

Week beginning 16-Apr-18

BANKS	Rating	Price Target (N)	Price (N)	Potential Up/Downside	P/E (x) 2016	P/E (x) 2017	P/B (x) 2016	P/B (x) 2017	EPS gr. 2016 (y/y)	EPS gr. 2017 (y/y)	ROAE 2016	Div Yield 2017E
ACCESS*	HOLD	11.58	11.45	1.1%	2.3	5.4	0.7	0.6	-5.7%	-14.4%	17.4%	5.7%
FBNH	SELL	7.38	12.25	-39.8%	7.0	8.2	0.2	0.7	11.6%	212.5%	3.0%	2.4%
GUARANTY*	HOLD	42.81	44.05	-2.8%	5.3	7.6	2.4	2.1	33.0%	24.0%	30.2%	6.1%
UBA*	HOLD	10.14	10.65	-4.8%	2.3	4.9	0.9	0.8	11.2%	9.0%	18.5%	8.0%
ZENITHBANK*	HOLD	30.15	26.10	15.5%	3.6	4.6	1.1	1.0	22.6%	37.4%	23.3%	10.3%
<b>AVERAGE</b>		<b>20.41</b>	<b>20.90</b>	<b>-6.1%</b>	<b>4.1</b>	<b>6.1</b>	<b>1.1</b>	<b>1.0</b>	<b>14.6%</b>	<b>53.7%</b>	<b>18.5%</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) 2017	P/E (x) FY 2016	P/E (x) FY 2017	EPS gr. FY 2016/15	EPS gr. FY 2017E/16	Div Yield 2017E
CCNN	SELL	15.64	20.20	-22.6%	0.4	2.1	1.9	5.0	7.9	4.2%	157.0%	6.2%
DANGCEM	SELL	187.42	260.00	-27.9%	5.2	12.5	10.9	15.3	21.7	4.4%	5.7%	4.0%
WAPCO*	SELL	38.98	44.50	-12.4%	2.4	17.5	19.6	13.0	-7.0	-45.1%	-302.2%	3.4%
<b>AVERAGE</b>		<b>80.68</b>	<b>108.2</b>	<b>-21.0%</b>	<b>2.6</b>	<b>10.7</b>	<b>10.8</b>	<b>11.1</b>	<b>7.5</b>	<b>-12.2%</b>	<b>-46.5%</b>	<b>4.5%</b>

CONSUMER GOODS	Rating	Price Target (N)	Price (N)	Potential Up/Downside	EV/SALES (x) 2016	EV/EBITDA (x) 2016	EV/EBITDA (x) 2017	P/E (x) FY 2016	P/E (x) FY 2017	EPS gr. FY 2016/15	EPS gr. FY 2017E/16	Div Yield 2017
CADBURY	SELL	10.96	14.50	-24.4%	0.5	21.8	12.3	-65.2	90.6	-125.7%	-201.4%	1.1%
DANGSUGAR	SELL	17.97	22.25	-19.2%	0.4	2.7	4.4	5.1	6.7	24.8%	175.6%	7.9%
FLOURMILL	SELL	30.56	37.00	-17.4%	0.5	4.3	3.7	6.1	5.9	-45.5%	107.0%	5.7%
GUINNESS	SELL	68.59	103.00	-33.4%	1.6	10.3	10.3	129.8	57.6	-147.8%	179.3%	1.7%
NB	SELL	109.75	130.00	-15.6%	3.8	14.3	11.3	35.8	24.2	-13.9%	29.8%	4.1%
NESTLE	SELL	851.92	1,385.00	-38.5%	3.5	14.5	17.8	81.0	32.6	-66.6%	325.5%	3.1%
PZ	SELL	15.13	22.50	-32.8%	0.9	10.9	9.5	29.0	24.2	0.0%	86.0%	2.2%
UNILEVER	SELL	30.47	52.00	-41.4%	2.0	16.9	6.7	43.1	29.2	157.6%	119.2%	1.0%
<b>AVERAGE</b>		<b>141.92</b>	<b>220.78</b>	<b>-27.8%</b>	<b>1.7</b>	<b>12.0</b>	<b>9.5</b>	<b>33.1</b>	<b>33.9</b>	<b>-27.1%</b>	<b>102.6%</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) – SELL

- The shares of CADBURY was flat at N14.50. CADBURY trades at a significant forward PE above its 5-year historical average of 24.9x.
- Despite having a challenging 2017FY, contrary to the rest of our consumer goods universe, the company reported a net profit of NGN300 million, from a loss in 2016FY. We forecast net profit to grow by 38% in 2018E, equating to DPS of NGN0.22/share. On our revised estimates, CADBURY is trading at 2018F P/E multiple that is at a significant premium to its five-year historical average.
- We forecast revenue growth to moderate to 8% in 2018E, from 10.3% in 2017FY. As with the industry, we expect revenue growth this year to be largely volume-driven. And specifically, for CADBURY, we look for management backing sales with a lot of promotional activities, including price discounting, given intense competition, especially in the Food Beverage segment.
- For us, CADBURY's gross margin outturn – excluding the one-off spring to 30% in Q3-17 – was impressive in 2017FY. We think this is down to prices, which management needed to keep competitive in order to support revenue. On the other hand, we forecast EBIT margin to increase to a 2-year high of 3.4%, but still below the 5-year historical average of 7%. Opex has been well-contained in the last two years, including the ratio to revenue which fell to record-low 20.6% last year.
- Although we project finance costs will be higher relative to 2017FY (we estimate average interest rate on ST debt to be 22%), borrowings will be lower by end-2018E, as the sizeable settlement of trade payables in Q4-17 frees new cash for debt repayment.
- We update on CADBURY with a TP of NGN10.96 and maintain SELL recommendation.

## DANGOTE SUGAR REFINERY PLC (DANGSUGAR) – SELL

- The shares of DANGSUGAR rose by 3.73% to N22.25. DANGSUGAR trades at forward PE of 6.7x, lower than its 5-year historical average of 7.5x.
- We revise estimates for DANGSUGAR following 2017FY results and call with management. Key change to our model estimates is the downward revision of volume and margin, and consequently, earnings. On net, we revise revenue estimate 5% lower, and EBITDA, EBIT, and net profit estimates by 9% average. Compared to 2017FY, our 2018E EBITDA (7%) and EBIT (4%) estimates are higher while net profit is lower (adjusting for the FX gain recorded in Q4-17) by 11%.
- Our marginal revenue growth forecast of 0.5% is on freight revenue (+18% y/y), which has continued to grow – 18% in 2017FY and 26% average in the last five years – although accounting for barely 2% of gross revenue. We revise sugar revenue growth forecast lower to 0.2%, from 5%, given conservative outlook on sales volume and price, than we previously had. On the recent call, management reiterated some of the volume concerns – although which it expects to improve this year – we had highlighted in previous notes, notably the activities of smugglers and the poor condition of the factory road.
- On price, we retain our NGN14,000/bag estimate for 2018E (-11% y/y), consistent with the rate management said it is currently able to achieve (vs. NGN17,010/bag same period in 2017). DANGSUGAR's average selling price was lowered 9% q/q to NGN13,509/bag in Q4-17 (on our calculation), despite 4% q/q increase in per tonne cost, confirming pressure on market share. Selling price was reduced by cumulative 22% between Q2 and Q4 2017.
- We have revised our gross margin estimate for 2018E 112 bps lower to 26%. Our estimate remains above the 25% margin achieved in 2017FY, and DANGSUGAR's five-year historical average of 24%. We reiterate that the downside risks to DANGSUGAR's gross margin are (1) deeper cut in selling prices and (2) gas supply disruption, while the upside risks include (1) better energy mix and stronger exchange rate, (2) stable outlook of global raw sugar prices, and (3) positive mix from growing contribution of higher margin Savannah.
- Capex increased to NGN9.8 billion in 2017FY, the biggest in three years. No specific guidance was given for spending in 2018 and beyond, but management reiterated that funding for its BIP will be 20% equity (and noted that this portion can be increased) and the balance via borrowings. It guided to (1) the completion of the first phase of the BIP, comprising the establishment of 1 million sugar metric tonnes capacity in three locations – (Nasarawa 600,000, Adamawa 250,000, and Taraba 150,000) – in 2022 and (2) capital raising for the project in Q4-18.
- The stock's TP on our revised estimates is NGN17.97 (previously NGN19.03); SELL rating maintained. On our revised estimates, DANGSUGAR trades on one-year (2018E) forward P/E and EV/EBITDA multiples of 7.4x and 4.0x respectively, consistent with both its five-year historical averages of 7.9x and 4.4x, and the 7.4x and 4.6x Middle Eastern peer averages.

## FLOUR MILLS OF NIGERIA PLC – SELL

- The shares of FLOURMILL was higher by 1.37% to N37.00 . FLOURMILL trades at 2018 PE of 5.9x, below its 5-year average of 19x.
- Following the conclusion of the NGN38 billion Rights Issue (RI) and our recent discussions with management, we revise our TP and earnings estimates for FLOURMILL. Feedback is that the RI was successful (oversubscribed). On net, we (1) increase the post-rights shares outstanding by 56% to 4.1 billion and WACC by 158 bps to 15.2% and consequently, (2) lower our TP for the stock by 21% to NGN30.56.
- Although we revised our net earnings estimates slightly higher, however, overlaid on the post-rights shares, we now look for 2019E and 2020E EPS of NGN4.8 (NGN7.5 ex new shares) and NGN6.4 (NGN10 ex new shares) respectively. FLOURMILL's share price has accumulated 31% YtD and we maintain a HOLD rating on our new TP. On our estimates, FLOURMILL is trading on forward (FY18E) P/E and EV/EBITDA multiples of 6.1x and 3.7x respectively, at material discounts to the (1) peer average forward P/E of 11.5x and EV/EBITDA of 7.8x and (2) its five-year historical average of 14x and 8.1x respectively.
- Notwithstanding the impact of the RI on valuation and EPS, we have a fairly strong view of FLOURMILL over the medium term. From 1% average between 2014-2016 (2017 was an outlier, in our view) and 5% in 2018E, we forecast sales revenue growth to increase to 9% average over 2019-2020E. Management has continued to reiterate that its emphasis going forward is on driving returns from the investments of the recent years. And it is our view that the group's focus on food-based and agro-allied products, whilst favoured by Nigeria's demographic potential and spending patterns, also provides a good hedge against cyclical effects in the FMCG industry.
- We also forecast EBITDA to grow steadily to NGN81 billion by 2020E, from NGN57 billion in 2017FY, and the margin to stabilize at 12% average, 300 bps above the rate achieved in the last five years. With a robust top-line, we view the sustenance of the opex margins of 4.5% achieved in 2017FY and 4% as at 9M-18, compared to 8% historical average, as positive for EBITDA formation going forward. Management said it does not expect opex-to-revenue ratio to change materially to the upside going forward, given its emphasis of growing revenue, while focusing strongly on containing costs.

## GUINNESS NIGERIA PLC – SELL

- The shares of GUINNESS fell by 0.96% to N103.00. GUINNESS trades at 2018 PE of 57.6x, above its 5-year average of 27.7x.
- Sales revenue grew 19% in H1, representing 25% pricing and 75% volume. We estimate that volume grew 17% during the period. The 23% sales growth achieved in 2017FY was 33% and 67% price and volume related, respectively. We expect revenue growth to moderate to 11% in H2, as the contribution of pricing tapers.
- Although H1 gross margin of 34% was higher relative to the last financial year, we are unimpressed by the declining trend we have been seeing since Q3-16/17. Management is of the view that achieving gross margin of 40% (which is below the group's 44% historical average) will be challenging going forward, and pointed to inflationary uncertainty and pricing difficulty. Management expects "competitive margins" (with no specific guidance) will return in the next three to five years period.
- Gross debt has reduced to NGN12.5 billion from end-2017FY NGN42 billion, following the completion of the rights issue (RI). Trade payables also reduced visibly, using proceeds from the RI, and supported by significantly improved domestic FX liquidity condition. But about USD22 million of Diageo loan is retained and somewhat exposes the P&L to FX volatility risks.
- Broadly, we see the repayment of debt (1) impact on earnings through sizeable reduction of interest expenses (we estimate will contribute up to 36% and 59% to 2018F and 2019F earnings respectively and (2) free up cash for the group to pursue innovation.
- At our revised TP of NGN68.59, we find the shares of GUINNESS expensive. Though at H1 run rate, the 2018 results show significant performance improvement compared with the last three years, they have thus far lagged broad expectations.

## NIGERIAN BREWERIES PLC – SELL

- The shares of NB rose by 0.78% last week to N130.00. NB trades at forward PE of 24.2x, below its 5-year average of 31.5x.

- NB published its results for the period and year ended 31 December 2017. For the year end, net sales and earnings grew 9.8% and 16.3% respectively. Q4-17 net sales declined 1% y/y while net earnings grew by 9% (but 24% behind our estimate for the period).
- Despite the miss in Q4 (6% below our estimate), we raise sales revenue growth estimate for 2018F by 200 bps to 7%, taking into consideration potential price hike in the wake of the recently proposed excise tariff increase. Whilst the economy (new mainstream) segment is expected to continue to underpin group volume, management however did acknowledge signs of moderating consumer down-trading, specifically confirmed by Heineken's (an international premium brand) return to growth.
- Management does not anticipate FX-related losses in 2018F (-33% in 2017FY to NGN5 billion), given the sizeable clearance of USD-denominated trade payables in 2017, and the expectation of continued healthy FX liquidity.
- NB has issued NGN57 billion out of its NGN100 billion commercial paper program. Gross debt was NGN8.5 billion as at December 31, and while we expect new CP issuances in the year, we have modeled interest expenses to halve in 2018F, on expected reduced working capital pressure and lower interest rates.
- Following the result, we cut 2018-2019F EBITDA and net profit forecasts by 3% each, reflecting mainly the downward revision of gross margin estimates. We also cut TP to NGN109.75 (previously NGN123.16) and maintain SELL rating.

## NESTLE NIGERIA PLC – SELL

- The shares of NESTLE was flat N1,385.00. NESTLE trades at 12-M PE of 32.6x below its 5-year average of 43x.
- NESTLE's reported revenue of NGN244.2 billion in 2017FY was 34% higher vs. 2016FY, but slightly below consensus NGN245.9 billion. Also during the period, EBITDA and net profit grew by 41% and 326% respectively compared to 2016Y.
- We revise our 2018E net profit estimate 5% higher to NGN49.3 billion, equating to NGN62 dividend per share. We note the stimulus to 2018E earnings coming majorly from significantly lower finance charges and lower opex-to-sales ratio.
- NESTLE reported q/q sales revenue contraction in the seasonally-supportive Q4-17, which in our view, suggests that volume came under pressure during the period. Consequently, whilst we retain our 10% growth estimate for 2018E, we now forecast revenue of NGN268.6 billion (vs. NGN279 billion previously) for the year.
- We retain our gross margin estimate of 42% (vs. 41% in 2017FY) for 2018E. While noting the weakness experienced in Q4-17 as dampening margin growth outlook, we have based our benign growth estimate on moderating commodities price inflation and stable naira exchange rate outlook.
- We estimate finance charge to reduce by more than 14x in 2018E on less geared balance sheet and stable naira outlook. NGN42.7 billion worth of loans was repaid in 2017FY, thus reducing gross debt to NGN24.2 billion (from NGN50.7 billion in 2016FY), split into 74% dollar and 26% naira (vs. 92%:8% in 2016FY).
- At our revised TP of NGN851.92 (previously NGN843.54), we maintain SELL rating on NESTLE's stock.

## PZ CUSSONS NIGERIA PLC – SELL

- The shares of depreciated by 4.05% to N22.50. PZ trades at 2018 PE of 24.2x, below its 5-year average of 37.3x.
- PZ published 9M-18 and Q3-18 results which fell well-short of broad expectations, in line with management guidance two weeks ago. Management had guided that trading conditions have been unusually challenging thus far in H2, and expects its profits over the period, and indeed for the year ending May 2018, to fall short of expectations. Reported Q3-18 revenue and net profit fell short of our estimates by 15% and 49% respectively.
- Q3 revenue was lower by 7% y/y and 0.4% q/q. This is the company's first q/q revenue decline, in a seasonally-supportive quarter, within the period of available data (February 2013). The key factors that management recently informed us are responsible for the current revenue challenge include (1) weak consumer's discretionary income, with subdued buying

levels, (2) increased local competition, amidst improved dollar availability to importers, and (3) lower cross border sales, affected by Sudan (inflation recently hit 54%), wherein currency devaluation impacted adversely on discretionary spending.

- Gross and EBIT margins also weakened on y/y (412 bps and 602 bps respectively) and q/q (148 bps and 49 bps respectively) bases. Management mentioned in a recent trading update that intense competition is resulting in lower prices and margins in some product categories. We should state that compared to UNILEVER, PZ's margins are yet to recover from the 2015/16 and 2016/17 FX induced pressures.
- Compared to our estimate, the published Q3-18 gross and EBIT margins are lower by 149 bps and 285 bps respectively. Although opex was lower than we estimated, the ratio was higher, owing to lower revenue outturn.
- We have rolled forward our model estimates and valuation to 2019E. Hence, impact of the above changes to estimates was insignificant on the stock's TP (NGN15.13, vs. NGN15.19 previously). SELL rating maintained.

## UNILEVER NIGERIA PLC – SELL

- The shares of UNILEVER closed lower by 13.04% to N52.00. UNILEVER trades at forward PE of 29.2x, below its 5-year average of 57.1x.
- Unilever ended an impressive 2017FY with a strong Q4 performance. The full year revenue (+30% y/y), EBITDA (+107% y/y), and net profit (+143%) of NGN90.77 billion, NGN17.28 billion, and NGN7.45 billion beat consensus NGN89.49 billion, NGN13.46 billion, and NGN5.7 billion respectively. The result was broadly consistent with our estimates, except for wider variance on finance income and effective tax lines. The board proposed a final dividend of NGN0.50/s (28% payout vs. our 20% estimate), equating to a yield of 0.9% on the market price as at the day of result release.
- Revenue growth of 8.7% y/y was below the average of 39% recorded quarterly between Q1-Q3. And compared to Q3, revenue was lower by 10%, the first in two years. Given that average price in Q4-17 was higher compared to Q4-16 by more than the rate of revenue growth, it is our view that the effect of seasonality on volume did not happen. We can confirm from the recent result published by a close competitor in the HPC business, that the bigger players are faced with strong competition from smaller players, whose activities have been strengthened by improved dollar liquidity. The growth of Food revenue dropped from 23% quarterly average to 3% while HPC fell to 14%, from 56% average. Both segments recorded 8% q/q and 12% q/q revenue declines, respectively.
- Gross margin expanded by 660 bps y/y and 338 bps q/q respectively to 35% – the highest since Q1-16. The gross margin, which is close to the pre-2016 average of c.36%, was achieved through reduction in per unit production cost (we estimate 4% q/q). EBIT margin expanded lesser on y/y basis (391 bps), following a (1) 23% y/y increase in operating expenses and (2) negative other income (vs. NGN120 million in Q4-16).
- EBIT margin expanded lesser on y/y basis (391 bps), following a (1) 23% y/y increase in operating expenses and (2) negative other income (vs. NGN120 million in Q4-16). The faster increase in opex in Q3-17 (+20% q/q, vs. 15% average in Q1-Q2) normalized in Q4 (-22% q/q), resulting in 586 bps q/q increase in EBIT margin.
- We expect net earnings growth to moderate in 2018E, as the impact of pricing on both revenue and margins tank. We forecast c.8% revenue and EBITDA growth, flattish gross and EBITDA margins, and 39% growth in net profit. Maintaining operational efficiency, as seen in Q4, will be crucial to earnings growth. A major catalyst to earnings is the expected significant reduction of finance charges on much deleveraged balance sheet. Compared to our previous estimate, we revised 2018E net earnings estimate higher by 11%, to reflect higher gross margin and much lower finance charges estimates.
- We reiterate SELL rating on TP of NGN30.47. On our estimate, the stock trades on a one-year (2018E) forward P/E and EV/EBITDA multiples of 30.4x and 14.1x respectively, representing significant discounts to the company's five-year historical averages of 57.1x and 17.9x, but at premium to Middle Eastern (16.1x and 6.8x) peers.

## DANGOTE CEMENT PLC – SELL

- The shares of DANGCEM was lower by 2.00%% at N260.00. DANGCEM trades at forward PE of 21.7x, higher than its 5-year average of 15.8x.

- We update on DANGCEM, following the surprise effective tax rates (ETRs) of c.30% and 84% reported in 2017FY and Q4-17. On net, we increase our estimate for group ETR for 2018-2019E to 14% (previously 11%) and for 2020E and beyond to 33% (previously 12%). Net impact is a 3% average cut in 2018-2019E net profit, and 28% cut on average, for the rest of our forecast period.
- We raised ETR beyond 2019 to 33% by accounting for Nigeria, wherein management provided guidance for possible 30% rate, when all operations exit tax holidays. In arriving at the 2017FY ETRs, management said it made a provision against the pioneer tax benefit in respect of Ibese lines III & IV and Obajana line IV, for which application has been made to the NIPC, but approval is pending. Management has however assured that the approval would be obtained. Realized 2018 ETR may be lower than our estimate, notably, as management has said it will take any reversals from the provisions as a tax credit in a single year and treated as an exceptional gain. We raised ETR beyond 2019 to 33% by accounting for Nigeria, wherein management provided guidance for possible 30% rate, when all operations exit tax holidays.
- Compared to our previous estimates, we revise 2018E EBITDA lower by 4% to NGN450 billion and net profit by 3% to NGN272.3 billion. On 2017FY results, our estimates are higher by 16% and 33% respectively. Our EBITDA estimate is premised on broadly stable price outlook across the markets, and importantly, both volume recovery and continued energy savings from coal substitution in the biggest market, Nigeria.
- On our estimates, we have group EBITDA margin of 49.2%, vs. 48.2% in 2017FY. In line with the latest payout ratio of 88%, our net profit estimate equates to 2018E per share dividend of NGN13.60, representing 5% yield on current price.
- On our revised estimates, we have a DCF-based TP of NGN187.42 (previously NGN218.56) for DANGCEM and maintain SELL rating.

#### LAFARGE AFRICA PLC – SELL

- The shares of LAFARGE appreciated by 0.68% to N44.50. LAFARGE trades at forward PE of -7.0x below its 5-year average of 11.8x.
- LAFARGE published disappointing Q4-17 and 2017FY results. A loss after tax of NGN34.6 billion was reported for the full year, resulting from a disappointing H2 wherein losses of NGN35.5 billion and NGN18.8 billion were respectively recorded in Q4 and Q3. Actual EBIT (NGN7.9 billion) and PAT for the full year were significantly behind the NGN46.8 billion and NGN15.3 billion estimated by consensus. Still, the board proposed final dividend of NGN1.50/s, equating to 3.4% yield. Some 2016FY figures were restated (such as opex -12%, net other operating income loss -95%, finance charges +151%, and tax credit +0.7%), although impact on net profit was neutral.
- Q4-17 revenue grew by 28.7% y/y and 9.7% q/q, and higher than our estimate by 3%. We estimate sales volume grew by 9-10% q/q, although still lower (by 19%) compared to Q4-16. We also estimate sales volume for the full year to have declined by about 18%, ahead of the 12-14% the management had said it expected for the industry.
- CoGS in Q4-17 was higher than the reported revenue, thus resulting in negative gross profit and margin. Compared to Q4-16 and Q3-17, Q4-17 CoGS increased by 129% y/y and 49% q/q. Significant increases in energy (93% y/y and 32% q/q), distribution (258% y/y and 190% y/y), depreciation (69% y/y and 5% q/q), and general costs (958% y/y and 521% q/q) more than offset decline in raw material cost (41% y/y and 22% q/q). Gross margin over 2017FY was c.17% vs. 18.5% in 2016FY. The biggest drag on gross profit was a NGN19.2 impairment of PPE charge in Q4, which, parsing through the auditor's commentary, partly comprised (1) NGN12.4 billion cost of the evacuation road under construction at UNICEM and (2) NGN3.3 billion cost of ASHAKACEM kiln preheater project. Gross margin over 2017FY was c.17% vs. 18.5% in 2016FY.
- Negative EBIT margin of 13.9% was recorded in Q4-17, almost equal to the 14.1% in Q3-17. While opex declined only marginally and net other operating income came in at NGN9.5 billion, vs. loss of NGN9.3 billion in Q3-17, both came in respectively higher (86.7% y/y) and lower (68% y/y) vs. the restated Q4-16 figures. EBIT margin over 2017FY was 2.6% vs. 5.7% in 2016FY.
- Finance charge of NGN25.91 billion was reported, although lower 16% y/y, but higher by 284% q/q. Finance charge for 2017FY was NGN43.2 billion, 11% higher. Additional NGN33 billion loan were repaid in Q4-17 while NGN67.4 billion was drawn. Net loan drawn in 2017FY was NGN56.1 billion. Balance of borrowings at the end of 2017 is NGN256.6 billion, vs. NGN151.8 billion at the beginning of the year, with the differential also comprising the related party loans reclassified into borrowings, from quasi-equity, during the course of the year.
- LAFARGE's Q4-17 earnings came way behind our conservative estimate of NGN3 billion. And given the even wider variance with consensus as stated earlier, we expect investors reaction to the delayed result will be negative in today's, and perhaps, this week's trading. We reiterate SELL. **Our estimates are under review.**

## CEMENT COMPANY OF NORTHERN NIGERIA PLC – SELL

- The shares of CCNN closed 4.81% higher to 20.20. CCNN trades at forward PE of 7.9x, above its 5-year average of 7.1x.
- CCNN published Q4-17 and 2017FY results which were in line with our estimate. 2017FY revenue of NGN19.6 billion (+39%) beat our estimate by 4% while the net profit of NGN3.2 billion (+157%) was short by 2%. In Q4-17, revenue grew 23% y/y and 17% q/q while net profit increased by 123% y/y and 18% q/q. Both were respectively ahead by 5%, and down 2%, compared to our estimates. For the full year 2017, the board has proposed a final dividend of NGN1.25/s (49% payout) – way ahead of the NGN0.26/s (12% payout) we expected – equating to a yield of 7% on the last traded price.
- Disclosed full year volume was 468,000 tonnes, only 4% below the volume achieved in 2016FY. With cement prices largely expected to be stable this year, economic and infrastructure spending outlook broadly better, and FX (having a strong link with CCNN's energy price) condition improving, we revise our sales volume estimate for 2018E to 491,000 tonnes (previously 426,000 tonnes) and maintain NGN46,000/tonne selling price estimate. On our assumptions, we have 2018E revenue of NGN22.6 billion (previously NGN19.6 billion), equating to 15% growth over 2017FY.
- The gross and EBITDA margins of 39% and 25% reported in 2017FY were record highs, reflecting largely, the impact of pricing which outpaced the 23% increase in per tonne production cost. We note specifically, the 35% increase in per tonne energy cost, which in our view, mirrored the 21% increase in average crude oil price in 2017. Hence, with cement prices sticky upwards, and energy cost (accounting for about 60% of gross production cost) expected to reflect the surging price of crude oil (+4% YtD), we believe the margins delivered last year will be tested, and consequently, forecast both gross and EBITDA margins to soften to 36% (previously 35%) and 22% (previously 23%) respectively.
- On our revised estimates, we have a TP of NGN15.64 (previously NGN9.52) for CCNN and maintain SELL rating on 107% YtD return. The stock is trading at forward (2018E) P/E and EV/EBITDA multiples of 7.5x and 4.2x respectively, broadly in line with the five-year historical averages of 7x and 3.8x.

## ACCESS BANK PLC – HOLD

- The shares of ACCESS fell by 4.58% last week to N11.45. ACCESS trades at forward PE of 5.4x, above its 5-year average of 2.9x.
- Access Bank Nigeria Plc (ACCESS) released its FY-2017 results, showing growth in Gross earnings in the year by 20.39% to NGN459.08 billion – short of our estimates by 5.71%. PBT (-11.36%) and PAT (-13.23%) declined to NGN80.07 billion and NGN61.99 billion – missing our estimates by 17.16% and 19.28% respectively, and were below Bloomberg's polled estimates by 12.41% and 16.26%.
- Interest income (+29.35% to NGN319.85 billion) increased at a slower pace than Interest expense (+44.63% to NGN156.40 billion), resulting in a 17.47% increase in net interest income, lower than the 32.04% rise recorded in the previous year. As a result, net interest margin dipped 40 bps to 5.80%, from 6.20% in the previous year. Asset yield was 11.30% from 11.10% in 2016, while cost of fund increased to 5.10% from 4.30% in the previous year.
- NIR inched higher by 4.26% to NGN139.14 billion, supported by the surge in forex income to NGN107.93 billion, from NGN3.60 billion in the previous year, as well as marginal improvement in net fee and commission income (+3.16%). Both muted the significant declines in net trading (-160.68%) and other incomes (-59.80%).
- The decline in net trading income follows a 178.38% downturn in return on derivative instruments, which dropped to a loss of NGN39.27 billion, from a gain of NGN50.11 billion in the previous year.
- Provision for credit losses was higher by 57.0% at NGN34.47 billion – 63.29% higher than we expected. Accordingly, cost of risk increased to 1.70%, from 1.30% in the previous year. CAR dropped 140 bps to 21.10%, but remained well above the regulatory requirement. The increased loan loss provision matched the 270 bps increase in the NPL ratio to 4.80%, against 2.1% recorded in the previous year.

- Opex growth increased to 17.31%, from a 10.13% increase in the previous year, driven by a 23.02% and 20.82% increases in other operating expenses and depreciation and amortization respectively. Although tax expense was 4.33% lower in absolute terms, the effective tax rate increased by 271 bps to 29.17%.
- Over Q4-17, the top and bottom line performances were poor, with Gross Earnings (-20.25% q/q, -11.49% y/y), PBT (-65.67% q/q, -60.94% y/y), and PAT (-66.97% q/q, -60.99% y/y) posting declines. All three line items came short of our estimates by 22.75%, 69.84%, and 72.57% respectively.
- Our current 12-month TP of NGN11.58 implies upside potential of 1.14% from current level. **Our estimates are under review.**

#### FBN HOLDINGS PLC – SELL

- The shares of FBNH appreciated by 0.82% last week to N12.25. FBNH trades at forward PE of 8.1x, above 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 subded 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 of NGN7.38 implies downside potential of 39.76% from current level.

#### GUARANTY TRUST BANK PLC – HOLD

- The shares of GUARANTY depreciated further by 0.11% to N44.05. GUARANTY trades at forward PE of 7.6x, above its 5-year average of 6.2x.

- Guaranty Trust Bank Plc (GUARANTY) released the FY-2017 result showing Gross earnings was 1.11% higher than in the previous year (2.21% lower than our forecast). Growth in both interest income (24.7%) and net gains on financial instruments (117.30%) respectively, muted declines in fee and commission (-16.29% y/y) and other income (-60.65%) incomes. Net interest income rose by 26.23% during the year to NGN246.66 billion – 3.29% lower than our forecast. The net interest margin also improved 67 bps to 10.34%, as the high interest rate environment buoyed growth in interest income.
- Loan impairment charges was 81.36% lower than the previous year, with cost of risk dropping significantly to 0.80%, from 4.41% in the previous year, as quality of assets improved during the year. Opex was 8.47% higher in the year, following increase in operating lease (+16.10%) and personnel (+11.47%) expenses. Cost-to-income ratio also increased by 369 bps to 36.72%.
- PBT (+21.26%) and PAT (+28.89%) grew to NGN200.24 billion and NGN170.47 billion – 2.46% and 1.17% lower than our forecast, but 3.83% and 4.54% higher than Bloomberg's polled estimates by 3.83% and 4.54% respectively.
- Over Q4-2017, Gross earnings grew by 15.01% q/q and 28.99% y/y to NGN110.07 billion during the quarter. However, this was 7.92% lower than our forecast. The surge in other income to NGN25.60 billion – from a negative position of -NGN2.49 billion in the previous quarter, and NGN1.68 billion in the corresponding quarter of the previous year – muted the declines in interest income (-4.03% q/q, -1.89% y/y) and fee and commission income (-72.15% q/q, +275.56% y/y).
- PBT (+2.61% q/q and +106.63% y/y) and PAT (+7.15% and +263.38%) grew to NGN50.21 billion and NGN44.89 billion in the quarter, but came below our forecast by 9.12% and 4.30% respectively. A dividend of NGN2.70 (2016:NGN2.00) was declared for the period, equating to a yield of 5.71% as at release date price of NGN47.30.
- Our target price stands at N42.81 (previous: N42.45) with a downside potential of 2.81% from current level. **Our estimates are under review.**

## UNITED BANK FOR AFRICA PLC – SELL

- The shares of UBA fell by 10.50% to N10.65. UBA trades at forward PE of 4.9x, above its 5-year average of 3.2x.
- United Bank for Africa Plc (UBA) released its FY-2017 results, showing growth in top and bottom line items – Gross earnings (+20.31% to NGN461.56 billion) and PAT (+8.75% to NGN78.59 billion) – but missing our estimates by 2.24% and 3.64% respectively. Against Bloomberg's polled estimates, pre-tax profit was 5.47% higher, while post-tax profit was 1.22% short.
- Net interest income was 25.69% higher than the previous year's at NGN207.63 billion, as interest income (+23.37% to NGN325.66 billion) grew at a faster pace than interest expense (+19.49% to NGN118.03 billion). Accordingly, NIM improved by 51 bps to 7.61% (higher than our 7.10% forecast). This was supported by 59 bps improvement in asset yield to 11.94%; whereas, cost of funds declined by 3 bps to 3.70%.
- NIR also increased during the year by 12.53% to NGN118.93 billion, owing to growths in Net fee and commission income (+11.42% to NGN65.97 billion), Net trading income (+11.96% to NGN49.06 billion), and other income (+46.79% to NGN3.90 billion). Loan impairment charges rose by 18.83% during the year to NGN32.90 billion. As a result, the cost of risk increased by 16 bps to 2.01% - coming 46 bps higher than our estimates.
- Opex was also higher by 23.68% at NGN188.61 billion (4.53% lower than we estimated), with a cost-to-income ratio of 57.76%, coming 146 bps higher than last year, but 266 bps lower than our forecast. While pre-tax profit increased by 16.13% to NGN105.26 billion, higher effective tax rate (+506 bps) of 25.34%, drove a slower growth in the post-tax profit (+8.75%) of NGN78.59 billion.
- In the last quarter of the year (Q4-17), improvements in key income lines – interest income (+5.32% q/ and +8.13%/y/y), fee and commission income (+16.96% q/q ad +47.50%/y/y), net trading income (+136.01%/q/q and -24.89%) – supported growth in Gross earnings (+14.81%/q/q and +8.07%/y/y).
- Net interest income (+8.67%/q/q and +4.16%/y/y) grew to NGN55.34 billion, with interest income (+5.32%/q/q and +8.13%/y/y) and interest expense (+0.03% q/q and +15.71% y/y) increasing to NGN325.66 billion and NGN118.03 billion respectively.

- Our current 12-month TP of NGN10.14 implies downside potential of 4.79% from current level. **Our estimates are under review.**

## ZENITH BANK PLC – HOLD

- The shares of ZENITH depreciated further by 4.40% to N26.10. ZENITH trades at forward PE of 4.6x, below its 5-year average of 5.0x.
- Zenith Bank Plc (ZENITH) released its FY 2017 results which showed that Gross earnings was higher by 46.69% during the year at NGN745.19 billion – 55.14% higher than Bloomberg's polled estimates, and 8.49% higher than our forecast. Interest income (+23.42%) increased to NGN474.63 billion – lagging our estimates marginally by 1.59%. NIR surged by 119.18% to NGN270.56 billion, owing to significant rise in trading income by 456.29%.
- As a result, total operating income in the year was 45.36% higher at NGN528.55 billion – 178.00% higher than polled expectation. Loan impairment provision surged by 203.64% to NGN98.23 billion – 83.40% higher than our forecast. Operating expenses was 29.99% higher than the previous year at NGN226.86 billion, and 3.50% than our estimate of NGN219.20 billion.
- PBT and PAT stood at NGN203.46 billion and NGN177.93 billion, 29.80% and 37.24% higher than their respective figures in the previous year, and Bloomberg's polled forecasts of NGN193.59 billion and NGN159.52 billion.
- Over Q4-2017, Gross earnings (+41.83% q/q and +67.59% y/y) increased to NGN212.92 billion – its second highest during the year, after Q2-2017's NGN232.70 billion. This came in higher than our forecast by 27.26%. Interest income also improved by 13.37% q/q and 14.11% y/y to NGN112.84 billion. The significant upticks in trading income (+361.86% q/q and +535.34% y/y) and other income (+277.65% q/q, +207.59% y/y) during the quarter, muted the decline in fee and commission income (-42.52% q/q and -13.72% y/y), to drive growth in the NIR by +97.07% q/q and +251.45% y/y. Dividend of NGN2.45 (2016: NGN2.02; 2017F:2.15) was proposed, equating to 7.90% yield on the release date price of NGN31.00.
- Our target price on the stock stands N30.15 (Previous: N27.18), translating to 15.52% upside from current level. **Our estimates are under review.**

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	11.45	12.00	11.45	-4.58%	12.00	11.25	3.62%	13.45	11.05	5.92%	13.45	9.50	17.68%	13.45	10.45	9.57%	13.45	6.17	78.6%
DIAMONDBNK	1.95	1.95	1.84	1.56%	1.95	1.84	4.84%	3.57	1.81	-1.52%	3.57	1.00	95.00%	3.57	1.57	30.00%	3.57	0.79	129.4%
ETI	18.40	18.40	17.05	8.24%	18.40	16.35	12.54%	20.35	16.35	3.72%	20.35	16.27	9.85%	20.35	16.27	8.24%	20.35	7.10	128.6%
FIDELITYBK	2.43	2.54	2.43	-6.54%	2.68	2.43	-9.33%	3.99	2.31	-16.78%	3.99	1.40	74.82%	3.99	2.31	-1.22%	3.99	0.80	203.8%
GUARANTY	44.05	44.05	43.00	-0.11%	44.30	43	-1.45%	54.71	42.75	0.11%	54.71	39.80	4.88%	54.71	40.55	8.10%	54.71	24.45	79.8%
SKYEBANK	0.80	0.80	0.65	12.68%	0.80	0.65	3.90%	1.55	0.65	25.00%	1.55	0.50	60.00%	1.55	0.52	60.00%	1.55	0.50	60.0%
STERLN BANK	1.76	1.85	1.60	11.39%	1.85	1.58	0.57%	2.42	1.52	18.92%	2.42	0.98	76.00%	2.42	1.13	62.96%	2.42	0.70	141.1%
UBA	10.65	11.85	10.65	-10.50%	11.90	10.65	-9.36%	13.00	10.65	-4.05%	13.00	8.85	16.01%	13.00	10.41	3.40%	13.00	5.18	102.1%
UBN	6.25	6.65	6.25	-6.02%	6.95	6.25	-6.72%	8.78	6.25	-18.83%	8.78	5.75	4.17%	8.78	6.25	-19.87%	8.78	4.75	19.0%
UNITYBNK	1.11	1.11	0.92	9.90%	1.16	0.92	-9.02%	1.92	0.71	63.24%	1.92	0.50	113.46%	1.92	0.55	109.43%	1.92	0.50	73.4%
WEMABANK	0.92	0.92	0.77	8.24%	0.96	0.77	-7.07%	1.50	0.61	55.93%	1.50	0.50	84.00%	1.50	0.50	76.92%	1.50	0.50	84.0%
ZENITHBANK	26.10	26.90	26.00	-4.40%	29.80	26	-10.92%	33.51	26.00	-8.77%	33.51	23.68	3.37%	33.51	25.93	1.79%	33.51	14.25	80.0%
FBNH	12.25	12.25	12.00	0.82%	12.30	12	-2.00%	14.75	10.07	27.60%	14.75	6.01	101.15%	14.75	8.79	39.20%	14.75	3.09	293.9%
FCMB	2.37	2.39	2.35	0.85%	2.40	2.35	-0.42%	3.61	2.17	19.10%	3.61	1.04	125.71%	3.61	1.58	60.14%	3.61	0.93	102.6%
STANBIC	49.00	50.00	48.00	2.08%	50.00	48	1.03%	50.00	42.01	16.67%	50.00	40.00	22.35%	50.00	40.90	18.07%	50.00	18.25	164.9%
AIICO	0.65	0.70	0.65	-4.41%	0.70	0.62	4.84%	0.88	0.56	18.18%	0.88	0.51	18.18%	0.88	0.53	25.00%	0.88	0.51	18.2%
CONTINSURE	1.89	1.89	1.80	5.59%	1.89	1.79	5.59%	1.89	1.43	30.34%	1.89	1.31	36.96%	1.89	1.40	35.00%	1.89	1.11	62.9%
CUSTODYINS	3.93	3.93	3.93	0.00%	3.93	3.93	0.00%	3.93	3.93	0.00%	4.00	3.50	9.17%	3.93	3.93	0.00%	4.00	3.00	22.0%
MANSARD	2.41	2.52	2.41	0.42%	2.52	2.4	-0.82%	2.94	2.35	2.55%	2.94	1.93	4.33%	2.94	2.02	24.87%	2.94	1.48	51.6%
NEM	2.40	2.58	2.40	-11.11%	2.86	2.4	-12.73%	2.86	1.53	56.86%	2.86	1.24	90.48%	2.86	1.53	44.58%	2.86	0.80	185.7%
WAPIC	0.55	0.55	0.51	3.77%	0.57	0.51	-3.51%	0.75	0.51	1.85%	0.75	0.50	10.00%	0.75	0.50	10.00%	0.75	0.50	10.0%
NPFMCRFBK	2.02	2.02	2.02	0.00%	2.12	2.02	-4.72%	2.12	1.39	51.88%	2.12	1.24	59.06%	2.12	1.25	61.60%	2.12	1.10	71.2%
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%	1.44	1.44	0.00%	1.44	1.44	-2.0%
AFRIPRUD	4.20	4.30	4.08	2.69%	4.30	4.03	3.45%	5.20	3.96	-6.25%	5.20	3.48	21.04%	5.20	3.96	-0.47%	5.20	2.37	73.6%
UCAP	3.32	3.40	3.26	-2.92%	3.42	3.18	-0.60%	4.41	3.18	-20.00%	4.41	3.00	9.21%	4.41	3.18	-5.95%	4.41	2.73	11.0%
<b>CONSUMER GOODS</b>																			
CHAMPION	2.40	2.50	2.38	5.26%	2.50	2.28	0.00%	3.22	2.28	10.09%	3.22	1.98	0.84%	3.22	2.08	15.38%	3.44	1.98	-2.8%
GUINNESS	103.00	103.50	103.00	-0.96%	104.00	103	-0.96%	120.25	98.00	3.00%	120.25	92.64	3.78%	120.25	94.00	9.57%	120.25	60.00	70.2%
INTBREW	50.00	54.00	49.15	1.73%	54.40	49.15	-8.09%	64.00	49.15	-12.27%	64.00	39.90	25.31%	64.00	49.15	-8.26%	64.00	15.89	212.5%
NB	130.00	130.00	128.90	0.78%	130.00	128.3	0.00%	152.68	122.90	-7.14%	165.08	122.90	-20.73%	152.68	122.90	-3.63%	193.00	120.11	4.2%
DANGSUGAR	22.25	22.25	21.45	3.73%	22.25	20.75	2.06%	23.35	19.98	2.53%	23.35	13.69	63.00%	23.35	19.98	11.25%	23.35	5.80	218.3%
FLOURMILL	37.00	37.00	36.50	1.37%	37.30	36.5	-0.80%	38.00	30.00	16.06%	38.00	28.36	26.71%	38.00	29.00	27.59%	38.00	17.50	105.6%
HONYFLOUR	2.47	2.56	2.44	2.49%	2.56	2.3	-1.59%	3.52	2.30	-6.44%	3.52	1.85	21.08%	3.52	2.20	17.62%	3.52	0.98	147.0%
NASCON	21.50	21.50	21.20	1.42%	21.50	21	2.38%	24.75	19.00	6.07%	24.75	13.00	64.00%	24.75	19.00	16.22%	24.75	7.35	149.4%
UNIONDICON	13.45	13.45	13.45	0.00%	13.45	13.45	0.00%	13.45	13.45	0.00%	13.45	13.45	0.00%	13.45	13.45	0.00%	14.89	13.45	-9.7%
CADBURY	14.50	14.50	14.50	0.00%	14.50	14.5	-3.97%	18.40	12.65	-13.90%	18.40	10.00	39.42%	18.40	12.65	-7.47%	18.40	9.30	53.4%
NESTLE	1385.00	1385.00	1385.00	0.00%	1385.00	1380	0.36%	1500.00	1317.00	-7.67%	1555.99	1200.00	12.32%	1555.99	1317.00	-10.99%	1555.99	713.50	84.7%
VITAFOAM	3.14	3.14	3.14	0.00%	3.20	3.14	-0.32%	3.39	2.82	1.62%	3.39	2.64	18.05%	3.39	2.82	4.67%	3.39	1.90	61.0%
PZ	22.50	23.45	22.50	-4.05%	23.45	22.5	-4.05%	25.40	21.68	7.14%	25.40	20.00	-5.86%	25.40	20.00	9.22%	27.30	14.00	62.2%
UNILEVER	52.00	55.00	52.00	-13.04%	59.80	52	-5.45%	64.60	44.00	20.93%	64.60	36.10	19.54%	64.60	39.86	26.83%	64.60	31.81	48.6%

	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	76.00	76.00	72.70	4.54%	76.00	72.7	4.54%	76.00	67.69	12.28%	76.00	65.00	14.51%	76.00	67.69	12.28%	80.03	46.60	44.7%
PRESCO	72.00	72.00	72.00	0.00%	72.00	72	0.00%	78.00	68.00	8.27%	78.00	64.00	6.15%	78.00	66.50	5.11%	78.00	45.00	53.2%
LIVESTOCK	0.90	0.90	0.87	1.12%	0.90	0.86	0.00%	1.22	0.86	-9.09%	1.22	0.80	7.14%	1.22	0.83	8.43%	1.22	0.58	30.4%
<b>CONGLOMERATES</b>																			
AGLEVENT	0.64	0.64	0.64	-4.48%	0.67	0.64	-4.48%	0.75	0.55	-8.57%	0.75	0.54	12.28%	0.75	0.55	-8.57%	0.90	0.54	-14.7%
JOHNHOLT	0.54	0.54	0.54	0.00%	0.54	0.54	0.00%	0.54	0.46	8.00%	0.54	0.46	5.88%	0.54	0.46	8.00%	0.63	0.46	-14.3%
TRANSCORP	1.64	1.70	1.64	-7.87%	1.78	1.64	-11.35%	2.55	1.64	-7.34%	2.55	1.31	17.99%	2.55	1.48	12.33%	2.55	0.73	127.8%
UACN	16.90	17.50	16.90	-2.31%	17.50	16.9	-8.15%	19.42	16.75	-3.43%	19.42	16.00	8.33%	19.42	16.75	0.00%	19.42	13.75	12.6%
<b>CONSTRUCTION/REAL ESTATE</b>																			
JBERGER	23.50	24.15	23.50	-4.86%	25.90	23.5	-9.27%	32.00	23.50	-16.07%	32.00	23.50	-19.88%	32.00	23.50	-16.07%	43.84	23.50	-44.0%
UAC-PROP	2.80	3.01	2.80	-8.20%	3.05	2.8	-11.11%	3.20	2.80	-11.95%	3.20	2.58	-1.75%	3.20	2.79	0.36%	3.20	1.69	64.7%
<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	3.37	0.00%	3.37	3.37	0.00%	3.37	3.21	5.0%
FIDSON	5.80	5.80	5.80	2.11%	5.80	5.68	1.75%	6.00	4.46	32.42%	6.00	3.34	65.71%	6.00	3.71	56.76%	6.00	0.93	510.5%
GLAXOSMITH	30.00	30.00	29.90	3.45%	34.85	29	-11.76%	34.85	18.88	35.75%	34.85	18.88	42.86%	34.85	18.88	38.82%	34.85	14.09	106.9%
MAYBAKER	2.88	3.04	2.88	-10.00%	3.20	2.66	2.86%	3.39	2.60	-1.03%	3.39	2.50	-4.00%	3.39	2.50	10.77%	5.52	0.85	216.5%
NEIMETH	0.78	0.82	0.78	-4.88%	0.82	0.78	-4.88%	0.97	0.75	4.00%	0.97	0.57	9.86%	0.97	0.66	4.00%	0.98	0.53	39.3%
PHARMDEKO	2.25	2.25	2.25	0.00%	2.25	2.25	0.00%	2.36	2.25	-4.66%	2.36	2.25	0.00%	2.36	2.25	-4.66%	2.36	1.95	15.4%
<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%	2.54	2.54	0.00%	2.54	2.54	0.0%
NCR	6.30	6.30	6.30	0.00%	6.30	6.3	0.00%	6.30	6.30	0.00%	6.63	6.30	-4.98%	6.30	6.30	0.00%	7.71	6.30	-18.3%
TRIPPLEG	0.88	0.88	0.88	0.00%	0.88	0.88	0.00%	1.06	0.88	-16.98%	1.06	0.88	-16.98%	1.06	0.88	-16.98%	1.24	0.88	-29.0%
<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%	2.35	2.35	0.00%	2.35	2.35	0.00%	2.47	2.35	-4.9%
BERGER	9.85	9.85	9.85	0.00%	9.85	9.85	0.00%	10.35	8.91	10.55%	10.35	7.00	36.81%	10.35	8.49	16.02%	10.35	5.88	54.4%
CAP	38.75	38.75	38.75	0.00%	38.75	38.75	0.00%	38.86	35.00	8.36%	38.86	32.50	19.23%	38.86	35.00	13.97%	38.86	32.00	18.7%
CCNN	20.20	20.20	18.00	13.48%	20.20	17.8	8.02%	20.20	10.42	103.22%	20.20	8.97	98.43%	20.20	9.50	112.63%	20.20	4.44	351.9%
DANGCEM	260.00	260.00	252.00	2.00%	260.00	251	0.00%	278.00	237.50	10.99%	278.00	218.98	16.07%	278.00	223.00	13.04%	278.00	159.00	61.4%
FIRSTALUM	0.53	0.53	0.53	0.00%	0.55	0.53	-3.64%	0.55	0.37	6.00%	0.55	0.37	6.00%	0.55	0.37	6.00%	0.66	0.37	6.0%
PAINTCOM	0.59	0.59	0.59	0.00%	0.59	0.59	0.00%	0.59	0.59	0.00%	0.59	0.59	0.00%	0.59	0.59	0.00%	0.65	0.59	-9.2%
PORTPAINT	2.05	2.05	2.05	-2.38%	2.10	2.05	-2.38%	2.20	2.05	-6.82%	2.20	2.00	-2.38%	2.20	2.05	-6.82%	2.20	1.82	12.6%
WAPCO	44.50	44.50	41.00	0.68%	44.50	41	-1.77%	56.90	41.00	-11.00%	56.90	41.00	-18.35%	56.90	41.00	-0.87%	63.00	41.00	-6.6%
CUTIX	2.81	2.81	2.81	0.00%	2.81	2.81	0.00%	2.81	2.16	25.45%	2.81	1.91	22.17%	2.81	1.91	39.80%	2.81	1.62	73.5%
AVONCROWN	1.18	1.18	1.18	0.00%	1.18	1.18	0.00%	1.18	1.18	0.00%	1.18	1.18	0.00%	1.18	1.18	0.00%	1.18	0.99	3.5%
BETAGLAS	71.95	75.70	71.95	-4.95%	75.70	71.95	-4.95%	75.70	51.31	40.23%	75.70	51.31	26.56%	75.70	51.31	40.23%	75.70	46.00	55.1%
VANLEER	9.10	9.10	9.10	0.00%	9.10	9.1	0.00%	9.10	9.09	0.11%	9.10	9.09	0.11%	9.10	9.09	0.11%	9.10	9.09	0.1%

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	698.30	698.30	665.10	4.99%	698.30	665.1	4.99%	785.00	657.90	7.43%	785.00	480.00	45.48%	785.00	626.22	11.51%	785.00	345.80	76.8%
OANDO	6.90	6.90	5.99	15.19%	6.90	5.99	15.19%	6.90	5.99	15.19%	6.90	5.99	15.00%	6.90	5.99	15.19%	9.54	5.32	19.4%
CONOIL	33.45	33.45	33.45	0.00%	33.45	33.45	0.00%	41.38	32.10	3.21%	41.38	28.00	19.46%	41.38	28.00	19.46%	44.56	27.55	-4.4%
ETERNA	6.15	6.29	6.00	-2.23%	6.32	6	-7.52%	6.65	5.20	19.19%	6.65	3.32	78.26%	6.65	4.26	51.48%	6.65	3.03	91.0%
FO	37.45	40.00	36.95	-6.38%	41.90	36.95	-10.83%	52.62	36.95	-21.16%	52.62	36.95	-23.57%	52.62	36.95	-13.87%	64.30	36.95	-18.6%
MOBIL	200.00	200.00	170.00	17.65%	200.00	170	7.64%	216.00	170.00	12.04%	216.00	152.21	20.48%	216.00	170.00	2.77%	360.00	152.21	-42.4%
MRS	28.35	28.35	28.35	0.00%	28.35	28.35	0.00%	28.35	27.00	3.24%	28.35	27.00	3.24%	28.35	27.00	3.24%	39.03	27.00	-27.4%
TOTAL	233.80	236.60	233.80	-1.18%	249.00	233.8	-6.10%	254.00	217.00	1.65%	254.00	217.00	-7.59%	254.00	217.00	1.67%	282.55	216.80	-10.1%
BOCGAS	4.60	4.60	4.60	0.00%	4.60	4.6	0.00%	4.60	4.58	0.44%	4.60	3.78	21.69%	4.60	4.58	0.44%	4.60	2.99	30.7%
THOMASWY	0.35	0.35	0.35	0.00%	0.37	0.35	-7.89%	0.50	0.35	-30.00%	0.50	0.35	-30.00%	0.50	0.35	-30.00%	0.54	0.35	-35.2%
<b>SERVICES</b>																			
REDSTAREX	5.70	6.00	5.70	-5.00%	6.00	5.7	-5.00%	6.30	5.12	11.33%	6.30	4.75	10.47%	6.30	5.12	11.33%	6.30	4.20	29.3%
TRANSEXPR	0.86	0.90	0.86	-4.44%	0.90	0.86	-4.44%	0.90	0.75	14.67%	0.90	0.75	8.86%	0.90	0.75	10.26%	0.95	0.75	-5.5%
CILEASING	1.41	1.56	1.35	-18.02%	1.72	1.35	-18.02%	2.00	1.35	3.68%	2.00	1.28	-17.54%	2.00	1.35	9.30%	2.00	0.54	171.2%
CAPHOTEL	3.15	3.15	3.15	0.00%	3.15	3.15	0.00%	3.15	3.15	0.00%	3.15	3.15	0.00%	3.15	3.15	0.00%	3.70	3.15	-14.9%
TOURIST	3.50	3.50	3.50	0.00%	3.50	3.5	0.00%	3.50	3.50	0.00%	3.50	3.50	0.00%	3.50	3.50	0.00%	3.65	3.50	-4.1%
LEARNAFRCA	1.15	1.16	1.06	18.56%	1.16	0.97	18.56%	1.16	0.88	30.68%	1.16	0.76	51.32%	1.16	0.88	30.68%	1.16	0.74	43.8%
UPL	2.18	2.18	2.18	0.00%	2.18	2.18	0.00%	2.76	2.08	-14.51%	2.94	2.01	-11.02%	2.76	2.08	-4.39%	4.03	2.01	-45.9%
INTERLINK	3.61	3.61	3.61	0.00%	3.61	3.61	0.00%	3.80	3.61	-5.00%	3.80	3.61	-5.00%	3.80	3.61	-5.00%	3.80	3.61	-5.0%
CAVERTON	2.65	2.90	2.65	-5.02%	2.91	2.65	-0.75%	3.05	1.47	89.29%	3.05	1.20	112.00%	3.05	1.29	105.43%	3.05	0.90	197.8%
AIRSERVICE	4.90	4.90	4.90	0.00%	4.90	4.9	0.00%	5.95	4.85	-17.65%	7.87	4.85	-34.67%	5.95	4.85	-17.65%	7.87	3.90	25.3%
NAHCO	3.93	3.93	3.92	0.26%	3.93	3.9	0.77%	4.72	3.71	-12.67%	4.72	3.18	15.25%	4.72	3.71	-1.26%	4.72	2.35	70.1%

## 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.

## Definition of Terms

<b>Div. Yield</b>	Dividend Yield
<b>EBITDA</b>	Earnings Before Interest, Taxes, Depreciation, and Amortisation
<b>EPS</b>	Earnings Per Share
<b>EPS gr.</b>	Earnings Per Share Growth
<b>EV</b>	Enterprise Value
<b>FY</b>	Full Year
<b>P/B</b>	Price-to-Book Ratio
<b>P/E</b>	Price-Earnings Ratio
<b>ROAE</b>	Return on Average Equity

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