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FDC MONTHLY ECONOMIC UPDATE

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In This Issue ...

Market Rally or Bubble ???

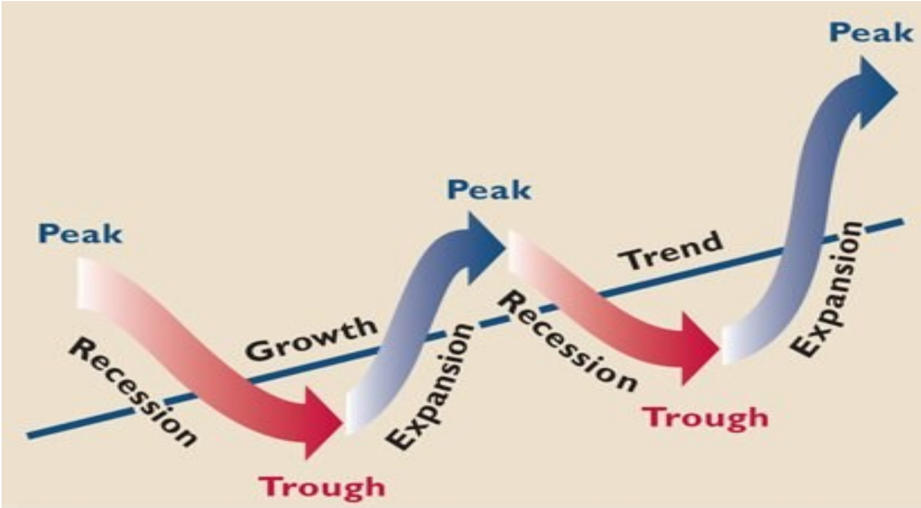
The Nigerian stock market (NSE) has defied the laws of gravity and skyrocketed past the N13trn market capitalization in a matter of 8 weeks. The All Share Index has also increased by 14.8% during this period to 38,185.29 points. This resurgence is happening at a time of sluggish economic recovery, leaving some analysts amazed, while others are perplexed as to the nature of the momentum.

The drivers of this stock market "rally" are the relative stability of the forex market and impressive Q2'17 corporate earnings, in spite of a recession. Banks, consumer goods and downstream oil companies all outperformed expectations. The investor-exporter window (IEFX) has spurred a return of foreign investors who had avoided the Nigerian bourse due to an illiquid forex market. This is evidenced by capital importation reaching $1.5bn last week as foreign investors were attracted to cheaper Nigerian stocks. The IEFX has raked in $4bn since inception. Domestic investors seeking to take advantage of the IEFX window took position in anticipation of the influx of portfolio investors.

While the Nigerian economy is expected to come out of the recession and record a growth close to 1% in 2017, there are still certain risks that hamper economic growth and stock market performance. A possible sudden slump in oil price will weaken the CBN's ability to sustain the current favorable forex supply. The recent stability of the forex market can be singled out as the main driver for the astronomic appreciation of the NSE. In sum, though companies' fundamentals are improving, a steep decline in oil price or disruption in production could end the bullish party.

The Business Cycle Theory: *Where is Nigeria ???*

The business cycle, which can also be referred to as the economic cycle, is the downward and upward movement of gross domestic product (GDP) within a country's long term growth trend. It is the pattern of expansion, contraction and recovery in the economy and can be tracked primarily in terms of GDP and unemployment. It describes the fluctuations and oscillations in economic activity that an economy experiences over a period of time. There are a number of schools of thought on the business cycle theory which offer different reasons for the fluctuations. For instance, the Keynesian view is that governments can alleviate the impact of a recession and shorten its spell by cutting taxes and increasing spending. The same analysis indicates that a government can also prevent an excessive boom by increasing taxes and cutting spending during expansionary periods. Monetarists do not agree with this view and prefer to look at business cycles as irregular and noncyclical fluctuations and believe that changes in the economy are the result of monetary phenomena. The Schumpeter's Theory of Innovation emphasizes investment and monetary expansion in business cycles and is of the view that innovation and technological advancements are responsible for upward fluctuations. [1]



There are four stages of the business cycle and they include:

- ***Expansion;***
- ***Peak;***
- ***Contraction; and***
- ***Trough***

Expansion is the phase between the trough and the economic peak. This period is also known as an economic recovery and is the phase when economic activity is on the rise. Real GDP growth rises and unemployment begins to reduce. The economy is expanding and resources are utilized more efficiently. Expansion inevitably leads to an upward pressure on the price of goods and services. The stock market is bullish in this period. If properly managed, the economy can remain in this stage for years.

Peak is the optimum stage in the business cycle. In this stage the economy has reached its highest level of productivity and begins to overheat.

Contraction or bust stage is where productivity declines and business revenues go down. There is a drop in real personal income and industrial production and retail sales fall. Companies have to lay off workers to decrease expenses; unemployment increases. A contraction is said to occur when the real GDP has declined for two or more consecutive quarters. Investors sell stock and have a bearish approach, thus reducing the financing for large companies. Contractions are usually caused by a loss in confidence that slows aggregate demand. They are usually set off by an event, like a stock market crash or commodity price fall, similar to what occurred in Nigeria in late 2014.

[1] Sweezy, P. M. (1943). Professor Schumpeter's theory of innovation. The Review of Economic Statistics, 93-96.

Trough phase is the lowest phase of the cycle before the expansion begins. At this point the economy has reached its lowest point and in a weird sense has no other choice but to start recovering. Major policies are initiated to drive growth and with support from international organizations, the economy starts to recover.

Only the top 1% enjoyed it while the wealth gap increased.

Nigeria slipped into a recession (contraction stage) in 2016, marked by five consecutive quarters of negative GDP growth: -0.36% in Q1; -2.06% in Q2; -2.24% in Q3; -1.3% in Q4 and -0.52% in Q1'17. This was primarily due to the fall in the price of crude oil which saw prices drop from about $100 per barrel (pb) in 2014 to a staggering $27pb in early 2016. The shock to the country's revenue stream sent it straight to a contraction. The fall in crude prices led to reduced government spending and a foreign exchange crisis. Reserves depleted and exchange rates depreciated to record levels. Unemployment also increased on a steady pace.

The stock market was also hit with a crisis as investors lost confidence in the economic prospects of Nigeria. Q2'16 may be regarded as the trough stage as it recorded the lowest GDP growth rate in ten years (-2.24%) while unemployment rose to 14.2% (Q4'16).

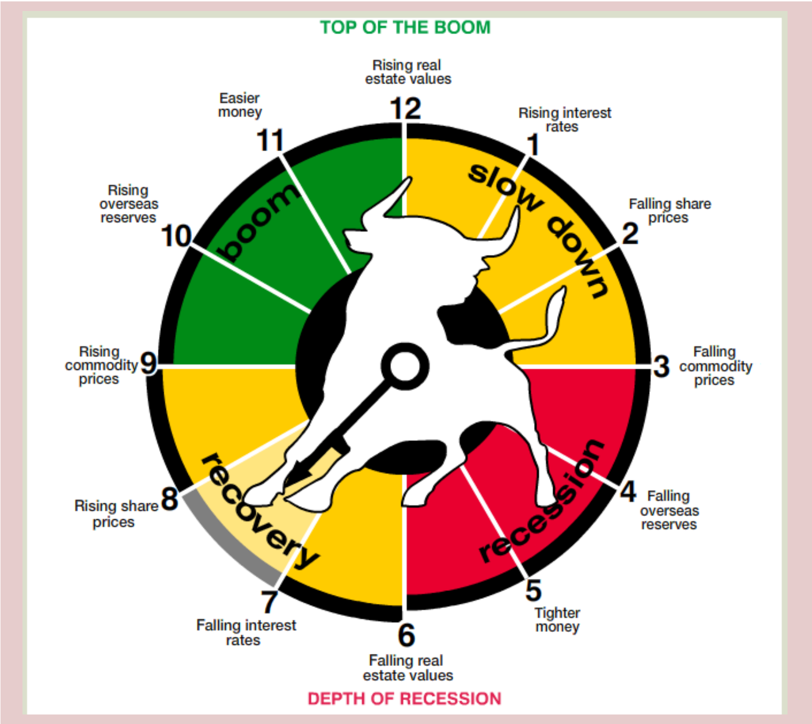
In business cycle theory, the rate of inflation is directly related to economic performance. This means that when an economy experiences an expansion, inflation is expected to rise while in a contraction, inflation is expected to fall. This is primarily due to demand-pull inflation as there are more people who are able to contribute to aggregate demand, driving up prices. The Nigerian case study is a bit more complicated. In January 2016, inflation was 9.6% and by January 2017 it stood at a staggering 18.72%. In an ideal situation, a contracting economy with soaring unemployment and low economic growth should lead to a slowing of the inflation rate. In this case the effects of imported inflation affected the economy more than the demand-pull inflation. Imported inflation, which is the inflation caused by the high prices of imported goods primarily due to a weak exchange rate, is significant because Nigeria is heavily import dependent and has a high exchange rate.

Prior to the economic crisis, Nigeria enjoyed the benefits of the oil boom. Crude oil prices were above $100pb, leaving the foreign reserves bloated and the exchange rate at a reasonable level considering the overdependence on crude oil. The country had an influx of foreign direct investment (FDI) and foreign portfolio investment (FPI) which led to increased output levels and employment. A subsequent stock market boom caused major companies, especially banks, to become public. The continued crude oil exploration, discovery and extraction led to a strong positive outlook on the Nigerian economy – making it the perceived largest economy in Africa. The irony was that Nigeria didn't enjoy the full benefits of an economic boom due to mismanagement of resources and systemic corruption. Typically an economic boom brings higher average incomes, lower government borrowing and improved public services but Nigeria did not experience these. Only the top 1% enjoyed it while the wealth gap increased. The opportunity for real economic impact on the average Nigerian was squandered.

If you tell the average Nigerian that inflation is slowing but his food is not getting any cheaper, will he really believe the economy is on its way out of recession?

Currently, the International Monetary Fund and the Governor of Central Bank of Nigeria (CBN) believe that the economy will be out of the recession by Q3'17. The signs are there. The CBN's forex interventions and new Investors' and Exporters' forex window have spurred output and investor confidence evident by the optimistic Purchasing Managers' Index (PMI) and stock market rally, lifting the equities market to a nine-month high. Inflation is slowing and currently stands at 16.1% (June 2017), the fifth consecutive decline in consumer price levels. The decline was primarily due to base year effects and a stronger Naira. The consumer price level last year was remarkably high due to cost pressures and forex shortages, compared to this year with relatively improved macroeconomic fundamentals. Foreign reserves are relatively higher and stable at $31.22bn while the exchange rate has been relatively low and stable at N364/$– N367/$.

While the positive economic outlook is encouraging, an economic contraction does not easily fade away due to many underlying issues intrinsic to the economy. The average Nigerian will not see the economic turnaround in Q3'17. Although inflation is slowing overall, the prices of basic necessities remain sticky downwards. Based on the recent National Bureau of Statistics inflation report, the food index increased to 19.91% in June 2017, up 0.64 percentage points from May's figure. Food prices continue to remain relatively high amid the reported fall in headline inflation. The rise in the index was caused by increases in the price of meat, bread, fish, potatoes, milk and eggs as well as vegetables like tomatoes. If you tell the average Nigerian that inflation is slowing but his food is not getting any cheaper, will he really believe the economy is on its way out of recession? The country still has a long way to go before it can reach another economic boom. Instead Nigeria is more likely going to face a drawn out expansion stage with consistent fluctuations following the drop in crude oil prices below $50pb. The extended expansion stage will most likely be a long, drawn out attempt for recovery and stabilisation across sectors.



A Schumpeterian approach would be of great benefit to the Nigerian economy which is in serious need of innovation and technological advancement. The need for greater diversification and the evolution of the oil sector cannot be overemphasized. Crude oil prices are currently trading below $50pb which spurs the fear of another oil crisis. The government has recovered a large amount of misallocated and stolen funds. Despite the fact that there have been no major convictions, it is a right step in the anti-corruption agenda. It remains critical that the government solves the issues pertaining to corruption, mismanagement and diversification to ensure the pathway to economic expansion. The recent Nigeria Yam Export programme celebrated the exportation of 72 tonnes of yam to the U.S. and Europe for the first time, implementing the promise of the new administration's drive for diversity. Although rather marginal and inconsequential, it shows slight interest in the importance of diversity.

Indigenous People of Biafra:

SOCIO-POLITICAL & ECONOMIC RISKS

Nigeria's series of coups and a civil war attempted to confront issues that plagued the country such as ethnicity, the right to power and the distribution of resources. These problems have deep rooted origins that date decades before the amalgamation of Nigeria. Despite this strife, these issues are yet to be resolved. Out of ethnic, socio-economic and ideological differences, dangerous sects, such as Boko Haram, Niger Delta Avengers, and the Indigenous People of Biafra (IPOB) have arisen. The most recent is the IPOB.

Nnamdi Kanu steps out of courtroom after being granted bail by the Federal High Court in Abuja, on April 25, 2017.

Under the leadership of Nmandi Kanu, it seeks a referendum to restore the Biafran state of the 1960s. The newest stint by the neo-Biafran group is a call for members to ignore any social obligations in the form of voting in elections in the South East of Nigeria. The impact of this unrest and non-participation can be significant and damaging to the country as it tries to rebound from years of a devastating economy. The IPOB is attracting disenfranchised youth and the underemployed to its cause. The government must step in with solutions to high unemployment and the widening income gap.

Upon the amalgamation of the northern and southern regions of Nigeria in 1914, social, economic and political tensions among ethnic groups already existed. The discovery of oil in the 1950s set the stage for the dangerous rift among these groups. Competing claims to power and resources emerged. The groups in the South East and South South felt marginalized as the country's new wealth originated from their land without benefiting them. A three-year war broke out in 1967 marking one of the bleakest periods in Nigerian history.

The IPOB: How valid is the movement?

Nnamdi Kanu supporters protesting his arrest in London.

The IPOB has been active since 2012 and is headed by Nnamdi Kanu, a UK-based activist. Kanu voiced his distaste, through a series of radio shows, in the way affairs were coordinated in South East and South South Nigeria. On October 17th, 2015, shortly after his arrival in Nigeria, he was ar-

rested in Lagos on grounds of criminal conspiracy and unlawful societal affiliations. In May 2016, Amnesty International reported the deaths of over 150 IPOB sympathizers and members during a Biafra Remembrance Day parade in Onitsha Anambra state. Kanu was released in April 2017 coinciding with an increase in agitation throughout the South East. The group continues to gain popularity and traction in the region due to its 'for the people of the South East rhetoric' and the increased news of violence against it. The number of sympathizer deaths could escalate, fueling dire economic, social and political realities.

Risk to the wider Nigerian economy

To assess the economic risks, the group's impact on government revenue and allocation mechanism needs to be assessed. The creation of a Biafran republic would change the revenue dynamics of both regions. The region known as Biafra encompasses the South East and South South, the origins of Nigerian oil wealth. These regions are also the gateways to ports through which goods and services are moved. Biafra's creation would leave Nigeria a semi-landlocked country. In short, the economic risk is considerable. However, the general population of the South East and South South has so far denounced the IPOB and are unwilling to support a new republic. Without on-the-ground support, the group's main thrust is to petition for more financial benefits to the region's population through increased resource sharing. This is proving more and more difficult at a time when revenues have been shaved off significantly and the country is still very much exposed to external shocks. To the best of knowledge the government's tactics in silencing the IPOB, arresting Nnamdi Kanu, sending the army to disperse protests, have only succeeded in making the group more popular. The government's best bet is to extend an olive branch in regards to the constitution. Let the supporters of IPOB see that the government has their best interest at heart with increased allocation of what is left of its resources to the rehabilitation of the youths in that region and across the country as whole. This brings us to the next risk which involves a significant portion of the Nigerian population.

Engaging unemployed youth

IPOB is succeeding in recruiting youth to its cause. They come out for rallies in large numbers or camp outside Nnamdi Kanu's home in Umuahia on any given day. Many see a parallel to Boko Haram; it started out as a cultural ideology which then created chaos in the country. Boko Haram came into existence as a result of the economic state of northern Nigeria and the need to draw attention to the predicament of the people in the region. Its approach to achieving this goal was disastrous and economically damning for the country. Recently these terrorists attacked members of an oil exploration expedition to Chad, killing over forty engineers and other workers. Although the IPOB has not attempted the slippery slope of terrorism, it may well do so if they believe it will generate greater traction. When unemployment continues to soar (currently at 14.2%) and the misery of the youth continues to increase, they are willing to listen and follow any ideology that attempts to understand their quandary. The pending economic challenges, identity politics, in-house political squabbles and upcoming elections reinforce the fears that the nation cannot withstand a breakout of further conflict in the South South/ South East regions.

Impact on the economy

To tackle the challenges surrounding IPOB, the government needs to address the issues surrounding quality of life in Nigeria. In the World Bank's Human Development Index, income, health and education are the preliminary measures of quality of life. Amartya Sen[2] goes further by introducing the notion of "access to freedom". In this definition, freedom is increasing the capacity and opportunity of citizens to access things they regard as value-adding, such as increasing people's purchasing power, education, jobs, health care, and property rights.

Jeremy Majerovitz[3] hits the nail on the head with his study into ethno-linguistic fractionalization by using the arbitrary formation of African borders to study the impact on economies. The ad-hoc way in which Nigeria was amalgamated in 1914 is a case in point. His 2015 findings draw a conclusion that offers a glimmer of hope. Irrespective of a noticeable negative impact on economic growth, his findings show that ethnic and language differences do not completely doom a country to never-ending suboptimal economic performance. He shows that fractionalization of this kind has negligible impact on economic growth without the presence of other factors such as inadequate institutional frameworks and investment environment.

With the increasing number of executive orders to address the ease of doing business in Nigeria, there is a glimmer of hope. However, a lot more has to be done to address youth unemployment across the country. The future of the oil market remains uncertain. It is unlikely that Nigeria will regain the revenue it made from oil when the commodity was trading in triple digits. There is now less pie to share, setting up the possibility of regional and ethnic competition for diminishing resources. Hopefully, policy officials and government will restructure the economy in line with new fiscal revenue realities. It is uncertain whether or not the government can limit the impact of IPOB. What is more certain is that technology and social media will make it easier for us to hold policy makers to account. The same technology, however, will also make it easier to recruit the disenfranchised.

A favorable investment environment, created through tax, trade and interest rate policies, will attract foreign investors who will contribute to modernization and wealth creation. Job creation and increased revenue for governments at all levels will follow. The question is: will it happen quickly enough to end the attraction of the IPOB? I am a firm believer in the notion that little drops of water make an ocean. Yes it may take a long time to break some inherent mindsets and institutions. However, if the government comes up with a policy that allows a slight revision in the constitution for example, the attraction to join rebel groups eases. A revision in the constitution could see that member states in the country receive FAAC hedged on the prospects of their individual economies and not on the amount of local governments embedded in those states. This will incentivize these states to ascribe for greater economic coordination in order to receive subsidies and not entitlements (FAAC payments).

[2] Amartya Sen, "Development as Freedom" Oxford Press. 1999

[3] Jeremy Majerovitz, "Does Ethnic Fractionalization Matter for Development?" Stanford University Press. 2015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A Tale of Two Markets

The American stock market may be hitting new highs, but currency markets have lost faith in the Trump rally

Global Perspective - Culled from Buttonwood. The buck drops here

The Dow Jones Industrial Average closed above 22,000 on August 2nd, something President Trump is almost certain to mention in a tweet soon*. So it might seem as if the "Trump bump", which began perking American stocks on the night of the election, is continuing smoothly. But the picture is a lot more complex than that as a look at the dollar's performance against the euro shows (see chart below). The euro fell (and the dollar rose) between election day and the end of 2016. But then came a turning point. The euro has been climbing (and the dollar retreating) for much of 2017.

For dollar-based investors, that means European shares have been a much better bet this year. As of August 2nd, euro-zone shares (as measured by the FTSE 100) were up 19.9% since the start of the year, while the S&P 500 was up 10.7%. Looked at another way, the American market has dropped by 8% in euro terms since February 2nd. It is a similar story to the British market after Brexit; the FTSE 100 index jumped in sterling terms, but in dollar terms it was down because of the pound's decline. The two markets interact. A falling currency is good for a country's exporters and for its multinationals (whose overseas earnings are worth more in domestic-currency terms). That explains some of the resilience of the FTSE 100 and the Dow and some of the recent weakness in European equities; the German Dax is 6% off its June high.

A shift in the markets is also noticeable on a micro level. In the initial aftermath of the election, the big gainers were American stocks with high tax rates or those exposed to infrastructure spending; they were seen as benefiting from a fiscal stimulus. But no detailed plan for stimulus has yet been proposed, in part because the administration devoted its energy to repealing Obamacare. Those stocks have lost the ground they made. Instead the big winner of the first half was the tech sector, which has not always been a favorite of the new president. Earnings generally have been strong and forecast revisions are the best that has been seen in the last six years, according to Bank of America, with multinationals leading the way.

The failure to pass a

stimulus has also weighed on the dollar. The hope was that a strong American economy would prompt Janet Yellen at the Federal Reserve to push interest rates up quickly. So far, America had a weak first quarter, followed by a better second quarter (but only in line with euro-zone growth). The IMF cut its growth forecast for America for 2017 and 2018, to 2.1%. That means Ms Yellen may proceed more slowly with monetary tightening and may be replaced by a Trump loyalist next year when her term expires; that means there is less reason to buy the greenback. The euro zone in contrast has enjoyed a pick-up in growth and the European Central Bank will be cutting back on its easing of policy. The European Union has also seen off the populist threat of Marine Le Pen on France and Angela Merkel looks set for re-election. That creates more reasons to buy the euro. But the year might not have seen its last twist with the possibility for America to escalate its trade dispute with China and its political pressure on North Korea, each of which might lead to risk aversion. That could push the dollar back up and equities down.

*An odd measure of success for Mr. Trump to pick. The American stock market returned 235% under his immediate predecessor, Barack Obama; that will be hard to top.

Avant-garde
Academia
L i m i t e d

Who We Are

Avant-garde Academia Limited (AAL) is an education advisory and counseling service organization that was incorporated in July of 2013. AAL was incorporated as an educational aggregator in grooming candidates to be potential global citizens who will reinvest their acquired skills in Nigeria in future. It is positioned to provide support, assistance and guidance to potential candidates and entrants to Ivy League, Elite and premium academic institutions in America. Our target market comprises parents of children in identified elite Nigerian secondary schools and/or top executives in the business community, who have a strong need for our services.

The market also extends to Nigerians resident in Diaspora, and expatriates resident in Nigeria. In Partnership with Ascent Education Advisors, a reputable Education Advisory Services firm, we have designed a range of admissions solutions to cater for children in different stages of secondary school education.

OUR STRATEGIC PARTNER – ASCENT EDUCATION ADVISORS

A reputable education advisory service firm, the lead consultant Ms. Peggy Hanefors has over 10 years experience in admissions; including a position as the Assistant Director of International and Transfer Admissions at the University of Pennsylvania. She was first reader and evaluator of about 3,000 applications for students from across the globe.

What We Offer

- Information and advice about the American University System and its application process.
- Evaluation of student's record prior to application.
- Assistance in selecting curriculum and summer activities that will match the student's desired course of study and also highlight his/her personality and interests.
- Development of personal application timeline, that includes standardized testing, college visits, application deadlines, etc.
- Help in selecting teachers for recommendations
- Guidance in presenting extracurricular record
- Guidance in putting together an overall great college application that highlights the unique attributes of the applicant
  - Essay topic brainstorming
  - Editing
  - Proof-reading
- Guidance in choosing the most suitable college among acceptances.
- Interview preparation

Our Packages

Package 1: 8th to 10th Grade (Final 3-5 Years)
This package is a program designed for candidates from as early at the 8th grade (Junior Secondary School - JSS 2) of high school. This is a full package with the benefits of all the services we offer in addition to education and assistance with entire college admission process, including an unlimited number of applications.

Package 2: 11th and 12th Grade (Final 1-2 Years)
This package is similar to Package 1 but is designed for students in the final two years of high school.

Package 3: (Per Application)
Unlike packages 1 and 2, package 3 only provides unlimited assistance with applications to pre-determined universities.

We host a Parents Admission Support Forum in Lagos bi-annually with the aim of giving parents the information they need to ensure their child(ren)/wards gain admission into reputable universities in United States of America.

To attend one of our events, kindly contact or visit us at
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For more information about Avant- Garde Academia Limited please go to our website: www.avant-gardeacademia.com
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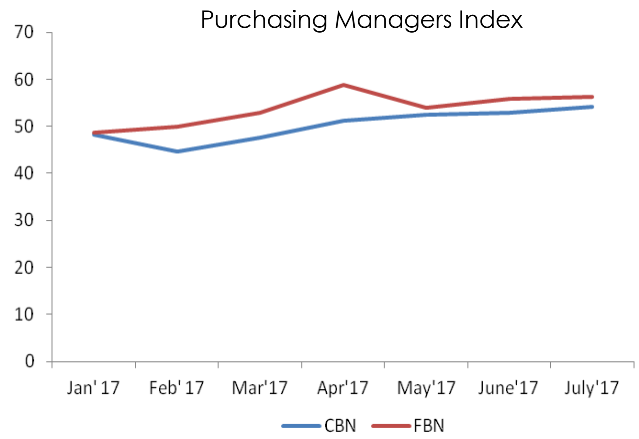
Purchasing Managers Index (PMI)

The purchasing managers' index increased marginally in the month of July to 56.3 from 55.9 in June, according to FBN Quest. This trend was corroborated by the movement recorded by CBN's PMI. According to the apex bank, PMI increased to 54.1 in July from 52.9 the previous month. Growth in 11 out of the 16 subsectors and CBN's increased forex interventions, which boosted liquidity significantly and gave manufacturers better access to imported inputs were responsible for the PMI gains. Both indexes indicate an expansion in the manufacturing sector for the second consecutive month. July's PMI numbers highlight improved confidence of manufacturers in the Nigerian economy.



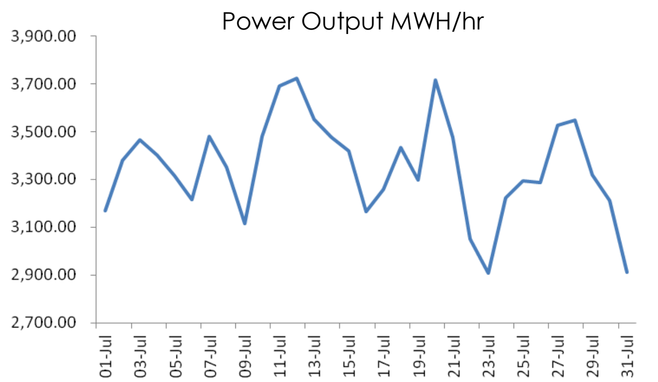
[4]

Outlook

The manufacturing sector is expected to remain in positive territory as macro-economic fundamentals improve. However, cautious optimism has to be exercised as the sector still faces some challenges, some of which include high cost of funding interest payments, erratic power supply and infrastructure bottlenecks.

Power Sector

Average power output from the national grid was 3,350MWh/h, 3.2% lower than 3,462MWh/h recorded in June. As at the 31st of July, power output was 2,910MW/hr, a 9.4% decline in output from 3,212MW/hr sent out the previous day. The general deterioration in power output in the July is attributable to high frequency constraints due to loss of disco feeders, increased gas and line constraints. Total loss within the review period was N37.42bn.



[5]

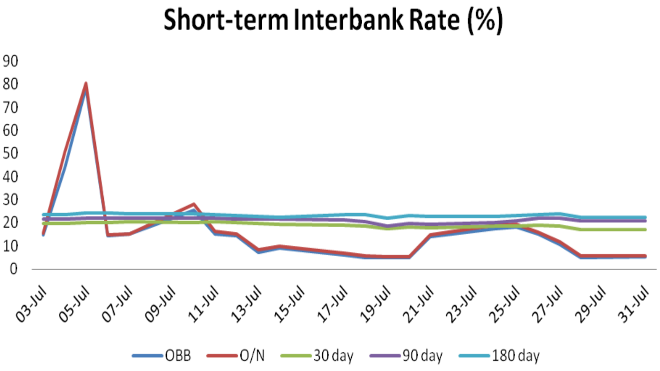
Outlook

We expect an increase in power generation in the month of August. This is mainly attributable to increased hydroelectric generation as northern Nigeria, where all four hydropower plants in the country are situated, typically record the highest rainfall in August. Relative peace in the Niger Delta will also help power generation from gas sources.

[4] Source: FBN, CBN, FDC Think Tank

[5] Nigerian Electricity Supply Industry

MONEY MARKET



[6]

Markets opened at N130.7bn long in July relative to June's opening position of N41.8bn long. Average liquidity in July was N89.65bn long relative to the average opening position in June of N33.55bn long. Currently, the liquidity position in the market is N269.8bn long (July 31st). Increased liquidity in the money market is attributable to OMO maturities, a 3 year high FAAC disbursement of N652bn and Paris club refunds of N244bn. Average NIBOR (OBB, O/N and 30-day) was 17.67% pa in July, compared to 22.88% in June. Specifically, the OBB and O/N rates spiked to as high as 78.33% pa and 80.58% pa respectively as at the 5th of July. Currently, these rates have dropped significantly to 5.17% pa and 5.75% pa respectively (July 31st).

In the secondary market, average yields on Treasury Bills ranged between 13.5% - 18.6% for the 91 to 365- day bills. Lending rates have remained flat at an average of 25%.

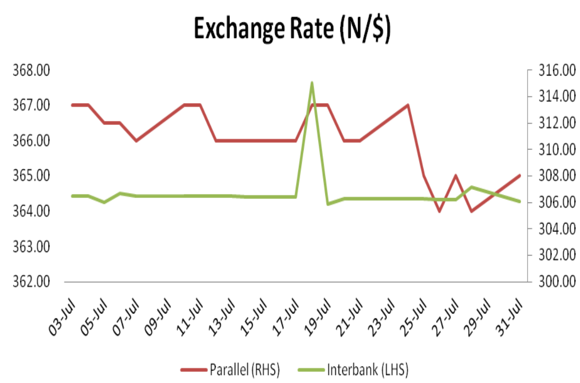
O/N and 30-day) was 17.67% pa in July, compared to 22.88% in June. Specifically, the OBB and O/N rates spiked to as high as 78.33% pa and 80.58% pa respectively as at the 5th of July. Currently, these rates have dropped significantly to 5.17% pa and 5.75% pa respectively (July 31st).

Outlook

We expect FAAC disbursements and OMO maturities to increase naira liquidity in the system. The quantum of these inflows relative to outflows (especially funding for dollars) would determine the liquidity position in the markets and the direction of short term interbank rates.

FOREX MARKET

Exchange Rate



[7]

Naira appreciation continued in the parallel market with the currency currently trading at N365/$ (July 31st) relative to N368/$, its trading value at the end of June. The interbank rate appreciated slightly to N306.10/$ as at July 31st from N306.40/$ at the end of June. The spread between the parallel and interbank market rates has narrowed to N58.9 from N61.70 in the previous month. At the IEFX window, a total of $4.88bn has been traded since inception, while the rate at this window has fluctuated between a band of N359 - N370.

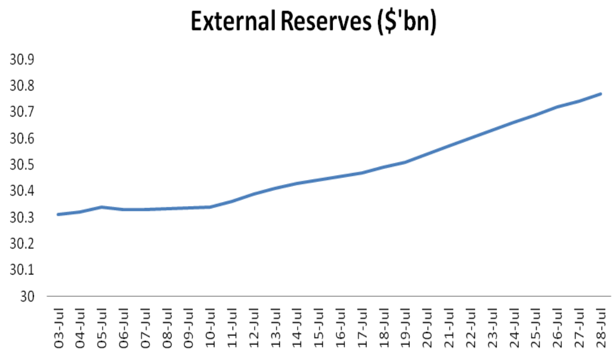
Outlook

The exchange rate is expected to maintain the current appreciation trend. However, this is conditioned on the CBN's frequency of FX market injections. Global oil price volatility is likely to impact the CBN's ability to support the naira with FX injections.

[6] Source: CBN, FMDQOTC, FDC Think Tank
[7] Source: FDC Think Tank

External Reserves

Pace of accretion in the gross external reserves level continued due to a bullish global oil market as crude prices rose above $50pb on the 31st of July. An increase of $486mn to $30.77bn occurred as at July 31st relative to $30.29bn recorded at the end of June. Recent increases in oil prices have had positive effects on the reserves level. The gross external reserves import and payment cover is now at 6.89 months, compared to June's level of 6.78 months.



[8]

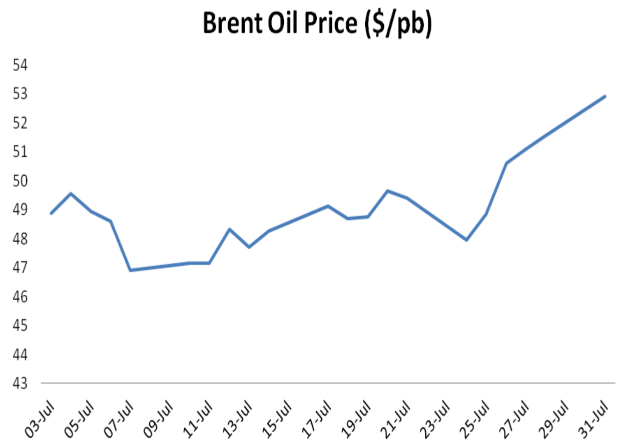
Outlook

Accretion in external reserves is dependent on a recovery in the global oil market and a stable oil production in Nigeria. We anticipate that the oil market will trade bullish as oil proceeds improve.

COMMODITIES MARKET - EXPORTS

OIL PRICES

Brent crude staged a strong rebound in July, gaining 8.22% to close at $52.91pb. The average price of Brent crude was $49.06pb, 2.44% higher than June's average of $47.89pb. The biggest price support was the substantial drawdowns in US inventories in the month of July as oil stockpiles shed 25.8mn barrels. Drilling activity also slowed, with only 10 rigs added in July, a 14-month low. OPEC's pledge to increase compliance rates is having positive impacts on oil price. Saudi Arabia, which committed to cut exports in August, has reinforced its position as OPEC's leader. Additionally, the threat of a US sanction on Venezuela supported the price rally.



[9]

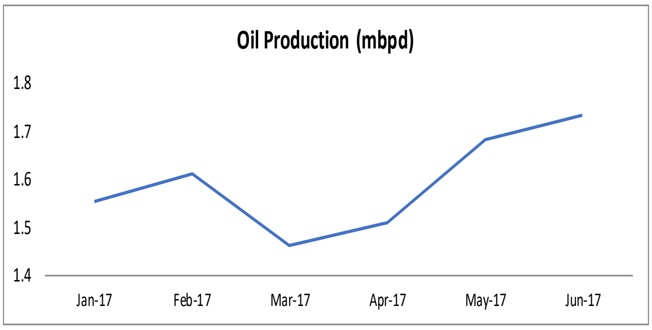
Outlook

In the light of a fall in global output, and the slowdown in US oil activity, we maintain cautious optimism. Oil prices are likely to remain above the $50pb threshold, as the bullish trends to persist in August.

[8] Source: CBN, FDC Think Tank
[9] Source: Bloomberg, FDC Think Tank

Oil Production

The recently released OPEC report showed an increase in oil production in Nigeria by 5.86% to 1.733mbpd in June from 1.637mbpd the previous month. The resumption of activity in Bonga fields and Forcados helped drive the output rise. Additionally, relative peace in the Niger Delta region has allowed room for production expansion.



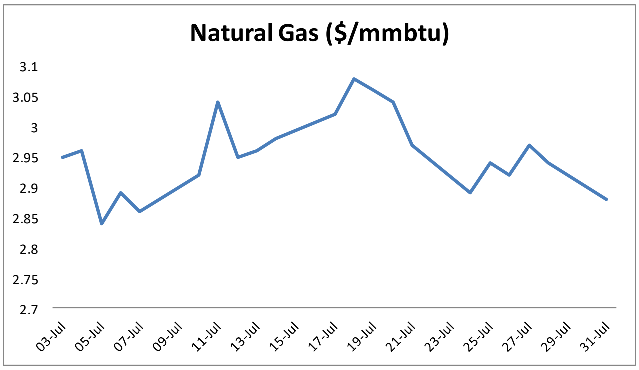
[10]

Outlook

Oil production will maintain its upbeat momentum and inch higher in August. However, the OPEC cap on Nigeria's output will restrict the extent of the ongoing production rally. Production is expected to flat-line at 1.8mbpd in the coming months.

Natural Gas

Gas prices averaged $2.95/MMBtu in July, 1% lower than Gas prices averaged $2.95/MMBtu in July, 1% lower than June's average of $2.98/MMBtu. Prices dipped to a 5-month low of $2.75/MMBtu during intraday trading. Cooler than expected temperatures and weaker demand were the main drivers of July's choppy trading.



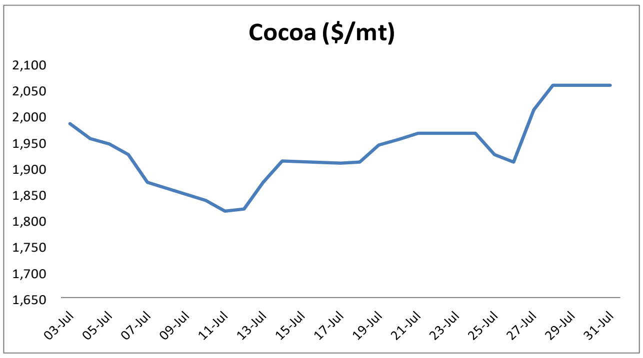
[11]

Outlook

Weather forecasts indicate that much of the US will experience a cool summer season. This will dampen global demand and keep gas prices below $3.00/MMBtu. The US accounts for over 25% of global gas consumption.

Cocoa

Cocoa prices have closed lower for the 3rd consecutive month. Average price of cocoa in the review period was $1,924/mt, 1.78% lower compared to $1,959/mt in June. Heavy rainfall in West African region has boosted output of major cocoa producers including Ivory Coast and Ghana.



[12]

Outlook

Cocoa prices climbed in the last few days in July, surpassing the $2,000/mt threshold supported by the depreciation in the dollar. This gain is expected to be temporary as oversupply outweighs exchange rate factors and remains the major determinant of price.

[10] Source: OPEC, FDC Think Tank

[11] Source: Bloomberg, FDC Think Tank

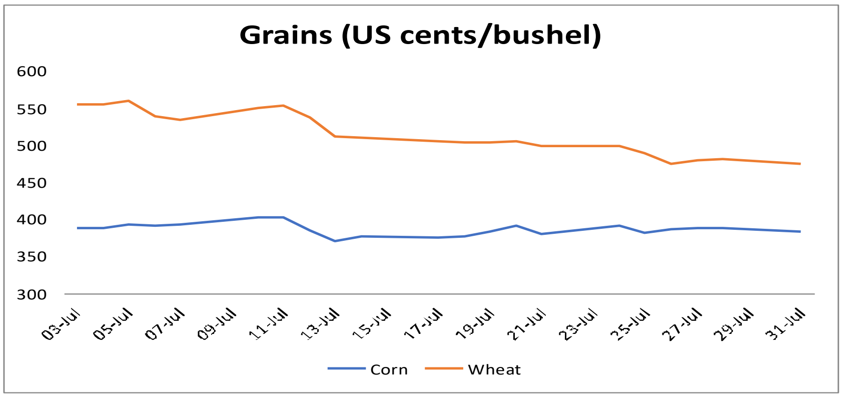
[12] Source: Bloomberg, FDC Think Tank

Wheat

Wheat prices maintained a strong rally again this month. Average prices in July stood at $5.15/bushel, 11.4% higher than June's average of $4.62/bushel. Drought-hit south-central US, and other producing areas, have reduced harvest expectations of spring wheat.

Corn

Corn prices recorded more moderate gains. Prices averaged $3.86/bushel in July, compared to $3.76/bushel in June. Weather conditions continue to be an issue of concern as little rain in the US Corn Belt affect harvest.



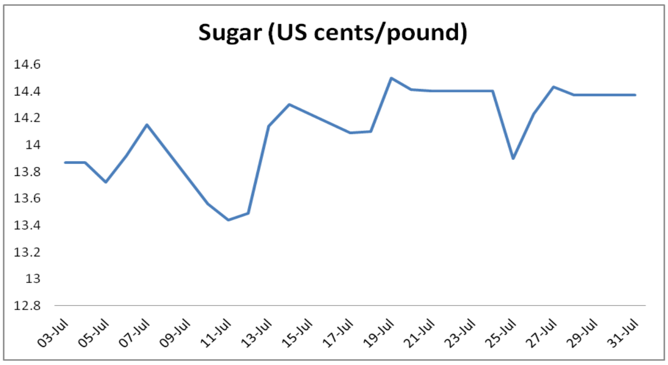
[13]

Outlook

We expect grains prices to flatline in August. Ample wheat and corn supplies in Australia and Europe will offset the effects of unfavourable weather in the US. Additionally, a weaker dollar implies cheaper commodity prices, thereby increasing demand.

Sugar

Sugar prices have maintained their bearish trend this month, averaging$0.1407/pound in July, compared to $0.1366/pound in June. Prices climbed due to expectations of lower Brazilian exports following a tax change that could make ethanol more competitive.



[14]

Outlook

The outlook for sugar prices is rather gloomy. Future prices will be dampened by overproduction in the global market.

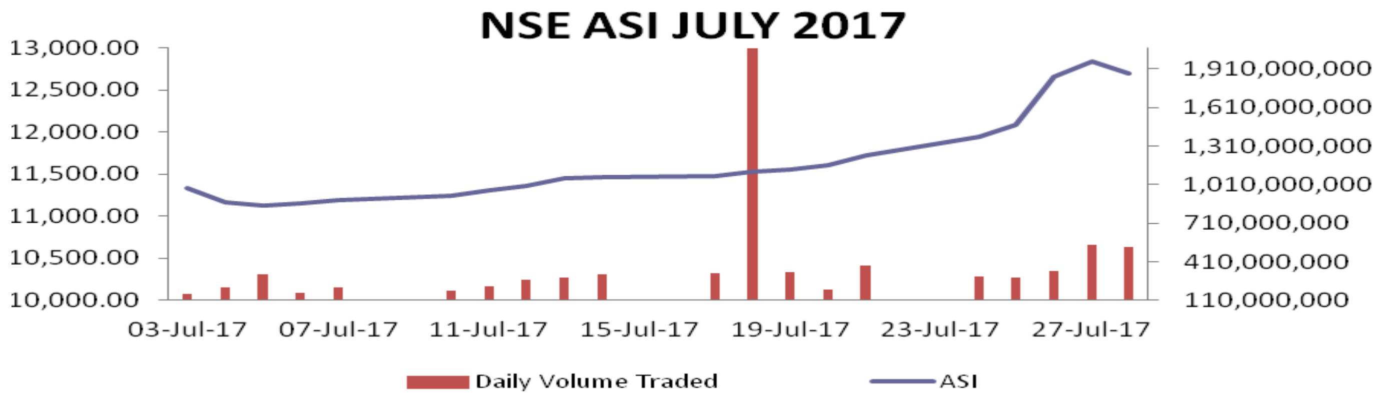
[13] Source: Bloomberg, FDC Think Tank

[14] Source: Bloomberg, FDC Think Tank

STOCK MARKET

In the month of July, the Nigerian equities market advanced, consolidating gains recorded in the months of May and June. The Nigerian Stock Exchange All Share Index (NSEASI) increased by 8.23% to close at 35,844.00 (its highest point since 2014) from 33,117.48 points at the end of June. The year-to-date return on the index also moved further into positive territory: closing at 33.37% from 23.23% in June. Market capitalization closed at N12.35trn, having gained N901.54bn in the month under review.

The equity market rally, which started two months ago, has been sustained by positive H1 results across sectors. Activity on the bourse was mostly positive, resulting in 16 consecutive days of gains and 4 days of losses. Daily changes, representing volatility on the ASI, ranged between -2.77% and 3.40% in the month.



Turnover was N97.14bn representing an 11.9% decrease while the average daily turnover of N4.63bn was 15.9% below June's average daily turnover of N5.51bn.

Investor sentiments remained positive, as reflected by market breadth. 49 stocks advanced against 42 stocks that declined while 81 stocks remained unchanged.

GAINERS

COMPANY	30-Jun	31-Jul	% Change
OKOMU OIL PALM PLC.	58.49	80.03	36.83%
DANGOTE SUGAR REFINERY PLC.	9.00	11.97	33.00%
N.E.M INSURANCE CO (NIG) PLC.	1.05	1.34	27.62%
HONEYWELL FLOUR MILL PLC	1.76	2.20	25.00%
FORTE OIL PLC.	50.07	61.70	23.23%

OKOMU OIL PALM 36.83%, led the gainers chart and was followed closely by DANGOTE SUGAR REFINERY which appreciated by 33.00%. N.E.M INSURANCE, HONEYWELL FLOURMILL AND FORTE OIL gained 27.62%, 25.00% and 23.23% respectively

All indices closed positive during the month under review. Driven by gains in the share prices of Ecobank (+18.11%), Zenith (+17.18%) and GTB (+12.15%) the banking index appreciated by 11.90%. Dangcem (+9.15%) and Betaglass (+15.66) also bolstered the performance of industrial index.

The insurance index managed to post marginal gains of 2.29% as the positive performance of Continental Re (+20.17%), was weighed down by the sector heavyweights: AXA Mansard (-5.41%) and AIICO insurance (-5.00%).

LOSERS

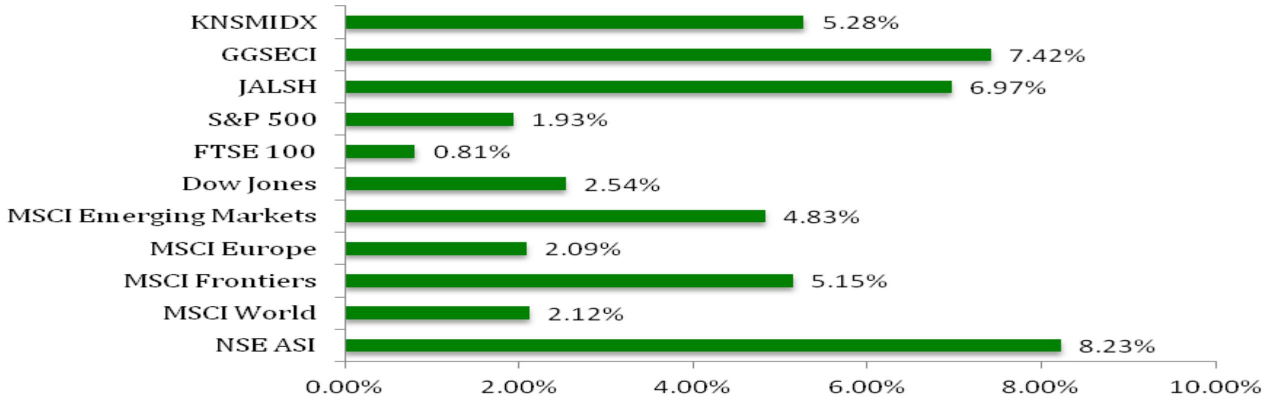
COMPANY	30-Jun	31-Jul	% Change
UNIVERSITY PRESS PLC.	3.57	2.76	-22.69%
CADBURY NIGERIA PLC.	14.00	10.97	-21.64%
MORISON INDUSTRIES PLC.	1.65	1.30	-21.21%
MAY & BAKER NIGERIA PLC.	3.88	3.07	-20.88%
CONOIL PLC	44.56	36.40	-18.31%

Top price losers for the month were UNIVERSITY PRESS (-22.69%), CADBURY NIGERIA (-21.64%), MORISON INDUSTRIES (-21.21%), MAY & BAKER (-20.88%) and CONOIL (-18.31%).

Global Market Review

In spite of the increase in geopolitical tensions, all global indices under our coverage advanced in the month of July. The US stock market has been resilient to the political and policy firestorms created by the White House.

The bull run broadened out across sectors as the S&P500 financial index (up 0.83%) reported the best performance. Weakness in technology stocks such as Facebook, down 1.8% and Apple, off 0.7%, curbed gains on the broader index and pushed the Nasdaq into negative territory.



Source: NSE, Bloomberg, MSCI, FDC Think Tank

Emerging markets continue to perform well, with the weakening USD and strong economic growth from China (an increase of 7.4% in July) driving the emerging markets index to a 17.5% return year to date.

In the sub Saharan African region, the NSE ASI again blazed the trail by chalking up 8.23% during the review period. A positive earnings season has further boosted investor confidence and pushed the index to a three year high. The GGSECI also recorded robust gains of 7.42% as investors continue to buy Ghanaian equities amid the improving macroeconomic situation.

OUTLOOK

We expect to see more green days in the month of August. Improving macroeconomic fundamentals, positive earnings season and improved transparency in the FX market is expected to sustain Foreign Portfolio Inflows (FPI) recorded in the last two months. Profit taking by speculators may however slow down the bullish performance.

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For global chief executive officers and managing directors

This programme is designed to prepare business leaders for deeper and insightful leadership as they take on more responsibilities and break new global business frontiers.

November 2017
January 2018
March 2018

Duration: **5 months**

Chief Executive Programme

For potential managers and supervisors, early career employees

This programme equips chief executives with the knowledge, attitude and resources to lead in the 21st century.

May 15 - Aug 18, 2017

Duration: **4 months**

Senior Management Programme

For regional managers, unit heads and assistant general managers

This programme is designed for functional managers to enhance their strategic thinking capabilities and build their personal and leadership skills.

Mar 6 - Sept 18, 2017
May 22 - Oct 20, 2017 (Abuja)
June 19 - Nov 24, 2017
Sept 18, 2017 - Feb 16, 2018

Duration: **6 months**

Management Acceleration Programme

For potential managers and supervisors, early career employees

This programme is focused on providing the skillset required to accelerate the positive impact young professionals can have on their organisation.

Aug 9 - Nov 4, 2017
May 3 - Aug 5, 2017 (Abuja)

Duration: **4 months**

Owner Manger Programme

For founders, entrepreneurs and business owners

This programme is designed to position your company for improved performance and consistent growth by mastering what it takes to build a successful and sustainable business.

April 3 - Sept 8, 2017
June 5 - Nov 24, 2017 (Enugu)
Oct 16, 2017 - March 16, 2018 (Abuja)

Duration: **6 months**

Agricbusiness Management Programme

For agriculturists, persons interested in agriculture, business owners

This is an innovative and stimulating learning experience that integrates classroom and action learning in providing the specific business skills required for the agricultural sector

Aug 21 - Dec 5, 2017 (Abuja)
Aug 14 - Dec 15, 2017 (Enugu)

Duration: **6 months**

Advanced Management Programme

For General Managers and Directors reporting to CEOs

This programme is designed to help experienced senior managers refine their management and leadership skills needed for continued career advancement. The programme prepares them for the c-suite

May 8 - Sept 15, 2017

Duration: **6 months**

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LAGOS BUSINESS SCHOOL
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Lagos Business School is ranked with the world's top business schools in open enrolment executive education (2007-2016) and custom executive education (2015-2016). Financial Times, London.
Financial Times, London

For Reservations/Additional Information:
Efosa Ajorgbor: 07019900758; **Arinze Maduekwe:** 07080070552
execedsales@lbs.edu.ng

Equity report :

INTERNATIONAL BREWERIES

Analyst Recommendation : Sell
Market Capitalization: N98.83bn
Recommendation Period: 365 days
Current Price: N30.00
Industry: Food, Beverage & Tobacco
Target Price: N15.75

The food and drink sector in Nigeria has been characterized by a fall in consumption despite an improving economy. Nigerian consumers are still burdened by the increase in prices and the weak labour market (high unemployment and underemployment). Current currency movements in Nigeria and high inflation rates have adversely affected the sector. Food consumption is expected to contract by 15.3%, while non-alcoholic drink consumption is expected to contract by 12.7%. The market is presently undergoing a product shift as consumers are moving away from premium products to value products. This will contribute to a 5.9% increase in sales of alcoholic drinks. It may seem inappropriate to downgrade the value of International Breweries stock as it has provided huge returns. However, our International Breweries valuation is derived using intrinsic valuation and its share price is currently overvalued. Accordingly, we place a SELL rating on International Breweries Plc.

Revenue growth driven by product shift in market

International Breweries posted revenue of N32.71bn in FY 2017 which represents a 40.58% increase of N23.27bn compared to the previous year. This rise is driven by consumer down-trading from premium products to low priced products, and is expected to rise further in the near to medium term.

Foreign exchange loss of N3.85mn weighs on profitability

International Breweries posted a revenue growth of approximately 41% year-on-year (YoY). However, the sharp increase in foreign exchange (forex) debt of N3.85bn, driven by the devaluation of the naira, outweighed the sales growth and operational profit of N8.08bn. It resulted in loss after tax of N1.034bn, a steep fall of 61% from 2016. Oil prices are expected to average at $50 per barrel in 2017 and the recent Central Bank of Nigeria (CBN) intervention policies will help stabilize the naira. These will benefit International Breweries' forex requirements. However, the lack of predictability of the benefits of such interventions, with no measures in place to manage forex risks, will make it impossible for management to manage costs effectively.

INDUSTRY AND COMPANY OVERVIEW

The Nigerian brewery industry is the largest segment of the food and beverages sector. It constitutes 35.9% of the growth in the sector. It has evolved over the years from a duopoly to an oligopolistic market structure (a small number of firms have the majority of market share). Nigeria is the second largest beer market in Africa. The Nigerian brewery industry includes a strong multinational presence. The Nigeria beer market is estimated to be worth $2.7bn as of the end of last year and is expected to grow at a compound annual growth rate (CAGR) of 5.6% between 2011 and 2020.[15] The drivers include a large population and an increase in the numbers of consumers of drinking age.

The leading players are Nigerian Breweries (a subsidiary of Heineken) with a market share of 65%, Guinness Nigeria (a subsidiary of Diego) and AB InBev (formally SABMiller and parent company of International Breweries). These companies are all listed on the Nigerian Stock Exchange (NSE). International Breweries Plc is a subsidiary of AB InBev. Other players include Casapreco and other indigenous manufacturers dealing mainly in low end gin.

International Breweries Plc. was incorporated in 1971 under the name International Breweries Limited and commenced production in December 1978. It was listed on the NSE in 1995. The company became a subsidiary of Anheuser-Busch InBev (AB InBev) in 2016. Its key business activities include brewing, packaging and marketing of beer, alcoholic and non-alcoholic beverages and soft drinks. International Breweries deals primarily in low priced products such as Trophy Lager, Trophy Black, Hero, Grand Malt, Beta Malt and Castle Lager.

International Breweries' growth can be seen through its financial results. Non-Current Assets had a CAGR of 19% between 2013 and 2017 and its net assets had a CAGR of 10%. Between 2016 and 2017, its gross profit margin increased by 46.36% while its operating profit margin increased by 24.71%. However, profit after tax (PAT) during that period was down by 61% due to foreign exchange losses, finance costs from interest on bank loans and an increase in operating expenses. The company experienced an overall revenue growth of 40.58% for FY 2017 due to its investment in value beer production. The cost of sales as a percentage of revenue remained unchanged for FY 2017, while marketing and promotion expenses as a percentage of revenue increased marginally by 0.4% to 15.6%. In addition, administrative expenses, as a percentage of revenue, declined from 8.7% to 6.4% during the period.

[15] A Focus on the Nigeria Brewery Sector – GTI Research 2015

MANAGEMENT:

Talented management is determined to explore growth opportunities but constrained by harsh macroeconomic conditions

International Breweries Plc's growth over the years can be attributed to its detailed regional and ethnic segmentation which has focused solely on the low-cost beer category to capture a larger consumer base. In a bid to grow even stronger, it appointed experts with a wide range of experience both locally and internationally in the food and beverage industry.

Mr. Sunday Akintoye Omole is the current Chairman, effective March 2017. Mr. Omole has vast experience in accounting, auditing and tax, food and beverage industry restructuring, financial services and commodities future market. He is also on the boards of a few other companies including Universal Foods and Beverages. He was the Chairman of International Breweries Risk Management and Audit Committee.

Mr. Michiel Oerlemans, appointed in March 2017, is the newly appointed Chief Operating Officer with a BSc. in Business and Financial Management. He began his career with SABMiller three decades ago where he gained extensive experience in marketing, sales, operational strategies and distribution aspects of the brewery business. He has also worked with AB InBev Breweries in Lesotho, Northern region of Zambia and Ghana where he developed and implemented marketing, sales and operational strategies.

The Board of Directors of International Breweries, Intafact Beverages Limited and Pabod Breweries Limited (all subsidiaries of AB InBev) have agreed to consolidate their operations through a merger which is subject to regulatory and shareholder approvals. This was approved at International Breweries Board meeting on June 2nd, 2017 and is expected to increase revenue, reduce cost, enhance operational efficiencies and streamline operations. This will give the company an opportunity to provide quality beer at competitive prices as it will shift

cost savings to consumers, gaining a larger market share. The proposed merger poses a great threat to Nigerian Breweries' and Guinness Nigeria's margins as the newly merged company has the potential to attract greater volumes.

Even though market shift to value products and expansion plans are working well in increasing the growth of the company in Nigeria's weak economy, future growth is only impeded by adverse macroeconomic conditions. The rise in the cost of input materials and an increase in foreign borrowings driven by the devaluation of the naira will constrain its management's ability to increase market share, reduce cost and improve operational efficiencies to ensure growth in the medium term.

Income Statement for International Breweries Plc (FY March 2017)

N'000	2013	2014	2015	2016	2017
Revenue	17,388,632	18,493,907	20,649,295	23,269,364	32,711,218
Cost of Sales	(9,687,402)	(9,591,273)	(11,587,817)	(12,560,429)	(17,546,759)
Gross Profit	**7,701,230**	**8,902,634**	**9,061,478**	**10,708,935**	**15,164,459**
Other Income	30,121	13,966	191,192	44,772	102,403
Marketing and Promotion Expenses	(2,201,408)	(2,412,707)	(2,859,260)	(3,596,407)	(5,089,755)
Administrative Expenses	(2,085,746)	(1,492,671)	(1,758,149)	(2,016,188)	(2,092,682)
Operating Profit/EBIT	**3,444,197**	**5,011,222**	**4,635,261**	**5,141,112**	**8,084,425**
Interest Income	308,974	41,620	1,327	225,101	2,983
Finance Cost	(197,625)	(1,127,342)	(1,821,034)	(1,709,387)	(5,195,659)
Profit Before Tax (PBT)	**3,555,546**	**3,925,500**	**2,815,554**	**3,656,826**	**2,891,749**
Income Tax Expense	(1,228,204)	(1,820,000)	(869,064)	(1,004,078)	(1,857,392)
Profit After Tax(PAT)	2,327,342	2,105,500	1,946,490	2,652,748	1,034,357

Balance Sheet for International Breweries Plc (FY March 2017)

N'000	2013	2014	2015	2016	2017
Non-Current Assets					
Property, Plant and Equipment	15,496,354	18,677,771	22,679,842	25,216,244	31,748,068
Intangible Asset	24,765	22,444	54,383	54,923	45,738
Available for Sale Investment	1,000	1,000	1,000	-	-
Deferred Tax Assets	890,325	94,254	106,699	127,458	1,229,680
Total Non-Current Assets	**16,412,444**	**18,795,469**	**22,841,924**	**25,398,625**	**33,023,486**
Current Assets					
Inventories	2,439,885	2,236,649	2,800,392	2,909,333	3,835,324
Trade and Other Receivables	3,142,040	2,945,043	3,675,605	4,072,090	6,938,722
Cash and Cash Equivalents	1,042,393	393,379	853,668	1,102,058	1,165,203
Total Current Assets	**6,624,318**	**5,575,071**	**7,329,665**	**8,083,481**	**11,939,249**
Total Assets	**23,036,762**	**24,370,540**	**30,171,589**	**33,482,106**	**44,962,735**
Net Assets	**9,380,173**	**10,639,923**	**12,168,258**	**13,997,391**	**13,878,760**
Equity					
Share Capital	1,631,263	1,647,125	1,647,125	1,647,125	1,647,125
Share Premium	5,570,705	6,154,725	6,160,731	6,160,731	6,160,731
Retained Earnings	817,449	2,107,317	2,999,647	4,828,779	4,710,148
Total Shareholders' Equity	8,019,417	9,909,167	10,807,503	12,636,635	12,518,004
Other Reserves	1,360,756	1,360,756	1,360,756	1,360,756	1,360,756
Total Equity	**9,380,173**	**11,269,923**	**12,168,259**	**13,997,391**	**13,878,760**
Non-Current Liabilities					
Borrowings	3,789,474	3,854,913	4,901,221	-	-
Deferred Tax Liabilities	1,749,928	2,322,550	2,771,238	3,119,122	4,385,556
Employee Benefits	257,852	318,707	355,664	424,859	509,803
Other Payables	-	-	-	93,848	136,522
Total Non-Current Liabilities	**5,797,254**	**6,496,170**	**8,028,123**	**3,637,829**	**5,031,881**
				3,543,981	
Current Liabilities					
Trade and Other Payables	5,331,892	5,927,015	4,671,165	6,479,361	12,476,472
Employee Benefits	17,820	79,335	59,054	138,153	165,438
Borrowings/Financial Liabilities	2,421,689	771,856	4,844,127	8,552,420	11,987,582
Current Tax Liabilities	87,934	456,241	400,862	676,952	1,422,602
Total Current Liabilities	**7,859,335**	**7,234,447**	**9,975,208**	**15,846,886**	**26,052,094**
Total Liabilities	**13,656,589**	**13,730,617**	**18,003,331**	**19,484,715**	**31,083,975**
Total Equities and Liabilities	**23,036,762**	**25,000,540**	**30,171,590**	**33,482,106**	**44,962,735**

The Bull and the Bear Says:

Bulls say:

- Shift of market preference to low-priced products
- Rich product portfolio for alcoholic and non-alcoholic drinks
- Innovative malt brands
- Talented and experienced management

Bears say:

- Intense competition from other leading players such as Nigerian Breweries and Guinness as well as smaller local breweries
- Persistent foreign exchange challenges adversely affecting earnings
- Rising cost of raw materials and key inputs

Risks and Outlook: *Great prospects with risks beyond its control*

International Breweries faces interest rate risks, currency risks and persistent macroeconomic challenges. These risks could prevent International Breweries from achieving its goals of increasing revenue, reducing cost, boosting earnings, streamlining operations and improving operational efficiencies. Most of the company's debt stems from foreign currency borrowings, purchases of some of its raw materials in foreign currency and interest expense. International Breweries undertakes its foreign transactions in USD, SA rand and euro and is at risk of exposure to high interest bearing debts. Increased pressure on the naira could lead to a further increase in financing costs hence a fall in its earnings (PAT). International Breweries currently does not have measures in place to manage these exposures. A further devaluation of the naira will increase the company's operating and interest expenses.

Nigerian Breweries, the leading player in the industry and International Breweries' competition, is actively expanding into the value beer market as it has increased its production of low-priced beer. This poses a threat to the company as Nigerian Breweries has the potential to decrease International Breweries' market share.

APPENDIX - Valuation

We derived our valuation for International Breweries Plc by using the Discounted Cash Flow (DCF) methodology. Our fair value estimate for International Breweries is **N15.75**, which is a 47.5% downside on the price of its share as at July 20, 2017. The discount rate [weighted average cost of capital (WACC)] of 17.19% is derived using a 16.2% risk free rate [the yield for a 10-year Federal Government of Nigeria (FGN) bond maturing in March 2027], a beta of 1.4108,[16] an after-tax cost of debt of 7.83%, and a market risk premium of 6.4%. The calculated long term cash flow growth rate to perpetuity is 5.0%. Taking into account International Breweries' latest financial results, expansion plans and prevailing macroeconomic conditions, we foresee a three-year revenue compound annual growth rate of 25%.

[16] Financial Times Data

International Breweries Plc valuation using discounted cash flow (DCF)

DCF Valuation			
N'000	**2018E**	**2019E**	**2020E**
EBIT	10,187,228	12,337,006	15,961,817
Less: Taxes	(3,056,168)	(3,701,102)	(4,788,545)
EBIAT	7,131,060	8,635,904	11,173,272
Plus: Depreciation & Amortization Expense	2,269,268	2,607,351	2,824,450
Less: CAPEX	(5,968,478)	(6,961,451)	(6,417,535)
Less: Change in working capital	2,198,789	1,649,543	1,391,549
Free Cash Flow (FCF)	5,630,639	5,931,347	8,971,737
WACC	17.19%	17.19%	17.19%
Present Value (PV) of FCF	4,804,773	4,319,005	5,574,708
Terminal Value @ Perpetual Growth Rate (2020	2018	2019	2020
Terminal value as of 2020			77,288,952
Present value of terminal value	48,024,518		

DCF Calculation	
PV of explicit period	14,698,486
PV of terminal value	48,024,518
Enterprise Value	62,723,004
+ Cash	1,165,203
- Borrowings	11,987,582
Equity Value	51,900,625
Share price	15.75
Shares outstanding ('000)	3,294,249

Important Notice

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