

05 April 2016

# Nigerian Equity Market

## Earnings releases drive market activities slightly

- ASI up slightly as investors took positions ahead of dividend payments:** Nigeria's All Share index rose by 2.99% in the month of March as the Earnings season went into full swing. Although overall market sentiments remained bearish, we saw some position taking from investors in view of dividend payments. Otherwise, trading activities remained mellow as some investors continued on the side-lines.
- Oil and gas index slips into negative in terms of YTD performance:** The NSE oil gas index recorded a -8.15% and -1.10% on m/m and YTD( as at 31<sup>st</sup> March) basis respectively. The losses in that segment were driven by Seplat (-14%) and Forte oil (-14.3%) during the month. However Oando Plc surged **40.7%** during the same period. (See table 1)
- The NSE banking index recorded -19.75% (YTD and Q/Q) as five banks issued profit warning during the 1st quarter:** FCMB, Diamond, FBNH, Ecobank and Skye bank have all indicated that their FY2015 earnings is expected to be materially lower than FY 2014 figures. The banking index dipped by 6.28% in March; driven by losses in FBNH (-19%) Diamond bank (-16.7%), Ecobank (-13.4%) amongst a few others (See table 1)
- Consumer goods index slightly resilient in March; up 1.90%:** Tigerbrands Plc (+68.1%), Dangote Sugar (+17.4%) and Flourmill Plc (+11%) all drove gains in the consumer goods space during the month of March.
- Dangote Cement Plc drive gains in the Industrial space; up 18.4% in March:** The NSE Industrial index rose 5.63% in March, owing largely to significant buying interest in Dangote cement during the period.
- Valuations:** We reiterate our preference for quality names across all sectors. We prefer Zenith and Guaranty in banking space while Dangcem and Lafarge are preferred ahead of others in the Industrial space.
- Outlook for April/Q2: 2016:** Going into the second quarter of the year, we do not expect a significant change in the current (bearish market trend). It's been quite clear over the last quarter that the bearish outlook for the economy based on the deteriorating macro-economic fundamentals continues to weigh much stronger than company-specific fundamentals at this time. So we believe that the trend in market activities will be largely dependent on the happenings in macro-space in terms of oil prices, the country's economic growth as well as the implementation of the 2016 budget by the Federal Government. A relative freer FX market, we believe could be a game changer most especially as it could attract more foreign inflows into the market.

Indicator	2015: End	31-Mar	29-Feb	Month-on-month (%)	Year-to-date (%)
NSE ASI INDEX	28,642.25	25,306.22	24,570.73	2.99%	-11.65%
Market Cap (N'bn)	9,850.61	8,773.96	8,519.23	2.99%	-10.93%
Volume traded (mn)	252.16	264.04	467.11	-43.47%	4.71%
Value traded (N'mn)	3,854.74	1,939.41	1,489.17	30.23%	-49.69%

Top picks			
Company	TP	CMP	Rating
GTB	26.5	14.29	BUY
Zenith	19.05	10.98	BUY
DangCem	177	171	HOLD
Presco	37	34.6	HOLD
NB	NR	106.39	NR
Lafarge Africa	106	76.51	HOLD
Seplat	386	300	BUY

\*TP- TARGET PRICE \*CMP- CURRENT MARKET PRICE  
\*NR- NOT RATED

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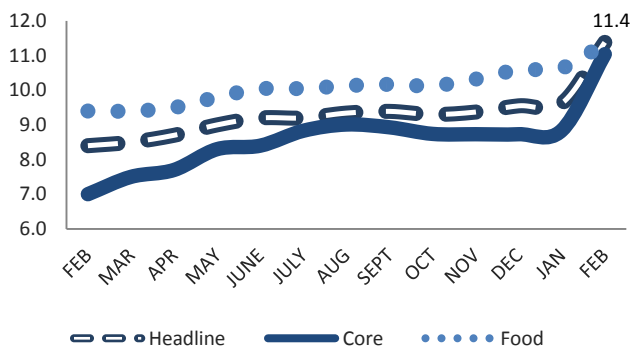
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# Domestic and Global Update

## Domestic

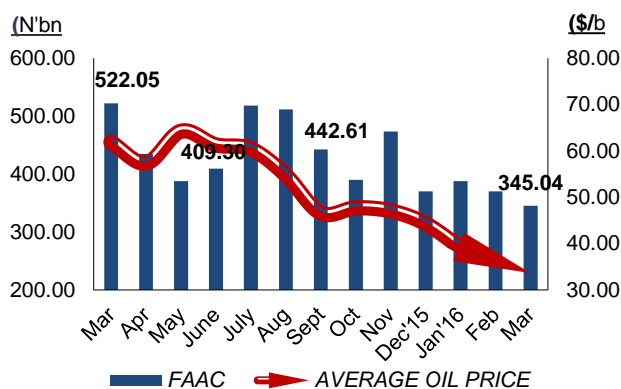
- **Nigeria's Headline Inflation** jumped to its highest level in over 2 years (11.4% in February from 9.6% previously) as data from the National Bureau of Statistics showed. Likewise, food and core inflation also surged to 11.4% and 11% from 10.6% and 8.8% respectively.
- **Nigeria's distributable Revenue** declined by about N25.36billion as the Federal, States and Local governments shared N345.04billion in March, 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 \$2.258billion (unchanged since July, 2015).
- **Nigeria's External Reserves** stood at \$27.87 billion as at 31st March, 2016; up slightly from \$27.82billion in February, 2016. Oil price (according to the CBN website) stood at \$37.23 per barrel as at 31<sup>st</sup> March, 2016.
- **2016 Budget:** The Nigerian President passed the N6 trillion 2016 budget. However, the President is yet to sign off.

Figure 1: Headline Inflation highest since December, 2012



Source: National Bureau of Statistics, Stanbic IBTC Stockbrokers

Figure 2: Average Oil Price vs Statutory Allocation (February 2015-2016)



Source: Federal Ministry of Finance, Stanbic IBTC Stockbrokers

## Global

- Major Global Equity indices recovered quite considerably in March with China's Shanghai Composite index leading the gainers chart. The Chinese Equity index was up by 11.75% during the month. 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 US Dow Jones index also closed the month in positive territory; up 7.08%, likewise the S&P 500 and the NASDAQ indices which closed up 6.60% and 6.84% respectively.
- Brent Crude prices averaged considerably higher during the month of March; surging above \$40 per barrel at some point during the period. Oil prices closed the month at \$39.6 per barrel; up from \$35.97 per barrel as at 29<sup>th</sup> February, 2016.

INDICES	2015:CLOSE	31-Mar	29-Feb	Month-on-month change (%)	Year-to-date change (%)
DOW JONES (US)	17,425.03	17,685.09	16,516.50	↑ 7.08%	↑ 1.49%
S&P 500 (US)	2,043.94	2,059.74	1,932.23	↑ 6.60%	↑ 0.77%
NASDAQ (US)	5,007.41	4,869.85	4,557.95	↑ 6.84%	↓ -2.75%
FTSE 100 (UK)	6,242.32	6,174.90	6,097.09	↑ 1.28%	↓ -1.08%
CAC 40 (FRANCE)	4,637.06	4,385.06	4,353.55	↑ 0.72%	↓ -5.43%
NIKKEI 225 (JAPAN)	18,450.98	16,758.67	16,026.76	↑ 4.57%	↓ -9.17%
SHANGHAI COMP (CHINA)	3,539.18	3,003.92	2,687.98	↑ 11.75%	↓ -15.12%
JSE (SOUTH AFRICA)	50,693.76	52,250.28	49,415.31	↑ 5.74%	↑ 3.07%
GSE (GHANA)	1,994.91	1,912.02	1,972.18	↓ -3.05%	↓ -4.16%

## Earnings Update

COMPANY/ RESULTS		FY: 2015 N'million	FY: 2014 N'million	% change	Corporate Actions
DANGOTE CEMENT PLC	Revenue	491,725	391,639	25.56%	Proposed dividend of N8.00k per share.
	Profit before Tax	188,294	184,689	1.95%	
	Profit After Tax	181,323	159,501	13.68%	
	Net Assets	644,720	591,885	8.93%	
LAFARGE AFRICA	Revenue	267,234	260,810	2.46%	Proposed dividend of N3.00k per share and a 1 for 10 bonus share
	Profit before Tax	29,275	40,358	-27.46%	
	Profit After Tax	26,998	33,785	-20.09%	
	Net Assets	176,152	175,580	0.33%	
ASHAKA CEMENT PLC	Revenue	17,415	21,134	-17.60%	Final dividend of 15kobo per share
	Profit before Tax	3,209	5,250	-38.88%	
	Profit After Tax	2,765	4,567	-39.46%	
	Net Assets	53,015	51,262	3.42%	
GLAXOSMITHKLINE CONSUMER NIGERIA PLC	Revenue	30,635	30,521	0.37%	Proposed dividend of 30kobo per share
	Profit before Tax	1,158	2,752	-57.92%	
	Profit After Tax	965	1,849	-47.81%	
	Net Assets	13,185	12,948	1.83%	
NESTLE NIGERIA PLC	Revenue	151,272	143,829	5.17%	Proposed final dividend of N19 per share
	Profit before Tax	29,322	24,446	19.95%	
	Profit After Tax	23,737	22,236	6.75%	
	Net Assets	38,007	35,940	5.75%	
OKOMU OIL PLC	Revenue	9,738	8,656	12.50%	Proposed dividend of 10kobo per share
	Profit before Tax	2,899	1,904	52.26%	
	Profit After Tax	2,648	1,454	82.12%	
CHAMPION BREWERIES PLC	Revenue	3502	3302	6.06%	NIL
	Profit before Tax	210	(1,072.00)	119.59%	
	Profit After Tax	77	(754.00)	110.21%	
	Net Assets	7,121	5,870	21.31%	
WAPIC INSURANCE PLC	Gross Premium	7,100	5,204	36.43%	Proposed dividend of 3kobo per share
	Profit before Tax	1,668	58	2775.86%	
	Profit After Tax	1,297	237	447.26%	
	Net Assets	14,962	14,201	5.36%	
GUARANTY TRUST BANK PLC	Revenue	301,850	278,521	8.38%	Proposed dividend of N1.52k
	Profit before Tax	120,695	116,389	3.70%	
	Profit After Tax	99,437	94,434	5.30%	
	Net Assets	413,562	364,714	13.39%	
ACCESS BANK PLC	Revenue	337,404	245,384	37.50%	Final dividend of 30kobo per share
	Profit before Tax	75,038	52,022	44.24%	
	Profit After Tax	65,869	42,976	53.27%	
	Net Assets	367,801	277,410	32.58%	
UNITED BANK FOR AFRICA (UBA) PLC	Revenue	314,830	286,624	9.84%	Proposed dividend of 40kobo per share
	Profit before Tax	68,454	56,200	21.80%	
	Profit After Tax	59,654	47,907	24.52%	
	Net Assets	332,621	265,406	25.33%	
ZENITH BANK PLC	Revenue	432,535	403,343	7.24%	Proposed dividend of N1.55k per share
	Profit before Tax	125,616	119,796	4.86%	
	Profit After Tax	105,663	99,455	6.24%	
	Net Assets	594,353	552,638	7.55%	
FIDELITY BANK PLC	Revenue	146,891	136,094	7.93%	Proposed dividend of 16kobo per share
	Profit before Tax	14,024	15,515	-9.61%	
	Profit After Tax	13,904	13,796	0.78%	
UNION BANK PLC	Revenue	117,211	135,898	-13.75%	Nil
	Profit before Tax	14,548	27,710	-47.50%	
	Profit After Tax	13,987	26,827	-47.86%	
FCMB PLC	Revenue	152,508	148,637	2.60%	Proposed dividend of 10kobo per share
	Profit before Tax	7,769	23,943	-67.55%	
	Profit After Tax	4,761	22,133	-78.49%	
MOBIL OIL PLC	Revenue	64,220	79,583	-19.30%	Proposed dividend of N7.20k per share
	Profit before Tax	6,906	8,446	-18.23%	
	Profit After Tax	4,872	6,392	-23.78%	
GUINNESS NIGERIA PLC		H1: 2015 N'million	H1: 2014 N'million	% change	NIL
	Revenue	49.84	55.27	-9.82%	
	Profit Before Tax	1,652	4,658	-64.53%	
	Profit After Tax	1,172	3,399	-65.52%	
	Net Assets	44,695	48,341	-7.54%	
PZ CUSSONS NIG PLC		Q3: 2015 N'million	Q2: 2014 N'million	% change	NIL
	Revenue	50,657	52,889	-4.22%	
	Profit Before Tax	2,140	3,992	-46.39%	
	Profit After Tax	1,648	2,787	-40.87%	
	Net Assets	42,924	43,672	-1.71%	
* FY- Full Year	* Q3- Quarter 3				
* Q2- Quarter 2	* H1- Half Year				

Table 1: Sectoral Stock Performance

Sector/Industry	Ticker		Rec	Close	1MONTH CHANGE	YEAR-TO DATE
				Naira	%	%
<b>Basic Materials</b>						
	<b>Specialty Chemicals</b>					
	Chem.& Allied products Plc.	CAP EQUITY NL	BUY	38.50	7.6%	2.4%
<b>Consumer goods</b>						
	7UP Plc.	7UP EQUITY NL		155.00	-8.8%	-14.8%
	Cadbury Plc.	CADBURY EQUITY NL		14.77	-14.1%	-13.9%
	Champion Breweries Plc.	CHAMPION NL EQUITY		3.08	8.8%	-8.6%
	Tiger branded consumer goods	TIGERBRA NL EQUITY		2.32	68.1%	105.3%
	Dangote Sugar Refinery	DANGSUGA NL EQUITY		6.14	17.4%	1.8%
	Flourmill Nigeria Plc.	FLOURMILL NL EQUITY		19.35	11.0%	-7.0%
	Guinness Nigeria Plc.	GUINNESS NL EQUITY		104.50	-7.5%	-13.2%
	Nigerian Breweries Plc	NB EQUITY NL		107.00	5.9%	-21.3%
	Nestle Nigeria Plc.	NESTLE EQUITY NL		700.00	-2.1%	-18.6%
	Okomu Oil	OKOMUOIL NL EQUITY		29.85	-0.5%	-1.5%
	Presco Plc	PRESKO EQUITY NL		34.60	1.0%	4.8%
	PZ Cussons Plc.	PZ EQUITY NL		22.71	3.7%	-11.6%
	Unilever Plc.	UNILEVER EQUITY NL		29.00	0.0%	-32.9%

## Financials

### Banks

Access Bank Plc.	ACCESS EQUITY	NL	BUY	3.79	-6.4%	-21.9%
Diamond Bank Plc.	DIAMONDBNK NL EQUITY		SELL	1.15	-16.7%	-50.0%
ETI Bank	ETI EQUITY	NL	SELL	14.51	-13.4%	-13.6%
Fidelity Bank Plc.	FIDELITY EQUITY	NL	HOLD	1.34	21.8%	-10.7%
First Bank Holding Plc.	FBNH EQUITY	NL	SELL	3.15	-19.0%	-38.6%
First City Monument Bank Plc.	FCMB EQUITY	NL	BUY	0.88	15.8%	-47.9%
Guaranty Trust Bank Plc.	GUARANTY NL EQUITY		BUY	14.30	-10.6%	-21.3%
Skye Bank Plc.	SKYEBANK NL EQUITY		SELL	0.91	-5.2%	-42.4%
Stanbic-IBTC Bank Plc.	STANBIC EQUITY	NL		15.00	5.3%	-9.3%
Sterling Bank Plc.	STERLNBANK NL EQUITY			1.62	-8.0%	-11.5%
UBA Bank Plc.	UBA EQUITY	NL	BUY	3.14	9.0%	-7.1%
Union Bank Nigeria Plc.	UBN EQUITY	NL		5.60	5.7%	-18.8%
Wema Bank Plc.	WEMABANK NL EQUITY			0.81	-9.0%	-19.0%
Zenith Bank Plc.	ZENITHBANK NL EQUITY		BUY	10.75	-2.9%	-23.5%
<b>INSURANCE</b>						
AIICO Insurance Plc.	AIICO EQUITY	NL		0.80	0.0%	-12.1%
Axa-Mansard Insurance Plc.	MANSARD EQUITY	NL		1.87	0.0%	-30.5%
Wapic Insurance Plc.	WAPIC EQUITY	NL		0.50	0.0%	0.0%

**Industrials****Building  
Materials  
&Fixtures**

Ashaka Cement Plc.	ASHAKACEM NL EQUITY		SELL	22.80	-5.0%	-8.8%
Cement Co of North. Nig. Plc	CCNN EQUITY	NL	BUY	8.17	-4.4%	-12.6%
Dangote Cement Plc.	DANGCEM EQUITY	NL	HOLD	167.80	18.4%	-1.3%
Julius Berger Plc.	JBERGER EQUITY	NL		44.80	8.0%	6.7%
Lafarge Africa Plc.	WAPCO EQUITY	NL	HOLD	77.00	-8.9%	-20.5%

**Oil and Gas****Integrated  
Oil & Gas**

Forte Oil Plc.	FO EQUITY	NL		293.23	-14.3%	-11.1%
Mobil Nigeria Plc.	MOBIL EQUITY	NL	SELL	161.99	3.2%	1.2%
Oando Plc.	OANDO EQUITY	NL	SELL	4.18	40.7%	-29.2%
Seplat Petroleum Dev. Co. Plc.	SEPLAT EQUITY	NL	BUY	300.00	-14.0%	47.8%
Total Nigera Plc	TOTAL EQUITY	NL	HOLD	153.82	6.1%	4.6%

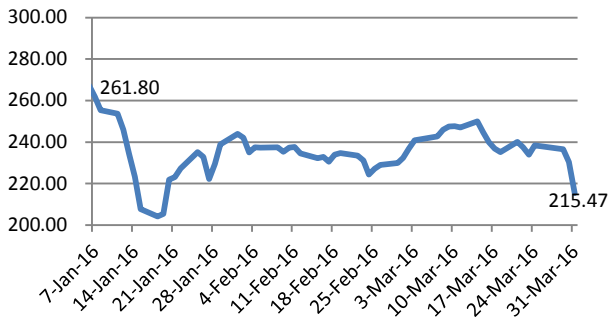
**Others**

Transcorp Hotels Plc.	TRANSCORP NL EQUITY			1.06	-3.6%	-30.3%
UAC Property Dev. Company Plc.	UACPROP EQUITY	NL		4.61	-9.6%	-24.3%

Source: Bloomberg, Stanbic IBTC Stockbrokers

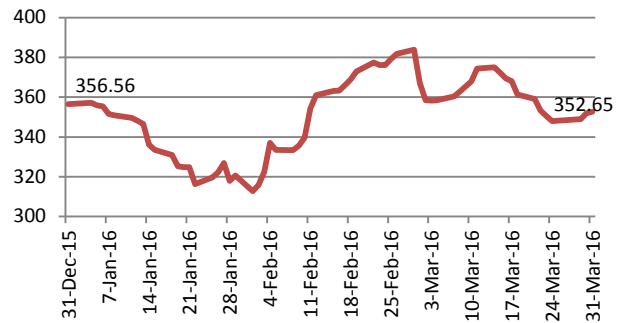
## NIGERIAN STOCK EXCHANGE (NSE) SUB-INDEXES PERFORMANCE

Figure 3: NSE banking Index- Quarter 1 2016 performance



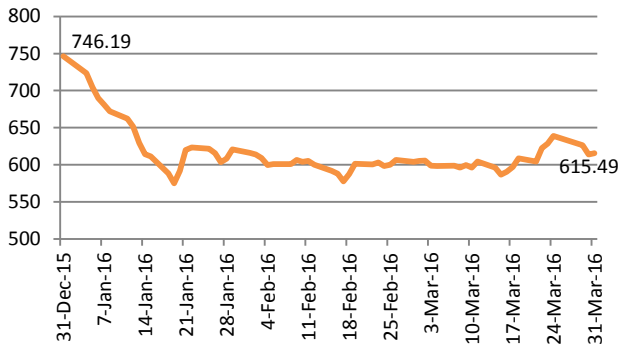
Source: Bloomberg, Stanbic IBTC Stock brokers

Figure 4: NSE Oil and gas index- Quarter 1 2016 performance



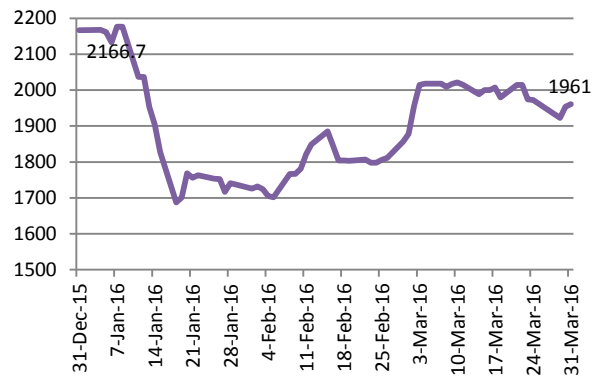
Source: Bloomberg, Stanbic IBTC Stockbrokers

Figure 5: NSE Consumer goods index- Quarter 1 2016 performance



Source: Bloomberg, Stanbic IBTC Stockbrokers

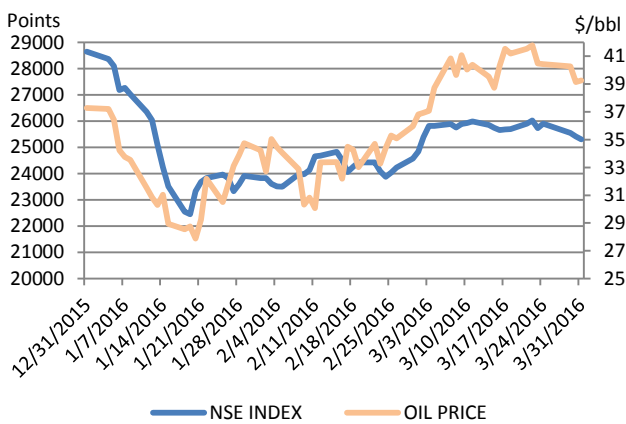
Figure 6: NSE Industrial index- Quarter 1 2016 performance



Source: Bloomberg, Stanbic IBTC Stockbrokers

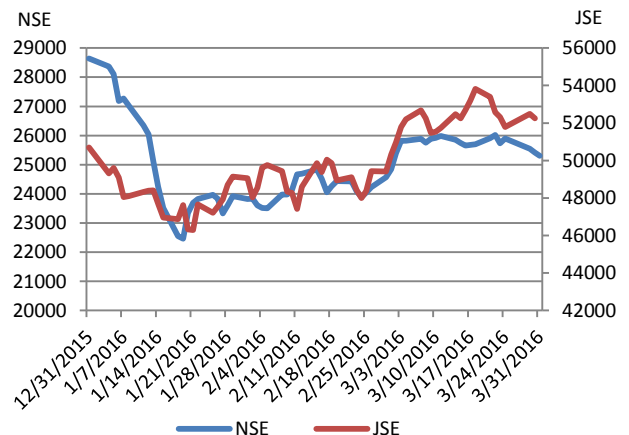
## NSE INDEX Vs SELECT AFRICAN/GLOBAL INDICES

Figure 7: NSE index vs Oil prices



Source: Bloomberg, Stanbic IBTC Stock brokers

Figure 8: NSE index vs JSE



Source: Bloomberg, Stanbic IBTC Stockbrokers

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