

Week beginning **06-Nov-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	HOLD	11.58	10.09	14.8%	2.3	3.8	0.4	0.6	-5.7%	6.0%	17.4%	6.9%
FBNH	HOLD	7.38	7.05	4.7%	7.0	4.7	0.2	0.4	11.6%	212.5%	3.0%	4.3%
GUARANTY*	HOLD	42.81	41.21	3.9%	5.3	7.2	1.4	2.1	33.0%	23.3%	28.8%	5.1%
UBA	HOLD	10.14	9.90	2.4%	2.3	4.2	0.4	0.7	11.2%	19.6%	18.5%	8.1%
ZENITHBANK	HOLD	30.15	25.92	16.3%	3.6	4.8	0.7	1.0	22.6%	30.6%	20.0%	7.9%
<b>AVERAGE</b>		<b>20.41</b>	<b>18.83</b>	<b>8.4%</b>	<b>4.1</b>	<b>4.9</b>	<b>0.6</b>	<b>1.0</b>	<b>14.6%</b>	<b>58.4%</b>	<b>17.5%</b>	<b>6.5%</b>

CEMENT	Rating	Price Target (N)	Price (N)	Potential Up/Downside	EV/SALES (x) 2016	EV/EBITDA (x) 2016	EV/EBITDA (x) 2017E	P/E (x) FY 2016	P/E (x) FY 2017E	EPS gr. FY 2016/15	EPS gr. FY 2017E/16	Div Yield 2017E
CCNN*	SELL	7.47	9.70	-23.0%	0.2	0.9	0.6	5.0	5.4	4.2%	78.3%	0.0%
DANGCEM	HOLD	221.34	227.00	-2.5%	5.2	12.5	9.9	15.3	14.9	4.4%	34.0%	5.0%
WAPCO	SELL	38.98	51.45	-24.2%	2.4	17.5	12.7	13.0	71.5	-45.1%	-77.1%	4.8%
<b>AVERAGE</b>		<b>89.26</b>	<b>96.1</b>	<b>-16.6%</b>	<b>2.6</b>	<b>10.3</b>	<b>7.7</b>	<b>11.1</b>	<b>30.6</b>	<b>-12.2%</b>	<b>11.7%</b>	<b>3.3%</b>

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*	HOLD	9.18	10.11	-9.2%	0.5	21.8	11.6	-65.2	3517.2	-125.7%	-101.8%	0.0%
DANGSUGAR*	SELL	13.69	15.40	-11.1%	0.4	3.0	1.8	5.1	7.6	24.8%	69.6%	6.9%
FLOURMILL*	SELL	28.80	35.47	-18.8%	0.4	4.2	4.4	6.1	11.9	-44.8%	-1.8%	5.5%
GUINNESS*	HOLD	91.11	100.0	-8.9%	1.6	14.8	5.4	65.0	23.5	-195.4%	232.7%	2.6%
NB*	SELL	127.44	145.03	-12.1%	3.8	14.3	10.7	41.3	24.7	-25.3%	64.0%	4.1%
NESTLE*	SELL	830.00	1,290.00	-35.7%	3.5	14.5	10.6	81.0	29.9	-66.6%	331.4%	3.3%
PZ*	SELL	14.86	23.00	-35.4%	0.9	10.9	12.7	17.3	25.8	78.4%	6.3%	3.1%
UNILEVER*	SELL	35.92	40.00	-10.2%	2.0	16.9	9.3	43.1	20.2	157.6%	143.9%	1.0%
<b>AVERAGE</b>		<b>143.88</b>	<b>207.38</b>	<b>-17.7%</b>	<b>1.7</b>	<b>12.5</b>	<b>8.3</b>	<b>24.2</b>	<b>457.6</b>	<b>-24.6%</b>	<b>93.0%</b>	<b>3.3%</b>

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) – HOLD**

- The shares of CADBURY lost by 4.17% last week to N10.11. CADBURY trades at a significant forward PE above its 5-year historical average of 24.9x.
- CADBURY published Q3-17 result, showing revenue growth of 9.3% y/y and PAT of N702 million, from a loss reported in Q2. Also worthy of note is that the reported profit is CADBURY's single-quarter largest since Q4-15, thanks to significant expansion of gross margin.
- While top-line continued to grow, the slower growth pace compared to the last three quarters, and notwithstanding the still low base prices of Q3-16, suggest that sales volume may have been very low y/y. That said, revenue has grown 14.3% y/y in nine months, with Non-Nigerian sales up 25%.
- Gross margin of 30% was reported, as the technical fees (included in cost of sales) that significantly pressured margin in Q2 appears to have been fully settled. We note also the positive feed-through from both the continued stable exchange rate and softer cocoa prices (-6.83% Ytd and -4.82% compared to end-March in the international market).
- Although there was no finance charge in Q3-16, the N60 million reported in the review period was significantly lower than Q2's N212 million (including FX loss of N105 million) which adversely impacted earnings during the period. Bank overdraft – which CADBURY has resorted to in recent quarters as a result of the devaluation impact on working capital – stood at N2.7 billion as at September ending, from N2.3 billion in June.
- CADBURY's strong profit in Q3, following a negative surprise in Q2, leaves post tax loss after nine months at N64 million, from N766 million in H1. Compared to other quarters, CADBURY's results have been more stable in Q4. We look for the same this year, suggesting – given a stronger than expected Q3 – the company's earnings will likely close the year ahead of our previous estimate. That said, we do not expect investor will react accordingly to this result, given doubts as to the consistency of CADBURY's performance. **Our estimates are under review.**

**DANGOTE SUGAR REFINERY PLC (DANGSUGAR) – SELL**

- The shares of DANGSUGAR gained by 1.32% to N15.40. DANGSUGAR trades at forward PE of 7.6x, above its 5-year historical average of 7.5x.
- DANGSUGAR recently released Q3-17 result, showing revenue declined 1% y/y while EBITDA (226% y/y) and PAT (244% y/y) grew strongly. Continued stronger gross margin and tamed opex, primarily, in addition to higher investment income, was the lever for earnings growth.
- The decline in revenue, was driven by lower sales volume, which more than offset the relatively higher price. Compared to 2016, sales volume has closed lower in all three quarters this year in response to the sharp increase in price (+75% in 9M-17 vs. 9M-16). The management reduced the per bag price of sugar by N1,000, effective in April, to help support sales.
- Gross margin increased by 68 bps q/q to 32.9% in Q3-17, but compared to the same period last year, gross margin was higher by 2,153 bps. The significant appreciation of the naira at the autonomous markets (where DANGSUGAR used to source most of its FX during the crisis period), increased access to cheaper USD from the CBN, and yet, the still elevated selling prices, have sustained margins.
- Overall, DANGSUGAR's Q3-17 PAT is solid and adds to the strong growth delivered over H1. YtD, PAT is already well-above 12 months 2016 level and slightly ahead of our 2017F estimate. **Our estimates are under review.**

**FLOUR MILLS OF NIGERIA PLC – SELL**

- The shares of FLOURMILL closed higher by 18.23% last week to N35.47. FLOURMILL trades at 2018 PE of 11.9x, below its 5-year average of 19x.
- FLOURMILL published Q2-17/18 and H1-17/18 results showing high double-digit growth in post-tax profit. The primary driver of the profit growth (as was the case in Q1) is a net operating gain of N1.92 billion, against a loss reported in Q2-16. That aside, gross profit was down 14% y/y while opex and finance costs increased by 13% y/y and 31% y/y respectively.

- Revenue grew by 9.8% y/y, the slowest pace since Q4-15/16, as pricing effect continues to taper. The y/y decline in gross profit was on the backdrop of faster increase in cost of sales (14.1%) and 331 bps contraction of gross margin (GM).
- Operating expenses increased by 12.6% y/y and 9.4% q/q, with the margins also rising by c.10 bps and 32 bps respectively. Admin expenses remain the driver of opex growth, although we note the slow growth from Q1's 52% (which management attributed to one-off charges). Increasing competition and the Apapa traffic situation are yet to reflect in marketing and distribution costs (-14% y/y).
- Finance costs are higher by 31% y/y, but compared to Q1, they are lower by c.18%. While the y/y increase in finance costs reflects the still relatively higher gross debt (N188.2 billion vs. N155.4 billion), the continued q/q moderation mirrors the reducing debt balance since March ending 2017 (by 53.4 billion).
- 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.
- 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 lost by 0.04% last week to close at N100.00. GUINNESS trades at 2018 PE of 23.5x, below its 5-year average of 27.7x.
- GUINNESS reported revenue growth of 30% y/y in Q1-18 and net profit of N41.4 million, from a loss in the corresponding period of Q1-16/17, and the N4.5 billion profit reported in Q4 ended March 2017. Compared to our estimate, the reported revenue was ahead by 20% while net profit missed by 96%. The significant deviation on the net profit line was on the back of (1) lower-than-expected gross margin and (2) higher net finance costs.
- Gross margin was lower by 153 bps y/y (on restated Q1-16/17 numbers) and 1,000 bps q/q, reflecting, as observed partly in the case of NB, higher sorghum prices in Nigeria during the period. Further clarity is required on this line.
- Higher-than-expected finance costs (14% y/y and 245% q/q) more than offset the surge in finance income. FX loss of N2.2 billion and higher interest expenses on overdrafts and intercompany loans were the major drivers of the higher finance costs. The reduction of gross debt to N13.8 billion, from N41 billion as at June ending, is an indication that management has commenced the process of deleveraging the balance sheet with proceeds of the rights issue.
- Overall, while we consider the moderation of finance costs in subsequent quarters as potentially positive, the impact on earnings, compared to prior expectation, may be offset, should gross margin stay at current level. **Our estimates are under review.**

#### NIGERIAN BREWERIES PLC – SELL

- The shares of NB closed lower by 4.59% last week to N145.03. NB trades at forward PE of 24.7x, below its 5-year average of 31.5x.
- NB released Q3-17 result last week. In our view, NB's performance during the three months period was broadly disappointing. Although revenue grew 12.8% y/y, it was below our estimate by c.9%. PAT on the other hand, was down 75% y/y, and 97% below our estimate on (1) significantly weaker gross margin and (2) higher opex and net financing costs. The PAT is NB's record low. For 9M-17 however, the strong performance in H1 held net profit up 19% relative to 9M-16. The Board proposed an interim dividend of N1.00 per share.

- Having shown consistent recovery from the trough of Q3-16, gross margin faltered in the Jul-Sep 2017 period to 34.4%, from the average of 44% achieved between Q4-16 and Q2-17. Compared to Q3-16 also, the recently reported margin is down 143 bps. Given largely stable prices during the period, we link the surprised margin contraction specifically to higher (1) amount (N4.1 billion; +44% q/q) recognized for NOTAP and (2) higher per hectolitre production cost, amidst pressure on key input prices (higher month-on-month Sorghum prices were recorded in key markets in July and August).
- Low base price continues to support y/y revenue growth while the q/q contraction signals lower sales volume. Compared to our estimate, the reported revenue was lower by 8.8%. NB's parent company stated in a trading update released last week that volume declined mid single-digit in Nigeria, amidst still difficult underlying trading conditions and consumers trading down. We expect investors to further exit the stock in reaction to the recent earnings underperformance. **Our estimates are under review.**

#### NESTLE NIGERIA PLC – SELL

- The shares of NESTLE gained by 4.88% last week to N1,290.00. NESTLE trades at 12-M PE of 29.9x, below its 5-year average of 43x.
- NESTLE reported revenue growth of 29% y/y in Q3-17 and a net profit of N6.4 billion, from a loss in the corresponding period of 2016. The positives from the result are (1) y/y and q/q revenue growth and (2) y/y and q/q expansion of gross margin. The negatives are (1) continued double-digit increase in operating expenses (although the amount was less than we expected) and notably, (2) the significantly higher-than-expected net finance charges.
- Overall, NESTLE's performance over the three months period shows the consistency of recovery from the challenges faced last year. While the company is course to deliver solid performance in 2017F, we would be revising our net profit estimate for the year slightly downward, given the deviation (-26%) from our expectation in Q3.
- 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 closed flat last week at N23.00. PZ trades at 2018 PE of 25.8x, 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 lower by 6.50% last week at N40.00. UNILEVER trades at forward PE of 20.2x, 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.
- 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. **Our estimates are under review**

#### DANGOTE CEMENT PLC – HOLD

- The shares of DANGCEM appreciated by 3.66% last week to N227.00. DANGCEM trades at forward PE of 14.9x, 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.
- Following Q3-17 results, we revise both DANGCEM's 2017 and 2018-2019 EPS slightly downward by 1% and 0.5% respectively relative to previous estimates. While we look for continued strong margins on stable Nigerian prices and energy efficiency (including the eventual resolution of power challenges in Tanzania).
- We cut group sales volume forecast for 2017 by 2%, and over 2018-2019 by 1.7% average, primarily on the back of expected lower output in Nigeria. Amidst continued high selling prices, we believe the recovery of private sector cement consumption will be very modest. And we are in a wait-and-see mode on public sector demand which has failed to make an impact in two years of Nigeria's huge infrastructure budget. Specifically for DANGCEM, we are mindful of the impact of competition, (1) upon delivery of the speculated BUA's 1.5Mts capacity in Sokoto next year and (2) with LAFARGE likely to experience less production challenges.
- We left volume forecast for Rest of Africa (RoA) unchanged, having previously factored Congo into our model. Broadly in this segment, selling prices (+19% q/q in Q3-17) have also been increasing (both directly and through reduced discounts, as confirmed by management) and utilization rate is above 70% in more than half of the markets. Overall, we forecast Group sales volume will decline 5.2% in 2017 and grow by 7% average over 2018-2019. Over the latter period, we forecast volume will grow in mid single-digits of 8% and 5% respectively in Nigeria and RoA.
- On net, we forecast net profit of N258.8 billion in 2017F (previously NGN261.4 billion), and NGN281.3 billion and NGN311.11 billion in 2018 and 2019 respectively (previously NGN283.4 billion and NGN312 billion).
- On net, we reduce TP for the stock by 1.3% to NGN215.56/share. Over the medium term, we continue to see value in DANGCEM and maintain HOLD rating.

## LAFARGE AFRICA PLC – SELL

- The shares of LAFARGE lost by 1.06% last week to N52.00. LAFARGE trades at forward PE of 71.5x, above its 5-year average of 11.8x.
- LAFARGE released Q3-17 result, 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. 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).
- We revise forecasts for LAFARGE following 9M-2017 results, and adjust our TP for the stock for the Rights Issue (RI). We cut net profit forecasts by 85% for 2017F and by 3% average for 2018-2019F, increase shares outstanding (NOSH) by 57% to 8.6 billion, and roll-forward valuation to 2018F. The broad industry challenge aside, LAFARGE's sales volume, among our universe, lags expectation the most. Margin recovery outlook is relatively less assuring. And there is an underlying FX risk on the outstanding sizeable quasi-equity USD borrowings (USD286 million). On the positive, proceeds of the RI will partly address the Group's debt overhang condition and allow management focus on profitable operations.
- Following Q3-17 result, we raise 2017F volume forecast slightly to 6.2Mts (previously 6.1Mts), representing 18.6% contraction (previously 19.3%), on better-than-expected Nigerian volume (precisely Mfamosing). For 2018 and 2019 however, we revise volume forecast lower to 6.7Mts (previously 7.2Mts) and 6.9Mts (previously 7.6Mts), after cutting expected utilization rates for the West (2,000bps) and North (500 bps) of Nigerian operations. Volume forecast for the South African operation, struggling with high competition and weak infrastructure spending, is unchanged. We retained estimated end-2017 selling price of NGN32,340/bag for the Group (Nigeria: NGN44,800/bag) for 2018F.
- LAFARGE's unsteady gross margin between Q4-16 and 9M-17 (compared to DANGCEM's) does not make for strong reliance on management's claims of strong contribution from coal, pet-coke, and alternative fuels in cement production. Overall, we cut 2017F EBITDA forecast by 25% and 2018-2019F by 7% on higher OPEX and lower gross margin than previous estimates. Our revised EBITDA forecasts imply EBITDA margin of 18% in 2017F and 23% in 2018F and 2019F.
- The slight cut to 2018-2019 net profit forecast, notwithstanding the above revisions, reflects the potential gain from the part refinancing of debts using RI proceeds. From 9M-17's NGN267.4 billion, we estimate gross debt will reduce to NGN135.7 billion in 2018F, and consequently reduce finance costs to NGN16.1 billion, from our previous estimate of NGN 23.1 billion, and NGN24.4 billion potentially in 2017F.
- On net, we reduce TP for the stock by 55% to NGN38.98/share (NGN80.04/share on the old NOSH). LAFARGE's RI price of NGN42.5/share is trading close (9% premium) to our TP.

## CEMENT COMPANY OF NORTHERN NIGERIA PLC - SELL

- The shares of CCNN traded flat last week to close at N9.70. CCNN trades at forward PE of 5.4x, 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 – HOLD

- The shares of ACCESS appreciated by 2.33% last week to N10.09. ACCESS trades at forward PE of 3.8x, above its 5-year average of 2.9x.
- ACCESS recently released its Q3-17 results, wherein gross earnings (9.31% q/q and 18.26% y/y) came in lower relative to Q2-17. This follows lackluster performance across income lines - interest income grew lower than expected (1.69% q/q and 21.84% y/y) and non-interest income declined 28.25% q/q (+10.35% y/y). However, following significant declines in loan loss provision and opex, PBT (+0.12% q/q and -5.08 y/y) grew marginally, while PAT (26.04% q/q and -3.81% y/y) grew double-digit, supported by a lower effective tax rate during the quarter.
- Overall, over 9M-17, gross earnings grew double-digit (by 33.05%). While PBT grew marginally by 1.26%, PAT declined slightly by 1.23%. The impressive growth in gross earnings over the period broadly reflects robust interest income, on impressive yield on interest earning assets (+190 bps to 12.92%), and the surge in foreign exchange trading income, which supported 27.91% growth in NIR. The bottom-line contraction was due to opex increasing by 34.49% y/y, with cost to income ration expanding 665 bps y/y to 64.32%.
- We update our model with a cut in gross earnings growth forecast to 27.68% (previously 28.26%) for 2017F to N486.88 billion, on expected lower growth in interest income and NIR. We also revise cost of funds and opex estimates higher, but lower cost of risks. On net, we now forecast PBT and PAT growth of 7.00% and 7.50% (previously 22.57% and 23.59% respectively) to N96.66 and N76.80 billion respectively. As a result, our 2017F EPS of N2.65 is now 12.96% lower than the previous estimate.
- In line with the persisting high yields on interest earning assets over 9M-17 (+190 bps y/y to 12.90%), we maintained 2017F assets yield estimate of 12.60%. However, we lowered interest earning assets portfolio by 0.31%, resulting in interest income growth of 36.44% y/y (previously 36.71%) to N337.41 billion. We believe the high interest rates environment will keep yields on fixed income securities at current levels and drive interest income over Q4. On the other hand, we have lowered NIR growth to 11.62% (previously 13.40%), reflecting the loss on net trading income in Q3.
- Similarly, we believe the high interest rate environment will impact funding cost (rose 180 bps y/y to 5.8% in 9M-17). As a result, we raised our 2017F cost of fund estimate by 16 bps to 5.74% (previously 5.58%), resulting in 53.47% growth in interest expense to N165.96 billion. Overall, we look for 12 bps y/y decline in net-interest margin to 6.12%, on faster increase in interest expense over interest income.
- Over 9M-17, NPL ratio rose 41 bps y/y to 2.51% (3 bps above the 2.48% in H1-17). We have raised our forecast NPL to 2.55% (previously 2.20%) following the shrinking loan book, but lowered cost of risk estimate to 1.12% (previously 1.32%), resulting in a 3.85% y/y decline in loan loss charges to N21.12billion in FY-17. While we expect opex to moderate in Q4, we raise estimate for 2017F (26.41% growth, vs. 20.05% previously) to N202.65 billion following the sizeable increase over 9M-17 (34.49%).
- Our current 12-month TP implies upside potential of 14.77% from current levels; consequently, we recommend a HOLD on the stock.

## FBN HOLDINGS PLC – HOLD

- The shares of FBNH closed higher by 13.71% last week at N7.05. FBNH trades at forward PE of 4.7x, below its 5-year historical average of 6.3x.
- FBNH released unaudited Q3-17 last week, wherein gross earnings grew marginally by 1.85% q/q and 0.40% y/y, while PBT and PAT rose 28.01% q/q (71.19% y/y) and 24.44% q/q (145.47% y/y), respectively. The growth in earnings is broadly supported by (1) growth in funding income (by 7.73% q/q and 17.43% y/y), which more than subdued the 6.57% and 37.91% y/y contraction in NIR and (2) decline in opex by 3.51% q/q (+2.27% y/y).
- Specifically, over 9M-17, gross earnings grew by 5.17% while PBT declined 3.52%, PAT grew by 7.81%. The marginal growth in gross earnings over the period broadly reflects the impressive yield on interest earning assets (+210 bps to 12.28%) and consequently, robust interest income, which more than offset the significant decline in NIR (47.08%).



- While the performance over 9M-17 is broadly in line with our estimate, we have now revised estimate for Q4 and FY-2017 upward to reflect the relative consistency over the first three quarters of 2017, compared with same periods in 2016. We revise gross earnings growth forecast slightly higher to 0.81% (previously -4.63%) in 2017F to N586.54 billion, on expected higher growth in interest income and a lower contraction in NIR. While we maintained our 2017F costs or risk estimate, we have lowered net loan growth estimate by 8.76%. As a result, we now forecast PBT and PAT growth of 107.87% and 214.18% (previously 51.78% and 51.74%) to N65.92 billion and N53.85 billion respectively. As a result, our 2017F EPS of N1.50 is now 107.06% higher than the previous estimate of N0.72.
- We revise asset yield estimate for 2017F higher to 12.45% (previously 11.65%), on expected continued elevated yields on interest earning assets over Q4 (expanded 210 bps y/y to 12.28% in 9M-17). Overall, we look for interest income growth of 17.88% (previously 12.38%) to N477.76 billion. On NIR, we believe the growth in net insurance revenue, dividend income, and other operating income will persist for the rest of the year. However, we expect a significant contraction in foreign exchange – reflecting the limited legroom for revaluation gains in 2017 with the relative stability of the NGN –, as such, we have lowered the expected contraction in NIR to 45.41% (previously 51.63%).
- We have revised our 2017F cost of funds estimate higher by 16 bps to 3.85% (+62 bps y/y), translating to 31.54% growth in interest expense to N132.64 billion. However, with the upward review of the high yields on interest earning assets, we believe the impact of the expansion in cost of funds will be muted, thus, we estimate net interest margin to decline 13 bps to 8.72% (previously 8.49%).
- Over 9M-17, asset quality deterioration persisted, albeit with some respite as NPL ratio moderated 190 bps to 20.10% compared to H1-17. Following the moderation in NPL and the 90.08% y/y growth in net recoveries from loans previously written off (with an additional recovery of N1.32 billion over Q3), we have revised our forecast NPL to 19.55% (previously 21.65%), but maintain our 6.65% estimate - translating to additional provisioning of N45.85 billion for Q4 and total credit loss provision of N143.47 billion for 2017F.
- Our current 12-month TP implies upside potential of 4.68% from current levels; consequently, we recommend a HOLD on the stock.

**GUARANTY TRUST BANK PLC – HOLD**

- The shares of GUARANTY lost by 1.88% last week to N41.21. 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**

**UNITED BANK FOR AFRICA PLC – HOLD**

- The shares of UBA appreciated by 6.34% last week to close at N9.90. UBA trades at forward PE of 4.2x, above its 5-year average of 3.2x.
- In its recently released Q3-17 results, UBA recorded decline in gross earnings (8.46% q/q), 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). However, over 9M-17, gross earnings grew by 25.75% (against our 29.20% y/y growth estimate), driven by growth across income lines – interest income (+30.11%, in line with our estimate) and non-interest revenue (+18.84%, below our 29.75% y/y growth estimate).
- We have raised our gross earnings growth forecast slightly higher to 49.73% (previously 49.44%) in 2017F to N471.40 billion, on expected higher growth in interest income. That said, following an upward revision to our 2017F cost of funds, downward revision of NIR, and the expectation of a higher opex, we now forecast PBT and PAT growth of 66.29% and 13.24% (previously 74.51% and 14.28%) to N104.69 and N81.83 billion respectively. However, following the adjustment of our weighted average number of shares to reflect the complete cancellation of the 2.08 billion shares under the Staff Share Investment Trust scheme, our 2017F EPS is now 4.94% higher than previous estimate at N2.38.

- We revise asset yield estimate for 2017F higher to 12.35% (previously 12.15%) and we look for interest income growth of 27.25% (previously 22.18%) to N335.89 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, we have revised growth estimate lower to 14.03% (previous 24.90% y/y), equating to N120.55 billion for 2017F.
- On funding cost, we have reviewed our 2017F cost of funds estimate higher by 11 bps to 4.22%, translating to an interest expense growth of 31.24% (previously 27.82%) to N129.63 billion. However, we believe the high yields on interest earning assets will outweigh the expansion in funding cost, thus, we estimate net interest margin to advance 118 bps to 7.48% (previously 7.02%).
- In Q3-17, UBA made additional provisioning of N3.47 billion for credit loss, which raised total provision for 9M-17 to N12.91 billion. At 4.2% in 9M-17 (the same as H1-17), NPL was already ahead of 2017FY's c.4.00% guided by management. We maintain our 4.80% NPL forecast, but lower cost of risk estimate by 45 bps to 1.55% for 2017F, translating to additional provisioning of N11.92 billion for Q4 and total credit loss provision of N24.83 billion for 2017F.
- While noting the (1) flattish growth in funding income over the last three quarters, (2) limited room for any significant growth in FX trading and revaluation gains with the relative stability of the naira, and (3) impact of the adoption of IFRS 9 from 2018F, we now expect PAT to grow lower than previously estimated over 2018-2019F, as FX related and revaluation gains taper and NIR contribution to gross earnings contract significantly. Accordingly, we cut target price by 19.63% to N10.14 (previous: N12.62) and roll forward our valuation to 2018.
- Our current 12-month TP implies upside potential of 2.42% from current levels; consequently, we recommend a HOLD on the stock.

## ZENITH BANK PLC – HOLD

- The shares of ZENITH lost by 0.31% last week to N25.92. ZENITH trades at forward PE of 4.8x, below 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.
- We have cut our gross earnings growth forecast to 35.21% (previously 39.97%) for 2017F to N686.40 billion, on expected lower growth in interest income. That said, following a downward revision of cost of funds and cost of risks, and the expectation of lower opex, we now forecast PBT and PAT growth of 28.39% and 30.36% (previously 9.61% and 8.28% respectively) to N201.85 and N169.01 billion respectively. As a result, our 2017F EPS of N5.38 is now 20.43% higher than the previous estimate.
- While we maintain 12.98% (119 bps expansion from 11.79% in FY-16) estimated assets yield, we now expect loan growth to contract 7.09% y/y (previously estimated to grow by 9.41%) in 2017F, equating to 25.42% y/y (previously 36.38% y/y) growth in interest income. On the other hand, we have raised NIR growth to 65.73% (previously 51.16%), buoyed by strong trading income and revaluation gains.
- On funding cost, we have revised our 2017F cost of funds lower by 55 bps to 4.85% (+70 bps y/y) translating to 47.44% growth in interest expense to N212.88 billion. Our forecast y/y growth in interest expense reflects the impact of the elevated domestic interest rate environment and the high refinancing costs of maturing FCY obligations via the recently issued Eurobond (at a coupon rate of 7.375%, a 113 bps premium over the first tranche) and borrowings secured during the year. Overall, we look for 9 bps decline in net-interest margin to 7.46%, on faster increase in interest expense over interest income.
- Over 9M-17, asset quality deterioration persisted, with NPL ratio rising 200 bps to 4.20% (albeit below the 4.30% in H1-17). While we acknowledge the restructuring (with oil & gas accounting for a larger proportion) and declassification of some power exposures, however, following the classification of some transportation and general commerce exposures as NPL, we maintain our 2017F NPL estimate of 4.50% and cost of risks of 2.02% (previously 2.68%) – translating to a credit loss provision of N53.56 billion in 2017F.
- Hence, we revise our target price on the stock higher to N30.15 (Previous: N27.18), translating to 16.32% from current level and recommend a HOLD 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
<b>FINANCIAL SERVICES</b>																			
ACCESS	10.09	10.09	9.74	2.33%	10.09	9.74	2.96%	10.49	9.50	0.60%	10.76	6.82	47.95%	10.76	5.81	71.89%	10.76	5.15	81.8%
DIAMONDBNK	1.06	1.06	1.00	1.92%	1.06	1	4.95%	1.32	1.00	-18.46%	1.44	0.81	30.86%	1.44	0.78	20.45%	1.44	0.78	-4.5%
ETI	17.00	17.49	17.00	-0.29%	17.20	17	0.00%	18.00	16.75	-1.79%	18.00	7.99	112.77%	18.00	7.10	65.37%	18.00	7.10	73.3%
FIDELITYBK	1.60	1.62	1.52	-3.61%	1.60	1.54	5.26%	1.67	1.26	26.98%	1.67	0.85	88.24%	1.67	0.77	90.48%	1.67	0.76	79.8%
GUARANTY	41.21	42.00	41.21	-1.88%	41.92	41.21	-1.88%	42.10	37.00	2.69%	42.10	26.70	54.34%	42.10	22.90	66.84%	42.10	20.65	82.6%
SKYEBANK	0.50	0.50	0.50	0.00%	0.50	0.5	0.00%	0.71	0.50	-29.58%	0.81	0.50	0.00%	0.81	0.50	0.00%	0.81	0.50	-12.3%
STERLNBANK	1.03	1.03	1.00	-1.90%	1.03	1	3.00%	1.06	0.95	3.00%	1.16	0.70	43.06%	1.16	0.67	35.53%	1.16	0.67	24.1%
UBA	9.90	10.00	9.54	6.34%	10.00	9.61	3.13%	10.00	8.46	2.27%	10.41	6.27	56.65%	10.41	4.45	120.00%	10.41	4.20	130.2%
UBN	6.20	6.20	6.05	1.14%	6.20	6.05	1.64%	6.20	5.30	16.98%	6.20	4.97	24.00%	6.20	4.67	12.73%	6.20	4.11	37.5%
UNITYBNK	0.51	0.53	0.51	-1.92%	0.53	0.51	0.00%	0.64	0.50	-17.74%	0.86	0.50	2.00%	0.86	0.50	-7.27%	0.86	0.50	-16.4%
WEMABANK	0.50	0.50	0.50	0.00%	0.50	0.5	0.00%	0.55	0.50	-9.09%	0.67	0.50	0.00%	0.67	0.50	-7.41%	0.67	0.50	-12.3%
ZENITHBANK	25.92	26.00	25.49	0.82%	25.92	25.8	1.69%	26.45	22.00	3.27%	26.45	15.93	62.71%	26.45	13.30	75.73%	26.45	13.30	75.1%
FBNH	7.05	7.11	6.15	13.71%	7.11	6.51	13.71%	7.11	5.14	14.26%	7.11	3.59	96.38%	7.11	2.96	110.45%	7.11	2.96	131.1%
FCMB	1.08	1.09	1.07	-1.82%	1.08	1.07	0.93%	1.22	1.02	-10.74%	1.42	0.93	16.13%	1.42	0.93	-1.82%	1.42	0.93	-1.8%
STANBIC	42.52	44.05	42.50	-3.47%	42.60	42.5	-2.57%	44.30	37.00	14.86%	44.30	24.50	71.38%	44.30	15.00	183.47%	44.30	14.00	150.1%
AIICO	0.54	0.55	0.52	0.00%	0.55	0.54	3.85%	0.59	0.52	-8.47%	0.64	0.51	-1.82%	0.64	0.51	-14.29%	0.64	0.51	-14.3%
CONTINSURE	1.36	1.36	1.31	3.82%	1.36	1.33	2.26%	1.57	1.22	2.26%	1.57	1.12	21.43%	1.57	0.96	37.37%	1.57	0.96	27.1%
CUSTODYINS	3.80	4.00	3.80	-5.00%	4.00	3.8	-5.00%	4.00	3.41	11.11%	4.00	3.00	26.67%	4.00	3.00	-2.31%	4.00	3.00	-3.3%
MANSARD	2.17	2.17	1.95	7.43%	2.17	2.04	6.90%	2.60	1.86	4.83%	2.62	1.48	46.62%	2.62	1.45	29.94%	2.62	1.45	9.6%
NEM	1.36	1.36	1.24	6.25%	1.36	1.3	8.80%	1.41	0.96	11.48%	1.41	0.87	56.32%	1.41	0.79	29.52%	1.41	0.70	74.4%
WAPIC	0.50	0.52	0.50	0.00%	0.50	0.5	-3.85%	0.54	0.50	-3.85%	0.55	0.50	0.00%	0.55	0.50	0.00%	0.55	0.50	0.0%
NPFMCRFBK	1.30	1.30	1.25	1.56%	1.30	1.25	4.00%	1.30	1.10	8.33%	1.45	1.10	-5.80%	1.45	1.05	18.18%	1.45	1.00	25.0%
INFINITY	1.44	1.44	1.44	0.00%	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	-2.0%
AFRIPRUD	3.76	3.88	3.70	1.62%	3.85	3.76	-3.09%	3.88	3.05	16.41%	3.88	2.69	39.26%	3.88	2.27	23.28%	3.88	2.27	44.6%
UCAP	3.16	3.16	3.01	3.95%	3.16	3.1	4.98%	3.16	2.88	2.60%	3.41	2.80	12.86%	3.82	2.41	15.75%	3.82	2.41	27.4%
<b>CONSUMER GOODS</b>																			
CHAMPION	2.44	2.46	2.44	-0.81%	2.46	2.44	-0.81%	2.79	2.21	-9.63%	3.44	2.06	3.83%	3.44	2.06	-0.41%	3.44	2.06	-7.6%
GUINNESS	100.00	100.38	100.00	-0.04%	100.00	100	0.00%	101.00	72.00	38.89%	101.00	60.00	58.73%	101.00	60.00	20.41%	101.00	60.00	19.0%
INTBREW	46.85	50.00	46.85	-4.78%	50.00	46.85	-4.37%	56.23	34.00	37.79%	56.23	19.50	140.26%	56.23	15.00	153.24%	56.23	15.00	146.6%
NB	145.03	151.50	145.03	-4.59%	150.00	145.03	-3.31%	193.00	145.03	-19.87%	193.00	127.30	13.30%	193.00	112.82	-2.00%	193.00	112.82	2.1%
DANGSUGAR	15.40	15.50	14.90	1.32%	15.50	15.22	2.67%	15.84	12.67	3.56%	15.84	6.35	142.52%	15.84	5.71	152.05%	15.84	5.71	148.4%
FLOURMILL	35.47	35.47	30.00	18.23%	35.47	32.11	12.60%	35.47	26.50	22.44%	35.47	17.50	102.69%	35.47	17.20	91.83%	35.47	16.20	80.1%
HONYFLOUR	2.19	2.19	2.09	8.96%	2.19	2.09	3.30%	2.22	1.85	-1.35%	2.28	1.12	95.54%	2.28	0.92	68.46%	2.28	0.92	87.2%
NASCON	16.00	16.20	15.55	0.38%	16.00	15.55	-1.23%	16.77	11.69	31.80%	16.77	8.00	100.00%	16.77	6.65	88.24%	16.77	6.65	107.5%
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	10.11	11.00	10.11	-4.17%	10.11	10.11	-3.71%	12.70	10.00	-18.40%	15.67	9.30	8.71%	15.67	7.41	-1.75%	15.67	7.41	-21.9%
NESTLE	1290.00	1290.00	1230.00	4.88%	1290.00	1250	3.04%	1290.00	1060.00	21.70%	1290.00	744.99	73.16%	1290.00	570.00	59.26%	1290.00	570.00	58.3%
VITAFOAM	2.85	2.97	2.75	5.56%	2.85	2.75	-4.04%	2.97	2.51	-1.38%	3.00	2.10	35.71%	3.00	1.64	18.75%	3.00	1.64	17.8%
PZ	23.00	23.00	21.70	0.00%	23.00	21.7	0.00%	27.30	21.70	-7.93%	27.30	14.92	54.16%	27.30	11.04	58.62%	27.30	11.04	27.8%
UNILEVER	40.00	42.78	40.00	-6.50%	41.00	40	-2.89%	46.00	37.75	-0.25%	46.00	33.00	21.21%	46.00	27.81	14.29%	48.50	27.81	-20.0%

	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
<b>AGRICULTURE</b>																			
OKOMUOIL	65.00	65.00	65.00	0.00%	65.00	65	0.00%	72.72	59.90	-7.14%	80.03	47.05	38.15%	80.03	40.17	61.81%	80.03	36.20	38.3%
PRESKO	64.00	69.82	64.00	-3.76%	69.82	64	-3.76%	74.50	57.06	-14.09%	76.95	47.00	35.45%	76.95	40.10	59.60%	76.95	40.00	46.0%
LIVESTOCK	0.84	0.85	0.81	-5.62%	0.84	0.84	3.70%	1.00	0.81	-16.00%	1.10	0.78	1.20%	1.10	0.58	0.00%	1.10	0.58	15.1%
<b>CONGLOMERATES</b>																			
AGLEVENT	0.54	0.56	0.54	-3.57%	0.56	0.54	-3.57%	0.72	0.54	-21.74%	0.90	0.54	-25.00%	0.96	0.54	-43.75%	0.96	0.54	-29.9%
JOHNHOLT	0.50	0.50	0.50	0.00%	0.50	0.5	0.00%	0.55	0.50	-9.09%	0.63	0.50	-20.63%	0.66	0.50	-24.24%	0.66	0.50	-24.2%
TRANSCORP	1.45	1.45	1.39	2.84%	1.45	1.39	0.69%	1.52	1.16	-2.03%	1.86	0.95	52.63%	1.86	0.69	66.67%	1.86	0.67	57.6%
UACN	19.00	19.00	18.12	5.26%	19.00	18.79	1.12%	19.00	14.50	12.09%	19.00	14.33	32.31%	19.00	12.02	13.03%	19.00	12.02	2.2%
<b>CONSTRUCTION/REAL ESTATE</b>																			
JBERGER	29.33	29.33	29.33	0.00%	29.33	29.33	0.00%	35.99	29.33	-18.51%	43.84	29.33	-26.42%	43.84	29.33	-23.98%	43.84	29.33	-22.8%
UAC-PROP	2.83	2.83	2.70	4.81%	2.83	2.7	4.81%	3.05	2.58	-4.71%	3.05	1.70	54.64%	3.15	1.63	8.02%	3.15	1.63	1.1%
<b>HEALTHCARE</b>																			
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	3.79	3.99	3.79	-0.52%	3.99	3.79	-5.01%	3.99	2.97	25.50%	3.99	1.44	163.19%	3.99	0.89	196.09%	3.99	0.89	215.8%
GLAXOSMITH	25.00	25.55	25.00	-0.79%	25.55	25	-0.79%	25.55	20.00	25.00%	25.55	14.09	77.43%	25.55	14.00	58.73%	25.55	13.54	66.7%
MAYBAKER	2.70	2.79	2.70	1.89%	2.75	2.7	-3.23%	3.22	2.52	-12.05%	5.52	0.93	190.32%	5.52	0.85	187.23%	5.52	0.85	206.8%
NEIMETH	0.62	0.65	0.62	-4.62%	0.65	0.62	-4.62%	0.87	0.61	-22.50%	0.98	0.53	10.71%	0.98	0.53	-20.51%	0.98	0.53	-27.9%
PHARMDEKO	2.25	2.25	2.25	0.00%	2.25	2.25	0.00%	2.25	2.25	0.00%	2.25	1.99	13.07%	2.25	1.78	26.40%	2.25	1.62	38.9%
<b>ICT</b>																			
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%	1.06	1.06	0.00%	1.14	1.06	-7.02%	1.24	1.06	-14.52%	1.36	1.06	-22.06%	1.36	1.06	-22.1%
<b>INDUSTRIAL GOODS</b>																			
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	7.35	7.35	7.00	5.00%	7.35	7.35	5.00%	7.35	6.80	8.09%	7.40	5.88	25.00%	7.40	5.88	14.84%	7.40	5.88	6.7%
CAP	34.12	34.12	32.50	4.98%	34.12	34.12	0.00%	34.99	32.50	-2.49%	37.80	32.00	3.39%	37.80	28.01	6.62%	37.80	28.01	1.1%
CCNN	9.70	9.70	9.70	0.00%	9.70	9.7	0.00%	10.84	8.06	-10.52%	11.27	4.44	118.47%	11.27	4.13	94.00%	11.27	4.04	85.5%
DANGCEM	227.00	227.50	219.00	3.66%	227.50	227	1.34%	240.79	204.52	-5.73%	245.00	159.00	42.77%	245.00	149.26	30.47%	245.00	149.26	31.6%
FIRSTALUM	0.50	0.51	0.50	-3.85%	0.50	0.5	-1.96%	0.66	0.50	-16.67%	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%	0.59	0.59	0.00%	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	15.38%	2.10	1.71	16.67%	2.29	1.38	52.2%
WAPCO	51.45	51.45	49.95	-1.06%	51.45	50	3.00%	63.00	48.54	-14.25%	63.00	47.45	3.73%	63.00	34.50	25.64%	63.00	34.50	-6.3%
CUTIX	2.12	2.13	2.10	4.95%	2.13	2.1	0.95%	2.73	2.01	-7.42%	2.73	1.86	8.72%	2.73	1.42	12.17%	2.73	1.42	12.2%
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	13.46%	1.18	0.99	3.51%	1.32	0.99	-10.6%
BETAGLAS	54.01	56.85	54.01	-5.00%	54.01	54.01	0.00%	59.84	54.01	-5.79%	60.34	46.00	17.41%	60.34	29.00	78.13%	60.34	28.88	71.5%
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	495.00	495.00	480.00	1.02%	495.00	495	0.00%	495.00	450.00	5.30%	495.00	345.80	16.47%	495.00	345.80	30.27%	495.00	340.00	37.1%
OANDO	5.99	5.99	5.99	0.00%	5.99	5.99	0.00%	7.80	5.65	-23.21%	9.54	5.65	-12.30%	9.54	4.30	27.45%	9.54	3.61	38.3%
CONOIL	28.00	28.00	28.00	0.00%	28.00	28	0.00%	36.40	27.55	-23.08%	44.56	27.55	-15.79%	44.56	27.55	-25.29%	44.56	27.55	-22.0%
ETERNA	4.15	4.15	3.60	15.28%	4.15	3.7	12.16%	4.15	3.30	12.47%	4.15	3.28	26.52%	4.15	2.97	33.87%	4.15	2.85	41.6%
FO	40.00	40.99	40.00	4.47%	40.00	40	0.00%	59.54	38.29	-32.82%	64.30	38.29	-8.17%	84.22	38.29	-52.62%	129.10	38.29	-66.6%
MOBIL	161.00	161.00	155.00	3.47%	161.00	161	3.87%	236.90	155.00	-32.04%	332.00	155.00	-51.51%	360.00	155.00	-42.29%	360.00	155.00	-15.3%
MRS	27.46	27.46	27.46	0.00%	27.46	27.46	0.00%	35.44	27.46	-22.52%	39.03	27.46	-29.64%	43.24	27.46	-36.49%	45.51	27.46	-39.7%
TOTAL	236.00	240.00	236.00	1.40%	236.00	236	0.00%	261.50	216.80	-9.75%	282.55	216.80	-7.45%	305.00	216.80	-21.07%	315.88	216.80	-25.3%
BOCGAS	4.15	4.15	4.15	0.00%	4.15	4.15	0.00%	4.15	3.28	26.52%	4.15	2.99	17.90%	4.15	2.99	17.90%	4.15	2.99	17.9%
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%
<b>SERVICES</b>																			
REDSTAREX	4.98	4.98	4.98	0.00%	4.98	4.98	0.00%	5.46	4.38	13.70%	5.46	4.20	18.57%	5.46	4.20	13.18%	5.46	4.20	18.6%
TRANSEXPR	0.77	0.81	0.77	-4.94%	0.81	0.77	-4.94%	0.81	0.76	-3.75%	0.95	0.75	-7.23%	1.00	0.75	-23.00%	1.12	0.75	-31.3%
CILEASING	1.72	1.80	1.72	-5.49%	1.79	1.72	-3.37%	1.96	0.97	56.36%	1.96	0.57	156.72%	1.96	0.50	244.00%	1.96	0.50	244.0%
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	-10.0%
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	1.00	1.00	0.84	19.05%	1.00	0.92	13.64%	1.00	0.74	20.48%	1.00	0.74	16.28%	1.00	0.65	29.87%	1.00	0.65	26.6%
UPL	2.59	2.59	2.05	26.34%	2.59	2.25	20.47%	2.85	2.01	-3.36%	4.03	2.01	-35.73%	4.24	2.01	-38.92%	4.24	2.01	-33.4%
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	1.29	1.29	1.25	2.38%	1.29	1.25	2.38%	1.29	1.00	2.38%	1.29	0.90	38.71%	1.29	0.69	43.33%	1.29	0.69	17.3%
AIRSERVICE	6.43	7.87	6.43	-18.30%	7.11	6.43	-14.04%	7.87	5.41	16.49%	7.87	4.07	42.26%	7.87	2.39	157.20%	7.87	2.39	153.1%
NAHCO	3.18	3.25	3.18	-3.34%	3.23	3.18	-2.15%	3.75	2.99	2.58%	3.75	2.62	21.37%	3.75	2.00	0.63%	3.75	2.00	18.7%

## 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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[research@cordros.com](mailto:research@cordros.com)