

# STANBIC IBTC COMPANY NEWS



## SELECTED INDICES

Sector : Banking  
 Current Price : N7.64  
 Shares Outstanding : 10.552 bn  
 Market Cap : N80.623 bn

Liquidity : Medium  
 PAT (2007) : N1.1bn  
 PAT (2008) est : N6.162bn  
 EPS (2007) : 9.48kobo  
 EPS (2008) est : 58.39kob  
 PE (2007) : 42.4x  
 Industry Average PE (2007) : 33.7x  
 PE 2008 est : 13.08x  
 Industry Average PE est : 24.58x  
 Dividend Yield (2008) est : 3.82%  
 Industry Average DYield est : 2.77%

Fair Value : N13.01  
 Projected Price (2008) : N15.62

## Recommendation

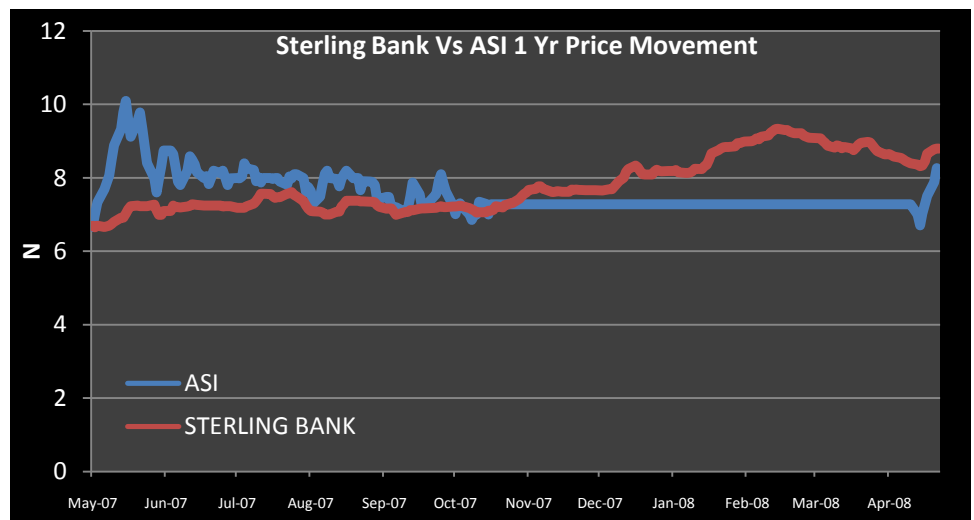
**HOLD**                      **SHORT TERM**  
**BUY**                        **LONG TERM**

### STERLING BANK PLC HALF YEAR UNAUDITED RESULT FOR THE PERIOD ENDED 31 MARCH 2008

	2008	2007	Growth
<b>Gross Earnings (N'Bn)</b>	17.391	9.704	79.21%
<b>PBT (N'Bn)</b>	3.690	1.329	177.65%
<b>Tax (N'Mn)</b>	(608.554)	(216.815)	180.68%
<b>PAT (N'Bn)</b>	3.081	1.112	177.07%

### ANALYST'S OPINION

Sterling Bank Plc which just stopped merger discussions with Ecobank Nigeria Plc released its unaudited half year result today on the floor of the Nigerian Stock Exchange (NSE). The results show a 79.21% growth in Gross Earnings from N9.704 billion in 2007 to N17.391 billion in 2008. The PBT which grew more rapidly than the Gross Earnings showed a 177.65% growth rate to N3.690 billion at the end of the half year ended 31<sup>st</sup> March 2008. The PAT on the other hand also increased by 177.07% to N3.081 billion when compared to the N1.112 billion in the comparable period of 2007. This represents a historical EPS of 18.00kobo and a historical PE of 42.4x earnings compared to the industry average PE of 33.7x earnings. Based on the half year result, our analysts are projecting a PAT of N6.162 billion for the year ended 30<sup>th</sup> September 2008. This will yield an EPS of 58.39 kobo and a projected PE of 13.08x earning as against the industry average PE of 24.58x. Using an average of the assumed market PE and the company's PE, we arrived at a fair value of N13.01 for each share of Sterling Bank Plc. This implies the shares are currently trading at a discount of about 70.29% its fair value. Although the shares are relatively cheap compared to its fair value, we recommend a HOLD in the short term (as the company did not announce any plans of corporate action for the year ended 30<sup>th</sup> September 2007) and a BUY in the long term.



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