

Week beginning **23-Oct-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	9.50	26.9%	2.3	3.1	0.4	0.5	-5.7%	22.0%	17.4%	7.4%
FBNH	HOLD	6.41	6.01	6.7%	7.0	8.5	0.2	0.3	11.6%	47.9%	3.0%	5.0%
GUARANTY**	HOLD	42.45	41.70	1.8%	5.3	7.2	1.4	2.1	33.0%	23.3%	28.8%	5.0%
UBA**	BUY	12.62	9.00	40.2%	2.3	3.9	0.4	0.6	11.2%	14.6%	18.5%	8.9%
ZENITHBANK**	HOLD	27.18	25.99	4.6%	3.6	5.8	0.7	1.0	22.6%	8.5%	20.0%	7.9%
AVERAGE		20.14	18.44	16.0%	4.1	5.7	0.6	0.9	14.6%	23.3%	17.5%	6.8%

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	10.17	-26.5%	0.2	0.9	0.6	5.0	5.7	4.2%	78.3%	0.0%
DANGCEM**	HOLD	221.34	220.00	0.6%	5.2	12.5	7.7	15.3	14.3	4.4%	35.3%	5.2%
WAPCO**	BUY	87.44	56.00	56.1%	2.4	17.5	7.4	13.0	11.4	-45.1%	56.5%	4.4%
AVERAGE		105.42	95.4	10.1%	2.6	10.3	5.2	11.1	10.5	-12.2%	56.7%	3.2%

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	10.50	-12.6%	0.5	21.8	11.6	-65.2	3652.8	-125.7%	-101.8%	0.0%
DANGSUGAR	HOLD	13.69	14.02	-2.4%	0.4	3.0	1.8	5.1	6.9	24.8%	69.6%	7.5%
FLOURMILL*	HOLD	28.80	29.20	-1.4%	0.4	4.2	4.4	6.1	9.8	-44.8%	-1.8%	6.6%
GUINNESS	HOLD	91.11	101.0	-9.8%	1.6	14.8	5.4	65.0	23.8	-195.4%	232.7%	2.5%
NB	SELL	127.44	160.01	-20.4%	3.8	14.3	10.7	41.3	27.2	-25.3%	64.0%	3.7%
NESTLE	SELL	830.00	1,200.27	-30.8%	3.5	14.5	10.6	81.0	27.8	-66.6%	331.4%	3.5%
PZ**	SELL	14.86	24.00	-38.1%	0.9	10.9	12.7	17.3	27.0	78.4%	6.3%	3.0%
UNILEVER**	SELL	35.92	44.00	-18.4%	2.0	16.9	9.3	43.1	22.2	157.6%	143.9%	0.9%
AVERAGE		143.88	197.88	-16.7%	1.7	12.5	8.3	24.2	474.7	-24.6%	93.0%	3.5%

*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 closed flat last week at N10.50. 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 gained by 2.41% to N13.69. DANGSUGAR trades at forward PE of 6.9x, 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 lost by 1.72% last week to N29.20. FLOURMILL trades at 2018 PE of 9.8x, 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 appreciated by 1.00% last week to close at N101.00. GUINNESS trades at 2018 PE of 23.8x, 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 closed lower by 3.02% last week to N160.01. NB trades at forward PE of 27.2x, 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 lost by 3.24% last week to N1,200.27. NESTLE trades at 12-M PE of 27.8x, 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.
- 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 appreciated by 0.42% last week to close at N24.00. PZ trades at 2018 PE of 27.0x, below its 5-year average of 37.3x.
- PZ released Q1-18 result showing a post-tax loss of N123.1 million, despite revenue growing by 12.8% y/y. The loss after tax was much lower than the N1.59 billion loss reported in the same period of 2017.
- Guidance from our recent discussion with the management is for flat to slight earnings growth in 2018F. The consumer environment is expected to remain challenging and competition intense. Outlook for prices is dovish (there has been a marginal price cut this year for Electrical goods, wherein increase was higher last year), yet volumes are unlikely to recover strongly. Dollar liquidity has improved, outlook is positive, and likewise, the expected impact on business performance.
- That said, latest economic data (rising PMI, consumer confidence, and business expectation) suggest that the pressure that Nigerian consumers face may be over-exaggerated. With prices largely stable and economic activities improving, we think consumers are actually better-off now, compared to a year ago.
- From the loss in Q1, we expect PZ will return to profit in the coming quarters, and close 2018F with N3.52 billion net profit (vs. N3.69 billion in 2017FY). The assumptions driving our forecast are (1) continued revenue growth, (2) modest margin recovery, and (3) higher opex (ratio of revenue to increase by 70 bps) and effective tax rate (to increase by 448 bps).

- The stock has accumulated 62% YtD, supported by the same positive investor sentiment that has driven both the broader and consumer goods indices up by 31.6% and 28.3% respectively YtD. Following the upward review of our estimates, we have increased our 2018F TP slightly higher to N14.86 (previously N14.26). While we remain constructive of PZ, we believe the stock has outrun the level supportive of its fundamentals. SELL.

UNILEVER NIGERIA PLC – SELL

- The shares of UNILEVER closed flat last week at N44.00. UNILEVER trades at forward PE of 22.2x, below its 5-year average of 61.8x.
- UNILEVER released Q3-17 result, showing revenue and net profit grew by 36.6% y/y and 142.7% y/y respectively. Finance costs increased by 48% y/y and 25% q/q, on the repayment of short term USD intercompany loans, and compared to Q3-16, gross margin (31%) was higher by 661 bps and beat our 30% estimate.
- On net, UNILEVER's Q3 result is impressive, with net profit as at 9M-17 already 4% ahead of consensus' 12-months forecast. That said, we expect to revise our forecast of N7.48 billion lower, in consideration of the surprisingly higher finance costs. **Our estimates are under review**
- We like the fact that the company has been able to maintain a higher margin. 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 through Rights Issue. As at end September, gross debt stood at N7.96 billion, the lowest since Q1-14, suggesting – and validated by the N30.7 billion outflow reported under financing cash flow – that management has commenced the process of significantly deleveraging the balance sheet.

DANGOTE CEMENT PLC – HOLD

- The shares of DANGCEM lost by 1.57% last week to N220.00. DANGCEM trades at forward PE of 14.3x, below its 5-year average of 17.2x.
- In its recently released Q3-17 result, revenue (27.4% y/y), EBITDA (95.1% y/y), and PAT (63.1% y/y) all grew strongly at the Group level. Compared to Q2-17, decline was recorded across all line items – revenue (-6.7%), EBITDA (-10%), and PAT (-33%). The y/y revenue growth was underpinned by higher average prices (40% y/y), which more than compensated for the decline in volume (9% y/y). Compared to Q2-17, volume was lower by 12% while price increased by 6%.
- Notwithstanding the lower-than-expected Q3 earnings, DANGCEM's performance over the nine months of 2017 was very strong, and consistent with the broadly expected impressive year for the Group. We look for positive investor reaction to the result. **Our estimates are under review**
- 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.
- In the Q3 earnings call, DANGCEM's management said the possibility of 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, remains high.

LAFARGE AFRICA PLC – BUY

- The shares of LAFARGE closed flat last week at N56.00. LAFARGE trades at forward PE of 11.4x, below its 5-year average of 11.8x.

- LAFARGE released Q3-17 result late on Friday, showing revenue growth of 28.2% y/y, and a loss after tax of N18.8 billion which almost erased the N19.73 billion profit reported as at H1. Given the largely stable cement prices across markets, we attribute the higher-than-expected revenue to both higher (than expected) sales volume in Nigeria and the stronger performance of the aggregate and concrete business.
- Noteworthy from this result was the crashing of gross margin to 19.6%, from 32% in Q2. Energy issues in the South West persisted, with gas supply below 50% on average in the region in nine months.
- Further impacting earnings was other operating loss of N9.3 billion, attributed to the net forex loss of N9.9 billion reported during the period. In addition, finance charge increased 85.7% y/y and 24.7% q/q, driven by interest on borrowings which increased 27% q/q and 185% y/y. Compared to Q2 closing balance, borrowings increased by 12.5% when it stood at N245 billion (from N147 billion in Q1)
- LAFARGE's Q3 result was disappointing, especially in the context of its strong negative implication for 2017F expected earnings. We expect strong negative reaction to the result on likely huge downward revision to consensus prior net profit forecast of N36.5 billion for the year. **Our estimates are under review.**
- 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 surged by 5.06% last week to close at N10.17. CCNN trades at forward PE of 5.7x, below its 5-year average of 7.1x.
- In Q3-17 result, revenue (86.1% y/y), EBITDA (553% y/y), and PAT (1,500% y/y) all grew strongly. Compared to Q2-17, strong double-digit growth was also recorded across all line items – revenue (23%), EBITDA (90%), and PAT (95%). We assume that price increase during the quarter entirely accounted for the surprised strong q/q growth in revenue.
- At 43% (+2,100 bps y/y and +900 bps q/q), the gross margin reported over the three months period was a positive surprise. Again, pending otherwise guidance from management, we assume that pricing was significant in achieving the margin growth. The q/q margin expansion also point, from the notes to the account, to improved energy (-17% q/q) and presumably, other production costs.
- Group opex rose by 51.3% y/y and 4.8% q/q. As a proportion of revenue, opex was down by 319 bps and 241 bps respectively y/y and q/q. In addition to lower opex margins, also having positive impact on earnings were (1) 94.5% y/y and 808% q/q increase in other income and (2) 32% y/y and 7% q/q decline in net finance cost.
- At N3.55 billion and N2.04 billion, CCNN's EBITDA and net profit as at 9M-17 are only 7% and 9% short of our 12-months forecasts respectively but are 3.4% and 2.3% ahead of consensus'. We look for positive investor reaction to the result on likely upward revisions of both 2017 and 2018 earnings forecasts. **Our estimates are under review.**
- 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 lost by 2.66% last week to N9.50. ACCESS trades at forward PE of 3.1x, above its 5-year average of 2.9x.
- 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 26.95% from current levels; consequently, we recommend a BUY on the stock.

FBN HOLDINGS PLC – HOLD

- The shares of FBNH closed lower by 1.31% last week at N6.01. FBNH trades at forward PE of 8.5x, above its 5-year historical average of 6.3x.
- 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 6.66% from current levels; consequently, we recommend a HOLD on the stock.

GUARANTY TRUST BANK PLC – HOLD

- The shares of GUARANTY lost by 0.71% last week to N41.70. GUARANTY trades at forward PE of 7.2x, above its 5-year average of 6.2x.
- GUARANTY published Q3-2017 result wherein gross earnings declined by 19.85%y/y and 12.03% q/q, with PBT (-1.06% y/y and -3.51% q/q) and PAT (-1.34% y/y and -72 bps q/q) consequently coming in lower. The key driver of the decline in earnings was a significant contraction in NIR (down 72.80% y/y and 52.75% q/q), which more than subdued the 14.21% y/y (and 74 bps q/q) growth in interest income. Over 9M-17, gross earnings declined by 6.11%, while PBT and PAT grew by 6.53% and 4.71% respectively.
- While NPL increased by 27 bps (compared to the level in FY-16) to 3.93%, credit loss provision at N8.38 billion in 9M-17 was 85.36% below the amount reported same period in the previous year, following the recovery of a previously written off loan worth N4.55 billion. Accordingly, annualized cost of risk contracted 313 bps y/y to 0.53% in 9M-17.
- For the rest of 2017, we expect GUARANTY's sizeable portfolio of fixed income instruments and growth in FX interest income will drive growth in interest income. That said, NIR growth will remain constrained by the relative stability of the NGN, thus limiting the possibility of any significant revaluation gains (such as those seen last year) and consequent transmission (as was the case in 2016) to gross earnings. While we expect cost of funds to remain elevated in the course of the year, the impact on NIM will be offset by higher assets yield. **Our estimates are under review**
- Our current 12-month TP of N41.45 represents upside potential of 1.80% from current levels; consequently, we retain HOLD recommendation on the stock.

UNITED BANK FOR AFRICA PLC – BUY

- The shares of UBA shed 2.49% last week to close at N9.00. UBA trades at forward PE of 3.9x, above its 5-year average of 3.2x.
- In its recently released 9M-17 results, UBA's gross earnings grew by 25.75%, driven by noteworthy growth across income lines – interest income (+30.11%) and non-interest revenue (+18.84%). Accordingly, PBT and PAT grew by 27.24% and 16.55% respectively, resulting in EPS of N1.74.
- Specifically, on the performance in Q3-17, gross earnings contracted by 8.46% q/q (+11.25% y/y), driven largely by 38.60% q/q decline in NIR (+26.55% y/y), which muted the growth in interest income (6.33% q/q and 10.01% y/y). Accordingly, total operating income decline by 15.79% q/q (+12.01% y/y), with the impact on the bottom line further pressured by growth in opex (16.96% higher y/y but marginal on q/q basis). Overall, PBT declined double-digit (35.14 q/q, and 2.27% y/y) while a lower effective tax rate supported a marginal contraction in PAT (7.04%q/q and 5.39% y/y).
- UBA recorded an additional N3.47 billion in credit loss provision in Q3-17, which raised total provision for 9M-17 to N12.91 billion (41.89% y/y). Overall, annualized cost of risk expanded by 131 bps y/y to 1.99%.
- While noting the impressive performance over 9M-17, the contraction in NIR in Q3 – which supported gross earnings growth in Q2-17 – reflects the gradual squeeze in foreign exchange gains and the impact of the softening yield curve on held for trading securities, a trend that should persist over Q4. For 2017F, we expect gross earnings will close higher relative to 2016, given the current gains on FX related and derivative transactions, and yields on interest earning assets. However, the deterioration in asset quality portends a major risk to earnings outlook. **Our estimates are under review**
- Our current 12-month TP implies upside potential of 40.22% from current levels; consequently, we recommend a BUY on the stock.

ZENITH BANK PLC – HOLD

- The shares of ZENITH appreciated by 1.92% last week to N25.99. ZENITH trades at forward PE of 5.8x, above its 5-year average of 5.0x.
- In Q3-17, ZENITH report declines across most line items – gross earnings declined 35.19% q/q and 8.89% y/y – following higher than expected contraction in interest income (-30.96% q/q and +4.54% y/y) and a steep decline in non-interest revenue (42.07% q/q and 16.29% y/y). However, decline in Opex Supported 42.57% q/q Growth in PAT, resulting in 41.32% growth in annualized EPS to N1.71.

- Specifically, over 9M-17, ZENITH's gross earnings is up 39.68% (supported by 26.6% and 79% increase in interest and non-interest incomes) while PBT and PAT are both ahead by 25.79% and 29.14% respectively.
- Over 9M-17, asset quality deterioration persists, with NPL ratio rising 200 bps y/y to 4.20% (albeit below the 4.30% in H1-17), while additional provisioning of N4.67 billion in Q3-17 further pushed cost of risk 140 bps higher to 2.70%, following specific provision on bilateral exposure to Etisalat (now 9 Mobile) and collective allowance for impairment on exposures to the general commerce, transportation, oil & gas, and power sectors.
- While acknowledging the strong performance over 9M-17, the contraction across lines in Q3-17 would likely drive downward review of consensus 2017 estimates. **Our estimates are under review**
- Our current 12-month TP of N27.18 (Previous: N30.63) implies upside potential of 4.58% from current levels; consequently, we place a HOLD recommendation on the stock.

Ticker	Current	Week-H	Week-L	WTD chg	3MTD			6MTD			Year High	Year Low	YTD Chg	52wk Hi	52wk Lo	52 week chg			
					Month-H	Month-L	MTD chg	3 Month-H	3Month-L	chg							6Month-H	6Month-L	chg
FINANCIAL SERVICES																			
ACCESS	9.50	9.72	9.50	-2.66%	9.90	9.5	-1.35%	10.55	9.50	-1.55%	10.76	6.26	51.52%	10.76	5.81	61.84%	10.76	5.15	68.1%
DIAMONDBNK	1.10	1.12	1.08	-3.51%	1.14	1	0.00%	1.34	1.00	-12.00%	1.44	0.79	23.60%	1.44	0.78	25.00%	1.44	0.78	-5.2%
ETI	17.10	17.59	17.10	1.18%	17.59	16.75	-2.29%	18.00	15.00	14.00%	18.00	7.10	131.71%	18.00	7.10	66.34%	18.00	7.10	68.8%
FIDELITYBK	1.44	1.48	1.41	2.86%	1.48	1.33	7.46%	1.48	1.25	14.29%	1.48	0.81	77.78%	1.48	0.77	71.43%	1.48	0.76	65.5%
GUARANTY	41.70	42.10	41.70	-0.71%	42.10	40	4.25%	42.10	37.00	11.23%	42.10	24.81	67.47%	42.10	22.90	68.83%	42.10	20.65	71.7%
SKYEBANK	0.50	0.52	0.50	-1.96%	0.53	0.5	-5.66%	0.75	0.50	-31.51%	0.81	0.50	0.00%	0.81	0.50	0.00%	0.81	0.50	-21.9%
STERLNBANK	1.04	1.04	1.00	0.97%	1.05	1	-0.95%	1.06	0.95	0.97%	1.16	0.70	42.47%	1.16	0.67	36.84%	1.16	0.67	6.1%
UBA	9.00	9.22	8.85	-2.49%	9.44	8.79	4.17%	10.41	8.46	-1.32%	10.41	5.18	73.08%	10.41	4.45	100.00%	10.41	4.19	111.3%
UBN	6.07	6.11	5.75	5.57%	6.11	5.75	5.38%	6.11	5.21	14.53%	6.12	4.75	21.40%	6.12	4.67	10.36%	6.12	4.11	27.8%
UNITYBNK	0.52	0.54	0.52	0.00%	0.57	0.52	-13.33%	0.67	0.52	-25.71%	0.86	0.50	-10.34%	0.86	0.50	-5.45%	0.86	0.50	-20.0%
WEMABANK	0.50	0.50	0.50	0.00%	0.50	0.5	0.00%	0.56	0.50	-10.71%	0.67	0.50	0.00%	0.67	0.50	-7.41%	0.67	0.50	-23.1%
ZENITHBANK	25.99	26.45	25.99	1.92%	26.45	24.01	11.07%	26.45	22.00	13.25%	26.45	14.50	79.12%	26.45	13.30	76.20%	26.45	13.30	76.2%
FBNH	6.01	6.10	6.01	-1.31%	6.14	5.61	6.56%	6.22	5.14	0.17%	7.07	3.17	66.48%	7.07	2.96	79.40%	7.07	2.96	101.0%
FCMB	1.05	1.07	1.05	0.00%	1.07	1.03	-1.87%	1.31	1.02	-16.00%	1.42	0.93	5.00%	1.42	0.93	-4.55%	1.42	0.93	-5.4%
STANBIC	44.30	44.30	43.00	5.48%	44.30	40.01	12.15%	44.30	33.50	36.35%	44.30	19.50	127.18%	44.30	15.00	195.33%	44.30	14.00	160.6%
AIICO	0.54	0.59	0.54	0.00%	0.59	0.53	-1.82%	0.59	0.53	-10.00%	0.64	0.51	1.89%	0.64	0.51	-14.29%	0.64	0.51	-11.5%
CONTINSURE	1.35	1.42	1.35	-6.25%	1.50	1.32	-10.00%	1.57	1.22	3.85%	1.57	1.11	10.66%	1.57	0.96	36.36%	1.57	0.96	35.0%
CUSTODYINS	3.78	3.78	3.50	5.00%	3.78	3.5	5.00%	3.80	3.40	6.18%	3.95	3.00	25.17%	3.95	3.00	-2.83%	3.96	3.00	1.9%
MANSARD	2.25	2.60	2.25	-10.36%	2.60	2	12.50%	2.60	1.86	10.84%	2.62	1.48	50.00%	2.62	1.45	34.73%	2.62	1.45	16.6%
NEM	1.34	1.41	1.33	-2.19%	1.41	1.21	15.52%	1.41	0.96	13.56%	1.41	0.80	67.50%	1.41	0.79	27.62%	1.41	0.70	59.5%
WAPIC	0.51	0.51	0.50	2.00%	0.51	0.5	2.00%	0.54	0.50	2.00%	0.55	0.50	2.00%	0.55	0.50	2.00%	0.55	0.50	2.0%
NPFMCRFBK	1.29	1.29	1.29	1.57%	1.29	1.11	16.22%	1.32	1.10	-2.27%	1.45	1.10	4.88%	1.45	1.05	17.27%	1.45	1.00	22.9%
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	3.70	3.71	3.70	3.06%	3.71	3.31	5.71%	3.71	3.05	17.09%	3.71	2.53	46.25%	3.71	2.27	21.31%	3.71	2.27	42.3%
UCAP	3.10	3.12	3.10	1.97%	3.12	2.88	2.31%	3.15	2.88	0.00%	3.41	2.73	12.73%	3.82	2.41	13.55%	3.82	2.41	19.2%
CONSUMER GOODS																			
CHAMPION	2.46	2.70	2.46	-7.52%	2.70	2.37	2.93%	2.85	2.21	-7.52%	3.44	2.06	-0.40%	3.44	2.06	0.41%	3.44	2.06	-6.5%
GUINNESS	101.00	101.00	100.00	1.00%	101.00	98.5	6.30%	101.00	65.05	52.80%	101.00	60.00	68.33%	101.00	60.00	21.61%	101.00	60.00	26.3%
INTBREW	51.01	51.01	41.89	21.77%	51.01	37	37.86%	51.01	30.00	68.96%	51.01	17.50	191.49%	51.01	15.00	175.73%	51.01	15.00	155.7%
NB	160.01	163.00	160.01	-3.02%	170.00	160.01	-3.02%	193.00	158.00	0.64%	193.00	120.11	29.04%	193.00	112.82	8.12%	193.00	112.82	10.4%
DANGSUGAR	14.02	14.41	13.90	2.41%	14.41	13.47	2.34%	14.91	9.07	54.07%	14.91	5.80	141.72%	14.91	5.71	129.46%	14.91	5.71	126.1%
FLOURMILL	29.20	30.00	29.20	-1.72%	30.00	26.55	9.98%	31.00	26.50	13.49%	31.00	17.50	62.22%	31.00	17.20	57.92%	31.00	16.20	46.0%
HONYFLOUR	1.90	2.00	1.90	-5.47%	2.05	1.9	-5.94%	2.28	1.90	-3.06%	2.28	1.02	86.27%	2.28	0.92	46.15%	2.28	0.92	46.2%
NASCON	13.20	13.85	13.20	0.00%	13.85	12.02	9.82%	13.85	9.19	46.18%	13.85	7.35	70.54%	13.85	6.65	55.29%	13.85	6.65	65.0%
UNIONICON	13.45	13.45	13.45	0.00%	13.45	13.45	0.00%	13.45	13.45	0.00%	14.15	13.45	-4.95%	15.67	13.45	-14.17%	16.49	13.45	-18.4%
CADBURY	10.50	10.50	10.20	0.00%	10.80	10	-4.46%	12.80	10.00	-17.78%	15.67	9.30	12.90%	15.67	7.41	2.04%	15.67	7.41	-20.0%
NESTLE	1200.27	1240.50	1200.00	-3.24%	1240.50	1200	-1.63%	1240.50	902.00	30.75%	1240.50	713.50	59.97%	1240.50	570.00	48.18%	1240.50	570.00	50.0%
VITAFOAM	2.70	2.73	2.64	-2.17%	2.80	2.51	7.57%	2.93	2.51	0.75%	3.00	1.99	35.68%	3.00	1.64	12.50%	3.00	1.64	4.7%
PZ	24.00	24.00	23.90	0.42%	24.23	23.24	-7.69%	27.30	21.40	9.09%	27.30	14.64	63.93%	27.30	11.04	65.52%	27.30	11.04	37.3%
UNILEVER	44.00	44.00	44.00	0.00%	44.00	43.43	0.89%	46.00	37.75	14.82%	46.00	31.81	32.73%	46.00	27.81	25.71%	50.01	27.81	-4.1%

	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	65.00	66.37	65.00	-2.06%	66.37	63.21	2.83%	80.03	59.90	0.78%	80.03	46.60	37.16%	80.03	40.17	61.81%	80.03	36.20	62.5%
PRESKO	68.00	68.00	67.50	1.49%	68.00	59	15.25%	76.95	57.06	11.48%	76.95	45.00	44.68%	76.95	40.10	69.58%	76.95	40.00	68.9%
LIVESTOCK	0.87	0.91	0.87	-5.43%	0.92	0.83	3.57%	1.00	0.78	-3.33%	1.10	0.60	45.00%	1.10	0.58	3.57%	1.10	0.58	6.1%
CONGLOMERATES																			
AGLEVENT	0.55	0.55	0.55	0.00%	0.62	0.55	-6.78%	0.72	0.55	-23.61%	0.90	0.55	-26.67%	0.96	0.55	-42.71%	0.96	0.55	-32.1%
JOHNHOLT	0.51	0.51	0.51	0.00%	0.51	0.51	0.00%	0.55	0.51	-7.27%	0.63	0.51	-19.05%	0.66	0.51	-22.73%	0.66	0.51	-22.7%
TRANSCORP	1.47	1.52	1.40	-3.29%	1.52	1.33	8.09%	1.61	1.16	-1.34%	1.86	0.87	58.06%	1.86	0.69	68.97%	1.86	0.67	50.0%
UACN	16.11	16.95	16.11	-0.56%	16.95	15	7.40%	17.50	14.50	-7.36%	18.53	13.75	14.26%	18.53	12.02	-4.16%	19.55	12.02	-17.0%
CONSTRUCTION/REAL ESTATE																			
JBERGER	29.33	29.33	29.33	0.00%	29.33	29.33	0.00%	36.00	29.33	-14.49%	43.84	29.33	-30.08%	43.84	29.33	-23.98%	43.84	29.33	-26.7%
UAC-PROP	2.74	2.85	2.74	-3.86%	2.85	2.72	0.74%	3.05	2.72	-9.27%	3.05	1.70	52.22%	3.15	1.63	4.58%	3.41	1.63	-19.6%
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	3.50	3.59	3.42	4.79%	3.59	3.34	-0.57%	3.59	2.94	19.05%	3.59	0.96	250.00%	3.59	0.89	173.44%	3.59	0.89	130.3%
GLAXOSMITH	24.00	24.00	22.05	14.29%	24.00	21	9.09%	24.00	20.00	20.00%	24.00	14.09	69.01%	24.00	14.00	52.38%	24.00	13.54	52.1%
MAYBAKER	2.80	2.97	2.80	-5.72%	3.00	2.52	6.06%	3.25	2.52	0.36%	5.52	0.85	211.11%	5.52	0.85	197.87%	5.52	0.82	211.1%
NEIMETH	0.65	0.68	0.62	-4.41%	0.71	0.62	-4.41%	0.92	0.61	-29.35%	0.98	0.53	16.07%	0.98	0.53	-16.67%	0.98	0.53	-24.4%
PHARMDEKO	2.25	2.25	2.25	0.00%	2.25	2.25	0.00%	2.25	2.25	0.00%	2.25	1.95	15.38%	2.25	1.78	26.40%	2.25	1.62	38.9%
ICT																			
CWG	2.54	2.54	2.54	0.00%	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	-4.9%
NCR	6.63	6.63	6.63	0.00%	6.63	6.63	0.00%	7.33	6.63	-9.55%	7.71	6.63	-14.01%	8.53	6.63	-22.27%	8.99	6.63	-26.3%
TRIPPLEG	1.06	1.06	1.06	0.00%	1.09	1.06	-2.75%	1.14	1.06	-7.02%	1.24	1.06	-14.52%	1.36	1.06	-22.06%	1.36	1.06	-22.1%
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	7.20	7.20	7.20	0.00%	7.20	7	2.86%	7.30	6.52	6.35%	7.40	5.88	12.85%	7.40	5.88	12.50%	7.40	5.88	4.5%
CAP	32.50	32.50	32.50	0.00%	32.50	32.5	0.00%	35.00	32.50	-7.14%	37.80	32.00	-1.52%	37.80	28.01	1.56%	37.80	28.01	-3.7%
CCNN	10.17	10.17	9.68	5.06%	10.18	8.06	21.65%	10.84	8.06	4.85%	11.27	4.44	127.52%	11.27	4.13	103.40%	11.27	4.04	84.9%
DANGCEM	220.00	223.98	220.00	-1.57%	224.00	210	3.29%	245.00	204.52	3.77%	245.00	159.00	38.36%	245.00	149.26	26.44%	245.00	149.26	20.2%
FIRSTALUM	0.50	0.52	0.50	0.00%	0.52	0.5	0.00%	0.66	0.50	-13.79%	0.66	0.50	0.00%	0.66	0.50	0.00%	0.66	0.50	0.0%
PAINTCOM	0.59	0.59	0.59	0.00%	0.65	0.59	-9.23%	0.65	0.59	-9.23%	0.65	0.59	-9.23%	0.65	0.59	-9.23%	0.84	0.59	-29.8%
PORTPAINT	2.10	2.10	2.10	0.00%	2.10	2.1	0.00%	2.10	2.10	0.00%	2.10	1.82	11.11%	2.10	1.71	16.67%	2.29	1.38	38.2%
WAPCO	56.00	56.00	56.00	0.00%	57.31	52.02	10.50%	63.00	48.54	-6.67%	63.00	46.00	21.74%	63.00	34.50	36.75%	63.00	34.50	30.2%
CUTIX	2.60	2.60	2.20	8.79%	2.60	2.2	4.00%	2.73	2.01	12.07%	2.73	1.62	60.49%	2.73	1.42	37.57%	2.73	1.42	37.6%
AVONCROWN	1.18	1.18	1.18	0.00%	1.18	1.18	0.00%	1.18	1.18	0.00%	1.18	0.99	8.26%	1.18	0.99	3.51%	1.32	0.99	-10.6%
BETAGLAS	56.85	56.85	56.85	0.00%	56.85	56.85	0.00%	60.34	56.85	-1.08%	60.34	46.00	22.52%	60.34	29.00	87.50%	60.34	28.88	83.4%
VANLEER	9.09	9.09	9.09	0.00%	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	-6.2%

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	480.00	480.00	480.00	0.00%	480.00	450	6.64%	490.50	450.00	-1.03%	490.50	345.80	18.52%	490.50	345.80	26.32%	490.50	340.00	24.2%
OANDO	5.99	5.99	5.99	-0.17%	6.05	5.73	1.01%	8.40	5.65	-18.94%	9.54	5.32	12.59%	9.54	4.30	27.45%	9.54	3.61	15.2%
CONOIL	28.00	28.00	28.00	0.00%	28.00	27.55	1.63%	36.40	27.55	-6.60%	44.56	27.55	-15.79%	44.56	27.55	-25.29%	44.56	27.55	-22.0%
ETERNA	3.48	3.50	3.45	0.87%	3.50	3.39	0.58%	3.90	3.30	-8.90%	4.09	3.03	14.10%	4.09	2.97	12.26%	4.09	2.81	18.0%
FO	44.65	48.00	44.65	-6.98%	50.00	44.65	-10.52%	62.90	44.65	-22.96%	64.30	43.00	0.34%	84.22	43.00	-47.12%	129.10	43.00	-64.9%
MOBIL	157.85	166.00	157.85	-4.91%	170.00	157.85	-7.15%	254.50	157.85	-37.98%	340.00	157.85	-51.28%	360.00	157.85	-43.42%	360.00	157.85	-16.9%
MRS	27.46	27.46	27.46	0.00%	31.98	27.46	-14.13%	35.44	27.46	-22.52%	39.03	27.46	-29.64%	43.24	27.46	-36.49%	45.51	27.46	-31.4%
TOTAL	245.00	253.00	245.00	-3.16%	253.00	235	6.06%	270.00	216.80	-4.67%	282.55	216.80	-6.84%	305.00	216.80	-18.06%	345.00	216.80	-15.5%
BOCGAS	3.96	3.96	3.78	4.76%	3.96	3.78	4.76%	3.96	3.13	26.52%	3.96	2.99	12.50%	3.96	2.99	12.50%	3.96	2.99	12.5%
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	4.75	5.46	4.75	-13.00%	5.46	4.75	0.00%	5.46	4.38	-12.04%	5.46	4.20	10.21%	5.46	4.20	7.95%	5.46	4.00	18.8%
TRANSEXPR	0.79	0.79	0.79	0.00%	0.79	0.76	3.95%	0.80	0.76	0.00%	0.95	0.75	-13.19%	1.00	0.75	-21.00%	1.12	0.75	-29.5%
CILEASING	1.75	1.95	1.75	-1.69%	1.96	1.7	7.36%	1.96	0.64	186.89%	1.96	0.57	173.44%	1.96	0.50	250.00%	1.96	0.50	250.0%
CAPHOTEL	3.15	3.15	3.15	0.00%	3.15	3.15	0.00%	3.31	3.15	-4.83%	3.65	3.15	-13.70%	3.70	3.15	-10.00%	3.70	3.15	-14.4%
TOURIST	3.50	3.50	3.50	0.00%	3.50	3.5	0.00%	3.50	3.50	0.00%	3.65	3.50	-4.11%	3.68	3.50	-0.28%	3.68	3.50	-0.3%
LEARNAFRCA	0.79	0.79	0.76	-1.25%	0.80	0.76	6.76%	0.90	0.74	-12.22%	0.95	0.74	-8.14%	0.95	0.65	2.60%	0.95	0.61	29.5%
UPL	2.22	2.22	2.22	0.00%	2.57	2.22	-13.62%	2.90	2.22	-23.45%	4.03	2.22	-44.91%	4.24	2.22	-47.64%	4.58	2.22	-51.5%
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	1.26	1.20	-4.76%	1.26	1.09	15.38%	1.26	1.00	13.21%	1.26	0.90	29.03%	1.26	0.69	33.33%	1.26	0.69	39.5%
AIRSERVICE	7.87	7.87	7.87	0.00%	7.87	7.16	9.92%	7.87	4.78	64.64%	7.87	3.91	101.28%	7.87	2.39	214.80%	7.87	2.00	293.5%
NAHCO	3.25	3.60	3.25	-4.41%	3.60	3	4.84%	3.75	2.77	15.66%	3.75	2.44	33.20%	3.75	2.00	2.85%	3.75	2.00	11.3%

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