

On track for solid 2019 despite emerging concerns

Nestle Nigeria (Nestle) reported Revenue growth of 4.0% y/y to N211.3bn for 9M 2019 from N203.1bn and post-tax profit growth of 11.2% y/y to N36.8bn from N33.1bn in 9M 2018. On a q/q basis, Revenue growth was down 2.1% to N69.4bn in Q3 2019. The company's reported Revenue of N211.3bn for 9M 2019 missed our 9M 2019 estimate of N215.6bn while Net profit also missed our 9M estimate of N40.2bn. Earnings per share stood at N46.48/s as at 9M 2019.

We observed significant uptick in trade receivables which implies Revenue growth has been on the back of favourable trade terms with key partners and we struggle to see the sustainability of this strategy. Also, we saw some production cost pressures in Q3 which we expect to continue into Q4 2019. However, we believe Nestle remains a quality choice in an otherwise beleaguered consumer sector. Thus, while we see long term concerns on the horizon, we view Nestle as well positioned with a strong distribution network, favourable brand appeal and diversified product portfolio to be able to weather the storms ahead.

We have revised our Revenue and key profit lines for 2019e lower. We have also lowered our long-term forecasts as we struggle to see quicker recovery for underlying industry fundamentals. The overall impact is a reduction in our target price for Nestle to N1,409.6/s (a 22.6% upside on today's closing price of N1,150.0/s) but we retain our BUY rating on the stock as we believe current market pricing (c.7.5% off its 52-week low) creates an attractive entry opportunity for investors. We arrive at our target price using a blend of DCF valuation and Relative valuation in the ratio 60:40.

Nestle in its recently released 9M 2019 result announced Revenue growth of 4.0% y/y to N211.3bn for 9M 2019 from N203.1bn in 9M 2019. On a q/q basis, Revenue fell by 2.1% q/q in Q3 2019 to N69.4bn from N70.9bn in Q2 2019. Reported Revenue of N211.3bn missed our 9M 2019 forecast of N215.6bn by a modest 2.0%. Notably, we have observed consistent decline in quarterly Revenue through 2019, thus, while we note y/y Revenue growth has remained sturdy, we feel the company may have started feeling the pressure of weak consumer wallets. Across product segments, both Food (up 2.1% y/y to N131.8bn) and Beverage (up 7.4% y/y to N53.7bn) business segments recorded modest growth on a y/y basis.

Cost of Sales (ex-depreciation) declined 1.8% y/y to N111.1bn in 9M 2019 from N113.1bn in 9M 2018, despite the growth in Revenue. We believe lower cost of key products like Cocoa, Sugar and Wheat in H1 2019 supported the y/y decline in Cost of Sales during 9M. Meanwhile, prices of these materials were slightly pressured in Q3 and this was evident in Q3 Cost of Sales which was up 8.2% q/q and 5.4% y/y to N37.9bn despite the decline in Revenue. Against the backdrop of lower Cost of Sales y/y, Gross Profit increased by 11.4% to N100.2bn in 9M 2019 from N90.0bn in 9M 2018 while Gross margin increased 3.1ppts in 9M 2019 to 47.4% in 9M 2019. On a q/q basis, Gross profit dipped 12.2% to N31.5bn in Q3 2019 from N35.9bn in Q2 2019.

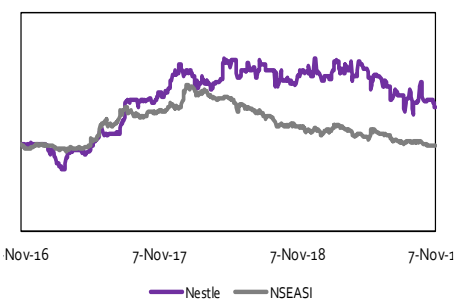
Recommendation	Buy
Target Price	1,409.60
Closing Price	1,150.00

*Price as at 08 Nov

Key data

Year to December, Nbn				
	2018	2019e	2020e	2021e
Sales	266.3	278.2	286.9	294.8
EBITDA	67.5	79.0	82.2	88.0
Net Profits	43.0	51.7	53.5	57.3
EPS, N	54.3	65.2	67.5	72.3
PE Ratio	21.2x	23.4x	22.6x	21.1x
EV/EBITDA	13.4x	15.3x	14.7x	13.7x
Dividend yield	5.1%	4.1%	4.2%	4.5%
Market cap.	Ng11.6bn (US\$2.5bn)			
Free float	33.8%			
Bloomberg	NESTLE.NL			
Reuters	NESTLE.LG			

Three-year graph



CONTACT INFORMATION

Lagos: +234 (0)1 448 5436 ext. 4457

Analyst: Ayorinde Akinloye

+234 (0)1 448 5436 ext. 4512

Head of Research: Gloria Fadipe

Sales:

Abiodun Fagbulu

+234 (0)1 448 5436

London: +44 (0) 20 7220 1043

cslresearch@fcmb.com

Nestle Nigeria, H1 19, Nm

Nm, except where mentioned otherwise	9M'19	9M'18	y/y	Q3'19	Q2'19	q/q
Revenue	211,347	203,135	4.0%	69,438	70,942	-2.1%
Cost of Sales (Ex-Dep)	(111,121)	(113,149)	-1.8%	(37,890)	(35,004)	8.2%
Gross Profit	100,226	89,986	11.4%	31,548	35,938	-12.2%
Marketing and Distribution Expenses (Ex-Dep)	(31,268)	(28,717)	8.9%	(10,679)	(10,556)	1.2%
Administrative Expenses (Ex-Dep)	(6,690)	(6,794)	-1.5%	(2,498)	(2,266)	10.2%
EBITDA	62,268	54,475	14.3%	18,371	23,116	-20.5%
Depreciation and Amortization	(5,219)	(5,115)	2.0%	(1,755)	(1,768)	-0.7%
Operating Profit	57,050	49,360	15.6%	16,616	21,348	-22.2%
Other Income	-	-	n/a	-	-	#DIV/o!
EBIT	57,050	49,360	15.6%	16,616	21,348	-22.2%
Net Finance Income/(Expense)	(496)	(1,271)	-61.0%	(498)	(32)	1444.1%
Profit before tax	56,554	48,089	17.6%	16,118	21,315	-24.4%
Tax Expense/Credit	(19,712)	(14,970)	31.7%	(5,522)	(7,916)	-30.2%
Net Profit	36,841	33,118	11.2%	10,596	13,400	-20.9%
Earnings per Share	46.48	41.78		13.37	16.90	
Margins:	9M'19	9M'18	y/y	Q3'19	Q2'19	q/q
Gross margin	47.4%	44.3%	3.1ppts	45.4%	50.7%	-5.2ppts
EBITDA Margin	29.5%	26.8%	2.6ppts	26.5%	32.6%	-6.1ppts
PBT Margin	26.8%	23.7%	3.1ppts	23.2%	30.0%	-6.8ppts
Net margin	17.4%	16.3%	1.1ppts	15.3%	18.9%	-3.6ppts

Source: Company, CSL Research

Nestle recorded a 6.9% y/y increase in Operating Expenses (adjusted for depreciation) to N38.0bn in 9M 2019 from N35.5bn in 9M 2018. The increase in Operating Expenses was driven largely by an 8.9% y/y increase in Marketing & Distribution Expenses (adjusted for depreciation) to N31.3bn in 9M 2019 from N28.7bn in 9M 2018. We note the increase in marketing costs stems from sustained promotional activities for Milo RTD as well as the launch of the new Maggi Signature brand. Administrative Expenses (adjusted for depreciation) however recorded a modest decline of 1.5% y/y to N6.7bn in 9M 2019. Slower growth in Operating Expenses compared to Gross Profit pushed EBITDA higher by 14.3% y/y to N62.3bn in 9M 2019 from N54.5bn in 9M 2018. However, EBITDA was lower within the quarter, down 20.5% q/q.

Depreciation & Amortisation rose 2.0% y/y to N5.2bn in 9M 2019 from N5.1bn in 9M 2018. Nevertheless, EBIT increased 15.6% y/y to N57.1bn in 9M 2019 from N49.4bn in 9M 2018. Improved debt position (total loans & borrowings; 9M 2019 – N11.2bn vs 9M 2018 – N17.5bn) saw Finance Cost slide lower by 40.9% y/y to N1.6bn. Despite Finance Income declining 22.6% y/y to N1.1bn, Nestle recorded a 61.0% y/y decline in Net Finance Cost to N496.2m resulting in Net Profit growth of 11.2% y/y to N36.8bn in 9M 2019 compared with N33.1bn in 9M 2018 missing our 9M estimate of N40.2bn. Earnings per Share came in at N46.48/s for 9M 2019 compared with N41.78/s in 9M 2018. The company announced an interim dividend of N25.0/s which implies a dividend yield of 2.0% based on yesterday's closing price of N1,220/s.

Our Outlook: favourite pick of the bunch but concerns emerge

Going into 2019, anticipation of the implementation of the minimum wage and recovery in real sector which was expected to support job creation have failed to materialise. Thus, our pessimism on consumer spending has worsened on weaker macros, poor income growth and low job creation.

These weaknesses have filtered into Nestle's Revenue growth. As we highlighted earlier, Nestle has recorded steady decline in quarterly Revenue growth since Q2 2019 with the momentum in y/y growth moderating. Furthermore, the company has recorded a 32.8% ytd growth in trade receivables which we interpret to mean the company is sustaining Revenue growth by offering better trade terms. However, we struggle to see the sustainability of this strategy. Against this backdrop, we revise our Revenue projection lower by 1.9% to N278.2bn (prior forecast – N283.7bn). Furthermore, we have cut our long-term growth forecast reflecting in our 5-year CAGR of 2.7% lower than our prior 8.7% estimate.

Nestle has been able to keep production costs low during the year. Cost margin was 52.6% for 9M 2019. Notably, the decision to partner with local farmers to buy their produce on a large scale which feeds into better economies of scale for Nestle has helped to contain production costs. However, we note that the company faced some cost pressures in Q3, thus with cocoa (up 3.3% y/y in Q3) and sugar (up 8.5% y/y in Q3) prices ticking higher, we expect 2019e cost margin to climb higher to print in line with our forecast of 53.0%. Consequently, we lower our Gross Profit forecast to N133.5bn.

Nestle Nigeria, Changes in Forecast, Nm

	Previous forecast	New Forecast	Change
Sales 2019e, Nm	283,653	278,187	-1.9%
Sales 2020e, Nm	311,570	286,900	-7.9%
Sales 2021e, Nm	337,319	294,843	-12.6%
Gross Profits 2019e, Nm	133,517	130,787	-2.0%
Gross Profits 2020e, Nm	147,765	135,419	-8.4%
Gross Profits 2021e, Nm	163,369	141,769	-13.2%
EBITDA 2019e, Nm	80,767	78,998	-2.2%
EBITDA 2020e, Nm	90,212	82,196	-8.9%
EBITDA 2021e, Nm	102,252	87,986	-14.0%
Net Profits 2019e, Nm	52,928	51,664	-2.4%
Net Profits 2020e, Nm	59,208	53,483	-9.7%
Net Profits 2021e, Nm	67,508	57,326	-15.1%
Earnings per Share 2019e, N	66.8	65.2	-2.4%
Earnings per Share 2020e, N	74.7	67.5	-9.7%
Earnings per Share 2021e, N	85.2	72.3	-15.1%

Source: CSL Research

Nestle has been more aggressive with its promotional activities in 2019 particularly on the back of the launch of the Maggi Jollof Signature. The weak demand from consumers and attempt to strengthen its brand name in an intensely competitive environment has forced renewed spending on promotional activities. However, the bigger chunk of Opex which is Administrative Costs has been well managed by the company. Thus, we retain our forecast OPEX/sales ratio of 18.6% driven by a

moderate 0.7% decline in Administrative Expenses while projecting Marketing & Distribution costs will grow 5.5% in 2019e.

We forecast an expansion in EBITDA margin to 28.4% while we forecast EBITDA will grow by 17.0% y/y to N79.0bn for FY 2019e. This implies a slight moderation from our initial forecast- EBITDA margin of 28.5% and absolute EBITDA of N80.8bn. We have also lowered our Net profit forecast by 2.4% to N52.9bn with our new EPS forecast now at N65.20/s. These reductions come on the back of weaker than expected growth in Revenue.

While we have lowered our major profit estimates for the year, we believe Nestle remains a quality choice in an otherwise beleaguered consumer sector. Thus, while we see long term concerns on the horizon, we view Nestle as well positioned with a strong distribution network, favourable brand appeal and diversified product portfolio to be able to weather the storms ahead.

Valuation: Current pricing compels BUY rating

We have lowered our target price on Nestle to N1,409.6/s which implies a 22.6% upside on today's closing price of N1,150.0/s but we keep our BUY rating on the stock as we believe current market pricing (c.7.5% off its 52-week low) creates an attractive entry opportunity for investors. We arrive at our target price using a blend of DCF valuation and Relative valuation in the ratio 60:40.

Nestle Nigeria, Nm

Nestle Nigeria

Nm (unless otherwise stated)

Income Statement	2016	2017	2018	2019E	2020E	2021E	2022E
Revenues	181,911	244,151	266,274	278,187	286,900	294,843	302,131
Cost of Sales*	(102,101)	(138,416)	(147,175)	(147,400)	(151,481)	(153,074)	(156,044)
Gross Profit	79,810	105,735	119,099	130,787	135,419	141,769	146,087
Total Opex*	(35,620)	(43,551)	(51,552)	(51,789)	(53,223)	(53,783)	(54,826)
EBITDA	44,190	62,184	67,548	78,998	82,196	87,986	91,261
Depreciation & Amortisation	(5,976)	(6,486)	(6,906)	(7,297)	(7,659)	(8,136)	(8,293)
Other Income	-	-	-	-	-	-	-
EBIT	38,213	55,698	60,642	71,701	74,536	79,850	82,968
PBT before Exceptional Items	21,548	46,829	59,750	71,755	74,282	79,619	82,869
Exceptional Items	-	-	-	-	-	-	-
PBT	21,548	46,829	59,750	71,755	74,282	79,619	82,869
Taxation	(13,623)	(13,105)	(16,742)	(20,091)	(20,799)	(22,293)	(23,203)
Net Profits	7,925	33,724	43,008	51,664	53,483	57,326	59,665
Minority Interest	-	-	-	-	-	-	-
EPS, N	10.00	42.55	54.26	65.18	67.47	72.32	75.27
DPS, N	10.00	40.00	58.50	61.92	64.10	68.71	71.51
Payout Ratio	100%	94%	108%	95%	95%	95%	95%
Dividend Sum	7,927	31,706	46,370	49,080	50,809	54,459	56,682
Number of Shares Outstanding	793	793	793	793	793	793	793

*Cost of Sales and Total Opex adjusted for Depreciation & Amortisation

Balance Sheet	2016	2017	2018	2019E	2020E	2021E	2022E
Fixed Assets	70,172	72,378	73,366	74,569	78,749	79,613	80,419
Intangible Assets	-	-	-	-	-	-	-
Other Non-current Assets	1,678	2,155	6,234	6,234	6,234	6,234	6,234
Non-Current Assets	71,850	74,533	79,600	80,803	84,983	85,847	86,653
Stocks	20,638	23,910	23,124	29,480	30,296	30,615	31,209
Trade & Other Receivables	25,747	33,221	43,403	42,956	44,263	45,454	46,548
Cash and Cash Equivalents	51,351	15,139	15,762	9,084	5,282	5,584	6,338
Other Current Assets	-	-	445	445	445	445	445
Current Assets	97,736	72,271	82,734	81,965	80,286	82,098	84,539
Total Assets	169,586	146,804	162,334	162,768	165,270	167,945	171,193
Creditors & Accruals	64,662	45,668	60,384	58,960	60,593	61,230	62,418
Current Portion of Term Loan	40,130	10,913	1,026	1,857	876	967	1,068
Taxation	15,490	15,099	23,630	23,630	23,630	23,630	23,630
Bank Overdraft	155	3,714	1,394	1,669	1,721	1,769	1,813
Other Current Liabilities	597	899	1,209	1,209	1,209	1,209	1,209
Current Liabilities	121,033	76,293	87,643	87,325	88,029	88,805	90,137
Non-current liabilities	17,674	22,245	19,996	18,165	17,290	16,323	15,255
Total Liabilities	138,708	98,538	107,639	105,491	105,318	105,127	105,392
Called up Share capital	396	396	396	396	396	396	396
Share premium Account	32	32	32	32	32	32	32
Share Based Reserve	126	147	155	155	155	155	155
Retained Earnings	30,323	44,302	49,637	52,220	54,894	57,761	60,744
Shareholders' Funds	169,586	146,804	162,333	162,768	165,270	167,945	171,193

Cash Flow	2016	2017	2018	2019E	2020E	2021E	2022E
Operating Cash Flow	39,877	61,485	19,236	74,618	51,573	60,906	64,820
Investing Cash Flow	(7,229)	(2,843)	(2,433)	(10,984)	(7,382)	(11,194)	(8,511)
Financing Cash Flow	(22,491)	(20,070)	(56,574)	(60,691)	(51,144)	(53,567)	(56,055)
Free Cash Flow	32,649	58,642	16,803	63,634	44,192	49,712	56,309

Source: Company, CSL estimates

Nestle Nigeria, Nm

Profitability Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Gross Profit Margin	43.9%	43.3%	44.7%	47.0%	47.2%	48.1%	48.4%
Opex/Sales	19.6%	17.8%	19.4%	18.6%	18.6%	18.2%	18.1%
EBITDA Margin	24.3%	25.5%	25.4%	28.4%	28.6%	29.8%	30.2%
Operating Profit Margin	21.0%	22.8%	22.8%	25.8%	26.0%	27.1%	27.5%
PBT Margin	11.8%	19.2%	22.4%	25.8%	25.9%	27.0%	27.4%
Net Profit Margin	4.4%	13.8%	16.2%	18.6%	18.6%	19.4%	19.7%
ROAA	5.5%	21.3%	27.8%	31.8%	32.6%	34.4%	35.2%
ROCE	33.0%	95.4%	90.3%	109.7%	100.0%	101.1%	102.3%
ROAE	23.0%	89.0%	90.5%	100.3%	98.8%	100.7%	99.7%
Dividend Yield	0.9%	3.5%	5.1%	4.1%	4.2%	4.5%	4.7%
Activity Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Inventory Turnover	6.5x	6.2x	6.3x	5.6x	5.1x	5.0x	5.0x
Days of Inventory on Hand	56 days	59 days	58 days	65 days	72 days	73 days	72 days
Receivables Turnover	7.5x	8.8x	7.2x	6.6x	6.8x	6.8x	6.7x
Days of Sales Outstanding	49 days	41 days	50 days	55 days	54 days	54 days	54 days
Payables Turnover	2.8x	3.8x	4.7x	3.9x	4.1x	4.0x	4.0x
Payable Days	129 days	96 days	77 days	94 days	90 days	91 days	90 days
Operating Performance Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Total Asset Turnover	1.3x	1.5x	1.7x	1.7x	1.7x	1.8x	1.8x
Fixed Asset Turnover	2.6x	3.4x	3.7x	3.8x	3.7x	3.7x	3.8x
Current Asset Turnover	2.5x	2.9x	3.4x	3.4x	3.5x	3.6x	3.6x
Inventory Turnover	6.5x	6.2x	6.3x	5.6x	5.1x	5.0x	5.0x
Cash Turnover	5.7x	7.3x	17.2x	22.4x	39.9x	54.3x	50.7x
Liquidity Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Current Ratio	0.8x	0.9x	0.9x	0.9x	0.9x	0.9x	0.9x
Quick Ratio	0.6x	0.6x	0.6x	0.6x	0.5x	0.5x	0.6x
Cash Ratio	0.4x	0.2x	0.2x	0.1x	0.1x	0.1x	0.1x
Solvency Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Debt-to-Capital Ratio	62%	35%	14%	13%	9%	8%	6%
Net Debt-to-Equity Ratio	-2%	20%	-15%	-3%	1%	-1%	-4%
Debt-to-Equity Ratio	164%	54%	17%	14%	10%	9%	7%
Debt-to-Assets Ratio	30%	16%	5%	5%	4%	3%	2%
Leverage	4.2x	4.2x	3.3x	3.2x	3.0x	2.9x	2.8x
Investment Valuation Ratios	2016	2017	2018	2019E	2020E	2021E	2022E
Price-to-Earnings Ratio	115.0x	27.0x	21.2x	23.4x	22.6x	21.1x	20.3x
Price-to-Book Ratio	29.5x	20.3x	18.2x	22.9x	21.8x	20.7x	19.7x
Price-to-Sales Ratio	5.0x	3.7x	3.4x	4.3x	4.2x	4.1x	4.0x
EV/EBITDA	20.6x	14.8x	13.4x	15.3x	14.7x	13.7x	13.2x
EV/Sales	5.0x	3.8x	3.4x	4.3x	4.2x	4.1x	4.0x
Free Cash Flow Yield	0.0x	0.1x	0.0x	0.0x	0.0x	0.0x	0.0x
Y/y growth	2016	2017	2018	2019E	2020E	2021E	2022E
Revenues	20.3%	34.2%	9.1%	4.5%	3.1%	2.8%	2.5%
Gross Profit	11.2%	32.5%	12.6%	9.8%	3.5%	4.7%	3.0%
Total Opex	10.9%	22.3%	18.4%	0.5%	2.8%	1.1%	1.9%
EBITDA	11.4%	40.7%	8.6%	17.0%	4.0%	7.0%	3.7%
EBIT	13.2%	45.8%	8.9%	18.2%	4.0%	7.1%	3.9%
PBT	-26.5%	117.3%	27.6%	20.1%	3.5%	7.2%	4.1%
Net Profits	-66.6%	325.5%	27.5%	20.1%	3.5%	7.2%	4.1%
EPS	-66.6%	325.5%	27.5%	20.1%	3.5%	7.2%	4.1%
DPS	-65.5%	300.0%	46.3%	5.8%	3.5%	7.2%	4.1%

Source: Company, CSL estimates

Analyst Certification

Each research analyst(s) principally responsible for the preparation and content of all or any identified portion of this research report hereby certifies that all of the views expressed in this research report accurately reflect their personal views about those issuer(s) or securities that the research analyst covers in this research report. Each research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this research report.

Important disclosures

Ratings and Target Price History

Nestle Nigeria

Date	Price (N)	Old Target (N)	New Price Target (N)	Old recommendation	New recommendation
25-Aug-14	1080.0	821.8	821.8	Hold	Hold
11-Feb-15	764.8	821.8	Under Review	Hold	Under Review
26-Feb-15	824.0	Under Review	Under Review	Under Review	Under Review
27-Feb-15	839.0	Under Review	777.6	Under Review	Hold
5-Jun-15	870.0	777.6	777.6	Hold	Hold
17-Jun-15	850.0	777.6	777.6	Hold	Hold
29-Oct-15	830.0	777.6	777.6	Hold	Hold
8-Feb-17	646.0	777.6	709.9	Hold	Hold
27-Oct-17	1230.0	709.9	1,035.7	Hold	Hold
15-Jan-18	1450.5	1,035.7	1,246.1	Hold	Sell
5-Mar-18	1400.0	1,246.1	1,514.2	Sell	Hold
1-May-18	1599.0	1,514.2	1,586.6	Hold	Hold
30-Oct-18	1380.0	1,586.6	1,571.9	Hold	Hold
28-Jan-18	1450.0	1,571.9	1,410.5	Hold	Hold
22-Mar-19	1500.0	1,410.5	1,441.7	Hold	Hold
6-Aug-19	1270.0	1,441.7	1,549.5	Hold	Buy
8-Nov-19	1150.0	1,549.5	1,409.6	Buy	Buy

CSL Research Ratings Distribution

	BUY	HOLD	SELL	Not Rated	Total
Coverage universe	16	11	3	3	33
% distribution	48%	33%	9%	9%	
Investment banking clients	0	1	1	0	2
% distribution	0%	50%	50%	0%	

Explanation of CSL Research's equity research rating system

- Buy:** The analyst expects the stock to outperform the Benchmark over the next 12 months or the stated investment horizon.
- Hold:** The analyst expects the stock to perform in line with the Benchmark over the next 12 months or the stated investment horizon.
- Sell:** The analyst expects the stock to underperform the Benchmark over the next 12 months or the stated investment horizon.
- Not Rated:** The rating and price target have been suspended temporarily to comply with applicable regulations and/or firm policies in certain circumstances including when FCMB Bank UK or the Group is acting in an advisory capacity in a merger or

strategic transaction involving the company or due to factors which limits the analysts ability to provide forecasts for the company in question.

Benchmark: The benchmark is the trailing three year average yield of the 12 month T-Bill plus one standard deviation rounded to the nearest percent.

Price targets: Price targets, if discussed, reflect in part the analyst's estimates for the company's earnings. The achievement of any price target may be impeded by general market and macroeconomic trends, and by other risks related to the company or the market, and may not occur if the company's earnings fall short of estimates.

Asset allocation: Asset allocation is the responsibility of the strategy team. The recommended weight (Buy, Hold and Sell) for equities, cash and fixed income instruments is based on a number of metrics and does not relate to a particular size change in one variable.

Other disclosures

- A. The analyst(s) responsible for the preparation and content of this report (as shown on the front page of this report) holds personal positions in a class of common equity securities of the company.
- B. The company beneficially owns more than 5% in FCMB Bank UK or First City Group (“the Group”).
- C. FCMB Bank UK or the Group is a market maker in the publicly traded equity securities of the company.
- D. FCMB Bank UK or the Group beneficially owns 1% or more of the equity securities of the company.
- E. FCMB Bank UK or the Group beneficially holds a significant interest of the debt of the company.
- F. FCMB Bank UK or the Group has been lead manager or co-lead manager over the previous 12 months of any publicly disclosed offer of securities of the company.
- G. The company is a client of the investment banking division of the Group.
- H. FCMB Bank UK or the Group has lead managed or co-lead managed a public offering of the securities of the company within the last 12 months.
- I. FCMB Bank UK or the Group has received compensation for investment banking services from the company within the last 12 months.
- J. FCMB Bank UK or the Group expects to receive, or intends to seek, compensation for investment banking services from the company during the next 3 months.

Companies from which FCMB Bank UK or the Group’s investment banking division has received compensation in the last 12 months

	Buy	Hold	Sell	Not Rated	Total
% distribution	0	0	1	0	1
	0%	0%	100%	0%	

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CSL STOCKBROKERS LIMITED
Member of the Nigerian Stock Exchange
First City Plaza, 44 Marina
PO Box 9117
Lagos State
NIGERIA

CSL Stockbrokers
A trading name of FCMB Bank (UK) Limited
81 Gracechurch Street
London EC3V 0AU
United Kingdom