

# STANBIC IBTC COMPANY NEWS



## SELECTED INDICES

Sector : Insurance  
 Current Price : N6.82  
 Shares Outstanding : 4.89bn  
 Market Cap : N32.93bn

Liquidity : Medium  
 Price to Book : 8.68  
 Industry Average : 13.40  
 ROA 2007 : 11.42%  
 ROE 2007 : 19.97%  
 PAT (2007) : N757.982mn  
 PAT (2008) est : N2.37bn  
 EPS (2007) : 15.69k  
 EPS (2008) est : 49.14k  
 PE (2007) : 43.45  
 Industry Average PE (2007) : 145.35  
 PE 2008 est : 13.88  
 Industry Average PE est : 36.48  
 Dividend Yield (2007) : 1.76%  
 Dividend Yield (2008) est : 4.32%  
 Industry Average DYield est : 2.00%

Fair Value : N13.75  
 Projected Price (2008) : N12.00  
 Time Frame : 31 December 2008

## Recommendation

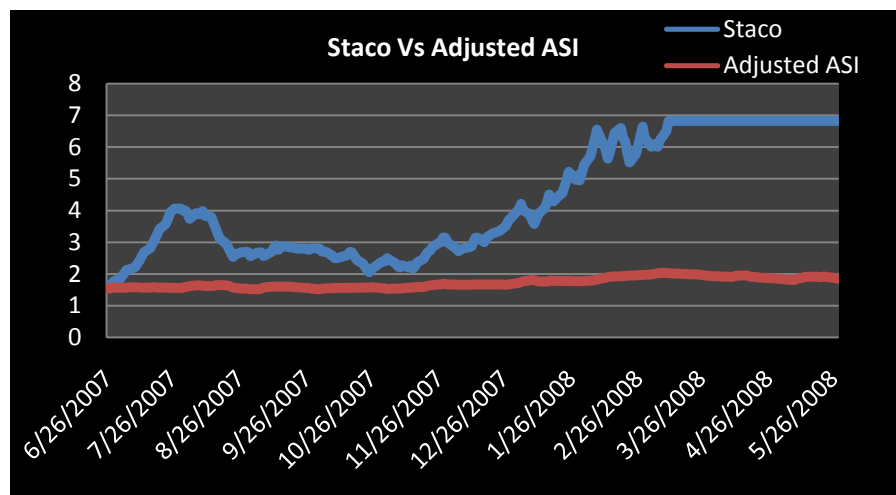
**HOLD SHORT TERM**  
**BUY LONG TERM**

## STACO INSURANCE PLC FIRST QUARTER ENDED 31 MARCH 2008

	2008	2007	Growth
<b>Turnover (N'Bn)</b>	1.239	0.569	117.75%
<b>PBT (N'Mn)</b>	659.204	250.352	163.31%
<b>PAT (N'Mn)</b>	593.283	224.897	163.80%

## ANALYST'S OPINION

Staco Insurance Plc (Staco) released its results for the period ended 31 March 2008 showing a growth of 117.75% in turnover from N0.569 billion to N1.239 billion. Profit Before Tax (PBT) grew by 163.31% from N250.352 million in 2007 to N659.204 million in 2008. Analogously, Profit After Tax (PAT) for the company increased by 163.80% from N224.897 million in 2007 to N593.283 million in 2008. The company's share price is currently placed under technical suspension (at N6.82 per share) following the company's plans to raise funds from the capital market. However, the expected public offer by is being delayed till sometime in July since the company got listed on the exchange in June 2007 and the Nigerian Stock Exchange's rule is that a company must have been listed for at least a year before it gets her nod to embark on a public offer. Nevertheless, based on the company's growth rate and the expected growth rate of the entire insurance industry, our analysts are projecting a PAT of N2.37 billion for the financial year-end 31 December 2008. This translates to a projected P/E ratio of 13.88x earnings as against the industry average of 36.48x earnings. With our projection of 60% dividend pay out ratio, projected dividend yield is 4.32% as compared to industry average of 2.00%. Using a combination of earnings, dividend yield and price to book valuation models, our analysts arrived at a fair value of N13.75 per share for a share of the company. We therefore assign a **BUY** recommendation for the stock in the long term and a **HOLD** recommendation in the short term.



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