

## Market Watch

### Market treads warily on new information

The cautious behaviour exhibited by investors last week and the market's flat performance will likely continue during the early part of this week. We believe that the CBN's announcement of a tenure limit (10 years) for bank chief executives has underpinned investor wariness. Zenith Bank and UBA were immediately affected by the new regulation — both banks have already announced their new managing directors. UBA embarked on management restructuring in 2008, which likely facilitated the speedy announcement of its new MD.

### Significant long-term value

We remain optimistic regarding the long-term potential of the Nigerian stock market. The market should consolidate as a result of reforms in the banking sector and we believe this will boost investor confidence. We continue to expect a better sustained recovery towards H2:10. Besides banking stocks, most stocks in the manufacturing sector — including food, beverages & tobacco, and building materials — still have good long-term prospects on the back of rising production capacities. While the challenge of power delivery in the country persists, there is a growing shift away from diesel to cheaper alternatives like gas for power generation. We believe this will likely result in increased profitability. In terms of macro-economic factors, inflation has been rising, exchange rates have remained relatively stable and oil production levels have improved. In our view, the current political uncertainty poses a threat to foreign investment.

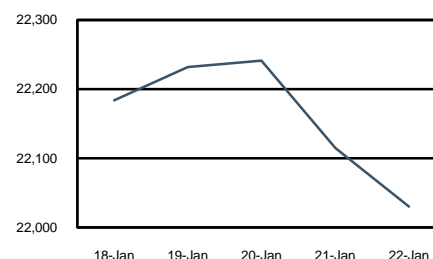
### Secondary market

The market capitalisation of the 200 first-tier equities closed higher (see table). Some 160,784 deals were recorded last week — 356% up on the previous week. As illustrated in Chart 3, the banking sector maintained its lead over other sectors last week (measured by the volume of shares traded), with a turnover of 1.11 billion shares worth N7.9 billion. The sector's volume and value represent 47% and 67%, respectively, of all NSE transactions for the week.

### Share price performance

About 58 stocks recorded price gains last week compared to 52 stocks in the preceding week. The number of losers increased to 46 stocks compared to 48 stocks in the week before.

#### Market performance (ASI)



Source: NSE

All Share Index	▼ 0.14%	22,030.18
Market cap	▲ 1.53%	N5.30 trillion
Value traded	▲ 7.8%	N11.8 billion
Volume traded	▲ 6.8%	2.35 billion

#### Top gainers

Cadbury	26.63%	N15.50
NAHCO	18.79%	N8.85
FCMB	16.55%	N8.80

Sources: NSE, Stanbic IBTC Research

#### Top losers

Alumaco	-14.21%	N23.77
Dangote Flour	-8.6%	N11.98
Julius Berger	-3.72%	N28.50

Sources: NSE, Stanbic IBTC Research

Stocks to watch	Proj. P/E (x)	Proj. P/BV (x)	Proj. DY (%)
ETI	11.04	0.77	6.34
Tantalizers	6.73	0.65	8.62
AP	5.54	4.54	14.43
CCNN	8.78	3.94	7.98
UACN	10.06	1.18	5.51

Sources: NSE, Stanbic IBTC Research

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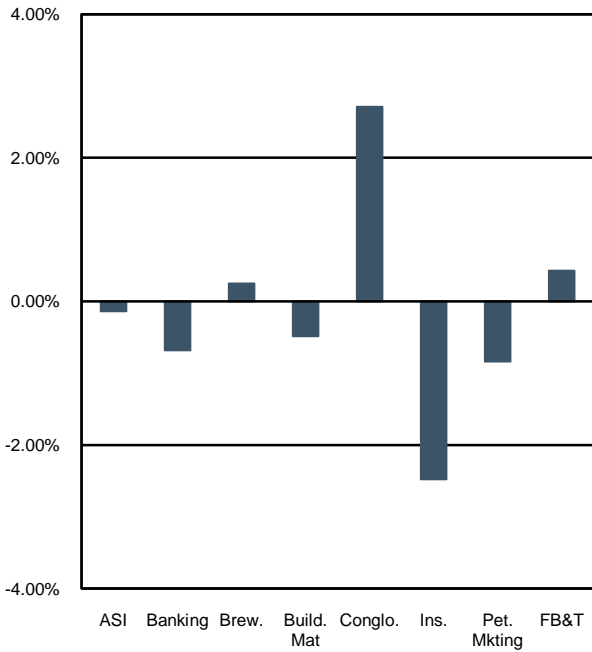
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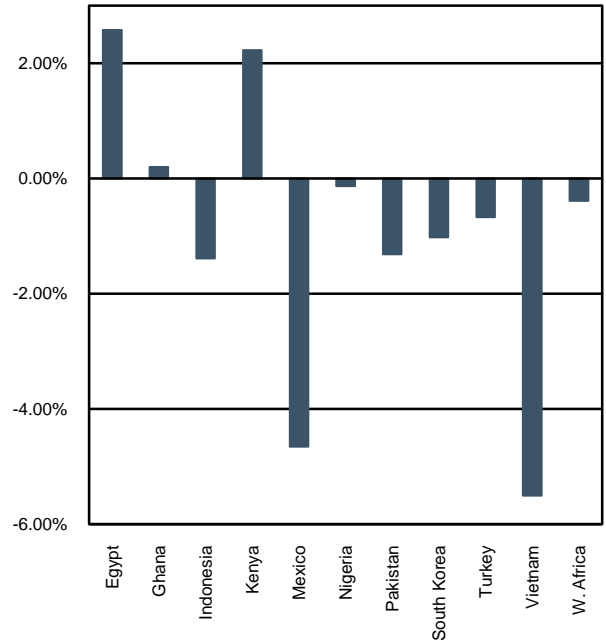
# Picture gallery

Chart 1: Sector performance vs. ASI 18 Jan – 22 Jan 2010



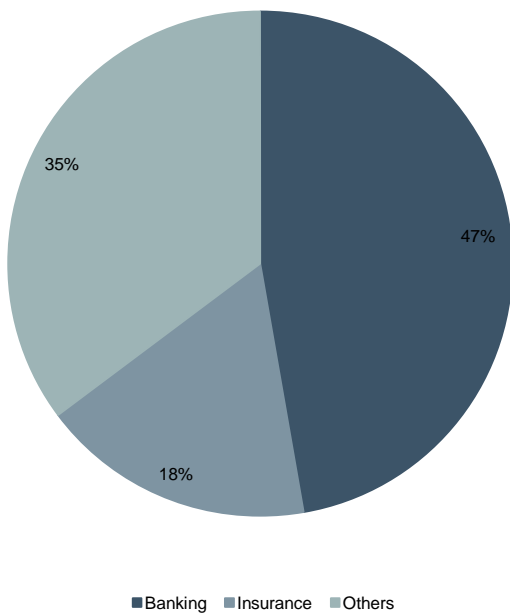
Sources: NSE, Stanbic IBTC Research

Chart 2: Performance of selected emerging market indices 18 Jan – 22 Jan 2010



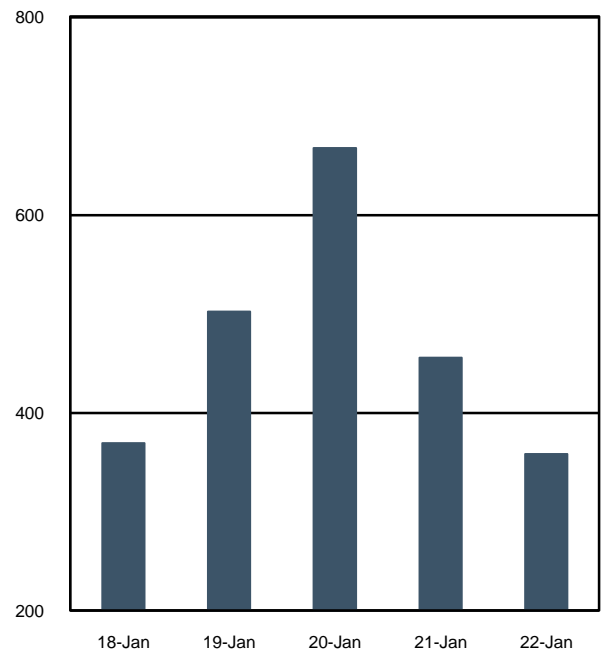
Sources: NSE, Stanbic IBTC Research

Chart 3: Vol. by sector, 18 Jan – 22 Jan '10



Sources: NSE, Stanbic IBTC Research

Chart 4: Vol. traded (M), 18 Jan – 22 Jan '10



Sources: NSE, Stanbic IBTC Research

## Research publications

Date	Company	Title	Recommendation
22 /01/2010	Costain W.A plc	Results fall short of expectations	HOLD
14/01/2010	Dangote Sugar Ref. plc	Long- term hold	HOLD
05/01/2010	7up Bottling Company plc	Turnover rises, despite competition	BUY
24/12/2009	Continental Reinsur. plc	Declining profits y/y	SELL
15/12/2009	Nig. Bottling Co. plc	Consistently driving higher sales	BUY
15/12/2009	Flour Mills of Nigeria plc	Cost management bolsters profits	BUY
01/12/2009	Diamond Bank plc	Bright prospects, despite earnings dip	BUY
01/12/2009	Union Homes Savings & Loans plc	Tough conditions trigger losses	HOLD
03/12/2009	Nigerian Breweries plc	Turnover and PAT growth slows down	HOLD
24/11/2009	Oando plc	Still on a growth path	BUY
24/11/2009	Guinness Nigeria plc	Marketing costs depress earnings	HOLD
23/11/2009	Int. Energy Insurance plc	Establishing a trend	BUY
18/11/2009	Okomu Oil Palm Co. plc	Double blow to the bottom line	SELL
18/11/2009	Prestige Assurance plc	Earnings update	BUY
18/11/2009	Chevron Oil Nigeria plc	Maintaining an impressive trend	BUY
18/11/2009	Conoil plc	Suspension of coverage, depressed price helps valuation	BUY
16/11/2009	Cornerstone Ins plc	Paying the price – huge claims hit earnings	HOLD
16/11/2009	UACN plc	Tough times beckon	BUY
16/11/2009	Cust and Allied Ins. plc	Right on track to achieve targets	BUY
12/11/2009	Prestige Assurance plc	On course to grow its market share	BUY
12/11/2009	PZ Cussons Nig. plc	Taxes turn profit red	BUY
11/11/2009	Dangote Sugar Ref. plc	Reduced credit slows down sales	HOLD
11/11/2009	Dangote Flour plc	Prosperous times for flour millers	BUY

Source: Stanbic IBTC Research

## Latest research publications

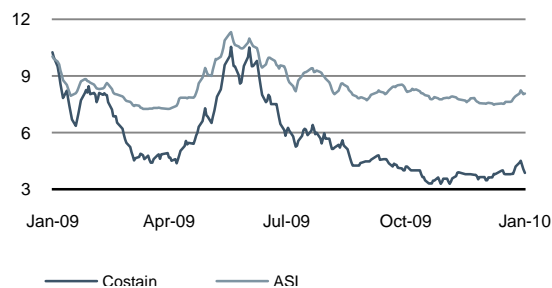
### Costain West Africa plc

Bloomberg ticker  
Recommendation  
Target price

COSTAIN NL  
HOLD  
N3.26

Costain (WA) plc's year-end results show a bottom-line decline of 274%, despite a 65% increase in turnover during the period. This result fell short of our PAT projection of N0.4bn, as well as Costain's projections of N0.5bn and N1.9bn for FY 08 and FY 09, respectively. According to management, the huge drop in profit can be attributed to the 100% provisions for doubtful debt. Costain claims that several of its clients have not been able to settle their debts, given the current liquidity constraint in the economy. In the absence of further doubtful debt provisions in FY 10, we expect PAT to recover. However, this might be affected by the current loss provision. Based on our 50% turnover growth projection and expenses constituting 90% of turnover, we derive a PAT of N0.1bn in FY 10 — 118% up on the current year's PAT.

#### Price performance, N



Sources: NSE, 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 (%)
<b>Banking</b>									
Access Bank plc	8.11	7.42	133.31	6.40	8.63	0.72	154.29	0.72	0.42
Diamond Bank plc	7.69	8.23	111.31	21.53	4.65	0.98	49.56	0.97	1.11
Ecobank Nigeria plc	9.12	6.95	65.83	31.35	3.19	1.89	0.00	2.32	0.00
Ecobank Transnational Incorporated	14.52	-9.70	126.81	9.57	10.45	0.79	11.04	0.77	6.34
First City Monument Bank plc	8.80	-3.20	144.15	36.09	2.77	1.08	88.27	1.07	0.40
Fidelity Bank plc	2.50	25.53	72.41	50.63	1.97	0.56	15.06	0.55	3.32
First Bank of Nigeria plc	14.49	-0.79	420.30	33.44	2.99	1.25	36.20	1.06	2.51
Guaranty Trust Bank plc	16.52	3.50	311.23	10.99	9.10	1.71	14.96	2.02	4.01
Bank PHB plc	1.99	4.69	40.11	2.05	22.61	0.24	0.00	0.00	0.00
Skye Bank plc	5.82	18.93	67.42	4.21	10.31	0.71	12.60	0.69	3.97
United Bank for Africa plc	11.20	27.12	241.43	5.91	8.93	1.25	37.14	1.23	1.08
Zenith Bank plc	14.36	44.20	360.68	6.99	11.84	1.05	26.22	1.54	2.44
<b>Breweries</b>									
Guinness Nigeria plc	128.70	0.94	189.82	14.02	5.83	6.02	12.65	5.50	6.33
Nigerian Breweries plc	58.05	9.53	439.01	17.08	4.82	13.62	14.36	13.00	6.62
<b>Building materials</b>									
Ashaka Cement plc	13.00	14.14	25.88	12.50	2.31	2.02	10.00	1.76	2.50
Benue Cement Company plc	49.05	14.04	192.06	46.35	0.00	13.97	12.02	8.26	3.37
Cement Company of Northern Nigeria plc	14.60	12.31	18.13	11.85	3.08	4.56	8.78	3.94	7.98
Lafarge Cement WAPCO plc	30.00	0.00	90.05	8.00	2.00	2.23	10.82	1.93	2.31
<b>Conglomerates</b>									
PZ Cussons Nigeria plc	25.00	0.00	79.41	16.48	2.72	2.23	13.58	2.03	2.87
UAC of Nigeria plc	40.00	8.84	51.22	12.22	5.00	1.25	10.06	1.18	5.51
Unilever Nigeria plc	25.09	32.05	94.92	36.56	2.71	14.21	20.08	10.86	2.81
<b>Food &amp; beverages</b>									
Dangote Sugar Refinery plc	15.00	0.67	180.00	8.23	8.00	5.52	11.13	4.70	5.84
Nigerian Bottling Company plc	26.00	15.61	34.03	2167.33	0.00	1.55	13.25	1.45	3.02
Nestle Nigeria plc	252.00	5.22	166.46	19.98	4.98	18.43	17.29	17.50	5.50
7-UP Bottling Company plc	29.40	0.00	15.07	9.37	5.10	1.89	8.96	1.74	6.70
<b>Petroleum marketing</b>									
African Petroleum plc	36.50	8.92	37.78	7.40	14.25	5.43	5.54	4.54	14.43
Chevron Oil Nigeria plc	69.79	0.00	17.73	0.00	0.00	9.26	10.13	8.14	8.39
Mobil Oil Nigeria plc	99.95	1.16	30.03	17.48	5.00	13.36	13.09	10.23	5.35
Oando plc	93.99	0.00	85.07	10.20	6.38	1.90	9.87	1.81	7.49
Total Nigeria plc	150.00	0.67	50.93	11.57	8.62	6.98	12.02	6.94	8.24
<b>Agriculture</b>									
Okomu Oil Palm plc	22.75	0.00	10.87	9.01	1.10	2.54	36.24	2.44	1.10
Presco plc	5.06	-9.64	5.06	7.51	5.93	1.98	14.46	1.84	3.11
<b>Chemical &amp; paints</b>									
Chemical and Allied Products plc	28.00	0.00	5.88	8.00	13.39	5.88	12.59	7.32	5.96
Nigeria-German Chemicals plc	15.04	0.00	2.31	128.96	2.99	2.05	121.20	2.03	0.37
D.N. Meyer plc	5.13	-4.82	1.50	23.44	1.95	9.15	21.36	6.41	0.00
<b>Construction</b>									
Julius Berger Nigeria plc	28.50	10.51	34.20	13.64	6.14	5.15	10.49	4.69	7.63
Costain (W.A.) plc	3.87	1.84	3.56	0.00	-	-	32.78	0.40	
<b>Insurance</b>									
Unic Insurance plc	0.72	-37.39	1.86	5.65	6.94	0.39	10.18	0.37	1.96
Prestige Assurance Company plc	3.80	-5.00	8.17	12.80	5.26	1.87	9.98	1.74	6.01
Mutual Benefit Assurance plc	0.64	0.00	5.12	-	0.00	0.48	3.66	0.65	12.58
Custodian and Allied Insurance plc	2.70	5.77	12.94	8.30	6.30	1.35	6.99	1.24	7.41
Intercontinental Wapic Insurance plc	1.00	-10.43	5.06	27.88	0.00	0.58	25.35	0.58	2.49
International Energy Insurance plc	0.63	-5.59	3.47	7.34	7.936508	0.30	9.01	0.30	3.33
Standard Alliance Insurance plc	0.59	3.51	4.95	5.73	8.47	0.21	0.00	0.23	0.00

Source: Stanbic IBTC Research

Note: \*As at 22 January 2010

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ECOBANK TRANSNATIONAL INCORPORATED PLC	E
SKYE BANK	E, G
TANTALIZERS PLC	None
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