Valuation Summary

Week beginning **5-Nov-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	BUY	13.34	8.35	71.14%	4.9	2.8	0.6	0.5	-13.4%	38.8%	17.4%	11.4%
FBNH	BUY	12.38	7.65	68.37%	6.6	8.0	0.5	0.4	177.1%	-27.8%	3.0%	6.5%
GUARANTY	BUY	52.45	37.50	48.7%	7.0	6.0	1.9	2.2	29.0%	8.3%	30.2%	8.9%
UBA	UR	10.14	7.90	39.7%	4.7	3.1	0.8	0.5	9.0%	15.7%	18.5%	11.4%
ZENITHBANK	BUY	33.96	23.55	56.82%	4.5	3.7	1.0	0.9	37.3%	11.5%	23.3%	12.6%
AVERAGE		**24.45**	**16.99**	**57.0%**	**5.6**	**4.7**	**0.9**	**0.9**	**47.8%**	**9.3%**	**18.5%**	**10.2%**

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	HOLD	17.79	20.25	-4.97%	0.3	1.0	4.3	3.7	7.0	157.1%	13.1%	7.2%
DANGCEM	HOLD	232.99	204.90	18.7%	5.2	10.7	9.5	20.2	17.1	32.8%	2.8%	5.0%
WAPCO	HOLD	27.22	17.50	64.1%	1.6	19.1	3.0	-7.1	-16.6	-302.1%	-83.5%	8.6%
AVERAGE		**92.67**	**80.9**	**25.9%**	**2.3**	**10.3**	**5.6**	**5.6**	**2.5**	**-37.4%**	**-22.5%**	**6.9%**

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	BUY	10.98	9.00	22.68%	0.9	13.2	6.8	98.1	147.5	-201.2%	-61.8%	0.7%
DANGSUGAR	BUY	20.76	13.00	69.0%	1.0	3.9	3.8	6.0	5.7	175.9%	-30.8%	9.3%
FLOURMILL	BUY	48.45	18.50	173.2%	0.5	4.4	3.8	5.8	7.0	2.0%	-14.9%	11.4%
GUINNESS	HOLD	70.91	73.00	0.5%	1.2	7.3	6.7	31.9	17.7	140.1%	34.7%	3.4%
NB	BUY	101.82	82.30	28.4%	3.1	11.7	8.0	31.7	21.2	15.3%	-5.9%	4.7%
NESTLE	SELL	1,026.07	1,360.00	-20.1%	5.1	20.0	14.7	36.6	22.6	325.5%	41.4%	4.4%
PZ	BUY	12.18	10.00	23.8%	0.9	13.4	5.7	47.0	25.3	-44.5%	-15.1%	2.0%
UNILEVER	HOLD	39.14	42.00	-1.9%	2.1	10.9	19.0	23.0	19.3	119.2%	21.9%	4.9%
AVERAGE		**166.29**	**200.98**	**37.0%**	**1.9**	**10.6**	**8.6**	**35.0**	**33.3**	**66.5%**	**-3.8%**	**5.1%**

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) – BUY

- The shares of CADBURY depreciated by 5.26% to NGN9.00. CADBURY trades at a significant forward PE above its 5-year historical average of 24.9x.
- CADBURY published September 30 2018 result with net profit of NGN600 million in Q3. This overturned the loss of NGN420 million in H1-2018 to NGN170 million profit in 9M 2018 (9M-2017: NGN60 million loss). The NGN680 million pre-tax profit in Q3 beat the NGN560 million we estimated, and is the company's highest since Q3-2017.
- Revenue performance was a positive surprise. Growth was 16% y/y and 1% q/q in Q3, and beat our estimate by 5%. Compared to Q2-18, domestic sales grew marginally while exports declined. Compared to last year (LY) however, export growth was much stronger in the Q3 (39%) and 9M (+75%) periods. Sales in the local market grew by 13% in Q3-18 vs. LY, but has grown by only 4% YtD. According to some of the distributors we spoke with, there has been fairly good demand for 3-in-1 Hot Choco thus far this year, and consumers are increasingly aware of the gums (Cloret and Trident).
- Gross profit margin recovered from 11% in Q2 to 26.5% in Q3-- in line with the 26.1% we estimated. The local prices of the company's beverages and candies have been largely stable YtD from our routine market checks and local sugar price is softer compared to LY (-18% YtD). Though cocoa prices are up more than 17% YtD, it appears CADBURY's backward integration via Stanmark is limiting the impact on production cost.
- Net finance cost of NGN110 million was reported during the three months period. Although finance cost (NGN130 million) was higher vs. Q3-17 (124% y/y), it reduced further from Q2-18 , and has now fallen consistently since the peak of NGN210 million in Q4-17. The balance of overdraft facilities (the only debt in CADBURY's balance sheet) has reduced markedly to NGN1.7 billion, from NGN1.9 billion at the beginning of the year.
- CADBURY's Q3 performance was better-than-expected. Given the current result, we now look for higher 2018 earnings than we previously expected. We expect reaction to the result will be neutral. **Our estimates are under review.**

DANGOTE SUGAR REFINERY PLC (DANGSUGAR) – BUY

- The shares of DANGSUGAR closed lower by 10.96% to NGN13.00. DANGSUGAR trades at forward PE of 5.7x, lower than its 5-year historical average of 7.5x.
- DANGSUGAR just published 9M-18 results, with EPS down 57% y/y and 46% q/q in Q3-18. This marks the second quarter of y/y contraction in EPS, with net income as at 9M-18 consequently lower vs. 9M-17 by 36%.
- Q3-18 revenue was down by 26% y/y and 24% q/q, extending the trend of revenue decline (on y/y basis) to the fifth quarter in a row. Although Q3 is typically an off-peak period, continued lower turnover vs. previous years suggests that DANGSUGAR continues to struggle with competition from illegal imports (which have also forced down prices significantly – we estimate c.16% decline in price YtD), as well as the difficulty that both the company and its customers face accessing the refinery located in traffic-congested Apapa. We estimate that achieved sales volume in Q3-18 was lower relative to last year in low-single digit, but selling prices are some way lower by +12% vs. Q3-17.
- At 20.8% in Q3-18, gross margin was lower compared to both Q3-17 (32.9%) and Q2-18 (30.3%). With imported raw sugar prices trending lower (-29% YtD and -22% y/y in Q3-18) and exchange rate stable, we link the weak gross margin to both lower selling prices and efficiency losses from operating at much lower scale – at currently about 43% utilization, vs. 53% historical average rate.
- Further down the income statement, (1) investment income was lower (32% y/y and 40% q/q), (2) there was a fair value gain of NGN970 million (from losses in all quarters of H1-18 and NGN670 million gain in Q3-17), and (3) net finance charge was mixed (-49% y/y and +27% q/q).
- DANGSUGAR's Q3 EPS is way-below our expectation (at 49% variance), and is unimpressive, in our view. The result adds to the disappointing July-September results that have been published thus far by the consumer goods companies in our universe (excluding NESTLE and UNILEVER). Annualized, DANGSUGAR's 9M-18 EBITDA and EPS are below 2017FY by 26% and 43% respectively. Our estimates are under review.

FLOUR MILLS OF NIGERIA PLC – BUY

- The shares of FLOURMILL declined by 4.39% to NGN18.50. FLOURMILL trades at 2018 PE of 7.0x, below its 5-year average of 19x.

- FLOURMILL published H1-19 result with EBITDA and EPS down by 31% y/y and 78% y/y respectively in Q2. The group's performance in the period was impacted by (1) lower revenue and gross margin, (2) higher OPEX, and (3) significantly lower other income. The aforementioned offset the high-double digit decline in net finance costs. Compared to our estimate, the Q2-19 EPS is slower by a significant margin.

- Over H1-19, both FLOURMILL's EBITDA and EPS are lower by 24% and 61% respectively relative to H1-18, and are below market expectation for 2019E by 2% and 26% when annualized. • Q2-19 revenue was down by c.9% y/y and below our expectation by 1%. Trend of y/y revenue decline has now extended to the fourth quarter in row. Food (-7% y/y) and Agro-Allied (-19% y/y) revenues declined the most, while Support Services (Packaging, Ports operation, and Real Estate/others) grew by 15% y/y. In the Food category, revenue from Sugar was down 16% in H1-19 while Flour/processed food revenue declined by 7% relative to last year.

- Further down the income statement, net finance cost was down 30% y/y, marking the third quarter of y/y decline. Noteworthy, finance cost, at NGN5 billion, (1) was down 32% y/y and 19% q/q and (2) is FLOURMILL's lowest in a quarter since the period ended March 2016. Compared to Q1-19, total borrowings are currently lower by N29.9 billion, and by NGN48 billion compared to H1-18. Expensive overdraft facilities now account for far lesser proportion of gross debt at 1% (from 12% as at Q1-19, and vs. 19% average in 2018FY).

- FLOURMILL's Q2 EPS is unimpressive in our view. The result adds to the disappointing July-September results that have been published thus far by the consumer goods companies in our universe (excluding NESTLE and UNILEVER). **Our estimates are under review.**

GUINNESS NIGERIA PLC – HOLD

- The shares of GUINNESS declined by 5.19% to NGN73.00. GUINNESS trades at 2018 PE of 17.7x, 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 22% 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 – BUY

- The shares of NB fell by 6.48% to NGN82.30. NB trades at forward PE of 21.2x, 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.
- We roll forward estimates and valuation to 2019E, ahead of Q3 earnings release, and maintain HOLD with 9.5% upside – and expected total return of 13.5% after incorporating 2018E dividend yield of 4%.
- On our estimate, NB's net profit grew by over 800% y/y in Q3- 18E, supported by lower opex and finance charges. We estimate that revenue will likely be flat compared to Q3-17.
- Compared to the Q1 and Q2 this year, NB's Q3-18 net profit is likely to be much lower (we estimate - 70% on average), reflecting the typically lower revenue and gross margin reported during the period. It would be interesting to see the feedthrough to gross margin from the rising prices of sorghum (44% y/y in Q3-18), maize (11% y/y in Q3-18) and barley (2% y/y in Q3-18).

NESTLE NIGERIA PLC – SELL

- The shares of NESTLE depreciated by 1.45% to NGN1,360.00. NESTLE trades at 12-M PE of 22.6x below its 5-year average of 43x.
- NESTLE published 9M-2018 results with EPS growth of 81% y/y in Q3. The y/y EPS growth was underpinned by volume-led revenue growth, stronger gross margin, and significantly lower net finance charges, all of which offset high-double digit increase in operating expenses. On the 9M-18 EPS of NGN41.78 (+44% vs. 9M-17), the board has proposed interim dividend of NGN20.00/s, in line with our estimate.
- Q3-18 revenue grew by 7% y/y, but was below our estimate by 3%. Compared to Q2-18 however, revenue was almost unchanged, and surprisingly so, given that Q3 has historically being a relatively stronger quarter for NESTLE. We have observed a similar trend of weak July-September revenue performance among the consumer goods companies that have published results thus far, but specifically, NESTLE's slower q/q revenue growth is linked to the Beverage segment where volume declined marginally. Beverage revenue declined by 1% y/y (7% q/q), from 13% y/y (5% q/q) and 17% y/y (11% q/q) respective growth in the two quarters of H1-18.
- Elsewhere, the Food segment maintained upward growth trend at 12% y/y and 4% q/q in Q3-18 (vs. 11% y/y and 7% y/y in Q2 and Q1 respectively). Food now accounts for 64% of revenue, from 63% in 2017FY and 61% historical average. Seasoning continues to drive Food revenue, with Maggi Naija Pot increasingly gaining popularity across middle income households. Renewed demand for Golden Morn was also supportive of Food revenue in review quarter, after a challenging H1.
- OPEX grew 19% y/y in Q3-18, with the ratio-to-revenue coming in at 19.7%, the highest since Q4-17. The increase in OPEX was however offset by revenue growth and much stronger gross margin, resulting in EBITDA growing by c.30% y/y. For the first time this year, no impairment loss was recorded. NESTLE recorded net finance cost of NGN991 million (from NGN600 million net finance income in Q2-18) in Q3-18 – albeit lower by 84% y/y – with net FX loss of NGN50 million (-99% y/y) and 51% y/y decline in interest income.
- Compared to Q2-18, EPS was down 9%, driven by higher OPEX (9.7%) and the net FX loss of NGN50 million (vs. NGN590 million net gain in Q2-18). Effective tax rate in the quarter was 28%, from c.30% and c.37% respectively in Q2 and Q1.
- NESTLE's Q3 EPS is near our expectation (at 3% variance), and is impressive, in our view. The result stands out among all the FMCG companies' results (both 9Ms and Q3) we have seen thus far. Annualized, NESTLE's 9M-18 EPS and EBITDA are above 2017FY (31% and 26% respectively) and 2018 consensus estimates (0.1% and c.15% respectively). We expect positive reaction to follow. Our estimates are under review.

PZ CUSSONS NIGERIA PLC – BUY

- The shares of PZ closed lower by 13.04% to NGN10.00. PZ trades at 2018 PE of 25.3x, below its 5-year average of 40.0x.

- We update on PZ following a challenging 2018FY, with Q4 earnings particularly showing persisting difficult trading conditions. PZ Group (the parent company) did confirm that trading conditions in Nigeria have been the "toughest" it has experienced "in many years", with less optimistic outlook. In response, the group is implementing a number of revenue improvement initiatives, including cost savings, but the immediate impact on earnings is difficult to adapt into our model, given the extremely uncertain economic and consumer recovery, as well as inflation outlook.

- The group said pack resizing and new launches have taken place across the HPC portfolio, with a view to improving revenue going forward. In Electricals, a new range of energy efficient models "suitable" for the Nigerian market has been launched to offer a competitive hedge in 2019E. Overall, we believe the focus is on portfolio expansion, accessibility, affordability, and push for higher margin - a trend we have observed among our universe of local consumer goods companies.

- That said, for PZ, we are conservative with a forecast 5% revenue growth in 2019E, as the group's trading statement in June suggests trading conditions are yet to improve in Nigeria as at early Q1-19. However, we retained our average 10% revenue growth forecast for 2020-2021E on better economic outlook, and as we expect the new launches would have gained stronger acceptability among consumers.

- At 23.7% in 2018FY (on LFL basis), PZ's gross margins have now declined for three years in a row. EBITDA and EBIT margins have also weakened by over 500 bps each between 2015-2018FY. Margins have largely been impacted by low utilization and cost inflation, although management said that prolonged lack of liquidity at the consumer level, amidst intense competition, has resulted in lower prices across some HPC product categories. Elsewhere, opex is increasing at a faster pace than revenue at 6% 3-year CAGR (vs. 3% revenue CAGR), and way-above UNILEVER's 1% 3-year CAGR (with 3-year revenue CAGR of 18%).

- The margin improvement initiatives underway, according to management, cover (1) mix – focus on launching and pushing higher margin products and (2) cost savings – via reduction of packaging, overheads, and plastic consumption, as well as optimization of product portfolio across the HPC segment. We forecast gross, EBITDA, and EBIT margins to rise slightly to 24%, 7.4%, and 4.1% respectively in 2019E (2018FY: 23.7%, 7%, and 3.7% respectively), although we do not see these margins reaching the recent year highs of 28%, 12%, and 9% respectively achieved in 2015FY over our forecast period.

- Our adjusted PBT estimate is NGN3.2 billion in 2019E (-43%), on lower revenue (-9%), gross margin (-50 bps), and net finance costs of NGN330.4 million (previously NGN184.5 million net finance income) estimates. But on our revised TP of NGN14.60/s, the stock trades at 11.2% upside, with HOLD rating. Whilst the company's challenged earnings have been largely priced-in, we believe the stock's current price is also reflective of the overall bearish market condition.

UNILEVER NIGERIA PLC – HOLD

- The shares of UNILEVER fell by 2.33% to NGN42.00. UNILEVER trades at forward PE of 21.6x, below its 5-year average of 57.1x.

- Following the 9M-18 result published we have cut our estimates for UNILEVER's 2019-2020E EPS by 3% and revise TP lower to NGN39.14/s (previously NGN40.94/s). Stripping out the one-off gain of NGN2.24 billion from the disposal of the Spreads business, we estimate that Q3-18 EPS, though higher relative to last year, is the lowest in one year.

- Revenue in the seasonally strong quarter was some way lower than both we and the market expected and OPEX was higher. We maintain HOLD recommendation at our new TP, with expected total return of -4.2%. Based on our estimates, the stock is trading on 2019E P/E and EV/EBITDA multiples of 21.1x and 10.2x respectively, at premium to Middle Eastern peer multiples of 16.1x and 11.2x respectively – although we note the significant discount to Asian peers (29.5x and 20.6x respectively.

- At NGN24.2 billion, revenue in Q3 was below our estimate by 5% and by 2% vs. Q2-18 (the first q/q decline since Q3-14). Management had said during the H1-18 earnings call that tight banking sector liquidity was impacting consumer purchasing power, and guided to a challenging short-term operating environment. The increase in credit to customers, which management said has become a common practice among competition, continued, with net trade receivables reaching NGN23 billion in 9M-18, from NGN17 billion in H1-18. We have consequently cut our revenue estimate for 2018E by 2% to NGN97.7 billion, equating to c.8% growth vs. 2017FY (previously 10%). Compared to Q2-18, volume was lower across all business segments, but a faster rate at the HPC segment compared to Food.

- The Q3-18 gross margin of 31% was higher than the 29% we expected. YtD, gross margin is currently 31.6%, in line with our 32% estimate for the year, hence, we make no change on this line. We expect gross margin will be flat over 2019-2020E amidst rising inflation and weak demand. We were informed by distributors in Lagos that the company is soft on prices (e.g. for Close-Up toothpaste and OMO detergent) and big on promotions (e.g. for Knoor seasoning and Sunlight detergent), in response to low demand.

- Significantly lower finance charges (we estimate -89% vs. 2017FY) and off gain from discontinuing the Spreads business will largely underpin the 67% EPS growth we forecast for

UNILEVER in 2018E. In 2019E, while we forecast EBIT will grow by 2%, we expect EPS will be lower by 6% vs. 2018E, adjusting for the aforementioned items.

DANGOTE CEMENT PLC – HOLD

- The shares of DANGCEM closed lower by 2.89% to N204.90. DANGCEM trades at forward PE of 17.1x, above its 5-year average of 15.8x.
- Following the September 30 result wherein sales volume in Q3 was lower than our expectation, we revise our 2018E EBITDA and PBT estimates for DANGCEM lower by 6% and 11% respectively to NGN444 billion and NGN300.7 billion. Our new estimates are now higher by 14% (previously 22%) and 4% (previously 17%) respectively vs. 2017FY. We also cut estimates for 2019-2020E by 4% and 9% respectively on average.
- Our view is that continued low economic growth in the group's biggest market (Nigeria), combined with high utilization rates – with increasing competition – in the rest of Africa (RoA), does not suggest that the group will sustain volume growth at the high single-digit achieved YtD in 9M-2018. And while we expect cement prices to be fairly stable in both Nigeria and the RoA markets in the short term, we note that risk to the outlook is somewhat stronger than at the beginning of the year.
- We revise our group volume growth forecast for 2018E lower to 8% (previously c.10%), and maintain 5% growth forecast for 2019-2020E (2012-2017 CAGR: 17%). For 2019-2020E, we forecast volume to grow by 6% average in Nigeria (2012-2017 CAGR: 5%) and for RoA by 5% (2013-2017 CAGR: 91%). We are not alone on the cautionary view about the growth of the Nigerian cement market, as one the biggest producers in the country also confirmed this view in a recent analysts' call. And while noting the strong demand for cement especially in East Africa, the (1) already high utilization rates in Senegal (97%), Cameroon (79%), Ghana (83%), South Africa (72%), Ethiopia (82%), and Zambia (81%), accounting for 68% of RoA volume and (2) growing competition with new plant commissions, suggest the group's volume has little legs to run in the region.
- All kilns in Nigeria are now running on locally sourced fuel, cheaper than imports, and eliminates both FX volatility risk and the need for LPFO. Management said that up to 90% of the coal it uses is sourced from the relatively cheaper (vs. gas and imported coal) mine operated by a related company. For the RoA operation, the completion of power switch to gas in Tanzania in Q4-2018 is expected to strengthen margin via reduction of costs (which management guided to about USD25/tonne) and improvement in output (which management guided to about 300kts, from about 180kts average in 9M-2018).
- On our DCF-derived TP of NGN232.99/s, DANGCEM's stock offers 16% potential upside – and expected total return of 21% after incorporating 2018E dividend yield of 5% – with BUY recommendation. Based on our estimates, the stock is trading on a 2019E P/E and EV/EBITDA multiples of 13.8x and 7.4x, which compares with Asian (16.0x and 8.6x) and Middle Eastern (15.7x and 9.6x) peers.

LAFARGE AFRICA PLC – HOLD

- The shares of LAFARGE dropped by 4.11% to NGN17.50. LAFARGE trades at a negative forward PE of -16.6x, below its 5-year average of 11.8x.
- LAFARGE published 9M-18 results with higher-than-expected after tax loss in Q3-18. We have increased our loss after tax estimate for 2018E to NGN9.12 billion (from NGN4 billion) to adjust for the miss in Q3, and as we look for lower net profit in Q4 than previously expected. We believe the group will deliver its first profit in two years in 2019E, wherein we expect finance charges will be some way lower compared to 2018E. But that aside, the short-term outlook for both Nigeria and the South Africa cement markets is conservative from the view point of economic activities. And while the ongoing restructuring/turnaround activities across the group appear to be yielding little results, the associated costs remain elevated, with continued negative pass-through to margins and profitability.
- Volume growth in 2019; eyes on turnaround programme and Ghana: Economic activities do not appear likely to improve significantly in Nigeria and South Africa (SA) in 2019, from 2018. And we believe it was for this reason that LAFARGE's management was cautionary about its cement demand growth expectation[1] in both markets during the recent conference call. Management however noted that the ongoing turnaround programmes will provide the group some room to improve on volume and close the gaps – which has existed in recent years – with the markets.
- Price, restructuring costs, and margins: Management guided to a price erosion trend that started in Nigeria in Q3 (-c.6% y/y). Management expects price to stabilize in the market from the seasonally strong dry season (between Q4-18 and April 2019), but noted that price movement will be positively correlated with state of the economy. Management said it increased price in SA by 14% q/q in Q3, with a stable outlook.
- From the timeline provided by management, we expect to see the impact of the approved RI on both earnings and balance sheet from 2019E. Both the substitution of expensive short-

term debts with equity and the restructuring of USD loans (from USD308 million to USD293 million, maturity extended to 7.5 years, and with 2-year moratorium on both interest and principal effective September 2018) should moderate finance cost. That said, we believe the outstanding USD debt is underlined by FX risk in a possibly volatile 2019 environment.

- On our DCF-derived TP of NGN27.05/s, LAFARGE's stock offers 29% potential upside – and expected total return of 36% after incorporating 2018E dividend yield of 7%. The group has consistently disappointed with its ability to grow revenue and maintain stable margin, amidst a highly leveraged balance sheet (with high FX risk).

CEMENT COMPANY OF NORTHERN NIGERIA PLC – HOLD

- The shares of CCNN closed lower by 18.84% to NGN20.25. CCNN trades at forward PE of 7.0x, below its 5-year average of 8.6x.

- 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 – BUY

- The shares of ACCESS rose by 5.03% to NGN8.35. ACCESS trades at forward PE of 2.8x, below its 5-year average of 2.9x.

- ACCESS released its 9M-18 account showing 37% y/y and 33% q/q growth in EPS to NGN0.80 in Q3-18. In the 9-months period, PAT was up 12% y/y, at NGN62.91 billion.

- Gross earnings grew 3%, supported by a surge in trading income (+141%) as well as growth in interest income (+5% y/y). The uptick in interest income – the lowest of the three quarters so far this year -- was driven by improved earnings on loans (+5.7%), amidst growth in total loans by 4.33%, vs. H1-2017 (YtD: +1.05%). Overall, annualized asset yield, by our estimates, inched lower by 96 bps q/q and -29 bps y/y to 12.01%.

- Interest expense in the quarter was largely driven by the higher interest paid on deposits from financial institutions – which was 2.34x bigger than in similar period last year. As a result, cost of funds printed at 6% (+41 bps y/y, +51 bps q/q) in the quarter. Together with the slower pace of growth in interest income, net interest income declined by 2% y/y in the quarter, for the first time this year, and NIM contracted by 70 bps y/y and 57 bps q/q to 5.38%.

- Non-interest income (+0.35% y/y), on the other hand, was flattish in the quarter, following declines in net fees & commission income (-4% y/y) and forex income (-93% y/y). Over the 9-

- months period, gross fee and commission income increased by 12% y/y, with growth in credit related fees and commissions (+26% y/y) making the most contribution.

- While pre-tax profit remained healthy at NGN24.43 billion (+17% y/y) in the quarter – supported by the 6% y/y drop in opex – a much lower tax charge (-71% y/y) gave further support to the 37% PAT growth posted. Similar to Q2, the effective tax rate in the quarter remained at a meagre 4.67% (Q2: 4.86%) in the quarter. .

- ACCESS' Q3-18 result is impressive. Annualized, the NGN83.88 billion net profit reported as at 9M-18 is above Bloomberg consensus' estimate for the full year by 7.8%, but lags our forecast by 2.25%. We expect a positive reaction from investors in today's trading session. Our estimates are under review.

FBN HOLDINGS PLC – BUY

- The shares of FBNH dropped by 15.00% to NGN7.65. FBNH trades at forward PE of 8.0x, above its 5-year historical average of 6.3x.

- FBNH released its 9M-2018 result yesterday, showing 30% y/y and 39% q/q decline in PAT to NGN11.43 billion in Q3-18. Gross earnings (GE) dropped 1% y/y, following a 9% decline in interest income (which makes up 76% of total GE). The decline in interest income stemmed from declines in interest earned from loans and investment securities. Interest expense in the quarter was 20% higher than the previous year, but 1% lower vs. the previous quarter. Asset yield printed at 11.7% (-60 bps y/y), while cost of funds was 10 bps higher y/y at 3.6%. This translated to a drop in NIM by 110 bps y/y to 7.7%.

- On the other hand, non-interest income grew by 32% y/y, largely on the back of an 18x growth in foreign exchange income, from NGN594million in Q3-17 to NGN10.9 billion in Q3-18. Growth in fees & commission also continued to impress, following continued growth in e-banking income (9M-18: +50.5% y/y). Contribution from the insurance business was also positive, as net insurance premium revenue grew positively by 73% y/y and 63% q/q.

- Loan impairment provision (-34% y/y, -15% q/q) continued to decline in the period, despite loan to customers growing by 4% vs. H1-18 (although still lower compared to FY-17 by 4%). The NPL ratio was lower on both q/q and y/y bases by 100 bps and 30 bps respectively. Similarly, cost of risk improved to 4.5%, from 5.6% in Q3-17, and 4.7% in H1-18.

- Total opex in Q3-18 rose 16% y/y and 8% q/q, weighing negatively on the bank's earnings. As a result, cost to income ratio in the quarter spiked 14 ppts y/y and 9 ppts q/q to 65%, amidst decline in operating income (-9% y/y, -6% q/q).

- Furthermore, there was a drop in the bank's CAR to 17.40%, from 18.1% in H1-18 and 17.7% in FY-17. This is attributable to the loss recorded in FVOCI financial assets (-NGN14.37 billion, vs. H1-2018: -NGN5.61 billion) deducted from equity -- offsetting impact of the reduced initial adjustment for IFRS 9 (NGN28.49 billion, vs NGN38.84 billion in H1-18). FBNH's Q3-18 result is unimpressive in our view. Annualized, the NGN59.93 billion net profit reported as at 9M-18 is below Bloomberg consensus' estimate for the full year by 4%. We do not expect a positive reaction from investors in today's trading session. **Our estimates are under review.**

GUARANTY TRUST BANK PLC – BUY

- The shares of GUARANTY was higher by 1.35% to N37.50. GUARANTY trades at forward PE of 6.0x, below its 5-year average of 6.09x.

- GUARANTY released 9M-2018 results, showing post-tax profit for Q3-18 grew by 11% y/y, but dropped 8% on a q/q basis, to NGN46.64 billion. Gross earnings for the quarter stood at NGN110.59 billion -- 16% above similar period last year, but 6% lower compared to the previous quarter. Interest income declined in the quarter by 7% q/q, as against the marginal growth recorded in Q2. The uptick in fixed income yields (Q2-18: 12.97% vs. Q3-18: 13.25%) is yet to impact, as interest earned on investment securities was down 6% during the quarter. Also, interest on customer loans in the Q3 declined by 4% q/q, amidst the continued decline in the bank's loan book.

- Meanwhile, growth in non-interest income for the quarter turned negative, as NIR dropped 6% q/q (Q2-18: +31%q/q), while it surged 169% on a y/y basis. The q/q decline was largely on the back of 14% decline in other income. Net fees & commission income rose 4% q/q, but the disappointing performance in Q2 muted the growth, leading to a flat y/y performance in the 9M-2018 result.

- On the positive, loan recoveries in the quarter led to a net gain in loan impairment charges, even as the bank's loan book (-2% q/q) continued to contract. Cost of risk in the 9M-18 accounts stood at 0.12%, compared to the 0.76% recorded in FY-17. Also, NPL ratio decreased to 5.57% vs. 7.66%. It is also worth stating that the continued decline in loans (-12% YtD), coupled with sustained increase in deposits (+9%), has contributed to the decline in loan-to-deposit ratio to 48.21% vs. 58.91% in FY-17.

- Overall, GUARANTY's performance in the Q3-18 period was impressive, with top and bottom lines posting 16% and 11% y/y growth, respectively. The NGN142.2bn net profit reported as at 9M-18, on an annualized basis, is above consensus' estimate for the full year by 7%. GUARANTY's stock closed positive in today's trading session, but has lost 10% YtD. We do not expect negative reaction to the bank's result in tomorrow's session. GUARANTY remains among our top picks, with a TP of NGN52.45 – 42% above today's closing price of NGN37. **Our estimates are under review.**

UNITED BANK FOR AFRICA PLC – UNDER REVIEW

- The shares of UBA depreciated by 1.25% at NGN7.90. UBA trades at forward PE of 3.1x, below 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 pai 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 – BUY

- The shares of ZENITH closed lower by 1.87% to NGN23.55. ZENITH trades at forward PE of 3.7x, below its 5-year average of 5.0x.

- We resume coverage of ZENITHBANK with a BUY rating, following the bank's impressive Q3 performance. Our positive outlook for the group's 2018FY earnings is hinged on (1) lower cost of funds and (2) lower impairment charges. On the flip side, declines across major revenue lines, especially in H1, are expected to weigh on the bank's FY earnings.

- Deliberate efforts by management to ensure a low-cost deposit-mix by cutting off expensive deposits during the year is expected to improve the bank's cost of funds (CoF). Many of the deposits, in 9M-18, were repriced downward. For example, in H1, management had stated during the conference call that interest paid on USD deposits had reduced to the 4-5% range, as against a range of 6-7% previously. Compared to FY-17, expensive fixed and domiciliary deposits were down 24% and 15% respectively in 9M-2018, while focus shifted to growing cheaper savings (+20%) deposits. This resulted in a drop in CoF (-198 bps to 3.26%) in the 9-month period, vs FY-17, while interest expense was down 31% y/y. Management guided towards maintaining the trend going forward, hence our forecast of 2.63% dip in customer deposits by 2018E – contrary to management's guidance to 5% growth in deposits by FY. Overall, we forecast CoF of 3.44% (-180 bps y/y) and interest expense of NGN156.34 billion (-28% y/y) in 2018E.

- Similar to tier 1 peers, significantly lower impairment charge has been the trend so far this year, supporting growth in the bottom line. With forecast cost of risk of 1% in 2018E (vs. 4.36% in FY-2017) and projected 12% y/y decline in customer loans (as against management's guidance of 2.5% increase), impairment charge provision is estimated to be 78.6% lower in 2018E than FY-2017 (9M-2018: -70% y/y). Our view of ZENITHBANK's improved asset quality is supported by the improved servicing of debts by obligors, as well as the concluded sale of 9mobile's assets – for which 50% provision has been made. In addition, it is worth stating that considering the historically higher provisions made in Q4, as well as expected loan growth in Q4(+2%) – following management's guidance to explore opportunities in the CBN's new DCRR directive – we estimate a 46% q/q rise in loan loss provisions.

Valuation Summary

- We forecast 11% y/y decline in gross earnings for 2018E, driven largely by our estimated 33% y/y decline in non-interest income (NIR). Our projected drop in NIR stems from expected declines in trading income (-55%) and other income (-30%), which are likely to offset the 14% estimated growth in fee and commission income. In line with management's guidance, trading income is expected to normalize through the rest of the year, and as such, no excessive gain is expected on that line this year. Meanwhile, the significant growth seen across e-product platforms – Zenith mobile (+138%) and USSD (+161%), in particular – in H1 is expected to buoy the growth in fees and commission, even as the bank deepens its retail banking business.

- Overall, net impact of the updates to our model is a 12% y/y growth in 2018E EPS to NGN6.32, and a TP of NGN33.99. We roll forward estimates and valuation to 2019E, with BUY rating, on 42% upside and expected total return of 51%, after incorporating our 2018E dividend yield of 9%. On our estimates, ZENITHBANK trades at forward P/E multiple of 5.4x, below Bloomberg's Middle East Africa peer median multiple of 8.6x.

TICKER																				
FINANCIAL SERVICES	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	8.35	0.00	8.35	7.90	5.03	8.50	7.80	3.73	10.05	7.60	-16.50	11.30	7.60	-26.11	13.45	7.60	-20.10	13.60	7.50	-17.65
AFRIPRUD	3.77	0.00	3.97	3.58	-5.04	4.20	3.58	-5.75	4.20	3.58	-5.75	4.30	3.58	-9.38	5.20	3.58	-10.66	5.20	3.58	-0.26
AIICO	0.71	0.00	0.75	0.71	-1.39	0.86	0.71	-15.48	0.99	0.67	0.00	0.99	0.57	2.90	0.99	0.53	36.54	1.00	0.51	33.96
CONTINSURE	1.48	0.00	1.48	1.48	0.00	1.49	1.35	2.07	1.69	1.35	-12.43	1.69	1.35	-2.63	1.89	1.35	5.71	1.94	1.33	7.25
CUSTODIAN	5.00	0.00	5.00	4.95	1.01	5.60	4.70	-8.09	5.80	4.95	-4.76	6.27	4.80	-3.66	6.27	3.79	28.53	6.89	3.71	31.58
DIAMONDBNK	1.28	6.67	1.41	1.20	-1.54	1.49	1.15	7.56	1.49	1.09	9.40	2.05	1.09	-39.34	3.57	1.09	-14.67	3.73	1.07	10.34
ETI	16.00	0.00	16.75	16.00	-4.48	18.00	15.50	-11.11	22.15	16.00	-24.17	22.15	16.00	-22.14	22.15	16.00	-5.88	22.25	15.50	-5.88
FBNH	7.70	0.65	9.00	7.65	-14.44	9.65	7.65	-9.94	9.95	7.65	-23.00	12.30	7.65	-38.65	14.75	7.65	-12.50	15.16	6.59	10.00
FCMB	1.53	0.00	1.55	1.49	-1.29	1.94	1.49	-15.00	1.99	1.49	-17.74	2.63	1.49	-40.23	3.61	1.49	3.38	3.65	1.05	36.61
FIDELITYBK	1.93	-2.53	2.05	1.93	-4.93	2.10	1.62	19.14	2.09	1.51	2.66	2.52	1.51	-20.25	3.99	1.51	-21.54	4.33	1.51	14.88
GUARANTY	37.50	0.00	38.50	37.40	-2.60	38.50	34.50	6.38	40.00	32.50	-6.37	45.65	32.50	-17.22	54.71	32.50	-7.98	57.00	31.95	-10.18
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	1.90	0.00	1.90	1.90	0.00	1.98	1.80	2.15	2.55	1.80	-20.83	2.80	1.80	-19.15	2.94	1.80	-1.55	2.94	1.80	-9.52
NEM	2.74	0.00	2.93	2.74	-6.48	3.19	2.74	-8.67	3.45	2.74	-7.12	3.45	2.50	-2.14	3.45	1.53	65.06	3.50	1.31	109.16
NPFMCRFBK	1.35	0.00	1.50	1.35	-6.90	1.64	1.35	-13.46	1.65	1.35	-16.67	1.94	1.35	-28.95	2.12	1.25	8.00	2.12	1.20	3.85
SKYEBANK	0.77	0.00	0.77	0.77	0.00	0.77	0.70	0.00	0.77	0.48	24.19	0.94	0.48	-9.41	1.55	0.48	54.00	1.61	0.48	54.00
STANBIC	47.00	0.00	52.50	47.00	-4.08	52.50	42.00	11.90	52.50	41.00	-5.62	52.50	41.00	-5.05	52.50	40.90	13.25	52.50	40.00	10.54
STERLNBANK	1.54	-3.75	1.60	1.54	-0.65	1.66	1.35	6.21	1.60	1.26	6.21	1.65	1.22	-6.67	2.42	1.13	42.59	2.66	0.95	52.48
UBA	7.90	0.00	8.10	7.90	-2.47	8.45	7.80	-2.47	9.70	7.05	-16.40	11.75	7.05	-32.48	13.00	7.05	-23.30	13.50	7.00	-18.56
UBN	5.05	0.00	5.10	5.05	0.00	5.80	4.85	-3.81	5.85	4.95	-13.68	6.75	4.95	-24.63	8.78	4.95	-35.26	9.10	4.85	-17.48
UCAP	2.97	0.00	3.05	2.97	-2.62	3.05	2.80	2.41	3.09	2.74	-3.57	3.30	2.74	-7.19	4.41	2.74	-15.86	4.60	2.74	-12.13
UNITYBNK	0.71	0.00	0.81	0.71	-12.35	0.99	0.71	-19.32	0.99	0.71	-15.48	1.14	0.71	-40.83	1.92	0.55	33.96	1.92	0.50	39.22
WAPIC	0.40	0.00	0.44	0.40	-9.09	0.45	0.37	2.56	0.44	0.34	0.00	0.55	0.34	-24.53	0.75	0.34	-20.00	0.78	0.31	-20.00
WEMABANK	0.58	0.00	0.60	0.57	-3.33	0.70	0.55	1.75	0.70	0.55	-15.94	0.89	0.55	-34.09	1.50	0.50	11.54	1.54	0.50	16.00
ZENITHBANK	23.55	0.00	24.45	23.20	-3.68	24.50	20.30	12.14	24.45	19.60	-1.26	28.90	19.60	-14.36	33.51	19.60	-8.15	34.20	19.60	-8.33
CONSUMER GOODS																				
CADBURY	9.00	0.00	10.00	9.00	-5.26	10.30	9.00	-0.55	10.30	9.00	-7.69	13.15	9.00	-31.56	18.40	9.00	-42.57	18.40	9.00	-12.45
CHAMPION	1.52	0.00	1.68	1.52	-9.52	1.80	1.52	-13.14	1.97	1.52	-20.00	2.42	1.52	-37.19	3.22	1.52	-26.92	3.29	1.50	-34.48
DANGSUGAR	13.00	0.00	14.60	12.70	-10.96	15.30	12.45	-11.56	16.00	12.70	-18.75	20.00	12.70	-31.58	23.35	12.70	-35.00	23.95	12.45	-15.31
FLOURMILL	18.50	0.00	19.05	18.25	-2.89	23.75	18.00	-7.50	25.50	18.25	-31.48	35.50	18.25	-47.89	38.00	18.25	-36.21	39.50	18.00	-41.57
GUINNESS	73.00	0.00	77.00	73.00	-5.19	88.00	73.00	-15.26	95.00	73.00	-22.34	104.00	73.00	-29.47	120.25	73.00	-22.34	120.25	73.00	-28.43
HONYFLOUR	1.08	0.00	1.20	1.07	-10.00	1.47	1.05	-26.03	1.73	1.07	-40.66	2.70	1.07	-59.09	3.52	1.07	-48.57	3.69	1.05	-48.57
INTBREW	33.55	0.00	33.55	30.50	8.23	33.55	28.60	10.00	35.20	30.00	10.00	51.80	30.00	-35.23	64.00	30.00	-38.44	69.40	28.60	-25.77
NASCON	18.00	0.00	18.50	18.00	-2.70	19.90	18.00	-2.70	20.50	18.00	-10.00	24.00	18.00	-15.89	24.75	18.00	-2.70	24.75	14.20	12.50
NB	82.30	0.00	88.00	82.30	-5.94	95.00	81.80	-8.56	103.50	82.30	-20.10	128.00	82.30	-36.20	152.68	82.30	-38.99	155.00	81.80	-43.24
NESTLE	1,360.00	0.00	1,380.00	1,360.00	-1.45	1,495.00	1,341.10	-2.86	1,560.00	1,350.00	-12.82	1,600.00	1,350.00	-14.73	1,615.00	1,317.00	-12.60	1,645.00	1,250.00	5.43
PZ	10.00	0.00	11.50	10.00	-13.04	13.50	10.00	-25.93	15.00	10.00	-28.57	22.50	10.00	-55.56	25.40	10.00	-51.46	27.30	10.00	-56.71
UNILEVER	42.00	0.00	43.00	42.00	-2.33	47.50	41.00	-6.67	55.00	41.20	-19.85	55.00	41.20	-20.00	64.60	39.86	2.44	65.00	36.10	5.00
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	3.46	0.00	3.46	3.46	0.00	3.50	3.15	4.85	3.60	3.15	-3.89	3.60	3.06	4.85	3.60	2.82	15.33	3.60	2.66	16.50

Valuation Summary

AGRICULTURE	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
OKOMUOIL	79.80	0.00	79.80	79.80	0.00	79.80	70.10	13.84	79.90	70.10	5.00	94.20	70.10	-1.48	94.20	67.69	17.89	94.70	65.00	22.77
LIVESTOCK	0.57	0.00	0.57	0.52	9.62	0.63	0.52	0.00	0.69	0.52	-10.94	0.90	0.52	-32.14	1.22	0.52	-31.33	1.22	0.52	-32.14
PRESCO	59.85	0.00	59.85	53.00	12.92	60.00	53.00	-0.25	60.05	53.00	-0.25	75.60	53.00	-14.50	78.00	53.00	-12.63	78.00	53.00	-6.48
CONGLOMERATES																				
AGLEVENT	0.36	0.00	0.36	0.36	0.00	0.41	0.36	-12.20	0.46	0.36	-21.74	0.59	0.36	-36.84	0.75	0.36	-48.57	0.75	0.36	-33.33
JBERGER	23.70	0.00	23.70	23.70	0.00	25.00	20.05	-5.20	25.00	21.55	-5.20	30.00	21.55	-15.51	32.00	21.55	-15.36	32.51	20.05	-19.20
JOHNHOLT	0.40	0.00	0.40	0.40	0.00	0.53	0.40	-24.53	0.58	0.40	-31.03	0.58	0.40	-24.53	0.58	0.40	-20.00	0.59	0.40	-20.00
TRANSCORP	1.26	0.00	1.36	1.26	-3.82	1.40	1.16	3.28	1.37	1.08	5.00	1.73	1.08	-24.55	2.55	1.08	-13.70	2.80	1.05	-16.56
UACN	9.00	0.00	9.85	9.00	-5.76	12.90	8.90	-22.75	14.00	9.00	-28.29	18.00	9.00	-50.00	19.42	9.00	-46.75	20.38	8.90	-51.03
UAC-PROP	1.77	0.00	1.77	1.77	0.00	1.95	1.61	4.12	1.95	1.57	4.12	2.34	1.55	-28.05	3.20	1.55	-36.56	3.30	1.55	-40.40
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	4.60	0.00	5.40	4.60	-14.81	6.00	4.45	-23.33	6.15	4.60	-25.20	6.24	4.60	-14.81	6.24	3.71	24.32	6.24	3.58	16.46
GLAXOSMITH	11.10	0.00	12.30	11.10	-9.76	14.95	11.10	-18.68	17.00	11.10	-34.71	24.00	11.10	-53.75	34.85	11.10	-48.63	35.70	11.10	-55.60
MAYBAKER	2.34	0.00	2.40	2.24	-0.43	2.40	2.08	-0.43	2.49	2.24	-0.43	2.85	2.05	-12.03	3.39	2.05	-10.00	3.42	2.05	-13.33
NEIMETH	0.60	0.00	0.60	0.55	9.09	0.68	0.49	-3.23	0.80	0.54	0.00	0.80	0.42	-23.08	0.97	0.42	-20.00	0.97	0.39	-3.23
PHARMDEKO	1.68	0.00	1.68	1.68	0.00	1.90	1.68	-11.58	1.90	1.68	-11.58	2.20	1.68	-25.33	2.36	1.68	-28.81	2.42	1.68	-25.33
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	6.30	0.00	6.30	6.30	0.00	6.30	6.30	0.00	6.30	6.30	0.00	6.63	5.70	-4.98
TRIPPLEG	0.77	0.00	0.77	0.77	0.00	0.77	0.70	0.00	0.88	0.77	-12.50	0.88	0.77	-12.50	1.06	0.77	-27.36	1.06	0.70	-27.36
INDUSTRIAL GOODS																				
BERGER	6.60	0.00	6.60	6.60	0.00	7.00	6.30	-5.71	8.00	6.30	-17.50	9.00	6.30	-30.53	10.35	6.30	-22.26	10.35	6.30	-10.20
BETAGLAS	62.10	0.00	62.10	62.10	0.00	78.00	62.10	-20.38	78.00	62.10	-27.62	90.45	62.10	-25.36	90.45	51.31	21.03	90.50	51.31	14.98
CAP	25.75	0.00	28.60	25.75	-9.97	33.00	25.75	-5.33	33.00	25.75	-18.25	40.00	25.75	-33.55	40.00	25.75	-24.26	40.10	25.75	-24.53
CCNN	20.25	0.00	24.95	20.25	-18.84	25.85	20.25	-14.56	30.90	20.25	-34.47	31.85	20.25	-9.40	31.85	9.50	113.16	32.00	8.97	108.76
CUTIX	1.83	0.00	2.03	1.83	-9.85	4.88	1.83	-55.37	4.73	1.83	-57.83	4.73	1.83	-37.97	4.73	1.83	-8.96	4.88	1.83	-14.88
DANGCEM	204.90	0.00	216.00	203.00	-3.58	221.50	199.90	-0.05	235.00	200.00	-10.52	250.00	200.00	-16.54	278.00	200.00	-10.91	290.00	199.90	-9.74
FIRSTALUM	0.33	0.00	0.33	0.33	0.00	0.44	0.30	-10.81	0.44	0.30	-17.50	0.47	0.30	-32.65	0.55	0.30	-34.00	0.55	0.29	-34.00
PORTPAINT	2.52	0.00	2.52	2.52	0.00	2.97	2.52	-15.15	2.98	2.25	12.00	2.98	2.05	22.93	2.98	2.05	14.55	2.98	2.00	20.00
VANLEER	9.10	0.00	9.10	9.10	0.00	10.00	9.10	0.00	9.10	9.10	0.00	9.10	9.10	0.00	9.10	9.09	0.11	10.00	9.09	0.11
WAPCO	17.60	0.57	18.25	17.50	-3.56	25.30	17.50	-23.48	30.50	17.50	-37.14	42.00	17.50	-58.10	56.90	17.50	-60.79	57.35	17.50	-65.79
OIL AND GAS																				
BOCGAS	4.21	0.00	4.21	4.21	0.00	4.21	3.79	0.00	4.21	4.21	0.00	4.63	3.79	-8.48	4.63	3.79	-8.08	4.80	3.79	1.45
CONOIL	22.50	0.00	22.50	22.50	0.00	23.50	20.65	2.74	24.30	21.90	-2.17	32.50	21.90	-29.25	41.38	21.90	-19.64	42.00	20.65	-19.64
ETERNA	5.45	0.00	6.05	5.45	-9.92	6.35	5.45	-12.80	7.20	5.45	-9.92	7.26	5.27	-5.05	7.26	4.26	34.24	7.90	3.76	25.29
FO	24.20	10.00	24.20	21.60	12.04	22.30	20.05	20.70	24.20	17.50	3.42	43.00	17.50	-43.72	52.62	17.50	-44.34	57.22	17.50	-39.50
MOBIL	162.70	0.00	176.50	162.70	-7.03	180.00	162.70	-9.11	180.00	162.70	-9.61	199.90	162.70	-9.81	216.00	162.70	-16.39	216.00	150.12	1.04
MRS	28.55	0.00	28.55	28.55	0.00	28.55	25.70	0.00	28.55	28.55	0.00	36.05	25.70	0.71	36.05	25.70	3.97	36.05	25.70	3.97
OANDO	5.20	0.00	5.30	5.05	0.00	5.50	4.95	5.05	5.75	4.55	-7.14	8.75	4.55	-37.72	9.60	4.55	-13.19	10.05	4.50	-13.19
SEPLAT	625.00	0.00	644.90	615.50	-3.09	644.90	615.00	0.48	710.00	600.00	-11.97	769.00	600.00	-16.67	785.00	600.00	-0.19	769.00	463.58	26.26
THOMASWY	0.23	0.00	0.23	0.23	0.00	0.25	0.23	-8.00	0.26	0.23	-11.54	0.35	0.23	-34.29	0.50	0.23	-54.00	0.50	0.23	-54.00
TOTAL	200.00	0.00	200.00	198.00	1.01	200.00	178.00	5.43	200.00	177.60	2.56	222.20	177.60	-9.99	254.00	177.60	-13.02	254.00	177.60	-11.11

SERVICES	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
AIRSERVICE	6.60	0.00	6.60	6.00	10.00	6.60	5.55	17.86	6.60	4.05	46.67	6.60	4.05	34.69	6.60	4.05	10.92	6.60	4.05	7.32
CAPHOTEL	3.10	0.00	3.10	3.10	0.00	3.10	3.10	0.00	3.10	3.10	0.00	3.15	2.79	-1.59	3.15	2.79	-1.59	3.15	2.79	-1.59
CAVERTON	1.82	0.00	1.91	1.81	-4.71	2.00	1.80	-5.70	2.00	1.77	-9.00	2.74	1.77	-24.17	3.05	1.29	41.09	3.25	1.20	34.81
CILEASING	2.80	0.00	2.80	2.60	7.69	3.09	2.55	-8.79	3.15	2.50	12.00	3.15	1.33	55.56	3.15	1.27	117.05	3.15	1.20	62.79
INTERLINK	3.61	0.00	3.61	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
LEARNAFRCA	1.18	0.00	1.18	1.10	7.27	1.20	1.10	7.27	1.27	1.01	-7.09	1.58	1.01	-12.59	1.58	0.88	34.09	1.60	0.84	12.38
NAHCO	3.30	0.00	3.30	3.30	0.00	3.60	3.27	-8.33	4.00	3.27	-17.50	4.32	3.27	-17.50	4.72	3.27	-17.09	4.90	3.25	1.23
REDSTAREX	4.25	0.00	4.25	4.25	0.00	4.60	4.20	-5.56	5.75	4.20	-26.09	6.50	4.20	-22.73	6.50	4.20	-16.99	6.50	4.20	-14.66
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	0.65	0.00	0.65	0.65	0.00	0.78	0.65	-16.67	0.78	0.65	-16.67	0.86	0.65	-24.42	0.90	0.65	-16.67	0.90	0.65	-15.58
UPL	2.18	0.00	2.18	2.18	0.00	2.20	1.91	14.14	2.30	1.91	-5.22	2.55	1.91	-3.11	2.76	1.91	-4.39	3.05	1.91	-19.56

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