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**SSA ex SA: TOP 30 COMPANIES - DECEMBER 2017**

**Date: January 22, 2018**

**Prepared by: Christopher W. Hartland-Peel**

**This report is an update as of December 2017 and covers the Top 30 companies in Sub-Sahara Africa ex SA by market capitalisation. Highlights:**

- The market capitalisation of the Top 30 companies for December 2017 was US\$61.7bn, down 1% on November 2017 but up 25% year to date.
- The SA Rand appreciated 10% in December 2017 following Cyril Ramaphosa being elected as President of the ANC. This also served to cause neighbouring countries' currencies to appreciate.
- In December 2017 SSA ex SA stock markets rose 1.2% in US\$ terms. The BRVM rose 10%, Botswana 5% and Namibia 13%. Zimbabwe fell 14% and Kenya fell 1%.
- Year to date thirteen stock markets have positive US\$ returns (page 5).
- During December 2017 oil prices rose 7% to US\$66.62/barrel and gold rose 1% to US\$1,291/oz.
- Our analysis shows:

- |  |   |
|--|---|
| • 11 companies with a ROE > 25%.           | • 10 companies with a trailing P/E < 10.0 times.    |
| • 10 companies with a dividend yield > 5%. | • 8 companies with a price/book value < 1.50 times. |

SUB-SAHARA AFRICA ex SA - TOP 30 COMPANIES 30-Dec-17 (Ranked by market capitalisation)																	
----- December -----		Dec	Country	L/C	Issued	Market capitalisation	P/E	--- Dividend ---		Price	ROE						
11	12	13	14	15	16	17	Share price	shares million	US\$ millions	% of total	Trailing 12 months	yield	cover	to book value	last 12 months		
1	1	1	1	1	1	1	Dangote Cement	NIG	230.00	17,041	10,887	17.6%	15.3	3.7%	1.77	4.54	29.7%
11	10	5	3	2	2	2	Safaricom	KEN	26.75	40,000	10,363	16.8%	21.1	6.2%	0.77	9.95	47.2%
4	7	7	5	4	3	3	SONATEL	BRVM	23,500	100	4,299	7.0%	12.6	7.1%	1.12	3.66	29.0%
7	5	3	4	5	6	4	Nestlé Nigeria	NIG	1,555.99	793	3,426	5.6%	40.3	1.2%	2.03	26.81	66.6%
3	3	6	6	6	5	5	GTB	NIG	40.75	29,431	3,331	5.4%	13.4	4.9%	1.52	2.42	33.5%
2	2	2	2	3	4	6	Nigerian Breweries	NIG	134.90	7,929	2,971	4.8%	33.4	3.4%	0.88	6.45	19.3%
5	4	4	7	7	10	7	Zenith Bank	NIG	25.64	31,396	2,236	3.6%	4.7	7.9%	2.71	1.14	24.5%
10	11	12	14	13	9	8	MCB	MAU	273.00	250	2,022	3.3%	10.2	3.4%	2.90	1.49	14.6%
-	-	17	9	11	8	9	Tanzania Breweries	TAN	14,000	295	1,839	3.0%	24.6	2.1%	1.90	5.82	23.6%
9	9	9	8	9	7	10	East African Breweries	KEN	238.00	791	1,823	3.0%	24.5	3.2%	1.29	15.70	64.0%
21	17	20	11	14	12	11	Equity Bank	KEN	39.75	3,703	1,426	2.3%	7.6	5.0%	2.63	1.81	24.0%
25	18	15	12	15	15	12	KCB Bank	KEN	42.75	2,950	1,221	2.0%	6.3	9.4%	1.70	1.31	20.8%
15	14	14	19	18	11	13	Delta Corporation	ZIM	\$1.60	1,235	1,186	1.9%	27.7	3.6%	1.01	3.92	14.1%
16	13	13	10	10	16	14	ETI	NIG	17.00	24,730	1,168	1.9%	5.4	0.0%	n.a.	0.50	9.2%
12	30	19	15	21	-	15	Stanbic IBTC	NIG	41.50	10,000	1,153	1.9%	8.6	0.1%	96.15	3.35	38.9%
-	21	16	-	28	28	16	UBA	NIG	10.30	36,280	1,038	1.7%	4.7	6.8%	3.12	0.86	18.2%
-	-	-	-	24	13	17	FNB Namibia	NAMIBIA	46.69	268	1,009	1.6%	11.4	4.4%	2.01	2.79	24.4%
-	-	-	21	-	20	18	Seplat Petroleum	NIG	626.22	563	980	1.6%	loss	2.3%	n.a.	0.69	-0.5%
-	-	-	27	20	23	19	Co-op Bank	KEN	16.00	5,867	909	1.5%	7.4	4.2%	3.25	1.53	20.7%
23	26	27	24	-	29	20	Econet Wireless	ZIM	\$0.92	1,640	907	1.5%	21.3	0.5%	9.25	2.18	10.2%
8	6	8	13	16	-	21	First Bank of Nigeria	NIG	8.80	35,897	877	1.4%	5.4	2.3%	8.20	0.54	10.1%
-	-	-	-	-	-	22	Vodacom Tanzania	TAN	850.00	2,240	848	1.4%	30.0	1.2%	2.88	3.21	10.7%
30	12	18	29	-	26	23	Access Bank	NIG	10.45	28,928	840	1.4%	4.0	6.2%	3.98	0.67	16.7%
-	-	-	-	-	17	24	Tanzania Cigarette	TAN	16,800	100	748	1.2%	29.0	3.0%	1.16	9.00	31.1%
-	-	-	-	-	21	25	Capricorn Investment*	NAMIBIA	18.08	510	745	1.2%	10.1	3.8%	2.62	1.82	18.0%
-	-	-	22	23	14	26	BAT Kenya	KEN	760.00	100	736	1.2%	18.6	5.7%	0.95	8.64	46.6%
27	23	26	20	29	22	27	Standard Chartered Kenya	KEN	208.00	344	692	1.1%	11.4	8.9%	0.99	1.74	15.3%
17	16	11	18	8	18	28	Lafarge Africa	NIG	44.89	5,481	683	1.1%	> 100.0	2.3%	0.12	3.20	0.9%
-	-	-	-	-	-	29	Dangote Sugar	NIG	20.00	12,000	667	1.1%	6.8	3.0%	4.92	3.01	44.4%
-	-	-	-	26	17	30	Société Générale-CI	BRVM	11,550	31.1	657	1.1%	8.7	5.6%	2.06	3.20	36.8%
							Total/weighted average		\$61,689	100.0%	17.0	4.4%	3.58	6.14	31.6%		
							Median				10.8	3.7%		3.01	23.6%		
							Mean				15.2	4.0%		4.46	25.6%		

\* formerly Bank of Windhoek

█ = P/E < 10.0, Dividend yield > 5.0%, Price/Book < 1.50, ROE > 25%

Sources: Country stock exchanges, company annual and earnings reports. Exchange rates from the Financial Times, London

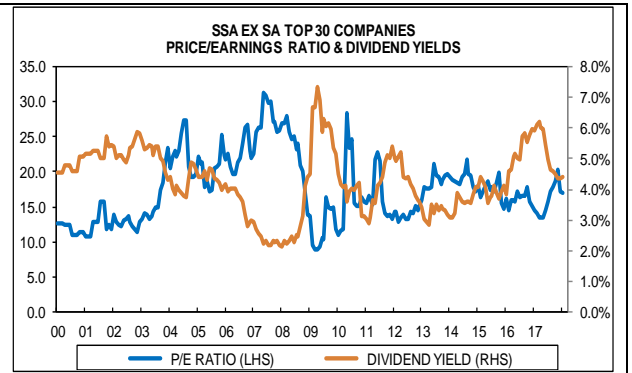


**Highlights continued...**

- Historic Price/earnings ratios and Price/book ratios have recovered from their 2016 multi-year lows and dividend yields have fallen.



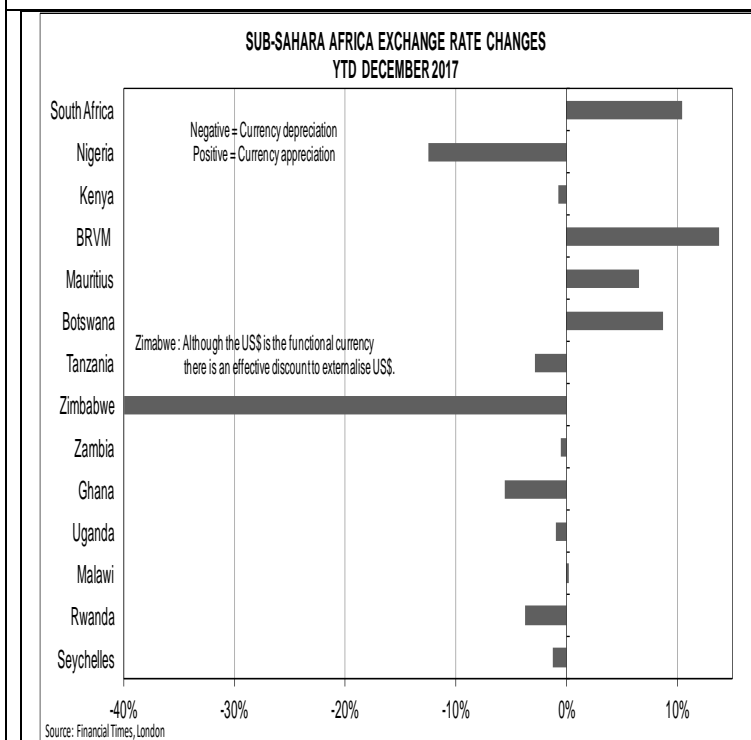
Source: Hartland-Peel Africa Equity Research



Source: Hartland-Peel Africa Equity Research

- Earnings resilience and profitability is improving. Earnings of the 18 companies reporting their nine month earnings (page 4) increased 17% in US\$ terms vs a 36% decline twelve months ago due in part to the June 2016 Nigerian devaluation impact falling away.
- SSA ex SA stock markets indices in US\$ terms are now, in aggregate, at their September 2012 level. The Nigeria market is still at its 2003 level in US\$ terms despite the 25% rise this year.
- The principal FX event was that the SA Rand appreciated 10% in December.
- **All time highs:** FNB Namibia and Capricorn Investments (Namibia).
- **New entrant:** Dangote Sugar (Nigeria). **Departure:** Bamburi Cement (Kenya).
- Kenyan and Nigerian inflation and interest rates (page 10). Nigeria has negative real interest rates of 3.1% and Kenya positive real interest rates 3.6%.

**SUB-SAHARA AFRICA EXCHANGE RATES vs US\$**  
**YEAR TO DATE: DECEMBER 2017**



Source: Financial Times, London

**Commentary:**

- The major event in December 2017 was the 10.1% appreciation of the SA Rand.
- Appreciating (year to date):
  - SA Rand, Namibia up 10.5%.
  - Mauritius up 6.5%.
  - Botswana up 8.7%.
  - BRVM up 13.8%.
- Depreciating (year to date):
  - Zimbabwe down 40% (parallel market).
  - Nigeria down 12.5%.
  - Kenya down 0.8%.
  - Tanzania down 2.9%.
  - Ghana down 5.6%.
- Zimbabwe has the US\$ as its functional currency but illiquidity means the parallel market is dominant.
- Other countries were little changed.

Sources: Exchange rates from the Financial Times, London



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## SSA ex SA TOP 30 COMPANIES US\$ SHARE PRICE PERFORMANCE

Rank	Country listed	L/C Share price	Mkt cap US\$ millions	US\$ Share price performance						All time high	
				up/(down)							
				1 month	3 months	1 year	2 years	5 years	10 years		
1	Dangote Cement	NIG	230.00	10,887	-8%	8%	16%	-25%	-22%	14%	
2	Safaricom	KEN	26.75	10,363	-3%	8%	39%	63%	342%	not listed	
3	SONATEL	BRVM	23,500	4,299	4%	2%	7%	4%	48%	10%	
4	Nestlé Nigeria	NIG	1,555.99	3,426	18%	27%	68%	0%	-4%	121%	
5	GTB	NIG	40.75	3,331	-6%	2%	44%	24%	-23%	-18%	
6	Nigerian Breweries	NIG	134.90	2,971	2%	-18%	-20%	-45%	-60%	-10%	
7	Zenith Bank	NIG	25.64	2,236	2%	9%	52%	1%	-43%	-66%	
8	MCB	MAU	273.00	2,022	5%	-4%	35%	39%	44%	40%	
9	Tanzania Breweries	TAN	14,000	1,839	6%	5%	13%	-9%	229%	350%	
10	East African Breweries	KEN	238.00	1,823	-1%	-5%	-3%	-13%	-25%	-12%	
11	Equity Bank	KEN	39.75	1,426	-7%	3%	31%	0%	40%	64%	
12	KCB Bank	KEN	42.75	1,221	3%	4%	48%	6%	20%	-7%	
13	Delta Corporation	ZIM	\$1.60	1,186	-20%	-65%	9%	36%	-4%	144%	
14	ETI	NIG	17.00	1,168	1%	-3%	45%	-44%	-30%	-86%	
15	Stanbic IBTC	NIG	41.50	1,153	-3%	5%	142%	39%	64%	-62%	
16	UBA	NIG	10.30	1,038	3%	19%	100%	68%	-2%	-80%	
17	FNB Namibia	NAMIBIA	46.69	1,009	11%	7%	8%	34%	92%	177%	Yes
18	Seplat Petroleum	NIG	626.22	980	26%	39%	44%	71%	not listed	not listed	
19	Co-op Bank	KEN	16.00	909	-2%	-6%	44%	7%	not listed	not listed	
20	Econet Wireless	ZIM	\$0.92	907	-23%	-35%	84%	162%	23%	251%	
21	First Bank of Nigeria	NIG	8.80	877	6%	25%	96%	30%	-8%	25%	
22	Vodacom Tanzania	TAN	850.00	848	0%	10%	not listed	not listed	not listed	not listed	
23	Access Bank	NIG	10.45	840	4%	8%	56%	19%	-50%	-84%	
24	Tanzania Cigarette	TAN	16,800	748	-2%	-5%	20%	25%	-16%	-12%	
25	Capricorn Investment*	NAMIBIA	18.08	745	11%	8%	14%	33%	not listed	not listed	Yes
26	BAT Kenya	KEN	760.00	736	-5%	-5%	-17%	-4%	29%	238%	
27	Standard Chartered Kenya	KEN	208.00	692	-5%	-10%	9%	13%	-18%	-31%	
28	Lafarge Africa	NIG	44.89	683	-10%	-12%	-4%	-72%	-63%	-80%	
29	Dangote Sugar	NIG	20.00	667	10%	46%	186%	83%	45%	-80%	
30	Société Générale-CI	BRVM	11,550	657	2%	7%	-10%	-5%	78%	243%	
Total/weighted average				\$61,689	-1%	4%	32%	14%	62%	26%	

\* formerly Bank of Windhoek

= >25% US\$ return

Sources: Country stock exchanges. Exchange rates Financial Times, London.  
Share price all time high refers to month end share price in US\$ terms.



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## SSA ex SA TOP 30 COMPANIES EARNINGS RELEASES AND US\$ EARNINGS

Rank	Country listed	Mkt cap US\$ millions	ROE	----- Latest Earnings Announcements -----			
				Period	<- Earnings US\$m ->		% change
					2016	2017	
<b>3 month earnings</b>							
8	MAU	2,022 \$2,022	14.6%	Sep-17	45 \$45	50 \$50	10% 10%
<b>6 month earnings</b>							
2	KEN	10,363	47.2%	Sep-17	236	254	7%
3	BRVM	4,299	29.0%	Jun-17	161	165	2%
9	TAN	1,839	23.6%	Sep-17	41	41	0%
13	ZIM	1,186	14.1%	Sep-17	31	32	4%
20	ZIM	907	10.2%	Aug-17	15	49	226%
22	TAN	848	10.7%	Sep-17	8	8	11%
24	TAN	748	31.1%	Jun-17	17	12	-31%
26	KEN	736	46.6%	Jun-17	21	19	-12%
		\$20,927			\$530	\$580	9%
<b>9 month earnings</b>							
1	NIG	10,887	29.7%	Sep-17	439	537	22%
4	NIG	3,426	66.6%	Sep-17	2	64	> 1,000%
5	NIG	3,331	33.5%	Sep-17	378	347	-8%
6	NIG	2,971	19.3%	Sep-17	64	67	5%
7	NIG	2,236	24.5%	Sep-17	317	359	13%
11	KEN	1,426	24.0%	Sep-17	148	141	-5%
12	KEN	1,221	20.8%	Sep-17	157	146	-7%
14	NIG	1,168	9.2%	Sep-17	177	162	-9%
15	NIG	1,153	38.9%	Sep-17	55	100	83%
16	NIG	1,038	18.2%	Sep-17	162	166	3%
18	NIG	980	-0.5%	Sep-17	(96)	(5)	n.m.
19	KEN	909	20.7%	Sep-17	104	92	-11%
21	NIG	877	10.1%	Sep-17	130	123	-6%
23	NIG	840	16.7%	Sep-17	179	156	-13%
27	KEN	692	15.3%	Sep-17	72	44	-38%
28	NIG	683	0.9%	Sep-17	(119)	1	n.m.
29	NIG	667	44.4%	Sep-17	32	74	129%
30	BRVM	657	36.8%	Sep-17	46	56	22%
		\$35,163			\$2,248	\$2,632	17%
<b>12 month earnings</b>							
10	KEN	1,823	64.0%	Jun-17	95	74	-22%
17	NAMIBIA	1,009	24.4%	Jun-17	82	83	2%
25	NAMIBIA	745	18.0%	Jun-17	62	69	12%
		\$3,577			\$239	\$227	-5%

= ROE > 25%

Note: ETI, Seplat Petroleum and Zimbabwean companies report in US\$.  
\* formerly Bank of Windhoek

Sources: Country stock exchanges. Exchange rates Financial Times, London.  
Earnings are attributable earnings and use the FX rate at the period end.



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Sub-Saharan Africa stock market returns over the period 2011-17 are set out below:

- SSA ex SA markets were up 1.2% in December 2017 and up 22.4% year to date.
- During December, the BRVM rose 10.1% and Botswana rose 5.3%. Namibia rose 12.6% as the SA Rand appreciated.
- Eleven of SSA ex SA's fifteen stock markets rose in December 2017 and all but two year to date.
- High Sharpe ratios & low standard deviation of returns feature Botswana, Mauritius and Tanzania.

### SUB-SAHARA AFRICA - STOCK MARKETS: DECEMBER 2017

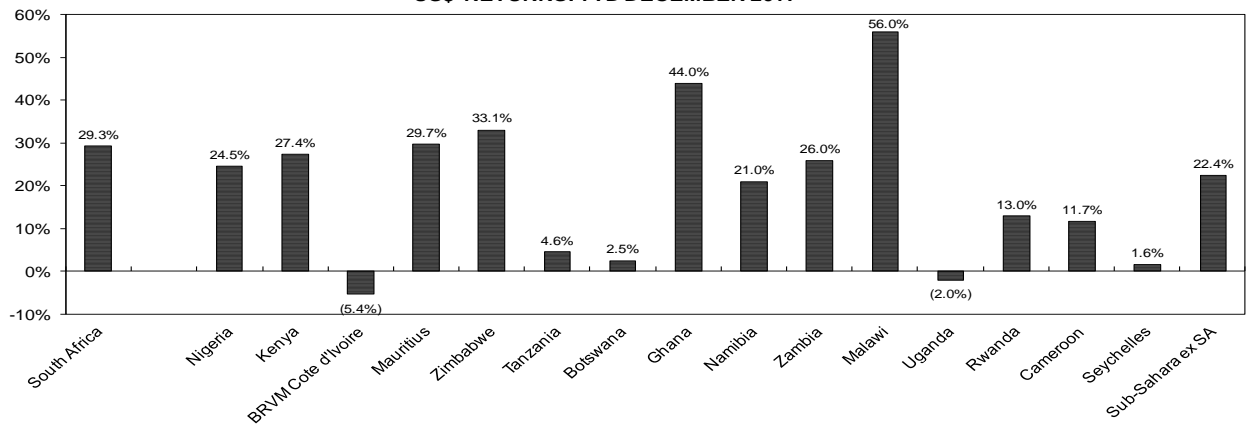
Dec-17	Market cap		P/E Historic	Dividend		Price/ book	Market ROE	US\$ returns							
	US\$ bn	%		yield	cover			2017	Month	2016	2015	2014	2013	2012	2011
South Africa	1,015.0	90.8%	17.7	3.0%	1.88	4.50	n.a.	29.3%	10.7%	13.7%	(24.0%)	(2.6%)	(4.5%)	16.8%	(18.4%)
Nigeria	37.0	3.3%	17.0	3.4%	5.40	5.99	27.8%	24.5%	0.4%	(40.7%)	(24.0%)	(26.7%)	43.7%	40.8%	(21.6%)
Kenya	22.9	2.0%	16.1	5.4%	1.82	6.66	35.3%	27.4%	(1.2%)	(7.8%)	(21.5%)	13.6%	43.7%	34.8%	(32.6%)
BRVM Cote d'Ivoire	9.6	0.9%	18.1	6.5%	1.22	3.80	30.6%	(5.4%)	10.1%	(6.6%)	(2.3%)	45.6%	21.8%	(15.5%)	
Mauritius	6.7	0.6%	16.8	2.9%	2.12	1.46	8.8%	29.7%	0.1%	(0.5%)	(22.8%)	(4.5%)	23.0%	(11.9%)	(1.4%)
Zimbabwe	5.2	0.5%	36.4	1.4%	2.96	6.66	12.7%	33.1%	(13.6%)	25.8%	(29.4%)	(19.5%)	32.6%	4.5%	(3.6%)
Tanzania	4.5	0.4%	22.7	3.0%	1.97	4.82	20.2%	4.6%	2.4%	(20.1%)	(20.6%)	50.5%	98.4%	25.1%	20.2%
Botswana	4.5	0.4%	16.6	5.2%	1.61	2.21	16.7%	2.5%	5.3%	(6.7%)	(5.6%)	0.1%	7.0%	3.4%	(6.1%)
Ghana	3.3	0.3%	19.9	3.6%	1.95	4.22	13.9%	44.0%	3.4%	(24.5%)	(25.5%)	(22.5%)	44.0%	6.6%	(12.1%)
Namibia	3.2	0.3%	13.2	3.3%	7.71	4.28	34.8%	21.0%	12.6%	24.5%	(4.4%)	7.5%	(2.8%)	15.8%	4.9%
Zambia	2.6	0.2%	17.3	3.0%	1.13	2.96	8.2%	26.0%	1.2%	(18.9%)	(45.8%)	2.0%	31.6%	(11.9%)	17.5%
Malawi	1.4	0.1%	16.8	2.2%	3.49	3.94	21.3%	56.0%	2.6%	(16.3%)	(31.9%)	10.0%	62.2%	(45.5%)	(0.5%)
Uganda	1.2	0.1%	51.1	2.5%	2.39	11.91	19.6%	(2.0%)	(0.2%)	(13.0%)	2.3%	9.7%	37.1%	1.2%	(34.4%)
Rwanda	0.5	0.0%	25.8	2.9%	2.60	2.88	15.0%	13.0%	1.4%	(24.9%)	(38.3%)	(10.3%)	17.1%	52.4%	113.6%
Cameroon	0.3	0.0%	8.0	5.9%	9.69	5.28	n.a.	11.7%	(2.7%)	(13.2%)	(5.6%)	4.0%	24.6%	11.4%	12.7%
Seychelles	0.1	0.0%	37.8	3.2%	0.96	2.51	8.2%	1.6%	1.6%	(33.3%)	31.8%	19.9%	(3.6%)	n.a.	n.a.
Sub-Saharan ex SA	102.8	9.2%	18.5	4.0%	3.35	5.29		22.4%	1.2%	(22.4%)	(20.6%)	(13.3%)	41.0%	26.2%	(17.6%)
Sub-Saharan Africa	\$1,117.8	100.0%	17.8	3.1%	2.02	4.57									

P/E < 10.0 times, Dividend yield > 5%, Price/book < 1.5 times

> 20% US\$ return in year

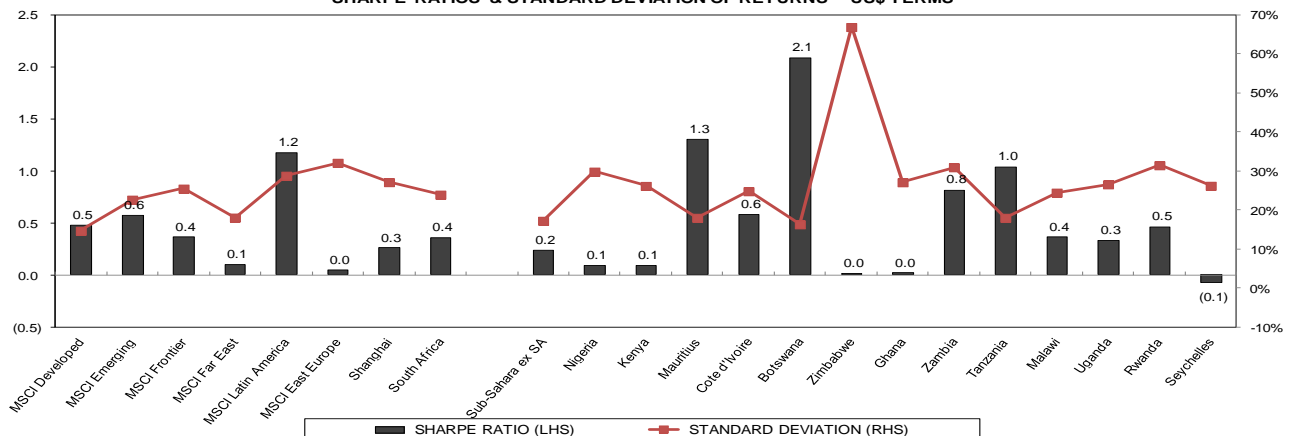
Sources: Country stock markets, company financial reports. Ratios are market cap weighted. Exchange rates from the Financial Times, London.

### AFRICAN STOCK MARKETS US\$ RETURNS: YTD DECEMBER 2017



Sources: Country stock markets. End period exchange rates from Financial Times, London.

### SUB-SAHARA AFRICA EX SOUTH AFRICA STOCK MARKETS SHARPE RATIOS & STANDARD DEVIATION OF RETURNS - US\$ TERMS



Sources: Country stock markets. End period exchange rates from Financial Times, London.

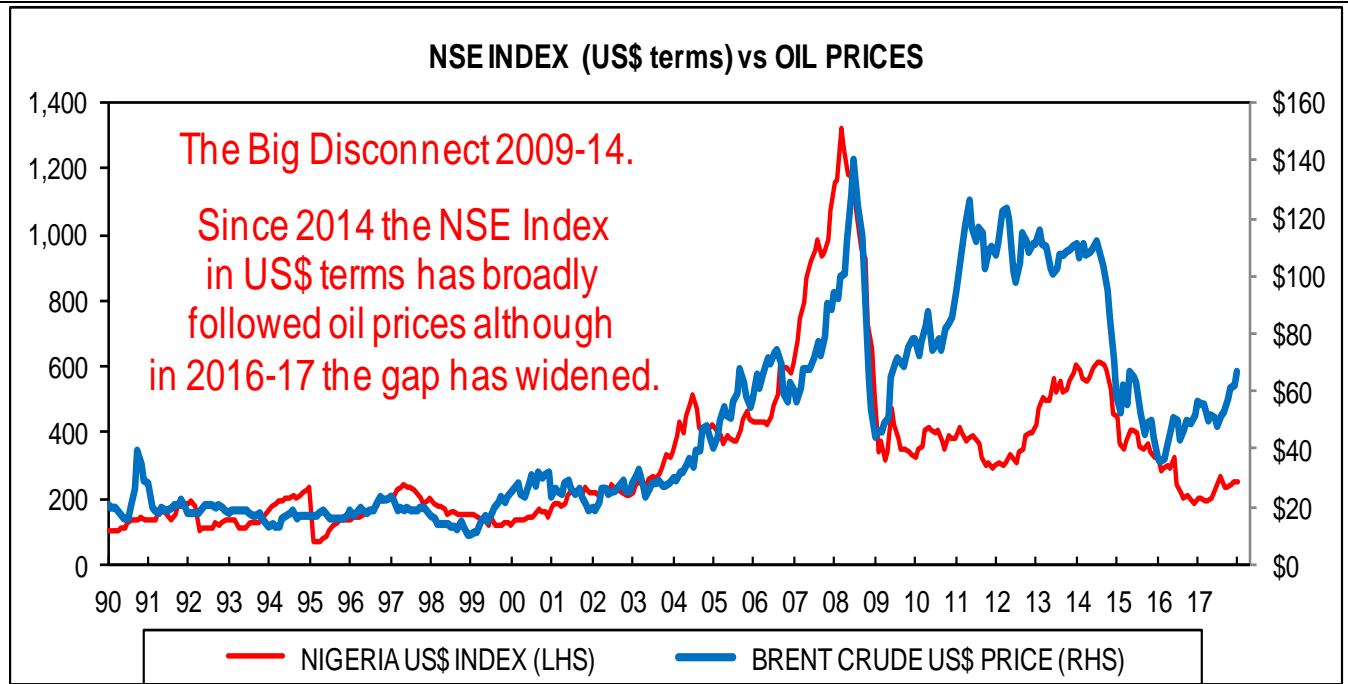


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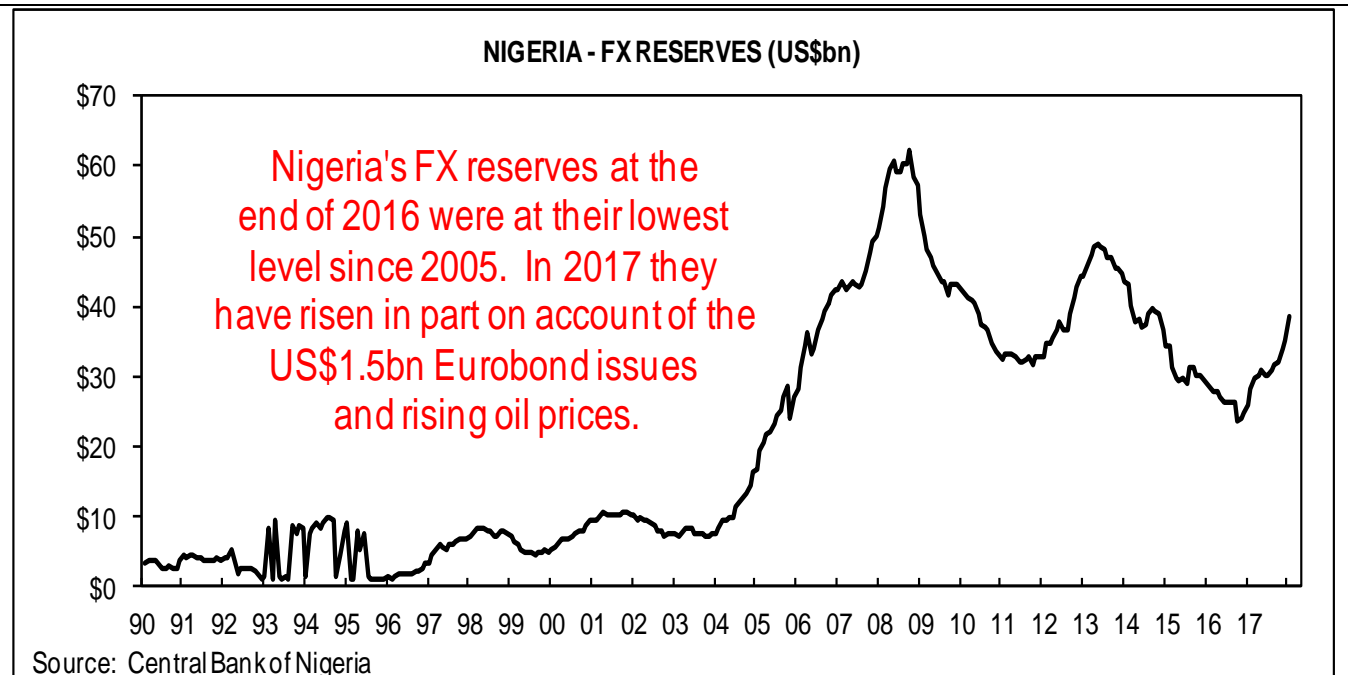
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## NIGERIA STOCK MARKET & OIL PRICES: 1990-2017



Sources: NSE and commodity reports. Exchange rates Financial Times, London.

## NIGERIA: FX RESERVES 1990-2017





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**CHECKLIST: STOCK MARKET POSITIVE & NEGATIVES**  
**Degree of supportiveness for the stock market (positive, neutral, negative)**

	Nigeria	Kenya	Botswana	Mauritius	Tanzania	Zimbabwe	S. Africa
<b>DOMESTIC</b>							
Economic activity (GDP growth)	(1)	1	1	1	1	(1)	0
Earnings growth	1	(1)	(1)	1	1	(1)	0
Monetary policy (± real interest rates)	1	(1)	0	0	0	(1)	(1)
Budget deficit <3% (+1), 3%-5% (0), >5% (-1)	(1)	(1)	1	0	0	(1)	0
Inflation < 5% (+1), 5%-8% (0), > 8% (-1)	(1)	0	1	1	0	1	1
<b>EXTERNAL</b>							
Terms of trade	0	0	(1)	0	0	(1)	1
Current account	1	(1)	1	1	(1)	(1)	1
Capital inflows	(1)	0	1	1	0	(1)	0
Exchange rate overvaluation	0	0	0	0	0	(1)	0
<b>QUALITATIVE</b>							
Policy consistency	(1)	1	1	1	0	(1)	(1)
Sovereign credit rating (Y/N) and latest change: Rating: Fitch/Moodies/S&P upgrade (+1), stable (0), downgrade (-1)	1 B 0	1 B+ 0	1 A- (1)	1 BBB+ 0	(1) None n.a.	(1) None n.a.	1 BB+ (1)
Banking system quality	0	1	1	1	1	0	1
IBRD ease of doing business	(1)	0	1	1	(1)	(1)	1
Political risk	0	0	1	1	0	(1)	(1)
Elections next six months	0	0	0	0	0	0	0
Ethnic, social, religious strife	(1)	0	1	1	1	1	0
<b>STOCK MARKET</b>							
Index >> < 5% above/below 6 month MA	1	1	(1)	1	0	1	1
Six month momentum >> < 5%	1	1	(1)	1	0	1	1
Risk tolerance index - positive/negative	1	1	(1)	1	(1)	1	0
<b>TOTAL SCORE</b>	0	3	5	14	0	(7)	4
P/E (times)	17.0	16.1	16.6	16.8	22.7	36.4	
Price/book ratio	5.99	6.66	2.21	1.46	4.82	6.66	
Market ROE	28%	35%	17%	9%	20%	13%	

Maximum score 20.

Notes: Elections due within next six months is a negative. Otherwise zero.

Sovereign credit rating 1 or (1).

IBRD ease of doing business. Evaluation based on SSA regional rankings and position in tercile.

Zimbabwe and Tanzania have no credit rating, therefore a negative.

Stock market momentum indicator relates to the pace of change of the prior six months.

Risk tolerance index measures the volatility of the monthly change of market index of the prior six months.

Source: Hartland-Peel Africa Equity Research

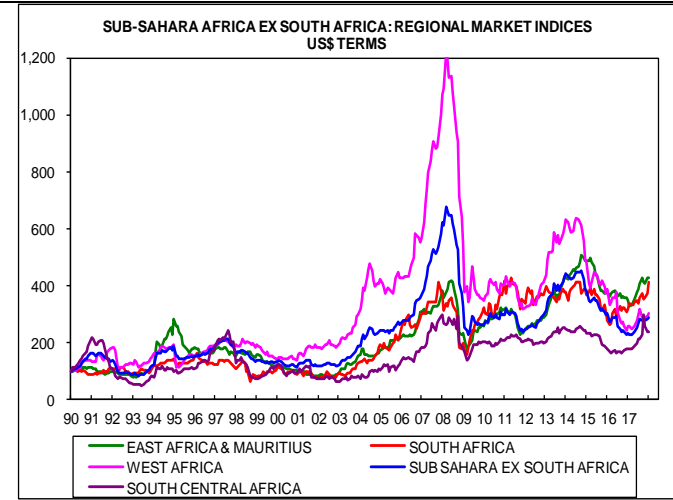
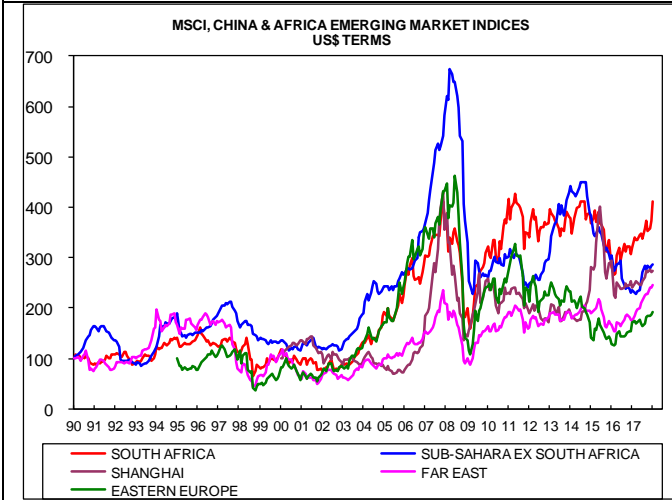


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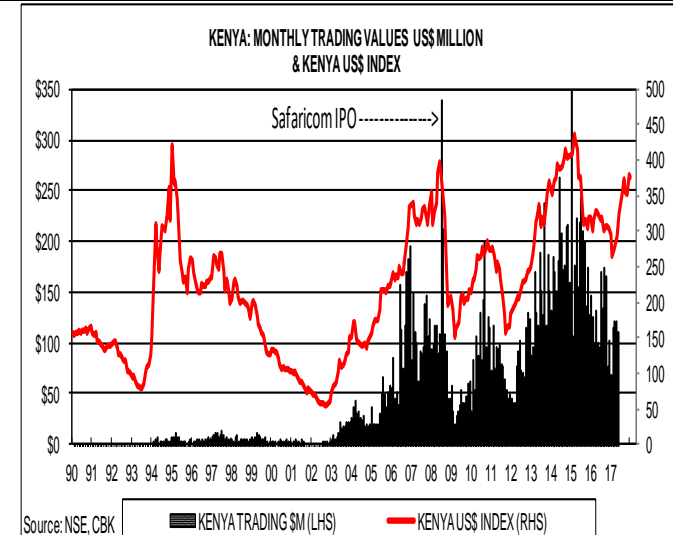
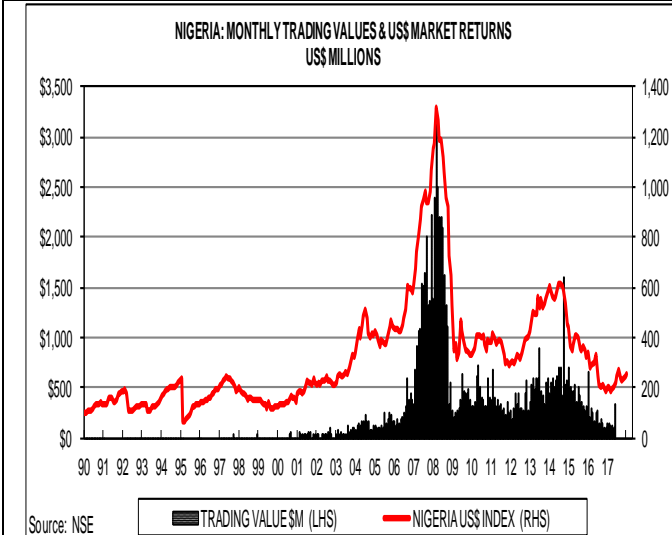
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## SSA ex SA STOCK MARKETS EM, SSA REGIONAL & SSA ex SA PRINCIPAL MARKET PERFORMANCE



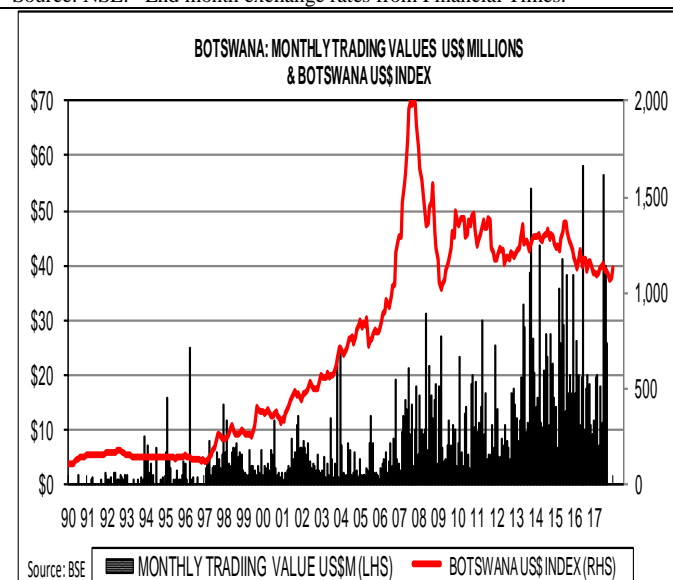
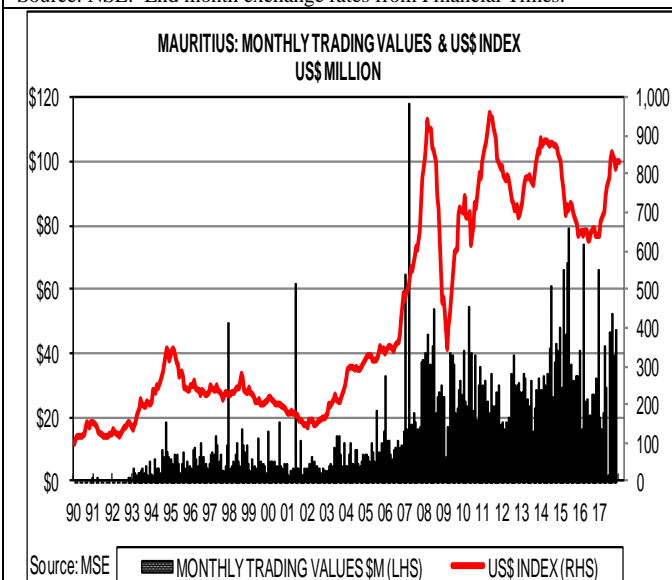
Sources: MSCI, Country stock exchanges.

Source: Hartland-Peel Africa Equity Research



Source: NSE. End month exchange rates from Financial Times.

Source: NSE. End month exchange rates from Financial Times.



Source: MSE. End month exchange rates from Financial Times.

Source: BSE. End month exchange rates from Financial Times.

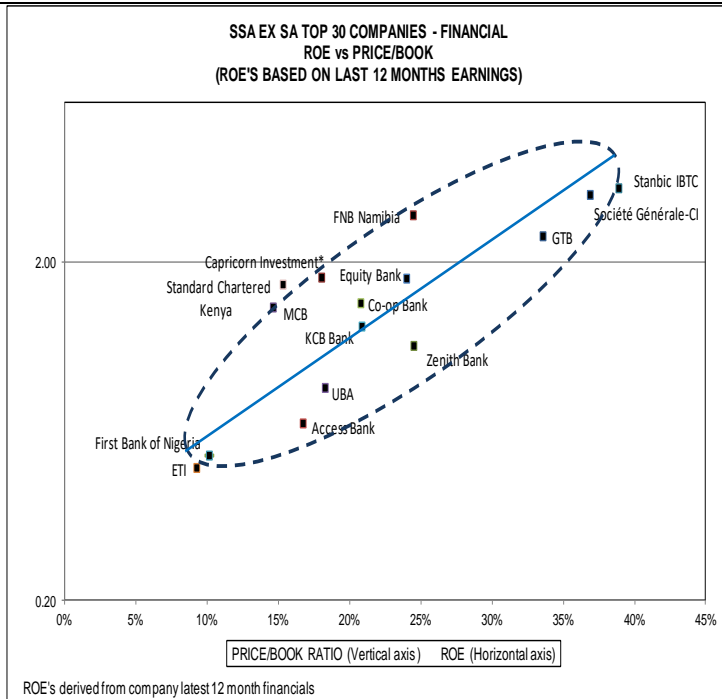




**SSA ex SA TOP 30 COMPANIES**

**VALUATIONS: PRICE/BOOK vs ROE**

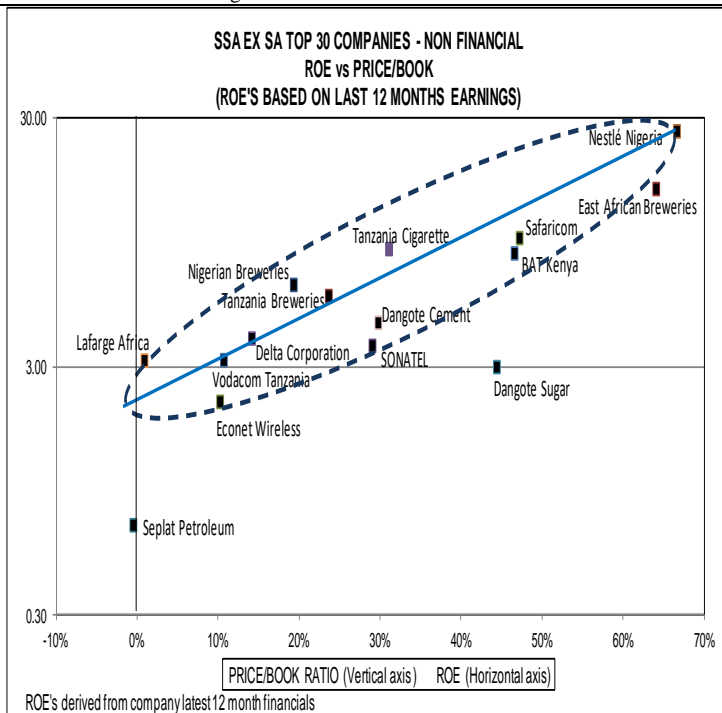
**ROE's generally exceed the cost of capital and inflation**  
**Higher ROE's are rewarded with higher valuations**



**SSA ex SA Top 30: Banks & Finance**

- Investors reward high ROE's handsomely with a strong correlation of ROE and Price/Book value.
- Our observations regarding outliers:
  - Société Générale CI, Stanbic IBTC and FNB Namibia all look fully valued and should earnings disappoint their share prices are likely to correct.
  - Nigerian banks are at a big discount to the region's other banks. ETI has a discount to book value of 50%.

ROE's derived from company latest 12 month financials  
Sources: Price/book ratios and ROE's derived from market capitalisation data and the last 12 months earnings.



**SSA ex SA Top 30: Industrial & Commercial Companies**

- As with banks, investors reward high ROE's handsomely with a strong correlation of ROE and Price/Book value.
- Our observations regarding the companies:
  - East African Breweries has a high ROE on account of its high leverage.
  - Seplat Petroleum of Nigeria has been sold down as the oil price has fallen and the company reported a US\$165m loss for 2016 and a US\$5m loss for the 9 months to September 2017.

ROE's derived from company latest 12 month financials  
Sources: Price/book ratios and ROE's derived from market capitalisation data and the last 12 months earnings.

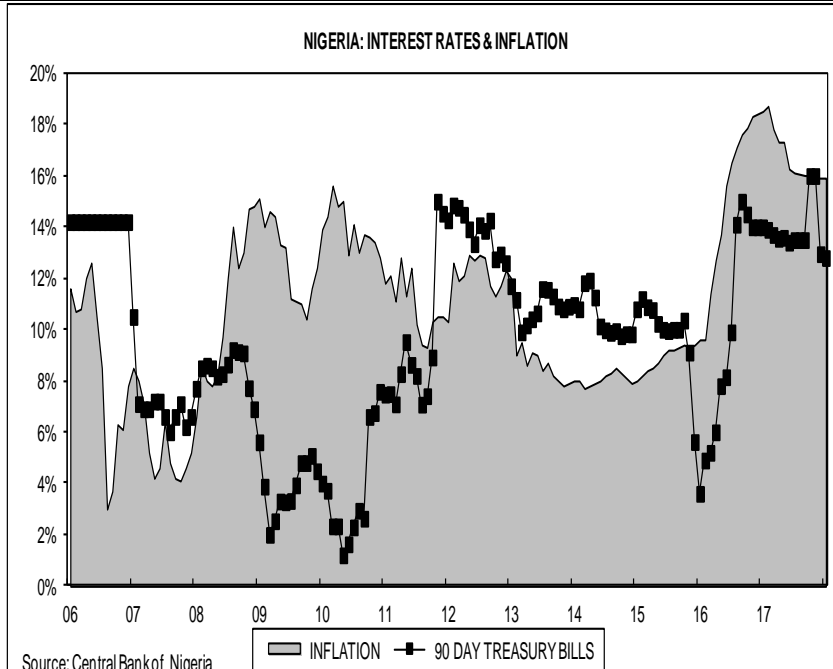


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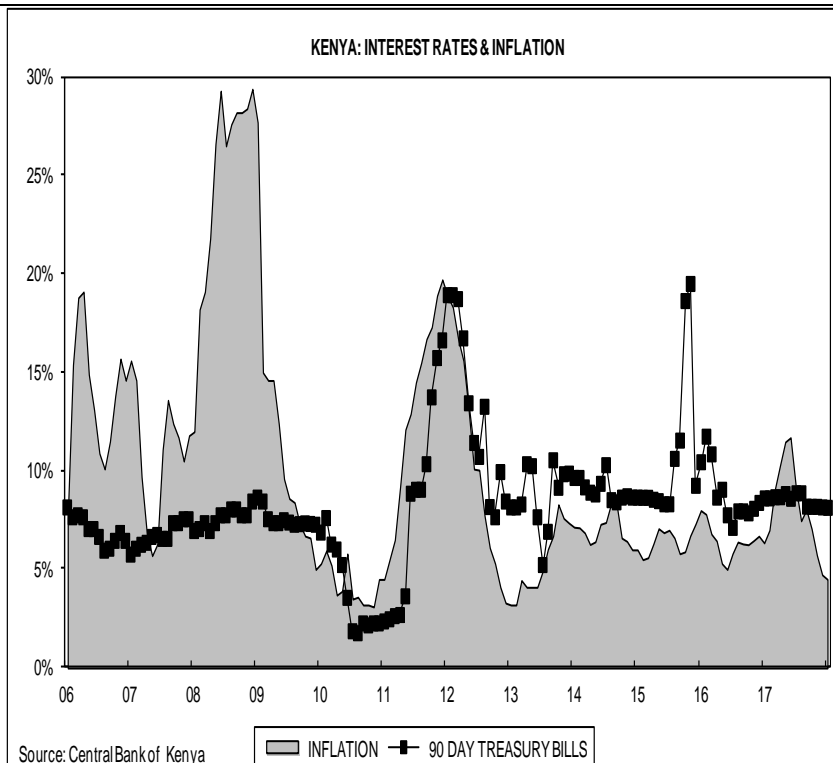
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## INFLATION & 90 DAY TREASURY BILL RATES NIGERIA & KENYA



### Nigeria:

- Nigerian Treasury bill rates rose sharply during 2016 and in December 2017 were at 12.8%.
- Nigerian inflation has fallen back modestly from its 10 year high of late 2016. November 2017 inflation was at 15.9% unchanged on October 2017.
- For 2017 we see Nigerian inflation stabilising at these higher levels.
- Real interest rates are negative at 3.1%.



### Kenya:

- Kenyan Treasury bill rates soared mid-year 2015 as the CBK supported the Shilling and then fell back after two months.
- In December 2017, 90 day Treasury bills were 8.1%.
- Inflation: December 2017 inflation was 4.5% vs 4.7% in November 2017.
- For 2017 we see Kenyan inflation stable/rising as Kenya is an oil importer. Oil prices in December 2017 were at \$66.62 compared with \$56.75 in December 2016.
- Real interest rates were positive at 3.6%.



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The following table sets out the Top 30 companies at end December 2017 by sector:

SUB-SAHARA AFRICA ex SA - TOP 30 COMPANIES 30-Dec-17										
(Ranked by sector market capitalisation)										
	Country listed	L/C Share price	Issued shares million	Market capitalisation US\$ millions	P/E % of total	Trailing 12 months	--- Dividend -- yield	cover	Price to book value	ROE last 12 months
<b>BANKING AND FINANCE</b>										
GTB	NIG	40.75	29,431	3,331	5.4%	13.4	4.9%	1.52	2.42	33.5%
Zenith Bank	NIG	25.64	31,396	2,236	3.6%	4.7	7.9%	2.71	1.14	24.5%
MCB	MAU	273.00	250	2,022	3.3%	10.2	3.4%	2.90	1.49	14.6%
Equity Bank	KEN	39.75	3,703	1,426	2.3%	7.6	5.0%	2.63	1.81	24.0%
KCB Bank	KEN	42.75	2,950	1,221	2.0%	6.3	9.4%	1.70	1.31	20.8%
ETI	NIG	17.00	24,730	1,168	1.9%	5.4	0.0%	n.a.	0.50	9.2%
Stanbic IBTC	NIG	41.50	10,000	1,153	1.9%	8.6	0.1%	96.15	3.35	38.9%
UBA	NIG	10.30	36,280	1,038	1.7%	4.7	6.8%	3.12	0.86	18.2%
FNB Namibia	NAMIBIA	46.69	268	1,009	1.6%	11.4	4.4%	2.01	2.79	24.4%
Co-op Bank	KEN	16.00	5,867	909	1.5%	7.4	4.2%	3.25	1.53	20.7%
First Bank of Nigeria	NIG	8.80	35,897	877	1.4%	5.4	2.3%	8.20	0.54	10.1%
Access Bank	NIG	10.45	28,928	840	1.4%	4.0	6.2%	3.98	0.67	16.7%
Capricorn Investment*	NAMIBIA	18.08	510	745	1.2%	10.1	3.8%	2.62	1.82	18.0%
Standard Chartered Kenya	KEN	208.00	344	692	1.1%	11.4	8.9%	0.99	1.74	15.3%
Société Générale-CI	BRVM	11,550	31.1	657	1.1%	8.7	5.6%	2.06	3.20	36.8%
15 Companies				\$19,325	31.3%	8.4	4.9%	8.09	1.71	23.0%
<b>INDUSTRIAL &amp; MANUFACTURING</b>										
<b>FOOD, BEVERAGE &amp; TOBACCO</b>										
Nestlé Nigeria	NIG	1,555.99	793	3,426	5.6%	40.3	1.2%	2.03	26.81	66.6%
Nigerian Breweries	NIG	134.90	7,929	2,971	4.8%	33.4	3.4%	0.88	6.45	19.3%
Tanzania Breweries	TAN	14,000	295	1,839	3.0%	24.6	2.1%	1.90	5.82	23.6%
East African Breweries	KEN	238.00	791	1,823	3.0%	24.5	3.2%	1.29	15.70	64.0%
Delta Corporation	ZIM	\$1.60	1,235	1,186	1.9%	27.7	3.6%	1.01	3.92	14.1%
Tanzania Cigarette	TAN	16,800	100	748	1.2%	29.0	3.0%	1.16	9.00	31.1%
BAT Kenya	KEN	760.00	100	736	1.2%	18.6	5.7%	0.95	8.64	46.6%
Dangote Sugar	NIG	20.00	12,000	667	1.1%	6.8	3.0%	4.92	3.01	44.4%
				\$13,396	21.7%	29.9	2.7%	1.60	12.70	41.0%
<b>CEMENT &amp; CONSTRUCTION</b>										
Dangote Cement	NIG	230.00	17,041	10,887	17.6%	15.3	3.7%	1.77	4.54	29.7%
Lafarge Africa	NIG	44.89	5,481	683	1.1%	>100.0	2.3%	0.12	3.20	0.9%
				\$11,570	18.8%	14.4	3.6%	1.68	4.46	28.0%
10 Industrial & manufacturing companies				\$24,967	40.5%	22.7	3.1%	1.64	8.88	35.0%
<b>TELECOMS</b>										
Safaricom	KEN	26.75	40,000	10,363	16.8%	21.1	6.2%	0.77	9.95	47.2%
SONATEL	BRVM	23,500	100	4,299	7.0%	12.6	7.1%	1.12	3.66	29.0%
Econet Wireless	ZIM	\$0.92	1,640	907	1.5%	21.3	0.5%	9.25	2.18	10.2%
Vodacom Tanzania	TAN	850.00	2,240	848	1.4%	30.0	1.2%	2.88	3.21	10.7%
4 Companies				\$16,418	26.6%	19.4	5.8%	1.44	7.53	38.5%
<b>OIL/ENERGY</b>										
Seplat Petroleum	NIG	626.22	563	980	1.6%	loss	2.3%	n.a.	0.69	-0.5%
1 Company				\$980	1.6%		2.3%		0.69	-0.5%
30 Total				\$61,689	100.0%	17.0	4.4%	3.58	6.14	31.6%
* formerly Bank of Windhoek										
Sources: Country stock exchanges and company annual reports. Aggregate ratios are market cap weighted of Top 30 companies. End month exchange rates from Financial Times, London.										



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(Ranked by country market capitalisation)									
	L/C Share price	Issued shares million	Market capitalisation US\$ millions	% of total	P/E Trailing 12 months	--- Dividend -- yield	cover	Price to book value	ROE last 12 months
<b>NIGERIA</b>									
Dangote Cement	230.00	17,041	10,887	17.6%	15.3	3.7%	1.77	4.54	29.7%
Nestlé Nigeria	1,555.99	793	3,426	5.6%	40.3	1.2%	2.03	26.81	66.6%
GTB	40.75	29,431	3,331	5.4%	13.4	4.9%	1.52	2.42	33.5%
Nigerian Breweries	134.90	7,929	2,971	4.8%	33.4	3.4%	0.88	6.45	19.3%
Zenith Bank	25.64	31,396	2,236	3.6%	4.7	7.9%	2.71	1.14	24.5%
ETI	17.00	24,730	1,168	1.9%	5.4	0.0%	n.a.	0.50	9.2%
Stanbic IBTC	41.50	10,000	1,153	1.9%	8.6	0.1%	96.15	3.35	38.9%
UBA	10.30	36,280	1,038	1.7%	4.7	6.8%	3.12	0.86	18.2%
Seplat Petroleum	626.22	563	980	1.6%	loss	2.3%	n.a.	0.69	-0.5%
First Bank of Nigeria	8.80	35,897	877	1.4%	5.4	2.3%	8.20	0.54	10.1%
Access Bank	10.45	28,928	840	1.4%	4.0	6.2%	3.98	0.67	16.7%
Lafarge Africa	44.89	5,481	683	1.1%	> 100.0	2.3%	0.12	3.20	0.9%
Dangote Sugar	20.00	12,000	667	1.1%	6.8	3.0%	4.92	3.01	44.4%
13 Companies			\$30,258	49.0%	16.3	3.6%	5.55	6.03	29.8%
<b>KENYA</b>									
Safaricom	26.75	40,000	10,363	16.8%	21.1	6.2%	0.77	9.95	47.2%
East African Breweries	238.00	791	1,823	3.0%	24.5	3.2%	1.29	15.70	64.0%
Equity Bank	39.75	3,703	1,426	2.3%	7.6	5.0%	2.63	1.81	24.0%
KCB Bank	42.75	2,950	1,221	2.0%	6.3	9.4%	1.70	1.31	20.8%
Co-op Bank	16.00	5,867	909	1.5%	7.4	4.2%	3.25	1.53	20.7%
BAT Kenya	760.00	100	736	1.2%	18.6	5.7%	0.95	8.64	46.6%
Standard Chartered Kenya	208.00	344	692	1.1%	11.4	8.9%	0.99	1.74	15.3%
7 Companies			\$17,170	27.8%	18.1	6.0%	1.19	8.44	42.5%
<b>BRVM - COTE D'IVOIRE</b>									
SONATEL	23,500	100	4,299	7.0%	12.6	7.1%	1.12	3.66	29.0%
Société Générale-CI	11,550	31.1	657	1.1%	8.7	5.6%	2.06	3.20	36.8%
2 Companies			\$4,956	8.0%	12.1	6.9%	1.24	3.60	30.1%
<b>TANZANIA</b>									
Tanzania Breweries	14,000	295	1,839	3.0%	24.6	2.1%	1.90	5.82	23.6%
Vodacom Tanzania	850	2,240	848	1.4%	30.0	1.2%	2.88	3.21	10.7%
Tanzania Cigarette	16,800	100	748	1.2%	29.0	3.0%	1.16	9.00	31.1%
3 Companies			\$3,436	5.6%	26.9	2.1%	1.98	5.87	22.1%
<b>ZIMBABWE</b>									
Delta Corporation	\$1.60	1,235	1,186	1.9%	27.7	3.6%	1.01	3.92	14.1%
Econet Wireless	\$0.92	1,640	907	1.5%	21.3	0.5%	9.25	2.18	10.2%
2 Companies			\$2,093	3.4%	25.0	2.2%	4.58	3.17	12.4%
<b>MAURITIUS</b>									
MCB	273.00	250	2,022	3.3%	10.2	3.4%	2.90	1.49	14.6%
1 Companies			\$2,022	3.3%	10.2	3.4%	2.90	1.49	14.6%
<b>NAMIBIA</b>									
FNB Namibia	46.69	268	1,009	1.6%	11.4	4.4%	2.01	2.79	24.4%
Capricorn Investment*	18.08	510	745	1.2%	10.1	3.8%	2.62	1.82	18.0%
2 Companies			\$1,754	2.8%	10.9	4.1%	2.27	2.38	21.7%
30 Top companies			\$61,689	100.0%	17.0	4.4%	3.58	6.14	31.6%

\* formerly Bank of Windhoek

Yellow box = P/E < 10.0, Dividend yield > 5.0%, Price/Book < 1.50, ROE > 25%

Sources: Country stock exchanges and company annual reports. Aggregate ratios are market cap weighted of Top 30 companies.  
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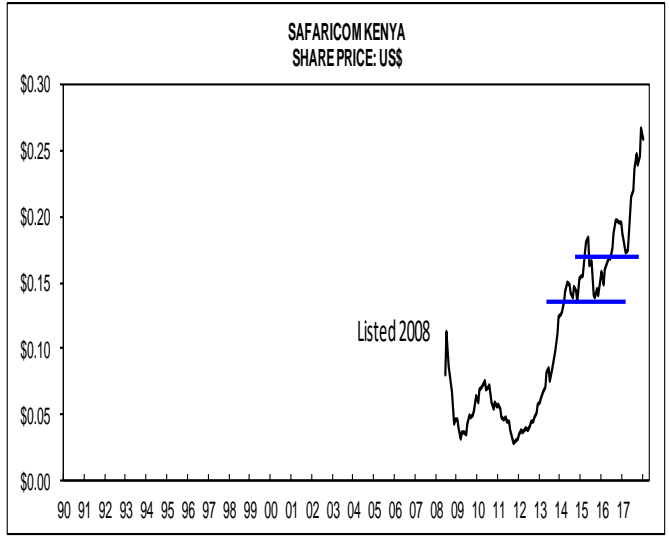
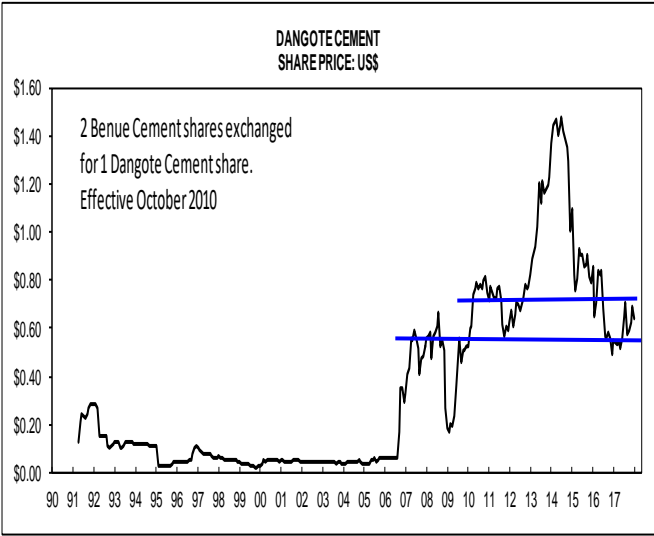


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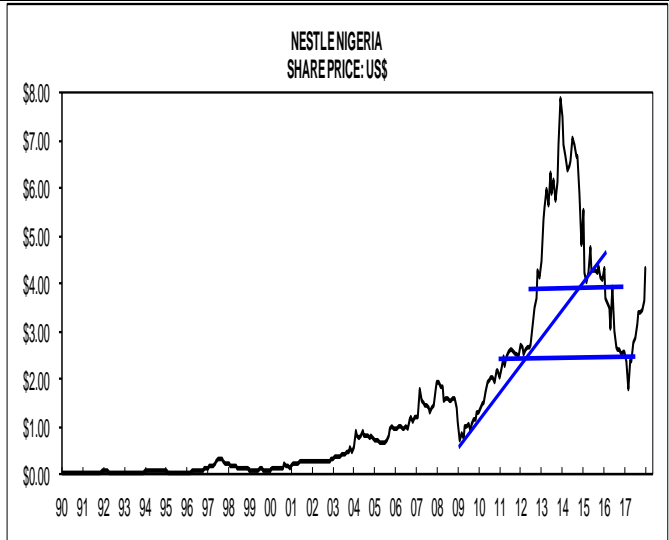
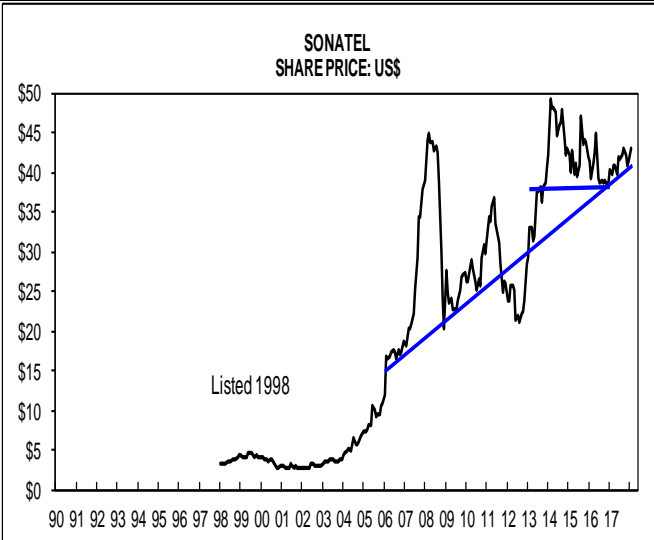
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**TOP 30 COMPANIES: US\$ SHARE PRICE GRAPHS**



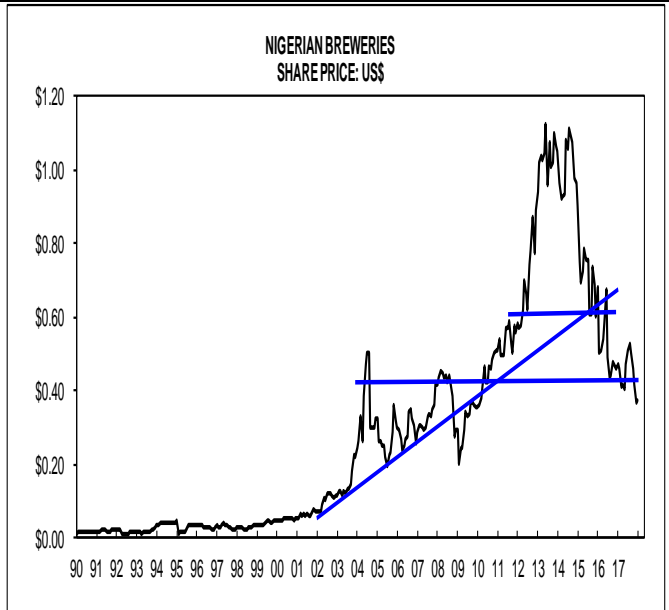
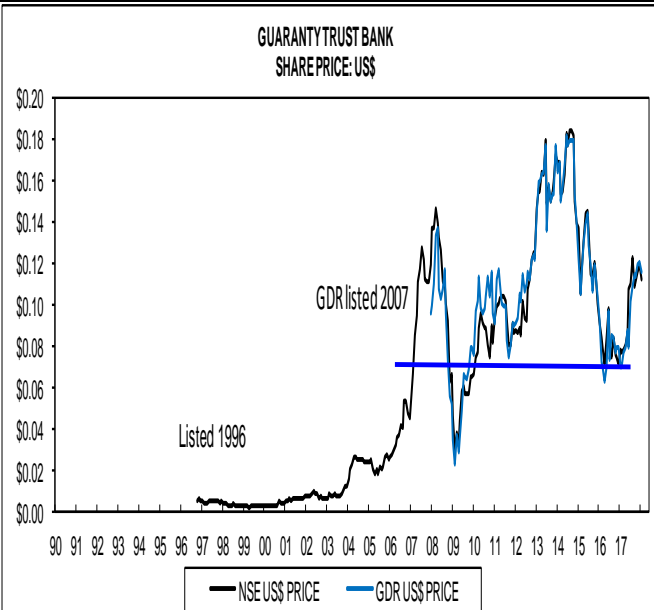
Source: NSE. End month exchange rates from Financial Times.

Source: NSE. End month exchange rates from Financial Times.



Source: BRVM. End month exchange rates from Financial Times.

Source: NSE. End month exchange rates from Financial Times.



Source: NSE, LSE. End month exchange rates from Financial Times.

Source: NSE. End month exchange rates from Financial Times.

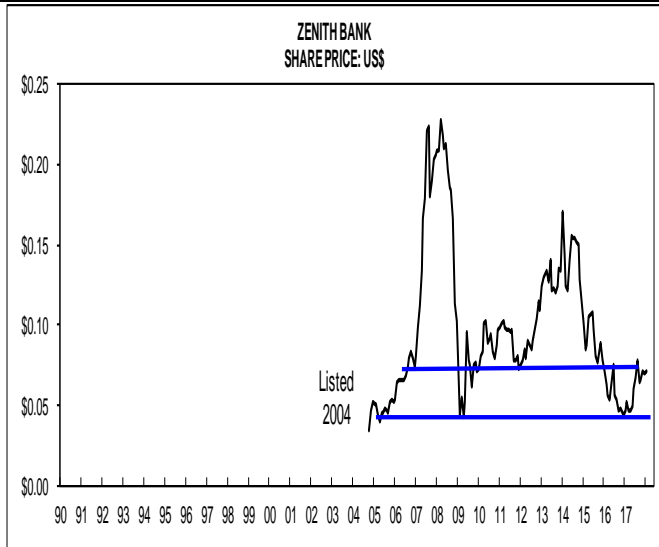


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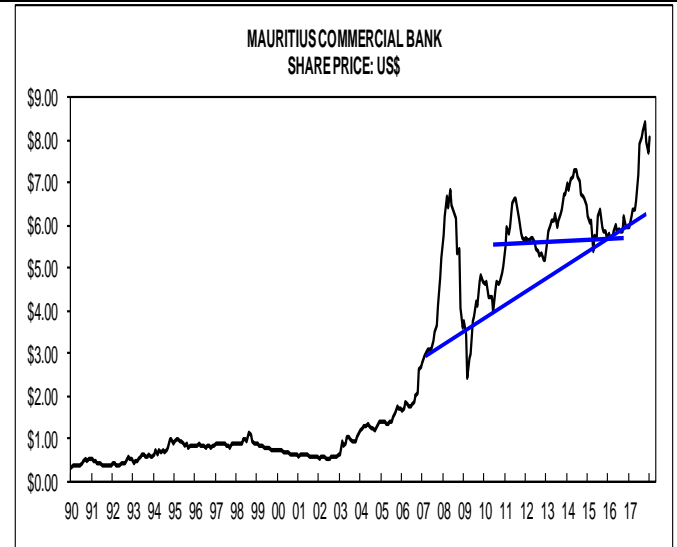
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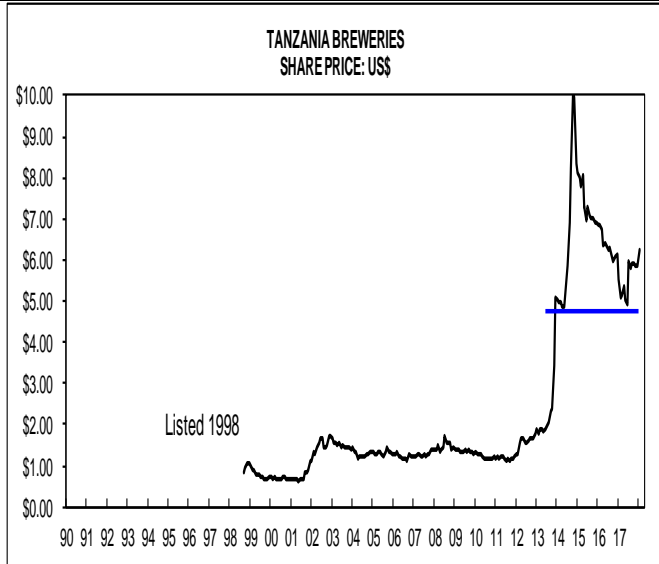
**TOP 30 COMPANIES: US\$ SHARE PRICE GRAPHS**



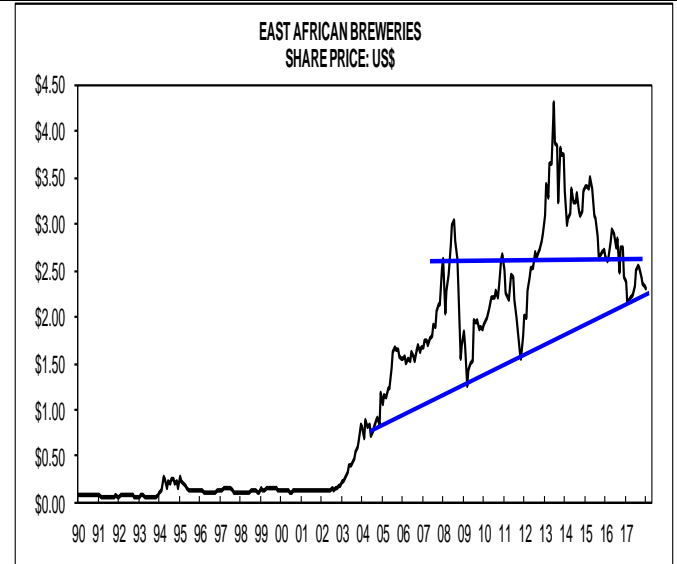
Source: NSE. End month exchange rates from Financial Times.



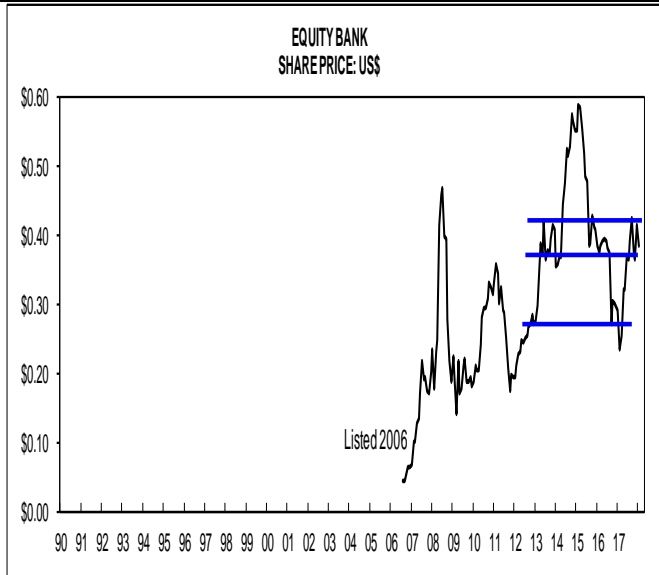
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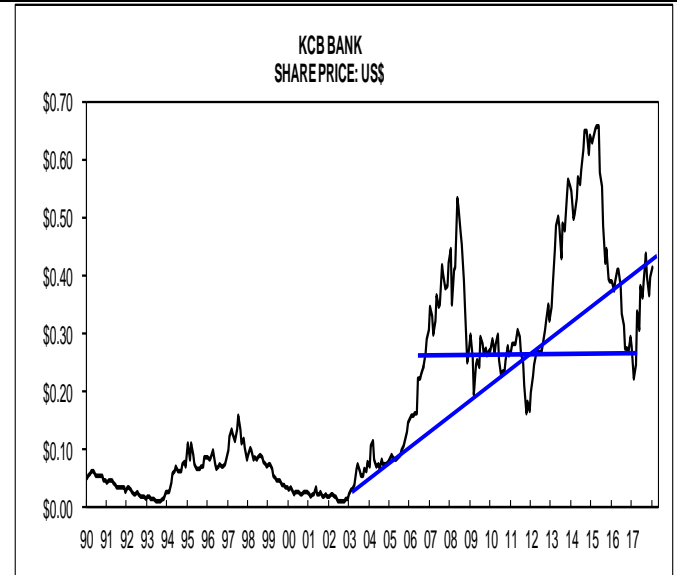
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Source: NSE. End month exchange rates from Financial Times.

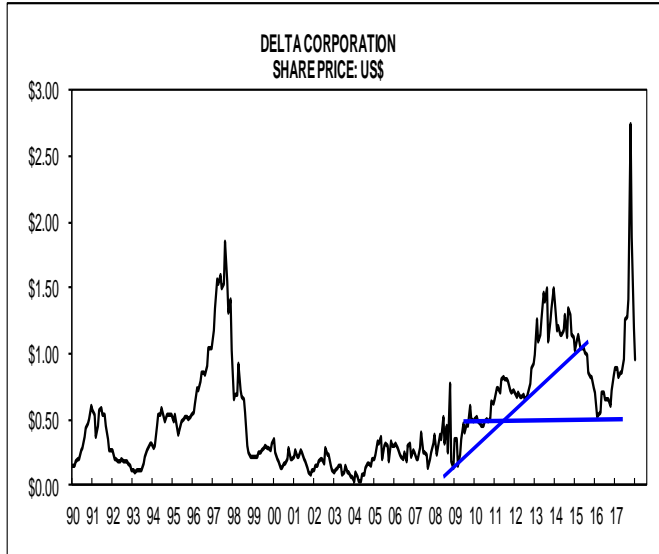


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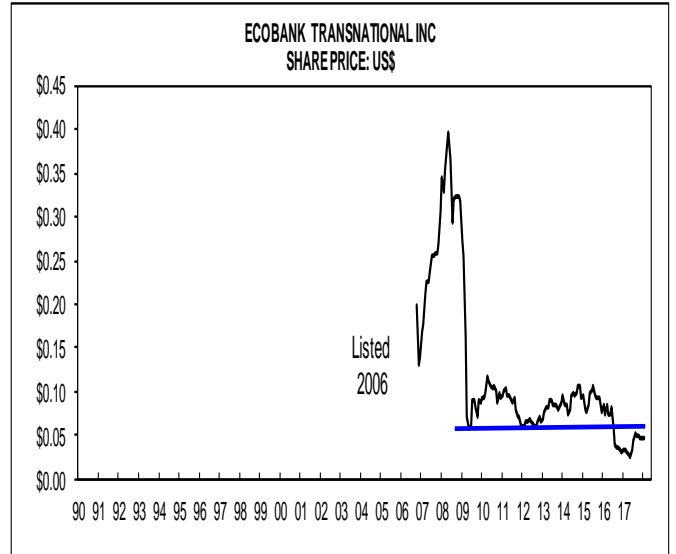
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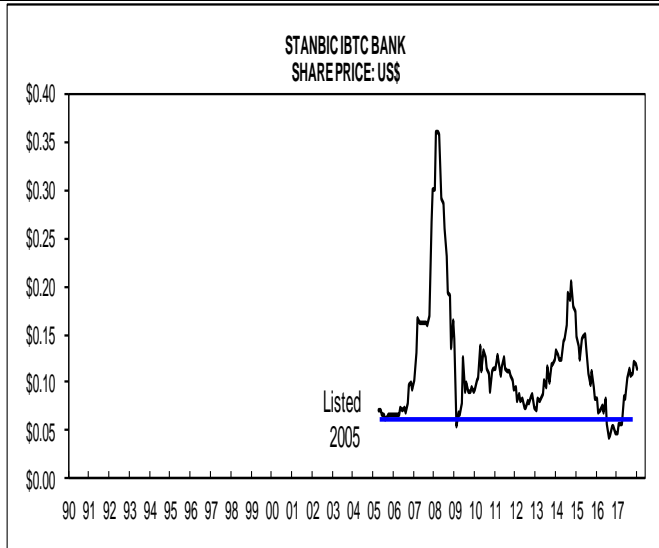
**TOP 30 COMPANIES: US\$ SHARE PRICE GRAPHS**



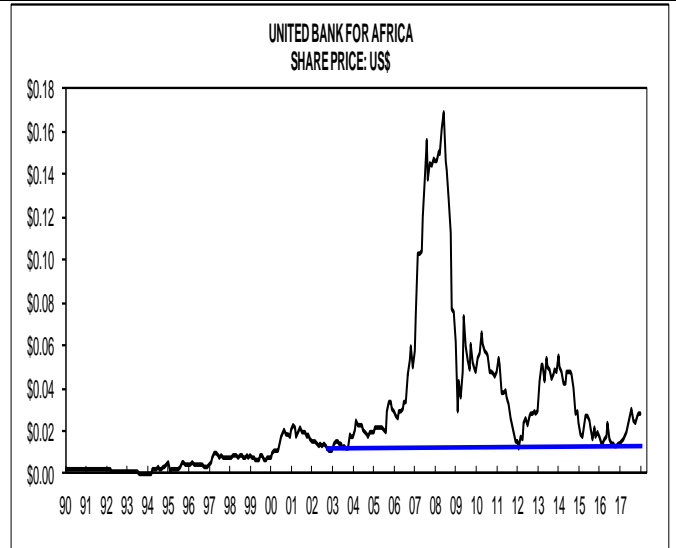
Source: ZSE. End month exchange rates from Financial Times.



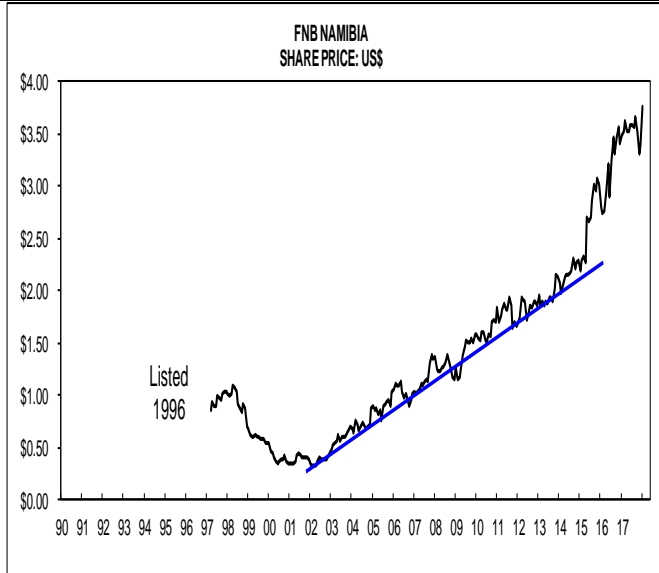
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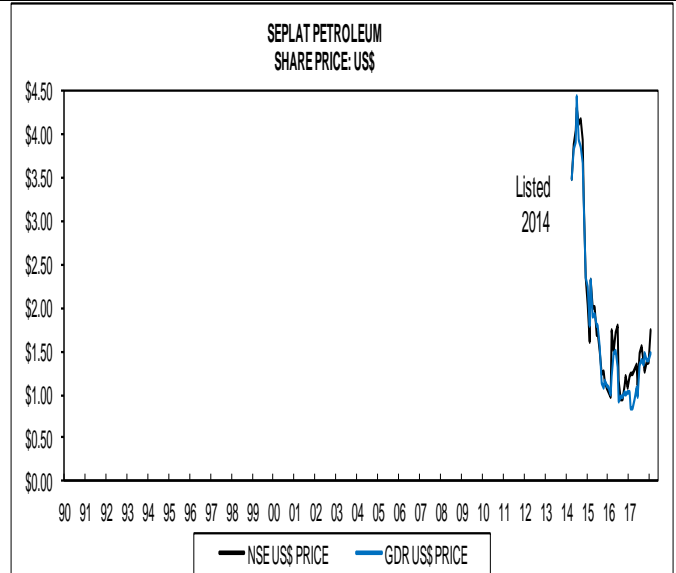
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Sources: NSE, LSE. End month exchange rates from Financial Times.

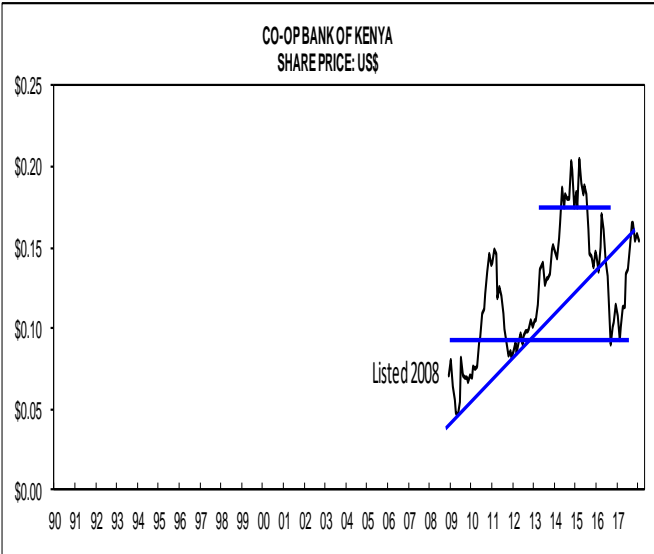


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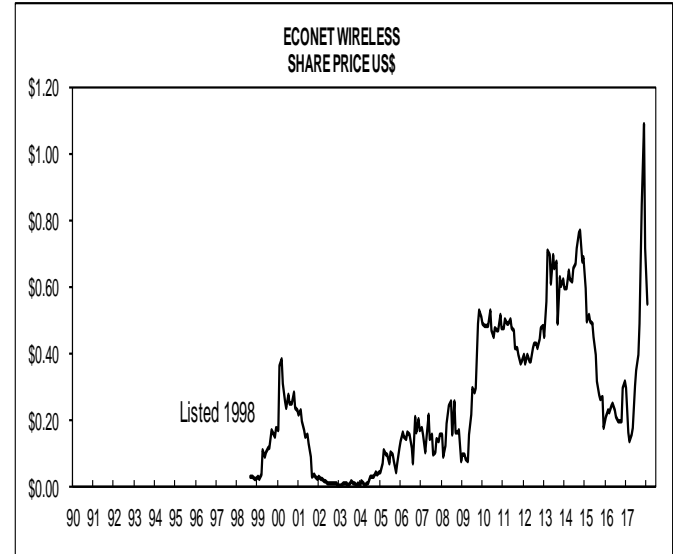
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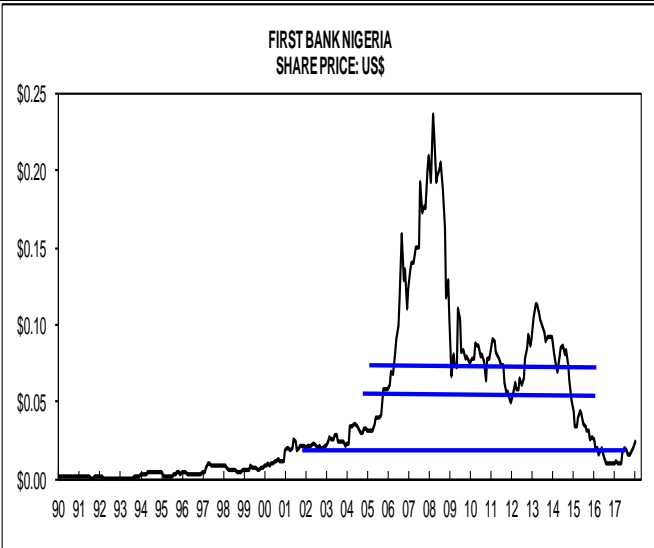
**TOP 30 COMPANIES: US\$ SHARE PRICE GRAPHS**



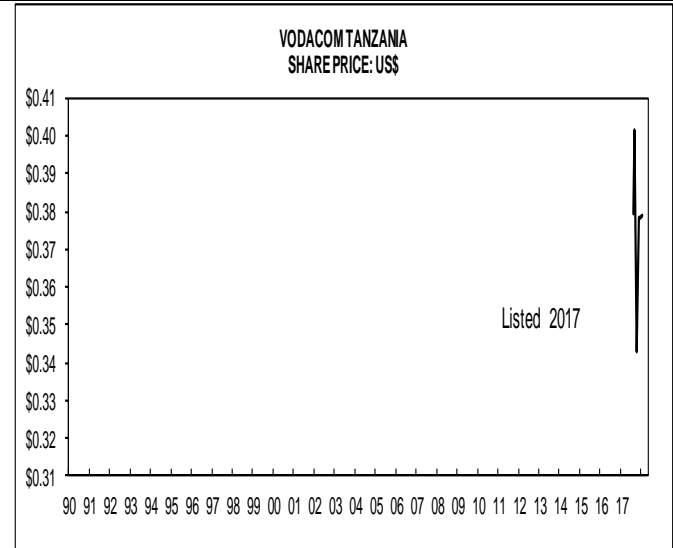
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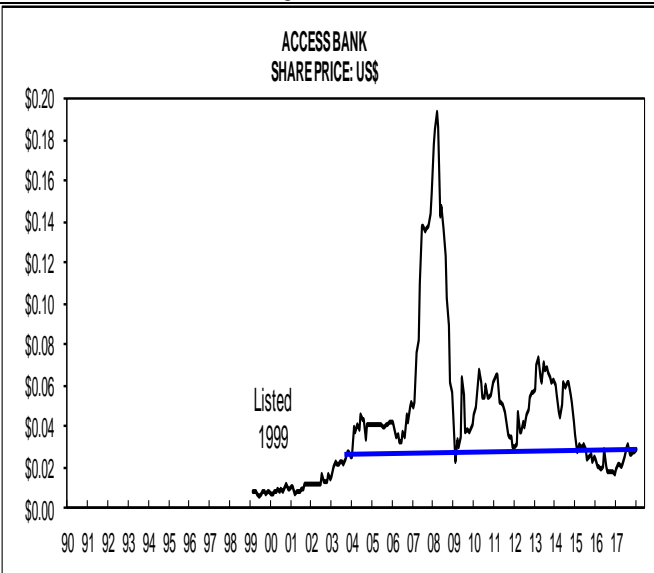
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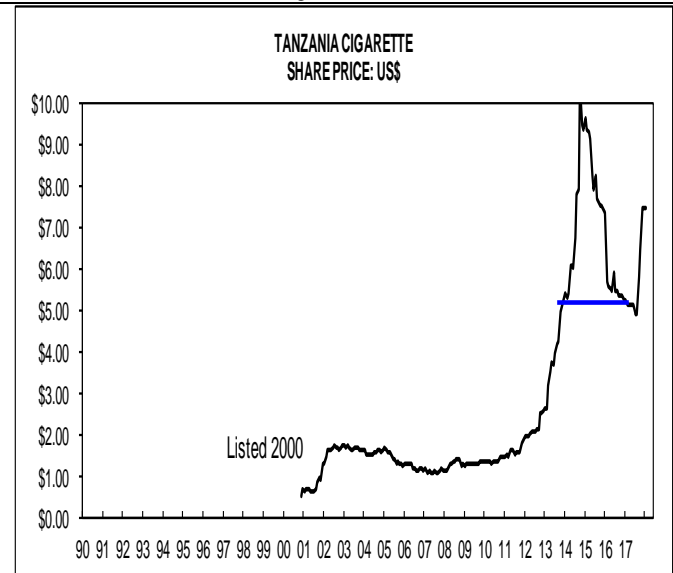
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Source: DSE. End month exchange rates from Financial Times.



Source: NSE. End month exchange rates from Financial Times.



Sources: DSE. End month exchange rates from Financial Times.





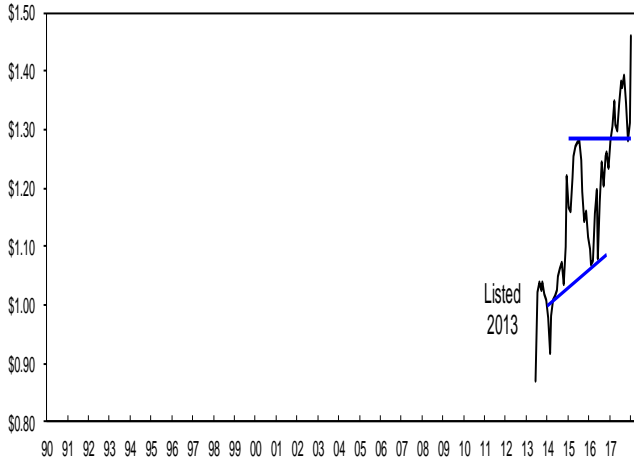
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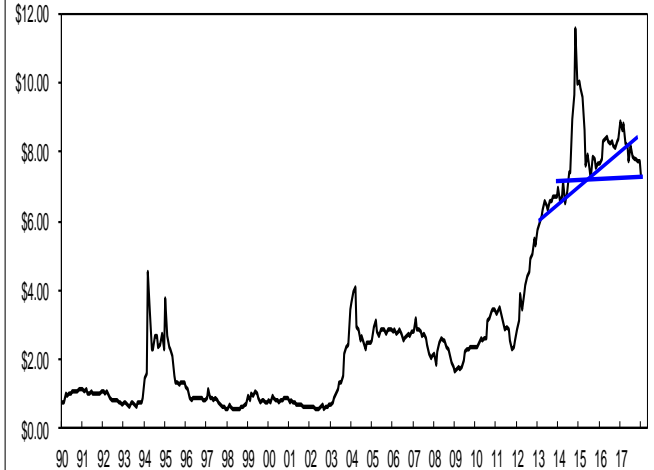
**TOP 30 COMPANIES: US\$ SHARE PRICE GRAPHS**

**CAPRICORN INVESTMENT (Prev BANK OF WINDHOEK)**  
SHARE PRICE: US\$



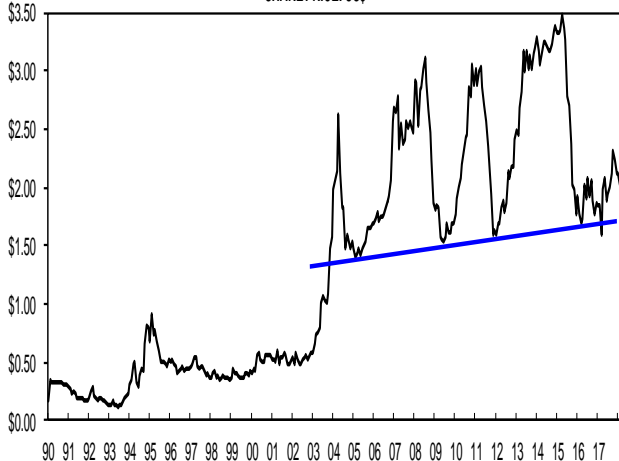
Source: NSE. End month exchange rates from Financial Times.

**BAT KENYA**  
SHARE PRICE: US\$



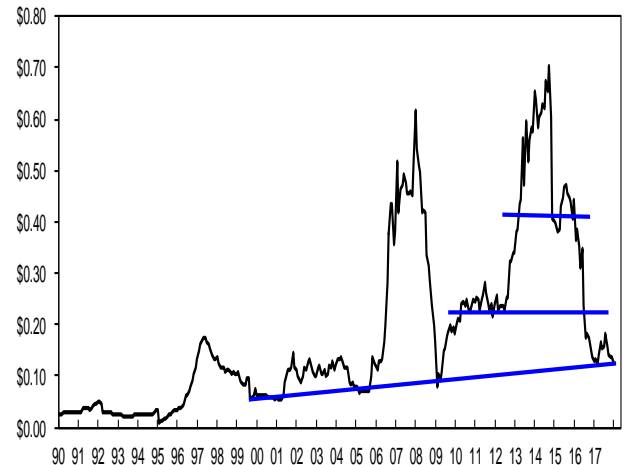
Source: NSE. End month exchange rates from Financial Times.

**STANDARD CHARTERED BANK KENYA**  
SHARE PRICE: US\$



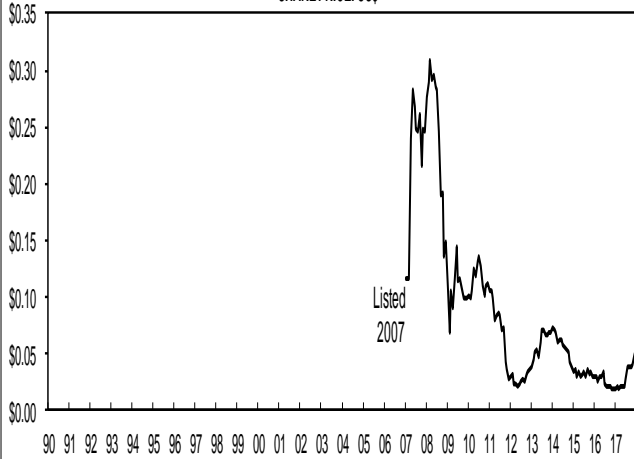
Source: NSE. End month exchange rates from Financial Times.

**LAFARGE AFRICA**  
SHARE PRICE: US\$



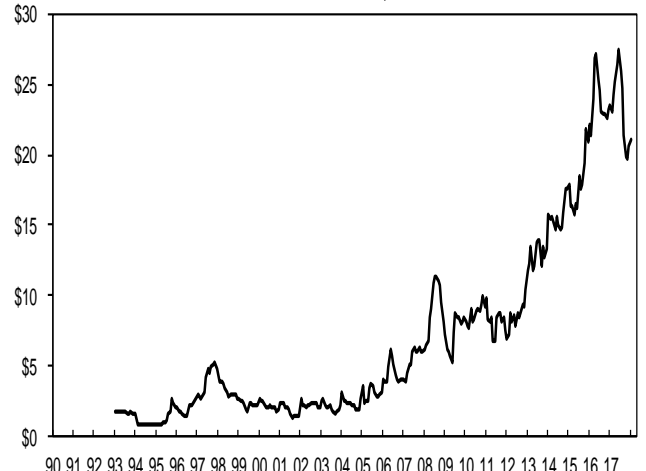
Source: NSE. End month exchange rates from Financial Times.

**DANGOTE SUGAR**  
SHARE PRICE: US\$



Source: NSE. End month exchange rates from Financial Times.

**SOCIETE GENERALE BANQUE-CI**  
SHARE PRICE: US\$



Source: BRVM. End month exchange rates from Financial Times.