SAMTL | ECONOMIC & FINANCIAL OUTLOOK H2:2019

NIGERIA ECONOMY: CHARTING THE NEXT LEVEL

SORT

SAMTL OPTIMAL RETIREMENT TRUST

FEATURES

- Minimum start up contribution of N50,000.00 plus additional minimum annual contribution of N120,000.00 i.e. A minimum monthly contribution of N10,000.00 and other assets at any preferred interval
- Minimum tenor of 5years
- Access to short-term loans for up to 75% of deposit after one year
- Guaranteed return of 13% per annum subject to money market rates
- Payment can be made through cheques, warrants, direct debit, etc. Through Sterling Bank branches.
- Statement of account issued quarterly or bi annually.
- Access to Sterling financial advisory services.
- Opportunity to buy annuity (backed by credible Insurance outfit)
- Opportunity to clients to exercise their discretion on property investment subject to a minimum contribution of up to N350,000.

RETURNS AT A GLANCE

Initial deposit ofN50,000 plus N10,000 monthly contribution for a period of 5, 10, & 25 years at a glance

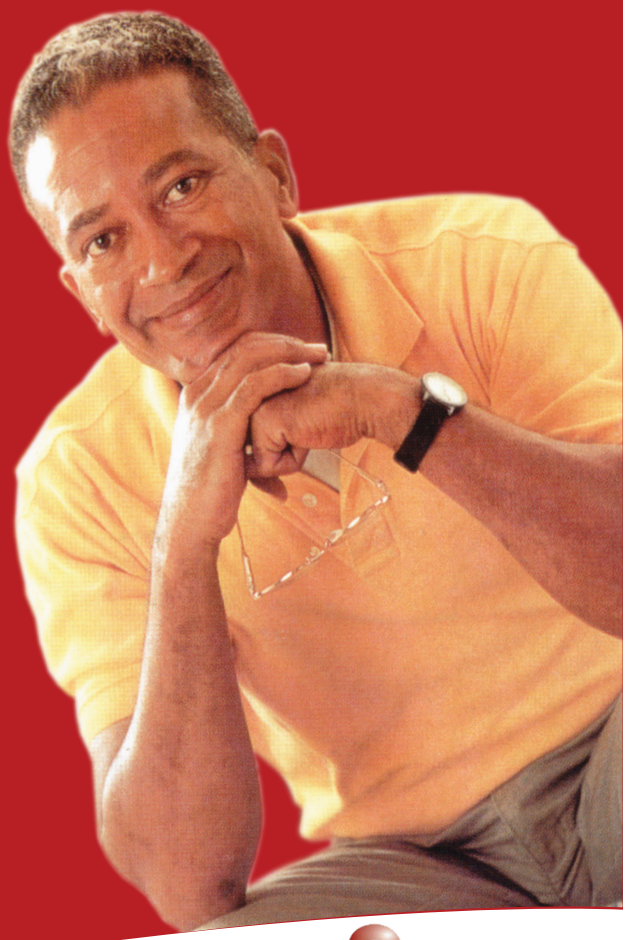
TENOR	INTEREST RATE	CONTRIBUTION FOR THE TENOR	ACCRUED INTEREST FOR THE TENOR	TOTAL PRINCIPAL + INTEREST
5 Years	13%	N640,000	N283, 525.54	N923, 525.54
10 Years	13%	N1,240,000	N1,372,495.46	N2,612,495.46
20 Years	13%	N2,440,000	N9,554,017.69	N11,994,017.69

We all dream of the day when we can take life a little bit slower and have the chance to enjoy the things we always wanted to do. With the Sterling Optimal Retirement Trust SORT, individuals can actually achieve this goal. This Trust is directed to help a retiree top his life in retirement, thereby helping him to prepare for a rain day. SORT is largely meant for individuals, bearing in mind that in addition to what employee will do when he retires (or what he has earlier provided for himself), he will have additional support for himself.

With SORT, retirees are the beneficiary, but in case anything happens, then the benefit of the Trust will go to his spouse or children as may be directed. All these arrangements are documented in a legal document called a Trust Deed.

Retirement?

We've got it all sorted out



SAMTL | GROUP

STERLING ASSET MANAGEMENT & TRUSTEES LTD.

HEAD OFFICE:
Plot 62, Adetokunbo Ademola Street,
Victoria Island, Lagos.
Tel: 01- 2707352, 01- 2771292-6

ABUJA:
Plot 17, Sheda Close,
700, Tafawa Balewa Close, Area 8,
Garki, Abuja.
Tel: 08116730947, 08092236770,
07035577560.

PORT HARCOURT:
59, Trans Amadi Industrial Layout,
Port Harcourt, Rivers-State
Tel: 08034948610, 08033295014.

OUR CONTACT ADDRESSES

Sterling Asset Management & Trustee Ltd. (SAMTL)	Group Office: 7, Alfred Rewane Road, Ikoyi, Lagos. Tel: 01-2707352, 01-2771292-6 email: info@samtlng.com website: www.samtlng.com
Sterling Asset Management & Trustee Ltd. (SAMTL)	Lagos Office: Plot 62, Adetokunbo Ademola Street, Victoria Island, Lagos. Tel: 01-2707352, 01-2771292-6 Abuja Branch: Plot 17, Sheda Close, 700, Tafawa Balewa Close, Area 8, Garki, Abuja. Tel: 08116730947, 08092236770, 07035577560 Port-Harcourt Branch: 59, Trans Amadi Industrial Layout, Port-Harcourt, Rivers-State. Tel: 08034948610, 08033295014
SAMTL Properties Ltd.	62, Adetokunbo Ademola, Victoria Island, Lagos. Tel: 08023458887, 08022236255, 07056501439, 07060406130.
Associated Assets Managers Ltd. (AAML) (Member of Nigeria Stock Exchange)	20, Marina Street, Lagos Island, Lagos. Tel: 01-2772358 Website: www. aamlng.com
SAMTL Leasing Limited	1, Onitolo Street, Off Alexanda Road, Ikoyi, Lagos. Tel: 08033353315, 08033276135.

Contents

Seizing the momentum.

Friday Omayebu

MD/CEO
Sterling Asset Management & Trustees LTD.

I am delighted to present to you the mid-year edition of the SAMTL Economic and Financial Outlook. We at SAMTL Group critically review significant advances in the global and local economy in other to postulate the outlook for the rest of the year.

The first half of 2019 has been momentous, and the past events are expected to determine the growth outlook for the rest of the year.

On the Global scene, trade policy tensions have re-escalated following President Trump's decision to reinitiate tariff hike on $200 billion worth of Chinese imports from 10% to 25%. China retaliated by increasing tariffs on $60 billion worth of American goods.

There has been some spill over effects from the Chinese economy to the rest of the world with global manufacturing sentiment hitting a 6½-year low in May, suggesting that global growth momentum is still slowing. Political developments in the UK, Italy, Argentina, Turkey, and Iran have all trended in a less positive direction.

Despite the weak start in the global economy, growth is expected to pick up in the second half of 2019. This expectation is buoyed by tight labour markets and adaptive monetary policy by major economies through the absence of inflationary pressures.

The Nigerian economy did not fare as well as expected in the first half of 2019. However, with the conclusion of the general election, inauguration of the new government and passage of the 2019 budget, the outlook for the rest of the year seems positive. The outlook is however dependent on several factors such as: the appointment of ministers and government policies to be implemented which includes the possibility of a recapitalisation of the Banks and Insurance firm.

A positive note to hold unto is that the executive is expected to forge a good working relationship with the National Assembly and Senate. Hence, the passage of petroleum industry legislation, annual budget negotiations and appointment of new government officials should be less strenuous.

We at SAMTL Group will be available to guide you through this period, and you can always reach me through email friday.omayebu@sterlingassetng.com.

SiRA

SAMTL INDIVIDUAL RESOURCE ACCOUNT

This is an investment with the objective of providing future comfort for the owner at retirement in the area of acquisition of property, start a new business or financing education. It is flexible and the available investment vehicles are Money Market, Government Securities, Equity Funds, Guaranteed Investments, Contract and Real Estate Fund.

Sira gives you the power to create Wealth

FEATURES:

- Minimum start up contribution of N50,000
- Minimum monthly contribution of N10,000
- Ideal for building up financial resources for future
- Can be used as collateral for Loan from SAMTL
- Attractive interest rates
- Regular deposits can be made through cheques, post-dated cheques, direct lodgement into our account
- No management fee charged
- Backed by insurance cover

SAMTL | GROUP

STERLING ASSET MANAGEMENT & TRUSTEES LTD.

HEAD OFFICE:
Plot 62, Adetokunbo Ademola Street,
Victoria Island, Lagos.
Tel: 01- 2707352, 01- 2771292-6

ABUJA:
Plot 17, Sheda Close,
700, Tafawa Balewa Close, Area 8,
Garki, Abuja.
Tel: 08116730947, 08092236770,
07035577560.

PORT HARCOURT:
59, Trans Amadi Industrial Layout,
Port Harcourt, Rivers-State
Tel: 08034948610, 08033295014.

An SMP production 08023140267, 08023140262.

MACRO-ECONOMIC & FINANCIAL OUTLOOK H2 2019

Investors' take away

- Global trade tensions continues to dictate direction.
- MTN's listing ignite appetite for equities.
- Inflation steadily increasing.
- Oil prices violate due to global geopolitical concerns.
- Interest rate trading sideways.
- Economic decision hinges on new government policies and appointments.

Macroeconomic scorecard (H2 2019)

	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	2019 P
GDP Growth(%)	1.93	1.93	1.93	2.01	2.01	2.01	2.10
Inflation (%)	11.37	11.31	11.25	11.37	11.4	11.40	11.00
Exchange Rate (N/$)	358.00	358.00	357.50	363.5	363	357.53	362.00
External Reserve ($bn)	43.17	42.29	44.42	44.79	45.12	45.07	45.00
MPR(%)	14.00	14.00	13.50	13.50	13.50	13.50	13.00
Crude Oil Production (mbpd)	2.08	1.99	1.92	1.95	1.73	1.75	2.00
Brent Crude ($pb)	62.05	66.32	66.47	63.91	53.50	65.79	65.00
Power (MW)	3,952.00	4,148.00	3,795.00	4,129.20	4,122.00	3,338.00	5,000.00
Equities Market Capitalisation (N'tr	11.39	11.82	11.67	10.95	13.68	13.11	11.92
NSE All Share Index (points)	30,557.20	31,721.76	31,041.42	29,159.74	31,069.37	29,749.35	33,000.00
Treasury Bills (TBs)							
T Bills (91 Days)	11.00	11.90	10.30	10.15	10.00	9.60	10.00
T Bills (182 Days)	13.50	13.01	12.20	12.50	11.95	11.89	11.80
T Bills (364 Days)	15.00	14.37	12.35	12.74	12.20	12.02	12.00
O/N (%)	11.36	14.25	10.67	9.82	4.14	4.64	-
OBB (%)	10.29	13.17	9.86	8.96	4.93	4.50	-

Potential risk

- China/US trade stand off to lower demand for global commodities.
- Emerging markets debt crisis.
- Potential conflict between USA and Iran·

Outlook Scenario

SCENARIO 1: Strong growth - 30% probability

World Economy & Markets

- Formation of new global post BREXIT trade deals
- Reduction in global tension.

Nigeria

- Government to focus on increasing non-oil revenue.
- Increased consumption due to implementation of new national minimum wage.
- Rebound of equities market due to expected listing of Airtel.
- Probable gradual phasing out of petroleum subsidies as a result of increase in minimum wage.
- Strong full year corporate performances.

SCENARIO 2: Slow growth - 70% probability

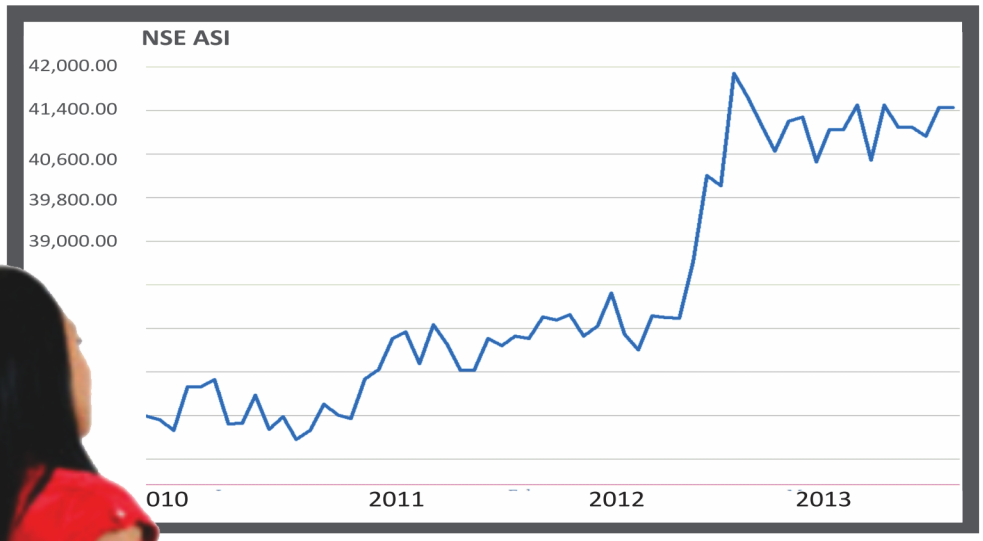
World Economy & Markets

- Escalation in global trade tension.
- Increased probability of a hard BREXIT.
- Slowdown in Chinese economy.
- Slowdown in Euro Area economic activities.

Nigeria

- Growth to remain lackluster
- Slowdown in PMI to negatively affect growth in manufacturing sector
- Volatility in oil prices due to renewed tension between the U.S. and Iran.
- Continued under performance of the equity market
- Heightening cases of insecurity across the country
- Weak corporate earnings

ARE YOU THINKING OF HOW TO PROFIT FROM THE FINANCIAL MARKET?



Few years from today your biggest regret may be not investing NOW!

What you **NEED** is a **TRUSTED**
Manager

Associated Asset Managers Ltd

FURTHER ENQUIRIES, PLEASE CONTACT

10th Floor Sterling Towers, 20 Marina, Lagos.
+234 (1) 295 7067 or email us at info@aamlng.com Website: www.aamlng.com

We manage the risks as vigilantly as we seek returns

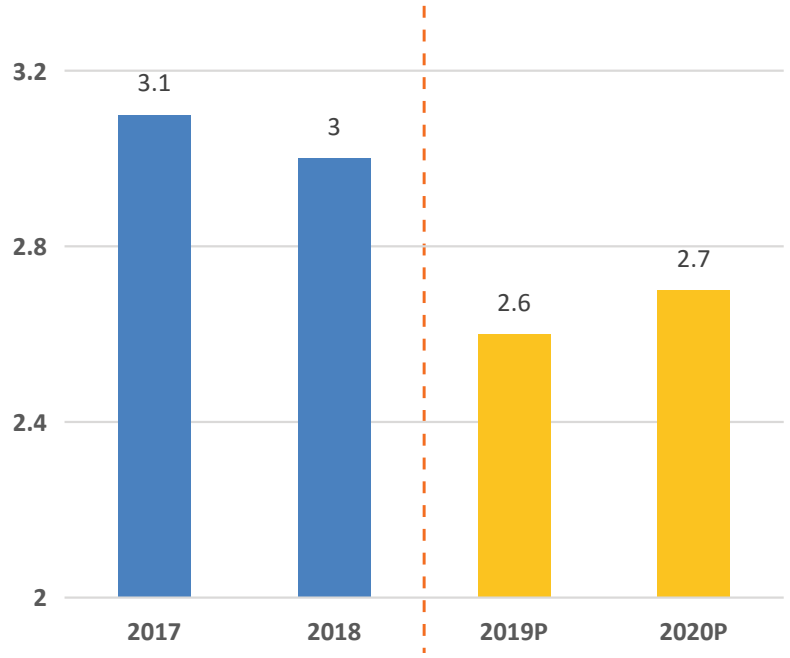
Global Economy

Global Economy | Set to moderate in the short-term, then pick up modestly.

Global growth is still expected to decline this year due to heighten policy uncertainty including a further slowing down in investment in the midst of rising trade tensions among advanced economies during the first half of 2019. International trade and investment have been weaker than expected and economic activity in major advanced economies, particularly the Euro Area, and some large emerging market and developing economies (EMDEs) has been weaker than previously expected.

After the weak start, growth is expected to pick up in the second half of 2019. According to IMF, this pickup is as a result of tight labor markets and accommodative monetary policy by major economies, made possible by the absence of inflationary pressures despite growing at near potential. The US Federal Reserve, the European Central Bank, the Bank of Japan, and the Bank of England have all shifted to a more accommodative stance. China has ramped up its fiscal and monetary stimulus to counter the negative effect of trade tariffs. However, the outlook for US–China trade tensions has improved as the prospects of a trade agreement improves.

Figure 1: Global Growth Forecast (%) 2017- 2020P



Source: IMF: World Economic Outlook, Jun., 2019.

The expected pickup in the second half of 2019 is also based on recent improvements in global financial market sentiment, the declining of some temporary drags on growth in the Euro area -and a gradual stabilization of conditions in stressed Emerging market economies. Improved momentum for EMDEs is expected to continue into 2020, primarily reflecting developments in economies currently experiencing macroeconomic distress. However, activity in advanced economies is expected to continue to slow gradually as the impact of US fiscal stimulus fades and growth tends toward the modest potential for the group.

Global inflation rose to 3.1% in April from 2.8% in March (excluding Venezuela). Inflation for 2019 as a whole is expected to be below 2018, largely on weaker growth momentum in developed economies and lower average oil prices. Looking ahead, global interest rates are seen declining this year, as generally contained inflation and an on-hold Fed should allow emerging-market central banks to loosen their stances.

According to the IMF, Global growth is now expected to decline from 3.6 % in 2018 to 3.3 % in 2019.

According to the IMF, Global growth is now expected to decline from 3.6 % in 2018 to 3.3 % in 2019, before growing to 3.6% in 2020. Growth in the emerging and developing world is expected to pick up next year as the unrest and uncertainty that distressed a number of countries late last year and this year recedes.

United States | Growth expected to slow down

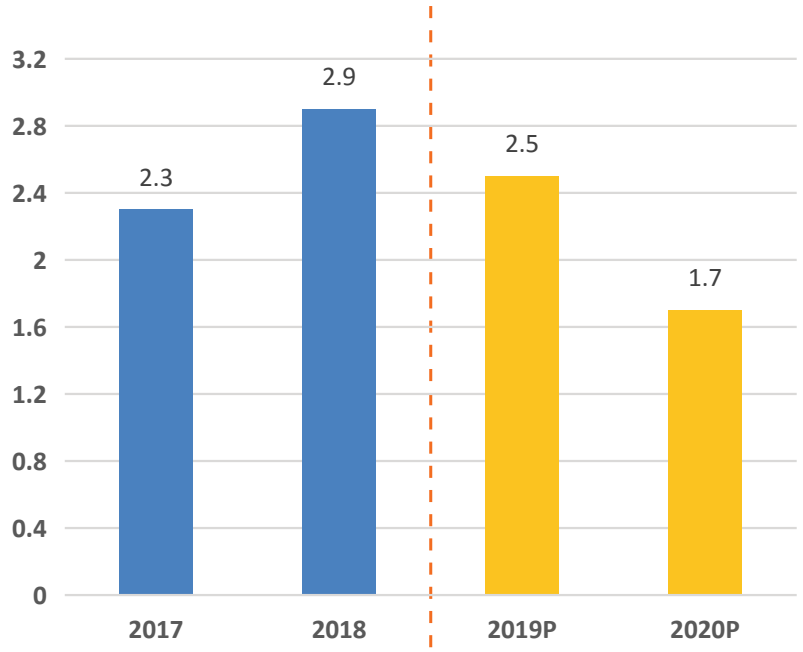
In Q2 2019, the trade war affected the growth, as importers withdrew to avoid possible new tariffs on USD 300 billion of Chinese goods. Inventories and imports of newly targeted products increased in Q2, while existing stockpiles slow down. On the other side, consumption recovered despite weak April retail sales as solid labor dynamics, shutdown rebound effects and robust confidence buttress private spending. Nevertheless, heightened uncertainty since President Trump increased tariff rates, may weigh on business investment and worsen the weak manufacturing momentum observed in April.

According to the US Bureau of Economic Analysis, the government shutdown in January had a negative impact, estimated at around 0.3% points of GDP, on both public and private spending in the quarter. Lastly, private fixed investment growth was even weaker in the quarter than previously seen, slowing to just 1.0% as both residential and business investment.

At its April to May and June 2019 monetary policy meeting, the Federal Reserve's Open Market Committee (FOMC) unanimously voted to maintain its target range for the federal funds rate at 2.25%–2.50%. The decision came as no surprise given the institution confirmed it planned no more rate hikes this year during its March meeting

Furthermore, growth will slow this year, with higher interest rates, fading fiscal

Figure 2: United States Projected GDP Growth (%) 2017- 2020P



Source: IMF: World Economic Outlook, Jun., 2019.

An all-out escalation of the trade war with China is by far the largest downside risk.

stimulus and lower global growth weighing on activity. However, a strong labor market and solid wage gains should support private spending. An all-out escalation of the trade war with China is by far the largest downside risk, with trade uncertainty likely to persist even if a deal is reached going forward.

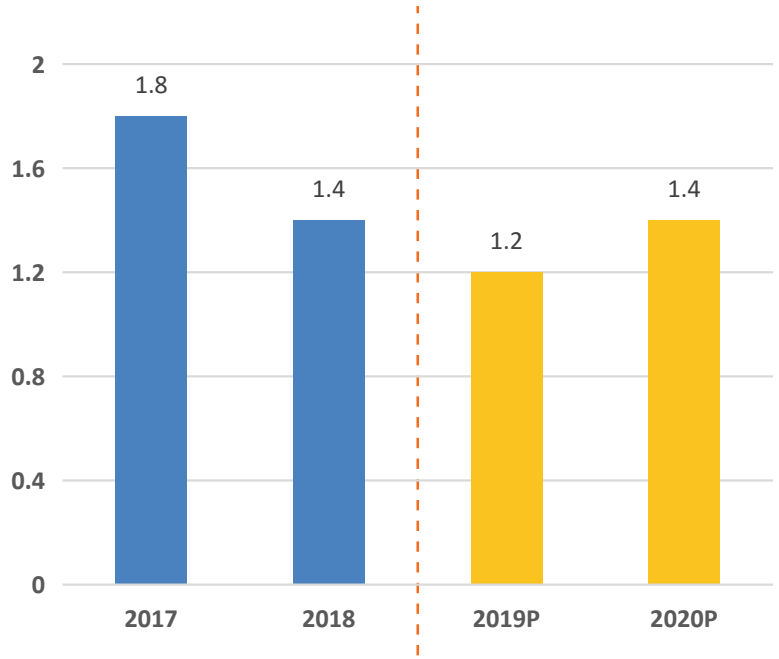
According to the World Bank, U.S. growth is expected to decline to 2.5% in 2019 and further to 1.7% in 2020 and 1.6% in 2021, as the effects of recent fiscal stimulus decrease.

United Kingdom | Brexit uncertainty remains heightened

The United Kingdom economy grew slightly early this year as government consumption growth rose and fixed investment rebounded, although this was likely influenced by stockpiling in preparation for a possible no-deal Brexit. More encouragingly, private consumption picked up pace due to solid wage gains and a multi-decade low unemployment rate. On the other hand, the external sector weakened on an increased in imports again linked to stockpiling.

In Q2 2019, pace of growth is slowing down as the stockbuilding effect declines. In April, the manufacturing purchasing managers' index (PMI) declined, while the services PMI was weak despite crawling back into expansionary territory. However, retail sales in April were better than expected. On the political front, Theresa May announced she would resign

Figure 3: United Kingdom Projected GDP Growth (%) 2017-2020P



Source: IMF: World Economic Outlook, Jun., 2019.

The highly uncertain outcome of Brexit remains the key risk to the outlook.

as Conservative leader on 7 June, paving the way for a new Conservative prime minister. This increases the likelihood of a no-deal Brexit.

At its meeting ending on May, the Monetary Policy Committee (MPC) of the Bank of England (BoE) voted unanimously to keep the Bank Rate unchanged at 0.75%. The Bank also agreed to maintain the stock of investment-grade corporate bond purchases at GBP 10 billion and to maintain the total stock of UK government bond purchases at GBP 435 billion, financed by the issuance of Central Bank reserves. All decisions were in line with market expectations.

Inflation is fairly low, slightly below the Bank's 2% target so far this year, and the BoE sees inflation being lower than previously expected in the near-term due to weak retail energy prices.

Looking forward, the economy will be restrained by moderate business investment and weak pace in key trading partners such as the EU and U.S. However, the robust labor market should support private consumption, while the fiscal stance will turn more expansionary. The highly uncertain outcome of Brexit remains the key risk to the outlook.

According to the IMF, growth is expected to be 1.2% in 2019. For 2020, the economy is expected to expand by 1.4%.

Euro Area | Growth expected to slow down at a moderate rate

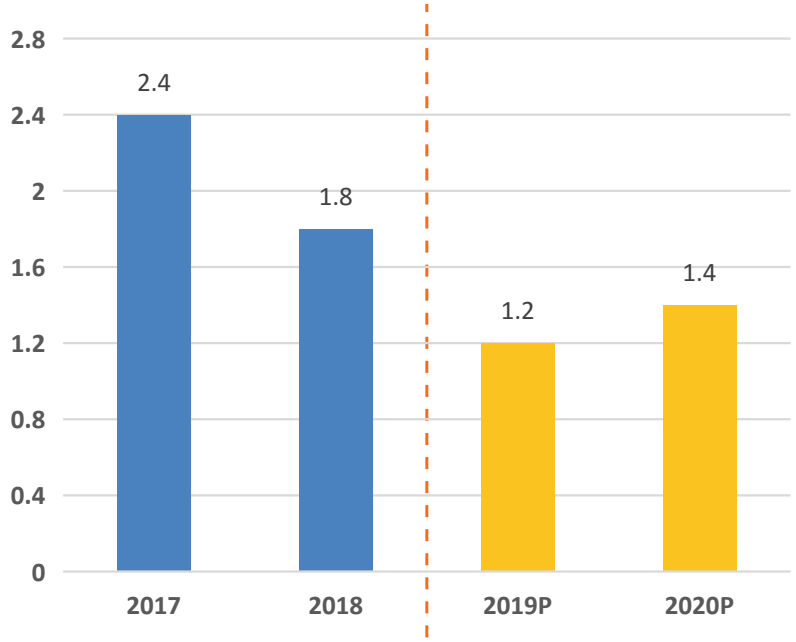
Early this year, growth surpassed expectations, picking up after last year's sharp slowdown due to solid household spending resulting from a tightening labor market. Economic sentiment dropped for the 10th consecutive month in April 2019 and the composite PMI continued to point to a two-speed economy in May 2019. The European parliamentary elections revealed increasing divisions within the union. The vote suggests that the European project is expected to remain fixed with little appetite to move forward or backwards with integration and reforms.

Activity is excepted to decline in the second half of 2019 due to a tougher external backdrop that weakens exports and hinders investment. The continuation of ultra-accommodative monetary policy, some fiscal loosening and growing wages will act as a buffer. Downside risks emerge from an escalation of trade tensions, a slowdown in China, market volatility and persistent weakness in the manufacturing sector. In response to slowing activity, Germany, France, and Italy have announced plans for limited tax cuts and spending increases, equivalent to a combined 0.2% of Euro Area GDP per year during 2019- 2021.

The European parliamentary elections revealed increasing divisions within the union.

The European Central Bank (ECB) turned more dovish at its June 2019 monetary policy, responding to the bloc's softer growth momentum. The ECB pushed back the timing of a rate hike and left interest rates at record-low levels: The refinancing rate sits at 0.00%; the marginal lending rate at 0.25%; and deposit facility rate at minus 0.40%.

Figure 4: Euro Area Projected GDP Growth (%) 2017-2020P



Source: IMF: World Economic Outlook, Jun., 2019.

According to the World Bank, growth in the Eurozone is expected to decline from 1.8% in 2018 to 1.2% in 2019 and to rise to an average of 1.4% in 2020-21.

Japan | Expected to grow at moderate rate

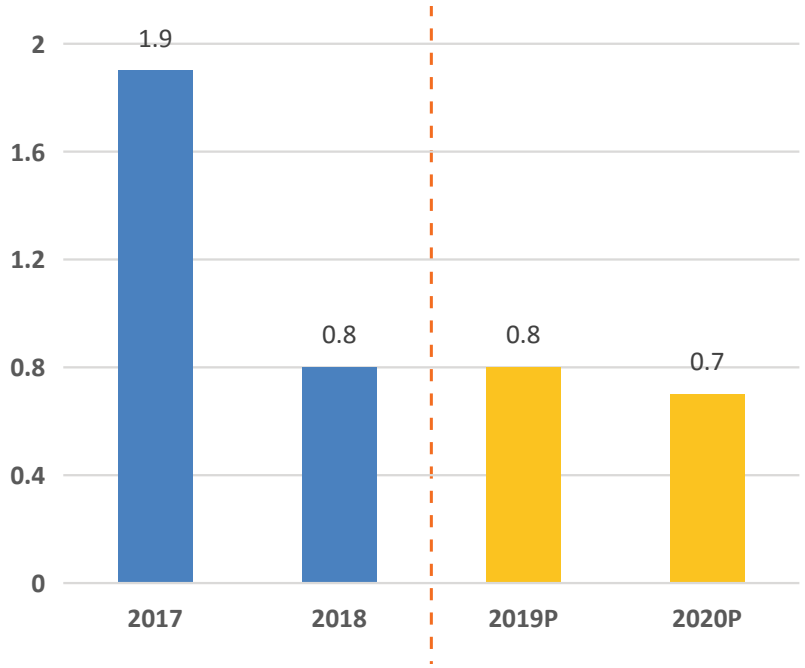
Economic growth grew early this year due to a sharp contraction in imports of goods and services. Activity also benefited from government support in the first half of 2019, as well as a rebound following natural disasters last year. Trade particularly exports to China has been especially weak. Nonetheless, unemployment is low, labor force participation continues to climb, and the services sector remains relatively healthy.

In Q2 2019, consumer confidence fell to its lowest point in over three years in April, which does not portend well for household spending going forward. Furthermore, weak global demand continued to weigh on exports in April, while rising trade tensions between China and the United States cloud the outlook for Japan's external sector as well as prospects for manufacturing activity. Meanwhile, Japan and the United States are also still striking out a deal in attempts to avert a trade war. Particularly, the U.S. is trying to gain greater access for its farm exports to Japan and using tariffs on Japanese car imports as a means to leverage pressure.

Japan and the United States are also still striking out a deal in attempts to avert a trade war.

Furthermore, at its April, 2019 meeting, Bank of Japan (BoJ) board members decided that it will keep the short- and long-term interest rates at the current low levels till at least 2020.

Figure 5: Japan Projected GDP Growth (%) 2017- 2020P



Source: IMF: World Economic Outlook, Jun., 2019.

Looking at the second half of 2019, weak global demand and rising trade protectionism is expected to weigh on economic growth this year. October's sales tax increase will likely have a negative impact on the economy towards the end of the year, most of the pain will be felt in 2020. Whether or not the U.S. will impose tariffs on Japan's all-important automotive industry is a key downside risk.

According to the World Bank, growth in 2019 is expected to be 0.8%, down from previous projections due to weaker than expected external demand. With the economy at close to full employment and potential output constrained by low labor force growth, capacity constraints will slow activity to a projected 0.7% in 2020 and 0.6% in 2021.

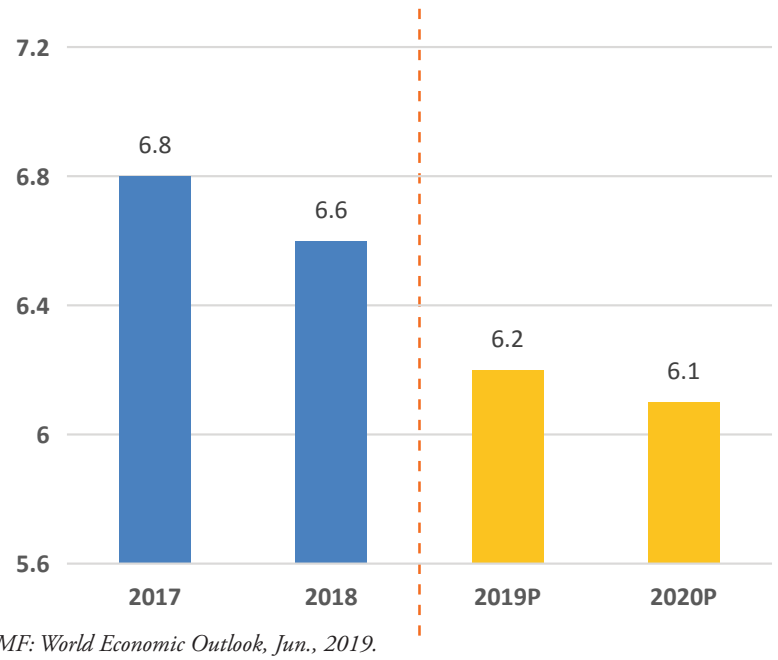
China | Growth expected to moderate gradually

The economy expanded strongly early this year, growing at 6.4% on an annual basis. All retail sales, investment, industrial production, and exports declined markedly in April, increasing the likelihood that authorities will unveil further stimulus measures in the coming weeks.

The economy expanded strongly early this year, growing at 6.4% on an annual basis.

Trade flows have been weak, however, weighed down by softness in manufacturing output, trade tensions with the United States, and low global growth. Trade tensions with the United States have flared in recent weeks, which will likely further erode activity. On 10 May, the U.S. hiked trade tariffs for USD 200 billion of Chinese imports to 25%, to which China retaliated by increasing tariffs on USD 60 billion of U.S. imports. With

Figure 6: China Growth Forecast (%) 2017-2020P



Source: IMF: World Economic Outlook, Jun., 2019.

Trump threatening to tax the remainder of Chinese imports in response, the conflict seems to continue.

Furthermore, recent activity has been supported by monetary and fiscal stimulus. Bank credit and bond issuance have picked up, but other non-bank lending has moderated due to regulatory tightening. Consumer price inflation has picked up but remains below target.

Economic growth is expected to decline this year due to weak global demand, domestic economic imbalances and financial deleveraging. Escalating trade tensions with the United States will add further downward pressure on growth. On the upside, authorities remain committed to easing fiscal and financial conditions in order to keep growth afloat.

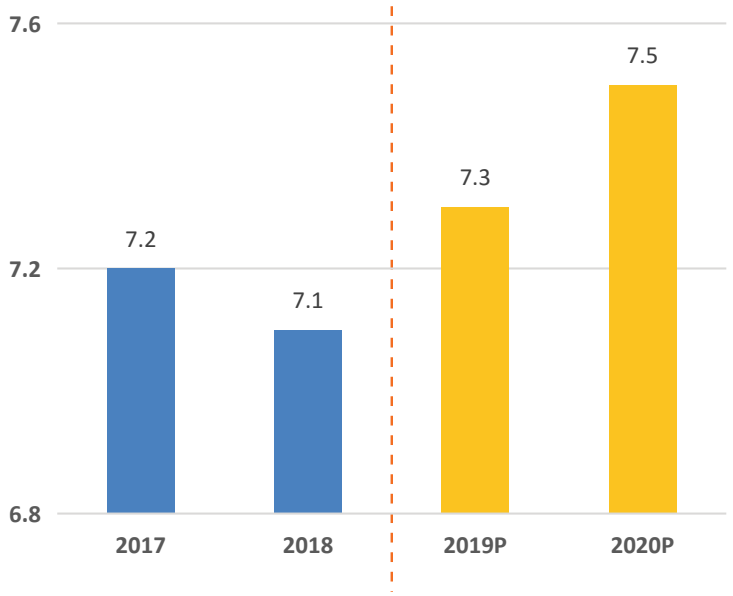
According to the World Bank, growth is expected to decline from 6.6% in 2018 to 6.2% in 2019, before slowing to 6.1% in 2020 primarily reflecting softening manufacturing activity and trade.

India growth remains solid due to improved confidence, slowing inflation, and still robust investment.

India | Growth expected to remain steady

India growth remains solid due to improved confidence, slowing inflation, and still robust investment. The ruling coalition government led by Prime Minister Modi's Bharatiya Janata Party will likely hold onto power over the next five years, according to exit polls released on 19 May. This indicates continuity in economic policy going forward, notably rising government spending with a focus on infrastructure and financial support for farmers.

Figure 7: India Growth Forecast (%) 2017-2020P



Source: IMF: World Economic Outlook, Jun., 2019.

Private-sector PMI data in April hinted at potentially quicker economic growth going forward despite easing to the lowest reading since September 2018, as businesses were optimistic that economic conditions would improve once the political dust settles. This comes after the private-sector PMI edged slightly lower, on average, in January–March 2019 compared to the prior quarter, and industrial production decreased in March for the first time in over one-and-a-half years.

Furthermore, the Reserve Bank of India's Monetary Policy Committee (MPC) cut all monetary policy rates by 0.25% points at its June, 2019 meeting, reducing the repo rate to 5.75%, the marginal standing facility to 6.00% and the reverse repurchase rate to 5.50%. The MPC also voted unanimously to change the official monetary policy stance from neutral to accommodative.

The economy should maintain momentum this fiscal year, which started in April, supported by robust government spending, looser monetary policy and greater political certainty following the elections. Weak public finances and rising global trade protectionism, however, weigh on prospects.

The economy should maintain momentum this fiscal year, which started in April.

According to the IMF, growth is expected to be 7.3% in 2019 and grow to 7.5% in 2020.

Sub-Saharan Africa | Growth to remain subdued

The recovery in Sub-Saharan Africa has disappointed, with weakening external demand, supply disruptions, and elevated policy uncertainty weighing on activity in major economies. Growth has remained subdued in 2019 in Angola, Nigeria, and South Africa, the three largest economies in Sub-Saharan Africa. Elevated global trade tensions, commodity-price volatility, adverse weather shocks and policy uncertainty represent key downside risks to the outlook.

In Nigeria, the expected recovery in the oil sector which is the main source of government revenue has been weaker than expected as policy uncertainty continues to constrain investment in new capacity. Weak domestic demand amid high unemployment and a challenging business environment has dampened growth in the non-oil sector.

In South Africa, continued policy uncertainty and rolling power blackouts have slowed economic activity in the first half of 2019; however, it is expected to strengthen due to easier external financing conditions and as the new administration's fast-tracking of long-delayed reforms gradually improves the business environment.

Angola is expected to emerge from three years of contraction, with the recent growth momentum in the non-oil sector partly reflecting reforms to bolster the business environment.

However, a faster than expected decline in production from decaying oil fields and lower production from marginal oil fields have led to significantly weaker-than-expected growth in 2019.

Moreover, Inflation in Sub-Saharan Africa rose to 8.6% in March (February: 8.3%). Price pressures are expected to ease going forward, in large part due to more stable exchange rates. A preliminary estimate for April indicates that inflation climbed to 9.0%.

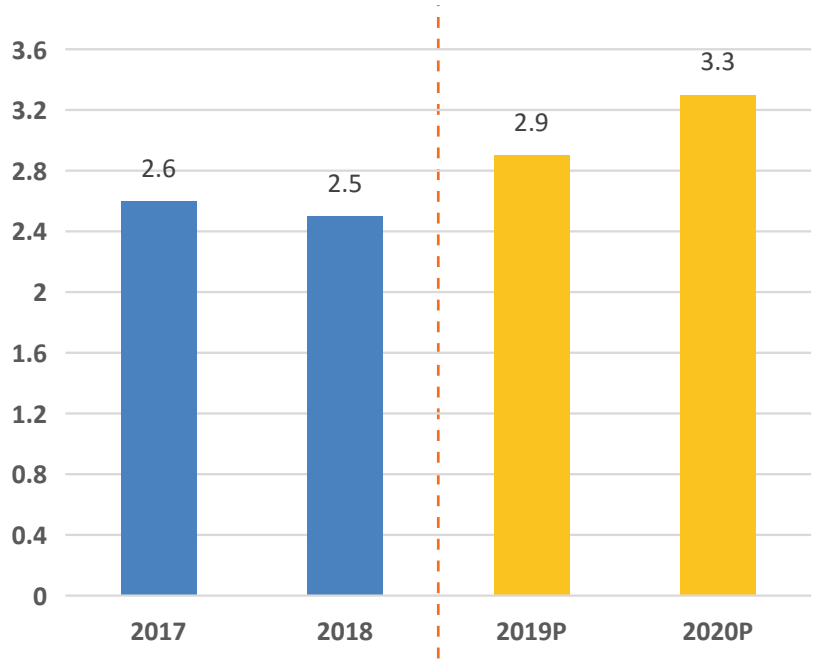
Nigeria at its May 2019 meeting, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) left the monetary policy rate and all other monetary policy parameters the same. The policy rate remains at 13.50%, while liquidity ratio is at 30.00% and the cash reserve ratio at 22.50%.

Currencies across the region weakened slightly against the U.S. dollar

South Africa, at its May 2019 meeting, the MPC of the South African Reserve Bank (SARB) kept the repurchase rate 6.75%. While Angola, at its meeting in May 2019, the MPC of the National Bank of Angola (BNA) cut its the key policy rate to 15.50% and left the coefficients of mandatory reserves in local currency at 17.0% and foreign currency at 15.0%.

Moreover, currencies across the region weakened slightly against the U.S. dollar over the past month as a stronger greenback—fueled by a slew of solid economic data and concerns over the state of the global economy put pressure on emerging-market currencies. Most of the region's currencies are expected to depreciate this year, albeit at a much milder rate than that suffered in 2018.

Figure 8: Sub-Saharan Africa Growth Forecast (%) 2015-2019P



Source: IMF: World Economic Outlook, Jun., 2019.

According IMF, growth in Sub-Saharan Africa is expected to pick up to 3.5% in 2019 and 3.7% in 2020 (from 3.0% in 2018). The projection is 0.3% point and 0.2% point lower for 2019 and 2020, respectively, as domestic demand gathers pace and oil production recovers in large exporting economies.

Crude Oil | Impact of escalating trade disputes on oil demand growth remains uncertain

Price

Crude oil prices recovered over the first half of 2019, averaging $64 per barrel (bbl), supported by production cuts among OPEC and its non-OPEC partners, as well as the United States' decision to terminate waivers for its sanctions on Iran.

The ongoing trade dispute between the two major crude oil consumers, the United States and China continue to suppress oil prices. Although, crude oil may still catch a bid in 2019 as the OPEC ensures that it keeps oil inventories under control.

The ongoing trade dispute between the two major crude oil consumers, the United States and China continue to suppress oil prices.

Supply

While production in the United States has continued to grow and the country maintained its position as the world's largest oil producer, OPEC and its partners cut production in their effort to steady the oil market. Venezuela's crude oil output dropped further to about 0.8 mb/d by mid-2019, from 1.4 mb/d in 2018.

Iranian production fell to its lowest levels since the Iran-Iraq war in the 1980s. Saudi Arabia contributed the most to the fall in supply, reducing output by 1 million barrels per day (mb/d) relative to late-2018 levels, while the Russian Federation has cut production by 0.2 mb/d

Demand

The International Energy Agency (IEA) and OPEC have cut their estimates for 2019 world oil demand growth in their latest monthly reports. IEA cut its demand growth estimate this month (June) for a second consecutive month, based on worsening prospects for world trade. It now projects global demand to grow 1.2 million B/D for the year.

According to IEA, reasons for slowing global oil consumption, includes a warm winter in Japan, a slowdown in the petrochemicals industry in Europe, fluctuating gasoline and diesel demand in the United States and the worsening trade outlook. OPEC opined that significant downside risks from escalating trade disputes spilling over to global demand growth will remain.

OPEC, Russia, and other producers is expected to meet in late June or early July 2019 to decide whether to extend the pact to agreement they implemented in January 2019 to cut output by 1.2 million B/D.

Projection

OPEC expect global demand to rise by 1.14 million B/D this year, 70,000 B/D less than previously expected because of escalating trade disputes.

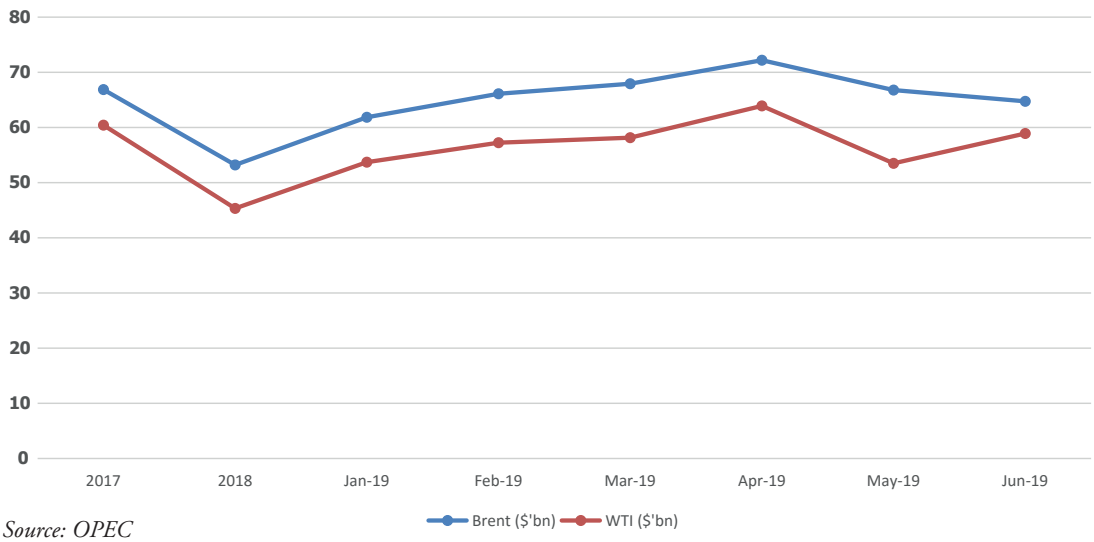
According to the US Energy Information Administration, the Iranian crude oil production and exports will decrease. However, crude oil supply from OPEC and other countries is expected to offset the lack of Iranian oil barrels. Oil production is expected to increase in the United Arab Emirates, Kuwait, Saudi Arabia and Russia.

OPEC expect global demand to rise by 1.14 million B/D this year.

IEA expect global oil demand growth to rise in the second half of 2019 to 1.6 million B/D and1.4 million B/D in 2020 due to OECD demand, petrochemicals expansion, robust consumption in the emerging and developing countries and governmental measures to moderate the economic slowdown. The major central banks have stopped or slowed interest rate increases, which is expected to boost demand in the second half of 2019 and 2020

According to IEA, Non-OPEC supply growth is expected to rise from 1.9 million B/D this year to 2.3 million B/D in 2020 due to supplies from the US, Brazil and Norway.

Figure 9: Oil Prices for Brent & WTI 2017- 2019



Source: OPEC

Key Global Risks

For 2019, the key sources of risk to the global growth are the outcome of trade negotiations and the direction financial conditions will take in upcoming months. If the difference between countries are resolved without further raising distortive trade barriers and the market sentiment recovers, then improved confidence and easier financial conditions could strengthen each other to lift growth above the baseline forecast. However, the balance of risks remains tilted to the downside, as in the October 2018 World Economic Outlook.

	RISK	DESCRIPTION	IMPACT
1	**Renewed trade tensions and policy uncertainty**	Trade relations between the United States and several of its major trading partners remain weak and could worsen further	Global trade, investment, and output remain under threat from policy uncertainty, as well as from other ongoing trade tensions Failure to resolve differences and a resulting increase in tariff barriers would lead to higher costs of imported intermediate and capital goods and higher final goods prices for consumers. In the long term, higher trade policy uncertainty and concerns over escalation and retaliation would lower business investment, disrupt supply chains, and slow productivity growth. The resulting depressed outlook for corporate profitability could dent financial market sentiment and further dampen growth
2	**Financial market sentiment**	Escalating trade tensions, together with concerns about Italian fiscal policy, worries regarding several emerging markets Toward the end of the year, US government shutdown contributed to equity price declines during the second half of 2018.	A range of catalysing events in key systemic economies could spark a broader deterioration in investor sentiment and a sudden, sharp repricing of assets amid elevated debt burdens. Global growth would likely fall short of the baseline projection if any such events were to materialize and trigger a generalized risk-off episode.
3	**A US-China trade conflict morphs into a full blown global trade war**	China and the US have started negotiations to resolve the current trade dispute, and the US government has decided to suspend further increases in tariffs on US$200bn-worth of Chinese goods. While this will avoid an escalation in tensions for now, a full-blown trade war between the US and China remains a significant risk to the global economy	Global trade could actually decline, with major knock-on effects for inflation, business sentiment, consumer sentiment and, ultimately, global economic growth.

4	**Broad-based emerging-markets crisis**	Many emerging markets suffered currency volatility in 2018, primarily as a result of US monetary tightening and the strengthening US dollar. Market sentiment remains fragile, and pressure on emerging markets as a group could re-emerge if market risk appetite deteriorates further than currently expected. In a few instances, a combination of factors, including external imbalances, political instability and poor policymaking, led to full-blown currency crises.	Capital outflows from emerging markets could become more indiscriminate and severe, forcing countries with external imbalances to make painful adjustments, with the most vulnerable falling deep into crisis. Emerging-market GDP growth would fall sharply as a result, weighing on the global economy.
5	**Leading to a proliferation of new tariffs and other trade barriers with broad-ranging consequences**	Fuelled by a prolonged period of ultra-low interest rates, corporate debt as a percentage of GDP has surged to just under 47%, higher than the previous peak during the global financial crisis in 2008-09. The quality of this debt has fallen, with over half of US corporate debt rated BBB—the lowest investment grade—and about 60% of loans were issued without maintenance covenants in 2018.	A downturn could lead to an increasing number of firms cutting investment and hiring, while also struggling to meet debt repayments, as their profits decline and as ratings agency downgrades lead investors to withdraw funding to corporates. A US recession would greatly exacerbate a global slowdown, with countries affected by declining US demand for goods and weakening investment.

Nigeria's Economic Outlook

Political Environment | Ruling party maintains balance of power

President Muhammadu Buhari of the All Progressive Congress (APC) won the 2019 presidential election and was sworn-in for the second term as Nigeria's President on May 29, 2019 in the Nigerian capital city, Abuja.

In his second term tenure, President Buhari set an agenda to achieve a faster growth for Nigeria by intensifying and consolidating on the implementation of the policies and programmes of the Economic Recovery and Growth Plan (ERGP). He also aims to improve security, fight corruption and revive and grow the economy. Another major agenda is the diversification of the economy from crude oil.

In May, the President signed a NGN 8.9 trillion 2019 budget into law to pay for severance packages to lawmakers and to tackle security threats across the country. The President also formed the board of the Revenue Mobilisation, Allocation and Fiscal Commission (RMAFC) to formulate policies and strategies to boost revenue collection for efficient allocation to the various tiers of government.

The outlook for the economy over the next 4 years is optimistic.

The outlook for the economy over the next 4 years is optimistic. It is expected that the administration will continue to invest in infrastructure, sustain its welfare scheme, reinforce the drive to substitute imports for local production, and retain its intervention programs across the Agriculture, Power and SMEs. It is expected the President will seek to ensure policy stability in the country.

Furthermore, a new beginning for Nigeria's two-tier Federal Legislature came to reality on June 11, 2019 as APC took firm grip of the houses. Senator Ahmed Lawan (APC) emerged as the Senate president and while Honorable Femi Gbajabiamila (APC) as the Speaker of the house of representatives of the 9th National Assembly. Ovie Omo-Agege (APC) was elected Deputy Senate president while Ahmad Idris Wase (APC) as Deputy Speaker of the House of Representatives.

With this balance of power in the hands of APC, it is expected that the legislature will give the executive room to act more quickly by working together in harmony and attending to their bill faster. It also removes any excuses for Buhari presidency not to deliver in the second term in office as compared to his last term where People Democratic Party (PDP) were in control of the leadership of the legislature.

Nigeria Economy | Growth remains subdued in 2019

The Nigerian economy shifts into lower gear at the start of 2019 but is seen gaining some grasp in Q2 2019. There was a slight pick-up of activity following a subdued performance in Q1 2019. According to the Nigeria Bureau of Statistics (NBS) GDP grew by 2.01% due to the weakening momentum in the non-oil sector of the economy and the significant contraction of the oil sector.

The manufacturing PMI declined from April's five-month high in May, the two-month average lies above that of Q1, signaling that business dynamics remain optimistic. Reassuringly, new orders from abroad quickened to a year-to-date high in May. Besides, bank lending to the private sector rose notably in April, which, coupled with slightly higher business confidence in May, portends well for overall activity in the quarter.

Industrial output growth declined in Q1 2019 due to weaker gains in manufacturing production compared to Q4 2018. Likewise, the services sector lost pace, with growth weighed on by slow activity in the information and communication, and trade industries. On the other hand, output in the agricultural sector picked up in Q1 2019, sustained by higher crop production.

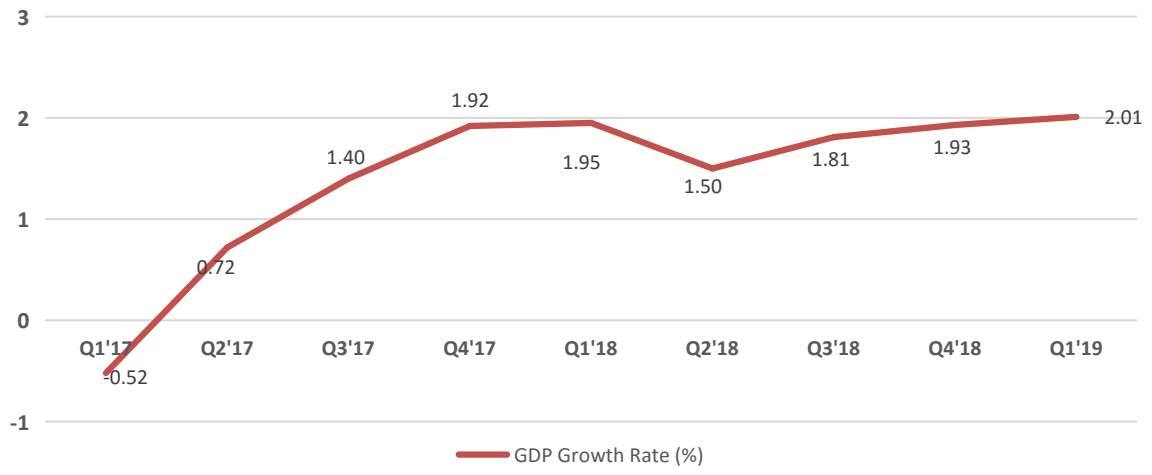
The key risks to the outlook are slow implementation of reforms, commodity-price volatility and potential disruptions to oil production.

The energy sector contracted quarter in Q1 2019. Activity in the oil sector declined by 2.4% compared to the same period last year (Q1 2018), after declining by 1.6% in Q4 2018, despite oil production which accounts for the major share of the overall mining and quarrying sector output that rose to a one-year high of 1.96 million barrels per day (mbpd) in Q1 (Q4: 1.91 mbpd). Growth in the non-oil sector of the economy declined in the Q1 to 2.5% from 2.7% in Q4 2019 (year-on-year), reflecting slower growth in both the industrial and services sectors

In the second half of the year, the ongoing recovery is expected to gather pace due to higher private consumption, which should be sustained by the minimum wage increase, and healthy investment activity amongst more accommodative monetary conditions and declining post-election uncertainty. However, the key risks to the outlook are slow implementation of reforms, commodity-price volatility and potential disruptions to oil production.

According to the World Bank, Nigerian economy is expected to grow by 2.1 % in 2019 (a weak pace) due to the continued constraints from foreign exchange restrictions, supply disruptions in the oil sector, and a lack of required reforms to spur new capacity. Growth is expected to remain largely stable in 2020, before growing to 2.4% in 2021.

Figure 10: GDP Growth Rate (%) 2017- 2019



Source: NBS, SAMTL RESEARCH

Inflation | Expected to be steady

According to the National Bureau of Statistics (NBS) annual inflation rose slightly by 11.40% (year-on-year) in May 2019 from 11.37% in April. This implies a percentage of 0.03% . This slight increase is due to the high food prices. Increases were recorded in all divisions that yielded the Headline index.

Increases were recorded in all divisions that yielded the Headline index.

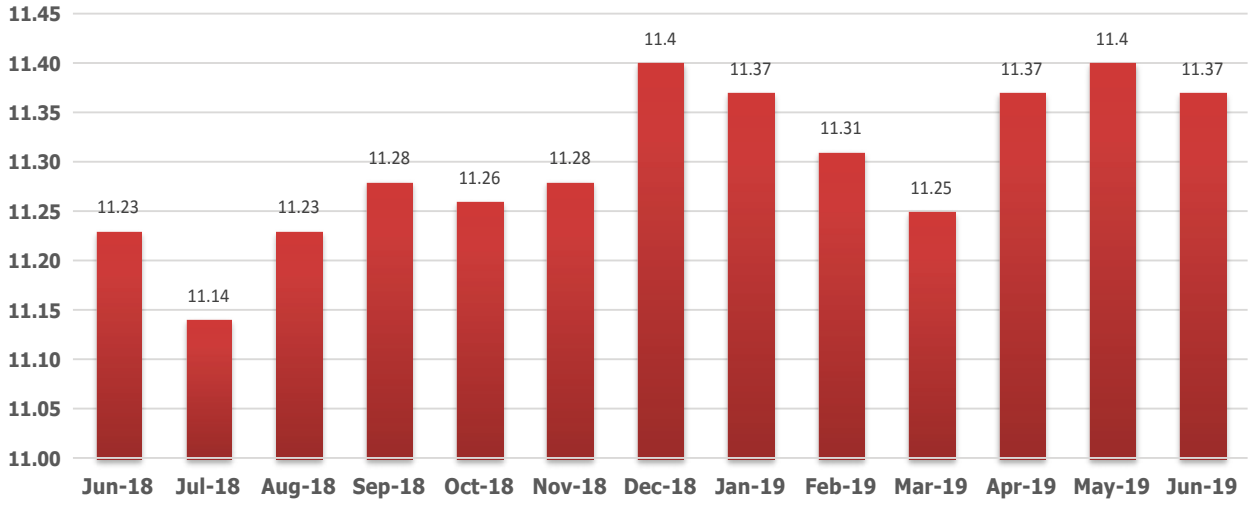
On month-on-month basis, the Headline index increased by 1.11 % in May 2019. This is 0.17% rate higher than the rate recorded in April 2019 (0.94%). The percentage change in the average composite CPI for the twelve months period ending May 2019, over the average of the CPI for the previous twelve months period was 11.30%, 0.01 % points from 11.31% recorded in April 2019.

According to NBS, Inflation is expected to average 11.7% in 2019, which is unchanged from last month's forecast. In 2020, inflation is seen averaging 11.3%.

Foreign Trade | Import expected to grow moderately while export to remain weak

Nigeria recorded some significant improvement in its foreign trade. Nigeria's trade balance remained in a surplus but moderated in Q1 2019 as imports expanded faster than exports. According to the NBS, total trade of Nigeria grew by 2.50% in Q1 2019 compared to Q4 2018, and 7.52% relative to the Q1 2018.

Figure 11: Inflation Rate (%) Jun 2018. - Jun. 2019



Source: NBS, SAMTL RESEARCH

Import is expected to grow moderatelydue to industrial and household demand while export to remain slow mainly due to weak crude oil prices.

Total imports grew by 3.39% in Q1 2019 compared to Q4 2018, and by 25.84% compared to Q1 2018. This was mainly driven by an expansion in the importation of capital goods and industrial supplies as there was a surprising decline in fuels and lubricants import. The major imports to Nigeria in Q1 2019 were machinery and transport equipment (40.66%), manufactured goods (22.72%) and chemical and related products (10.89 %). Other major imports were food and live animals (9.53%) and mineral fuel (9.35%). According to NBS, the larger percent of this imports are from China. China has overtook the United States of America in goods imported to Nigeria. Other major import partners are India and the Netherlands.

Furthermore, total exports in Q1 2019 grew by 1.78% compared to Q4 2018 but declined by 3.90% with respect to Q1 2018. This was mainly driven by growth of solid minerals and manufactured goods and the declined of agricultural, raw material, energy goods, crude oil and other oil products exports within the period. India, Spain, Netherlands, South Africa, France and ECOWAS members states were the major export trading partners within the period (NBS). It exported mainly mineral products (crude being the largest by 74.45% in Q1).

The outlook for foreign trade is mixed. Import is expected to grow moderately due to industrial and household demand while export to remain slow mainly due to weak crude oil prices.

Monetary Policy| Reappointment of CBN Governor maintains policy stability

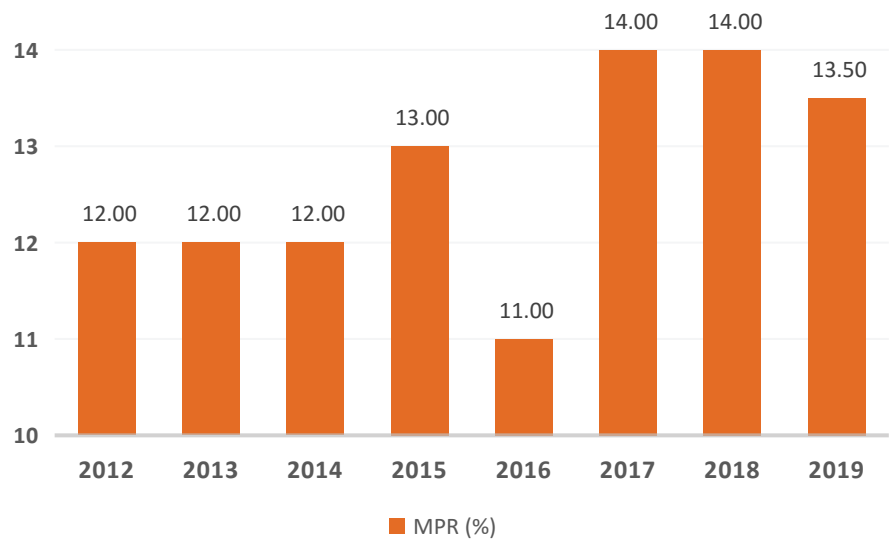
The Monetary Policy Committee (MPC) met in May 2019, in spite of uncertainties in the global financial, economic and political environments. All Eleven (11) members of the Committee were present. The MPC decided by a vote of 9 members out of 11, to hold all parameters of monetary policy constant. Two members voted, however, to reduce the monetary policy rate by 25 basis points. The MPC voted to retain the:

- MPR at 13.50%;
- Asymmetric corridor of +200/-500 basis points around the MPR;
- CRR at 22.5%; and
- Liquidity Ratio at 30%

The Central Bank's decision was driven by the persistence of elevated inflationary pressures. According to the Central Bank, an increased rate would negatively impact the weak state of the economy while a decreased rate would worsen price pressures. Furthermore, the Central Bank suggested that it would observe how growth dynamics evolve before making a decision on whether to amend its policy stance.

The MPC decided by a vote of 9 members out of 11, to hold all parameters of monetary policy constant.

Figure 12: Monetary Policy Rate (%) 2012 - 2019



Source: : CBN, SAMTL RESEARCH

The reappointment of CBN Governor Godwin Emefiele to a second five-year term, whose current mandate was to end in June 2019 has significantly reduced uncertainty over monetary and FX policy in the future. The CBN governor unfolded the policy direction of his new five years tenure, promising to facilitate access to financial services to 95% eligible Nigerians by 2024. The key agenda for his new tenure are to;

i.) Preserve domestic macroeconomic and financial stability

ii.) Foster the development of a robust payments system infrastructure that will increase access to finance for all Nigerians thereby raising the financial inclusion rate in the country

iii.) Continue to work with the Deposit Money Banks to improve access to credit for not only small holder farmers and MSMEs but also consumer credit and mortgage facilities for bank customers.

iv.) Bring down the cost of food item

v.) Anchor the public's inflation expectation at single digits in the medium to long run

The CBN also noted in the next five years, it intend to pursue a programme of recapitalising the banking Industry to position Nigerian banks among the top 500 in the world.

The money market revealed excess liquidity in the system.

Money and Fixed Market | Excess liquidity in the system mopped-up through Open Market Operations auctions

The money market revealed excess liquidity in the system due to matured CBN bills and fiscal injections were consistently mopped-up through Open Market Operations (OMO) auctions. As a result, major money market rates trended in cycle with the level of liquidity in the system.

According to CBN, the total value of money market assets outstanding in May 2019 was N12.49 billion, showing an increase of 0.9 %, compared with 4.1% increase in the preceding month. The development was attributed, largely, to the 16.0%, 2.9% and 1.2% increase in Bankers Acceptances, Commercial Paper and FGN Bonds outstanding, respectively.

The average money market rate rose by 3.46% to settle at 8.96% up from 5.50%. The increase in the average money market rate was due to the funding pressure resulting from the Wholesale, Invisible and SME FX auction. The Overnight rate (OVN) and Open Buy Back (OBB) rose to 9.21% and 8.71% from 5.71% and 5.29% respectively . The Major inflow in June were Open Market Operations (OMO) Maturity of cN75bn while major outflow were Wholesale, Invisible and SME FX auction of $210 mn.

Figure 13: Treasury Bills Rate June 2018 - May 2019.

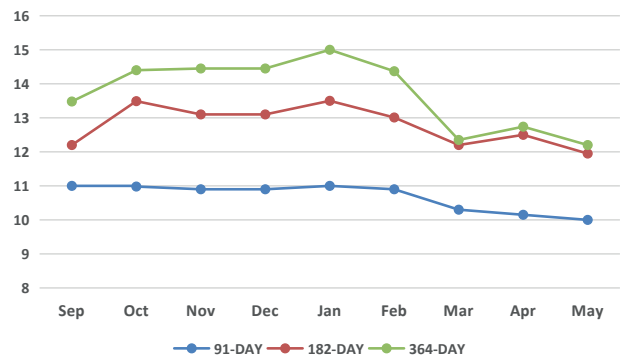
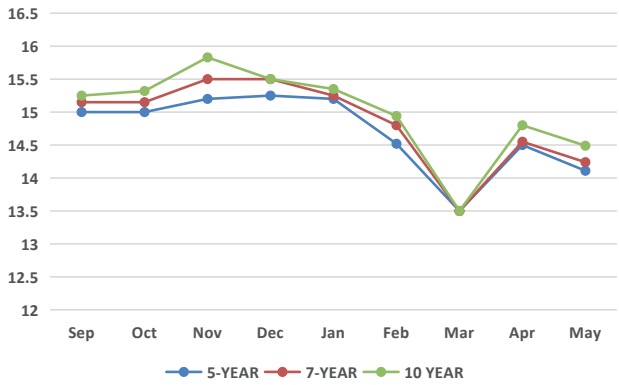


Figure 14: Bonds Yield June 2018 - May 2019.



Source: CBN

The Primary Market Auction for T-bills witnessed an oversubscription of 755% with appetite more for the longest tenured bill (364 days) as investors anticipated for high return. The stop rate fell across all tenors for 91 days fell by 40bps (9.60%), 182 days fell by 6bps (11.95%) while 364 days fell by 32bps (12.02%)

The CBN has continued to intervene in the foreign exchange market to further sustain the improved liquidity and relative stability in the market.

Foreign Exchange Market| Expected to remain stable

The CBN has continued to intervene in the foreign exchange market to further sustain the improved liquidity and relative stability in the market. A cumulative sum of US$2.04 billion was sold by the CBN to authorised dealers in May 2019 compared with US$2.43 billion supplied in previous month.

According to CBN, the average exchange rate of the naira to the US-dollar, at the inter-bank segment, was N306.95/US$, representing an appreciation of 0.003% and 0.4%, compared with the levels in April 2019 and April 2018, respectively. The average rate at the BDC segment, at N360.00/US$, depreciated by 0.3%, relative to April , but appreciated by 0.7%, relative to April 2018.

Foreign Reserve| Rising receipts expected to continue to grow foreign reserve

The external reserves rose to US$44.85 billion, at end May 2019, indicating an increase of 0.9% above the US$44.47 billion recorded at end-April 2019. The increase was mainly due to rising receipts from foreign exchange purchases, receipts from oil related taxes, receipts from joint venture companies and receipts from third parties.

According to CBN, a breakdown of the external reserves by ownership revealed that the share of Federation reserves was US$0.004 billion (0.01%), Federal Government reserves, US$7.37 billion (16.4%); and the CBN reserves, US$37.47 billion (83.6%) of the total.

FAAC| Increased income tax boosts revenue allocation

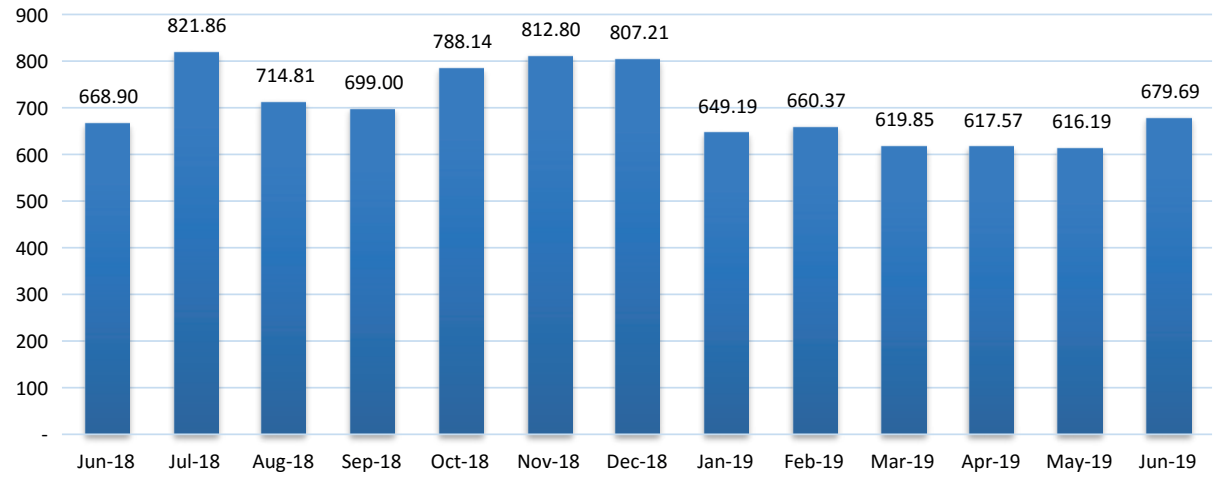
The Federation Account Allocation Committee (FAAC) disbursed a total of N679.699 billion for the month of May 2019 between the three tiers of government (Federal Government, State Governments and Local Government Councils). The Gross statutory revenue received is N571.731 billion which is higher than the N518.916 billion received in the previous month (April) by N52.815 billion.

The Revenues received from Oil Royalty and Companies Income Tax (CIT) rose significantly while Petroleum Profits Tax (PPT) decreased tremendously. Import Duty and Value Added Tax (VAT), only recorded marginal increases. The distributable Statutory Revenue for May 2019 is N571.731 billion. The total revenue distributable (including VAT and Exchange Gain Difference) is N679.699 billion.

From the Net Statutory Revenue, the Federal Government received N284.163 billion (52.68%), States received N187.605 billion (26.72%), Local Government Councils received N140.997 billion (20.60%) while the Oil Producing States received N40.436 billion (13%) derivation revenue. The Cost of Collection, Transfer and FIRS Refund summed up to N26.498 billion.

The Federation Account Allocation Committee (FAAC) disbursed a total of N679.699 billion for the month of May 2019 between the three tiers of government

Figure 15: FAAC (N'bn) Allocations Jun 2018. - June. 2019



Source: : CBN, SAMTL RESEARCH

Moreover, the gross revenue from the Value Added Tax (VAT) is N106.826 Billion compared to N96.485 Billion distributed in the previous month, resulting in an increase of N10.341 Billion.

Furthermore, from the breakdown of the distribution, the allocation the Federal Government received is N15.383 billion (15%), the States received N51.277 billion (50%) and the Local Government Councils received N35.894 billion (35%). The balance on Excess Crude Account is $63 Million.

Equities Market | MTNN and Airtel Africa listing expected to boost equities market in the second half

The activities on the Nigerian Stock Exchange (NSE) were optimistic in the month of May 2019, as the key market indicators (ASI and equities market capitalisation) trended upwards. The Nigerian Stock Exchange All Share Index (NSE ASI) rose by 6.55% from 29,159.74 to 31,069.37 points in May (CBN). At the end of June 2019, it declined to 29,966.87 points indicating a 4.66% fall in the first half.

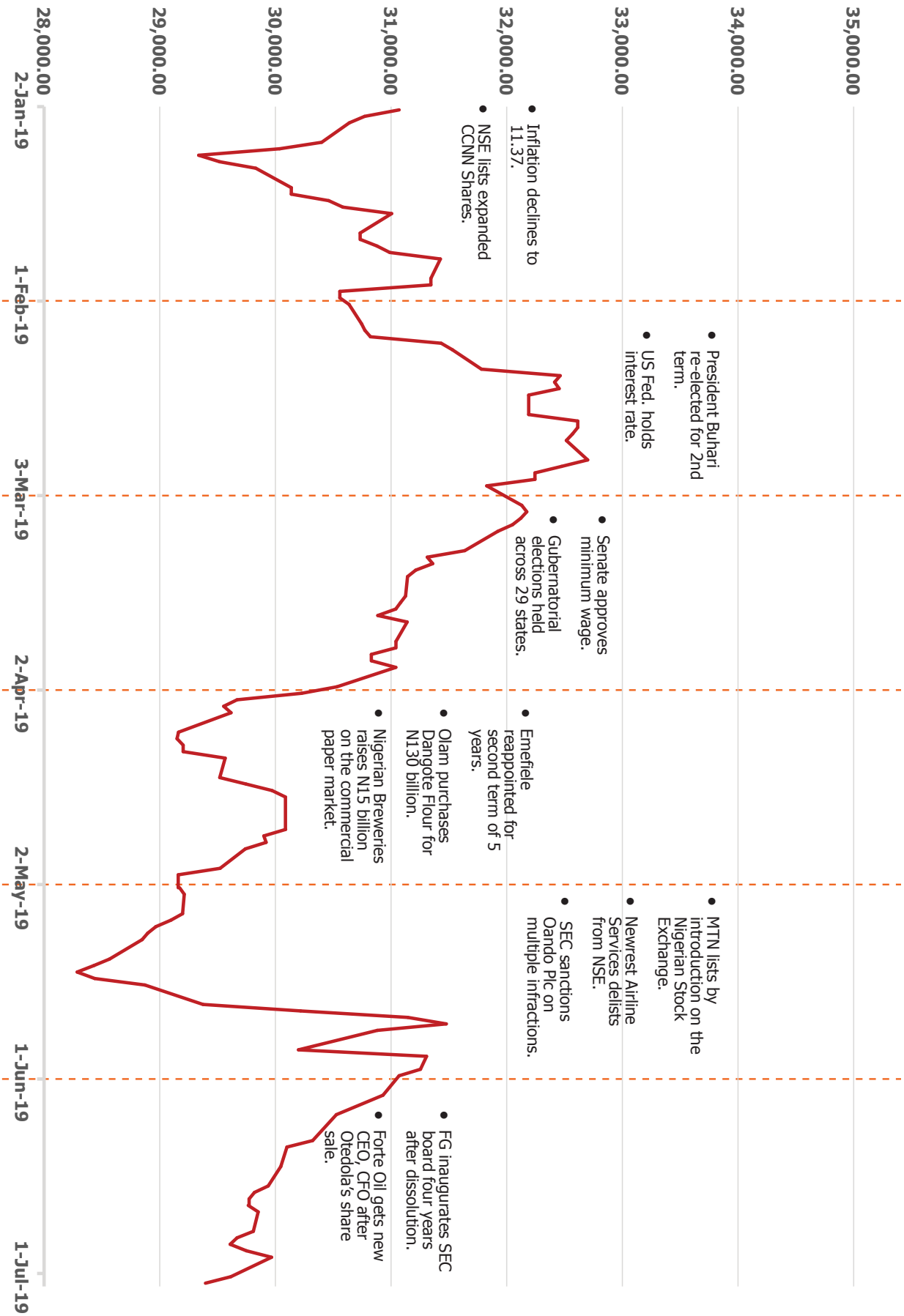
According to the CBN, the total market capitalisation rose by 12.9% to N24.5 trillion at end-May 2019, compared with N21.7 trillion recorded at end-April 2019. Likewise, market capitalisation for the equities sector rose by 24.5% to N13.68 trillion and constituted 55.9 % of the total market capitalisation, compared with N11.0 trillion and 50.7% at the end of the April. At the end of June 2019, it declined to N13.206 trillion from N13.68 trillion in May indicating 0.035% fall in total value of investors' assets in the first half.

MTN Nigeria (MTNN) listed its ordinary shares on the Premium Board of the Nigerian Stock Exchange (NSE) by Introduction.

At the end of the first half, performance across the major sectoral indices declined except for NSE Premium Board index which rose by 9.17%. On the other hand, Consumer Goods Index declined the most by 16.89%. Oil and Gas index followed with a decline of 16.21%, while NSE Industrial Goods index declined by 12.12 %. Likewise, NSE Lotus 11, NSE 30, Banking and Insurance indices declined by 12.03 %, 11.39 %, 8.04 % and 2.16 %, respectively. The performance is due to uncertainties in the economy, delayed passing of the 2019 budget, volatile political climate, insecurity and unrest and unsure government policy.

On the other hand, MTN Nigeria (MTNN) listed its ordinary shares on the Premium Board of the Nigerian Stock Exchange (NSE) by Introduction on May 16, 2019 and gained a whopping +20% in its first two days of trading session. It has a market capitalization worth of $6 billion, making her the second largest company on the Nigeria Stock exchange market after Dangote Cement which has a current value of more than $8.3 billion.

MTNN is the leading telecommunications company in Nigeria, the largest market in Africa. It became the first GSM network to make a call in Nigeria


35,000.00
34,000.00
33,000.00
32,000.00
31,000.00
30,000.00
29,000.00
28,000.00
2-Jan-19
1-Feb-19
3-Mar-19
2-Apr-19
2-May-19
1-Jun-19
1-Jul-19
• President Buhari re-elected for 2nd term.
• US Fed. holds interest rate.
• Inflation declines to 11.37.
• NSE lists expanded CCNN Shares.
• Senate approves minimum wage.
• Gubernatorial elections held across 29 states.
• Emefiele reappointed for second term of 5 years.
• Olam purchases Dangote Flour for N130 billion.
• Nigerian Breweries raises N15 billion on the commercial paper market.
• MTN lists by introduction on the Nigerian Stock Exchange.
• Newrest Airline Services delists from NSE.
• SEC sanctions Oando Plc on multiple infractions.
• FG inaugurates SEC board four years after dissolution.
• Forte Oil gets new CEO, CFO after Otedola's share sale.

in May 2001. The business is largely prepaid with a strong consistent revenue growth over the years. It is one of the few unique companies in Africa that has generated over 1 trillion naira in revenue (2018). It is the first trillion naira company on the NSE.

MTNN got listed on NSE at a price of N90 per share. This price is connected to MTNN's 2008 initial private placement. The company issued 43.02 million linked units at US$24.56 per linked unit. Similarly, on January 31 2019, the shareholders passed a resolution each ordinary shares in the company be subdivided into 50 shares at 2 Kobo per share from N1.00 per share in order to make the shares more affordable. The inferred valuation is N90 per share based on the last 180 days trading price of the OTC.

MTNN continued investment in network quality and fibre put her ahead of competitors to increase its data and value-added services. It has the strongest technology and network in the GSM industry with more that 25,800m on land fibre. MTNN is focus on growing its digital business and expanding its services to mobile financial services. It has recently created a subsidiary with the aim to provide mobile financial services to Nigerians. The dividend payment history and expectations are robust with a pay-out of 76.6% in 2018. The outlook for revenue growth is strong, driven by data offering and strong management team.

Likewise, Airtel Africa, a strong competitor of MTNN has announced the successful pricing of its initial public offer (IPO) at N363 per share on the Nigerian Stock Exchange on June 28, 2019. The telecom company estimated its market capitalisation at $3.9bn on completion of the offer.

MTNN and Airtel Africa listing is expected to boost the equities market in the second half of the year. The listing of Airtel may push the ASI index into positive

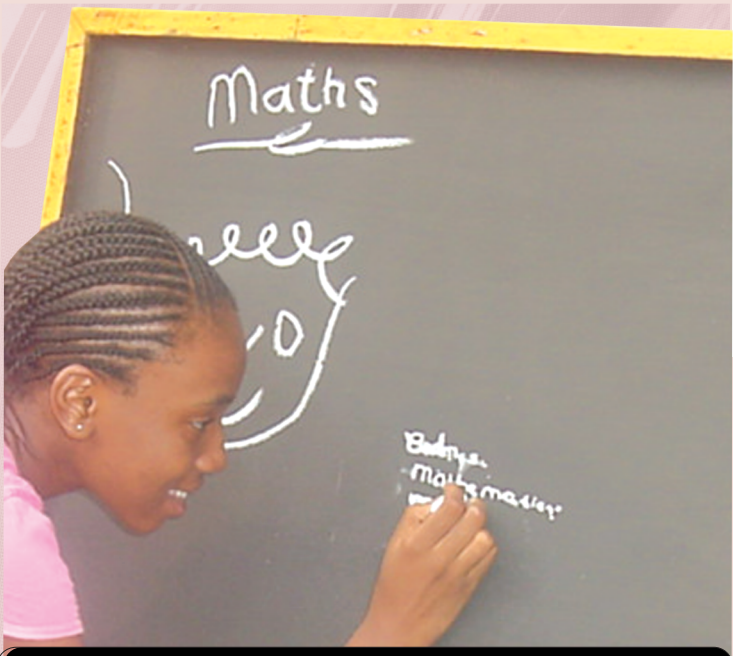
TRUSTEES

Sket

SAMTL KIDS EDUCATION TRUST

This product is designed to help you set aside funds on a gradual or lump sum basis for the education of your children. Such funds are invested on behalf of the named beneficiaries Tuition other incidentals are paid in line with your express instructions at the appropriate time. The residue upon the completion of the Education of the beneficiaries is disbursed in line with your express instruction as well. The product is backed up with Trust Deed.

It is a unique product in that it is documented in a Trust Deed in which your wishes towards your children are stated



If you secure your children's education, you have secured their future

FEATURES:

- Minimum start up contribution of N50,000
- Minimum monthly contribution of N10 000
- Attractive interest rates
- Minimum tenor of five years
- The trust survives your death in any event.
- The trust will be administered strictly in accordance with your wishes in any event and thereof incapable of being abused or mismanaged by relations or other personal representatives.
- Sket will be administered by SAMTL and managed with Professionalism, strict confidentiality and accountability.
- The first 20 account holders with the largest turn over will be given educational gift items yearly
- No management fee charge.
- Backed by Insurance cover.

SAMTL | GROUP

STERLING ASSET MANAGEMENT & TRUSTEES LTD.

HEAD OFFICE:
Plot 62, Adetokunbo Ademola Street,
Victoria Island, Lagos.
Tel: 01- 2707352, 01- 2771292-6

ABUJA:
Plot 17, Sheda Close,
700, Tafawa Balewa Close, Area 8,
Garki, Abuja.
Tel: 08116730947, 08092236770,
07035577560.

PORT HARCOURT:
59, Trans Amadi Industrial Layout,
Port Harcourt, Rivers-State
Tel: 08034948610, 08033295014.

An SMP production 08023140267, 08023140262.

Trustees

Private Trust

WHAT IS PRIVATE TRUST?

A trust for the benefit of certain private individuals, and not for the general public.

Definition of Private Trust (Black's Law's Dictionary)

Trust – "A relationship created at the direction of an individual, in which one or more persons hold the individual's property subject to certain duties to use and protect it for the benefit of others".

Individuals may control the distribution of their property at death or during their lifetime through trust. There are many types of trusts and different purposes for their creation. A trust may be created for a minor or surviving spouse, a charitable purpose or the financial benefit of the person creating the trust.

Though a variety of trusts are permitted by law, trust arrangements that attempts to evade creditors or lawful responsibilities will be declared void by the courts.

The law of trusts is generally concerned with whether a trust has been created, whether it is a public or private trust, whether it is legal, and whether the trustee has lawfully managed the trust and trust property.

Basic Concepts

The creator of trust is the settlor. The holder of the property for another's benefit is the trustee. The person who is benefited by the trust is the beneficiary, or cestui que trust. The property that comprises the trust is the trust res, corpus, principal, or subject matter. For example, a parent signs over certain stock to SAMTL to manage for a child, with instructions to give the dividend checks to him each year until he becomes 21 years of age, at which time he is to receive all the stock. The parent is the settlor, SAMTL is the trustee, the stock is the trust res, and the child is the beneficiary.

The trustee must act in good faith with strict honesty and due regard to protect and serve the interests of the beneficiaries. The trustee also has a fiduciary relationship with the beneficiaries of the trust.

A trustee takes legal title to the trust res, which means that the trustee's interest in the property appears to be one of complete ownership and possession, but without right to receive any benefits from the property. The right to benefit from the property, known as equitable title, belongs to the beneficiary.

The terms of the trust are the duties and powers of the trustee and the rights of the beneficiary conferred by the settlor when he created the trust.

State statutes and court decisions govern the law of trusts. The validity of a trust of real property is determined by the law of the state where the property is located, but courts consider a number of factors—such as the intention of the settlor, the state where the settlor lives, the state where the trustee lives, and the location of the trust property—when deciding which state has the greatest interest in regulating the trust property.

It is trite law that personal property can be held in a trust created orally. However, express trusts of real property, must be in writing to be enforced.

Private Trusts

An express trust is created when the settlor expresses an intention either orally or in writing to establish the trust and complies with the required formalities. An express trust is what people usually mean when they refer to a trust.

Every private trust consists of four distinct elements: an intention of the settlor to create the trust, a res or subject matter, a trustee, and a beneficiary. Unless these elements are present, a court cannot enforce an arrangement as a trust.

Intention The settlor must intend to impose enforceable duties on a trustee to deal with the property for the benefit of another. Intent can be demonstrated by words, conduct, or both. The settlor must intend to create a present trust as intention to create a trust in the future is legally ineffective.

Res or Subject Matter

An essential element of every trust is the trust property or res. Property must exist and be definite or definitely ascertainable at the time the trust is created and throughout its existence. Although stocks, bonds, and deeds are the most common types of trust property, any property interest that can be freely transferred by the settlor can be held in trust, including patents, copyrights, and trademarks. A mere expectancy—the anticipation of receiving a gift by will, cannot be held in trust for another because no property interest exists at that time. If the subject matter of a trust is totally destroyed, the trust ends.

Trustee Any person who has the legal capacity to take, hold, and administer property for her own use can take, hold, and administer property in trust. A corporation can act as a trustee. For example, a trust company (SAMTL) that has been named by a settlor to act as trustee in managing a trust. A partnership can serve as a trustee if state law permits. However, an unincorporated association, such as social club cannot serve as a trustee.

The failure of a settlor to name a trustee does not void a trust. The court can appoint a trustee to administer the trust and can order the person having legal title to the property to convey it to the appointed trustee.

In this instance, the Court appointed trustee cannot resign without the permission of the court unless the trust instrument so provides or unless all of the beneficiaries who are legally capable to do so consent to the

resignation. The court usually permits the trustee to resign if continuing to serve will be an unreasonable burden for the trustee and the resignation will not be greatly detrimental to the trust.

Beneficiary Every private trust must have a designated beneficiary or one so described that his identity can be learned when the trust is created.

Creation of Express Trusts

To create an express trust, the settlor must own or have power of Attorney over the property that is to become the trust property or must have the power to create such property. The settlor must be legally competent to create a trust. A trust cannot be created for an illegal purpose, such as to defraud creditors or to deprive a spouse of her rightful elective share.

Methods of Creation

A trust may be created by an express declaration of trust, a transfer in trust made either during a settlor's lifetime or under her will, an exercise of the power of appointment, a contractual arrangement, or statute. The method used for creating the trust depends on the relationship of the settlor to the property interest that is to constitute the trust property.

Duties of a Trustee

1) To administer the trust solely in the interest of the beneficiary (duty to be loyal)

2) Not to delegate to others the performance of acts that the trustee ought personally to perform

3) To administer the trust as long as he or she continues as a trustee

4) To keep clear and accurate accounts.

All trustees, regardless of the type of trust they administer, also have fiduciary responsibilities towards the beneficiaries of the trust, some of which are:

- Discharge duties according to fiduciary standards:

1.Exercise care, skill and diligence that a prudent person acting in a like capacity and familiar with such matters would use to conduct his or her own affairs

- Develop and document investment objectives for the management

of trust assets, including identifying goals, performance objectives, targeted asset allocation, types of investments permitted (and prohibited), liquidity standards, and roles and responsibilities of any appointed parties

- Manage any unique assets such as real estate or business interests
- Conduct a periodic review of all trust assets to determine whether they are being managed according to the terms

Generally, a trustee is directed to collect and distribute income and has the duty to invest the trust property in income-producing assets as soon as is reasonable. This duty of investment is controlled by the settlor's directions in the trust document, court orders, the consent of the beneficiaries, or statute.

To better appreciate the duties and functions of the trustee /corporate trustee it is imperative to highlight an issue in both the capital and money market where the services of the trustee is required,

Trust for Consortium or Syndicated Financing (Loan) - This comes up were no single bank or lender can provide a facility required by a borrower. The lenders through an inter lenders agreement would safeguard and protect their interest in the security offered to the lender through the establishment of a trust independent of both parties.

The trust instrument confers on the Trustees the rights, title and power jointly and severally in or over all the undertakings and assets of the borrower for the benefit of the lenders. This will be properly covered when we delve into Corporate Trusts.

Trust Offering By Samtl

There are various possibilities in the field of asset creation, wealth preservation through a trust relationship and SAMTL have several opportunities to provide wide range of trust services like Public, Charitable, Corporate and Private Trust.

Consequently under Private trust, SAMTL render the following services;

a) Children Education Trust

b) Probate Process (Wills documentation and letters of Administration)

c) Trusts Settlement (Living Trust Scheme)

d) Executorships and Administrator of Estate

e) Private Retirement Trust Plan

f) Endowment/Charitable Trust

g) Secret Trust

Basically, SAMTL renders tailor made Private Trust services to suit your needs and desires. However, some key trust products developed by SAMTL include SORT, SKET, SKIT, SHYTA amongst others.

SORT – This trust is directed to help an employee save up towards retirement. SORT, Samtl Optimal Retirement Trust is a type of trust that helps the settlor prepare for the rainy day bearing in mind that in addition to what he has earned as an employee, he also has a retirement trust account that will provide him additional support after retirement (separate from what he has earlier provided for himself).

SKET - This trust product is designed to help you set aside funds on a gradual or lump sum basis for the education of your children. Such funds are invested on behalf of the named beneficiaries (your children) for their tuition other incidentals which are paid in line with your express instructions at the appropriate time. The residue upon the completion of the education of the beneficiaries is disbursed in line with your express instruction as well. The product is backed up with trust deed.

SKIT - Laying a financial foundation for your children's future can take the weight off the mind. SKIT, Samtl Kids Investment Trust is designed to help set aside funds on a gradual basis to assist parents in building wealth for their children.

SHYTA – Samtl High Yield Investment Trust is a short term trust investment product designed for private individuals which matures/ lapses after one (1) year. Assets in this trust are to be managed on discretionary basis and upon maturity, i.e. when the trust lapses, the client/settlor has an option to renew upon maturity

Conclusion

So trusts are fantastic, right? Well yes they are but the disadvantage is clear in the title. The setting up of a trust involves the transfer of assets to trustees and you have to trust them.

One way or another you have got to trust somebody but it's a lot easier to get assets transferred while you are around to supervise and to oversee the work of your chosen trustee by setting up a living trust. You as a settlor know where the assets are and can sign them over to the trustees rather than leaving executors to try to find the assets.

Yes we are a Company duly incorporated in Nigeria and regulated by the Securities & Exchange Commission. We maintain that SAMTL is your best bet because integrity, customer focus, loyalty and prudence are our watch words and our clients go to bed with both eyes closed.

For more enquiry please call the Trustee Desk:

Tomi – 07037231064

Adetoun - 08060711787

Or you can contact us by sending a mail to info@samtlng.com or customercare@sterlingassetng.com to discuss and determine your needs and the appropriate trust structure for you and your estate.

Skit

SAMTL KIDS INVESTMENT TRUST

Skit up your kids for success

Laying a financial foundation for your children's future can take the weight off the mind. Skit is designed to help set aside funds on a gradual basis to assist parents in building wealth for their children

FEATURES:

- Minimum Start up contribution of N50,000
- Minimum monthly contribution of N10, 000
- The account will be strictly for investment in diversified portfolio
- Guarantee return of 13% per annum subject to money market conditions
- The account will be personalized in the name of the child
- The portfolio shall be transferred to the beneficiary at the maturity age of 18 years.
- Effective management of the dividend account/other portfolio on behalf of the child
- No management fee
- Backed by an insurance cover

RETURNS AT A GLANCE

Initial deposit ofN50,000 plus N10,000 monthly contribution for a period of 5, 10, & 25 years at a glance

TENOR	INTEREST RATE	CONTRIBUTION FOR THE TENOR	ACCRUED INTEREST FOR THE TENOR	TOTAL PRINCIPAL + INTEREST
5 Years	13%	N640,000	N283, 525.54	N923, 525.54
10 Years	13%	N1,240,000	N1,372,495.46	N2,612,495.46
20 Years	13%	N2,440,000	N9,554,017.69	N11,994,017.69

SAMTL GROUP

STERLING ASSET MANAGEMENT & TRUSTEES LTD.

HEAD OFFICE:
Plot 62, Adetokunbo Ademola Street,
Victoria Island, Lagos.
Tel: 01- 2707352, 01- 2771292-6

ABUJA:
Plot 17, Sheda Close,
700, Tafawa Balewa Close, Area 8,
Garki, Abuja.
Tel: 08116730947, 08092236770,
07035577560.

PORT HARCOURT:
59, Trans Amadi Industrial Layout,
Port Harcourt, Rivers-State
Tel: 08034948610, 08033295014.

An SMP production 08023140267, 08023140262.

COMPANIES ANALYSIS

STANBIC IBTC PLC.

Income from pension subsidiary to drive growth.

- Gross earnings of ₦58.7bn, representing 2% growth (March 2018: ₦57.4bn)
- Profit before tax of ₦23.5bn, declined by 12% (March 2018: ₦26.7bn) .
- Profit after tax of ₦19.2bn, declined by 17% (March 2018: ₦23.1bn).
- After-tax return on average equity (annualised) 30.5%.
- After-tax return on average assets (annualised) 4.7%.
- We forecast Gross Earnings to grow by 2.78% to ₦117bn in H1 2019 and PBT and PAT to decline by 7.32% and 11.10% to ₦47.0bn and ₦38.3bn respectively.

Drivers for growth

- Cost efficiency
- Improving risk asset quality
- Loan growth
- Growing low-cost deposits
- Client service and improving customer experience
- Digitization

Risks to growth

- Low-cost deposit growth
- Competitive asset pricing
- Regulatory interventions

MARKET DATA	
Price as at Jun 30, 2019 (₦)	40.25
51 Weeks High (₦)	53.25
52 Weeks Low (₦)	39.50
Market Cap. (₦'Bn)	412.18
Outstanding Shares (Bn)	10.24
30 Day Avg Volume	588,159
Fair Value	32.24

VALUATION	
EPS (₦)	6.67
PE (x)	6.03
P/BV (x)	1.5969
Dividend FY 2018 (₦)	1.5
Dividend Yield FY 2018 (%)	3.73

RATIO(%)	2017	2018	2019F
RoAA	5.20	4.47	5.83
RoAE	30.00	30.90	39.82
NIM	10.40	9.20	20.26
Loan to Deposit Ratio	67.50	53.50	49.77
PAT/Gross Earnings	22.77	33.48	45.10

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Gross Earnings	117,386.00	114,207.00	2.78
Interest Income	62,284.00	59,924.00	3.94
Interest Expense	(21,914.00)	(19,755.00)	10.93
PBT	47,018.00	50,730.00	(7.32)
PAT	38,300.00	43,084.00	(11.10)
Total Asset	1,737,398.30	1,372,723.00	26.57
Shareholders Fund	289,353.90	210,466.00	37.48

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Gross Earnings	140,027.00	156,425.00	212,434.00	222,360.00	234,772.00
Interest Income	82,686.00	87,467.00	122,911.00	118,382.00	124,568.00
Interest Expense	(38,826.00)	(29,608.00)	(39,324.00)	(40,173.00)	(43,828.00)
Net interest income	43,860.00	57,859.00	83,587.00	78,209.00	80,740.00
Operating expenses	-62,066	(69,041.00)	(86,026.00)	(95,601.00)	(100,284.00)
Profit Before Tax	23,651.00	37,209.00	61,166.00	88,152.00	94,036.00
Profit after tax	18,891.00	28,520.00	48,381.00	74,440.00	76,600.00
Total Asset	937,564.00	1,053,523.00	1,386,416.00	1,663,661.00	1,952,948.53
Loans and Advances	353,513.00	352,965.00	381,711.00	441,261.00	455,802.91
Customer Deposit	493,513.00	560,969.00	753,642.00	807,692.00	926,864.86
Shareholders' Fund	128,967.00	140,798.00	185,218.00	239,667.00	289,934.13

Source: Company report

ZENITH BANK PLC.

Focus on cost efficiency to yield tangible benefits.

- Zenith Bank is one of the biggest and most profitable banks in Nigeria with a shareholder base of over one million, an indication of the strength of the bank brand.
- In Q1 2019, Gross earnings declined by 6.5% to ₦158.11bn from ₦169.19 recorded in Q1 2018.
- PBT grew by 6.1% to ₦57.29bn.
- PAT grew by 6.7% to ₦50.23bn.
- Net Assets grew by 6.2% to ₦780.89bn.
- We forecast Gross Earnings to decline by 1.86% to ₦316bn, PBT to grow by 6.73% and PAT by 22.92% to ₦114.6 bn and ₦100bn respectively in H1 2019.

Drivers for growth

- Focus on cost efficiency
- Focus on risk centric approach
- Expansion into retail market

Risks to growth

- Expansion into retail market may lead to loan quality issues

MARKET DATA	
Price as at Jun 30, 2019 (₦)	19.80
51 Weeks High (₦)	26.85
52 Weeks Low (₦)	18.70
Market Cap. (₦'Bn)	621.65
Outstanding Shares (Bn)	31.40
30 Day Avg Volume	47,799,360
Fair Value	34.04

VALUATION	
EPS (₦)	5.95
PE (x)	3.33
P/BV (x)	0.7976
Dividend FY 2018 (₦)	2.5
Dividend Yield FY 2018 (%)	14.14

RATIO(%)	2017	2018	2019F
RoAA	21.65	23.71	22.16
RoAE	3.18	3.25	2.95
NIM	11.22	14.66	15.07
Liquidity	67.65	54.64	55.18
Loan to Deposit Ratio	68.00	55.00	55.00
PAT/Gross Earnings	23.87	30.69	31.77

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Gross Earnings	316,222.00	322,201.00	(1.86)
Interest Income	244,960.00	228,670.00	7.12
Interest Expense	(72,686.00)	(74,709.00)	(2.71)
PBT	114,586.00	107,358.00	6.73
PAT	100,468.00	81,737.00	22.92
Total Asset	6,372,609.70	5,256,460.00	21.23
Shareholders Fund	864,696.06	718,073.00	20.42

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Gross Earnings	432,535.00	507,997.00	745,200.00	630,344.00	632,444.00
Interest Income	348,179.00	384,557.00	474,628.00	440,052.00	489,920.00
Interest Expense	(123,597.00)	(144,378.00)	(216,637.00)	(144,458.00)	(145,372.00)
Net interest income	224,582.00	240,179.00	258,000.00	295,594.00	344,548.00
Operating expenses	(89,928.00)	(94,365.00)	(148,346.00)	(225,500.00)	(237,616.00)
Profit Before Tax	125,616.00	156,748.00	203,500.00	231,685.00	229,172.00
Profit after tax	105,663.00	129,652.00	177,900.00	193,424.00	200,936.00
Total Asset	4,006,842.00	4,739,825.00	5,600,000.00	5,955,710.00	6,820,039.59
Loans and Advances	1,989,313.00	2,289,365.00	2,300,000.00	2,016,520.00	2,286,208.50
Customer Deposit	2,557,884.00	2,983,621.00	3,400,000.00	3,690,295.00	4,143,378.26
Shareholders' Fund	594,353.00	704,465.00	821,700.00	815,751.00	906,571.72

UBA PLC.

Positive earnings, significant asset growth driven by market share.

- United Bank for Africa Plc. is one of Nigeria's top banks with strong presence across other African countries.
- In Q1 2019, Gross earnings grew by 10.3% to ₦131.67bn from ₦119.37 in Q1 2018.
- Profit before tax grew from ₦26.5bn to ₦30.1bn. This amounts to a 13.5% growth year on year.
- Profit after tax grew from ₦23.7bn to ₦28.6. This amounts to a 20.6% growth from the comparative period of 2018.
- In H1 2019, We forecast Gross Earnings to grow by 2.07% to ₦263.3bn, similarly PBT and PAT to grow by 3.74% and 30.91% to ₦60bn and ₦57bn respectively.

Drivers for growth

- Full scale exposure to key sectors of the African economy
- Well diversified asset book
- focus on retail mobilisation
- enhanced customer service

Risks to growth

- Lower foreign exchange income

MARKET DATA	
Price as at Jun 30, 2019 (₦)	6.20
51 Weeks High (₦)	10.50
52 Weeks Low (₦)	5.60
Market Cap. (₦'Bn)	212.04
Outstanding Shares (Bn)	34.20
30 Day Avg Volume	19,903,270
Fair Value	8.58

VALUATION	
EPS (₦)	2.35
PE (x)	2.63
P/BV (x)	0.4065
Dividend FY 2018 (₦)	0.65
Dividend Yield FY 2018 (%)	13.6

RATIO(%)	2017	2018	2019F
RoAA	1.93	1.61	2.04
RoAE	14.84	16.13	14.84
NIM	12.58	11.99	11.88
Loan to Deposit Ratio	60.37	51.22	53.93
PAT/Gross Earnings	17.67	16.87	21.77

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Gross Earnings	263,340.00	258,000.00	2.07
Interest Income	197,122.00	187,294.00	5.25
Interest Expense	(80,972.00)	(76,218.00)	6.24
PBT	60,314.00	58,140.00	3.74
PAT	57,330.00	43,792.00	30.91
Total Asset	5,210,619.66	4,267,653.00	22.10
Shareholders Fund	552,868.80	496,252.00	11.41

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Gross Earnings	314,830.00	383,647.00	444,800.00	465,900.00	526,680.00
Interest Income	233,969.00	263,970.00	325,650.00	362,922.00	394,244.00
Interest Expense	(96,030.00)	(98,770.00)	(118,030.00)	(157,276.00)	(161,944.00)
Net interest income	137,939.00	165,200.00	207,630.00	205,646.00	232,300.00
Operating expenses	(136,640.00)	(152,501.00)	(188,610.00)	(114,383.00)	(207,776.00)
Profit Before Tax	68,454.00	90,642.00	105,260.00	106,766.00	120,628.00
Profit after tax	59,654.00	72,264.00	78,590.00	78,607.00	114,660.00
Total Asset	2,752,622.00	3,504,470.00	4,069,474.00	4,869,738.00	5,633,569.86
Loans and Advances	1,036,637.00	1,528,084.00	1,650,000.00	1,715,285.00	1,955,668.37
Customer Deposit	2,081,704.00	2,594,690.00	2,733,000.00	3,349,120.00	3,626,035.04
Shareholders' Fund	332,621.00	448,069.00	529,434.00	502,608.00	598,637.45

Source: Company report

GTBANK PLC.

Growth across key financial indices driven by Focus on customer relationships and digital first strategy.

- The Bank in Q1 2019 recorded positive performance across all financial metrics with gross earnings for the period growing by 1.2% to ₦110.3bn from ₦109.0bn posted in Q12018.
- Profit before tax grew to ₦57.0bn from ₦52.6bn recorded in the corresponding period of Q1 2018, representing a growth of 8.3%.
- Customers' deposits also grew by 6.0% to ₦2.410trn in Q1 2019 from ₦2.274 trn in December 2018, whilst the Bank's Loan book grew by 1.6% from ₦1.262trn as at December 2018 to ₦1.282trn in Q1 2019.
- Balance sheet remained strong with the Bank closing the quarter ended March 31, 2019 with Total Assets of ₦3.556trn and Shareholders' Funds of ₦627.2Bn.
- In H1 2019, we forecast gross earnings to decline by 2.65% to ₦22.6bn. PBT and PAT to grow by 3.95% and 3.16% to ₦113.8bn, ₦98.6bn respectively.

Drivers for growth

- Effective Cost Management
- Focus on customer relationship
- Digital-first strategy

Risk to growth

- Expansion into retail market may lead to loan quality issues.

MARKET DATA	
Price as at Jun 30, 2019 (₦)	32.90
51 Weeks High (₦)	42.00
52 Weeks Low (₦)	30.30
Market Cap. (₦'Bn)	968.29
Outstanding Shares (Bn)	29.43
30 Day Avg Volume	30,492,280
Fair Value	32.11

VALUATION	
EPS (₦)	6.7
PE (x)	4.91
P/BV (x)	1.5765
Dividend FY 2018 (₦)	2.45
Dividend Yield FY 2018 (%)	8.99

RATIO(%)	2017	2018	2019F
ROAE	30.20	32.08	29.16
ROAA	5.27	5.62	5.34
NIM	10.42	18.00	18.00
Loan to Deposit Ratio	67.49	17.63	17.62
PAT/Gross Earnings	40.66	42.48	44.70

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Gross Earnings	220,600.00	226,600.00	(2.65)
Interest Income	145,832.00	161,881.00	(9.91)
Interest Expense	(32,534.00)	(43,951.00)	(25.98)
PBT	113,970.00	109,634.00	3.95
PAT	98,606.00	95,582.00	3.16
Total Asset	3,974,735.52	3,548,871.00	12.00
Shareholders Fund	581,585.94	497,082.00	17.00

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Gross Earnings	301,851.00	414,616.00	419,226.00	434,699.00	441,200.00
Interest Income	229,237.00	262,494.01	327,333.00	306,963.00	291,664.00
Interest Expense	(69,290.00)	(67,093.92)	(80,670.00)	(84,530.00)	(65,068.00)
Net interest income	159,947.00	195,400.18	246,663.00	222,433.00	232,868.00
Operating expenses	(54,937.15)	(67,560.58)	(123,300.00)	(127,128.00)	(143,512.00)
Profit Before Tax	120,695.00	165,136.00	200,242.00	215,587.00	227,940.00
Profit after tax	99,437.00	132,281.00	170,470.00	184,640.00	197,212.00
Total Asset	2,524,594.00	3,116,393.00	3,351,097.00	3,287,343.00	3,696,082.74
Loans and Advances	1,371,926.00	1,589,430.00	1,449,283.00	1,261,965.00	1,321,290.05
Customer Deposit	1,610,350.00	1,986,246.00	2,062,000.00	2,273,903.00	2,461,584.51
Shareholders' Fund	413,562.00	504,903.00	625,168.00	575,567.00	676,296.54

STERLING BANK PLC.

Sustained growth in non-interest revenue to contribute to earnings momentum.

- Sterling Bank is a full service commercial bank with a recognition of its excellent risk management practices.
- Gross earnings declined by -8.2% to ₦36.49bn from ₦39.76bn in the previous quarter.
- PBT grew by 3.1% to ₦3.27bn, while PAT grew by 4.5% to ₦3.24bn.
- Net Assets also grew by 15% to ₦108.02bn from ₦97.80bn as at 31st December 2018.
- In H1 2019, we project Gross Earnings to decline by 6.00% to ₦73bn, PBT and PAT by 2.88% and 4.28% to N6.5bn and N6.4 respectively.

Drivers for growth

- Effective delivery of financial services.
- Focus on customer relationship through mobile banking.
- Focus on expansion into retail and customer market.
- Focus on digital lending strategy.
- Strong leadership.

Risks to growth

- Expansion into retail may lead to loan quality issues.

MARKET DATA	
Price as at Jun 30, 2019 (₦)	2.20
51 Weeks High (₦)	2.74
52 Weeks Low (₦)	1.23
Market Cap. (₦'Bn)	63.34
Outstanding Shares (Bn)	28.79
30 Day Avg Volume	8,296,748
Fair Value	1.12

VALUATION	
EPS (₦)	0.32
PE(x)	6.78
P/BV(x)	0.5863
Dividend FY2018 (₦)	-
Dividend Yield FY2018 (%)	-

RATIO(%)	2017	2018	2019F
ROAE	8.28	9.43	12.32
ROAA	0.79	0.84	370.71
NIM	8.39	8.90	52.57
Loan to Deposit Ratio	85.94	81.65	364.98
PAT/Gross Earnings	6.38	6.06	(990.78)

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Gross Earnings	72,982.00	77,637.00	(6.00)
Interest Income	61,582.00	62,589.00	(1.61)
Interest Expense	(31,724.00)	(37,042.00)	(14.36)
PBT	6,546.00	6,363.00	2.88
PAT	6,480.00	6,214.00	4.28
Total Asset	1,158,067.05	1,039,075.00	11.45
Shareholders Fund	125,142.00	104,285.00	20.00

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Gross Earnings	110,193.84	111,439.83	133,490.00	152,200.00	145,964.00
Interest Income	80,908.71	99,103.75	110,318.00	125,163.00	123,164.00
Interest Expense	(41,367.02)	(43,114.61)	(60,137.00)	(69,882.00)	(63,448.00)
Net interest income	39,541.68	55,989.14	50,180.00	55,281.00	59,716.00
Operating expenses	(49,659.17)	(50,611.38)	(52,479.00)	(66,950.00)	(66,052.00)
Profit Before Tax	11,016.30	5,999.88	8,606.00	9,489.00	13,092.00
Profit after tax	10,292.58	5,162.37	8,521.00	9,218.00	12,960.00
Total Asset	799,451.42	834,189.95	1,072,201.00	1,102,921.00	1,223,696.65
Loans and Advances	338,726.27	468,249.87	598,073.00	621,017.00	715,784.68
Customer Deposit	590,889.22	608,502.46	695,882.00	760,608.00	792,409.26
Shareholders' Fund	10,292.58	85,660.02	102,937.00	97,800.00	105,222.44

Source: Company report

ACCESS BANK PLC.

Leveraging Diversity and Scale.

- Access Bank is one of Nigeria's foremost financial institutions.
- Gross Earnings rose 16% to ₦160.1bn in Q1 2019, (Q1 2018: ₦137.5bn), with interest and noninterest income contributing 69% and 31% respectively.
- Interest Income grew by 16% y/y to ₦110.8bn in Q1 2019 from ₦95.6bn in Q1 2018. Non-Interest Income grew to ₦49.3bn in Q1 2019 (18% y/y) from ₦41.9bn in Q1 2018.
- Profit before Tax (PBT) for the period was ₦45.1bn (+66%; Q1 2018 ₦27.2bn) while Profit after Tax (PAT) grew by 88% to ₦41.1bn from ₦21.9bn in Q1 2018.
- Return on Average Equity (ROAE) stood at 30.9% with a Return on Asset (ROA) of 2.9% in quarter.

Drivers for growth

- Enhanced balance sheet as a result of synergies derived from the merged entity.
- Recovering Nigerian economy as the higher QoQ growth rate of 2.38% in Q1 2019 shows.
- Diversified business offerings.
- Enhanced financial capacity.

Risks to growth

- Liabilities risks from merger.
- Competitive environment

MARKET DATA	
Price as at Jun 30, 2019 (₦)	6.50
51 Weeks High (₦)	10.50
52 Weeks Low (₦)	5.20
Market Cap. (₦'Bn)	231.04
Outstanding Shares (Bn)	35.55
30 Day Avg Volume	19,652,520
Fair Value	14.00

VALUATION	
EPS (₦)	3.93
PE(x)	1.65
P/BV(x)	0.4003
Dividend FY2018 (₦)	0.25
Dividend Yield FY2018 (%)	7.52

RATIO(%)	2017	2018	2019F
Gross Earnings	320,246.00	253,024.00	26.57
Interest Income	221,554.00	186,686.00	18.68
Interest Expense	(107,876.00)	(101,390.00)	6.40
PBT	90,202.00	45,843.00	96.76
PAT	82,294.00	39,625.00	107.68
Total Asset	4,100,000.00	4,371,000.00	(6.20)
Shareholders Fund	600,000.00	460,000.00	30.43

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Gross Earnings	320,246.00	253,024.00	26.57
Interest Income	221,554.00	186,686.00	18.68
Interest Expense	(107,876.00)	(101,390.00)	(6.40)
PBT	90,202.00	45,843.00	96.76
PAT	82,294.00	39,625.00	107.68
Total Asset	4,100,000.00	4,371,000.00	(6.20)
Shareholders Fund	600,000.00	460,000.00	30.43

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Gross Earnings	337,404.12	381,320.78	459,076.00	528,745.00	640,492.00
Interest Income	207,802.77	247,286.64	319,854.00	380,914.00	443,108.00
Interest Expense	(102,421.12)	(108,138.88)	(158,551.00)	(207,336.00)	(215,752.00)
Net interest income	105,381.65	139,147.76	163,452.00	173,578.00	227,352.00
Operating expenses	(148,142.24)	(160,312.94)	(188,057.00)	(116,150.00)	(220,592.00)
Profit Before Tax	75,038.12	90,339.46	80,072.00	103,188.00	180,404.00
Profit after tax	65,868.77	71,439.35	61,990.85	94,981.00	164,588.00
Total Asset	2,591,330.15	3,483,865.56	4,102,000.00	4,954,157.00	7,070,056.40
Loans and Advances	1,408,563.00	1,854,662.17	2,064,000.00	1,993,606.00	2,312,582.96
Customer Deposit	1,683,244.32	2,089,197.29	2,245,000.00	2,564,908.00	4,508,346.15
Shareholders' Fund	367,801.47	454,494.58	469,491.10	490,511.00	668,705.20

Source: Company report

MTN NIGERIA PLC.

Strongly positioned for growth in Nigeria.

- MTN reported in Q1 2019 a Gross earning of ₦282b, which rose by 13.3% from the previous quarter.
- PBT and PAT surged, up 44.1% and 50.4% to settle at ₦70.1bn and ₦48.4bn respectively despite the uptick recorded in finance cost (up 53.8% to ₦23.8bn).
- MTN has historically aimed to maximize dividends. In the medium term, MTN targets a dividend payout ratio of at least 80% of its distributable net income subject to board discretion.
- In H1 2019, we forecast gross earnings, PBT and PAT to grow by 11.57%, 29.38%, and 32% to ₦564bn, ₦140bn and ₦96bn respectively.

Drivers for Growth

- Economic and Demographic growth potentials of the Nigerian economy.
- Strongest technology and network in the GSM industry

Risks for Growth

- Macroeconomic risks.
- Competitive landscape.
- FX volatility.
- Impact of regulators and Nigerian government.

MARKET DATA	
Price as at Jun 30, 2019 (₦)	129.05
51 Weeks High (₦)	159.30
52 Weeks Low (₦)	99.00
Market Cap. (₦'Bn)	2,627.00
Outstanding Shares (Bn)	20.35
30 Day Avg Volume	-
Fair Value	190.00

RATIO(%)	2017	2018	2019F
Gross Margin	65.80	68.40	74.50
PAT Margin	9.10	14.00	22.90
ROAE	84.90	87.70	91.70
ROAA	8.10	15.20	24.70
ROAE	95.60	100.91	81.35
Debt to Equity (x)	2.90	0.80	0.50
P/E (x)	24.90	13.80	7.30

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Gross Earnings	564,186.00	505,668.00	11.57
PBT	140,192.00	108,355.00	29.38
PAT	96,882.00	73,395.00	32.00

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Gross Earnings	807,449.00	793,673.00	887,180.00	1,039,118.00	1,133,336.17
Interest Income	39,588.00	40,131.00	43,503.00	22,568.00	19,683.13
Interest Expense	(70,362.00)	(145,830.00)	(131,542.00)	(67,339.00)	(78,259.38)
Net interest income	(30,774.00)	(105,699.00)	(88,039.00)	(44,771.00)	(71,277.56)
Operating expenses	(648,603.00)	(417,584.00)	(547,025.00)	(607,366.00)	(620,344.23)
Profit Before Tax	(12,335.00)	126,651.00	107,890.00	221,343.00	454,098.84
Profit after tax	(80,290.00)	88,800.00	81,070.00	145,686.00	261,803.51
Total Asset	992,889.00	1,026,806.00	969,607.00	941,740.00	925,954.44
Loans and Advances	1,003,846.00	948,637.00	856,756.00	722,387.00	648,056.29
Customer Deposit	(10,957.00)	(78,169.00)	112,852.00	219,352.00	558,191.04
Shareholders' Fund	10,292.58	85,660.02	102,937.00	97,800.00	105,222.44

Source: Company report

DANGOTE CEMENT PLC.

Increased Competition to decline earnings.

- The company's Q1:2019 revenue declined from ₦242bn in the Q1:2018, to ₦240bn in Q1 2019. This represents a 0.82% decrease.
- PBT also grew fell from ₦108bn to ₦78bin in 2019, representing a decrease of 27.77%.
- PAT dropped from ₦72bn in 2018, to ₦60bn in 2019, representing a reduction of 16.66%.
- Dangote Cement earning was majorly affected by the increased competition in the cement space.
- We forecast Revenue to grow by 6.59% to ₦960.72bn, PBT to grow by 5% to ₦315.84bn in FY'19.

Drivers for growth

- Increased fiscal spending.
- Increased demand for cement in the private sector.

Risks to growth

- Competitors pricing.
- Political Instability.

MARKET DATA	
Price as at Jun 30, 2019 (₦)	184.00
51 Weeks High (₦)	240.00
52 Weeks Low (₦)	170.00
Market Cap. (₦'Bn)	3,135.00
Outstanding Shares (Bn)	17.04
30 Day Avg Volume	1,719,378
Fair Value	124.74

VALUATION	
EPS (₦)	22.16
PE(x)	8.3
P/BV(x)	3.0285
Dividend FY2018 (₦)	16
Dividend Yield FY2018 (%)	8.7

RATIO(%)	2017	2018	2019F
RoA	17.38	17.75	18.30
RoAE	26.14	39.56	21.84
Net Sales Margin	25.35	43.31	25.09
Gross Profit Margin	56.39	57.47	58.58
Asset Turnover	48.36	53.19	55.65

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Revenue	480,314.00	482,439.00	-0.44
Cost of Sales	198,956.00	197,595.00	0.69
Gross Profit	281,358.00	284,844.00	-1.22
Operating Exp.	(105,668.00)	(86,863.00)	21.65
PBT	157,920.00	185,538.00	-14.89
PAT	120,508.00	113,164.00	6.49
Total Asset	1,776,898.14	1,729,275.00	2.75
Shareholders Fund	696,061.48	727,873.00	-4.37

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Revenue	491,725.00	615,103.00	805,582.00	901,213.00	960,628.00
Cost of Sales	(201,808.00)	(323,816.00)	(351,290.00)	(383,311.00)	(397,912.00)
Gross Profit	289,917.00	291,287.00	454,292.00	517,902.00	562,716.00
Operating Exp.	(86,046.00)	(119,336.00)	(155,297.00)	(189,426.00)	(211,336.00)
Other Income	3,951.00	10,542.00	5,213.00	10,222.00	2,148.00
Operating Profit	207,822.00	182,493.00	304,208.00	338,698.00	353,528.00
Interest income	1,699.00	2,662.00	9,136.00	11,323.00	9,144.00
Interest Expense	(34,130.00)	(45,381.00)	(52,101.00)	(49,778.00)	(46,832.00)
Profit Before Tax	188,294.00	180,929.00	289,590.00	300,806.00	315,840.00
Profit After Tax	181,323.00	142,858.00	204,248.00	390,325.00	241,016.00
Total Assets	1,110,943.00	1,529,104.00	1,665,883.00	1,694,463.00	1,726,149.46
Total Equity	644,720.00	797,345.00	781,360.00	986,613.00	1,103,723.96

Source: Company report

LAFARGE WAPCO PLC.

Q1 2019 turnaround could deliver significant performance boost.

- Lafarge Africa Plc formerly Lafarge Cement WAPCO Nigeria Plc, a foremost cement manufacturing and marketing company in Nigeria. A subsidiary of Lafarge SA, the world's largest cement manufacturer and leader in building materials with presence in 64 countries, Lafarge WAPCO is driving excellence in Nigeria's building industry and places innovation at the heart of its priorities, working for sustainable construction and architectural creativity.

- Revenue declined by 2.6% to ₦78.51bn from ₦80.64bn in Q1 2018.

- PBT grew by 104.2% to ₦122.82m in Q1:2019 from a loss of ₦2.95bn recorded in Q1 2018. PAT also grew by 257.1% to ₦3.15bn.

- We forecast revenue to moderately grow by 2.1% to ₦314.06 billion and PAT to increase by 243.14% to ₦12.29 billion in FY'19.

Drivers for growth

- Strong brand name.
- Foreign Technical partner.

Risk to Growth

- High cost of operation.
- Competitive environment.

MARKET DATA	
Price as at Jun 30, 2019 (₦)	12
51 Weeks High (₦)	39.77
52 Weeks Low (₦)	9.2
Market Cap. (₦'Bn)	198.13
Outstanding Shares (Bn)	16.11
30 Day Avg Volume	4,972,438
Fair Value	-

VALUATION	
EPS (₦)	(0.60)
PE(x)	-
P/BV(x)	0.79
Dividend FY2018 (₦)	-
Dividend Yield FY2018 (%)	-

RATIO(%)	2017	2018	2019F
RoA	(0.06)	(0.04)	0.00
RoAE	(0.12)	(0.03)	0.04
Net Sales Margin	0.17	0.23	0.23
Gross Profit Margin	0.52	0.57	0.55
Asset Turnover	48.36	53.19	55.65

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Revenue	157,023.46	162,291.52	(3.25)
Cost of Sales	(120,655.10)	(123,329.55)	(2.17)
Gross Profit	36,368.34	38,961.97	(6.66)
Operating Exp.	19,610.28	16,336.77	20.04
PBT	245.64	(6,345.50)	103.87
PAT	6,289.44	(3,902.28)	261.17
Total Asset	610,933.49	546,157.96	11.86
Shareholders Fund	229,314.64	139,382.56	64.52

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Revenue	267,234.24	219,714.11	299,153.30	308,425.45	314,046.92
Cost of Sales	(184,588.94)	(179,052.42)	(248,393.63)	(238,742.58)	(241,310.20)
Gross Profit	82,645.30	40,661.69	50,759.66	69,682.87	72,736.68
Operating Exp.	44,604.47	29,138.01	46,943.68	44,873.43	39,220.56
Operating Profit	38,040.83	12,439.91	7,885.50	24,810.81	33,698.88
Interest income	1,950.13	3,675.23	1,438.98	1,719.17	5,182.16
Interest Expense	(10,701.95)	(38,921.34)	(43,216.50)	(45,973.06)	38,304.92
Profit Before Tax	29,286.85	(22,818.72)	(34,032.27)	(19,508.22)	491.28
Profit After Tax	27,162.97	16,898.78	(34,601.40)	(8,801.72)	12,578.88
Total Assets	451,682.80	501,373.69	577,727.44	540,736.66	568,097.93
Total Equity	176,151.73	248,952.55	156,986.75	134,541.08	215,346.45

Source: Company report

JULIUS BERGER NIGERIA PLC.

Fiscal spending expected to drive growth.

- Julius Berger is a leading construction company offering integrated solutions and related services.
- The company reported an increase in revenue of 78% to ₦62.92bn in Q1:2019 from ₦35.32bn in Q1:2018.
- PBT by declined by 43.94% to ₦1.23bn in Q1:2019 wile PAT also declined by 67.40% to ₦486m.
- We forcast revenue by 29% in FY 2019 to N251.6Bn. PBT and PAT to grow by 57.6% and 45.7% to ₦16Bn and ₦8.8Bn respectively.

Drivers for growth

- Capital release from 2019 budget passage.
- Healthy contract portfolio.

Risks to growth

- Instability in FX environment.

MARKET DATA	
Price as at Jun 30, 2019 (₦)	21.90
51 Weeks High (₦)	30.00
52 Weeks Low (₦)	19.50
Market Cap. (₦'Bn)	28.91
Outstanding Shares (Bn)	1.32
30 Day Avg Volume	118,901
Fair Value	34.01

VALUATION	
EPS (₦)	4.93
PE(x)	4.44
P/BV(x)	0.8115
Dividend FY2018 (₦)	2.00
Dividend Yield FY2018 (%)	9.13

RATIO(%)	2017	2018	2019F
ROAE	0.93	2.12	0.64
ROAA	8.55	17.23	4.92
NIM	1.81	3.14	0.77
Loan to Deposit Ratio	31.22	26.72	22.17
Liquidity	51.52	67.47	83.09

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Revenue	125,848.74	73,077.50	72.21
Cost of Sales	(97,952.32)	(53,899.93)	81.73
Gross Profit	27,896.44	19,177.57	45.46
Operating Exp.	(23,302.80)	(17,393.02)	33.98
PBT	2,479.46	3,929.93	(36.91)
PAT	971.98	2,594.03	(62.53)
Total Asset	231,412.12	173,559.16	33.33
Shareholders Fund	36,214.57	30,189.66	19.96

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Revenue	133,807.57	138,993.75	141,890.49	194,617.71	251,697.48
Cost of Sales	(100,473.11)	(84,767.29)	(97,591.98)	(142,609.19)	(195,904.64)
Gross Profit	33,334.46	54,226.46	44,298.50	52,008.51	55,792.88
Operating Exp.	(31,614.02)	(37,434.21)	(35,611.95)	(34,339.96)	(46,605.60)
Operating Profit	11,813.59	16,792.25	8,686.56	12,087.95	9,883.24
Interest income	6,148.77	5,784.25	6,900.05	2,764.49	1,965.60
Profit Before Tax	6,499.97	(1,498.03)	3,739.14	10,197.66	16,069.04
Profit After Tax	2,440.14	(3,816.79)	2,572.04	6,101.81	8,893.11
Total Assets	245,086.27	259,178.93	275,393.79	288,429.99	302,923.94
Total Equity	24,291.96	25,316.32	30,095.93	35,417.88	39,521.48

Source: Company report

NIGERIAN BREWERIES PLC.

Excise Duty on Alcohol continues to impact revenue growth.

- Nigerian Breweries Plc (Nigerian Breweries) is a subsidiary of the internationally established Heineken N.V. of the Netherlands, with 54.10% stake.
- The company reported that revenue grew to ₦91.4Bn in Q1:2019 from ₦88.5Bn in Q1:2018.
- PBT declined by ₦11.5 billion from ₦15.3 billion, while the profit after tax declined by 21.6% to ₦8 billion from ₦10.2bn Q1:2018.
- The result was reflective of increased competition in the brewery industry, weak consumer spending and the impact of excise duties, which negatively affected bottom line performance.
- We expect to see a revenue growth of 12.69% in FY 2019. Likewise, PBT and PAT is expected to grow by 56% and 65% respectively.

Drivers for growth

- Decline in inflation rate.
- Festive season.

Risk to Growth

- Excise duty
- Weak consumer spending.
- Competitive environment.

MARKET DATA	
Price as at Jun 30, 2019 (₦)	63.00
51 Weeks High (₦)	115.00
52 Weeks Low (₦)	56.70
Market Cap. (₦'Bn)	503.81
Outstanding Shares (Bn)	8.00
30 Day Avg Volume	3,087,458
Fair Value	80.00

VALUATION	
EPS (₦)	2.18
PE(x)	28.88
P/BV(x)	2.8817
Dividend FY2018 (₦)	1.83
Dividend Yield FY2018 (%)	3.86

RATIO(%)	2017	2018	2019F
RoA	8.65	5.00	8.04
RoAE	18.54	11.63	19.14
Net Sales Margin	9.59	5.98	8.78
Gross Profit Margin	41.66	39.12	38.36
Asset Turnover	90.15	83.55	91.55

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Revenue	182,775.36	95,243.30	91.90
Cost of Sales	(96,446.40)	(51,630.13)	86.80
Gross Profit	70,108.86	38,063.03	84.19
Operating Exp.	(42,308.74)	(19,211.10)	120.23
PBT	22,915.88	12,299.60	86.31
PAT	16,051.26	8,230.97	95.01
Total Asset	385,752.56	369,802.11	4.31
Shareholders Fund	158,990.20	171,493.24	(7.29)

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Revenue	293,905.79	313,743.15	344,563.00	324,389.00	365,550.72
Cost of Sales	(149,736.07)	(178,218.53)	(201,013.35)	(197,484.69)	(192,892.80)
Gross Profit	144,169.72	135,524.62	143,549.16	126,903.80	140,217.72
Operating Exp.	(62,269.36)	(83,237.12)	(88,646.68)	(90,837.62)	(84,617.48)
Operating Profit	120,654.68	52,908.41	57,126.31	36,957.00	56,228.60
Interest income	506.61	416.50	172.07	361.92	37.72
Interest Expense	(8,217.79)	(13,645.15)	(10,663.07)	(7,529.59)	(10,434.56)
Profit Before Tax	112,940.50	46,572.31	46,630.05	29,360.00	45,831.76
Profit After Tax	96,481.65	33,009.29	33,048.56	19,401.00	32,102.52
Total Assets	356,218.68	367,156.47	382,228.09	388,262.87	399,296.91
Total Equity	172,239.36	165,923.77	178,298.42	166,828.45	167,683.46

Source: Company report

NESTLE NIGERIA PLC.

To benefit from strong gross margin and lower finance cost.

- Nestle Nigeria Plc. remains a market leader in the Fast Moving Consumer Goods (FMCG) sector in Nigeria. .
- The company recorded in Q1:2019 revenue growth of 5.19% to ₦70.97bn from ₦67.46bn in Q1:2018.
- PBT grew by 40.18% to ₦19.12bn while PAT grew impressively by 49.27% to ₦12.85bn.
- The improved profitability was driven by a positive surprise on the gross margin line which expanded by 44.3%.
- We forecast Revenue to grow by 9.06% to ₦283.86bn and 27% growth in PAT in FY'19 to ₦51.3Bn.

Drivers for growth

- Topline growth.
- Focus on nutrition awareness.
- Expansion of route to new market.

Risks to growth

- Increase in import goods prices.
- Competition in the food business .

MARKET DATA	
Price as at Jun 30, 2019 (₦)	1,390.00
51 Weeks High (₦)	1,645.00
52 Weeks Low (₦)	1,306.00
Market Cap. (₦'Bn)	1,102.00
Outstanding Shares (Bn)	792.66
30 Day Avg Volume	169,117
Fair Value	1,325.57

VALUATION	
EPS (₦)	59.61
PE(x)	23.32
P/BV(x)	17.5005
Dividend FY2018 (₦)	38.5
Dividend Yield FY2018 (%)	4.21

RATIO(%)	2017	2018	2019F
RoA	22.97	26.49	28.63
RoAE	75.15	85.64	91.43
Net Sales Margin	13.81	16.15	18.10
Gross Profit Margin	41.31	42.78	44.34
Asset Turnover	166.31	164.03	158.14

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Revenue	141,933.50	135,295.68	4.91
Cost of Sales	(78,995.76)	(79,718.02)	-0.91
Gross Profit	62,937.74	55,577.65	13.24
Operating Exp.	(24,764.62)	(23,424.43)	5.72
PBT	38,242.40	31,872.54	19.99
PAT	25,692.64	21,457.60	19.74
Total Asset	168,229.20	158,814.73	5.93
Shareholders Fund	50,335.79	44,522.84	13.06

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Revenue	151,271.53	181,910.98	244,151.41	266,274.62	283,867.00
Cost of Sales	(83,925.96)	(106,583.39)	(143,280.26)	(152,354.44)	(157,991.52)
Gross Profit	67,345.57	75,327.59	100,871.15	113,920.17	125,875.48
Operating Exp.	(33,598.33)	(37,114.26)	(45,172.78)	(53,279.44)	(49,529.24)
Operating Profit	33,747.24	38,213.34	55,698.37	60,640.73	76,346.20
Interest income	443.81	4,199.31	6,239.37	1,716.88	2,016.00
Interest Expense	(4,868.57)	(20,864.24)	(15,109.06)	(2,606.77)	(1,877.40)
Profit Before Tax	29,322.48	21,548.41	46,828.68	59,750.84	76,484.80
Profit After Tax	23,736.78	7,924.97	33,723.73	43,008.02	51,385.28
Total Assets	119,215.05	169,585.93	146,804.12	162,334.42	179,507.66
Total Equity	38,007.07	30,878.08	44,878.17	50,220.48	56,198.74

Source: Company report

GUINNESS NIGERIA PLC.

Intense competition deplicts earnings.

- Guinness Nigeria Plc is the nation's leading alcoholic beverage manufacturer and a subsidiary of Diageo Plc, with a great track record of growth and strong performance.
- The company's revenue decline by 3.8% to ₦101.40bn in Q3:2019 (₦103.48 bn in 2018).
- PBT also declined by 43% to ₦6.23bn in Q3:2019 (₦7.89bn 2018).
- PAT also declined from N5.08bn in Q3:2018 to ₦4.23bn in Q3:2019 representing a 43.03% y-o-y.
- We forecast Revenue to grow by 5.37% in FY'19 to ₦135.2Bn. PBT and PAT to grow by 16% & 15% to ₦8.3Bn and ₦5.6Bn respectively.

Drivers for growth

- Decline in inflation rate.
- Right issue.

Risk to Growth

- Increase in Excise duty.
- Weak consumer wallet.
- Increased competition.

MARKET DATA	
Price as at Jun 30, 2019 (₦)	47.65
51 Weeks High (₦)	99.05
52 Weeks Low (₦)	42.75
Market Cap. (₦'Bn)	104.37
Outstanding Shares (Bn)	2.19
30 Day Avg Volume	777,393
Fair Value	88.00

VALUATION	
EPS (₦)	2.98
PE(x)	15.97
P/BV(x)	1.1886
Dividend FY2018 (₦)	1.84
Dividend Yield FY2018 (%)	3.84

RATIO(%)	2017	2018	2019F
RoA	1.32	4.38	3.43
RoAE	4.48	7.67	5.75
Net Sales Margin	1.53	4.70	4.19
Gross Profit Margin	38.53	34.01	31.07
Asset Turnover	86.22	93.29	81.79

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Revenue	101,402.45	105,483.92	(3.87)
Cost of Sales	(69,898.11)	(69,898.52)	(0.00)
Gross Profit	31,504.34	35,585.40	(11.47)
Operating Exp.	(24,789.58)	(25,355.24)	(2.23)
PBT	6,252.44	7,891.53	(20.77)
PAT	4,251.65	5,088.50	(16.45)
Total Asset	163,347.43	158,477.71	3.07
Shareholders Fund	87,809.53	85,895.68	2.23

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Revenue	118,495.88	101,973.03	125,919.82	142,975.79	135,203.27
Cost of Sales	(62,604.36)	(60,162.62)	(77,604.51)	(94,350.38)	(93,197.48)
Gross Profit	55,891.52	41,810.41	48,513.30	48,625.40	42,005.79
Operating Exp.	(40,946.73)	(37,895.31)	(38,976.31)	(35,907.51)	(33,052.77)
Operating Profit	15,667.38	4,415.62	10,186.33	13,386.24	9,776.67
Interest income	705.44	1,185.14	2,253.39	2,201.47	982.59
Interest Expense	(5,577.72)	(7,948.01)	(9,777.63)	(5,644.56)	(2,422.67)
Profit Before Tax	10,795.10	(2,347.24)	2,662.08	9,943.16	8,336.59
Profit After Tax	7,794.89	(2,015.89)	1,923.72	6,717.60	5,668.87
Total Assets	122,246.63	136,992.44	146,038.22	153,254.96	165,314.67
Total Equity	134,836.23	41,660.61	42,943.02	87,588.17	98,664.90

Source: Company report

TRANSCORP PLC.

Power generation to drive revenue growth.

- Transnational Corporation of Nigeria Plc (Transcorp) is a leading diversified conglomerate with core interests in the hospitality and energy sectors.
- The Company's 2019 Q1 revenue declined to ₦18.30bn from ₦25.30bn recorded in Q1 2018 (30.4%YoY decline).
- PBT and PAT declined by 57% and 63% to ₦2.55bn, ₦2.09bn respectively.
- We forecast Revenue to decline by 28% to ₦73.32bn likewise PAT to decline by 59% to ₦8.36bn in FY'19.

Drivers for growth

- Elections leading to increased patronage of Hotels
- Maintained gas supply
- CBN sustaining FX environment .

Risks to growth

- Voilence in oil producing region impacting gas supply
- Instability in FX impacting debt

MARKET DATA	
Price as at Jun 30, 2019 (₦)	1.13
51 Weeks High (₦)	1.71
52 Weeks Low (₦)	1.03
Market Cap. (₦'Bn)	45.93
Outstanding Shares (Bn)	40.65
30 Day Avg Volume	11,813,990
Fair Value	-

VALUATION	
EPS (₦)	0.27
PE(x)	4.23
P/BV(x)	0.6713
Dividend FY2018 (₦)	0.03
Dividend Yield FY2018 (%)	2.65

RATIO(%)	2017	2018	2019F
RoA	3.72	6.94	2.71
RoAE	11.08	19.58	7.28
Net Sales Margin	13.21	19.80	11.43
Asset Turnover	28.12	35.06	23.72

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Revenue	36,612.18	54,089.46	(32.31)
Cost of Sales	20,327.56	29,516.84	(31.13)
Gross Profit	16,284.60	24,572.62	(33.73)
Operating Exp.	(6,158.46)	(7,617.15)	(19.15)
PBT	5,105.16	11,944.07	(57.26)
PAT	4,183.64	10,875.33	(61.53)
Total Asset	298,843.13	290,262.15	2.96
Shareholders Fund	111,690.19	105,866.59	5.50

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Revenue	40,753.50	59,424.61	80,284.95	104,162.78	73,224.36
Cost of Sales	(16,423.11)	(29,258.81)	(43,860.65)	(55,910.36)	(40,655.12)
Gross Profit	24,330.39	30,165.80	36,424.30	48,252.42	32,569.20
Operating Exp.	(9,613.61)	10,376.80	11,751.94	(14,600.29)	(12,316.92)
Other income	504.46	475.65	498.25	499.46	223.72
Profit Before Tax	3,319.52	(5,928.34)	12,305.54	22,402.08	10,210.32
Profit After Tax	2,031.55	(1,126.99)	10,607.27	20,626.66	8,367.28
Total Assets	202,883.94	232,160.73	285,522.30	297,139.79	308,757.28
Total Equity	87,505.23	86,448.59	95,707.79	105,352.70	114,997.61

Source: Company report

OKUMO OIL PLC.

Global palm oil price depresses growth.

- Okomu Oil remains one of the biggest players in the agricultural sector focusing on in cultivation of oil palm, processing of fresh fruit bunches into crude palm oil for resale.
- Okomu's Q1 2019 results showed that revenue declined by 42.5% to ₦4.22bn from ₦7.34bn it recorded in Q1 2018.
- PBT declined sharply by 68.0% to ₦1.27bn likewise PAT by 71% to ₦1.011bn from ₦3.47bn recorded in Q1 2018.
- The depressed performance was due to material decline in revenue and higher production cost.
- However, we project a revenue of N16.8 bn in FY:2019 as well as a decline of 52% and 50% in PBT and PAT to ₦5.09bn and ₦4.02bn respectively.

Drivers for growth

- Decline in inflation rate.
- High consumer demand.

Risks to growth

- Increase in imported palm oil.
- High production cost.

MARKET DATA	
Price as at Jun 30, 2019 (₦)	64.00
51 Weeks High (₦)	92.00
52 Weeks Low (₦)	62.70
Market Cap. (₦'Bn)	61.05
Outstanding Shares (Bn)	953.91
30 Day Avg Volume	101,782
Fair Value	-

VALUATION	
EPS (₦)	6.33
PE(x)	10.11
P/BV(x)	2.068
Dividend FY2018 (₦)	3.00
Dividend Yield FY2018 (%)	4.72

RATIO(%)	2017	2018	2019F
RoA	29.16	22.13	8.56
RoAE	37.33	29.76	12.09
Net Sales Margin	45.15	41.97	23.86
Gross Profit Margin	79.14	71.72	80.14
Asset Turnover	64.59	52.73	35.88

(N'Mn)	H1:2019F	H1:2018	Chg.(%)
Revenue	8,440.90	5,596.43	50.83
Cost of Sales	1,676.30	1,142.58	46.71
Gross Profit	6,764.60	4,453.84	51.88
Operating Exp.	4,110.30	1,505.34	173.05
PBT	2,546.20	2,963.89	(14.09)
PAT	2,013.80	2,469.58	(18.46)
Total Asset	28,562.26	27,588.07	3.53
Shareholders Fund	28,562.26	27,588.07	3.53

FINANCIAL SUMMARY

(₦'mn)	2015	2016	2017	2018	2019F
Revenue	9,738.02	14,364.74	20,261.91	20,257.66	16,881.80
Cost of Sales	3,281.89	3,589.49	4,226.45	(5,743.33)	(3,352.60)
Gross Profit	6,456.12	10,775.25	16,035.46	14,528.27	13,529.20
Operating Exp.	(3,364.35)	(4,002.14)	(5,218.40)	(7,892.17)	(8,220.60)
Operating Profit	3,284.72	6,955.77	11,128.19	10,259.92	5,308.60
Interest income	43.11	291.27	490.89	353.68	87.76
Interest Expense	429.18	1,340.59	484.38	292.60	303.96
Profit Before Tax	2,898.65	5,906.45	11,140.14	10,337.17	5,092.40
Profit After Tax	2,659.61	4,910.27	9,147.85	8,501.84	4,027.60
Total Assets	20,000.24	24,507.67	31,372.15	38,417.95	47,046.15
Total Equity	12,145.36	17,012.04	24,506.89	28,568.16	33,302.46

Source: Company report

ASSOCIATED
ASSET
MANAGERS
LIMITED

Member Nigerian Stock Exchange

ONLINE TRADING PLATFORM

TRADE ON THE GO

AAML online Trading platform is a stockbroking platform which allows our clients/users to buy or sell their stocks (shares) online, through the Nigeria Stock Exchange.

FEATURES

1. Clients/Users will be given/create login username and password.
2. Easy navigation on the portal
3. Submit all mandates (purchase or sales on the portal)
4. Ability to modify mandates on the portal
5. Cancellation of mandates on the NSE through the portal
6. Easy check of CSCS account and portfolio status

FURTHER ENQUIRIES, PLEASE CONTACT

10th Floor Sterling Towers, 20 Marina, Lagos.
+234 (1) 295 7067 or email us at info@aamlng.com Website: www.aamlng.com

We manage the risks as vigilantly as we seek returns

DISCLAIMER

This Journal was prepared by Associated Asset Managers Ltd (AAML) and is not necessarily definitive, current or authoritative. Data used in this document was gathered from reliable sources, but the analyst(s) and the publishers of this document do not hold themselves responsible for the accuracy or completeness of data used.

The Journal provides the opinions, analyses and conclusions of AAML only and is provided without any warranties of any kind.

Associated Asset Managers Ltd and its affiliates' Directors, Employees or Agents do not accept any liability for any direct or remote loss or damage arising out of the use of all or any part of the information contained in this document.

This Journal is published for information purposes only and is not an offer to solicit, buy or sell any security of any kind and does not provide customised investment advice. It has been prepared without regard to the individual financial circumstances and risk and return objectives of individuals who receive it. The appropriateness of a particular investment will depend on an investor's individual circumstances, risk tolerance and return objectives
.
The investments and shares referred to in this report may not be suitable for all or certain categories of investors. The opinions presented in this research report may be changed without prior notice or cannot be depended upon if used in the place of the investor's independent judgment.

DISCLOSURES

Research analyst certification: The research analyst(s) primarily responsible for the preparation and content of all or any identified portion of the Outlook report hereby certifies that all of the views expressed herein accurately reflect their personal views. Each research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the view(s) expressed by that research analyst in this research report.

Want to lease the right
Equipment, Vehicles & Appliances?

Contact Us:

SAMTL LEASING LIMITED
#7, Alfred Rewane, Ikoyi, Lagos

Call:

Peju:	08033186047
Afolabi:	08025493234
Biodun:	0809934500
Damilola:	09093335138
Samson:	08023559019

SAMTL LEASING

Vehicle Rental | Trucking | Haulage | Chauffeur Services | Drivers Outsourcing | Equipment Leasing

SAMTL

33 YEARS OF ADDING VALUE

• Asset Management • Trustees • Stockbroking • Advisory

www.samtlng.com