

Week beginning **10-Sep-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	9.05	28.0%	4.9	2.8	0.6	0.4	-13.4%	52.3%	17.4%	9.4%
FBNH	BUY	12.38	9.00	37.6%	6.6	9.4	0.5	0.5	177.1%	-27.8%	3.0%	5.6%
GUARANTY	BUY	52.45	35.00	49.9%	7.0	5.6	1.9	2.0	29.0%	8.3%	30.2%	9.5%
UBA	UR	10.14	7.90	28.4%	4.7	3.1	0.8	0.5	9.0%	15.7%	18.5%	11.4%
ZENITHBANK	UR	30.15	20.90	44.3%	4.5	4.1	1.3	0.7	37.3%	-10.1%	23.3%	10.8%
AVERAGE		23.34	16.37	37.6%	5.6	5.0	1.0	0.8	47.8%	7.7%	18.5%	9.3%

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	30.90	-42.4%	0.3	1.0	6.7	3.7	10.7	157.1%	13.1%	4.7%
DANGCEM	HOLD	216.00	223.00	-3.1%	5.2	10.7	9.0	20.2	15.9	32.8%	20.6%	5.3%
WAPCO	UR	38.98	23.00	69.5%	1.7	20.3	6.0	-7.1	8.4	-302.1%	-143.1%	6.0%
AVERAGE		90.92	92.3	8.0%	2.4	10.7	7.2	5.6	11.6	-37.4%	-36.5%	5.3%

CONSUMER GOODS	Rating	Price Target (N)	Price (N)	Potential Up/Downside	EV/SALES (x) 2017/18	EV/EBITDA (x) 2017/18	EV/EBITDA (x) 2018/19E	P/E (x) FY 2017/18	P/E (x) FY 2018/19E	EPS gr. FY 2017/16	EPS gr. FY 2018E/17	Div Yield 2018/19E
CADBURY	HOLD	10.00	10.05	-0.5%	0.9	13.2	7.6	98.1	164.7	-201.2%	-61.8%	0.6%
DANGSUGAR	HOLD	16.27	16.00	1.7%	1.0	3.9	3.8	6.0	7.0	175.9%	-30.8%	7.6%
FLOURMILL	BUY	33.29	21.50	54.8%	0.5	4.4	3.8	5.8	8.2	2.0%	-14.9%	9.8%
GUINNESS	SELL	70.91	88.00	-19.4%	1.4	8.8	8.0	31.9	21.3	140.1%	34.7%	2.8%
NB	HOLD	93.14	92.90	0.3%	3.1	11.7	9.0	31.7	23.9	15.3%	-5.9%	4.2%
NESTLE	SELL	942.23	1,500.00	-37.2%	5.1	20.0	16.2	36.6	24.9	325.5%	41.4%	4.0%
PZ	HOLD	15.13	13.50	12.1%	0.9	10.0	6.8	22.3	26.0	78.4%	-38.0%	3.1%
UNILEVER	SELL	38.44	46.80	-17.9%	2.1	10.9	20.2	23.0	24.1	119.2%	9.0%	3.9%
AVERAGE		152.43	223.59	-0.8%	1.9	10.4	9.4	31.9	37.5	81.9%	-8.3%	4.5%

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) – HOLD

- The shares of CADBURY closed flat at NGN10.05. CADBURY trades at a significant forward PE above its 5-year historical average of 24.9x.
- CADBURY released Q2-18 result, with a loss after tax of NGN455 million. We had expected a loss of NGN740 million. The result shows welcome growth in revenue and double-digit decline in opex, offset by significantly lower gross margin.
- The reported Q2-18 revenue was ahead of Q1-17 by 13.7% and beat our estimate by a marginal 0.3%. At current run-rate, we believe the company's revenue is in line with our 8% growth forecast for the year. We believe the revenue growth was largely volume-driven, as we are not aware of any price increase during the reference period. Whilst noting the aggressive sales drive going on mainly at the retail level – for Bournvita especially – we believe Ramadan-related consumption may have also boosted sales volume during the period. Domestic sales rebounded with a growth of 8% y/y (-0.5% y/y in Q1-18), while Exports grew by 59% y/y (vs. 102% y/y in Q1-18).
- At 10.9% in Q2-18, the achieved record-low gross margin (lowest since Q3-16) came in way below our 17.4% estimate. The lower outturn confirms our stance since the beginning of the year, that CADBURY's 2018E gross margin is unlikely to beat the 22.5% rate achieved in 2017FY. We consequently revise gross margin estimate for the year lower to 19.7% (from 22.5%), while reiterating (1) selling price competition and (2) rising cocoa prices (+20% YtD) as headwinds, and (1) stable FX and (2) soft sugar (-26% YtD) and dairy (-8% YtD) prices as tailwinds.
- The balance of borrowings stood at NGN2.37 billion (vs. NGN4.3 billion in Q1-18), comprising solely drawn-down bank overdraft facility. This produced finance charge of NGN184 million, below the NGN195 million we estimated. And as expected, finance income grew q/q (+80%), but still trailing our expectation (NGN47 million vs. NGN73 million respectively). We made no changes to these lines. Capex stood at NGN232 million, much lower than the NGN699 billion spent as at H1-17.
- The net impact of the changes to our model is a cut to both our EPS estimate to NGN0.06 (from NGN0.24 previously) and TP to NGN10.00 (NGN10.96), with HOLD rating. CADBURY's stock has lost 26% since we updated on Q1-18 result, with a SELL rating. On our estimates, CADBURY is trading at forward (2018E) P/E multiple of 175.4x, a significant premium to its five-year historical average of 31.3x.

DANGOTE SUGAR REFINERY PLC (DANGSUGAR) – HOLD

- The shares of DANGSUGAR closed higher by 1.59% to NGN16.00. DANGSUGAR trades at forward PE of 7.0x, lower than its 5-year historical average of 7.5x.
- We update on DANGSUGAR following the release of the Q2-18 result, wherein revenue and net profit came behind Q2-17s at strong double-digits. Compared to our estimates, both revenue and net profit were lower by 14% and 13% respectively. Stronger gross margin minimized the effect of still-weak volume and higher-than-expected opex, in what would have been a more disappointing quarter. We now expect 2018FY net profit will be lower by 31% vs. 2017FY (-20% previously), whilst noting possible upside from (1) continued resilient margin over H2-18 (even in the traditionally weak Q4) and (2) strong reduction of opex from the current surprisingly high level (Q2-18 figure highest since Q4-16).
- At 312Kts in H1-18, DANGSUGAR's sales volume is lower by 14% vs. H1-17. The difficult Apapa traffic condition remains a challenge, but more importantly, competition from smugglers importing fortified sugar (accounting for over 60% of DANGSUGAR's sales volume) is apparently on the rise, amidst (1) globally soft raw sugar prices (-26% Ytd and -41% in 52 weeks), (2) relatively high domestic prices (+66% compared to two years ago), and (3) stable FX. DANGSUGAR's sales volume are typically lower during the wet season in Q3, and sales in Q4-18 are unlikely to beat H1 run-rate under the prevailing market conditions. Consequently, we have revised our 2018 volume estimate lower to 609Kts (previously 691Kts), representing c.-8% vs. 2017FY.
- At 30.3%, the gross margin achieved in Q2 is slightly above the 29.5% we estimated. We believe margin was boosted by a further reduction of per tonne sugar cost (6% q/q) and marginal increase (2% q/q) in selling price. We increase gross margin estimate for 2018 slightly higher to 27% (previously 26%), while reiterating (1) better energy mix, (2) stable exchange rate, (3) stable outlook of global raw sugar prices, and (4) positive mix from growing contribution (4% of total sales volume, from 2% previously) of high margin Savannah, as tailwinds supporting our view.
- Our EBITDA estimate reflects both our view on low revenue (-20% vs. 2017FY) and the increase in opex estimate to NGN8 billion (6.5% vs. 2017FY), following the surprise print in Q2. We do not see the price increase mentioned above resetting revenue in H2, given the little size (basically to support revenue in Q3), amidst possible reversal in Q4. In addition to the aforementioned, our estimate of wider net profit decline adjusts for the huge (one-off) FX gain recorded in Q4-17.

- We revise target price lower to NGN16.27 (previously NGN17.42). On our estimates, the stock is trading at forward (2018E) P/E and EBITDA multiples of 7.43x and 4.03x respectively, almost in line with its five-year historical averages, but below the Middle East peer averages of 13.2x and 8.6x respectively.

FLOUR MILLS OF NIGERIA PLC – BUY

- The shares of FLOURMILL dropped by 11.52 % to N21.50. FLOURMILL trades at 2018 PE of 8.2x, below its 5-year average of 19x.
- FLOURMILL released Q1-19 result and held conference call with analysts. The three months period (April-June) is typically strong for the company, so the reported PBT of NGN5.21 billion, from a loss of NGN2.96 billion in the January-March period, came as no surprise. But compared to Q1-18, the result showed weak performance across all lines, save for the stronger gross margin and relatively lower finance costs. We update our model.
- Sales picked from the seasonally weak January-March period, with revenue growing 16% q/q. However, compared with the same period last year, the lower revenue (11% y/y) reported in the reference period suggests that volumes dipped. From sales perspective, the first quarter is a crucial season for FLOURMILL (accounts for an average of 26% of yearly sales). Hence, we view this relatively slow start as likely having implication for 2019E, wherein, we now forecast revenue to contract by 2%.
- We are concerned about a persistent weak Foods revenue (accounting for c.80% of group revenue), amidst tight sugar, noodles, and pasta volumes. Volume growth prospect is equally low for Packaging and Agro-allied, given the strength of competition in each of the segments. Management confirmed that Agro-allied and Packaging volumes were affected by competition in the review period, and that the prices of pasta, noodles, and sugar were reduced to support volume in the Food segment.
- From 13.8% previously, we have cut our gross margin estimate for 2019E to 12.7%, the level FLOURMILL's management appears comfortable with – in our view. Gross margin increased q/q to c.13% in the quarter under review, but as observed for the past two years, we expect it to moderate to our target rate by the end of the year. In the near term, gross margin is expected to gain support from the improved FX and energy conditions, as well as softer raw sugar prices, but we should also note the offsetting impact of rising wheat prices, combined with the act of management passing the benefit of lower sugar prices to consumers for market share gain.
- On balance, we forecast both 2019E EBIT and PAT to contract by 12% and 21% respectively vs. 2018FY. Our model produced a TP of NGN33.29 (previously NGN30.56) for FLOURMILL, even as we cut risk-free rate to 13.6% (from 14.1%) and reduce capex estimate by 8% average.

GUINNESS NIGERIA PLC – SELL

- The shares of GUINNESS depreciated by 7.37% to NN88.00. GUINNESS trades at 2018 PE of 22.9x, below its 5-year average of 27.7x.
- We update on GUINNESS following Q4-18 and 2018FY results and call with management. The 2018FY result was helped by performance in the earlier quarters, masking a very disappointing fourth quarter (EBITDA: -38% y/y and -16% q/q, EBIT: -55% y/y and -33% q/q, and net profit: -64% y/y and -45% q/q). The operating environment is expected to remain challenging, and competition intense in the near term. Management shares this view, but is confident that its strategies are yielding the desired result. We still expect EPS to grow in 2019E, but have revised estimate lower.
- We cut our TP lower to NGN70.91/share (previously NGN73.75/share) and maintain SELL on 16.6% downside, including our estimated dividend yield of c.3%. While noting that equities have broadly been bearish YtD, we attribute part of GUINNESS' share price decline to investor reaction to the unimpressive H2-18 earnings (-31% PAT vs. H1-17). On our revised estimates, the stock is trading at forward (2018E) P/E and EV/EBITDA multiples of 21.3x and 8.0x, a discount to its five-year historical averages of 33.1x and 9.3x respectively.
- Management said that about 70% of the revenue growth in 2018FY was on volume, driven by accessible beer and malt, as well as mainstream spirits. We forecast 10% revenue growth in 2019E, and expect volume will gain support from the stronger commercial and RTM activities we have observed with GUINNESS, including portfolio expansion/extension and the reversal of earlier price increases.
- We leave our gross margin estimate for 2019E at 34%, unchanged vs. 2018FY. In our view, both the cost environment and competitor price actions offer no positive outlook for gross margin in the near term. And we see little-to-no impact on margin from volume mix, as we expect assessible brands will continue to drive most of GUINNESS' volume performance. On competition and margin effect, it is instructive to note that even the market leader has resolved to taking the full hit of the excise tariff hike.

- Compared to our previous estimate, we cut EBIT margin lower by 90 bps to 9.5% (2018FY: 9.4%). We raise estimate for opex-to-revenue ratio to 25% (previously 24%), reflecting (1) the negative surprise in Q4-18 –which impacted earnings the most during the period and (2) expected higher spend on commercial activities and RTM in support of our volume outlook.
- The net impact of the changes to our model is a slight cut to 2019E EPS estimate to NGN4.13 (previously NGN4.71), implying 35% growth over 2018FY. Net finance cost, which we forecast to more than halve in 2019E on the assumption of nil FX losses, is a major driver of our EPS estimate.

NIGERIAN BREWERIES PLC – HOLD

- The shares of NB depreciated by 5.11% to N92.90. NB trades at forward PE of 23.9x, below its 5-year average of 31.5x.
- NB reported 33.1% y/y decline in Q2-18 EPS, impacted by sales and gross margin declines, as well as higher effective tax rate, which offset a significantly lower net finance cost. Both the achieved revenue and net profit trailed our estimates for the three months period by 6% and 39% respectively. And annualized, the H1-18 EPS of NGN2.31 is 8% behind consensus estimate for 2018E.
- The reported Q2-18 revenue was less than Q2-17 by 0.03% and trailed our estimate by a wider margin. NB has now recorded y/y decline in revenue for three quarters in a row. At current run-rate (-5% in H1-18), and considering sales is typically slower in H2, we no longer expect NB to grow revenue in the 2018 fiscal year. Our revised revenue estimate of NGN337.7 billion is lower by 2% (vs. +7% previously) compared to 2017FY. And we also expect a downward revision of consensus' estimate of NGN362.2 billion (+5% vs. 2017FY) following the latest result.
- Heineken (NB's parent) had guided in May to declining sales volume in Nigeria. On one hand, we believe unit volume was affected by Ramadan-related decline in beer consumption. But more broadly, we reiterate that NB's market share is under pressure from the growing presence of competition – INTBREW (not covered) specifically – in the West and East markets. We should also mention the price hike in early June as possibly impacting volume.
- Q2-18 gross margin came in at 42.4%, down by about 300 bps y/y and q/q, and at strong variance to the 46.4% rate we expected. Our assumption is that NB may have absorbed the additional costs associated with the newly approved excise duties for alcoholic beverages, effective June. For instance, we are aware that NB increased the prices of beer earlier in June (Star Radler, Life, Gulder, and Goldberg), but rolled some back by the end of the month. While we expect NB will eventually pass on the extra costs to consumers, we expect it will be measured and staggered, amidst increasing competition for market share (for instance, we understand INTBREW retained the prices of its product after the new excise duties took effect). Consequently, we revise our gross margin estimate for 2018E 150 bps lower to 41.5%, while retaining estimates over 2019-2020E at 43% average.
- The net impact of the changes to our model is a cut to our 2018E EPS estimate to NGN3.89 (from NGN4.94 previously) and TP to NGN93.14 (previously NGN107.25), with HOLD rating.

NESTLE NIGERIA PLC – SELL

- The shares of NESTLE remained flat at N1,500.00. NESTLE trades at 12-M PE of 24.9x below its 5-year average of 43x.
- NESTLE reported 56.9% y/y EPS growth in Q2-18, driven by strong revenue and margin growth, marginal increase in opex, and a net finance income (vs. loss the previous year). Compared to our estimate, the achieved Q2 EPS was ahead by 8%. Annualized, the H1-18 EPS of NGN27.07 is c.3% ahead of consensus estimate for 2018E.
- The reported Q2-18 revenue was ahead of Q2-17 by 11.6% and beat our estimate by a marginal 1%. At current run-rate, we believe NESTLE's revenue growth (10.97% in H1-8) is in line with our 10% forecast for the year, hence we make no changes. Compared to both Q2-17 and Q1-18, we estimate volume grew at low single-digit during the reference period, supported by both Ramadan-related consumption as well as the recent introduction of new SKUs – Maggi Naija Pot, Golden Morn Puff, and Milo-Ready-to-Drink – for which adverts and promotions have been aggressive thus far this year. Food revenue grew 11% y/y while Beverages grew by 13% y/y in Q2. We are aware of rising competition in the FMCG space with new entrants, but should also note that NESTLE's RTM is aggressive, hence we expect revenue will maintain the H1 trajectory in the remaining half of the year.
- From the decline to 38.2% in Q1-18, NESTLE's gross margin recovered strongly to 43.96% in the review period, exceeding both Q2-17's 40.9% and our estimate of 41.6%. We revise our gross margin estimate for 2018E slightly higher to 42.5%, and while noting downside risk relating to the rising price of cocoa (+20% YtD), elsewhere, we believe NESTLE's margin

- will be supported more by the stable exchange rate, soft sugar (-26%YtD) and dairy prices (-8% YtD), continued sourcing of cheaper local inputs, and importantly, stable selling prices. Our revised forecast brings gross margin closer to the average of 43% achieved between 2012-2014FY (average gross margin was 40% prior), but still below the peak of c.45% achieved in 2015FY.
- Net finance income of NGN300 million was recorded in Q2-18. FX gain of NGN590 million more than offset interest expense of NGN550 million, as the balance of borrowings reduced by a further NGN630 million to NGN17.5 billion (vs. NGN24.2 billion in 2017FY and NGN42.99 billion in H1-17). Following the result, and with the risk of FX fluctuation muted, we now model finance cost will be much lower at NGN2.6 billion in 2018E, from. NGN4.6 billion previously (vs. NGN15.1 billion in 2017FY).
- The net impact of the changes to our model is an increase to our 2018E EPS estimate to NGN60.14 (from NGN58.30 previously) and TP to NGN942.23 (previously NGN851.48), while maintaining SELL rating. NESTLE's stock has lost 6% since we updated on Q1-18 result, with a SELL rating. On our estimates, the stock is trading at forward (2018E) P/E and EV/EBITDA multiples of 25x and 16.2x, a significant discount to its five-year historical averages of 45x and 21.1x respectively.

PZ CUSSONS NIGERIA PLC – HOLD

- The shares of PZ lost 10% to NGN13.50. PZ trades at 2018 PE of 26.0x, below its 5-year average of 40.0x.
- PZ released Q4-18 and 2018FY results, with the Board proposing NGN0.15/share dividend on 2018FY net profit of NGN1.93 billion (-48% vs. 2017FY; Cordros estimate: -44%).
- In the three months to May 2018, reported net profit was lower by 67% y/y and 8.5% q/q. A disappointing revenue performance (-23% y/y and -22% q/q) and FX loss of NGN2.1 billion (highest in all quarters of the year), offset the only positive we saw in the result –slightly better (normalized) gross margin vs. Q3-18, but lower vs. Q4-17.
- Although management had given guidance to a challenging H2-18 through a profit warning in March this year, the Q4-18 revenue raises concern about the performance of the crucial Branded Consumer Goods segment (73% of total revenue), and leaves much to worry about 2019E. For context, the NGN17.3 billion revenue reported in the three months period – which has historically contributed the most to the company's revenue, after Q3 – is the lowest in seven quarters.
- On normalized basis, gross margin only grew by a marginal 23bps q/q. Overall, however, with 23.7% in 2018FY, gross margin has now declined for the third year in a row, and recovery prospect is not promising, amidst subdued selling price outlook and still-high inflation.
- PZ's stock has adjusted to the disappointing result, losing 10% since release. Overall, the disappointing H2-18 result resulted in combined 41% loss in the share price.
- We rated the stock SELL as at our last update in March, given 34% downside on our NGN15.13 TP. **Our estimates are under review.**

UNILEVER NIGERIA PLC – SELL

- The shares of UNILEVER dropped 6.40% to NGN46.80. UNILEVER trades at forward PE of 24.1x, below its 5-year average of 57.1x.
- UNILEVER published H1-18 result, with the first quarter numbers restated. For the three months ended June (Q2), revenue grew 7.5% y/y, while EBIT was down 24% y/y. PAT grew by 36% y/y, thanks to net finance income of NGN1 billion (vs. loss of NGN780 million in Q2-17).
- UNILEVER's Q2-18 revenue of NGN24.65 billion is in line with our estimate for the period (0.3% variance). And at NGN48.13 billion, achieved revenue in H1-18 is 12.9% higher vs. H1-17, and tracks ahead of 2017FY's NGN90.8 billion, both (1) when annualized and (2) considering a seasonally stronger second half. But that said, we revise 2018E revenue estimate to come in 3% lower than previously expected, given the downward revision of the Q1-18 figure (by 9%). The revised result shows that Food revenue was actually lower by 6% y/y in Q1-18 (previously +16% y/y) while HPC growth was unchanged. In Q2, Food revenue grew 19% y/y while HPC was lower by 2%.

- Over H1-18, gross margin came in at 31.8%, +70 bps vs. H1-17. In addition to the upward revision of Q1-18 gross margin (+51 bps) under the restated result, the margin of 35.3% achieved in Q2-18 was higher 213 bps y/y and beat our 31% estimate. This is consistent with our strong view on margin for 2018E, confirmed by the decision to retain our prior estimate of 32% for the year even during the sharp q/q contraction in Q1 (before restatement). Following the latest result, we revise 2018E gross margin estimate slightly higher to 32%, while reiterating key supporting factors as stable FX and selling prices, and importantly, management focus on cost containment leveraging local sourcing of inputs.
- Opex grew at a surprise 49.4% y/y in Q2-18, and despite revising the Q1 figure lower (by 12%), growth in H1-18 stood at 26.8%. This particularly exerted pressure on EBIT, which grew by a marginal c.2% y/y in the six months period. We expect slightly lower opex in H2 – in line with historical trend – overall, equating to 13.8% growth (fastest since 2013) over 2018E.
- Net finance cost of NGN1.3 billion was reported in H1-18. Asides from finance charges dropping significantly (-90% in H1-18) following the reduction of borrowings to record-low levels (NGN4.3 million in H2, lowest since the NGN4.5 million balance in 2012FY), finance income was equally strong (+300% in H1-18), benefiting from cash formation following the rights issue concluded in H2 last year. On balance, while EBIT is forecast to grow by c8% in 2018E, we forecast EPS to grow at a faster rate of c.50%.
- Our model produced a TP of NGN38.44 (previously NGN32.78) for UNILEVER, even as we cut risk-free rate to 13.6% (from 14.1%).

DANGOTE CEMENT PLC – HOLD

- The shares of DANGCEM fell by 2.19% to N223.00. DANGCEM trades at forward PE of 15.9x, above its 5-year average of 15.8x.
- DANGCEM published Q2-18 result, showing Group revenue grew 18% y/y, while net profit was lower by 24% y/y. Revenue beat our estimate by 2% while net profit was much lower (52% variance), on higher (Nigeria) effective tax rate. Following changes to our tax rate assumption, we revise 2018-2019E EPS estimates lower by 17% average, whilst noting possible upside in the event that the Group receives the pending approval for pioneer tax incentive in Nigeria. However, the impact of the EPS cut on target price is offset by the significant cut to our 2018-2019E capex estimates (25% average) following the very low outturn (-37% vs. H1-17) over H1-18.
- We revise 2018 Group EBITDA estimate higher by 3% to NGN472.1 billion (2017FY: NGN388.1 billion), equating to 49.7% margin (2017FY: 48.2%). That reflects mainly the upward revision of (1) volume estimate to 24Mts (previously 23.7Mts) and (2) gross margin to 58% (previously 57%), both representing c.8% and 79 bps increases over 2017FY. Our view of the Nigerian operation remains constructive.
- Following the better-than-expected sales in H1-18 (+14% y/y), we now expect the local market to deliver 14.9Mts volume (2017FY:12.7Mts) in 2018E, whilst retaining gross and EBITDA margin estimates at 73% (2017FY: 71%) and 65% (2017FY: 63%) respectively, on continued energy efficiency gain and stable exchange rate. Elsewhere, we cut our Non-Nigerian volume (-4% y/y in H1-18) estimate further by 6% to 9.1Mts (2017FY: 9.2Mts), reflecting our more conservative view of outputs from Congo, Ethiopia, South Africa, and Tanzania. We model full year Non-Nigerian gross and EBITDA margins at 25% (2017FY:24%) and 16% (2017FY: 15%) respectively.
- Effective tax rate further increased to 47% in Q2, which management had said it expected to receive the awaiting approval for pioneer tax incentive in Nigeria. Consequently, our 2018-2019E tax rate estimate is now higher at 28% average (previously 14%), on the assumption that the tax incentive fails to come through. That said, we should also guide to potential strong re-rating of EPS and TP in the event that the tax incentive comes through in H2-18. Our 33% tax rate assumption beyond 2019 is unchanged, in line with earlier guidance provided by management for possible 30% rate in Nigeria when all plants exit tax holidays.
- We revise our DCF-based target price higher to NGN216.00 (previously NGN195.58) – as we cut 2018-2019E capex by 25% average and reduce risk free rate to 13.6% (previously 14.1%) – and upgrade rating to HOLD (previously SELL).

LAFARGE AFRICA PLC – UNDER REVIEW

- The shares of LAFARGE dropped 2.13% to NGN23.00. LAFARGE trades at forward PE of 8.4x below 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
- 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 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 borrowing 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 remained flat at NGN30.90. CCNN trades at forward PE of 11.6x, 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 closed lower by 4.74% to NGN9.05. ACCESS trades at forward PE of 2.8x, below 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).
- 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 – BUY

- The shares of FBNH appreciated 2.27% to NGN9.00. FBNH trades at forward PE of 9.4x, above its 5-year historical average of 6.3x.
- We resume coverage of FBNH holdings plc and update our model, following H1-18 result.** The H1-18 result was impressive, with EPS growth of 13.68% to NGN0.93, against NGN0.82 in similar period last year. Interest income, as with peers (ZENITHBANK: -12.81% and GUARANTY: -2.41%), was down 3.0% in the half year period. But following an impressive NIR (+23.25% y/y), gross earnings grew by 1.63% y/y. A lower provision for loan loss impairment (-15.38% y/y) also gave earnings a boost.
- We forecast NII to decline by 2.95% in 2018E, as we expect interest income to drop by 0.17% and interest expense to increase by 6.52%, vs. FY-2017. While we expect improvement in interest income in H2, relative to H1 – on the back of higher interest rate as well as a moderate growth in the loan book – it is unlikely to result to higher interest income in 2018E, vs 2017 FY. We forecast asset yield of 11% in 2018E, 37 bps higher than H1-2018 (10.62%), but 101 bps lower than FY-17. Overall, we expect only a marginal improvement in the yields on both investment securities and bank and customer loans in H2-2018, from H1-2018.
- Meanwhile, from 3.56% in H1-18, we expect cost of funds to moderate to 3.32% in 2018E, as we look to improved cost of borrowings (following the recent prepayment of the USD300 million Eurobond) and customer deposits. However, this remains above 3.27% recorded in FY-17, following higher costs of FCY borrowings (following higher interest rates in the international markets) as well
- The increase in e-banking fees (40.8% y/y) was a major contributor to the growth in fee & commission income (13% y/y) in H1-18. This was attributable to growth recorded across the bank's digital platforms. As at H1-2018, total value of transactions on the USSD banking platform had grown by 187.66%, mobile banking by 100.5%, and agency banking by 8

- 545.82%, all on year-on-year basis. The contribution of e-business to NIR also improved to 24.3% during the half year, against 22.0% in FY-2017. We believe this is likely to improve going forward, in line with management's guidance to a 40% contribution to NIR in 2018E. Thus, we forecast a 21.6% growth in net fee and commission income in 2018E. Together with expected improvements in net insurance premium, as well as gains on investment securities, forex income, and dividend income, we forecast NIR growth of 19.4% in 2018E.
- On asset quality, we forecast cost of risk of 5.9% – in line with management's guidance of 6%-7% -- owing to the pending resolution of some of the bank's big NPLs (especially Atlantic Energy and 9mobile), as well as IFRS 9 requirement of increased provisions on expected new loans. Our forecast is higher than the annualized CoR of 4.8% recorded in H1-18, but lower than the 6.4% in FY-17. This, coupled with our expected 4% growth in gross loans, brings our estimated loan loss provision to NGN137.93 billion in FY-18E, 8.30% lower vs. FY-17.
- The recent prepayment of the called USD300 million Eurobond, according to management, would have neutral impact on the bank's FCY net long position. The prepayment is also not expected to impact capital adequacy, as tier two capital remains at comfortable levels.
- Overall, we forecast 2018E and 2019E EPS to grow by 27.59% y/y and 20.89% y/y to NGN1.70 and NGN2.05, respectively. On our estimates, FBNH trades at forward P/E and P/BV multiples of 7.2x and 0.60x, below Bloomberg's Middle East Africa peer median multiples of 10.5x and 1.7x respectively.

GUARANTY TRUST BANK PLC – BUY

- The shares of GUARANTY dropped by 2.78% to N35.00. GUARANTY trades at forward PE of 5.6x, below its 5-year average of 6.09x.
- **We resume coverage of GUARANTY with a BUY recommendation, following impressive H1-2018 performance.** The result showed gross earnings grew by 5.85% y/y to NGN226.63 billion, following a 31.95% growth in non-interest income (NIR), which made up for the 8.96% drop in interest income. PBT and PAT also grew by 8.44% y/y and 14.22% y/y respectively, supported by continued decline in impairment charges (-71.83% y/y), as well as marginal growth in opex (+2.02% y/y).
- We estimate NIM of 9.6% in 2018E (46 bps above H1-18 and 60 bps below FY-17), with asset yield of 13.12% (64 bps above H1-2018, but 36 bps below FY-2017) and cost of funds estimate of 3.5% (H1-18:3.27%; FY-17: 3.28%) in 2018E. Our expectation of improved asset yield in H2-18 stems from expected growth in interest earned on loans – following the conversion of USD700-USD800 million foreign placements to loans. The CBN's new Differentiated Cash Reserves Requirement (DCRR) programme -- aimed at incentivizing DMBs to direct credit to the real sector, and to which management signified interest -- is also supportive of our expectation of expansion in GUARANTY's loan book over the second half.
- On cost of funds, the slight uptick in our estimate is attributable to the USD276.93 million Eurobond maturing in November, which decreases our interest-bearing liabilities, vis-à-vis interest expense for the period. However, ex-interest expense for the Eurobond, our estimated CoF stands flat at 3.3%. According to management, the bond is unlikely to be renewed upon maturity. Meanwhile, we estimate deposits growth of 13.07% y/y in 2018E, against 10.42% YTD growth in H1-18.
- Our 9% growth in gross earnings in 2018E is driven by NIR. NIR growth in 2018E is estimated at 27% y/y, with net fee & commission income also estimated to grow by 13% y/y. Despite mixed performance across the bank's digital platforms -- USSD (+65% y/y to NGN1.24 trillion), mobile banking (+35% y/y to NGN2.39 billion), and internet banking (-36% to NGN1.04 billion) – we remain optimistic of positive contribution of e-business income to fees & commission income.
- Among peers, GUARANTY leads with the lowest cost of risk (CoR) of 0.29% as at H1-18, following a faster decline in impairment charges than compared to loans. The decline in impairment charges stems from payoff of some of the bank's loans (particularly in the upstream oil & gas sector), which led to contraction in the loan book. The creative treatment of IFRS 9's stringent initial adoption adjustments through equities, as opposed to the income statement also contributed to improvement in CoR. However, we expect uptick in CoR to 0.65% by FY-18, hinged on our estimated increase in customer loans by 8.75% in the second half, following management's guidance to deploy USD700-USD800 million of its foreign placements (constituting cash inflow from the loan repayments) to creation of more loans (particularly to the upstream oil & gas sector).
- Overall, we forecast EPS growth of 8.27% y/y and 7.83% y/y to NGN6.27 and NGN 6.70 in 2018E and 2019E respectively. Based on updates to our model, we estimate TP of NGN52.45 for GUARANTY's shares. On our estimates, GUARANTY trades at forward P/E multiple of 8.36x, below Bloomberg's Middle East Africa peer median multiple of 9.1x.

UNITED BANK FOR AFRICA PLC – UNDER REVIEW

- The shares of UBA dipped by 1.25% to NGN7.90. UBA trades at forward PE of 3.1x, same as 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 inched lower by 0.48% to NGN20.90. ZENITH trades at forward PE of 4.1x, below its 5-year average of 5.0x.
- Zenith Bank Plc released Q2-2018 result, showing a decline across major income lines, which resulted in a 34.25% y/y and 9.56% q/q drop in Gross earnings. Interest income was 40.31% down from the corresponding period last year, and lower by 39.66% q/q. The decline offset a 63.08% y/y and 40.09% q/q decline in interest expense, resulting in net interest income falling by 15.06% y/y and 39.45% q/q in the quarter. Overall, pre (-1.19%) and post-tax (-26.38%) profits were lower q/q, and while PBT was up 11.20% y/y, PAT lower by 8.36%, following an increase in effective tax rate to 35.05%, from 21.18% in the previous year. Meanwhile, a higher dividend of NGN0.30 was declared, compared to H1-2017 (NGN0.25).
- Cost of funds, on an annualized basis, was significantly lower, by 300 bps y/y, at 3.4%. This was largely attributable to cheaper deposits, as interest paid on deposits in H1 dropped sharply by 63.72% y/y to NGN37.88 billion, despite a 6.42% y/y increase in customer deposits. In particular, interest paid on time deposits declined significantly by 306.19% y/y to NGN22.8 billion, amidst continued decline in interest rates.
- On interest income, earnings on loans and advances in the first half was down by 18.0% y/y to NGN146.43 billion, amidst 14.36% y/y drop in loans and advances to customers (YtD: -10.82%) to NGN1.87 trillion. Overall, thanks to an impressive improvement in the CoF, NIM sustained growth (+150 bps y/y), at 10.1%, despite drop in our estimated yield on assets by 263 bps to 12.71%.
- Provision for impairment loss, on a year-on-year basis, dipped further in Q2 by 85.09% to NGN5.15 billion. As a result, cost of risk improved by 270 bps to 0.9%, against 3.6% in H1-2017. A 20 bps uptick in NPL ratio to 4.9%, was more-than-sufficiently pacified by the 8,580 bps increase in the coverage ratio to 229.2%, against 143.4% in FY-17.
- On its audited financial statement, the Group's CAR stood at 21%, 600 bps lower than the 27% recorded in FY-2017. However, CAR stands a notch higher than the 19.9% estimated in the unaudited Q1-2018 result. The improved CAR estimate is likely attributable to the reduced deduction for initial implementation of IFRS 9 from retained earnings (-21.73%) to NGN108.12 billion, against NGN138.13 billion in Q1. The Group's CAR remains well-above regulatory requirement of 16%.
- Overall, ZENITH's performance in Q2 was below expectation. On annualized basis, PAT is 10.49% lower than Bloomberg's polled estimates. **Our estimates are under review.**

TICKER	Current Price	Daily chg	Week-Hi	Week-Lo	WTD chg	Month-Hi	Month-Lo	MTD chg	3 Month-Hi	3Month-Lo	3MTD chg	6Month-Ho	6Month-Lo	6MTD chg	Year High	Year Low	YTD Chg	52wk Hi	52wk Lo	52wk chg
ACCESS	9.05	0.00	9.40	9.05	-3.72	10.10	8.85	-9.95	10.85	9.00	-15.42	12.85	9.00	-30.38	13.45	9.00	-13.40	13.60	8.85	-6.70
AFRIPRUD	4.00	0.00	4.00	4.00	0.00	4.18	3.70	-2.44	4.30	3.70	-3.85	4.99	3.70	-20.00	5.20	3.70	-5.21	5.20	3.14	25.39
AIICO	0.89	4.71	0.99	0.85	-1.11	1.00	0.58	27.14	0.99	0.60	43.55	0.99	0.57	28.99	0.99	0.53	71.15	1.00	0.51	50.85
CONTINSURE	1.60	0.00	1.60	1.50	6.67	1.69	1.37	0.00	1.69	1.37	11.89	1.89	1.37	-6.43	1.89	1.37	14.29	1.94	1.31	10.34
CUSTODIAN	5.40	0.00	5.41	5.17	4.45	5.90	5.10	-6.09	6.27	5.01	7.57	6.27	4.10	27.06	6.27	3.79	38.82	6.89	3.42	50.00
DIAMONDBNK	1.25	-6.02	1.33	1.15	8.70	1.43	1.09	-10.71	1.62	1.09	-17.76	2.18	1.09	-44.69	3.57	1.09	-16.67	3.73	0.97	5.04
ETI	19.50	0.00	20.00	19.50	-2.50	22.25	18.75	-5.11	22.15	19.20	-2.50	22.15	16.35	-1.52	22.15	16.27	14.71	22.25	16.01	8.33
FBNH	9.00	0.00	9.15	8.85	1.69	10.10	8.80	-10.00	11.20	8.80	-14.69	13.45	8.80	-22.08	14.75	8.79	2.27	15.16	5.14	52.54
FCMB	1.72	-4.44	1.86	1.72	-6.52	2.13	1.70	-15.69	2.40	1.70	-28.33	2.65	1.70	-33.59	3.61	1.58	16.22	3.65	1.00	60.75
FIDELITYBK	1.70	-0.58	1.72	1.62	4.94	2.10	1.52	-12.82	2.34	1.58	-25.44	2.98	1.58	-42.95	3.99	1.58	-30.89	4.33	1.28	28.79
GUARANTY	35.50	1.43	37.05	34.95	-2.74	41.00	34.40	-10.35	41.60	34.95	-13.73	47.55	34.95	-25.58	54.71	34.95	-12.88	57.00	34.40	-6.08
INFINITY	1.42	0.00	1.42	1.42	0.00	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
MANSARD	2.30	0.00	2.30	2.30	0.00	2.65	2.30	-13.21	2.80	2.30	-7.63	2.80	2.30	-12.55	2.94	2.02	19.17	2.94	1.90	17.95
NEM	3.31	0.00	3.45	3.30	-4.06	3.50	2.66	14.14	3.45	2.50	31.87	3.45	2.40	36.78	3.45	1.53	99.40	3.50	1.00	231.00
NPFMCRFBK	1.60	0.00	1.61	1.58	1.27	1.72	1.45	1.91	1.82	1.45	-3.03	2.12	1.45	-13.51	2.12	1.25	28.00	2.12	1.10	42.86
SKYEBANK	0.58	9.43	0.58	0.52	11.54	0.70	0.48	-17.14	0.76	0.48	-23.68	1.01	0.48	-37.63	1.55	0.48	16.00	1.61	0.48	1.75
STANBIC	45.00	0.00	48.00	45.00	-6.25	50.30	45.00	-7.50	52.05	45.00	-6.64	52.05	45.00	-7.22	52.05	40.90	8.43	52.05	38.01	14.65
STERLNBANK	1.45	0.00	1.45	1.37	5.84	1.49	1.23	0.00	1.49	1.26	8.21	1.85	1.22	-19.44	2.42	1.13	34.26	2.66	0.95	45.00
UBA	7.65	-3.16	8.05	7.65	-3.16	9.90	7.90	-21.13	11.10	7.65	-30.14	12.30	7.65	-40.70	13.00	7.65	-25.73	13.50	7.65	-14.14
UBN	5.30	-9.40	5.85	5.30	-9.40	5.90	5.30	-5.36	6.20	5.30	-5.36	6.95	5.30	-25.35	8.78	5.30	-32.05	9.10	5.30	-12.83
UCAP	3.00	0.00	3.02	3.00	-0.66	3.17	2.78	-4.76	3.30	2.80	-5.06	3.69	2.80	-20.84	4.41	2.80	-15.01	4.60	2.78	-2.91
UNITYBNK	0.79	0.00	0.79	0.74	6.76	0.94	0.73	-8.14	1.11	0.73	-13.19	1.64	0.73	-54.07	1.92	0.55	49.06	1.92	0.50	41.07
WAPIC	0.39	8.33	0.42	0.36	0.00	0.44	0.31	-11.36	0.50	0.34	-20.41	0.61	0.34	-35.00	0.75	0.34	-22.00	0.78	0.31	-22.00
WEMABANK	0.57	-9.52	0.63	0.57	-5.00	0.74	0.57	-20.83	0.76	0.57	-25.97	0.99	0.57	-43.00	1.50	0.50	9.62	1.54	0.50	14.00
ZENITHBANK	20.90	-0.48	21.90	20.90	-2.11	24.25	20.40	-11.81	27.30	20.90	-22.74	31.00	20.90	-32.36	33.51	20.90	-18.49	34.20	20.40	-9.45
CONSUMER GOODS																				
CADBURY	10.05	0.00	10.05	10.05	0.00	10.70	9.50	-3.37	13.00	9.50	-20.55	17.95	9.50	-45.38	18.40	9.50	-35.86	18.40	9.50	-8.64
CHAMPION	1.80	0.00	1.80	1.80	0.00	2.09	1.63	-8.16	2.14	1.79	-10.00	2.85	1.79	-36.84	3.22	1.79	-13.46	3.29	1.63	-27.13
DANGSUGAR	16.00	5.96	16.00	15.10	5.96	17.30	14.55	-0.31	19.90	14.70	-20.00	23.35	14.70	-28.89	23.35	14.70	-20.00	23.95	13.00	16.70
FLOURMILL	21.50	0.00	22.00	21.20	-2.05	29.40	20.50	-20.96	33.00	20.50	-33.64	38.00	20.50	-42.90	38.00	20.50	-25.86	39.50	20.50	-19.21
GUINNESS	88.00	0.00	90.00	88.00	-2.22	99.00	87.10	-8.33	99.75	87.10	-11.78	105.00	87.10	-11.56	120.25	87.10	-6.38	120.25	87.10	-8.14
HONYFLOUR	1.50	-3.85	1.60	1.50	-6.25	1.98	1.42	-20.63	2.49	1.46	-34.78	2.85	1.46	-43.40	3.52	1.46	-28.57	3.69	1.42	-28.91
INTBREW	32.00	0.00	33.00	32.00	0.00	37.00	30.50	-13.51	44.00	30.50	-23.44	57.10	30.50	-43.96	64.00	30.50	-41.28	69.40	30.50	-10.04
NASCON	18.85	-5.75	20.00	18.85	-5.75	20.50	18.65	-8.05	24.00	18.85	-15.85	24.00	18.50	-21.13	24.75	18.50	1.89	24.75	12.00	41.73
NB	92.90	-0.11	95.00	92.90	-2.21	105.00	92.00	-10.67	118.00	92.90	-20.60	133.00	92.90	-28.26	152.68	92.90	-31.13	185.70	92.00	-49.65
NESTLE	1,500.00	0.00	1,500.00	1,500.00	0.00	1,645.00	1,350.00	-0.07	1,645.00	1,430.00	3.43	1,645.00	1,317.00	8.62	1,645.00	1,317.00	-3.60	1,645.00	1,092.80	23.97
PZ	13.50	0.00	15.00	13.15	-10.00	16.00	12.90	-10.89	20.75	13.05	-34.94	23.55	13.05	-41.30	25.40	13.05	-34.47	27.30	12.90	-48.00
UNILEVER	46.80	0.00	50.00	46.80	-6.40	55.00	46.80	-10.94	55.00	46.80	-14.91	60.80	46.80	-24.76	64.60	39.86	14.15	65.00	36.10	17.00
UNIONDICON	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	0.00	13.45	12.78	0.00
VITAFOAM	3.24	0.00	3.24	3.24	0.00	3.60	3.02	-9.24	3.60	3.06	-1.22	3.60	2.96	9.46	3.60	2.82	8.00	3.60	2.51	20.00

AGRICULTURE	Current			Week-Hi	Week-Lo	WTD chg	Month-Hi	Month-Lo	MTD chg	3 Month-Hi	3Month-Lo	3MTD chg	6Month-Ho	6Month-Lo	6MTD chg	Year High	Year Low	YTD Chg	52wk Hi	52wk Lo	52wk chg
	Price	Daily chg																			
OKOMUOIL	79.90	0.00	79.90	77.50	3.10	83.00	71.20	-3.73	94.20	71.20	-2.56	94.20	71.20	10.97	94.20	67.69	18.04	94.70	59.90	33.39	
LIVESTOCK	0.63	0.00	0.63	0.60	5.00	0.72	0.54	-5.97	0.87	0.54	-27.59	1.05	0.54	-38.83	1.22	0.54	-24.10	1.22	0.54	-25.88	
PRESKO	60.05	0.00	60.05	60.05	0.00	63.75	59.55	0.84	75.50	59.55	-14.64	75.60	59.55	-19.23	78.00	59.55	-12.34	78.00	56.00	-6.90	
CONGLOMERATES																					
AGLEVENT	0.44	0.00	0.44	0.40	4.76	0.46	0.40	-4.35	0.53	0.40	-16.98	0.67	0.40	-31.25	0.75	0.40	-37.14	0.75	0.40	-36.23	
JBERGER	25.00	0.00	25.00	25.00	0.00	25.05	23.00	0.00	30.00	23.50	-9.09	30.00	23.50	0.60	32.00	23.50	-10.71	32.51	22.00	-19.02	
JOHNHOLT	0.58	0.00	0.58	0.58	0.00	0.59	0.54	0.00	0.58	0.54	5.45	0.58	0.48	20.83	0.58	0.46	16.00	0.59	0.46	13.73	
TRANSCORP	1.19	-2.46	1.26	1.16	2.59	1.31	1.05	-2.46	1.50	1.10	-16.78	1.99	1.10	-40.20	2.55	1.10	-18.49	2.80	1.05	-9.85	
UACN	11.00	0.00	12.10	11.00	-9.09	14.00	11.00	-16.67	14.70	11.00	-25.17	18.50	11.00	-37.14	19.42	11.00	-34.91	20.38	11.00	-25.27	
UAC-PROP	1.57	0.00	1.57	1.57	0.00	1.90	1.55	1.29	2.11	1.55	-21.89	3.15	1.55	-47.67	3.20	1.55	-43.73	3.30	1.55	-45.10	
HEALTHCARE																					
EKOCORP	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	3.37	0.00	3.37	3.37	0.00	
FIDSON	6.00	0.00	6.00	5.40	0.00	6.15	4.90	-2.44	6.15	5.40	0.00	6.24	4.90	22.45	6.24	3.71	62.16	6.24	2.83	87.50	
GLAXOSMITH	14.30	9.16	14.30	13.10	9.16	17.70	13.10	-7.14	19.20	13.10	-25.52	34.85	13.10	-35.00	34.85	13.10	-33.83	35.70	13.10	-31.90	
MAYBAKER	2.49	3.75	2.49	2.40	3.75	2.59	2.12	7.33	2.49	2.05	-0.40	3.20	2.05	-12.63	3.39	2.05	-4.23	3.42	2.05	-13.84	
NEIMETH	0.66	10.00	0.66	0.60	10.00	0.80	0.39	57.14	0.80	0.42	4.76	0.86	0.42	-23.26	0.97	0.42	-12.00	0.97	0.39	-20.48	
PHARMDEKO	1.90	0.00	1.90	1.90	0.00	2.42	1.90	-13.64	2.20	1.90	-13.64	2.25	1.90	-15.56	2.36	1.90	-19.49	2.42	1.90	-15.56	
ICT																					
CWG	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	0.00	2.54	2.42	0.00	
NCR	6.30	0.00	6.30	6.30	0.00	6.30	5.70	0.00	6.30	6.30	0.00	6.30	6.30	0.00	6.30	6.30	0.00	6.97	5.70	-9.61	
TRIPPLEG	0.77	0.00	0.85	0.77	-9.41	0.88	0.77	-12.50	0.88	0.77	-12.50	0.88	0.77	-12.50	1.06	0.77	-27.36	1.09	0.77	-29.36	
INDUSTRIAL GOODS																					
BERGER	6.55	0.00	6.55	6.55	0.00	8.55	6.50	-18.13	8.55	6.55	-27.22	10.35	6.55	-36.71	10.35	6.55	-22.85	10.35	6.50	-6.43	
BETAGLAS	78.00	0.00	78.00	78.00	0.00	85.80	72.00	0.00	90.45	72.90	-10.70	90.45	71.95	3.04	90.45	51.31	52.02	90.50	51.31	37.20	
CAP	28.35	0.00	28.35	28.35	0.00	35.00	28.35	-19.00	36.80	28.35	-22.96	40.00	28.35	-25.39	40.00	28.35	-16.62	40.10	28.35	-16.62	
CCNN	30.90	0.00	30.90	30.90	0.00	32.00	27.85	-1.44	31.85	23.00	16.17	31.85	17.80	60.94	31.85	9.50	225.26	32.00	8.00	247.19	
CUTIX	4.01	0.00	4.01	3.96	1.26	4.40	3.95	-5.65	4.38	3.00	27.71	4.38	2.45	63.67	4.38	1.91	99.50	4.40	1.91	54.23	
DANGCEM	223.00	-0.45	230.00	223.00	-3.04	240.00	206.00	-4.70	239.00	206.00	-5.43	268.80	206.00	-15.85	278.00	206.00	-3.04	290.00	200.00	6.19	
FIRSTALUM	0.33	0.00	0.34	0.33	-2.94	0.40	0.31	-10.81	0.45	0.31	-17.50	0.55	0.31	-35.29	0.55	0.31	-34.00	0.55	0.31	-38.89	
PORTPAINT	2.98	0.00	2.98	2.98	0.00	2.98	2.05	45.37	2.98	2.05	45.37	2.98	2.05	35.45	2.98	2.05	35.45	2.98	2.00	41.90	
VANLEER	9.10	0.00	9.10	9.10	0.00	9.10	9.10	0.00	9.10	9.10	0.00	9.10	9.10	0.00	9.10	9.09	0.11	9.10	9.09	0.11	
WAPCO	23.00	-0.65	23.50	23.00	-2.13	30.80	22.80	-16.36	42.00	23.00	-42.21	53.00	23.00	-56.60	56.90	23.00	-48.76	57.35	22.80	-54.15	
OIL AND GAS																					
BOCGAS	4.21	0.00	4.21	4.21	0.00	4.21	3.80	0.00	4.21	3.79	-4.97	4.63	3.79	-8.08	4.63	3.79	-8.08	4.80	3.60	16.94	
CONOIL	24.30	0.00	24.30	24.30	0.00	27.00	21.90	0.00	32.00	22.80	-24.06	35.25	22.80	-31.06	41.38	22.80	-13.21	42.00	21.90	-16.21	
ETERNA	6.25	0.00	6.90	6.25	-9.42	7.90	5.80	5.93	7.20	5.90	-4.73	7.26	5.27	2.97	7.26	4.26	53.94	7.90	3.30	74.09	
FO	21.00	0.00	21.00	19.00	5.79	25.05	18.65	-12.50	37.00	19.00	-43.24	47.70	19.00	-52.27	52.62	19.00	-51.70	57.22	18.65	-57.99	
MOBIL	180.00	0.56	180.00	179.00	0.00	186.00	170.00	0.00	199.90	165.00	3.27	200.00	164.50	2.86	216.00	164.50	-7.50	216.00	142.00	5.88	
MRS	28.55	0.00	28.55	28.55	0.00	28.55	25.70	0.00	34.25	25.70	-16.64	36.05	25.70	5.74	36.05	25.70	3.97	36.05	25.70	-15.18	
OANDO	5.25	-1.87	5.35	5.00	5.00	5.95	4.55	0.00	6.90	4.55	-21.64	9.60	4.55	-12.35	9.60	4.55	-12.35	10.05	4.50	-22.22	
SEPLAT	603.00	0.00	650.00	603.00	-7.23	710.00	595.00	-3.52	769.00	603.00	-15.20	785.00	603.00	-23.18	785.00	603.00	-3.71	785.00	450.00	31.69	
THOMASWY	0.25	0.00	0.25	0.25	0.00	0.28	0.25	-3.85	0.34	0.25	-26.47	0.48	0.25	-50.00	0.50	0.25	-50.00	0.50	0.25	-50.00	
TOTAL	189.70	0.00	189.70	189.70	0.00	200.00	177.60	-5.06	210.00	177.60	-1.86	249.00	177.60	-21.61	254.00	177.60	-17.50	254.00	177.60	-19.28	

SERVICES	Current		Week-Hi	Week-Lo	WTD chg	Month-Hi	Month-Lo	MTD chg	3 Month-Hi	3Month-Lo	3MTD chg	6Month-Ho	6Month-Lo	6MTD chg	Year High	Year Low	YTD Chg	52wk Hi	52wk Lo	52wk chg
	Price	Daily chg																		
AIRSERVICE	5.60	0.00	5.60	5.50	1.82	5.60	4.05	24.44	5.60	4.05	19.15	5.60	4.05	14.29	5.95	4.05	-5.88	7.87	4.05	-10.40
CAPHOTEL	3.10	0.00	3.10	3.10	0.00	3.10	2.79	0.00	3.10	2.79	-1.59	3.15	2.79	-1.59	3.15	2.79	-1.59	3.15	2.79	-1.59
CAVERTON	1.96	0.00	1.96	1.94	1.03	2.09	1.77	-6.22	2.30	1.77	-14.78	2.91	1.77	-26.04	3.05	1.29	51.94	3.25	1.00	64.71
CILEASING	2.90	-3.01	2.99	2.50	16.00	2.99	2.31	18.37	2.99	1.61	80.12	2.99	1.27	64.77	2.99	1.27	124.81	2.99	1.05	176.19
INTERLINK	3.61	0.00	3.61	3.61	0.00	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
LEARNAFRCA	1.01	0.00	1.12	1.01	-9.82	1.39	1.01	-20.47	1.58	1.01	-29.86	1.58	0.97	-2.88	1.58	0.88	14.77	1.60	0.74	36.49
NAHCO	4.00	0.00	4.00	3.80	5.26	4.00	3.67	0.00	4.20	3.71	0.00	4.32	3.71	3.90	4.72	3.71	0.50	4.90	2.90	29.03
REDSTAREX	5.45	0.00	5.45	5.20	4.81	6.20	4.65	-12.10	6.50	5.15	-8.40	6.50	5.15	-9.17	6.50	5.12	6.45	6.50	4.59	18.74
TOURIST	3.50	0.00	3.50	3.50	0.00	3.50	3.50	0.00	3.50	3.50	0.00	3.50	3.50	0.00	3.50	3.50	0.00	3.50	3.50	0.00
TRANSEXPR	0.78	0.00	0.78	0.78	0.00	0.78	0.71	2.63	0.82	0.72	-4.88	0.90	0.72	-13.33	0.90	0.72	0.00	0.90	0.71	2.63
UPL	1.92	0.00	1.92	1.92	0.00	2.30	1.92	-16.52	2.55	1.92	-14.67	2.55	1.92	-16.52	2.76	1.92	-15.79	3.05	1.92	-28.89

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

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