, the CBN took over the management of ETISALAT Nigeria one of the obligors of ZENITH, in a bid to find a solution to the unresolved discussion on a restructuring of the facility estimated at US\$262 million (N80 billion, representing c.3.49% of loan book). Though, ETISLAT stated that 42% of the original loan has been repaid, but the ability of ETISALAT to service the remaining obligation has been hampered by the state of the economy. It is unclear how long the CBN is going to run the firm, but we expect an extension of the moratorium on the facility (for both interest and principal).
- We remain bullish on ZENITH, given its strong CAR in the banking sector as the bank continues to leverage on its stringent risk assessment framework to mitigate capital erosion. Despite the significant y/y rise in risk asset following the currency devaluation, ZENITHBANK's capital and liquidity ratios (CAR: 22% and L.R: 66.0%) still remained strong despite a surge in NPL to 3.2% from 2.2% in FY-17.
- ZENITH recently completed the Second Tranche 5-year Eurobond (coupon: 7.375%) of US\$500 million as part of its US\$1 billion Global Medium Term Note Programme. The programme was priced at 113 bps premium to the first tranche maturing in 2019.
- In Q1-17, ZENITH recorded strong y/y growth in interest income, driven by expansion in the naira yield curve, however, NIM contracted 20 bps y/y to 7.70%, as funding costs tracked significantly higher by 180 bps – due to the translation impact of NGN depreciation on FCY borrowing and deposits – CASA (+85.34% y/y) and term deposits (+99.02% y/y) broadly reflective of the relatively higher interest rate environment. In the same vein, NIR rose 94.28% y/y and 3.07% q/q, largely reflective of the surge in fee income (34.85% y/y due to higher account maintenance fees) and monumental growth in trading income. Accordingly, gross earnings surged 48.58% y/y and 15.74% q/q to offset the cost pressure (opex rose 24.24% y/y and 45.25% q/q) - cost to income ratio tracked higher by 473 bps y/y to 52.14%. Overall, PBT and PAT improved 37.60% y/y and 41.12% y/y, respectively.

- We expect the impressive yields on investment securities and risk assets to persist, hence, we project a 28.90% y/y (+6.13% q/q) and 46.63% y/y (-10.25% q/q) growth in interest income and non-interest income respectively in Q2-17. Following the extension of moratorium and our expectation of reclassification of some NPL, expect provisioning to decline 42.66% y/y (-15.25% q/q) to N6.68 billion. We believe our higher opex estimate of N51.02 billion will drive PBT and PAT lower q/q to N41.64 billion (+33.63% y/y) and N33.55 billion (+83.66% y/y), respectively in Q2-17.
- Following the impressive Q1-17 performance, we revise ZENITH's 2017F Interest Income higher to N478 billion - to reflect the stronger yield on asset, and NIR of N107 billion. Consequently, we revise gross earnings estimate higher to N586 billion. Also, to reflect the y/y contraction in COR, we revise our loan loss expectation to ₦28 billion. Overall, we raise our FY'17F PBT and PBT to N177 billion and N145 billion – translating to an EPS of ₦4.62.
- Our current 12-month TP of N30.63 (N21.81) represents a upside potential of 21.55% from current levels; consequently, we place a BUY recommendation on the stock.

Ticker	Current	Week-H	Week-L	WTD chg	Month-H	Month-L	MTD chg	3 Month-H	3Month-L	3MTD chg	6Month-H	6Month-L	6MTD chg	Year		YTD Chg	52wk Hi	52wk Lo	52 week chg
														High	Low				
FINANCIAL SERVICES																			
ACCESS	10.02	10.05	9.99	-0.89%	10.02	9.99	-0.30%	10.76	7.21	35.41%	10.76	5.93	47.35%	10.76	5.81	72.46%	10.76	5.15	78.9%
DIAMONDBNK	1.34	1.34	1.28	4.69%	1.34	1.28	3.88%	1.44	0.86	34.00%	1.44	0.78	50.56%	1.44	0.78	48.89%	1.44	0.78	-2.2%
ETI	17.30	17.30	16.50	1.76%	17.30	16.5	4.85%	17.30	9.31	83.85%	17.30	7.10	67.96%	17.30	7.10	77.07%	17.30	7.10	49.9%
FIDELITYBK	1.31	1.31	1.25	2.34%	1.31	1.28	4.80%	1.42	0.95	32.32%	1.42	0.77	47.19%	1.42	0.77	57.83%	1.42	0.76	24.8%
GUARANTY	40.00	40.01	38.99	-2.68%	40.01	38.99	2.43%	41.10	29.55	35.36%	41.10	23.02	73.76%	41.10	22.90	66.67%	41.10	20.65	67.0%
SKYEBANK	0.71	0.71	0.65	0.00%	0.71	0.65	4.41%	0.81	0.50	36.54%	0.81	0.50	42.00%	0.81	0.50	42.00%	0.81	0.50	4.4%
STERLNBANK	1.03	1.03	1.02	0.98%	1.03	1.02	0.98%	1.16	0.72	41.10%	1.16	0.67	37.33%	1.16	0.67	41.10%	1.28	0.67	-19.5%
UBA	9.81	9.97	9.70	0.00%	9.97	9.81	1.13%	10.41	6.50	41.15%	10.41	4.75	96.20%	10.41	4.45	120.45%	10.41	4.01	115.6%
UBN	5.24	5.24	5.24	-4.73%	5.24	5.24	0.00%	6.12	4.97	1.75%	6.12	4.67	4.80%	6.12	4.67	-4.55%	6.12	3.90	31.0%
UNITYBNK	0.63	0.63	0.58	-1.56%	0.63	0.58	3.28%	0.86	0.54	12.50%	0.86	0.50	-21.25%	0.86	0.50	10.53%	0.99	0.50	-36.4%
WEMABANK	0.56	0.56	0.53	3.70%	0.56	0.54	5.66%	0.67	0.50	12.00%	0.67	0.50	12.00%	0.67	0.50	1.82%	0.75	0.50	-20.0%
ZENITHBANK	25.20	25.40	24.61	-2.70%	25.40	24.65	2.40%	25.90	17.10	38.61%	25.90	13.30	61.95%	25.90	13.30	75.00%	25.90	13.30	57.4%
FBNH	6.22	6.22	6.00	7.61%	6.22	6.01	3.67%	7.07	3.98	51.71%	7.07	2.96	77.71%	7.07	2.96	82.94%	7.07	2.95	89.1%
FCMB	1.22	1.25	1.22	-6.87%	1.25	1.22	-2.40%	1.42	1.10	6.09%	1.42	0.93	-6.15%	1.42	0.93	10.91%	1.42	0.93	-9.0%
STANBIC	37.50	37.55	35.90	-0.08%	37.55	36.99	4.46%	37.55	25.01	38.89%	37.55	16.50	110.67%	37.55	15.00	139.01%	37.55	13.28	182.0%
AIICO	0.59	0.59	0.57	7.27%	0.59	0.57	3.51%	0.64	0.51	5.36%	0.64	0.51	1.72%	0.64	0.51	-1.67%	0.71	0.51	-16.9%
CONTINSURE	1.39	1.43	1.35	1.46%	1.42	1.35	-2.80%	1.45	1.19	12.10%	1.45	1.01	25.23%	1.45	0.96	40.40%	1.45	0.90	36.3%
CUSTODYINS	3.52	3.52	3.50	-2.22%	3.52	3.5	0.57%	3.95	3.25	8.31%	3.95	3.00	5.71%	3.95	3.00	-9.51%	4.04	3.00	-7.4%
MANSARD	2.17	2.20	2.10	3.33%	2.20	2.17	3.33%	2.62	1.56	38.22%	2.62	1.45	42.76%	2.62	1.45	28.40%	2.62	1.45	3.3%
NEM	1.35	1.35	1.28	5.47%	1.35	1.28	0.75%	1.35	0.92	32.35%	1.35	0.79	68.75%	1.35	0.79	28.57%	1.35	0.70	58.8%
WAPIC	0.50	0.50	0.50	0.00%	0.50	0.5	0.00%	0.55	0.50	-3.85%	0.55	0.50	-1.96%	0.55	0.50	-3.85%	0.55	0.50	0.0%
NPFMCRFBK	1.20	1.32	1.20	-9.09%	1.32	1.2	-9.09%	1.45	1.20	-12.41%	1.45	1.06	6.19%	1.45	1.05	9.09%	1.45	0.94	27.7%
INFINITY	1.44	1.44	1.44	0.00%	1.44	1.44	0.00%	1.44	1.44	0.00%	1.47	1.44	-2.04%	1.47	1.44	-2.04%	1.47	1.44	-2.0%
AFRIPRUD	3.37	3.37	3.20	6.65%	3.37	3.24	5.31%	3.37	2.71	16.21%	3.37	2.27	6.98%	3.37	2.27	15.81%	3.37	2.26	26.7%
UCAP	3.15	3.15	3.01	5.00%	3.15	3.01	4.65%	3.41	2.94	5.00%	3.82	2.41	-11.27%	3.82	2.41	12.10%	3.82	2.18	31.3%
CONSUMER GOODS																			
CHAMPION	2.70	2.85	2.70	-5.26%	2.78	2.7	-5.26%	3.44	2.06	27.96%	3.44	2.06	13.45%	3.44	2.06	9.31%	3.61	2.06	-25.2%
GUINNESS	72.00	72.00	65.05	10.68%	72.00	66.55	10.68%	73.00	60.00	8.99%	73.00	60.00	8.27%	83.05	60.00	-13.31%	100.01	60.00	-24.2%
INTBREW	34.00	34.00	33.13	6.25%	34.00	34	2.63%	34.00	20.00	70.00%	34.00	15.00	100.12%	34.00	15.00	83.78%	34.00	15.00	78.9%
NB	175.65	175.65	167.00	2.35%	175.65	167.01	5.18%	175.65	140.84	23.00%	175.65	112.82	31.96%	175.65	112.82	23.70%	175.65	112.82	35.1%
DANGSUGAR	14.91	14.91	11.97	37.29%	14.91	12.59	24.56%	14.91	6.75	109.70%	14.91	5.71	148.09%	14.91	5.71	144.03%	14.91	5.71	113.6%
FLOURMILL	30.00	30.00	28.00	3.45%	30.00	28	3.45%	30.00	19.00	54.24%	30.00	17.20	66.67%	30.00	17.20	66.67%	30.00	16.20	50.0%
HONYFLOUR	2.18	2.28	2.18	6.34%	2.28	2.18	-0.91%	2.28	1.21	70.31%	2.28	0.92	98.18%	2.28	0.92	67.69%	2.28	0.92	43.4%
NASCON	12.00	12.00	10.42	26.85%	12.00	11.25	15.16%	12.00	8.39	41.34%	12.00	6.65	51.90%	12.00	6.65	41.18%	12.00	6.65	48.9%
UNIONDICON	13.45	13.45	13.45	0.00%	13.45	13.45	0.00%	14.15	13.45	-4.95%	15.67	13.45	-14.17%	15.67	13.45	-14.17%	16.49	13.45	-18.4%
CADBURY	11.80	11.80	10.97	12.92%	11.80	11.51	7.57%	15.67	9.42	10.80%	15.67	7.41	28.26%	15.67	7.41	20.65%	16.53	7.41	-15.1%
NESTLE	1026.42	1026.42	1003.70	2.31%	1026.42	1025	2.26%	1026.42	800.00	28.30%	1026.42	570.00	50.94%	1026.42	570.00	26.72%	1026.42	570.00	25.2%
VITAFOAM	2.82	2.86	2.74	-2.08%	2.86	2.79	2.92%	3.00	2.30	21.03%	3.00	1.64	21.55%	3.00	1.64	16.53%	3.03	1.64	-5.1%
PZ	24.98	24.98	23.00	7.21%	24.98	24.15	8.61%	24.98	16.48	51.58%	24.98	11.04	84.49%	24.98	11.04	72.28%	24.98	11.04	27.8%
UNILEVER	41.00	41.00	39.66	6.00%	41.00	40	3.38%	43.00	33.00	9.48%	43.00	27.81	20.59%	43.00	27.81	17.14%	50.01	27.81	17.1%

AGRICULTURE															Year				
	Current	Week-H	Week-L	WTD chg	Month-H	Month-L	MTD chg	3 Month-H	3Month-L	3MTD chg	6Month-H	6Month-L	6MTD chg	Year High	Year Low	YTD Chg	52wk Hi	52wk Lo	52 week chg
OKOMUOIL	72.23	80.03	72.23	-2.93%	76.03	72.23	-9.75%	80.03	50.00	41.63%	80.03	44.18	63.49%	80.03	40.17	79.81%	80.03	35.00	106.4%
PRESCO	74.50	76.95	74.50	1.78%	76.95	74.5	-3.07%	76.95	47.00	58.51%	76.95	44.12	68.86%	76.95	40.10	85.79%	76.95	36.96	91.8%
LIVESTOCK	0.93	0.93	0.78	19.23%	0.93	0.81	19.23%	1.10	0.78	0.00%	1.10	0.58	24.00%	1.10	0.58	10.71%	1.10	0.58	-5.1%
CONGLOMERATES																			
AGLEVENT	0.72	0.72	0.72	0.00%	0.72	0.72	0.00%	0.90	0.69	0.00%	0.90	0.69	-12.20%	0.96	0.69	-25.00%	0.99	0.69	-22.6%
JOHNHOLT	0.55	0.55	0.55	0.00%	0.55	0.55	0.00%	0.63	0.55	-12.70%	0.66	0.55	-16.67%	0.66	0.55	-16.67%	0.69	0.55	-20.3%
TRANSCORP	1.49	1.49	1.41	0.00%	1.49	1.41	3.47%	1.86	1.14	30.70%	1.86	0.69	96.05%	1.86	0.69	71.26%	1.86	0.67	20.2%
UACN	17.50	17.50	16.60	5.55%	17.50	17.2	5.42%	18.53	14.33	13.27%	18.53	12.02	15.13%	18.53	12.02	3.55%	21.78	12.02	-12.5%
CONSTRUCTION/REAL ESTATE																			
JBERGER	35.99	36.00	34.20	-0.03%	35.99	34.2	-0.03%	43.84	32.14	-9.71%	43.84	32.14	3.33%	43.84	32.14	-6.71%	48.39	32.14	-25.6%
UAC-PROP	2.97	2.97	2.75	8.00%	2.97	2.88	8.00%	3.02	1.70	57.14%	3.02	1.63	19.76%	3.15	1.63	8.00%	3.95	1.63	-20.2%
HEALTHCARE																			
EKOCORP	3.37	3.37	3.37	0.00%	3.37	3.37	0.00%	3.37	3.21	4.98%	3.37	3.21	4.98%	3.37	3.21	4.98%	3.54	3.21	-4.8%
FIDSON	3.15	3.22	3.00	-6.80%	3.15	3	-2.17%	3.49	1.79	55.94%	3.49	0.89	176.32%	3.49	0.89	136.84%	3.49	0.89	61.5%
GLAXOSMITH	20.00	20.00	20.00	0.00%	20.00	20	0.00%	21.59	14.70	30.98%	21.59	14.00	33.33%	21.59	14.00	26.98%	21.59	13.54	8.1%
MAYBAKER	3.07	3.22	3.07	-4.95%	3.22	3.07	0.00%	5.52	1.28	139.84%	5.52	0.85	207.00%	5.52	0.85	226.60%	5.52	0.81	169.3%
NEIMETH	0.80	0.84	0.79	0.00%	0.84	0.79	0.00%	0.98	0.53	45.45%	0.98	0.53	29.03%	0.98	0.53	2.56%	1.18	0.53	-32.2%
PHARMDEKO	2.25	2.25	2.25	0.00%	2.25	2.25	0.00%	2.25	2.08	8.17%	2.25	1.86	20.97%	2.25	1.78	26.40%	2.25	1.62	26.4%
ICT																			
CWG	2.54	2.54	2.54	0.00%	2.54	2.54	0.00%	2.54	2.54	0.00%	2.67	2.54	-4.87%	2.67	2.54	-4.87%	2.67	2.54	-4.9%
NCR	7.33	7.33	7.33	0.00%	7.33	7.33	0.00%	7.71	7.33	-4.93%	7.71	7.33	-4.93%	8.53	7.33	-14.07%	8.99	7.33	-18.5%
TRIPPLEG	1.14	1.14	1.14	0.00%	1.14	1.14	0.00%	1.24	1.14	-8.06%	1.30	1.14	-12.31%	1.36	1.14	-16.18%	1.53	1.14	-25.5%
INDUSTRIAL GOODS																			
AFRPAINTS	2.35	2.35	2.35	0.00%	2.35	2.35	0.00%	2.47	2.35	-4.86%	2.47	2.35	-4.86%	2.47	2.35	-4.86%	2.59	2.35	-9.3%
BERGER	6.80	6.80	6.80	0.00%	6.80	6.8	0.00%	7.40	5.88	15.65%	7.40	5.88	11.84%	7.40	5.88	6.25%	7.40	5.88	-6.2%
CAP	34.99	34.99	34.99	0.00%	34.99	34.99	0.00%	37.80	32.00	5.87%	37.80	28.01	9.34%	37.80	28.01	9.34%	37.80	27.30	-5.4%
CCNN	9.84	9.84	8.33	6.72%	9.84	8.34	18.13%	11.27	4.60	92.19%	11.27	4.15	118.67%	11.27	4.13	107.16%	11.27	4.04	49.1%
DANGCEM	242.00	242.00	223.75	2.76%	242.00	239.99	8.16%	245.00	162.99	39.64%	245.00	149.26	44.05%	245.00	149.26	39.09%	245.00	149.26	34.4%
FIRSTALUM	0.60	0.61	0.56	-1.64%	0.60	0.56	-1.64%	0.61	0.50	20.00%	0.61	0.50	20.00%	0.61	0.50	20.00%	0.61	0.50	20.0%
PAINTCOM	0.65	0.65	0.65	0.00%	0.65	0.65	0.00%	0.65	0.65	0.00%	0.65	0.62	0.00%	0.65	0.62	0.00%	0.99	0.62	-34.3%
PORTPAINT	2.10	2.10	2.10	0.00%	2.10	2.1	0.00%	2.10	2.00	5.00%	2.10	1.71	22.81%	2.10	1.71	16.67%	2.29	1.38	19.3%
WAPCO	59.00	59.00	55.00	-2.88%	59.00	55	2.22%	61.01	47.45	21.95%	61.01	34.50	32.88%	61.01	34.50	44.08%	61.01	34.50	14.6%
CUTIX	2.19	2.31	2.09	-9.88%	2.31	2.09	-5.19%	2.43	1.86	7.35%	2.43	1.45	38.61%	2.43	1.42	15.87%	2.43	1.42	25.1%
AVONCROWN	1.18	1.18	1.18	0.00%	1.18	1.18	0.00%	1.18	0.99	13.46%	1.18	0.99	3.51%	1.18	0.99	3.51%	1.38	0.99	-14.5%
BETAGLAS	57.33	60.34	57.33	-4.99%	60.34	57.33	-4.99%	60.34	48.29	18.72%	60.34	30.00	91.10%	60.34	29.00	97.69%	60.34	28.88	48.3%
VANLEER	9.09	9.09	9.09	0.00%	9.09	9.09	0.00%	9.09	9.09	0.00%	9.69	9.09	-6.19%	9.69	9.09	-6.19%	9.69	9.09	-6.2%

OIL AND GAS	Current	Week-H	Week-L	WTD chg	Month-H	Month-L	MTD chg	3 Month-H	3Month-L	3MTD chg	6Month-H	6Month-L	6MTD chg	Year High	Year Low	YTD Chg	52wk Hi	52wk Lo	52 week chg
SEPLAT	470.10	488.00	470.10	-3.67%	488.00	470.1	-3.67%	488.00	345.80	22.56%	488.00	345.80	27.05%	488.00	345.80	23.71%	488.00	240.00	88.0%
OANDO	7.95	8.00	7.80	1.92%	8.00	7.8	-0.38%	9.54	6.81	-16.67%	9.54	4.67	65.63%	9.54	4.30	77.85%	9.54	3.61	39.5%
CONOIL	36.40	36.40	36.40	0.00%	36.40	36.4	0.00%	44.56	29.98	9.47%	44.56	29.98	2.56%	44.56	29.98	-2.88%	44.56	20.57	51.9%
ETERNA	3.69	3.80	3.52	-2.89%	3.69	3.52	-2.89%	4.09	3.49	-5.38%	4.09	2.97	3.07%	4.09	2.97	19.03%	4.09	2.40	37.2%
FO	60.37	61.70	57.00	-2.16%	60.37	57	-2.16%	64.30	45.60	19.76%	64.30	43.00	-1.03%	84.22	43.00	-28.32%	178.60	43.00	-63.8%
MOBIL	232.00	253.00	232.00	-8.30%	253.00	232	-8.30%	332.00	232.00	-30.12%	360.00	232.00	-15.94%	360.00	232.00	-16.85%	360.00	162.65	29.9%
MRS	35.44	35.44	35.44	0.00%	35.44	35.44	0.00%	39.03	35.44	-9.20%	39.03	35.44	-9.20%	43.24	35.44	-18.04%	45.51	35.44	-12.7%
TOTAL	261.50	270.00	261.50	-3.15%	270.00	261.5	-3.15%	282.55	256.11	-0.57%	284.00	255.00	-2.43%	305.00	255.00	-12.54%	345.00	223.00	13.7%
BOCGAS	3.28	3.28	3.28	0.00%	3.28	3.28	0.00%	3.35	2.99	-2.09%	3.52	2.99	-6.82%	3.52	2.99	-6.82%	3.89	2.99	-11.6%
THOMASWY	0.50	0.50	0.50	0.00%	0.50	0.5	0.00%	0.54	0.50	-7.41%	0.54	0.50	-7.41%	0.54	0.50	-7.41%	0.56	0.50	-10.7%
SERVICES																			
REDSTAREX	4.38	5.00	4.38	-12.40%	5.00	4.38	-12.40%	5.40	4.20	4.29%	5.40	4.20	-0.68%	5.40	4.20	-0.45%	5.40	3.90	9.0%
TRANSEXPR	0.80	0.80	0.80	0.00%	0.80	0.8	0.00%	0.95	0.75	-3.61%	0.99	0.75	-16.67%	1.00	0.75	-20.00%	1.12	0.75	-18.4%
CILEASING	1.00	1.00	0.75	44.93%	1.00	0.8	33.33%	1.00	0.57	31.58%	1.00	0.50	100.00%	1.00	0.50	100.00%	1.00	0.50	100.0%
CAPHOTEL	3.31	3.31	3.31	0.00%	3.31	3.31	0.00%	3.65	3.31	-9.32%	3.70	3.31	-4.61%	3.70	3.31	-5.43%	3.87	3.31	-14.5%
TOURIST	3.50	3.50	3.50	0.00%	3.50	3.5	0.00%	3.65	3.50	-4.11%	3.65	3.50	0.00%	3.68	3.50	-0.28%	3.68	3.50	-0.3%
LEARNAFRCA	0.83	0.83	0.83	-4.60%	0.83	0.83	0.00%	0.95	0.74	-2.35%	0.95	0.65	12.16%	0.95	0.65	7.79%	0.95	0.58	40.7%
UPL	2.63	2.76	2.63	-9.31%	2.76	2.63	-4.71%	4.03	2.63	-34.74%	4.24	2.63	-37.97%	4.24	2.63	-37.97%	4.58	2.63	-42.6%
INTERLINK	3.80	3.80	3.80	0.00%	3.80	3.8	0.00%	3.80	3.80	0.00%	3.80	3.80	0.00%	3.80	3.80	0.00%	4.00	3.80	-5.0%
CAVERTON	1.20	1.20	1.15	4.35%	1.20	1.15	4.35%	1.20	0.90	30.43%	1.20	0.80	50.00%	1.20	0.69	33.33%	1.46	0.64	-17.8%
AIRSERVICE	5.52	5.52	5.26	10.18%	5.52	5.26	4.94%	5.52	4.07	17.70%	5.52	2.39	109.89%	5.52	2.39	120.80%	5.52	2.00	154.4%
NAHCO	2.96	2.96	2.77	6.47%	2.96	2.77	6.47%	3.25	2.73	-8.92%	3.25	2.00	9.63%	3.25	2.00	-6.33%	4.00	2.00	-26.0%

Rating Definition

Cordros Capital uses the following rating system:

BUY (OVERWEIGHT) - Over the next twelve months, we expect the stock to return at least 20% above the current market price.

HOLD (NEUTRAL) - Over the next twelve months, we expect the stock to range between <-10% and <+20% from the current market price.

SELL (UNDERWEIGHT) - Over the next twelve months, we expect the stock to be more than 10% below the current market price.

Important Disclaimers

This document has been issued and approved by Cordros Capital (Cordros) and is based on information from various sources that we believe are reliable. However, no representation is made that it is accurate or complete. While reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or fact or for any opinion expressed herein. This document is for information purposes only. It does not constitute any offer or solicitation to any person to enter into any trading transaction.

Investments discussed in this report may not be suitable for all investors. This report is provided solely for the information of Cordros clients who are then expected to make their own investment decisions. Cordros conducts designated investment business with market counter parties and customers and this document is directed only to such persons. Cordros accepts no liability whatsoever for any direct or consequential loss arising from any use of this report or its contents. This report is for private circulation only and may not be reproduced, distributed or published by any recipient for any purpose without prior express consent of Cordros. Users of this report should bear in mind that investments can fluctuate in price and value. Past performance is not necessarily a guide to future performance.

Cordros and/or a connected company may or may not have a relationship with any of the entities mentioned in this document for which it has received or may receive in the future fees or other compensation. Cordros is regulated by the Securities and Exchange Commission to conduct investment business in Nigeria.

research@cordros.com