

04 May 2016

Nigerian Equity Market

Fairly Quiet activities amid Earnings releases

- ASI partly reversed gains of the previous month:** Nigeria's All Share Index dipped slightly by 0.96% in the month of April 2016 amid very thin trading (in volume terms) for most of the period. Investor apathy towards Nigerian Equities remain very apparent as major macro-economic fundamentals are still discouraging, not to mention the continued delay of the passage of the 2016 budget.
- Oil and gas index plunges further; (-10.04%) month-on-month:** A couple of oil and gas stocks were considerably sold-off during the month. Notably, were Forte Oil Plc (-26.90%) and Mobil Nigeria Plc (-8.76%). However, Seplat Plc was quite resilient in that space during the period as its share price rose by 13.33%. Oando Plc also enjoy some patronage; up 9.09% MoM. (See table 1)
- Renewed interest witnessed in some banking names as the NSE banking index surged 9.20% MoM:** A number of banks still managed to post fairly decent results despite the raving economic headwinds prevalent in the country. Zenith Bank (+18.14%) and Guaranty (+17.27%) led the gainers chart in that space amid renewed interest. FBNH, as expected posted significantly weaker earnings after the bank took N119 billion in impairments. The stock however remained resilient; up 14.29% m/m. (See table 1). We believe a part of the expected (weaker) earnings might have been already priced in.
- Consumer goods index down slightly in April amid mixed Earnings results from Consumer names:** Tigerbrands Plc (+30.60%), enjoyed increased patronage from investors during the month even as the company confirmed the change of her name back to Dangote Flour Mills Plc following the re-acquisition by Aliku Dangote earlier in the year. Also, the company's H1:16 results were quite impressive with 115.06% surge in net earnings during the period. Fairly disappointing results from Guinness Plc ensured its stock closed down 12.65% during the month.
- No joy in the Industrial space; index down 5.97% in April 2016:** Ashaka cement (-14.87%), Lafarge Africa (-11.70%), CCNN(-8.8%) amongst others, drove the losses recorded in that segment.
- Valuations:** We reiterate our preference for quality names across all sectors. We prefer Zenith bank and Guaranty Trust bank in banking space while Dangcem and Lafarge are preferred ahead of others in the Industrial space.
- Outlook for May 2016:** We do not see a major shift in the current market trend going into May 2016, so long as major macro-economic fundamentals remain disappointing. We expect the first quarter GDP growth data to be released this month and recent indications show those figures might come in lower than the previous. Though Nigerian equities seem rather attractive at current levels, continued investor apathy towards these stocks is a pointer to the fact that the overall macro-economic fundamentals weigh much stronger than just company fundamentals at the moment. We could see the ASI inch up slightly, though trading volumes might still be largely depressed.

Indicator	2015: End	29-Apr	31-Mar	Month-on-month (%)	Year-to-date (%)
NSE ASI INDEX	28,642.25	25,062.41	25,306.22	-0.96%	-12.50%
Market Cap (N'bn)	9,850.61	8,621.01	8,704.87	-0.96%	-12.48%
Volume traded (mn)	252.16	229.18	264.04	-13.20%	-9.11%
Value traded (N'mn)	3,854.74	1,502.20	1,939.41	-22.54%	-61.03%

Top picks			
Company	TP	CMP	Rating
GTB	26.5	17	BUY
Zenith	19.05	12.99	BUY
UBA	5.87	3.49	BUY
DangCem	181	169	HOLD
CAP	48	38.5	BUY
NB	NR	122	NR
Lafarge Africa	90	73	BUY

*TP- TARGET PRICE *CMP- CURRENT MARKET PRICE

*NR- NOT RATED

*The target price and Recommendation is solely based on company and market analysis from SBG Securities.

Research Analyst
Gbolahan Taiwo

gbolahan.taiwo@stanbicibtc.com

+234 1 422 8290

www.standardbank.com/research

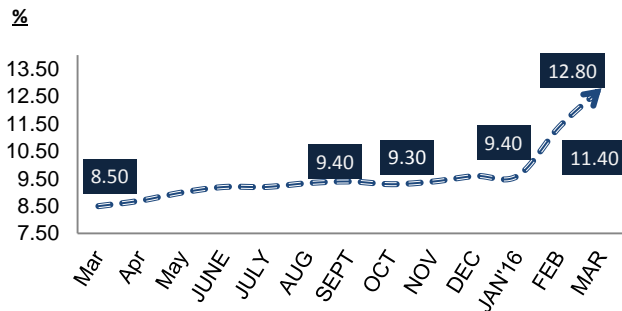
IMPORTANT DISCLOSURES AND ANALYST CERTIFICATIONS ARE IN THE DISCLOSURE APPENDIX. Stanbic IBTC Securities Limited does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the Firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Customers in the United States can receive independent, third party research on the company or companies covered in this report, at no cost to them, where such research is available. Customers can call +27 (11) 415 4272 or email info@sbgsecurities.com to request a copy of this research.

Domestic and Global Update

Domestic

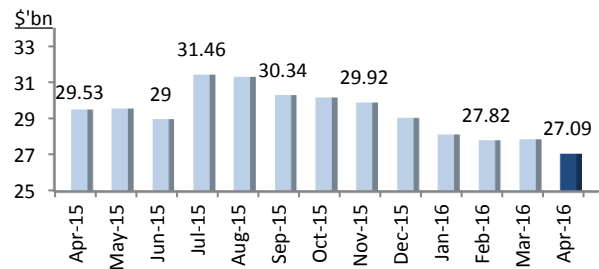
- **Nigeria's Headline Inflation** maintained its recent uptrend; rising by 1.40% points to 12.80%. Likewise, food and core inflation also surged to 12.74% and 12.17% from 11.35% and 11.04% respectively.
- **Nigeria's Distributable Revenue** declined by N37.88billion as the Federal, States and Local Governments shared N299.75billion in April 2016. Shut-downs and shut-in in oil production processes continues to be a major issue amid relatively low oil prices. Excess Crude account totalled \$2.26billion (unchanged since July, 2015).
- **Nigeria's External Reserves** stood at \$27.09 billion as at 29 April 2016; down slightly from \$27.87billion in March, 2016. Oil price (according to the CBN website) stood at \$44.15 per barrel as at 29 April 2016.
- **2016 Budget:** There are increased speculations that the Nigerian President will sign-off on the budget shortly.
- **MSCI retains Nigeria in benchmark frontier index**, however, placed the country under a "special treatment" and some individual stocks that no longer meet MSCI's criteria may be deleted.

Figure 1: Headline Inflation highest since July, 2012



Source: National Bureau of Statistics, Stanbic IBTC Stockbrokers

Figure 2: Nigeria's External Reserves (April 2015-2016)



Source: Central Bank of Nigeria, Stanbic IBTC Stockbrokers

Global

- Sentiments across major Global Equity markets were fairly mixed in the month of April 2016. China's Shanghai Composite index shed part of previous months' gains as the index declined by **2.18%**, second only to Ghana whose index lost by **4.35%**. The People's Bank of China has embarked on a series of easing techniques over the past few months in a bid to stimulate economic growth in the country. The JSE index was the biggest gainer amongst our selected indices; up 1.35%. The markets in the UK (+1.08%) and France (+1%) also closed in positive territory.
- Brent Crude prices closed the month on a year high of \$48.13 per barrel after oil workers' strike in Kuwait and reduction in US oil rigs supported prices.

INDICES	2015:CLOSE	29-Apr	31-Mar	Month-on-month change (%)	Year-to-date change (%)
DOW JONES (US)	17,425.03	17,773.64	17,685.09	↑ 0.50%	↑ 2.00%
S&P 500 (US)	2,043.94	2,065.30	2,059.74	↑ 0.27%	↑ 1.05%
NASDAQ (US)	5,007.41	4,775.36	4,869.85	↓ -1.94%	↓ -4.63%
FTSE 100 (UK)	6,242.32	6,241.89	6,174.90	↑ 1.08%	↓ -0.01%
CAC 40 (FRANCE)	4,637.06	4,428.96	4,385.06	↑ 1.00%	↓ -4.49%
NIKKEI 225 (JAPAN)	18,450.98	16,666.05	16,758.67	↓ -0.55%	↓ -9.67%
SHANGHAI COMP (CHINA)	3,539.18	2,938.32	3,003.92	↓ -2.18%	↓ -16.98%
JSE (SOUTH AFRICA)	50,693.76	52,957.32	52,250.28	↑ 1.35%	↑ 4.47%
GSE (GHANA)	1,994.91	1,828.78	1,912.02	↓ -4.35%	↓ -8.33%

Earnings Update

COMPANY/ RESULTS		Q1: 2016 N'million	Q1: 2015 N'million	% change
NESTLE NIGERIA PLC	Revenue	36,131	27,556	31.12%
	Profit before Tax	8,725	3,487	150.22%
	Profit After Tax	6,681	2,954	126.17%
	Net Assets	44,804	38,007	17.88%
GLAXOSMITHKLINE CONSUMER NIGERIA PLC	Revenue	7,644	7,456	2.52%
	Profit before Tax	273	423	-35.48%
	Profit After Tax	188	297	-36.70%
	Net Assets	13,374	13,245	0.97%
OKOMU OIL PALM PLC	Revenue	3,326	2,424	37.21%
	Profit before Tax	1,635	1,185	37.97%
	Profit After Tax	1,596	1,033	54.50%
	Net Assets	13,659	12,064	13.22%
UACN PLC	Revenue	17,518	17,729	-1.19%
	Profit before Tax	1,767	2,296	-23.04%
	Profit After Tax	1,317	1,680	-21.61%
	Net Assets	75,459	74,142	1.78%
CHEMICAL & ALLIED PRODUCTS (CAP) PLC	Revenue	1,848	1,808	2.21%
	Profit before Tax	620	715	-13.29%
	Profit After Tax	422	486	-13.17%
	Net Assets	1,942	1,520	27.76%
NIGERIAN BREWERIES PLC	Revenue	77,555	69,922	10.92%
	Profit before Tax	15,008	14,438	3.95%
	Profit After Tax	10,455	10,102	3.49%
	Net Assets	182,843	172,322	6.11%
UNILEVER NIGERIA PLC	Revenue	16782	14911	12.55%
	Profit before Tax	1419	865	64.05%
	Profit After Tax	1041	590	76.44%
	Net Assets	9,045	8,003	13.02%
FIDELITY BANK PLC	Gross Earnings	34,356	36,364	-5.52%
	Profit before Tax	4,025	4,710	-14.54%
	Profit After Tax	3,583	4,003	-10.49%
	Net Assets	184,029	178,081	3.34%
GUARANTY TRUST BANK PLC	Gross Earnings	75,394	79,016	-4.58%
	Profit before Tax	30,676	32,653	-6.05%
	Profit After Tax	25,614	26,563	-3.57%
	Net Assets	433,412	413,562	4.80%
ACCESS BANK PLC	Gross Earnings	114,894	100,385	14.45%
	Profit before Tax	22,583	16,517	36.73%
	Profit After Tax	19,419	13,668	42.08%
	Net Assets	382,481	367,801	3.99%
UNITED BANK FOR AFRICA (UBA) PLC	Gross Earnings	74,134	83,098	-10.79%
	Profit before Tax	18,083	18,389	-1.66%
	Profit After Tax	16,986	16,956	0.18%
	Net Assets	347,337	332,621	4.42%
ZENITH BANK PLC	Gross Earnings	99,435	113,322	-12.25%
	Profit before Tax	32,121	33,128	-3.04%
	Profit After Tax	26,573	27,680	-4.00%
	Net Assets	621,073	526,430	17.98%
FBN HOLDINGS PLC	Gross Earnings	83,457	95,308	-12.43%
	Profit before Tax	22,051	26,944	-18.16%
	Profit After Tax	20,724	22,603	-8.31%
	Net Assets	575,197	578,800	-0.62%
ECOBANK (ETI) GROUP PLC	Gross Earnings	131,375	136,223	-3.56%
	Profit before Tax	20,629	30,519	-32.41%
	Profit After Tax	16,206	24,479	-33.80%
	Net Assets	505,536	502,063	0.69%
DIAMOND BANK PLC	Gross Earnings	35,709	40,487	-11.80%
	Profit before Tax	6,694	8,367	-20.00%
	Profit After Tax	5,760	7,168	-19.64%
	Net Assets	220,411	214,609	2.70%

FCMB PLC	Gross Earnings	34,362	39,289	-12.54%
	Profit before Tax	2,207	5,769	-61.74%
	Profit After Tax	1,645	5,278	-68.83%
	Net Assets	162,811	162,391	0.26%
UNION BANK PLC	Gross Earnings	27,275	27,326	-0.19%
	Profit before Tax	4,795	2,383	101.22%
	Profit After Tax	4,719	2,307	104.55%
	Net Assets	243,009	243,920	-0.37%
DANGOTE CEMENT PLC	Revenue	140,521	114,738	22.47%
	Profit before Tax	54,539	70,168	-22.27%
	Profit After Tax	52,779	68,620	-23.09%
	Net Assets	707,343	644,720	9.71%
LAFARGE AFRICA PLC	Revenue	52,421	74,119	-29.27%
	Profit before Tax	-2,216	6,089	-136.39%
	Profit After Tax	-1,873	5,843	-132.06%
	Net Assets	178,921	176,152	1.57%
FORTE OIL PLC	Revenue	35,602	33,062	7.68%
	Profit before Tax	1,301	842	54.51%
	Profit After Tax	954	783	21.84%
	Net Assets	45,976	46,281	-0.66%
SEPLAT PETROLEUM DEVELOPMENT COMPANY PLC	Revenue	16,585	25,562	-35.12%
	Profit before Tax	(2,979)	4,826	-161.73%
	Profit After Tax	-4,480	4,870	-191.99%
	Net Assets	276,124	280,976	-1.73%
TOTAL OIL PLC	Revenue	59,705	60,043	-0.56%
	Profit before Tax	3,843	957	301.57%
	Profit After Tax	2,825	448	530.58%
	Net Assets	19,067	16,242	17.39%
FBN HOLDINGS PLC		FY: 2015	FY: 2014	% change
		N'million	N'million	
	Gross Earnings	506,297	481,790	5.09%
	Profit Before Tax	21,512	94,056	-77.13%
	Profit After Tax	15,148	84,011	-81.97%
Net Assets	578,800	524,062	10.44%	
TIGER BRANDED CONSUMER GOODS PLC		6M: 2016	6M: 2015	% change
		N'million	N'million	
	Revenue	26,449	21,971	20.38%
	Profit Before Tax	894	-7,045	112.69%
	Profit After Tax	1,021	-6,781	115.06%
Net Assets	11,924	2,827	321.79%	
GUINNESS NIGERIA PLC		9M: 2016	9M: 2015	% change
		N'million	N'million	
	Revenue	69,619	84,750	-17.85%
	Profit Before Tax	1,204	7,134	-83.12%
	Profit After Tax	864	5,216	-83.44%
Net Assets	44,399	48,341	-8.15%	
* Q1- Quarter 1	* 6M- Six month			
* 9M- Nine month	* FY- Full Year			

Table 1: Sectoral Stock Performance

Sector/Industry	Ticker		Rec	Close	1MONTH CHANGE	YEAR- TO DATE	
				Naira	%	%	
Basic Materials							
	Specialty Chemicals						
	Chem.& Allied products Plc.	CAP EQUITY	NL	BUY	38.50	0.0%	2.4%
Consumer goods							
	7UP Plc.	7UP EQUITY	NL		145.00	-6.5%	-20.3%
	Cadbury Plc.	CADBURY EQUITY	NL		15.50	4.9%	-9.6%
	Champion Breweries Plc.	CHAMPION NL EQUITY			2.90	-5.8%	-13.9%
	Tiger branded consumer goods	TIGERBRA NL EQUITY	NL		3.03	30.6%	168.1%
	Dangote Sugar Refinery	DANGSUGA NL EQUITY			5.75	-6.4%	-4.6%
	Flourmill Nigeria Plc.	FLOURMILL NL EQUITY			21.00	8.5%	1.0%
	Guinness Nigeria Plc.	GUINNESS NL EQUITY	NL		91.28	-12.7%	-24.2%
	Nigerian Breweries Plc	NB EQUITY	NL		115.89	8.3%	-14.8%
	Nestle Nigeria Plc.	NESTLE EQUITY	NL		615.26	-12.1%	-28.5%
	Okomu Oil	OKOMUOIL NL EQUITY			29.00	-2.8%	-4.3%
	Presco Plc	PRESCO EQUITY	NL		35.76	3.4%	8.4%
	PZ Cussons Plc.	PZ EQUITY	NL		21.36	-5.9%	-16.9%
	Unilever Plc.	UNILEVER EQUITY	NL		30.71	5.9%	-29.0%
Financials							
	Banks						
	Access Bank Plc.	ACCESS EQUITY	NL	BUY	4.05	6.9%	-16.5%

Diamond Bank Plc.	DIAMONDBNK NL EQUITY	SELL	1.39	20.9%	-39.6%
ETI Bank	ETI NL EQUITY	SELL	14.98	3.2%	-10.8%
Fidelity Bank Plc.	FIDELITY NL EQUITY	HOLD	1.17	-12.7%	-22.0%
First Bank Holding Plc.	FBNH NL EQUITY	SELL	3.60	14.3%	-29.8%
First City Monument Bank Plc.	FCMB NL EQUITY	BUY	1.00	13.6%	-40.8%
Guaranty Trust Bank Plc.	GUARANTY NL EQUITY	BUY	16.77	17.3%	-7.8%
Skye Bank Plc.	SKYEBANK NL EQUITY	SELL	0.98	7.7%	-38.0%
Stanbic-IBTC Bank Plc.	STANBIC NL EQUITY		13.85	-7.7%	-16.2%
Sterling Bank Plc.	STERLNBANK NL EQUITY		1.41	-13.0%	-23.0%
UBA Bank Plc.	UBA NL EQUITY	BUY	3.40	8.3%	0.6%
Union Bank Nigeria Plc.	UBN NL EQUITY		4.60	-17.9%	-33.3%
Wema Bank Plc.	WEMABANK NL EQUITY		0.80	-1.2%	-20.0%
Zenith Bank Plc.	ZENITHBANK NL EQUITY	BUY	12.70	18.1%	-9.6%
INSURANCE					
AIICO Insurance Plc.	AIICO NL EQUITY		0.77	-3.8%	-15.4%
Axa-Mansard Insurance Plc.	MANSARD NL EQUITY		2.24	19.8%	-16.7%
Wapic Insurance Plc.	WAPIC NL EQUITY		0.50	0.0%	0.0%

Industrials**Building
Materials
&Fixtures**

Ashaka Cement Plc.	ASHAKACEM NL EQUITY		SELL	19.41	-14.9%	-22.4%
Cement Co of North. Nig. Plc	CCNN EQUITY	NL	BUY	7.45	-8.8%	-20.3%
Dangote Cement Plc.	DANGCEM EQUITY	NL	HOLD	163.40	-2.6%	-3.9%
Julius Berger Plc.	JBERGER EQUITY	NL		43.00	-4.0%	2.4%
Lafarge Africa Plc.	WAPCO EQUITY	NL	HOLD	67.99	-11.7%	-29.8%

Oil and Gas**Integrated
Oil & Gas**

Forte Oil Plc.	FO EQUITY	NL		214.35	-26.9%	-35.0%
Mobil Nigeria Plc.	MOBIL EQUITY	NL	SELL	147.80	-8.8%	-7.6%
Oando Plc.	OANDO EQUITY	NL	SELL	4.56	9.1%	-22.7%
Seplat Petroleum Dev. Co. Plc.	SEPLAT EQUITY	NL	BUY	340.00	13.3%	67.5%
Total Nigera Plc	TOTAL EQUITY	NL	HOLD	154.19	0.2%	4.9%

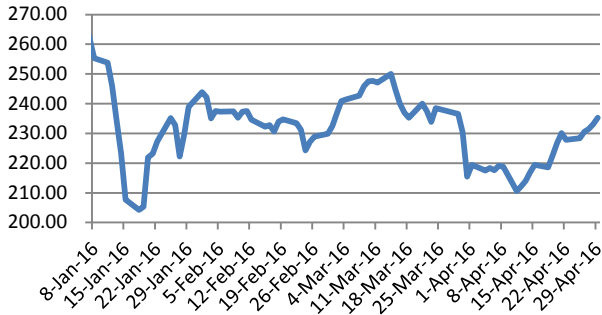
Others

Transcorp Hotels Plc.	TRANSCORP NL EQUITY			0.99	-6.6%	-34.9%
UAC Property Dev. Company Plc.	UACPROP EQUITY	NL		3.85	-16.5%	-36.8%

Source: Bloomberg, Stanbic IBTC Stockbrokers

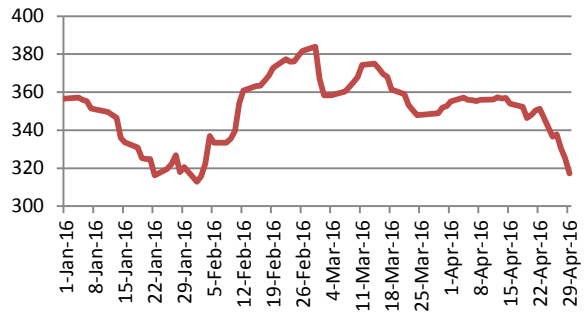
NIGERIAN STOCK EXCHANGE (NSE) SUB-INDEXES PERFORMANCE

Figure 3: NSE banking Index- 2016 performance



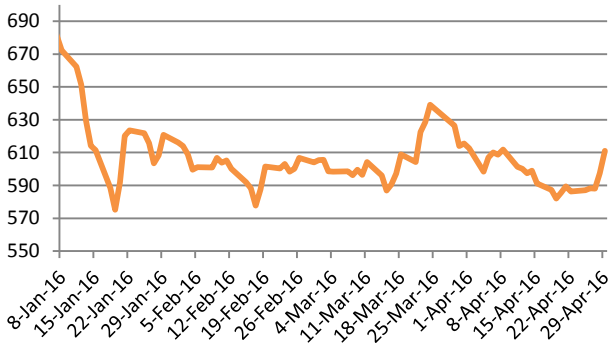
Source: Bloomberg, Stanbic IBTC Stock brokers

Figure 4: NSE Oil and gas index- 2016 performance



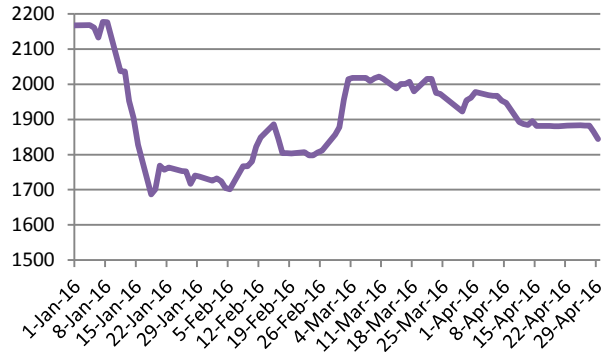
Source: Bloomberg, Stanbic IBTC Stockbrokers

Figure 5: NSE Consumer goods index- 2016 performance



Source: Bloomberg, Stanbic IBTC Stockbrokers

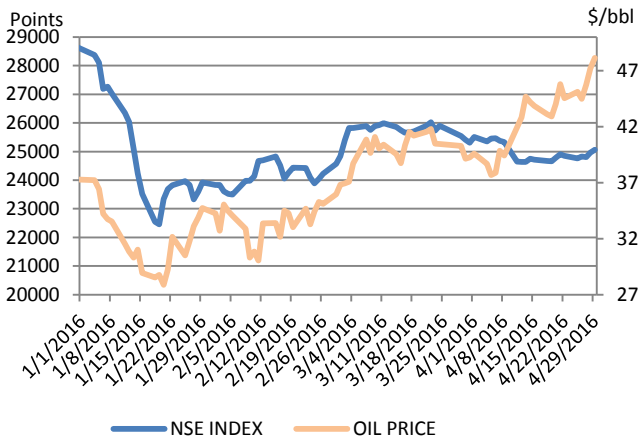
Figure 6: NSE Industrial index- 2016 performance



Source: Bloomberg, Stanbic IBTC Stockbrokers

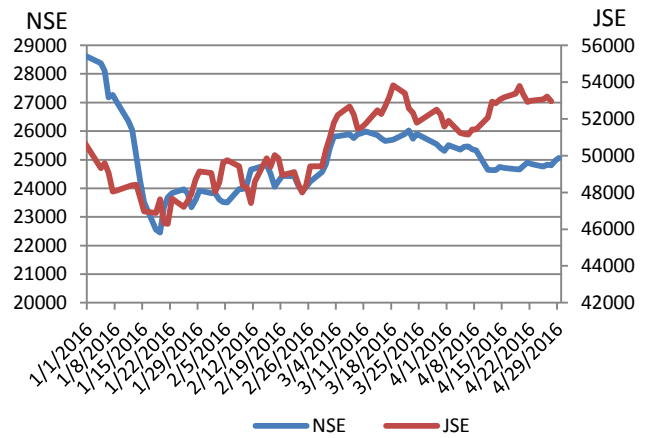
NSE INDEX Vs SELECT AFRICAN/GLOBAL INDICES

Figure 7: NSE index vs Oil prices



Source: Bloomberg, Stanbic IBTC Stock brokers

Figure 8: NSE index vs JSE



Source: Bloomberg, Stanbic IBTC Stockbrokers

Disclaimer

*NOT INVESTMENT RESEARCH

The material in this document has been prepared by individual sales and/or trading personnel employed by Stanbic IBTC Stockbrokers and not by the Equities Research department of SBGS. It is not an investment research or a research recommendation nor should it be regarded as such. The information provided is by no means intended to provide a sufficient basis on which to make an investment decision. It is intended only to provide observations and views of the said individual sales and/or trading personnel, which may be different from, or inconsistent with, the observations and views of Stanbic IBTC Stockbrokers. Observations and views of the said salesperson or trader may change at any time without notice. Information and opinions presented in this material have been obtained or derived from sources believed by Stanbic IBTC Stockbrokers to be reliable, but Stanbic IBTC Stockbrokers make no representation as to their accuracy or completeness thereof. Stanbic IBTC Stockbrokers accept no liability whatsoever and howsoever incurred, or suffered, resulting, or arising, from the use of information contained in this document.

The information and opinions stated in this document are of a general nature, have been prepared solely for information purposes and do not constitute any advice or recommendation to conclude any transaction or enter into any trade or agreement. It is strongly recommended that every recipient seek appropriate professional advice before acting on any information contained herein as the information and opinions expressed herein do not take account of each individual's financial situation, personal and investment objectives. Whilst every care has been taken in preparing this document, no representation, warranty or undertaking, express or implied, is given as to the accuracy or completeness of the information or representations. All information contained herein is subject to change after publication at any time without notice. The past performance of any investment product is not an indication of future performance.

These views, unless expressed to the contrary, are the opinion of a trader or sales person only and necessarily do not reflect the official views of Stanbic IBTC Stockbrokers, nor should these views be considered as investment advice. This is not a Research Report under SEC rules or Investment Research as defined by FCA rules as it has not been prepared in accordance with legal requirements to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research.