

Week beginning **18-Sep-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	12.06	9.90	21.8%	2.3	3.2	0.4	0.5	-5.7%	22.0%	17.4%	7.1%
FBNH	HOLD	6.41	5.60	14.5%	7.0	7.9	0.2	0.3	11.6%	47.9%	3.0%	5.4%
GUARANTY	HOLD	42.45	37.00	14.7%	5.3	6.4	1.4	1.9	33.0%	23.3%	28.8%	5.7%
UBA	BUY	12.62	8.85	42.6%	2.3	3.9	0.4	0.6	11.2%	14.6%	18.5%	9.0%
ZENITHBANK	BUY	27.18	22.10	23.0%	3.6	4.9	0.7	0.9	22.6%	8.5%	20.0%	9.3%
AVERAGE		20.14	16.69	23.3%	4.1	5.3	0.6	0.9	14.6%	23.3%	17.5%	7.3%

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	8.75	-14.6%	0.2	0.9	0.6	5.0	4.9	4.2%	78.3%	0.0%
DANGCEM	HOLD	221.34	205.80	7.6%	5.2	12.5	7.7	15.3	13.4	4.4%	35.3%	5.6%
WAPCO	BUY	87.44	49.97	75.0%	2.4	17.5	7.4	13.0	10.1	-45.1%	56.5%	4.9%
AVERAGE		105.42	88.2	22.6%	2.6	10.3	5.2	11.1	9.5	-12.2%	56.7%	3.5%

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	10.51	-12.7%	0.5	21.8	11.6	-65.2	3656.3	-125.7%	-101.8%	0.0%
DANGSUGAR	HOLD	13.69	13.65	0.3%	0.4	3.0	1.8	5.1	6.7	24.8%	69.6%	7.8%
FLOURMILL*	HOLD	28.80	27.40	5.1%	0.4	4.2	4.4	6.1	9.2	-44.8%	-1.8%	7.1%
GUINNESS	HOLD	91.11	96.7	-5.7%	1.6	14.8	5.4	65.0	22.7	-195.4%	232.7%	2.6%
NB	SELL	127.44	175.00	-27.2%	3.8	14.3	10.7	41.3	29.8	-25.3%	64.0%	3.4%
NESTLE	SELL	830.00	1,205.00	-31.1%	3.5	14.5	10.6	81.0	27.9	-66.6%	331.4%	3.5%
PZ**	SELL	14.29	25.00	-42.8%	0.9	13.3	13.9	17.3	33.0	78.4%	-9.5%	2.8%
UNILEVER	SELL	35.92	41.80	-14.1%	2.0	16.9	9.3	43.1	21.1	157.6%	143.9%	0.9%
AVERAGE		143.80	199.38	-16.0%	1.7	12.8	8.5	24.2	475.8	-24.6%	91.1%	3.5%

*Multiplies 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 closed lower last week by 3.58% to N10.51. 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-expected earnings reported YtD. In addition to revenue growth expected to trail the industry trend, we now hold a more conservative view of margin. CADBURY's 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 2017F 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 lot by 2.50% last week to close at N13.65. DANGSUGAR trades at forward PE of 6.7x, 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 lower energy cost achieved in Q2 into our estimates.

FLOUR MILLS OF NIGERIA PLC – HOLD

- The shares of FLOURMILL plunged by 8.67% last week to close at N27.40. FLOURMILL trades at 2018 PE of 9.2x, 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 0.33% last week to close at N96.65. GUINNESS trades at 2018 PE of 18.9x, below its 5-year average of 27.7x.
- GUINNESS reported its highest quarterly post-tax profit in seventeen quarters in Q4-16/17. The result for the three months period is a furtherance of the recovery in the company's performance. A profit after tax of N4.48 billion was reported, from a loss of N2.88 billion in Q4-15/16 and a profit of N2.11 billion in Q3-16/17.
- Backing the profit reported during the period were (1) 11.4% y/y and 18.6% q/q revenue growth, (2) 4.2% y/y and 16.8% q/q decline in opex, (3) 910 bps increase in gross margin, and importantly, (4) 76% y/y and 57% q/q reduction of finance charges. While acknowledging that Q4 has always contributed strongly to GUINNESS' sales, it is important to note the peculiarity of the recently ended year, wherein price increases, the introduction of spirits to the sales mix, and exports, contributed to revenue growth.
- The q/q reduction of opex during the review period is GUINNESS' first as far as our records. We had mentioned in previous reports that DIAGEO, GUINNESS' parent company, said its Nigerian operation is delivering cost savings from the implementation of zero-based budgeting system for indirect spends, as well as marketing efficiencies from negotiating better media and point of sale costs.
- On the reduction of finance charges, we note that for the first time since Q4-15/16, GUINNESS did not report FX loss in the final quarter. And while interest expense on loans was higher on y/y basis, the amount was lower than those reported in Q2 and Q3 of the same year.
- Overall, GUINNESS's performance in the 2016/17 year was very impressive. We expect earnings to grow further in 2018F, in view of (1) a more stable FX environment, reducing the risks of FX losses and margin headwinds, (2) lower finance charges, upon the completion of the ongoing equity capital raise, and (3) margin gains from the ongoing efficiency/productivity programs driven at the parent company level. Following the upward review to estimates, we have increased our 2018F TP to N91.11 (previously N80.02).

NIGERIAN BREWERIES PLC – SELL

- The shares of NB lost by 5.15% last week to close at N175.00. NB trades at forward PE of 29.8x, above 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 depreciated by 1.23% last week at N1,205.00. NESTLE trades at 12-M PE of 27.9x, 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.
- We look for modest margin recovery, following (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 CUSSONS NIGERIA PLC – SELL

- The shares of PZ lost by 3.62% last week to close at N25.94. PZ trades at 2018 PE of 33.0x, below its 5-year average of 37.3x.
- PZ released Q4-17 (March-May) result showing revenue grew by 19.1% y/y, ahead of our 16.3% y/y estimate while the PAT growth of 370.7% y/y was ahead of our estimate of 349.2% y/y owing to the significantly lower effective tax rate (15% vs. our estimate of 32%) reported during the period.
- The Q4 result capped the impressive recovery in the group's performance which began from the second quarter. Higher selling prices, combined with seasonality effect, accounted for the strong double-digit top-line growth the group achieved in each of the last two quarters of the year.
- During the three months period, the group reported 38.8% gross margin, the highest in all quarters of the year, and also historically. But adjusting cost of goods sold (COGS) for FX losses, as was the previous practice by the group, produced gross margin of 26.8%, 498 bps higher y/y, but lower than the margins reported in Q3-17 (27.6%) and Q2-17 (32.9%).
- The FX loss of N2.7 billion reported during the final quarter was the group's second biggest in 2017FY (N4.7 billion loss was reported in Q1-17), and surprising, given the appreciation of the Naira in the secondary markets where the group said it sourced FX to settle long outstanding trade payables. For 2017FY, the group's FX loss tripled to N8.8 billion.

- From 33% average in nine months, effective tax rate (ETR) reduced to 15% in Q4, bringing the average for the 2017FY to 23.4%, much lower than the group's 5-year average ETR of 32%. The group recognized a deferred tax credit of N1.3 billion in 2017FY (vs. N209.6 million in 2016FY).
- PZ's latest results are impressive, but given the consistency with consensus, suggesting they are already priced into the stock, we do not expect significant movement in the share price from current level. Besides, from the local investor perspective, the lower dividend proposed (equating to 60% payout vs. 5-year average of 75%) is discouraging. **Our estimates are under review.**

UNILEVER NIGERIA PLC – SELL

- The shares of UNILEVER gained by 4.50% last week to close at N41.80. UNILEVER trades at forward PE of 21.1x, 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 of the 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 closed lower by 4.28% last week at N205.80. DANGCEM trades at forward PE of 13.4x, 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 it 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. Asides 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 dipped by 5.31% last week to close at N49.97. LAFARGE trades at forward PE of 10.1x, below 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 lost by 1.69% last week at N8.75. CCNN trades at forward PE of 4.9x, 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 appreciated by 2.06% last week at N9.90. ACCESS trades at forward PE of 3.2x, above 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.
- In its recently released Q2-17 result, gross earnings grew double-digit by 12.69% q/q (+39.08% y/y), 4.46% above our estimate, while PBT and PAT declined by 33.23% q/q (-24.06% y/y) and 48.35% q/q (-33.03% y/y), respectively. The q/q growth in gross earnings broadly reflects the impressive yield on interest earning assets and surge in foreign exchange trading income (+146.09% q/q) during the period, while the bottom-line contraction was due to opex increasing by 34.42% q/q (+69.41% y/y), which more than offset the growth in NIR of 31.41% q/q (+29.62% y/y).
- Over H11-17, ACCESS gross earnings (44.45% y/y, 8.00% above our estimate) came in strong. This follows an impressive growth across key income lines; interest income (+44.18% y/y) and non-interest income (+36.78% y/y). However, following surge in opex, PBT (+4.04% y/y, 21.06% shy of our estimate) grew marginally, while PAT (-0.08% y/y, 27.27% below our estimate) declined slightly, resulting in EPS of N1.38 (below our estimate of N1.88). Also, during the period ACCESS recorded a marginal (+1.48% y/y) growth in credit loss provisioning, with cost of risk contracting by 10 bps y/y to 1.00%, despite NPL expanding by 60 bps to 2.50%. The provisioning came ahead of our estimate by 20.26%, a development we attribute to the additional collective impairment charge (+56.10% y/y), recognized during the period.
- In line with the improved yields on interest earning assets (+280 y/y bps to 13.10% in H1-17), we have raised 2017F assets yield estimate by 125 bps to 12.60%, resulting in interest income growth of 36.71% y/y to N338.06 billion. Similarly, we forecast NIR growth of 13.40% y/y to N151.34 billion for 2017F. Accordingly, we have raised our gross earnings growth forecast higher to 28.08% y/y (previously 22.26%) for 2017F to N488.38 billion.
- We expect the high interest rate environment to impact funding cost (rose 200 bps y/y to 5.6% in H1-17), we raised our 2017F costs of fund by estimate 120 bps to 5.58%, resulting in 49.19% growth in interest expense to N161.33 billion. However, we believe the strong yields on interest earning assets will offset the expansion in funding cost, thus, we estimate net interest margin to expand marginally by 4 bps y/y to 6.28%. On opex, though we expect some moderation across lines over H2-17, we forecast 20.05% y/y growth to N192.47 billion.
- Overall, the cumulative impact of the elevated funding cost, opex pressure, uptick in costs of risk, and moderate expansion in NIR resulted in a downward revision of our 2017F PAT (+26.44%, previous 39.36% y/y) to N90.33 billion, equating to EPS of N3.05 (previous N3.44) and ROAE of 18.08% (previously 20.01%).
- Following the downward adjustment to 2017F EPS, we lowered our target price to N12.06 (previous: N12.19) and rolled forward our valuation to 2018. Our current 12-month TP represents upside potential of 21.82% from current levels; consequently, we recommend a BUY on the stock.

FBN HOLDINGS PLC – HOLD

- The shares of FBNH lost by 2.61% last week to close at N5.60. FBNH trades at forward PE of 7.9x, 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.
- 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 14.46% from current levels; consequently, we recommend a HOLD on the stock.

GUARANTY TRUST BANK PLC – HOLD

- The shares of GUARANTY closed lower last week by 4.00% to N37.00. GUARANTY trades at forward PE of 6.4x, 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.
- In H1-17, GUARANTY recorded marginal growth in gross earnings of 2.01% y/y, supported by a surge in interest income (+51.11% y/y), which more than offset the significant decline in non-interest income (-52.85% y/y). In addition, the lower credit loss provisioning during the period supported the bottom-line, as such, PBT grew by 10.64% y/y (91 bps above our estimate) while PAT grew at double-digit (13.11% y/y, 22.11% above our estimate), resulting in annualized EPS of N3.00 (above our estimate of N2.33).
- Specifically, on the performance in Q2-17, gross earnings grew marginally by 3.07% q/q (-19.10% y/y), 5.49% below our estimate, while PBT and PAT declined by 1.13% q/q (-16.46% y/y) and 0.41% q/q (-18.60% y/y), respectively in line with our estimate. The q/q marginal growth in gross earnings broadly reflects the lackluster movement in interest income, while the bottom-line contraction was due to opex increasing by 12.70% q/q (+54.32% y/y), which more than offset the growth in NIR of 27.68% q/q (-66.63% y/y).
- For FY-2017, we believe NIR will still lag FY-16 by 30.17% y/y to N111.68 billion. However, following the expansion in asset yields in H1-17 (rose 299 bps y/y to 14.51%), we have reviewed our 2017F asset yield estimate 65 bps higher to 13.60%, resulting in interest income growth of 31.3% y/y to N344.77 billion. Accordingly, we forecast gross earnings to grow 10.70% (previously 5.51%) y/y in 2017F to N458.99 billion. We maintain our cost of fund estimate of 3.15% for 2017F (34 bps y/y uptick from 2.81% in FY-16) which we forecast will drive 19.77% y/y growth in interest expenses to N80.36 billion. However, we expect the impact of the higher funding cost will be marginal on net interest margin, wherein we forecast a 177 bps y/y expansion to 10.78%.

- We have adopted a more conservative approach for provisioning during the year. Hence, we forecast cost of risk of 2.15% (213 bps lower y/y, but above management guidance of 1-2%), translating to a 46.39% y/y decline in impairment charge to N34.99 billion in 2017F. While for opex, we look for a lower charge for the rest of the year; forecast 16.43% y/y growth in opex to N132.31 billion, translating to a cost to income ratio of 38.35% and operational leverage of 4.0x, compared to 40.76% and 4.0x, in FY-16, respectively. Overall, we forecast PBT and PAT growth of 23.63% and 28.25% to N210.27 and N169.65 billion respectively, equating to a 271 bps and 28.25% expansion in RoAE (20117F: 31.52%) and EPS (2017F: N5.76), respectively.
- Following the upward adjustment to EPS, we raised our target price to N42.45 (previous: N38.57) and rolled forward our valuation to 2018. Our current 12-month TP represents upside potential of 14.73% from current levels; consequently, we retain HOLD recommendation on the stock.

UNITED BANK FOR AFRICA PLC – BUY

- The shares of UBA appreciated by 0.45% last week to close at N8.85. UBA trades at forward PE of 3.9x, 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 H1-17 results, UBA's gross earnings expanded 34.51% y/y, driven by significant growth across income lines – interest income (+44.25%, in line with our estimate) and non-interest revenue (+16.01% and 29.77% above our estimate). Despite opex pressure (+37.35% and 10.25% above our estimate), PBT and PAT expanded 42.86% (25.21% above our estimate) and 29.79% (7.56% above our estimate) y/y respectively.
- On asset quality over H1-17, UBA made an additional N8.57 billion provision on specific credit loss impairment, which by our understanding, relates to its exposure to general commerce, manufacturing, oil & gas, and power. Accordingly, loan loss provision (+104.25% q/q and 8.94% y/y) during the period surged, resulting in 129bps y/y uptick in cost of risk to 1.93%, above management's 1.5% guidance for 2017F. NPL came in ahead of 2016 level (3.90%) at 4.20% in H1-17.
- Over H2, we believe the improved yields on interest earning assets (expanded 205 bps to 12.32% in H1-17) will remain robust. Hence, for 2017F, we forecast 50 bps y/y expansion in asset yield to 12.15%, resulting in interest income growth of 22.18% y/y to N322.53 billion. On NIR, we believe the gains on FX trading (due to fx related gains and derivative transactions) and growth in fixed income securities trading will persist for the rest of the year (albeit marginal over H2), and as a result, we forecast NIR growth of 24.90% y/y to N132.01 billion for 2017F. Accordingly, we have raised our gross earnings growth forecast higher to 49.44% y/y (previously 30.28%) in 2017F to N470.50 billion.
- On funding cost, we have reviewed our 2017F cost of funds estimate 43 bps higher to 4.11%, translating to an interest expense growth of 27.82% y/y to N126.25 billion. However, we expect the strong yields on interest earning assets will outweigh the expansion in funding cost, thus, we estimate net interest margin to advance 32 bps y/y to 7.02%.
- For 2017F, we estimate UBA's NPL to increase to 4.80%, from 3.90% in FY-16, and cost of risk is expected to remain elevated over H2-17, to 2.00% by year end, translating to a credit loss provision of N32.04 billion in 2017F. While for the rest of the year, we believe cost will moderate across key lines, thus, we forecast 22.22% y/y growth in opex to N186.38 billion.
- Overall, we forecast PBT and PAT growth of 74.51% and 14.28% to N109.87 and N82.58 billion respectively, equating to 14.28% expansion in EPS (2017F: N2.28). Following the upward adjustment to EPS, we raised our target price to N12.62 (previous: N11.25) and rolled forward our valuation to 2018. Our current 12-month TP implies upside potential of 42.60% from current levels; consequently, we recommend a BUY on the stock.

ZENITH BANK PLC – BUY

- The shares of ZENITH lost by 4.25% last week to N22.10. ZENITH trades at forward PE of 4.9x, below 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, ETISALAT 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 H1-17, ZENITH report double-digit growth across most line items – gross earnings surged 77.10% y/y, supported by impressive growth in interest income (+44.57% y/y) and non-interest income (253.80% y/y). Accordingly, PBT (+45.67% y/y) and PAT (+67.96% y/y) moved in the same direction, ahead of our estimates of 35.65% y/y and 58.45% y/y respectively, resulting in annualized EPS of N2.40. However, in other comprehensive income (OCI), ZENITHBANK recorded a loss of N4.88 billion (due to fair value movements on equity instruments and FX translation differences for foreign operations) compared to a gain of N30.21 billion in H1-16. Consistent with its dividend payment, ZENITHBANK is proposing an interim dividend of N0.25 (same as previous year) – translating to payout ratio of 10.42% and a dividend yield of 1.04%.
- Specifically, on the performance in Q2-17, gross earnings grew significantly by 57.51% q/q (101.69% y/y), while PBT and PAT expanded by 8.56% q/q (53.99% y/y) and 0.85% q/q (107.00% y/y), respectively. The earnings growth broadly reflects impressive performance across key line items; interest income grew by 22.08% q/q (48.27% y/y) while NIR surged 198.67% q/q (387.93% y/y). In a deviation from the q/q decline in credit loss provision in Q1-17, asset quality deteriorated in Q2-17 with an additional provisioning of N34 billion (337.64% q/q), to increase total provisioning in the first half to N42 billion (197.915 y/y) – equating to annualized cost of risk of 3.8%, an expansion of 230 bps y/y.
- For FY-17, we forecast assets yield of 12.98% as we believe the run rate in H1-17 will be sustained for the rest of the year, equating to 36.38% y/y growth in interest income to N524.46 billion. The bank's portfolio of investment securities, treasury bills, and quality loan books will be catalysts of the growth in assets yield. We also forecast NIR to surge by 51.16% to N186.60 billion, buoyed by strong trading income, revaluation gains, and marginal write-back of previous provisions. Overall, we forecast a 39.97% growth in gross earnings to N711.06 billion in 2017F.
- Over H1-17, we estimate ZENITH's NPL to increase to 4.50%, from 3.00% in FY-16 and 4.30% in H1-17, and cost of risks to rise to 2.68%, translating to a credit loss provision of N77.13 billion in 2017F. We estimate opex to rise 29.63% y/y to N226.24 billion in 2017F (driven largely by higher regulatory levies on operating expenses) – translating to a 415 bps y/y expansion in CIR to 56.84% and growth in operational leverage to 4.5x (from 4.0x in FY-16). Accordingly, we expect the impact of the increase in opex to limit the trickling down effect of the rise in gross earnings – we estimate PBT and PAT to rise 9.61% and 8.28% to N171.81 billion and N140.38 billion, respectively.
- Hence, we revise our target price on the stock downward to N27.18 (Previous: N30.63), translating to 22.10% upside 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 High	Year				
															Low	YTD Chg	52wk Hi	52wk Lo	52 week chg
FINANCIAL SERVICES																			
ACCESS	9.90	9.90	9.66	2.06%	9.91	9.6	2.38%	10.55	8.86	-1.00%	10.76	5.93	51.61%	10.76	5.81	70.40%	10.76	5.15	78.1%
DIAMONDBNK	1.14	1.20	1.14	-2.56%	1.20	1.13	-1.72%	1.34	1.13	-14.29%	1.44	0.79	29.55%	1.44	0.78	26.67%	1.44	0.78	0.9%
ETI	17.80	18.00	17.80	0.68%	18.00	17.68	-1.11%	18.00	12.36	24.21%	18.00	7.10	81.63%	18.00	7.10	82.19%	18.00	7.10	54.8%
FIDELITYBK	1.30	1.32	1.29	-2.99%	1.35	1.29	-3.70%	1.37	1.20	-2.26%	1.42	0.77	58.54%	1.42	0.77	56.63%	1.42	0.76	44.4%
GUARANTY	37.00	37.88	37.00	-4.00%	39.00	37	-5.59%	41.10	34.00	3.55%	41.10	24.17	45.96%	41.10	22.90	54.17%	41.10	20.65	36.5%
SKYEBANK	0.52	0.57	0.52	-11.86%	0.64	0.52	-14.75%	0.81	0.52	-30.67%	0.81	0.50	4.00%	0.81	0.50	4.00%	0.81	0.50	-21.2%
STERLNBANK	1.02	1.04	1.00	4.08%	1.06	0.98	-3.77%	1.08	0.98	-5.56%	1.16	0.70	45.71%	1.16	0.67	39.73%	1.16	0.67	0.0%
UBA	8.85	8.91	8.85	0.45%	9.01	8.81	-2.75%	10.41	8.20	1.96%	10.41	5.18	70.19%	10.41	4.45	98.88%	10.41	4.01	110.2%
UBN	6.00	6.08	6.00	-1.64%	6.10	6	0.00%	6.12	5.21	1.01%	6.12	4.75	22.45%	6.12	4.67	9.29%	6.12	4.11	37.9%
UNITYBNK	0.54	0.56	0.54	-5.26%	0.57	0.54	-5.26%	0.82	0.54	-34.15%	0.86	0.50	-19.40%	0.86	0.50	-5.26%	0.86	0.50	-26.0%
WEMABANK	0.50	0.50	0.50	0.00%	0.51	0.5	0.00%	0.67	0.50	-12.28%	0.67	0.50	0.00%	0.67	0.50	-9.09%	0.72	0.50	-21.9%
ZENITHBANK	22.10	23.08	22.10	-4.25%	23.76	22.1	-3.91%	25.90	20.20	-3.45%	25.90	13.49	56.18%	25.90	13.30	53.47%	25.90	13.30	52.1%
FBNH	5.60	5.90	5.60	-2.61%	6.02	5.6	-1.75%	6.89	5.60	-18.72%	7.07	3.04	77.78%	7.07	2.96	64.71%	7.07	2.95	81.8%
FCMB	1.06	1.10	1.06	-0.93%	1.10	1.06	-0.93%	1.36	1.06	-22.06%	1.42	0.93	-11.67%	1.42	0.93	-3.64%	1.42	0.93	6.0%
STANBIC	39.20	41.20	39.20	-0.13%	41.20	38.52	2.43%	41.20	30.26	26.45%	41.20	17.70	111.89%	41.20	15.00	149.84%	41.20	14.00	152.9%
AIICO	0.58	0.59	0.55	-1.69%	0.59	0.55	3.57%	0.64	0.54	-1.69%	0.64	0.51	1.75%	0.64	0.51	-3.33%	0.65	0.51	-6.5%
CONTINSURE	1.43	1.45	1.38	-1.38%	1.45	1.38	-2.72%	1.47	1.19	3.62%	1.47	1.11	19.17%	1.47	0.96	44.44%	1.47	0.96	44.4%
CUSTODYINS	3.60	3.60	3.60	0.00%	3.60	3.5	0.00%	3.80	3.36	7.14%	3.95	3.00	5.88%	3.95	3.00	-7.46%	4.04	3.00	-8.9%
MANSARD	1.90	1.95	1.90	-2.56%	1.95	1.9	-2.56%	2.62	1.86	-26.92%	2.62	1.48	20.25%	2.62	1.45	12.43%	2.62	1.45	-6.9%
NEM	1.19	1.19	1.00	19.00%	1.19	1	19.00%	1.35	0.92	29.35%	1.35	0.79	45.12%	1.35	0.79	13.33%	1.35	0.70	45.1%
WAPIC	0.50	0.50	0.50	-1.96%	0.51	0.5	0.00%	0.54	0.50	0.00%	0.55	0.50	0.00%	0.55	0.50	-3.85%	0.55	0.50	0.0%
NPFMCRFBK	1.16	1.16	1.12	3.57%	1.17	1.12	-0.85%	1.45	1.12	-16.55%	1.45	1.12	-0.85%	1.45	1.05	5.45%	1.45	1.00	16.0%
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	3.19	3.22	3.19	-3.33%	3.30	3.08	2.24%	3.37	2.90	8.14%	3.37	2.28	26.09%	3.37	2.27	9.62%	3.37	2.27	18.1%
UCAP	3.00	3.09	3.00	1.69%	3.09	2.95	-1.64%	3.35	2.95	-6.54%	3.41	2.65	6.38%	3.82	2.41	6.76%	3.82	2.31	29.9%
CONSUMER GOODS																			
CHAMPION	2.47	2.47	2.47	0.00%	2.50	2.47	2.92%	3.10	2.34	-20.32%	3.44	2.06	0.82%	3.44	2.06	0.00%	3.44	2.06	-4.3%
GUINNESS	96.65	96.65	95.40	0.33%	96.65	79.27	28.01%	96.65	60.00	32.40%	96.65	60.00	38.07%	96.65	60.00	16.38%	100.00	60.00	-3.4%
INTBREW	38.95	38.95	35.57	9.50%	38.95	35.57	5.27%	38.95	26.05	49.52%	38.95	15.00	148.09%	38.95	15.00	110.54%	38.95	15.00	96.2%
NB	175.00	184.50	175.00	-5.15%	184.50	175	-2.79%	193.00	151.90	6.71%	193.00	120.11	33.89%	193.00	112.82	23.24%	193.00	112.82	22.1%
DANGSUGAR	13.65	13.75	13.58	-2.50%	14.00	13.05	1.11%	14.91	8.36	50.66%	14.91	5.80	127.50%	14.91	5.71	123.40%	14.91	5.71	107.4%
FLOURMILL	27.40	29.00	26.50	-8.67%	30.00	26.5	-5.52%	31.00	22.00	-3.86%	31.00	17.50	56.57%	31.00	17.20	52.22%	31.00	16.20	43.5%
HONYFLOUR	1.90	2.11	1.90	-7.32%	2.11	1.9	-5.47%	2.28	1.76	-7.77%	2.28	0.98	80.95%	2.28	0.92	46.15%	2.28	0.92	34.8%
NASCON	13.00	13.30	13.00	0.00%	13.30	13	0.00%	13.50	8.87	32.65%	13.50	6.65	95.49%	13.50	6.65	52.94%	13.50	6.65	62.5%
UNIONDICON	13.45	13.45	13.45	0.00%	13.45	13.45	0.00%	13.45	13.45	0.00%	14.89	13.45	-9.67%	15.67	13.45	-14.17%	16.49	13.45	-18.4%
CADBURY	10.51	11.00	10.51	-3.58%	11.00	10.51	-8.37%	14.95	10.45	-29.70%	15.67	7.41	38.47%	15.67	7.41	7.46%	16.53	7.41	-26.0%
NESTLE	1205.00	1210.00	1150.20	-1.23%	1220.00	1150.2	-1.23%	1220.20	900.00	32.86%	1220.20	713.50	65.07%	1220.20	570.00	48.77%	1220.20	570.00	46.1%
VITAFOAM	2.65	2.70	2.65	-1.49%	2.70	2.65	-5.02%	2.93	2.55	-9.25%	3.00	1.90	36.60%	3.00	1.64	9.50%	3.00	1.64	-11.7%
PZ	25.00	25.99	25.00	-3.62%	27.30	25	-8.42%	27.30	20.65	13.64%	27.30	13.87	78.70%	27.30	11.04	72.41%	27.30	11.04	38.4%
UNILEVER	41.80	44.00	40.00	4.50%	44.00	37.75	6.39%	46.00	33.00	-2.77%	46.00	31.81	23.30%	46.00	27.81	19.43%	50.01	27.81	-9.2%

	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
AGRICULTURE																			
OKOMUOIL	66.50	66.50	59.90	5.56%	66.50	59.9	1.31%	80.03	56.15	-5.24%	80.03	46.60	38.54%	80.03	40.17	65.55%	80.03	36.00	84.7%
PRESCO	60.49	64.50	60.49	-6.91%	68.39	60.49	-11.55%	76.95	60.49	-16.37%	76.95	45.00	28.70%	76.95	40.10	50.85%	76.95	40.00	34.4%
LIVESTOCK	0.86	0.89	0.85	-3.37%	0.93	0.85	-4.44%	1.10	0.78	-5.49%	1.10	0.58	34.38%	1.10	0.58	2.38%	1.10	0.58	-5.5%
CONGLOMERATES																			
AGLEVENT	0.71	0.71	0.69	2.90%	0.71	0.65	4.41%	0.90	0.65	-13.41%	0.90	0.65	-8.97%	0.96	0.65	-26.04%	0.96	0.65	-21.1%
JOHNHOLT	0.51	0.51	0.51	0.00%	0.51	0.51	0.00%	0.59	0.51	-13.56%	0.63	0.51	-19.05%	0.66	0.51	-22.73%	0.66	0.51	-22.7%
TRANSCORP	1.33	1.33	1.28	5.56%	1.33	1.25	2.31%	1.86	1.25	-28.49%	1.86	0.71	84.72%	1.86	0.69	52.87%	1.86	0.67	22.0%
UACN	15.45	15.45	15.00	5.82%	15.45	14.5	3.14%	18.04	14.50	-14.36%	18.53	12.84	8.42%	18.53	12.02	-8.58%	21.78	12.02	-29.1%
CONSTRUCTION/REAL ESTATE																			
JBERGER	30.87	30.87	30.87	0.00%	30.87	30.87	-4.99%	43.84	30.87	-21.95%	43.84	30.87	-22.73%	43.84	30.87	-19.98%	43.84	30.87	-21.7%
UAC-PROP	3.05	3.05	2.85	3.39%	3.05	2.85	4.81%	3.05	2.70	7.02%	3.05	1.63	67.58%	3.15	1.63	10.91%	3.95	1.63	-10.3%
HEALTHCARE																			
EKOCORP	3.37	3.37	3.37	0.00%	3.37	3.37	0.00%	3.37	3.37	0.00%	3.37	3.21	4.98%	3.37	3.21	4.98%	3.54	3.21	-4.8%
FIDSON	3.04	3.20	3.04	-3.49%	3.20	3.04	-8.98%	3.49	2.57	-7.88%	3.49	0.89	226.88%	3.49	0.89	128.57%	3.49	0.89	98.7%
GLAXOSMITH	21.40	21.40	21.00	1.90%	21.40	21	1.86%	21.59	20.00	-0.88%	21.59	14.00	47.59%	21.59	14.00	35.87%	21.59	13.54	9.2%
MAYBAKER	2.68	3.03	2.68	-10.67%	3.15	2.68	-10.96%	5.52	2.64	-41.23%	5.52	0.85	168.00%	5.52	0.85	185.11%	5.52	0.82	188.2%
NEIMETH	0.70	0.83	0.70	-15.66%	0.83	0.7	-19.54%	0.98	0.64	2.94%	0.98	0.53	9.38%	0.98	0.53	-10.26%	1.08	0.53	-35.2%
PHARMDEKO	2.25	2.25	2.25	0.00%	2.25	2.25	0.00%	2.25	2.18	3.21%	2.25	1.95	15.38%	2.25	1.78	26.40%	2.25	1.62	31.6%
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	6.97	6.97	6.97	0.00%	7.33	6.97	-4.91%	7.71	6.97	-9.60%	7.71	6.97	-9.60%	8.53	6.97	-18.29%	8.99	6.97	-22.5%
TRIPPLEG	1.09	1.09	1.09	0.00%	1.09	1.09	0.00%	1.14	1.09	-4.39%	1.24	1.09	-12.10%	1.36	1.09	-19.85%	1.46	1.09	-25.3%
INDUSTRIAL GOODS																			
AFRPAINTS	2.35	2.35	2.35	0.00%	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	-4.9%
BERGER	7.00	7.00	7.00	-4.11%	7.30	7	0.00%	7.40	6.17	13.45%	7.40	5.88	9.72%	7.40	5.88	9.38%	7.40	5.88	1.6%
CAP	33.00	34.00	33.00	-2.94%	34.00	33	-2.94%	37.80	32.00	-12.70%	37.80	28.01	17.82%	37.80	28.01	3.13%	37.80	28.01	0.0%
CCNN	8.75	8.90	8.75	-1.69%	9.00	8.75	-2.78%	11.27	8.33	-1.13%	11.27	4.44	94.44%	11.27	4.13	84.21%	11.27	4.04	45.8%
DANGCEM	205.80	213.99	205.80	-4.28%	216.91	205	0.39%	245.00	195.60	0.39%	245.00	159.00	28.22%	245.00	149.26	18.28%	245.00	149.26	16.8%
FIRSTALUM	0.52	0.54	0.52	-3.70%	0.56	0.52	-5.45%	0.66	0.52	-7.14%	0.66	0.50	4.00%	0.66	0.50	4.00%	0.66	0.50	4.0%
PAINTCOM	0.65	0.65	0.62	4.84%	0.65	0.62	4.84%	0.65	0.62	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	2.10	0.00%	2.10	1.79	17.32%	2.10	1.71	16.67%	2.29	1.38	38.2%
WAPCO	49.97	53.00	49.97	-5.31%	54.14	49.97	-12.30%	63.00	48.60	-6.60%	63.00	34.50	44.84%	63.00	34.50	22.03%	63.00	34.50	-11.2%
CUTIX	2.73	2.73	2.60	5.00%	2.73	2.5	9.20%	2.73	1.86	46.77%	2.73	1.55	76.13%	2.73	1.42	44.44%	2.73	1.42	53.4%
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%	1.32	0.99	-10.6%
BETAGLAS	56.85	56.85	56.85	0.00%	59.84	56.85	-5.00%	60.34	52.17	8.97%	60.34	40.18	41.49%	60.34	29.00	96.03%	60.34	28.88	47.1%
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		YTD Chg	52wk Hi	52wk Lo	52 week chg
														High	Low				
SEPLAT	480.79	480.79	457.90	5.00%	482.00	457.9	-1.98%	490.50	457.90	4.52%	490.50	345.80	20.80%	490.50	345.80	26.53%	490.50	326.00	47.5%
OANDO	6.05	6.75	6.05	-7.07%	6.75	6.05	-11.16%	8.40	6.05	-27.63%	9.54	4.95	20.52%	9.54	4.30	35.35%	9.54	3.61	18.9%
CONOIL	27.55	29.00	27.55	-5.00%	29.00	27.55	-0.54%	44.56	27.55	-27.50%	44.56	27.55	-21.29%	44.56	27.55	-26.49%	44.56	27.55	-21.5%
ETERNA	3.42	3.59	3.42	-4.74%	3.59	3.42	-4.74%	3.90	3.42	-3.66%	4.09	3.03	6.87%	4.09	2.97	10.32%	4.09	2.81	14.8%
FO	47.90	49.99	47.90	-3.62%	49.99	47.9	-2.24%	62.90	47.90	-13.82%	64.30	43.00	0.19%	84.22	43.00	-43.13%	165.90	43.00	-69.2%
MOBIL	170.00	170.00	170.00	-0.29%	170.50	165.01	2.96%	264.10	165.01	-35.63%	360.00	165.01	-39.29%	360.00	165.01	-39.07%	360.00	165.01	-0.6%
MRS	33.66	33.66	33.66	0.00%	33.66	33.66	0.00%	39.03	33.66	-13.76%	39.03	33.66	-13.76%	43.24	33.66	-22.16%	45.51	33.66	-12.5%
TOTAL	225.00	235.00	225.00	-3.43%	235.00	225	-8.16%	280.00	216.80	-16.97%	282.55	216.80	-19.64%	305.00	216.80	-24.75%	345.00	216.80	-14.3%
BOCGAS	3.60	3.60	3.60	0.00%	3.60	3.6	0.00%	3.61	2.99	9.09%	3.61	2.99	2.27%	3.61	2.99	2.27%	3.70	2.99	-2.7%
THOMASWY	0.50	0.50	0.50	0.00%	0.50	0.5	0.00%	0.50	0.50	0.00%	0.54	0.50	-7.41%	0.54	0.50	-7.41%	0.56	0.50	-10.7%
SERVICES																			
REDSTAREX	4.59	4.59	4.59	0.00%	4.81	4.38	4.79%	5.40	4.38	-0.43%	5.40	4.20	4.08%	5.40	4.20	4.32%	5.40	3.90	14.8%
TRANSEXPR	0.79	0.79	0.76	3.95%	0.79	0.76	3.95%	0.95	0.76	-16.84%	0.99	0.75	-13.19%	1.00	0.75	-21.00%	1.12	0.75	-22.5%
CILEASING	1.19	1.20	1.05	12.26%	1.20	1.05	19.00%	1.20	0.57	75.00%	1.20	0.50	138.00%	1.20	0.50	138.00%	1.20	0.50	138.0%
CAPHOTEL	3.15	3.15	3.15	0.00%	3.15	3.15	0.00%	3.48	3.15	-9.48%	3.70	3.15	-14.86%	3.70	3.15	-10.00%	3.87	3.15	-18.6%
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	-4.11%	3.68	3.50	-0.28%	3.68	3.50	-0.3%
LEARNAFRCA	0.74	0.74	0.74	-3.90%	0.78	0.74	-3.90%	0.90	0.74	-10.84%	0.95	0.65	8.82%	0.95	0.65	-3.90%	0.95	0.58	27.6%
UPL	2.70	2.70	2.70	0.00%	2.70	2.7	-3.57%	3.60	2.63	-25.00%	4.03	2.63	-33.00%	4.24	2.63	-36.32%	4.58	2.63	-41.0%
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	1.22	1.19	0.84%	1.22	1.12	7.14%	1.26	0.90	33.33%	1.26	0.89	29.03%	1.26	0.69	33.33%	1.26	0.64	-0.8%
AIRSERVICE	6.50	6.50	6.25	9.06%	6.50	5.68	14.44%	6.50	4.50	43.81%	6.50	3.07	103.76%	6.50	2.39	160.00%	6.50	2.00	220.2%
NAHCO	3.10	3.22	3.10	-3.73%	3.22	3.01	-4.02%	3.75	2.73	-4.62%	3.75	2.00	55.00%	3.75	2.00	-1.90%	3.75	2.00	-6.9%

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.

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