CORDROS CAPITAL

Valuation Summary

Week beginning	25-Jun-18

BANKS	Rating	Price Target (N)	Price (N)	Potential Up/ Downside	P/E (x) 2017	P/E (x) 2018E	P/B (x) 2017	P/B (x) 2018E	EPS gr. 2017 (y/y)	EPS gr. 2018E (y/y)	ROAE 2017	Div Yield 2018E
ACCESS	UR	11.58	10.40	11.3%	4.9	3.2	0.6	0.5	-13.4%	52.3%	17.4%	8.2%
FBNH	UR	7.38	10.65	-30.7%	6.6	11.1	0.5	0.6	177.1%	-27.8%	3.0%	4.7%
GUARANTY	UR	42.81	40.70	5.2%	7.0	6.7	1.9	1.6	29.0%	4.1%	30.2%	6.4%
UBA	UR	10.14	10.60	-4.3%	4.7	4.2	0.8	0.7	9.0%	15.7%	18.5%	8.5%
ZENITHBANK	UR	30.15	25.90	16.4%	4.5	5.1	1.3	0.9	37.3%	-10.1%	23.3%	8.7%
AVERAGE		**20.41**	**19.65**	**-0.4%**	**5.6**	**6.1**	**1.0**	**0.9**	**47.8%**	**6.9%**	**18.5%**	**7.3%**

CEMENT	Rating	Price Target (N)	Price (N)	Potential Up/ Downside	EV/SALES (x) 2017	EV/EBITDA (x) 2017	EV/EBITDA (x) 2018E	P/E (x) FY 2017	P/E (x) FY 2018E	EPS gr. FY 2017/16	EPS gr. FY 2018E/17	Div Yield 2018E
CCNN	SELL	17.79	24.75	-28.1%	0.3	1.0	5.3	3.7	8.5	157.1%	13.1%	5.9%
DANGCEM	SELL	195.58	225.00	-13.1%	4.0	8.3	8.8	20.2	13.1	32.8%	46.9%	6.5%
WAPCO	UR	38.98	39.00	-0.1%	1.7	20.3	7.9	-7.1	14.2	-302.1%	-143.1%	3.5%
AVERAGE		**84.12**	**96.3**	**-13.7%**	**2.0**	**9.8**	**7.3**	**5.6**	**12.0**	**-37.4%**	**-27.7%**	**5.3%**

CONSUMER GOODS	Rating	Price Target (N)	Price (N)	Potential Up/ Downside	EV/SALES (x) 2017	EV/EBITDA (x) 2017	EV/EBITDA (x) 2018E	P/E (x) FY 2017	P/E (x) FY 2018E	EPS gr. FY 2017/16	EPS gr. FY2018E/17	Div Yield 2018E
CADBURY	SELL	10.96	13.00	-15.7%	0.9	13.2	9.3	98.1	55.2	-201.2%	47.5%	1.8%
DANGSUGAR	HOLD	17.42	19.00	-8.3%	0.2	0.8	3.8	6.0	7.2	175.9%	-19.9%	7.4%
FLOURMILL	HOLD	30.56	31.00	-1.4%	0.5	4.3	3.5	5.9	4.9	-45.5%	107.0%	6.8%
GUINNESS	SELL	73.75	97.50	-24.4%	1.1	7.5	9.1	50.9	25.3	-195.4%	201.3%	2.4%
NB	HOLD	107.25	110.50	-2.9%	3.1	11.7	8.8	31.7	22.4	15.3%	19.6%	4.5%
NESTLE	SELL	851.48	1,495.00	-43.0%	5.1	20.0	17.1	36.6	25.6	325.5%	37.0%	3.9%
PZ	SELL	15.13	19.95	-24.2%	0.9	10.0	10.9	22.3	38.5	78.4%	-38.0%	2.1%
UNILEVER	SELL	32.78	50.75	-35.4%	2.1	10.9	12.4	23.0	26.7	119.2%	6.7%	3.6%
AVERAGE		**142.42**	**229.59**	**-19.4%**	**1.7**	**9.8**	**9.4**	**34.3**	**25.7**	**34.0%**	**45.1%**	**4.0%**

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

UR= Under Review

Source: Bloomberg, Cordros Research estimates

CADBURY NIGERIA PLC (CADBURY) – SELL

- The shares of CADBURY closed flat at NGN13.00. CADBURY trades at a significant forward PE above its 5-year historical average of 24.9x.

- CADBURY published Q1-18 result, showing EBIT was higher by 76.2% while PBT was lower by 67.2%, both compared to Q1-17. We are not surprised by the lower PBT, which we had expected will be impacted by higher finance charges (+233% y/y), given the sizeable balance of borrowings at the beginning of this year, compared to 2017. Meanwhile, the reported PBT missed our estimate by 49%, owing specifically to the deviation on finance income line (46% below our estimate), but we expect this will normalize in subsequent quarters.

- Q1-18 revenue grew 2% y/y, consistent with our 1.8% growth estimate. Given base selling price is lower by marginal single-digit, we estimate flat to modest volume contraction must have been recorded during the just concluded quarter, compared to last year. Retaining our 8% revenue growth estimate for 2018E suggests we look for a faster growth in subsequent quarters, and will be largely volume-driven, on continued promotional activities, including price discounting. We are aware of an ongoing buy-1-get-1 free promo for the 450g Bournvita Hot Chocolate Drink.

- At 21.8%, CADBURY's gross margin in Q1-18 is in line with our 21.9% estimate for the quarter, and 3 bps higher vs. Q1-17. We had stated in our last note on the company that we do not expect gross margin will be above the 22.5% rate achieved in 2017FY, and this view is unchanged. Margin headwinds are selling price competition (on stronger imports) and rising cocoa prices, while the tailwinds are stable FX and soft sugar (-28% YtD) and dairy prices (-6% YtD).

- The balance of short term borrowings was NGN4.3 billion, from the NGN3.6 billion at the beginning of the year. CADBURY's loans are expensive (we estimated 22% at the end of 2017FY), and we are not aware that they are being refinanced through commercial papers in this period of generally declining interest rates. Finance cost in Q1-18 is in line with our estimate. Finance income was lower, but we expect this would increase and converge with our estimate for the year, as cash grows following the payment of 2017FY dividend.

- We maintain TP at NGN10.96. Our estimates are unchanged. On our estimates, CADBURY is trading at 2018F P/E multiple of 61.5x, a significant premium to the 5-year historical average of 31.1x.

DANGOTE SUGAR REFINERY PLC (DANGSUGAR) – HOLD

- The shares of DANGSUGAR closed lower by 2.06% to NGN19.00. DANGSUGAR trades at forward PE of 7.2x, lower than its 5-year historical average of 7.5x.

- DANGSUGAR published Q1-18 result, showing EPS grew 12% y/y but declined 59% q/q. The EPS growth came on the back of a higher gross margin compared to last year's one-off low, masking a disappointing revenue performance. Should we adjust Q1-17 gross margin to Q1-18's 25% (which is also the average achieved in 2017FY), we have EPS of -55% y/y and -60% q/q.

- According to management, Q1-18 sales volume was down 12% y/y (+2 q/q), despite selling price now lower by about 22% y/y. The volume outturn raises concern for 2018 revenue as a whole, given that the January-March quarter (and indeed, the first half) is seasonally strong for DANGSUGAR. On the 2017FY results call, management reiterated some of the volume concerns we had highlighted in previous notes – notably the activities of smugglers and the poor condition of the factory road – and added that the road to the North (accounting for 36% of revenue and where about the highest margin is derived) is equally deplorable, with negative impact on revenue.

- Also of concern is that the NGN13,056/tonne average selling price computed by management in the latest result is way below the NGN14,000/tonne price it said it was able to achieve during the last call held earlier this month. We have consequently revised our 2018E volume growth forecast to 5% (previously 9.5%) and cut average selling price estimate to NGN13,000/tonne – while acknowledging that the possibility of price further reducing has increased with the poor volume outturn in Q1.

- At 25%, the gross margin achieved in Q1-18 is about the 25.8% we estimated for 2018E. While noting that the downside risk to selling price, and consequently margin, has increased with this Q1 result, we should reiterate some tailwinds supporting our gross margin estimate as: (1) better energy mix, (2) stable and stronger exchange rate, (3) stable outlook of global raw sugar prices, and (4) positive mix from growing contribution of higher margin Savannah.

- We revise TP lower to NGN17.42 (previously NGN17.97). On our estimates, DANGSUGAR is trading at 2018F P/E and EV/EBITDA multiples of 7.6x and 4.x respectively, consistent with its five-year historical averages of 7.9x and 4.4x, but below the 14.3x and 9.4x Middle Eastern peer averages.

FLOUR MILLS OF NIGERIA PLC – HOLD

- The shares of FLOURMILL fell by 5.34% to N31.00 . FLOURMILL trades at 2018 PE of 4.9x, 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 cyclicality 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 closed higher by 0.52% to N97.50. GUINNESS trades at 2018 PE of 25.3x, below its 5-year average of 27.7x.

- GUINNESS reported 40% y/y increase in Q3-18 net profit (EPS: -4% y/y), coming off better-than-expected revenue growth, and relatively lower operating expenses and finance charges. Both masked a disappointing gross margin, which has now weakened for four quarters in a row. Compared to consensus, the reported net profit was head by 131%, and beat our estimate by 47%.

- Following the Q3 and 9M-18 results, we raise our 2018E EPS estimate to NGN3.85 (previously NGN2.98), and for 2019E and 2020E to NGN4.71 (previously NGN4.30) and NGN5.14 (previously NGN5.12) respectively. The assumptions driving the single-digit increase in our 2019-2020E EPS estimates are the (1) increase in revenue growth forecast to 9% average (previously c.8% average) and (2) 400 bps downward revision of opex-to-revenue ratio estimate, offsetting the (3) 300 bps downward revision of gross margin estimate.

- Q3-18 revenue grew 15% y/y and beat our estimate and consensus' by 4%. Consistently for three quarters, GUINNESS has reported revenue growth that exceeded both our estimate and that of the market. Whilst noting the impact of pricing, we are aware that volume has also contributed to the impressive revenue performance thus far, thanks especially to Guinness stout, mainstream spirits, and Dubic lager.

- Both we and consensus have been consistently disappointed by the outcome of GUINNESS' gross margin since the surprise surge to record 55% in Q3-17 (although now restated to 42%). The latest gross margin contraction (-922 bps y/y and 32 bps q/q) is even more worrying, when the (1) marked softening in the prices of local sorghum (especially in February and March), barley (-11% YtD and -6% y/y in Q1-18) and maize (-16% y/y), and importantly, (2) the stability of the naira, are taken into consideration. Consequently, we have revised gross margin estimate for 2018E to c.33% (previously 34%) and for 2019-2020E to 34% (previously 37%), more so, that the outlook for drinks' prices generally is now to the downside.

- Outstanding borrowings as at end-March was NGN16.8 billion, comprising mainly of related party loans (48%) and letter of credit (42%), which we believe are quite cheap and have impacted little on finance costs thus far. Management had said it would retain some USD loans after the equity capital raise of last year. Capex as at 9M-18 was NGN8.4 billion, and at the run-rate, should equal 8% of revenue (same as for the last three years) by the end of the year.

- On our revised estimates, and with valuation rolled-forward to 2019E, we have a TP of NGN73.75/share (previously NGN68.59/share). The stock is trading on 2019F P/E and EV/EBITDA multiples of 21.8x and 8.6x respectively, which compares with SSA peers (20.6x and 9.5x respectively) – though we acknowledge that GUINNESS' multiples are at considerable discounts relative to 5-year historical average (excluding 2016).

NIGERIAN BREWERIES PLC – HOLD

- The shares of NB rose by 0.45% last week to N110.50. NB trades at forward PE of 22.4x, 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).

NESTLE NIGERIA PLC – SELL

- The shares of NESTLE closed flat at N1,495.00. NESTLE trades at 12-M PE of 25.6x below its 5-year average of 43x.
- NESTLE published Q1-18 result showing EPS grew by a marginal 3% y/y to NGN10.86, which is behind what the market expects for the period by 15%. Compared to our estimate, the achieved EBIT was short by 1% while EPS missed by 25%, owing to significant variation (-161%) on the net finance cost line.
- Q1-18 revenue grew by 10.3%, consistent with our 10% growth estimate for the period. Annualized, the achieved revenue is behind market expectation by only 2%. A 15% q/q revenue growth suggests volume recovered strongly from the slack in the Oct-Dec period of last year, although we estimate volume may have grown at low singledigit relative to Q1-17. Food revenue grew by 7% y/y while Beverages – benefiting from a low base volume in our view – grew by a bigger 17% y/y. Compared to Q4-17, both segments recorded 16% and 11% top-line growth respectively.
- Gross margin of 38.2% was achieved in Q1-18, slightly below the 39% we estimated for the period. Gross margin in Q1-17 was equally low (at least compared to Q4-16's 45%) at 38.4%, before recovering to 42% average between Q2-Q4 of 2017. We retain our 42% gross estimate for 2018E (vs. 41% in 2017FY), suggesting we expect recovery in subsequent quarters. Our estimate is in sync with the 41% gross margin the company had achieved historically before the bump to 45% in 2015FY. The major risks to our gross margin estimate are (1) lower selling price and (2) the increase we have observed thus far this year in the price of local maize. Although the risks are tempered by the (1) relatively lesser competition, given the strong loyalty that NESTLE's brands enjoy, (2) stable and even improving currency exchange rate, and (3) softer prices of other raw material inputs such as sorghum, sugar, and dairy.
- The interest expense of NGN521 million (5% y/y and 158% q/q) and FX loss of NGN639 million (-38% y/y and 3118% q/q) reported in Q1-18 are both high in our view, considering NESTLE's much reduced borrowings and the stable FX. We have consequently revised our finance cost estimate for 2018E higher by 105%, given that the amount reported in Q1 alone is more than half our prior estimate for the year. We should note that the expectation of a much lower finance cost carries significant weight both in our view, and the market's of NESTLE's earnings growth in 2018E. Gross loans as at end-march was NGN18.11 billion (vs. NGN48.7 billion in Mar, 2017 and NGN24.2 billion in Dec. 2017), the lowest since 2009FY.

- Compared to our previous estimate, we revise 2018E net profit lower by 6% to reflect the changes on the net finance cost line. On 2017FY results, our revised net profit estimate is higher by 37% (previously 46%). On our revised estimates, we have a DCF-based TP of NGN851.48 (previously NGN851.92) for NESTLE. The stock is trading at forward (2018E) P/E and EV/EBITDA multiples of 27.4x and 18.3x respectively, at premium to Middle East and Africa peer averages of 18.7x and 12.4x.

PZ CUSSONS NIGERIA PLC – SELL

- The shares of PZ closed lower by 3.86% to NGN19.95. PZ trades at 2018 PE of 38.5x, below its 5-year average of 40.0x.

- 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).

UNILEVER NIGERIA PLC – SELL

- The shares of UNILEVER dropped by 7.73% to NGN50.75. UNILEVER trades at forward PE of 26.7x, below its 5-year average of 57.1x.

- UNILEVER published Q1-18 result showing net profit grew by 81% y/y, 2% ahead of our estimate (and 21% ahead of consensus). Revenue came in better-than-expected, operating expense was well-contained, and finance cost (though higher than we expected) was significantly lower, courtesy of the borrowings repaid last year. On the negative, however, gross margin was well-below expectation, after the positive surprises of the last three quarters of 2017FY.

- The Q1 revenue growth of 16% y/y (+19% q/q) was ahead of the 10% we estimated, but in line with consensus. There were price increases up until Q2-17, the impact of which we believe is somewhat reflected in the latest revenue. We should also reiterate the impact of volume on revenue, reflecting the (1) campaigns and promotional activities that took place during the quarter (for Knoor Chicken seasoning and Close-Up toothpaste), (2) increased activities of distributors following the slack in Q4-17, and (3) introduction of new products, notably (from our routine checks), Sunlight bar soap and 70g and 25g Sunlight detergents. We raise 2018E revenue growth estimate to 13% (previously 7.5%), based on the (1) stronger-than-expected Q1 growth and (2) impact of the 5% increase in the price of Lipton tea implemented this month.

- Given the stability of both selling prices and the naira exchange rate during the period, we should mention that production costs, and consequently gross margin (72 bps y/y and 704 bps q/q to c.28%), may have been pressured by the rising price of petroleum products (which form key inputs in UNILEVER's production process). Notwithstanding the low outturn, we retain our gross margin estimate of 32% for 2018E. Recall that gross margin in Q1-17 (28%) was the lowest in all quarters of last year, before the improvement seen in the subsequent quarters.

- Total borrowings reduced to NGN457 million, from NGN674 million as at end-December 2017, with gross debt-to-equity now at 0.6%, vs. 191% a year ago. Cash remained strong at NGN47.5 billion, delivering interest income of NGN494 million (89% via bank deposits) that far exceeded the NGN130 million we estimated for the quarter.

- We increase target price to NGN32.78 (previously NGN30.47) even as we slightly revise our estimates. On our numbers, UNILEVER currently trades on FY18E P/E and EV/EBITDA multiples of 27.9x and 12.6x respectively.

DANGOTE CEMENT PLC – SELL

- The shares of DANGCEM fell by 5.86% to N225.00. DANGCEM trades at forward PE of 13.1x, below than its 5-year average of 15.8x.

- DANGCEM published Q1-18 result yesterday, showing revenue and net profit grew by 16.3% y/y and 23.9% q/q respectively. Q1-17 tax charge and consequently, net profit, were restated for easy comparison. On the unadjusted numbers, the latest net profit is lower by only 1.2%. We update our model, following the result, and call with management.

- We raise 2018E forecast for cement price in Nigeria to NGN45,037/tonne (previously NGN44,037/tonne) and Rest of Africa (RoA) to NGN31,683/tonne (previously NGN28,377/tonne). This is on the back of the implementation of NGN50/bag increase in Nigerian cement price this month, and the 10% and 5% increases in Ethiopia and South Africa in Q1-18. There was also a fractional price increase in Tanzania. On group volume, we revise our forecast lower for 2018E to 23.7Mts (previously 24.5Mts) – equating to 6% growth vs. 2017FY – reflecting the high double-digit declines recorded in Ethiopia, Tanzania, and Ghana in Q1-18, and which have now impacted our estimate for RoA (9.7Mts vs. 10.5Mts previously). We retain Nigerian volume estimate of 14Mts (+10% vs. 2017FY), with the management hinting during the earnings call that more than 10% growth is achievable in the year. On net, we raise 2018E group revenue estimate by 3% to NGN938.6 billion, equating c.17% growth over 2017FY.

- Our gross and EBITDA margin estimates are basically unchanged at 57% and 49% respectively. The latest price increase in Nigeria will be supportive of margins formation, especially amidst continued benefits from improved utilization of local coal and stable exchange rate. We also expect the reduction of cement exports to Ghana, as guided by management, to ease the associated costs, and result in margin gains for Nigeria. The strong Q1-18 RoA margins also confirms our positive outlook for the year, more so, with the latest price increases in the key markets mentioned above.

- Again, tax was provided for the new lines awaiting pioneer approval in Nigeria, resulting in group effective tax rate of 34% in Q1-18. We retain our 14% tax rate assumption for 2018-2019E, following reassurance by management during yesterday's call that there is strong likelihood that the pending pioneer approval in Nigeria will be received in Q2. Our 33% ETR assumption beyond 2019 is unchanged, in line with the guidance earlier provided by management for possible30% rate in Nigeria when all plants exit tax holidays.

- Compared to our previous estimates, we revise 2018E EBITDA slightly higher by 2% to NGN458 billion and net profit by 7% to NGN291.8 billion. On 2017FY results, our estimates are higher by 18% and 43% respectively. On our revised estimates, we have a DCF-based TP of NGN195.58 (previously NGN187.42) for DANGCEM.

LAFARGE AFRICA PLC – UNDER REVIEW

- The shares of LAFARGE inched lower by 0.26% at NGN39.00. LAFARGE trades at forward PE of 14.2x above its 5-year average of 11.8x.

- LAFARGE published Q1-18 result, showing 0.8% y/y decline in revenue and loss after tax of NGN2 billion. The published revenue and net loss were improvements over Q4-17 (+6.8% q/q and -94% q/q).

- It is our view that the slight decline in revenue y/y was due to lower sales volume, given that average cement prices are currently higher by about 9% compared to Q1-17, on our estimate. We estimate about 7-8% growth in volume vs. Q4-17, consistent with the guidance provided by most producers during the 2017FY call. Revenue break-down shows "cement" and "other" revenues declined by 2% y/y and 26% y/y respectively while "aggregate and concrete" revenue grew by 8% y/y.

- From a negative in Q4-17, gross and EBIT margins of 22.3% and 7.8% were reported in Q1-18. The margins are lower than the 25.7% and 16.5% respectively reported in Q1-17. Compared to Q4-17, CoGS was lower by 24%, owing to the non-occurrence of the significant one-off charges that were recognized in the final quarter of 2017 and impacted adversely on earnings. Gross profit was lower y/y (14%), reflecting both lower margin and volume. EBIT and the margin were lower by 53% y/y and 872 bps y/y respectively, owing to (1) lower volume and gross margin and (2) and higher opex and the margin (41% y/y and 432 bps y/y). On opex, administrative spend increased by 36% y/y while campaign and innovation spend was more than 6x higher compared to Q1-17.

- Though the net finance charge of NGN9.2 billion reported was much lower than the NGN24.5 billion reported in Q4-17, the amount is higher by 133% vs. Q1-17. Asides from the bump in Q4-17, the reported net finance charge is also high, in historical context. Interest on borrowings (NGN7.6 billion) alone was higher by 78%, reflecting the relatively higher borrowings of NGN269 billion (vs, NGN142 billion in Q1-17) in the balance sheet, following the reclassification of related party loans from quasi-equity, in H2-17. Net FX loss of NGN640 million was also reported during the quarter (nil in Q1-17).

- Loss before and after tax of NGN2.95 billion and NGN2 billion were reported respectively. A deferred tax credit of NGN1.86 billion was recognized, resulting on net, to a tax credit of NGN944 million during the quarter.
- **Our estimates and valuation are under review.**

CEMENT COMPANY OF NORTHERN NIGERIA PLC – SELL

- The shares of CCNN closed lower by 10.00% tot NGN24.75. CCNN trades at forward PE of 8.5x, above its 5-year average of 7.1x.
- CCNN started 2018 on an impressive note, reporting EPS growth of 111% y/y to NGN0.86, which when annualized, is almost 2x market expectation. The EPS is only 9% below the company's single-quarter best of NGN0.95 recorded in Q4-17. The impressive Q1-18 performance is broad-based, and in our view, is one of the company's best yet, when the significant difference in prices in the recent past quarters is adjusted for.
- Revenue grew by 24% y/y during the three months period, the best we have seen among the quoted companies from Nigerian operations. Compared to Q1-17, industry cement prices are higher by single digit on average, suggesting that most of CCNN's Q1-18 revenue growth is volume driven. The company achieved 94% utilization rate in 2017FY, despite reported 46% increase in selling price. We remain bullish on volume in 2018E and retain our 5% growth forecast on (1) relatively competitive selling price (disclosed 2017FY price was lower than DANGCEM's by 3% and higher than ASHAKACEM's by only 1%), (2) improved security condition in the North, and (3) the low presence of competitors in the markets – including cross border – where the company supplies cement. We are yet to hear from CCNN's management, but we consider the NGN50/bag price increase recently implemented by DANGCEM (effective April) a tailwind for other smaller cement producers 'revenues in 2018.
- Gross margin of 42% was achieved in Q1-18 and is also a major driver of the earnings outperformance in the review period. The gross margin beat our estimate for the quarter by 916 bps and is immune to the energy cost pressure we had expected with the rallying price of crude oil. CCNN's management said it is managing the risk associated with the volatile price of its kiln fuel LPFO (linked to both FX and the price of crude oil, and accounts for 6065% of production cost) by exploring other alternate energy generation, although without detailed disclosure. We believe the stability of the naira is also supportive of the resilient margin.
- Also noteworthy from the result are the 1200 bps average increase each in EBIT and PBT margins and 364% increase in RoAE. Operating expense was lower by 8% y/y while the ratio to revenue decreased by 543 bps y/y. An amount of NGN961 million was reported as capex in Q1-18, which annualized, is ahead of last year's record NGN2.6 billion. About 48% of the spending (NGN468 million) was for the addition/repair of trucks, in continuation from the NGN750 million spent in 2017FY – this could be to support distribution.
- Compared to our previous estimate, we revise 2018E net profit higher by 16% to reflect the changes on the gross margin line. On 2017FY results, our revised net profit estimate is higher by 13% (previously -3%). On our revised estimates, we have a DCF-based TP of NGN17.82 (previously NGN15.64) for CCNN.

ACCESS BANK PLC – UNDER REVIEW

- The shares of ACCESS depreciated by 1.89% last week to N10.40. ACCESS trades at forward PE of 3.2x, above its 5-year average of 2.9x.
- Access Bank plc released Q1-2018 results, showing a decline in its pre and post-tax profits from the same period in the previous year, by 0.57% and 1.30%, to NGN27.44 billion and NGN22.12 billion, respectively. Notably, following revision in operating expenses in the previous year, 2017's PBT and PAT were restated lower. Ex the revision, Q1-2018's pre-tax and post-tax profits would have been much lower, by 12.08% y/y and 15.00% y/y respectively. Quarter-on-quarter, the bank recorded significant increase in PBT (+283.09%) and PAT (+259.29%), from the low based Q4-17 performance (which was its worst quarterly performance since Q4-2012).
- Interest income grew by 20.5% y/y and 29.21% q/q to NGN95.59 billion, while asset yield declined by 10 bps y/y to 12.40%, despite a 28.27% jump in our computed interest-earnings assets – implying a lower yielding mix of assets. However, interest earned on customer loans (which makes up 77.6% of total interest income) rose by 28.66%, even as customer loans rose slower by 10.99% y/y (+0.34% q/q).
- On the other hand, Interest expense recorded an upturn of 39.20% y/y (+59.18% q/q), owing to 30.44% y/y increase in interest paid on customer deposits (NGN33.37 billion) and

- 30.40% y/y increase in interest paid on borrowings (NGN2.22 billion). Notably, customer deposits and borrowings in the quarter were higher by 24.39% y/y (11.63% q/q) and 11.89% y/y (+10.43% q/q) respectively. On balance, net interest income was higher (4.48% y/y and 6.37% q/q) at NGN44.65 billion. Also, cost of funds was 70 bps higher y/y at 5.80%, causing the NIM (whilst also noting the decline in asset yield) to shed 90 bps to 5.80%.

- Growth in NIR (+14.578% y/y, +105.59% q/q) was also positive at NGN41.80 billion, driven largely by the 399.44% y/y (+253.83% q/q) surge in net trading income. Gains on derivative instruments was 4.3x its value last year at NGN26.67 billion, while returns on fixed income instruments turned positive (NGN959.50 million), from a loss position (-NGN620.14 million) in the previous year. Net fee and commission income also grew 34.60% y/y (-11.27% q/q) to NGN15.86 billion, following a 55.12% y/y rise in credit related fees and commissions. These muted the significant 140% drop in forex income to a deficit of NGN6.82 billion, owing to a 30.43% decline in forex trading income.

- Unlike its tier 1 peers so far (GUARANTY: -51.96% to NGN1.64 billion, ZENITHBANK: -42.01% to NGN4.57 billion, and UBA: -53.14% to NGN1.45 billion), ACCESS' impairment charges increased y/y by 55.19% but was 77.08% lower than the high-based Q4-17 value at NGN4.96 billion. Coupled with the slower rise in customer loans, by 10.99% y/y, cost of risk also increased 20 bps to 0.90%.

- CAR dropped by 170 bps to 19.30%, following IFRS 9 implementation, wherein NGN78.32 billion was deducted from Retained earnings' opening balance. However, the CAR remains well above the CBN's 15% requirement, but ranks behind GUARANTY'S 24.57% and slightly below ZENITHBANK's 19.9%.

- **Our estimates are under review.**

FBN HOLDINGS PLC – UNDER REVIEW

- The shares of FBNH depreciated by 1.84% last week to N10.65. FBNH trades at forward PE of 11.1x, above its 5-year historical average of 6.3x.

- FBN Holdings Plc released Q1-2018 result, showing an unimpressive top and bottom line performance y/y; even though improvement in opex (-10.07% q/q) and a reduction in impairment provisions (-52.05% q/q) buoyed growth in PBT and PAT on a q/q basis.

- Gross earnings dipped by 1.55% y/y and 11.04% q/q to NGN138.86 billion, as both NII (-5.67% y/y, and -1.85% q/q) and NIR (-4.79% y/y and -42.73% q/q) also contracted in the quarter to NGN75.75 billion and NGN21.40 billion, respectively. A positive in the income line was the resurfaced growth in the insurance business, as the significant growth in insurance premium revenue by 100.72% y/y (+58.69% q/q), muted the increase in reinsurance expenses by 113.20% y/y (+98.14% q/q), and translated to a 98.87% y/y (+53.83%) upturn in net insurance premium.

- The decline in NII, follows a 2.83% y/y (-2.30% q/q) drop in interest income to NGN110.90 billion, and a 3.92% y/y (-3.25% q/q) increase in interest expense to NGN35.15 billion. Yield on assets dropped 120 bps y/y, despite 6.68% y/y increase in our computed interest yielding assets. This is likely attributable to our estimated 208 bps y/y drop in the annualized yields earned on bank loans, wherein interest income was 66.53% lower y/y, despite a 50.66% y/y increase in loan to banks.

- Despite the 3.92% y/y rise in interest expense, the annualized cost of funds declined by 10 bps to 3.30%, following a reduction in our estimated annualized cost of bank deposits (-272 bps y/y to 1.90%) and borrowings (-211 bps y/y to 3.63%), which is largely comprised of the FBN Eurobonds issued in 2013 and 2014, with call dates of July-2018 and July-2019, respectively. These muted the 46 bps increase in the annualized costs of customer deposits to 3.48%.

- Provision for loan losses was lower 12.09% y/y and 52.05% q/q at NGN25.34 billion -- similar to all Tier 1 peers save for ACCESS. There was also improvement in the cost of risk by 30 bps to 4.50%, as loans to customers declined at a slower pace than impairment charges. Also, worth stating is the drop in loan-to-deposit ratio to 67.3%, from 77.80% in similar period last year. The NPL ratio – which has been a key issue in the group's books -- improved significantly in the quarter (-450 bps y/y and 130 bps q/q) to 21.50% but remains much higher – highest among Tier I and Tier II banks together – than the 5% regulatory requirement.

- **Our estimates are under review.**

GUARANTY TRUST BANK PLC – UNDER REVIEW

- The shares of GUARANTY was lower by 1.93% to N41.15. GUARANTY trades at forward PE of 6.7x, above its 5-year average of 6.2x.

- Guaranty Trust Bank Plc released its Q1-2018 result, showing positive performance in the top and bottom lines. Compared to Q1 last year, Gross Earnings, PBT and PAT were 4.65% (-1.00% q/q), 4.43% (+4.81% q/q), and 7.70% (-0.49% q/q) higher than their restated values at NGN108.97 billion, NGN52.62 billion, and NGN44.67 billion respectively.

- Interest income (constituting 74.12% of total Gross Earnings) dropped by 3.97% y/y (+2.16% q/q) to NGN80.77 billion from the record high recorded in the same period last year, depicting the significantly lower interest rate environment compared to last year. Specifically, interest earned on financial assets held for trading, loans and advances to customers, and available for sale financial instruments recorded significant y/y declines of 54.58%, 7.68%, and 1.91% to NGN849.37 million, NGN48.65 billion and NGN22.06 billion respectively. These muted the 111.87% y/y surge in interest via bank loans and advances, which makes up a meagre 0.10% (NGN84.17 million) of total interest income.

- An upturn in interest expense (+17.27% y/y, -4.02% q/q) – driven by the 27.16% y/y increase in interest paid on customer deposits – together with the decrease in interest income, caused decline in net interest income by 9.74% y/y to NGN59.69 billion. On annualized basis and compared to FY 2017, the net interest margin dipped 82 bps to 9.52%. This follows a marginal deterioration in the cost of funds by 1 bp to 3.29%, and a faster drop in asset yield by 112 bps to 12.60%.

- NIR grew by 41.28% y/y to NGN27.46 billion, following the surge in other income (+305.51% y/y, -69.46% q/q), as well as increase in gains on financial instruments (+40.14% y/y, +268.13% q/q). Net fee & commission income was higher by 10.63% at NGN14.49 billion, from the previous year's restated sum of NGN13.09 billion (previously NGN16.34 billion), as 11.29% growth in fee and commission income, outweighed the 25.89% increase in fee and commission expenses.

- Interestingly, loan impairment charges came in lower by 57.01% y/y (-57.00% q/q), away from expectations of an increase following the implementation of IFRS 9. The total loan book also declined by 6.55% to NGN1.35 trillion, against the NGN1.45 trillion recorded in FY-2017, while total deposit increased by 7.70% by NGN2.31 trillion. As a result, loan-to-deposit ratio dropped to 58.56%, from 67.49%. Accordingly, the annualized cost of risk tapered 10 bps to 0.74%, while the ratio of non-performing loans to total loans dropped by 151 bps to 6.15%.

- **Our estimates are under review.**

UNITED BANK FOR AFRICA PLC – UNDER REVIEW

- The shares of UBA dropped by 3.64% at N11.00. UBA trades at forward PE of 4.2x, above its 5-year average of 3.2x.

- United Bank for Africa plc released results for Q1 2018, showing growth in Gross earnings (+17.89%), PBT (+4.26% y/y), and PAT (+6.20%), from the previous year, to NGN119.37 billion, NGN26.56 billion, and NGN23.74 billion respectively. Quarter-on-quarter, however, Gross earnings and PAT were lower by 6.49% and 1.43%, while PAT was 34.33% higher, following a significantly favourable ETR of 10.62% in the quarter, against high base of 34.41% in Q4-2017.

- Interest income (+17.68% y/y, +3.16% q/q) posted solid growth in the quarter to NGN90.33 billion, following a 78.62% growth in interest income via cash and bank balances -- comprising money market placements and unrestricted balances with CBN which grew 55% and 49.72% respectively – as well as a 4.9x surge in interest earned on loans to banks (NGN948 billion).

- Interest expense increased at a faster pace than interest income by 46.10% y/y (+14.12% q/q) to NGN36.78 billion. This was largely attributable to the 55.14% upturn in interest paid on customer deposits (which constitutes 65.57% of total interest expense: NGN24.12 billion), and the 87.12% increase in interest paid on borrowings (NGN7.66 billion). Funding cost, on an annualized basis, inched 2 bp higher to 3.72% in the quarter, from 3.70% in FY2017. The dip in asset yield, coupled with the increase in the cost of fund, translated to a 70 bps drop in the NIM to 6.91%, from 7.61% in FY-2017.

- NIR, against similar period in the previous year, posted 14.41% positive growth, while it declined by 30.09% q/q to NGN24.00 billion. Growth in net fee and commission income (making up the largest chunk of NIR: 62.48%) grew by 15.40% y/y (-22.28% q/q) to NGN15 billion and coupled with the 859.07% y/y (+408.50% q/q) surge in other income, muted the 13.09% y/y (-53.85% q/q) decline in other income to NGN2.27 billion.

- Impairment charges, as has been the case in tier 1 banks' Q1-18 result released so far (GUARANTY: -51.96% y/y to NGN1.64 billion; Zenith: -42.01% y/y to NGN4.57 billion), plunged by 53.14% y/y to NGN1.45 billion in the quarter, against expectation of increased provisions, following implementation of IFRS 9. Total loans and advances also came lower by 1.55%

- In its implementation of IFRS 9, UBA deducted NGN34 billion (vs. NGN138.13 billion in Zenith and NGN82.15 billion in GUARANTY) from its retained earnings as at beginning of the year. However, the effect was muted following a transfer of same sum from regulatory credit risk reserve to the retained earnings.

- **Our estimates are under review.**

ZENITH BANK PLC – UNDER REVIEW

- The shares of ZENITH closed lower by 1.89% to NGN25.90. ZENITH trades at forward PE of 5.1x, above its 5-year average of 5.0x.

- Zenith Bank plc released its Q1-2018 results, showing improved performance across key line items. Gross earnings was higher by 14.52% y/y (-20.91% q/q) at NGN169.19 billion, while PAT and PBT also grew by 22.17% y/y (+6.07% q/q) and 25.55% y/y (-3.32% q/q) to NGN54.0 billion and NGN47.08 billion respectively.

- The increase in Gross earnings was largely supported by strong upticks in interest income (+20.77% y/y, +26.39% q/q) and other income (+177.20% y/y, -30.57% q/q), which muted the declines in fee and commission income (-1.38% y/y, +8.97% q/q), and trading income (-75.76% y/y, -97.75% q/q).The positive growth (contrary to GTB’s performance) in interest income was driven by increased earnings in treasury bills trading (+88.86% y/y, +100.15% q/q), which outweighed the drop in interests earned on customers’ loans and advances (-2.19% y/y, +4.58% q/q). On the other hand, the significant decline in interest paid on borrowed funds (-19.02% y/y, -43.98% q/q) – which constitutes 56.93% of total interest expense paid – drove the 1.62% y/y (-17.07% q/q) dip in interest expenses for the quarter. Accordingly, net interest income grew by 35.83% y/y and 69.73% q/q. In the same vein, the annualized net interest margin improved by 160 bps y/y to 9.30% (slightly below GTB’s 9.52%), following improvements in asset margin (+62 bps y/y to 7.92%) and cost of funds (-90 bps y/y to 4.10%).

- Provision for loan impairment was 42.01% y/y (-91.06% q/q) lower at NGN4.57 billion during the quarter. That, similar to GTB’s result, doused expectation, considering the implementation of IFRS 9. The decline in impairment charge, as well as the significant drop in gross loan and advances by 9.5%, drove improvement in cost of risk by 40 bps y/y to 0.90%. The ratio of non-performing loans to total loan book increased to 4.30% from 3.2% in the previous year.

- IFRS 9 adjustments weighed on the bank’s CAR, which dropped 210 bps, following transfer of NGN138.13 billion from retained earnings.

- **Our estimates are under review.**

Valuation Summary

Ticker	Current	Week-H	Week-L	WTD chg	Month-H	Month-L	MTD chg	3 Month-H	3Month-L	3MTD chg	6Month-H	6Month-L	6MTD chg	Year High	Year Low	YTD Chg	52wk Hi	52wk Lo	52 week chg
FINANCIAL SERVICES																			
ACCESS	10.60	10.85	10.60	-0.93%	10.95	10.6	1.92%	13.00	10.40	-17.51%	13.45	10.02	-6.69%	13.45	10.40	1.44%	13.45	8.86	10.8%
DIAMONDBNK	1.59	1.62	1.52	4.61%	1.62	1.39	19.55%	2.26	1.30	-29.65%	3.57	1.30	13.57%	3.57	1.30	6.00%	3.57	1.00	26.2%
ETI	20.00	20.00	20.00	0.00%	20.00	19	2.56%	21.30	16.35	1.01%	21.30	16.27	11.30%	21.30	16.27	17.65%	21.30	12.36	67.4%
FIDELITYBK	2.27	2.34	2.27	-0.44%	2.34	1.99	19.47%	2.98	1.81	-24.08%	3.99	1.81	-4.22%	3.99	1.81	-7.72%	3.99	1.20	80.2%
GUARANTY	41.50	41.60	41.50	0.85%	42.00	38.65	2.47%	49.00	38.65	-12.82%	54.71	38.65	-0.36%	54.71	38.65	1.84%	54.71	33.50	23.1%
SKYEBANK	0.76	0.76	0.73	0.00%	0.79	0.69	8.57%	1.01	0.65	-19.15%	1.55	0.50	52.00%	1.55	0.52	52.00%	1.55	0.50	46.2%
STERLNBANK	1.42	1.42	1.36	5.97%	1.42	1.22	9.23%	1.85	1.22	-21.11%	2.42	0.99	30.28%	2.42	1.13	31.48%	2.42	0.95	52.7%
UBA	11.00	11.10	10.95	0.46%	11.30	10.95	1.85%	12.90	10.40	-14.73%	13.00	10.08	5.26%	13.00	10.40	6.80%	13.00	8.20	30.0%
UBN	6.20	6.20	5.85	10.71%	6.20	5.3	11.71%	7.10	5.30	-15.65%	8.78	5.30	-13.77%	8.78	5.30	-20.51%	8.78	5.21	7.3%
UNITYBNK	0.88	0.92	0.88	-3.30%	0.92	0.87	1.15%	1.74	0.87	-47.31%	1.92	0.50	62.96%	1.92	0.55	66.04%	1.92	0.50	35.4%
WEMABANK	0.75	0.75	0.72	-2.60%	0.79	0.72	-1.32%	1.00	0.70	-23.47%	1.50	0.50	50.00%	1.50	0.50	44.23%	1.50	0.50	41.5%
ZENITHBANK	26.40	27.30	26.40	-2.40%	28.00	25.5	3.53%	31.00	25.50	-15.38%	33.51	24.99	1.42%	33.51	25.50	2.96%	33.51	20.20	32.1%
FBNH	10.85	11.20	10.85	2.84%	11.20	10.15	6.90%	13.45	9.25	-3.98%	14.75	8.74	19.23%	14.75	8.79	23.30%	14.75	5.14	69.5%
FCMB	2.30	2.40	2.30	-4.17%	2.43	2.18	1.32%	2.65	2.00	-10.51%	3.61	1.22	79.69%	3.61	1.58	55.41%	3.61	1.02	82.5%
STANBIC	49.00	49.00	48.50	1.66%	49.00	46.1	6.29%	50.00	45.65	4.26%	50.00	40.90	16.67%	50.00	40.90	18.07%	50.00	29.00	69.0%
AIICO	0.62	0.65	0.62	0.00%	0.65	0.58	6.90%	0.74	0.57	-12.68%	0.88	0.51	16.98%	0.88	0.53	19.23%	0.88	0.51	17.0%
CONTINSURE	1.43	1.44	1.43	0.00%	1.50	1.43	0.00%	1.89	1.42	-18.29%	1.89	1.34	2.88%	1.89	1.40	2.14%	1.89	1.19	12.6%
CUSTODYINS	3.93	3.93	3.93	0.00%	3.93	3.93	0.00%	3.93	3.93	0.00%	3.93	3.93	0.00%	3.93	3.93	0.00%	4.00	3.36	1.0%
MANSARD	2.64	2.64	2.49	6.02%	2.64	2.49	5.60%	2.76	2.34	-4.00%	2.94	1.93	31.34%	2.94	2.02	36.79%	2.94	1.86	14.8%
NEM	2.66	2.66	2.50	5.98%	2.66	2.5	3.91%	2.86	2.40	5.56%	2.86	1.39	82.19%	2.86	1.53	60.24%	2.86	0.92	166.0%
WAPIC	0.49	0.50	0.48	0.00%	0.50	0.47	-2.00%	0.63	0.47	-15.52%	0.75	0.47	-2.00%	0.75	0.47	-2.00%	0.75	0.47	-10.9%
NPFMCRFBK	1.79	1.79	1.65	8.48%	1.93	1.61	-7.25%	2.12	1.61	-3.76%	2.12	1.25	37.69%	2.12	1.25	43.20%	2.12	1.10	34.6%
INFINITY	1.42	1.42	1.42	0.00%	1.42	1.42	0.00%	1.44	1.42	-1.39%	1.44	1.42	-1.39%	1.44	1.42	-1.39%	1.44	1.42	-1.4%
AFRIPRUD	4.07	4.30	4.07	-2.16%	4.30	3.97	2.52%	5.00	3.80	-16.08%	5.20	3.80	0.49%	5.20	3.80	-3.55%	5.20	2.86	39.9%
UCAP	3.18	3.29	3.15	0.63%	3.29	3	6.00%	4.00	2.86	-22.44%	4.41	2.86	-8.88%	4.41	2.86	-9.92%	4.41	2.86	-2.2%
CONSUMER GOODS																			
CHAMPION	2.00	2.00	1.98	0.00%	2.04	1.98	0.00%	2.85	1.97	-29.82%	3.22	1.97	-3.85%	3.22	1.97	-3.85%	3.44	1.97	-35.3%
GUINNESS	97.00	99.75	97.00	-2.76%	99.75	95	-3.00%	105.00	95.00	-1.12%	120.25	94.00	4.64%	120.25	94.00	3.19%	120.25	60.00	32.9%
INTBREW	41.30	41.75	41.30	-1.20%	43.60	39	-7.19%	57.10	39.00	-27.67%	64.00	39.00	-27.06%	64.00	39.00	-24.22%	64.00	26.05	55.7%
NB	110.00	118.00	110.00	-5.98%	118.00	103	1.95%	133.00	103.00	-12.42%	152.68	103.00	-23.08%	152.68	103.00	-18.46%	193.00	103.00	-29.0%
DANGSUGAR	19.40	19.90	19.00	-3.00%	20.00	17.25	11.17%	23.35	16.50	-13.78%	23.35	16.50	-6.23%	23.35	16.50	-3.00%	23.35	8.36	114.8%
FLOURMILL	32.75	33.00	32.30	1.08%	33.00	30.1	5.31%	38.00	29.50	-9.03%	38.00	28.36	-4.21%	38.00	29.00	12.93%	38.00	22.00	17.0%
HONYFLOUR	2.49	2.49	2.31	8.26%	2.49	2.2	8.26%	2.85	2.20	-10.43%	3.52	2.10	13.18%	3.52	2.20	18.57%	3.52	1.76	44.8%
NASCON	23.95	24.00	23.00	6.92%	24.00	18.5	26.05%	24.55	18.50	-3.23%	24.75	18.34	27.80%	24.75	18.50	29.46%	24.75	8.87	157.0%
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%	13.45	13.45	0.0%
CADBURY	13.00	13.00	12.50	2.77%	13.00	11.5	4.00%	18.40	11.50	-18.75%	18.40	11.50	-20.49%	18.40	11.50	-17.04%	18.40	10.00	0.7%
NESTLE	1495.00	1495.00	1450.20	3.09%	1495.00	1430	1.53%	1615.00	1317.00	8.73%	1615.00	1317.00	2.40%	1615.00	1317.00	-3.92%	1615.00	900.00	55.1%
VITAFOAM	3.20	3.20	3.20	-2.44%	3.30	3.2	-3.03%	3.30	2.82	8.84%	3.39	2.75	10.34%	3.39	2.82	6.67%	3.39	2.51	11.1%
PZ	20.75	20.75	20.75	0.00%	21.85	20.75	-5.03%	23.55	20.75	-9.78%	25.40	20.00	-9.78%	25.40	20.00	0.73%	27.30	20.00	4.8%
UNILEVER	55.00	55.00	55.00	0.00%	55.00	51.45	6.90%	64.60	49.00	-8.49%	64.60	39.86	35.80%	64.60	39.86	34.15%	64.60	33.00	53.7%

CORDROS CAPITAL

Valuation Summary

AGRICULTURE	Current	Week-H	Week-L	WTD chg	Month-H	Month-L	MTD chg	3 Month-H	3Month-L	3MTD chg	6Month-H	6Month-L	6MTD chg	Year High	Year Low	YTD Chg	52wk Hi	52wk Lo	52 week chg
OKOMUOIL	90.40	90.40	82.00	10.24%	90.40	80	13.00%	90.40	72.00	25.56%	90.40	67.69	20.53%	90.40	67.69	33.55%	90.40	56.15	56.5%
PRESCO	72.00	73.70	72.00	2.35%	75.00	70.35	-4.00%	75.60	66.00	-7.69%	78.00	65.00	5.25%	78.00	66.00	5.11%	78.00	57.06	27.0%
LIVESTOCK	0.87	0.87	0.87	0.00%	0.87	0.77	12.99%	1.05	0.77	-19.44%	1.22	0.77	-3.33%	1.22	0.77	4.82%	1.22	0.77	-3.3%
CONGLOMERATES																			
AGLEVENT	0.49	0.53	0.49	-7.55%	0.53	0.49	-7.55%	0.67	0.49	-23.44%	0.75	0.49	-30.00%	0.75	0.49	-30.00%	0.90	0.49	-34.7%
JOHNHOLT	0.55	0.55	0.55	0.00%	0.57	0.55	-3.51%	0.57	0.46	19.57%	0.57	0.46	10.00%	0.57	0.46	10.00%	0.59	0.46	-6.8%
TRANSCORP	1.50	1.50	1.46	4.90%	1.50	1.25	19.05%	1.99	1.25	-22.68%	2.55	1.25	4.17%	2.55	1.25	2.74%	2.55	1.16	13.6%
UACN	14.70	14.70	14.70	0.00%	14.70	14	0.00%	18.50	14.00	-13.78%	19.42	14.00	-11.98%	19.42	14.00	-13.02%	19.42	14.00	-12.7%
CONSTRUCTION/REAL ESTATE																			
JBERGER	27.50	27.50	27.50	0.00%	27.55	26.55	-0.18%	29.00	23.50	10.66%	32.00	23.50	1.85%	32.00	23.50	-1.79%	43.84	23.50	-31.0%
UAC-PROP	2.11	2.11	2.01	4.98%	2.11	2	-1.40%	3.15	2.00	-29.67%	3.20	2.00	-24.37%	3.20	2.00	-24.37%	3.20	2.00	-22.1%
HEALTHCARE																			
EKOCORP	3.37	3.37	3.37	0.00%	3.37	3.37	0.00%	3.37	3.37	0.00%	3.37	3.37	0.00%	3.37	3.37	0.00%	3.37	3.21	5.0%
FIDSON	6.00	6.00	6.00	0.00%	6.00	5.99	-3.85%	6.24	4.90	25.26%	6.24	3.66	57.89%	6.24	3.71	62.16%	6.24	2.57	132.6%
GLAXOSMITH	19.20	19.20	19.20	0.00%	19.20	19.2	0.00%	34.85	19.20	-12.73%	34.85	18.88	-15.57%	34.85	18.88	-11.15%	34.85	18.74	7.6%
MAYBAKER	2.45	2.45	2.45	-2.00%	2.65	2.45	-7.55%	3.20	2.45	-19.93%	3.39	2.45	-16.38%	3.39	2.45	-5.77%	5.52	2.45	3.8%
NEIMETH	0.60	0.63	0.60	-4.76%	0.66	0.6	-9.09%	0.86	0.60	-30.23%	0.97	0.60	-16.67%	0.97	0.60	-20.00%	0.98	0.57	-18.9%
PHARMDEKO	2.20	2.20	2.20	0.00%	2.20	2.2	0.00%	2.25	2.20	-2.22%	2.36	2.20	-6.78%	2.36	2.20	-6.78%	2.36	2.08	5.8%
ICT																			
CWG	2.54	2.54	2.54	0.00%	2.54	2.54	0.00%	2.54	2.54	0.00%	2.54	2.54	0.00%	2.54	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%	0.88	0.88	0.00%	1.06	0.88	-16.98%	1.06	0.88	-16.98%	1.24	0.88	-29.0%
INDUSTRIAL GOODS																			
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%	2.35	2.35	0.0%
BERGER	8.55	8.55	8.55	-5.00%	9.00	8.55	-5.00%	10.35	8.55	-17.39%	10.35	7.71	16.33%	10.35	8.49	0.71%	10.35	6.17	38.6%
CAP	36.80	36.80	36.80	0.00%	36.80	36.8	0.00%	40.00	36.80	-3.16%	40.00	33.93	8.46%	40.00	35.00	8.24%	40.00	32.00	-2.4%
CCNN	27.50	27.50	26.50	3.38%	28.95	26.5	3.19%	29.00	17.80	42.12%	29.00	9.50	189.47%	29.00	9.50	189.47%	29.00	6.31	335.8%
DANGCEM	239.00	239.00	235.80	1.36%	239.20	223	-0.42%	268.80	223.00	-9.81%	278.00	223.00	-0.79%	278.00	223.00	3.91%	278.00	195.60	14.4%
FIRSTALUM	0.40	0.40	0.40	0.00%	0.44	0.4	-4.76%	0.55	0.39	-21.57%	0.55	0.37	-20.00%	0.55	0.37	-20.00%	0.66	0.37	-20.0%
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	0.00%	2.05	2.05	0.00%	2.20	2.05	-6.82%	2.20	2.05	-6.82%	2.20	2.05	-6.82%	2.20	2.00	-2.4%
WAPCO	39.10	39.10	39.00	-1.76%	39.80	33.1	12.36%	53.00	33.10	-23.63%	56.90	33.10	-17.58%	56.90	33.10	-12.90%	63.00	33.10	-25.9%
CUTIX	3.14	3.14	3.14	0.00%	3.14	3	4.67%	3.20	2.45	28.16%	3.20	1.91	56.22%	3.20	1.91	56.22%	3.20	1.86	55.4%
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	13.5%
BETAGLAS	87.35	87.35	87.35	0.00%	87.35	87.35	0.00%	87.35	71.95	15.39%	87.35	51.31	70.24%	87.35	51.31	70.24%	87.35	51.31	56.3%
VANLEER	9.10	9.10	9.10	0.00%	9.10	9.1	0.00%	9.10	9.10	0.00%	9.10	9.09	0.11%	9.10	9.09	0.11%	9.10	9.09	0.1%

Valuation Summary

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	754.90	769.00	711.10	6.16%	769.00	711.1	1.57%	785.00	665.10	-3.83%	785.00	501.31	50.59%	785.00	626.22	20.55%	785.00	425.00	95.6%
OANDO	6.85	6.90	6.85	2.24%	7.35	6.1	0.74%	9.60	5.99	14.36%	9.60	5.99	14.36%	9.60	5.99	14.36%	9.60	5.65	-19.5%
CONOIL	32.00	32.00	32.00	0.00%	32.50	31.8	0.63%	35.25	31.80	-9.22%	41.38	28.00	14.29%	41.38	28.00	14.29%	44.56	27.55	-19.0%
ETERNA	6.30	6.30	5.97	-3.96%	7.26	5.97	4.48%	7.26	5.27	-1.56%	7.26	3.99	52.17%	7.26	4.26	55.17%	7.26	3.30	68.0%
FO	36.95	37.00	36.95	-0.14%	37.00	35.15	-0.14%	47.70	35.15	-17.71%	52.62	35.15	-16.97%	52.62	35.15	-15.02%	64.30	35.15	-30.2%
MOBIL	183.00	183.00	174.30	4.99%	183.00	164.5	11.25%	200.00	164.50	4.57%	216.00	164.50	4.60%	216.00	164.50	-5.96%	287.00	152.21	-36.2%
MRS	34.25	34.25	34.25	0.00%	34.25	34.25	0.00%	36.05	27.00	26.85%	36.05	27.00	24.73%	36.05	27.00	24.73%	39.03	27.00	-12.2%
TOTAL	193.30	193.30	193.30	0.00%	202.00	193.3	-8.82%	249.00	193.30	-19.53%	254.00	193.30	-15.96%	254.00	193.30	-15.94%	282.55	193.30	-29.7%
BOCGAS	4.21	4.21	4.21	-4.97%	4.63	4.21	-9.07%	4.63	4.21	-8.08%	4.63	4.21	-8.08%	4.63	4.21	-8.08%	4.63	2.99	27.6%
THOMASWY	0.34	0.34	0.34	0.00%	0.35	0.34	-2.86%	0.50	0.34	-32.00%	0.50	0.34	-32.00%	0.50	0.34	-32.00%	0.50	0.34	-32.0%
SERVICES																			
REDSTAREX	5.95	5.95	5.95	0.00%	6.00	5.95	-0.83%	6.30	5.50	-0.83%	6.30	4.88	21.18%	6.30	5.12	16.21%	6.30	4.38	34.0%
TRANSEXPR	0.80	0.82	0.80	-2.44%	0.82	0.8	-2.44%	0.90	0.80	-11.11%	0.90	0.75	6.67%	0.90	0.75	2.56%	0.95	0.75	-5.9%
CILEASING	1.73	1.73	1.61	7.45%	1.73	1.37	30.08%	2.00	1.27	-10.82%	2.00	1.27	26.28%	2.00	1.27	34.11%	2.00	0.57	170.3%
CAPHOTEL	3.10	3.15	3.10	-1.59%	3.15	3.1	-1.59%	3.15	3.10	-1.59%	3.15	3.10	-1.59%	3.15	3.10	-1.59%	3.65	3.10	-15.1%
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	1.58	1.58	1.44	9.72%	1.58	1.38	14.49%	1.58	0.97	62.89%	1.58	0.84	66.32%	1.58	0.88	79.55%	1.58	0.74	66.3%
UPL	2.30	2.30	2.30	2.22%	2.30	2.22	2.22%	2.30	2.08	4.55%	2.76	2.08	-8.00%	2.76	2.08	0.88%	3.83	2.01	-39.9%
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	2.30	2.30	2.22	0.00%	2.33	2.12	8.49%	2.91	2.12	-16.67%	3.05	1.27	74.24%	3.05	1.29	78.29%	3.05	0.90	150.0%
AIRSERVICE	4.50	4.70	4.50	-4.26%	4.70	4.5	-4.26%	4.90	4.50	-8.16%	5.95	4.50	-24.37%	5.95	4.50	-24.37%	7.87	4.48	0.4%
NAHCO	4.20	4.20	4.20	5.00%	4.20	3.95	6.33%	4.32	3.80	5.26%	4.72	3.71	-7.28%	4.72	3.71	5.53%	4.72	2.73	35.0%

Rating Definition

Cordros Capital uses the following rating system:

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

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

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

Definition of Terms

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