Equity Research

Nigeria: Market Watch

Higher interest rates pull market further down

Stanbic IBTC Bank
A member of Standard Bank Group

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Stocks to watch this week	Current price (NGN)	Target price (NGN)	Upside (%)
First Bank plc	9.10	19.62	116
Zenith Bank plc	12.41	19.88	60
Dangote Cement plc	96.00	132.00	38

Sources: NSE, Stanbic IBTC Research, Prices at cob14 October 2011

Market touched new 2-year low

The market continued its bearish trend closing the week 2% down with the NSE ASI touching a new 2-year low of 19,812.33 given that the previous 2-year low was 19,814.92 in April 2009. The continued poor performance of the market was partly driven by continued cautious buying of some foreign investors and partly by increased preference for equities by local investors, in our view. During the week, the CBN hiked the monetary policy rate (MPR) by 275bps in an attempt to stabilise movement in the USD/NGN exchange rate and keep inflation low. Consequently, interest rates on fixed income instruments, particularly the yields on the short-dated instruments issued by the CBN during the week surged to record high levels.

Where do we stand amid the downturn?

We remain buyers of defensive stocks in light of the continued downturn of the market in recent months. Positive developments with respect to the European Union and US economic crises as well as positive news flows on global economic growth outlook should play key roles in the recovery of the market, in our view. That said, First Bank, Zenith Bank and Dangote Cement remain high conviction names in our coverage universe from operating ratios and valuation standpoints for investors seeking to a longer term view at the market. First Bank and Zenith look attractive trading on FY11E P/B of 0.8x and 1.0x respectively, stronger FY11E ROE of 16% each, and FY11E dividend yield of 9% each vs. average ROE of 11% and dividend yield of 9% for the sector. In the infrastructure sector, Dangote Cement looks compelling given its strong fundamentals – FY11E EBITDA margin and dividend yield of 62% and 7% vs. sector average of 27% and 5% respectively.

The market during the week	14-Oct-11	07-Oct-11	% Change
NSE ASI	19870	20225	-1.76%
NSE market cap (N'tn)	6.298	6.45	-2.34%
NSE value traded (N'bn)	11.49	7.91	45.20%
NSE val. traded ($'bn)	0.07	0.05	46.62%
NSE vol. traded (bn)	1.31	0.84	55.27%
Banking sector val. traded (N'bn)	6.37	3.58	77.79%
Banking sector val. traded ($'bn)	0.04	0.02	107.21%
Banking sector vol. traded (bn)	0.83	0.57	44.80%
Gainers	**Close (N)**	**Change (%)**	**Vol ('000)**
Nigerian Breweries	86.01	4.89	12,504
Zenith Bank	12.41	2.56	135,633
Guaranty Trust Bank	12.60	2.44	115,880
PZ Cussons	30.55	1.83	4,238
Flour Mills	58.50	0.52	4,686
Losers	**Close (N)**	**Change (%)**	**Vol ('000)**
Cement Company of Northern Nigeria	5.96	-17.79	1,163
Ecobank Nigeria	2.25	-15.09	1,994
Ashaka Cement	14.00	-13.42	1,730
United Bank for Africa	3.58	-13.11	101,618
UAC of Nigeria	29.80	-11.20	1,905
Exchange rate	**14-Oct-11**	**07-Oct-11**	**% Change**
USD/NGN	149.5	154.9	-3.49%
EUR/NGN	207.045	210.85	-1.80%
GBP/NGN	236.76	247.97	-4.52%
Commodities	**14-Oct-11**	**07-Oct-11**	**% Change**
Brent crude (US$ per barrel)	112.5	105.69	6.44%

Sources: NSE, CBN, Bloomberg, Stanbic IBTC Research

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Our top picks

Our top three picks for the week are First Bank plc, Zenith Bank plc and Dangote Cement plc. Based on our computed 12 – month target price, all three imply upside potential of 116%, 60% and 38% respectively to their current market prices. Our brief investment case on each of the aforementioned shares are listed below:

First Bank plc, Buy (current price: N9.10; target price: N19.62);

- Increased focus on efficiency should drive returns. We expect its ROAE to improve to 16.1% in FY:11E and 17.7% in FY:12E, from 10.3% in FY:10.
- First Bank expects the commercial/ tier II corporate segment to be the major driver of loan growth with lower focus on tier I corporates. A diversified loan book should help maintain margins, in our view.
- A diversified customer base should maintain market share.
- To arrive at our target price, we have used an equally weighted average price of the DDM and the residual income valuation method. We apply a terminal growth rate of 6%, risk premium of 6% and a cost of equity of 17.18%
- Risks to our valuation are: In our view, the Sea Wolf loan remains a key risk to First Bank's earnings outlook given its high concentration in its loan book. Even though the loan is still classified as a performing project finance loan based on the new prudential guidelines, First Bank might have no choice but to take a haircut on the value of the loan if it is forced to sell the loan in order to manage concentration risk.

Zenith Bank plc, Buy (current price: N12.41; target price: N19.88)

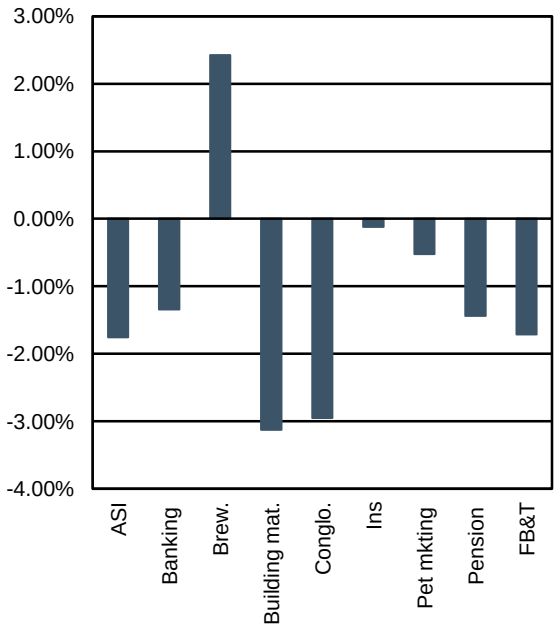
- Better than expected profitability – Annualized Q2:11 ROE increased to 17.0% from 15.8% in Q1:11. We expect FY11e and FY12e ROE to improve to 14.2% and 19.5% respectively from 11.1% in FY10.
- Unparalleled asset quality – H1:11 NPL ratios declined to 3.3% from 5.4% in Q1:11 and 5.9% in FY10. We expect cost of risk to reduce to 1% and 0.9% in FY12e and FY13e respectively from 1.2% in FY11e.
- Improving NIMs – Zenith Bank's net interest margin has continued its upward trend. NIMs improved to 7.5% from 6.96% in Q1:11 and 5.95% in FY10.
- To arrive at our target price, we have used an equally weighted average price of the DDM and the residual income valuation method. We apply a terminal growth rate of 6%, risk premium of 6% and a cost of equity of 17.56%
- Risks to our valuation are: In our view, continued focus on low risk assets will keep Zenith Bank's net interest margins lower than its peers. Zenith continues to focus on the high end of the credit curve where yields are lower than the commercial and retail clients.

Dangote Cement plc, Buy (current price: N96; target price: N132.00)

- Dominant position in the Nigerian cement industry, suggested by our analysis (we estimate 70% market share by FY:11E, currently 57%).
- Strong forecast earnings growth and dividend — we expect DCP's EPS to climb 29% p.a. over FY:10 - FY:13E, primarily driven by cement volumes.
- Potential access to other high-growth sub-Saharan African markets.
- Our valuation methodologies include 1.) Discounted cash flow; 2.) P/E and EBITDA multiples of emerging market peers. We use the average of these to determine our TP; We apply a terminal growth rate of 6%, risk premium of 6%.
- Risks to our valuation: A disruption in gas supply which could have a negative impact on its earnings as DCP would have to resort to more costly fuels.

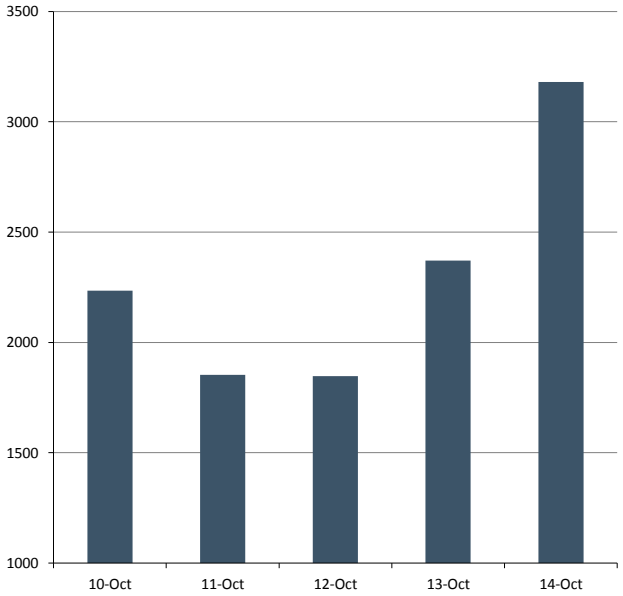
Picture gallery

Chart 1: Sector performance vs. ASI, 07 – 14October 2011



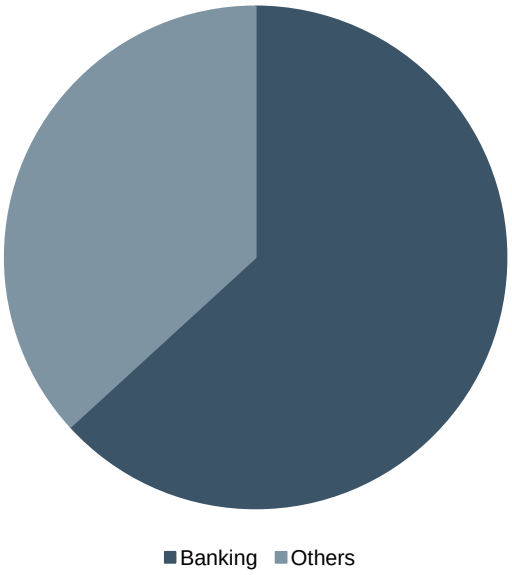
Sources: NSE, Stanbic IBTC Research

Chart 2: NSE values trades, 10 – 14 October 2011



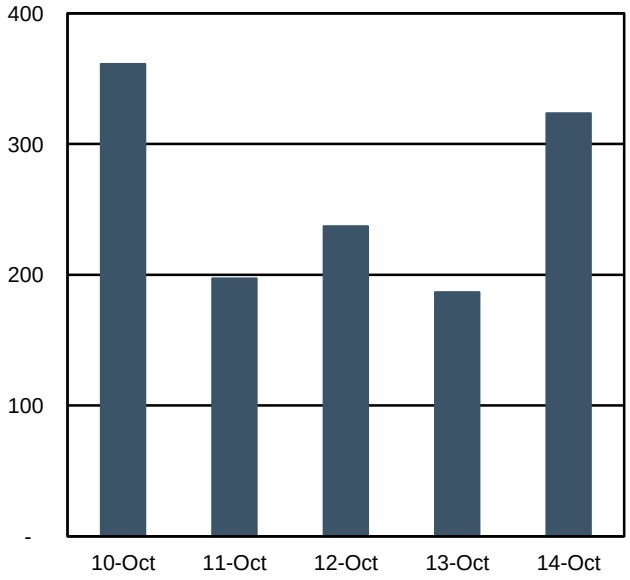
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 10 – 14 October 2011



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (m), 10 – 14 October 2011



Sources: NSE, Stanbic IBTC Research

Research publications

Date	Company	Title	Recommendation
17/10/2011	Nigerian Banking Sector	Banking sector overview: confluence of positives not reflected in the sector's market valuation in our view	N/A
14/10/2011	First Bank of Nigeria plc	9M:11 results – efficiency declines q/q but still on course to outperform in FY11E	BUY
14/10/2011	Nigerian Banking Sector	Banking sectors overview: asset mix likely to remain stable despite CRR increase, in our view	N/A
13/10/2011	Oil and gas sector	Oil and gas sector overview: weakening naira: Oando plc seems more vulnerable than pure downstream players	N/A
13/10/2011	Guinness Nigeria plc	Upgrading to buy on valuation grounds	BUY
12/10/2011	PZ Cussons Nigeria plc	Weak Q1:12 earnings: we expect another tough year	SELL
11/10/2011	Nigerian Banking Sector	Monetary tightening or devaluation, we believe that tier I banks are best positioned	N/A
11/10/2011	Nigerian Consumer Sector	We expect earnings to weaken as naira devalues; consider cheap packaged food producers	N/A
06/09/2011	Costain West Africa	NSE places Costain on full suspension	Hold
30/08/2011	Nigerian Cement Sector	An attractive proposition?	N/A
02/09/2011	Dangote Sugar Refinery plc	H1 11 results	N/A
23/08/2011	Dangote Cement plc	Hampered cement despatch negative for FY:11E earnings growth	Buy
23/08/2011	Ashaka Cement plc	H1:11 performance below our expectations – earnings forecasts under review	Buy
18/08/2011	CCNN plc	H1 11 results	Hold
17/08/2011	Access Bank	H1 11 results	Sell
15/08/2011	GT Bank plc	H1:11 results	Buy
12/08/2011	Access Bank plc	H1 11 results preview	Sell
05/08/2011	Oando plc	Oando & Exile in discussions	Buy
03/08/2011	Forte Oil plc	FY:10 results	Sell
03/08/2011	Ecobank Transnational Inc	Leapfrog into tier 1	Buy
03/08/2011	Dangote Flour Mills plc	NSE places on full suspension	Suspended
03/08/2011	CAP plc	H1:11 results	Sell
03/08/2011	Cadbury Nigeria plc	H1:11 results	Sell
02/08/2011	Dangote Cement plc	H1:11 results	Buy
01/08/2011	Diamond Bank plc	H1:11 results	Buy
21/07/2011	Oando plc	Upgrading to a BUY	Buy
20/07/2011	UBA plc	H1:11 results	Sell
19/07/2011	Zenith Bank plc	H1:11 results	Buy
19/07/2011	Skye Bank plc	H1:11 results	Buy
06/07/2011	Honeywell Flour Mills plc	FY2011 results	Sell
01/07/2011	Dangote Flour Mills Plc	FY:10 results to be released this July according to management	Buy
20/06/2011	Consumer sector	Beer producers seem fully priced	NA
07/06/2011	Market strategy	Nigeria: Showtime	NA
02/06/2011	Banking sector	Banking sector reforms	NA
17/05/2011	Mobil Oil Nigeria plc	Q1:11 results – Deliver higher than expected margins	Buy
13/05/2011	First Bank of Nigeria plc	Positive operating outlook	Buy

Source: Stanbic IBTC Research

Summary valuation metrics of selected companies

Sector/ company	Latest price (N)	Share performance YTD (%)	Mkt cap (N' Bn)	P/E (x)	DY (%)	P/BV (x)	FWD P/E (x)	FWD P/BV (x)	FWD DY (%)
Banking									
Access Bank plc	5.00	(49.8%)	89.44	8.0x	10.0%	0.5x	4.7x	0.5x	12.7%
Diamond Bank plc	3.23	(59.0%)	46.76	35.2x	4.6%	0.4x	-215.5x	0.4x	2.2%
Ecobank Nigeria plc	2.25	(39.0%)	31.23	0.0x	4.0%	0.4x	9.6x	0.4x	4.2%
First City Monument Bank plc	4.00	(48.7%)	65.52	8.3x	8.8%	0.5x	5.3x	0.5x	11.4%
Fidelity Bank plc	1.79	(36.5%)	51.84	8.7x	7.8%	0.4x	8.4x	0.4x	7.2%
First Bank of Nigeria plc	9.10	(35.9%)	296.95	8.9x	6.6%	0.9x	5.2x	0.8x	11.1%
Guaranty Trust Bank plc	12.60	(31.0%)	367.25	9.7x	7.9%	1.7x	6.9x	1.6x	9.4%
Skye Bank plc	4.72	(48.0%)	62.21	6.0x	12.1%	0.6x	4.1x	0.5x	15.8%
United Bank for Africa plc	3.58	(62.3%)	115.76	193.6x	1.4%	0.6x	6.7x	0.6x	8.9%
Zenith Bank plc	11.87	(22.9%)	372.68	10.0x	7.2%	1.0x	6.3x	1.0x	9.5%
Breweries									
Guinness Nigeria plc	205.00	7.6%	302.36	22.0x	4.9%	8.8x	16.9x	7.9x	4.9%
Nigerian Breweries plc	86.01	11.2%	650.46	21.4x	5.2%	13.0x	19.3x	10.6x	5.2%
Building materials									
Ashaka Cement plc	14.00	(49.7%)	31.35	33.2x	8.3%	1.9x	7.2x	1.7x	8.3%
Dangote Cement plc	96.00	(20.0%)	1487.42	14.0x	5.2%	7.0x	12.8x	5.9x	5.2%
Cement Company of Northern Nigeria plc	5.96	(61.3%)	7.49	5.9x	5.6%	1.5x	5.4x	1.3x	5.6%
Lafarge Cement WAPCO plc	40.01	(2.4%)	120.09	24.6x	0.9%	2.5x	17.2x	2.4x	0.9%
Conglomerates									
PZ Cussons Nigeria plc	30.55	(4.6%)	121.28	21.7x	1.9%	2.9x	23.2x	2.8x	1.9%
UAC of Nigeria plc	29.80	(21.8%)	47.70	8.8x	5.1%	1.3x	4.5x	0.9x	5.1%
Unilever Nigeria plc	27.00	3.4%	102.15	24.4x	4.3%	12.3x	20.7x	11.0x	4.3%
Food & beverages									
Cadbury Nigeria plc	14.00	(47.8%)	43.81	37.1x	0.0%	3.4x	31.7x	3.0x	0.0%
Dangote Flour Mills plc	6.49	(62.0%)	0.00	5.8x	na	na	na	na	na
Dangote Sugar Refinery plc	6.50	(59.4%)	78.00	6.9x	9.2%	1.9x	10.0x	1.9x	9.2%
Flour Mills of Nigeria plc	58.50	(16.4%)	109.93	6.5x	4.4%	2.1x	6.9x	1.7x	4.4%
Nestle Nigeria plc	400.50	8.7%	317.60	25.2x	3.1%	21.4x	23.4x	17.2x	3.1%
Petroleum marketing									
Forte Oil plc	9.12	(58.4%)	9.85	-3.6x	0.0%	0.4x	9.3x	1.8x	0.0%
MRS Oil Nigeria plc	63.86	(4.1%)	16.22	8.8x	2.3%	0.9x	12.6x	0.8x	2.3%
Mobil Oil Nigeria plc	140.00	(0.7%)	42.07	10.8x	8.4%	7.1x	8.8x	6.0x	8.4%
Oando plc	25.00	(62.7%)	56.57	4.0x	10.0%	0.6x	4.0x	0.4x	10.0%
Total Nigeria plc	200.00	(14.5%)	67.90	17.1x	4.0%	7.6x	12.7x	5.2x	4.0%
Agriculture									
Okomu Oil Palm plc	19.38	27.5%	9.24	5.7x	8.2%	1.6x	2.4x	1.0x	8.2%
Presco plc	7.33	7.0%	7.33	6.7x	12.0%	2.1x	3.3x	1.6x	12.0%
Chemical & paints									
Chemical and Allied Products plc	18.91	(44.4%)	10.59	12.0x	5.4%	14.0x	11.6x	14.9x	5.4%
Construction									
Julius Berger Nigeria plc	42.57	(14.9%)	51.08	15.5x	5.1%	7.0x	11.8x	3.3x	5.1%
Costain (W.A.) plc	2.66	(60.2%)	2.88	29.5x	0.0%	0.4x	48.4x	0.4x	0.0%

Source: Stanbic IBTC analysis, NSE
Prices at cob 14 October 2011

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Companies mentioned *(Price as of 14 October 2011)*

Access Bank plc, (ACCESS NL, PRICE: NGN5.00, BUY, TP: NGN8.56)
Diamond Bank plc,(DIAMONDBNK NL, PRICE: NGN3.23, BUY, TP: NGN9.03)
Ecobank Nigeria plc, (ECOBANK NL, PRICE: NGN2.25, TP: BUY, TP: NGN3.84)
First City Monument Bank plc, (FCMB NL, PRICE: NGN4.00, BUY, TP: NGN7.39)
Fidelity Bank plc, (FIDELITYBK NL, PRICE: NGN1.79, BUY, TP: NGN2.84)
First Bank of Nigeria plc, (FIRSTBANK NL, PRICE: NGN9.10, BUY, TP: NGN19.62)
Guaranty Trust Bank plc, (GUARANTY NL, PRICE: NGN12.60, BUY, TP: NGN20.31)
Skye Bank plc, (SKYEBANK NL, PRICE: NGN4.72, BUY, TP: NGN11.41)
United Bank for Africa plc, (UBA NL, PRICE: NGN3.58, BUY, TP: NGN7.05)
Zenith Bank plc, (ZENITHBANK NL, PRICE: NGN12.41, BUY, TP: NGN19.88)
Dangote Flour Mills plc, (DANGFLOU NL, PRICE: NGN6.49, BUY, TP: NGN29.50)
UACN plc, (UACN NL, PRICE: NGN29.80, BUY, TP: NGN47.50)
Dangote Sugar Refinery plc, (DANGSUGAR NL, PRICE: NGN6.50, BUY, TP: NGN11.00)
Nigerian Breweries plc, (NB NL, PRICE: NGN86.01, SELL, TP: NGN92.00)
Guinness Nigeria plc, (GUINNESS NL, PRICE: NGN205.00, HOLD, TP: NGN252.00)
Nestle plc, (NESTLE NL, PRICE: NGN400.50, SELL, TP: NGN377.00)
PZ Cussons plc, (PZ NL, PRICE: NGN30.55,SELL, TP: NGN26.00)
Unilever plc, (UNILEVER NL, PRICE: NGN27.00, SELL, TP: NGN30.00)
Cadbury Nigeria plc, (CADBURY NL, PRICE: NGN14.00, SELL, TP: NGN10.50)
Ashaka Cement plc, (ASHAKACEM NL, PRICE: NGN14.00, BUY, TP: NGN27.00)
Dangote Cement plc, (DANGCEM NL, PRICE: NGN96.00, BUY, TP: NGN132.00)
Cement Company of Northern Nigeria plc, (CCNN NL, PRICE: NGN5.96, HOLD, TP: NGN8.30)
Lafarge Cement WAPCO plc, (WAPCO NL, PRICE: NGN40.01, BUY, TP: NGN56.50)
Forte Oil plc, (FO NL, PRICE: NGN9.12, SELL, TP: NGN14.72)
MRS Oil Nigeria plc, (CHEVRON NL, PRICE: NGN63.86, BUY, TP: NGN101.43)
Mobil Oil Nigeria plc, (MOBIL NL, PRICE: NGN140.00, BUY, TP: NGN183.30)
Oando plc, (OANDO NL, PRICE: NGN25.00, BUY, TP: NGN44.01)
Total Nigeria plc, (TOTAL NL, PRICE: NGN200.00, SELL, TP: NGN202.04)
Okomu Oil Palm plc, (OKOMUOIL NL, PRICE: NGN19.38, HOLD, TP: N21.00)
Presco plc, (PRESCO NL, PRICE: NGN7.33, BUY, TP: N12.00)
Chemical and Allied Products plc, (CAP NL, PRICE: NGN18.91, HOLD, TP: N24.80)
Julius Berger Nigeria plc, (JBERGER NL, PRICE: NGN42.57, HOLD, TP: NGN55.50)
Costain (W.A.) plc, (COSTAIN NL, PRICE: NGN2.66, SELL, TP: NGN3.10)

Disclosure

Certification

The analyst(s) who prepared this research report (denoted by an asterisk*) hereby certifies(y) that: (i) all of the views and opinions expressed in this research report accurately reflect the research analyst's(s') personal views about the subject investment(s) and issuer(s) and (ii) no part of the analyst's(s') compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed by the analyst(s) in this research report.

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Buy (B): The stock's total return* is expected to be more than 20% (or more, depending on perceived risk) over the next 12 months.
Hold (H): The stock's total return is expected to be in the range of 10-20% over the next 12 months.
Sell (S): The stock's total return is expected to be less than 10% over the next 12 months.
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* Total return is calculated as the sum of the stock's expected Capital Appreciation and expected Dividend Yield.
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Prices are valid as at cob 14 OCtober 2011.

Frequency of Next Update

This is a weekly report. We plan to formally update the companies we cover when next there is substantial financial news about them.

Conflict of Interest

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Disclosures*

Company	Disclosure
Dangote Cement plc (DCP)	E, H
First Bank of Nigeria plc (FBN)	E, H
Zenith Bank plc	E,H

A. The analyst is an officer, board member, or director of the Company
B. The company beneficially owns 5% or more of the equity shares of Standard Bank Group as at Dec 2010
C. Standard CIB beneficially owns 1% or more of the equity shares of the company
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E. The Company is a client of Standard CIB
F. Standard CIB has lead managed or co-lead managed a public offering of the securities of the company in the last 12 months
G. Standard CIB has received compensation for investment banking services from the company within the last 12 months
H. Standard CIB expects to receive, or intends to seek, compensation for investment banking services from the company during the next 3 months
I. This research report has been communicated to the Company and following this communication, its conclusion(s) has been amended before its dissemination.
J. Analyst holds long or short personal positions in a class of common equity securities of this company
K. Standard CIB is a market maker or liquidity provider in the financial instruments of the relevant issuer
* Disclosures are correct as of 5 September 2011

Distribution of Ratings / Investment Banking Relationships

Stanbic IBTC Equity Investment Research

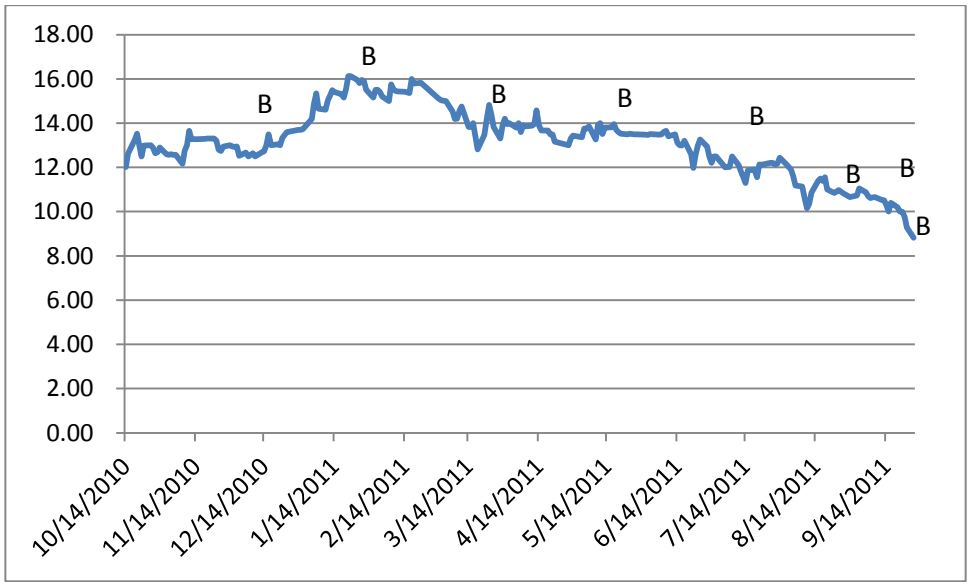
Rating	Buy	Hold	Sell
All Recommendations (%)	61	13	26

Recommendations with Investment Banking Relationship (%)	81	8	11

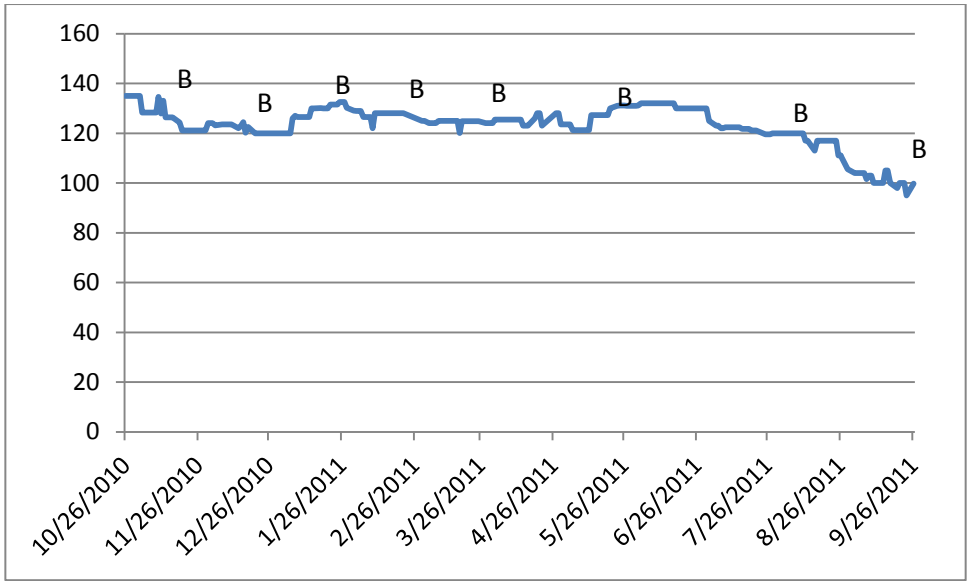
For the period 1 July 2011 to 30 September 2011, Stanbic IBTC Research produced investment ratings on equity securities on 147 occasions, of these 96 had a material investment banking relationship with Standard CIB in the last 12 months.

Previous Ratings

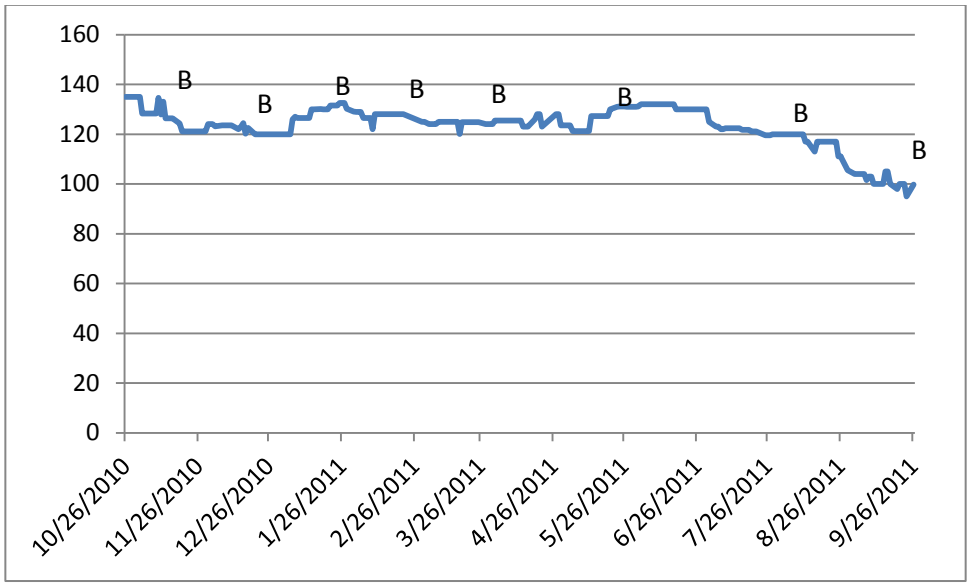
First Bank of Nigeria plc: We maintained our Buy rating of 5 August 2008 in our reports of 1 September 2008, 7 November 2008 and 7 February 2009. We downgraded the company to a Hold on 3 July 2009, a rating we maintained in our report of 13 July 2009. We upgraded the company to a Buy on 18 September 2009. We maintained this Buy rating in our reports of 2 October 2009, 5 October 2009, 4 November 2009, 24 December 2009, 20 January 2010, 18 March 2010, 21 April 2010, 20 July 2010, 6 September 2010, 1 November 2010, 10 November 2010, 17 December 2010, 14 January 2011, 21 January 2011, 25 January 2011, 22 March 2011, 18 April 2011, 28 April 2011, 13 May 2011, 7 June 2011, 13 June 2011, 27 June 2011, 4 July 2011, 6 July 2011, 11 July 2011, 18 July 2011, 22 July 2011, 26 July 2011, 1 August 2011, 8 August 2011, 15 August 2011, 22 August 2011, 29 August 2011, 5 September 2011, 12 September 2011 and 19 September 2011.



Zenith Bank plc: We maintained our Buy rating of 14 August 2008 in our 14 November 2008, 2 February 2009 and 13 May 2009 reports. We subsequently downgraded the company to a Hold in our 3 July 2009 report, which we maintained on 29 July 2009. We upgraded the company to a Buy in our review of 18 September 2009, and we maintained this in our reports dated 2 October 2009, 5 October 2009, 22 October 2009, and 24 December 2009. We rated the company as a Hold on 20 January 2010. We upgraded the company to a Buy on 29 March 2010. We downgraded to a Hold on 19 April 2010, a rating we maintained on 22 July 2010. We upgraded Zenith to a Buy in our report of 6 September 2010, a rating we maintained on 26 October 2010, 10 November 2010, 25 January 2011, 22 March 2011, 28 April 2011, 7 June 2011, 6 July 2011, 19 July 2011, 8 August 2011 and 19 September 2011



Dangote Cement Plc: We initiated coverage on 26 October 2010 with a Buy rating, a rating we maintained on 15 December 2010, 17 December 2010, 25 January 2011, 1 April 2011, 6 April 2011, 5 May 2011, 7 June 2011, 15 June 2011, 11 July 2011, 18 July 2011, 22 July 2011, 1 August 2011, 2 August 2011, 8 August 2011, 15 August 2011, 23 August 2011, 29 August 2011, 5 September 2011, 12 September 2011 and 19 September 2011



Risks to our Forecasts

First Bank plc

To arrive at our target price, we have used an equally weighted average price of the DDM and the residual income valuation method. We apply a terminal growth rate of 6%, risk premium of 6% and a cost of equity of 17.18%. Risks to our valuation are; 1.) In our view, the Sea Wolf loan remains a key risk to First Bank's earnings outlook given its high concentration in its loan book. Even though the loan is still classified as a performing project finance loan based on the new prudential guidelines, First Bank might have no choice but to take a haircut on the value of the loan if it is forced to sell the loan in order to manage concentration risk.

Dangote Cement plc

Our valuation methodologies include 1.) Discounted cash flow; 2.) P/E and EBITDA multiples of emerging market peers. We use the average of these to determine our TP; We apply a terminal growth rate of 6%, risk premium of 6%. Risks to our valuation: A disruption in gas supply which could have a negative impact on its earnings as DCP would have to resort to more costly fuels.

Zenith Bank plc

Risks to our valuation are: In our view, continued focus on low risk assets will keep Zenith Bank's net interest margins lower than its peers. Zenith continues to focus on the high end of the credit curve where yields are lower than the commercial and retail clients.

Valuation methodology
See text body in report.

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